LASCO FINANCIAL SERVICES

Everyday Financial Value

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Q1

UNAUDITED QUARTERLY FINANCIAL REPORT

April – June 2017

LASCO FINANCIAL SERVICES LIMITED
1st Quarter April – June 2017

The Board of Directors of LASCO Financial Services Limited (LFSL) is pleased to present the First Quarter unaudited financial results.

BUSINESS PERFORMANCE HIGHLIGHTS

319.2 million dollars in Income

Up 22.4 percent over the corresponding three month period in 2016
An increase of 58.5 million dollars

83.2 million dollars Profit from Operations

Up 19.1 percent over 2016 corresponding period

66.8 million dollars Net Profit for the period

Up 15.8% percent over 2016 corresponding period

0.0539 dollars Earnings per share (EPS)

LASCO Financial Services Limited (LFSL) first quarter transactions generated $58.5M more revenues than the corresponding period in 2016 to close the period with total revenue of $319.2M. This result represents year over year growth of 22.4% and is being driven by our strategy of expansion which began in the previous financial year. Profit before taxation, moved from $69.6M in 2016 to $81.1M, a 16.5% increase while Net Profit closed the quarter at $66.8M, a 15.8% increase when compared with the corresponding financial period.

Total Expenses grew at 23.7%, largely driven by increases in Selling and Promotion as we continue to push the LASCO Money consumer facing brand name. This brand has resonated well with our customers and has enabled us to fully explain all our services. Previously, most customers were only aware of our Cambio and MoneyGram services. This brand awareness has been paying off in the increased transactions in all our locations as our customers embrace our more friendly community brand.

In the previous Financial Year we began our implementation of the strategy to expand our Loans Division by adding a Business Loans Unit. This expansion gave rise to several new loan offices as well as an increase in administrative and sales staff. During this first Quarter, we began the reorganization of the division to give us deeper scope and welcomed Frank Whylie, Business Loans veteran to the LFSL team. Mr. Whylie is charged with the task of executing the strategic direction of the Loans Division.

LASCO FINANCIAL SERVICES LIMITED
1st Quarter April - June 2017

BALANCE SHEET HIGHLIGHTS

	Q1 2017 $'000	Q1 2016 $'000
CASH & SHORT TERM DEPOSITS	574,184	619,385
TOTAL ASSETS	1,541,674	1,270,720
TOTAL STOCKHOLDER'S EQUITY	1,222,912	1,010,337

Total assets increased year over year by $270.9M or 21.3% to close the quarter at $1.541B. Whereas assets increased generally, cash and short term deposits decreased by 7%, a direct result of the growth in loans and receivables, more particularly driven by the 70% increase in the loans portfolio. The company carries a strong cash position, but this is necessary given the nature of the Money Service Business.

We thank you for your continued support and investment in our shares. Thanks to our team, agents and customers and to our Board of Directors, management and key stakeholders.

JACINTH HALL-TRACEY
MANAGING DIRECTOR

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE 3 MONTHS ENDED 30 JUNE 2017

	Note	UNAUDITED	UNAUDITED	AUDITED
		3 MONTHS ENDED 30 JUNE 2017	3 MONTHS ENDED 30 JUNE 2016	12 MONTHS ENDED 31 MARCH 2017
		$'000	$'000	$'000
REVENUE				
Income		302,683	237,484	1,023,626
Other income		16,543	23,168	46,965
		319,226	260,652	1,070,591
EXPENSES:				
Administrative and other expenses		(113,720)	(97,448)	(401,402)
Selling and promotion expenses		(122,207)	(93,278)	(432,874)
		(235,927)	(190,726)	(834,276)
PROFIT FROM OPERATIONS		83,299	69,926	236,315
Finance cost		(2,151)	(275)	(4,843)
PROFIT BEFORE TAXATION		81,148	69,651	231,472
Taxation		(14,278)	(11,920)	(43,694)
NET PROFIT FOR THE PERIOD		66,870	57,731	187,778
OTHER COMPREHENSIVE INCOME:				
Items that will or may not be reclassified to profit or loss -				
Share Option Plan		-	1,084	4,334
TOTAL COMPREHENSIVE INCOME		66,870	58,815	192,112
Weighted Average Number of shares in issue	4	1,240,837	1,242,769	1,248,439
Basic Earnings per stock unit		$0.0539	$0.0465	$0.1504

LASCO FINANCIAL SERVICES LIMITED

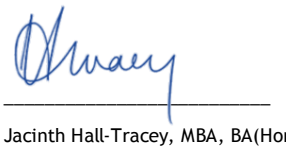
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	UNAUDITED JUNE 2017 $'000	UNAUDITED JUNE 2016 $'000	AUDITED MARCH 2017 $'000
ASSETS				
Cash and cash equivalents		202,358	488,535	276,581
Short term deposits		371,826	130,850	370,843
Loans and receivables		709,466	445,305	663,083
Inventories		-	9,507	-
Related companies			657	239
Taxation recoverable		9,444	7,171	8,881
Investment property		115,000	115,000	115,000
Intangible assets		24,723	13,479	17,713
Property, plant and equipment		108,857	60,216	100,021
TOTAL ASSETS		1,541,674	1,270,720	1,552,361
LIABILITIES AND EQUITY				
LIABILITIES:				
Payables		256,716	148,106	311,902
Related companies			1,536	1,687
Dividend payable		-	43,497	
Taxation		42,383	22,101	36,795
Deferred Taxation		4,179	1,306	4,179
Loans		15,484	43,837	42,356
		318,762	260,383	396,919
EQUITY:				
Share capital	3	83,772	68,535	83,036
Share option reserve		7,832	7,411	7,968
Retained earnings		1,131,308	934,391	1,064,438
		1,222,912	1,010,337	1,155,442
TOTAL LIABILITIES AND EQUITY		1,541,674	1,270,720	1,552,361

Approved for issue by the Board of Directors on 18 July 2017 and signed on its behalf by:

Hon. Lascelles A. Chin, O.J, C.D, LLD (Hon. Causa)
Chairman



Jacinth Hall-Tracey, MBA, BA(Hons).
Managing Director

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 3 MONTHS ENDED 30 JUNE 2017

	Share Capital $'000	Share Option Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 April 2016	68,535	6,327	920,157	995,019
Total comprehensive income:				
Net profit	-	-	57,731	57,731
Other comprehensive income		1,084	-	1,084
	-	1,084	57,731	58,815
Transaction with owners				
Issue of shares				
Transfer from other reserves				
Dividends paid	-	-	(43,497)	(43,497)
	-	-	(43,497)	(43,497)
Balance at 30 June 2016	68,535	7,411	934,391	1,010,337
Balance at 1 April 2017	83,036	7,968	1,064,438	1,155,442
Total comprehensive income:				
Net profit	-	-	66,870	66,870
Other comprehensive income	-	-	-	-
	-	-	66,870	66,870
Transaction with owners				
Issue of shares	600	-	-	600
Transfer from other reserves	136	(136)	-	-
Dividends paid	-	-	-	-
	736	(136)	-	600
Balance at 30 June 2017	83,772	7,832	1,131,308	1,222,912

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT 30 JUNE 2017

	UNAUDITED 3 MONTHS ENDED 30 JUNE 2017 $'000	UNAUDITED 3 MONTHS ENDED 30 JUNE 2016 $'000	AUDITED 12 MONTHS ENDED 31 MARCH 2017 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit	66,870	57,731	187,778
Items not affecting cash resources:			
Effects of exchange	(4,993)	(750)	(21,042)
(Gain)/loss on disposal of property, plant and equipment	-		-
Stock options - value of service expensed	-	1,084	4,334
Fair value gain on investment property	-		-
Amortisation of Intangible asset	1,295	956	5,073
Depreciation	3,170	1,764	9,134
Interest income	(2,260)	(4,663)	(12,715)
Taxation expense	14,278	11,920	40,821
Deferred taxation	-		2,873
Interest expense	2,151		4,843
	80,511	68,042	221,099
Changes in operating assets and liabilities			
Receivables	(46,383)	21,184	(189,140)
Related companies	(1,448)	1	570
Payables	(55,186)	9,514	171,957
Inventories		14,179	23,686
	(22,506)	112,920	228,172
Taxation paid	(9,253)	(3,578)	(19,495)
Cash (used in)/provided by operating activities	(31,759)	109,342	208,677
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	2,260	4,663	12,715
Acquisition of intangible asset	(8,305)		(8,351)
Additions to property, plant and equipment	(12,006)	(4,117)	(51,292)
Proceeds from disposal of property, plant and equipment	-		-
Short term deposits	(983)		(230,816)
Cash (used in)/provided by investing activities	(19,034)	546	(277,744)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	(2,151)		(4,843)
Issued shares	600		11,808
Dividends paid	-		(43,497)
Loan proceeds	-	43,837	80,616
Loan repayments	(26,872)		(38,260)
Cash (used in)/provided by financing activities	(28,423)	43,837	5,824
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(79,216)	153,725	(63,243)
Effects of exchange rate translation on cash and cash equivalents	4,993	750	5,764
Cash and cash equivalents at beginning of period	276,581	334,060	334,060
CASH AND CASH EQUIVALENTS AT END OF PERIOD	202,358	488,535	276,581

1. IDENTIFICATION AND PRINCIPAL ACTIVITY:

(a) LASCO Financial Services Limited ("the Company") 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 sale and purchase of foreign currencies through its Cambio. The company is a licensed Cambio dealer 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 granting of loans for personal and business purposes. The company is exempted from the provisions of the Money Lending Act by the Minister of Finance for one year, renewable annually.

(c) Remission of income tax:

The company's shares were listed on the Jamaica Stock Exchange Junior Market, effective 12 October 2010. Consequently, the company is entitled to a remission of taxes for ten (10) years in proportions set out below, provided the shares are listed for at least 15 years.

Years 1 to 5 - 100%
Years 5 to 10 – 50%

The financial statements have been prepared on the basis that the company will have the full benefit of the tax remissions.

(d) LASCO Financial Services (Barbados) Limited is a 100% owned subsidiary of the company. LASCO Financial Services (Barbados) Limited is incorporated in Barbados under the Companies Act Cap.308 of the Laws of Barbados.

The company and its subsidiary are referred to as "the Group".

2. BASIS OF PREPARATION:

These unaudited 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 2017.

3. SHARE CAPITAL:

Authorised –
1,961,200,000 (2016 – 1,961,200,000) Ordinary shares of no par value

	2017 $'000	2016 $'000
Stated capital, issued and fully paid - 1,255,777,725 (2016 - 1,242,769,657) Ordinary shares of no par value	83,772	68,535

4. EARNINGS PER STOCK UNIT:

Basic earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue at the end of the period

	2017	2016
Net profit attributable to stockholders ($'000)	66,870	57,731
Weighted average number of ordinary stock units ('000)	1,240,837	1,242,769
Basic earnings per stock unit	$0.0539	$ 0.0465