LASCO FINANCIAL SERVICES

Everyday Financial Value

Q3

UNAUDITED QUARTERLY FINANCIAL REPORT

OCTOBER – DECEMBER 2015

LASCO FINANCIAL SERVICES LIMITED
3rd Quarter October – December 2015

The Board of Directors of LASCO Financial Services Limited (LFSL) is pleased to present the company's third quarter unaudited financial results for the 2015/16 financial year.

Third Quarter revenues have increased by $39M or 19% over the corresponding 2014 period. Trading Income increased by $31M as all business lines grew the contribution to revenues; Remittance transactions and revenues continue to grow ahead of the industry and the Cambio and Loans divisions increased its transactions and revenues, following the expansion of the branch network. The increase in revenues from our new business lines and value added services resulted in Other Operating Income for the period growing by 100% to close the quarter at $14.4M.

FINANCIAL PERFORMANCE

	3rd Q 2015 $'000	3rd Q 2014 $'000	YTD 2015 $'000	YTD 2014 $'000
TRADING INCOME	224,586	193,162	626,152	547,223
OTHER OPERATING INCOME	14,447	6,905	33,209	18,470
NET PROFIT	43,875	69,001	158,047	180,926
EPS	$0.0357	$0.0562	$0.1287	$0.1473

During the quarter, we made significant investments to diversify our business lines. We launched in September our first business loans branch and closed the quarter with three locations, two in Kingston and one in St. Catherine; two more will be opened in the first week of February. We also launched our Telecoms Division with the distribution deal for Huawei Smart Phones and wearable devices, rolling out eleven locations islandwide through our agent network. This investment impacted our expenses mainly due to a more than 50% increase in staff complement and the aggressive marketing support to launch the telecoms business. Expenses for the quarter grew by 44% over the corresponding quarter resulting in a $164.2M profit from operations. Notwithstanding the contribution to the growth in revenues from the new investments, the transactions were not enough to cover the associated start up costs. We anticipate that as the new businesses increase in transactions, the benefits will be realized in the upcoming periods.

Nine months revenues totaled $659M, an increase of $93M. Nine months expenses increased 28% or $110M resulting in a year to date operational profit of $164M, 9% below the previous year's $181M. The 100% tax amnesty granted in October 2010 for five years, has ended and LFSL is now required to remit taxes at 50% of the company's tax rate. As such, Net profit after tax is $158M and Total comprehensive income is $162M, 10.5% lower than the previous year.

BALANCE SHEET HIGHLIGHTS

	Q3 2015 $'000	Q3 2014 $'000
CASH & SHORT TERM DEPOSITS	493,592	502,496
TOTAL ASSETS	1,094,911	992,246
TOTAL STOCKHOLDER'S EQUITY	938,500	795,351

Total Assets increased 10% to close the period at $1B. Noticeably, Shareholder's equity increased by $143M or 18%. During the period a total of 2.5M shares were exercised and issued through the Stock Options Plan.

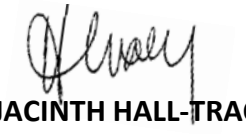
OUTLOOK

The quarter was a very busy one for our team, however, we were able to dedicate some attention to those members of our community who require additional care and cheer during the festive season. In December, the LFSL team visited the Nest Children's home and provided the children with treats and entertainment among other necessities.

We were once again awarded for 2nd place for Best Performing Company (Junior Market) in the Jamaica Stock Exchange's Best Practices Award and also received the 2nd Runner Up Award for our Annual Report.

We remain committed to our mission to grow and expand into a full Financial Services Company offering Micro Finance service to the majority of Jamaicans through Money Transfer, Micro Payments, Micro Credit and access to other micro payments services. Our focus in the period ahead is to reap the benefits of the plans implemented in the Quarter just ended while continuing on our expansion of our Business Loans unit islandwide.

Thanks to all other stakeholders, our Board of Directors, staff, Agents and customers who continue to support our services.



JACINTH HALL-TRACEY
MANAGING DIRECTOR

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE 9 MONTHS ENDED 31 DECEMBER 2015

	Note	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
		3 MONTHS ENDED 31 DECEMBER 2015 $'000	3 MONTHS ENDED 31 DECEMBER 2014 $'000	9 MONTHS ENDED 31 DECEMBER 2015 $'000	9 MONTHS ENDED 31 DECEMBER 2014 $'000	12 MONTHS ENDED 31 MARCH 2015 $'000
Trading income		224,586	193,162	626,152	547,223	679,258
Other operating income		14,447	6,905	33,209	18,470	34,219
		239,033	200,067	659,361	565,693	713,477
EXPENSES:						
Administrative and other expenses		82,418	51,500	230,353	162,399	224,176
Selling and promotion expenses		106,796	79,525	264,786	222,267	298,062
		189,214	131,025	495,139	384,666	522,238
PROFIT FROM OPERATIONS		49,819	69,042	164,222	181,027	191,239
Finance cost		45	41	276	101	167
PROFIT BEFORE TAXATION		49,774	69,001	163,946	180,926	191,072
Taxation		5,899	0	5,899	0	-
NET PROFIT FOR THE PERIOD		43,875	69,001	158,047	180,926	191,072
OTHER COMPREHENSIVE INCOME:						
Items that will or may not be reclassified to profit or loss -						
Share Options		1,037	-	3,813	-	6,838
TOTAL COMPREHENSIVE		44,912	69,001	161,860	180,926	197,910
Number of shares in issue	3	1,230,602,990	1,228,102,990	1,230,602,990	1,228,102,990	1,228,102,990
Weighted Average Number of shares in issue	4	1,228,112,080	1,228,112,080	1,228,112,080	1,228,112,080	1,228,112,080
Basic Earnings per stock unit	4	$0.0357	$0.0562	$0.1287	$0.1473	$0.1556

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	UNAUDITED DECEMBER 2015 $'000	UNAUDITED DECEMBER 2014 $'000	AUDITED MARCH 2015 $'000
ASSETS				
Cash and cash equivalents		358,175	474,413	318,803
Short term deposits		135,417	28,083	193,842
Due from related parties			-	-
Inventories		28,737	-	-
Loans and other receivables		409,182	362,915	358,305
Investment property		100,000	100,000	100,000
Property, plant and equipment		47,962	26,835	28,041
Intangible assets		15,438	-	16,232
TOTAL ASSETS		1,094,911	992,246	1,015,223
LIABILITIES AND EQUITY				
LIABILITIES:				
Payables		155,177	194,566	201,184
Due to related parties		1,234	2,329	1,705
		156,411	196,895	202,889
EQUITY:				
Share capital	3	53,754	50,523	50,523
Share option reserve		9,920		6,838
Retained earnings		874,826	744,828	754,973
		938,500	795,351	812,334
TOTAL LIABILITIES AND EQUITY		1,094,911	992,246	1,015,223

Approved for issue by the Board of Directors on 4th February 2016 and signed on its behalf by:

L A Chin Chairman

Jacinth Hall-Tracey Managing Director

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 9 MONTHS ENDED 31 DECEMBER 2015

	Share Capital $'000	Share Option Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 April 2014	50,523	-	600,745	651,268
Total comprehensive income:				
Net profit	-	-	180,926	180,926
Transaction with owners				
Dividends paid	-	-	(36,843)	(36,843)
Balance at 31 December 2014	50,523	-	744,828	795,351
Balance at 1 April 2015	50,523	6,838	754,973	812,334
Total comprehensive income:				
Net profit	-	-	158,047	158,047
Other comprehensive income	-	3813	-	3,813
Transaction with owners				
Issue of shares	2,500	-	-	2,500
Transfer from other reserves	731	(731)	-	-
Dividends paid	-	-	(38,194)	(38,194)
Balance at 31 December 2015	53,754	9,920	874,826	938,500

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT 31 DECEMBER 2015

	UNAUDITED 9 MONTHS ENDED 31 DECEMBER 2015 $'000	UNAUDITED 9 MONTHS ENDED 31 DECEMBER 2014 $'000	AUDITED 12 MONTHS ENDED 31 MARCH 2015 $'000
Net profit for the period	158,047	180,926	191,072
Adjustment to reconcile profit for the period to net cash used in operating activites.	(123,060)	(37,118)	(20,981)
Net cash provided by operating activities	34,987	143,808	170,091
Net cash provided by/(used in) investing activities	32,851	42,591	(133,324)
Net cash used in financing activities	(35,694)	(36,843)	(36,844)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	32,144	149,556	(77)
Effects of exchange rate translation on cash and cash equivalent	7,228	5,817	(160)
Cash and cash equivalents at beginning of period	318,803	319,040	319,040
CASH AND CASH EQUIVALENTS AT END OF PERIOD	358,175	474,413	318,803

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

- 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 and business purposes. By Order dated 3 March 2015, the company received a renewal of the exemption from the provisions of the Money Lending Act by the Minister of Finance for one year from 4 March 2014, renewable annually

- The company is an authorized distributor for Huawei to sell smart devices and accessories in the telecommunications industry.

(c) 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 2015.

3. SHARE CAPITAL:

Authorised –
1,961,200,000 (2014 – 1,961,200,000) Ordinary shares of no par value

	2015 $'000	2014 $'000
Stated capital, issued and fully paid - 1,230,602,990 (2014 - 1,228,102,990) Ordinary shares of no par value	53,754	50,523

During the period, the company issued 2,500,000 shares under the company's stock option Plan for cash of $2,500,000 and the fair value of the options exercised during the period was $730,500.

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

	2015	2014
Net profit attributable to stockholders ($'000)	158,047	180,926
Weighted average number of ordinary stock units ('000)	1,228,112	1,228,112
Basic earnings per stock unit	$0.1287	$ 0.1473