Q3 | 2013

LASCO FINANCIAL SERVICES LIMITED
UNAUDITED 3rd QUARTER FINANCIAL REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2012

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3rd QUARTER FINANCIAL REPORT OF LASCO FINANCIAL SERVICES LIMITED FOR THE PERIOD ENDED 31 DECEMBER 2012

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UNAUDITED RESULTS

The Board of Directors of LASCO Financial Services Limited (LFSL) is pleased to present the Third quarter unaudited financial results for the period October 2012 to December 2012.

DECEMBER 2012 YTD HIGHLIGHTS

- **Net Profit of J$111.6M** ($34.8M in 2011)
- **Earnings per share – 91 cents**
- **Return on average equity of 27%**
- **Net Profit Margin of 33%**

LASCO Financial Services Limited has continued its positive performance with an increase in all key financial areas. For the nine months ended December 2012, revenues increased by over 80% to $341M and net profit increased by over 220% to $111.6M when compared with the 2011 corresponding period.

The 9 months performance has brought our Earnings per Share (EPS) to 91 cents, up from 28 cents last year. The return on average shareholder's equity (ROAE) is now 27% up from last year's 12% and Net Profit Margin stands currently at 33%.

Although 2012 was a year characterized by serious economic challenges for the industry and our customers and indeed the country, LFSL was able to see an increase in all categories of its business; our main revenue streams being FX Trading, Money Transfer and Loans. The Money Transfer division continues to realize the benefits from the acquisition of the Supreme Ventures network which took place at the end of 2011.

This strategic decision which has allowed the company to significantly increase its revenue potential, is underscored by the fact that the current 9 month net profit is above the 2012 financial year profit of $102.4M, which included a revaluation gain of $90.2M.

STRONG QUARTERLY PERFORMANCE

The December quarter, which is normally the strongest, performed accordingly. The quarter's trading income grew by 90.5% to $132.3M while expenses grew by 36.3%, up from $56.7M. The increase in expenses is mainly attributed to selling and promotional activity typical for the season.

Profit from operations was significantly higher than the 2011 corresponding period, being $54.8M compared with $12.6M.

BALANCE SHEET

Total assets grew by 40% to $542M at December 2012 compared to the $388M in December 2011. Assets are now 6% higher than March 2012 year end. Our cash balances have also increased by 41% despite the growing loans portfolio which rose by over 100%.

BUSINESS SEGMENTS

The Jamaican Remittance Industry as at November 2012 reports show a flat year over year performance for the April to November period. Remittance Companies grew by 1%.

Managing Director's Report | Highlights

LASF however, was able to grow its **Money Transfer** business by 50%, when compared with its previous nine months period. **Cambio** FX gains showed the largest year over year increase. An increase in trades arising from growth in the money transfer business resulted in a 120% increase in FX gains. Interest income from a growing **Loans** portfolio also showed a strong performance with an 80% increase.

OUTLOOK

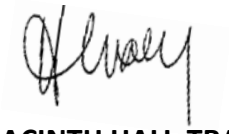
With the expectation of an IMF agreement, the FX market should be stabilized and therefore return to normal gains on trades. Also, we are presently on a drive to increase our MoneyGram distribution network and as such several applications are being reviewed and if successful we believe they will further boost our dominant position.

AGENT APPRECIATION

2012 did not close without LASF recognizing and rewarding our agent network. In November we hosted our agents and their staff at an Appreciation ceremony. Congratulations again to all the agents who were awarded!

We wish for you a prosperous new year and are grateful that you continue to invest in our company.

Special thanks to the agents, their staff and our own staff and customers who form part of the team ensuring the success of the company.



JACINTH HALL-TRACEY
MANAGING DIRECTOR

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LASCO FINANCIAL SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE 9 MONTHS ENDED 31 DECEMBER 2012

	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
	3 MONTHS ENDED 31 DECEMBER 2012 $'000	3 MONTHS ENDED 31 DECEMBER 2011 $'000	9 MONTHS ENDED 31 DECEMBER 2012 $'000	9 MONTHS ENDED 31 DECEMBER 2011 $'000	12 MONTHS 31 MARCH 2012 $'000
Trading gain	125,686	65,216	328,382	180,340	270,237
Other income	6,617	4,203	12,638	8,612	102,426
	132,303	69,419	341,020	188,952	372,663
EXPENSES:					
Administrative and other expenses	41,221	31,621	117,501	89,708	169,467
Selling and promotion expenses	36,142	25,135	110,871	64,033	99,152
	77,363	56,756	228,372	153,741	268,619
PROFIT FROM OPERATIONS	54,940	12,663	112,648	35,211	104,044
Finance cost	142	58	1,045	386	875
PROFIT BEFORE TAXATION	54,798	12,605	111,603	34,825	103,169
Taxation	-	-	-	-	735
NET PROFIT FOR THE PERIOD, BEING TOTAL COMPREHENSIVE	54,798	12,605	111,603	34,825	102,434
Number of shares in issue	122,810,299	122,810,299	122,810,299	122,810,299	122,810,299
Earnings per share	$0.45	$0.10	$0.91	$0.28	$0.83

LASCO FINANCIAL SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Note	UNAUDITED DECEMBER 2012 $'000	UNAUDITED DECEMBER 2011 $'000	AUDITED MARCH 2012 $'000
ASSETS				
Intangible assets - SVFSL	3		*	-
Property, plant and equipment		41,800	36,751	36,712
Investment property	4	99,956	9,401	99,956
Investment in subsidary		45	45	45
Deferred tax assets		-	624	-
Loans and other receivables		243,164	231,220	257,969
Due from related parties		6,552	4,156	2,567
Cash and cash equivalents		150,933	106,495	114,235
		542,450	388,692	511,484
EQUITY AND LIABILITIES				
SHAREHOLDER'S EQUITY:				
Share capital	5	50,523	50,523	50,523
Retained earnings		408,609	245,362	312,971
		459,132	295,885	363,494
LIABILITIES:				
Payables and accruals		81,934	91,119	147,990
Taxation		-	468	-
Due to related parties		1,384	1,220	-
		83,318	92,807	147,990
		542,450	388,692	511,484

Approved for issue by the Board of Directors on 4 February 2013 and signed on its behalf by:

L A Chin Chairman

Jacinth Hall-Tracey Managing Director

*Restated

LASCO FINANCIAL SERVICES LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE 9 MONTHS ENDED 31 DECEMBER 2012

	Share Capital $'000	Retained Earnings $'000	Total $'000
Balance at 1 April 2011	50,523 *	216,678 *	267,201
Dividends paid		(6,141)	(6,141)
Total comprehensive income		34,825	34,825
Balance at 31 December 2011	50,523	245,362	295,885
			-
Balance at 1 April 2012	50,523	312,971	363,494
Dividends paid	-	(15,965)	(15,965)
Total comprehensive income	-	111,603	111,603
Balance at 31 December 2012	50,523	408,609	459,132

*Restated

LASCO FINANCIAL SERVICES LIMITED

STATEMENT OF CASH FLOWS

FOR THE 9 MONTHS ENDED 31 DECEMBER 2012

	UNAUDITED 9 MONTHS ENDED 31 DECEMBER 2012 $'000	UNAUDITED 9 MONTHS ENDED 31 DECEMBER 2011 $'000	AUDITED 12 MONTHS ENDED 31 MARCH 2012 $'000
Net profit for the period	111,603	34,825	102,434
Adjustment to reconcile profit for the period to net cash used in operating activites.	(51,499)	(77,330)	(170,511)
Net cash provided by/(used in) operating activities	60,104	(42,505)	(68,077)
Net cash used in investing activities	(7,464)	(39,741)	(6,863)
Net cash used in financing activities	(15,965)	(6,141)	(6,141)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	36,675	(88,387)	(81,081)
Effects of exchange rate translation on cash and cash equivalent	23	207	641
Cash and cash equivalents at beginning of period	114,235	194,675	194,675
CASH AND CASH EQUIVALENTS AT END OF PERIOD	150,933	106,495	114,235

1. IDENTIFICATION AND PRINCIPAL ACTIVITY:

(a) LASCO Financial Services Limited is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is 27 Red Hills Road, Kingston 10. The company is listed on the Junior Market of the Jamaica Stock Exchange.

(b) The principal activities of the company are:

- The operation of a Cambio. The company facilitates the sale and purchase of foreign exchange to and from its related companies as well as the general public. The operation of the Cambio is regulated by the Bank of Jamaica.

- The provision of services as an agent of MoneyGram International Money Transfer which is a Remittance company facilitating person to person transfers for a fee, in accordance with licenses issued by the Bank of Jamaica.

- The rental of properties.

- The granting of loans for personal purposes.

2. BASIS OF PREPARATION:

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board, and have been prepared under the historical cost convention. They are also prepared in accordance with provisions of the Jamaican Companies Act and as set out in note 3 of the audited financial statements as at 31 March 2012.

3. INTANGIBLE ASSETS – SUPREME VENTURES FINANCIAL SERVICES LIMITED (SVFSL)

Amount previously stated in December 31, 2011 financial statements was restated to reflect total transaction cost written off to the Statement of Comprehensive for year ended 31 March 2012.

4. INVESTMENT PROPERTY:

During the financial year ended 31 March 2012, the company changed its accounting policy from using the cost method to the fair value method in accounting for investment property. The policy has been applied prospectively because it was not practicable to estimate the effects of applying retrospectively. As a result of the change in accounting policy, the carrying amount increased by $90.2M giving rise to a revaluation gain of $90.2M which is included in the retained earnings.

5. SHARE CAPITAL:

Authorised –
196,120,000 (2011 – 196,120,000)* Ordinary shares of no par value

	2012 $'000	2011 $'000
Stated capital, issued and fully paid -		
122,810,299 Ordinary shares of no par value	50,523	50,523*

The stated capital was restated to reflect bonus issue of $500,000 from retained earnings which was omitted in prior year.

6. DIVIDENDS:

On June 8, 2012, the Board of Directors of LASCO Financial Services Limited declared an interim dividend of $0.13 per share paid on July 31, 2012 to shareholders on record at July 16, 2012. The ex-dividend date was July 12, 2012.

*Restated