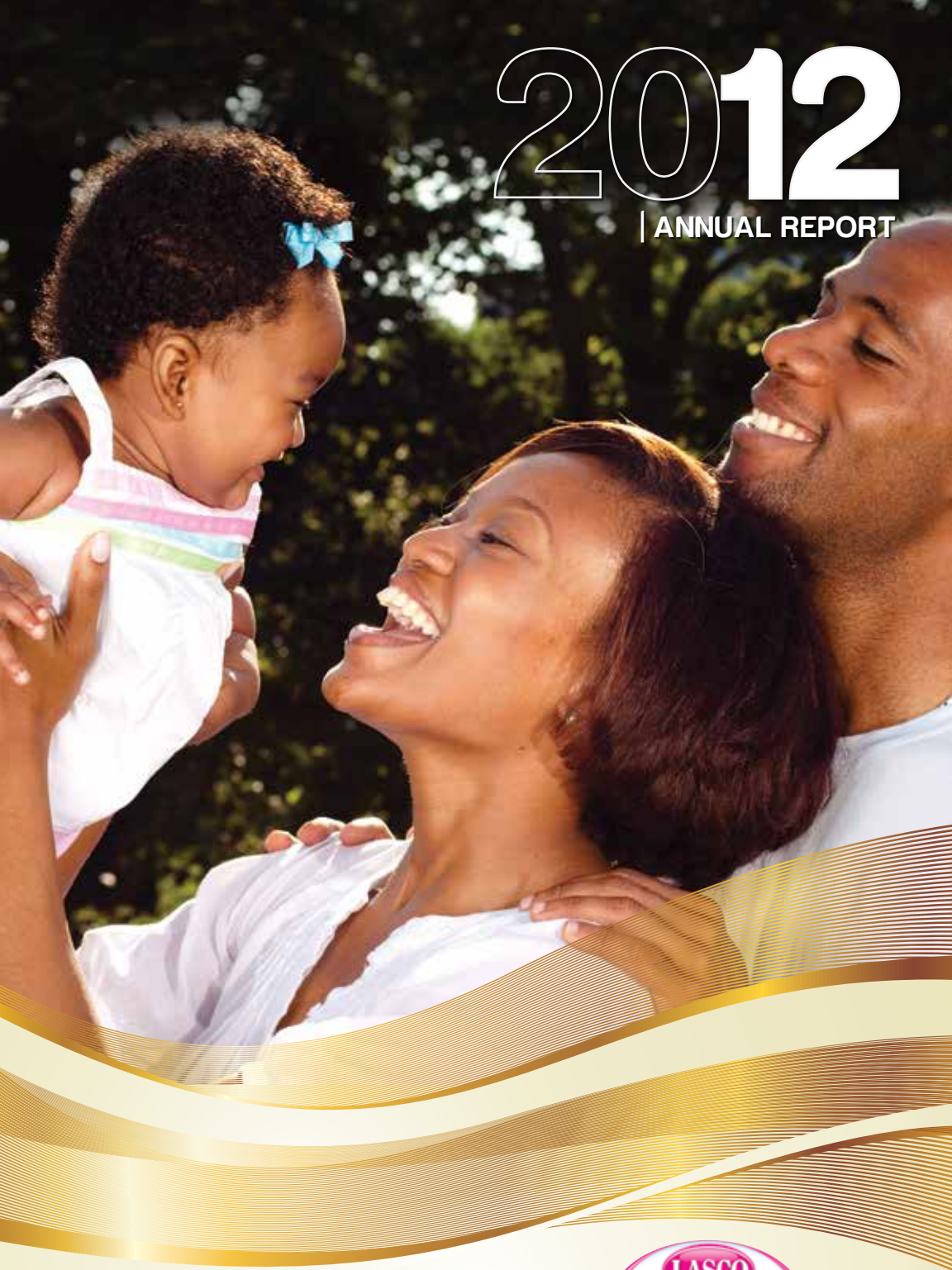

2012 | ANNUAL REPORT

LASCO FINANCIAL SERVICES

Everyday Financial Value

CORE VALUES

Care for our customers
We respect our customers' time and privacy.

Commitment
We are committed to achieving success for our team, agents and shareholders.

Integrity
In dealing with our customers, agents, staff and shareholders.

Continuous improvement of our processes

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of LASCO FINANCIAL SERVICES LIMITED will be held at The Knutsford Court Hotel, 16 Chelsea Avenue, Kingston 5, on October 17, 2012 at 9:00 a.m. The proposed resolutions are as follows:

ORDINARY BUSINESS
Ordinary Resolutions

1. Audited Accounts
To consider and if thought fit, pass the following resolution:
"**THAT** the Audited Accounts for the year ended March 31, 2012 and the Reports of the Directors and Auditors, circulated with notice convening the meeting, be and are hereby adopted"

2. Dividend
To consider and if thought fit, pass the following resolution:
"**THAT** the Interim Dividend of thirteen cents ($0.13) on each ordinary share paid on July 31, 2012 to shareholders on record at the close of business on July 16, 2012 be declared final and that no further dividend be paid in respect of the year under review."

3. Election of Directors
Article 97 of the Company's Articles of Incorporation provides that one-third of the Directors, if their number is not three (3) or a multiple of three (3), the number nearest one-third (1/3), shall retire from office at each Annual General Meeting and **Article 98** of the Company's Articles of Incorporation provides that the Directors to retire in every year shall be those who have been longest in office since their last election. The Directors retiring under these Articles are **Mr. Gary Peart** and **Mr. Compton Rodney**, and being eligible offer themselves for re-election.

To consider and if thought fit, pass the following resolution:
(i) "**THAT** Director, **Mr. Gary Peart**, retiring pursuant to Articles 97 and 98 of the Articles of Incorporation be and is hereby re-elected."

To consider and if thought fit, pass the following resolution:
(ii) "**THAT** Director, **Mr. Compton Rodney**, retiring pursuant to Articles 97 and 98 of the Articles of Incorporation be and is hereby re-elected."

4. Appointment of Auditors and their Remuneration
To consider and if thought fit, pass the following resolution:
"**THAT** Messrs. BDO, having signified their willingness to serve, continue in office as Auditors of the Company until the conclusion of the next Annual General Meeting at a remuneration to be agreed with the Directors."

5. **Directors Remuneration**
To consider and if thought fit, pass the following resolution:
"**THAT** the Directors' remuneration shall be such amount as the Board of Directors, or any appropriate Committee of the Board of Directors, may determine, pursuant to Article 77 of the Company's Articles of Incorporation."

Dated this **17th** day of **August** 2012
BY ORDER OF THE BOARD OF DIRECTORS

Vincent A. Chen
COMPANY SECRETARY

NOTE: A Member of the Company entitled to attend and vote at this meeting is entitled to appoint another person as his/her Proxy to attend and vote in his/her stead, and a Proxy need not be a Member. A Form of Proxy is enclosed for your convenience.

LASCO FINANCIAL SERVICES

Everyday Financial Value

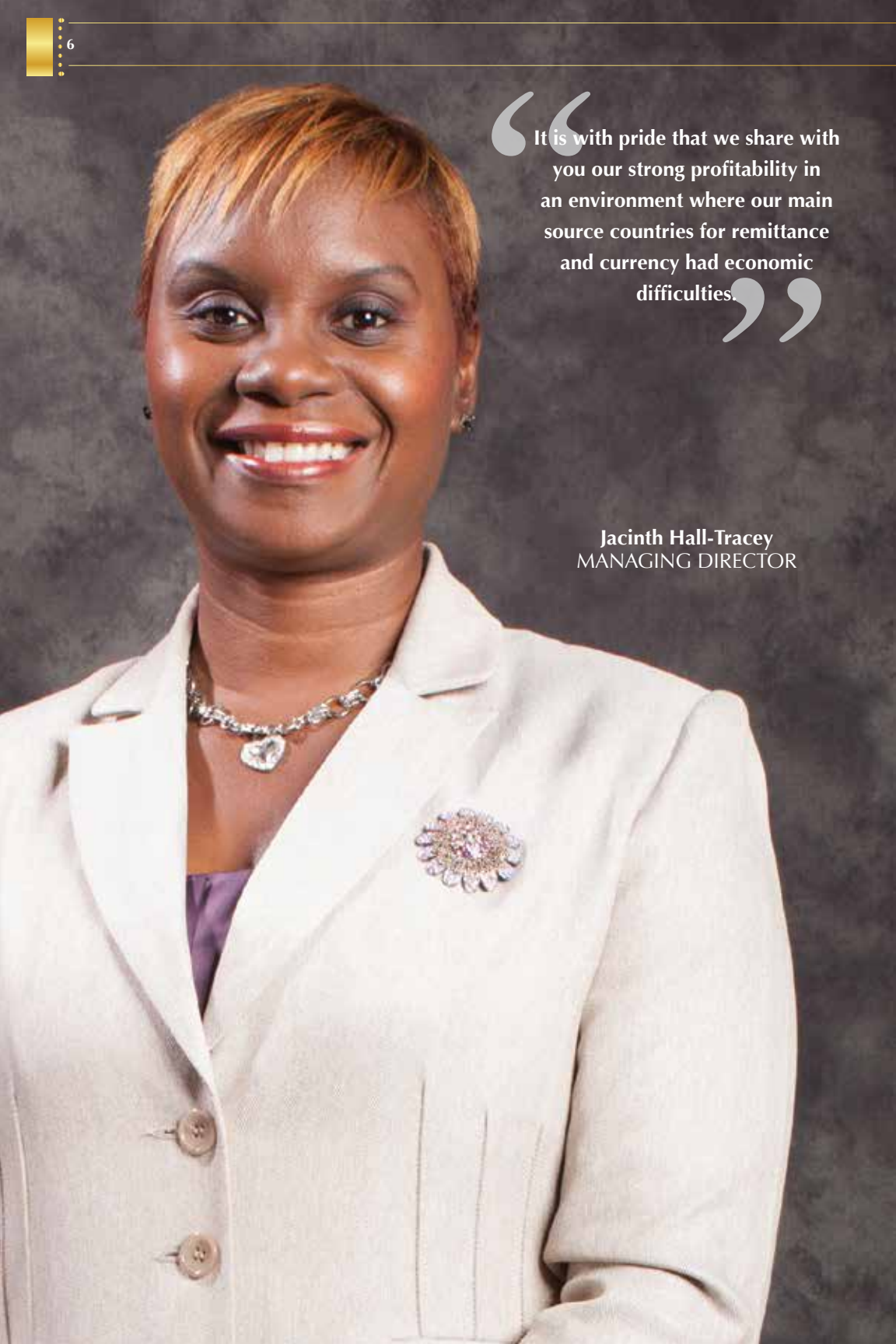
LASCO Financial Services Limited is a company committed to long-term sustainable growth. Through innovation and investment, we have become a sustainable and profitable brand.

The brand that's

Trusted

Dre

to support your
ams



"It is with pride that we share with you our strong profitability in an environment where our main source countries for remittance and currency had economic difficulties."

Jacinth Hall-Tracey
MANAGING DIRECTOR

Shareholders´ Report

Dear Shareholders, Customers, Agents and Employees,

It is our pleasure to present this annual report for financial year ending March 2012. Our net profits increased by 244% to $102M from $29M and earnings per share increased by 219%.

LASCO Financial Services Limited (LFSL) continues to be the company that many of you look to for business opportunities, services and employment. Through our network of 150 MoneyGram locations and five cambios, we have provided convenient access to receivers and senders of money transfers and sellers of foreign currency. We have also provided competitive rates and consistency in supply of currency to merchants and businesses that rely on us to fund their daily operations.

In the 2011-2012 financial year, we grew our trading income by 23%. Our loans division grew the most significantly as we pushed some innovative packages; you may recall the Black Friday shopping sale and the Jazz Festival loan sale. Thanks to our continued discipline and focus, we were also able to significantly reduce finance costs, providing savings of over $3M.

In October 2011, we launched our drive-thru Cambio service, allowing customers to conduct transactions from the privacy of their vehicles. In December, we acquired the Supreme Ventures Financial Services MoneyGram network, and by year-end, signed off on the MoneyGram Licence, giving us Primary Agent status in Barbados.

The competition in the money service industry is tough and requires us to constantly review our messages to the consumer and to position ourselves so that we remain relevant to them. You will therefore find us offering our services through the smallest neighbourhood store to some large and formal enterprises.

It is with pride that we share with you our strong profitability in an environment where our main source countries for remittance and currency had economic difficulties.

To better understand our opportunities, when you review our results, pay close attention to the following areas:

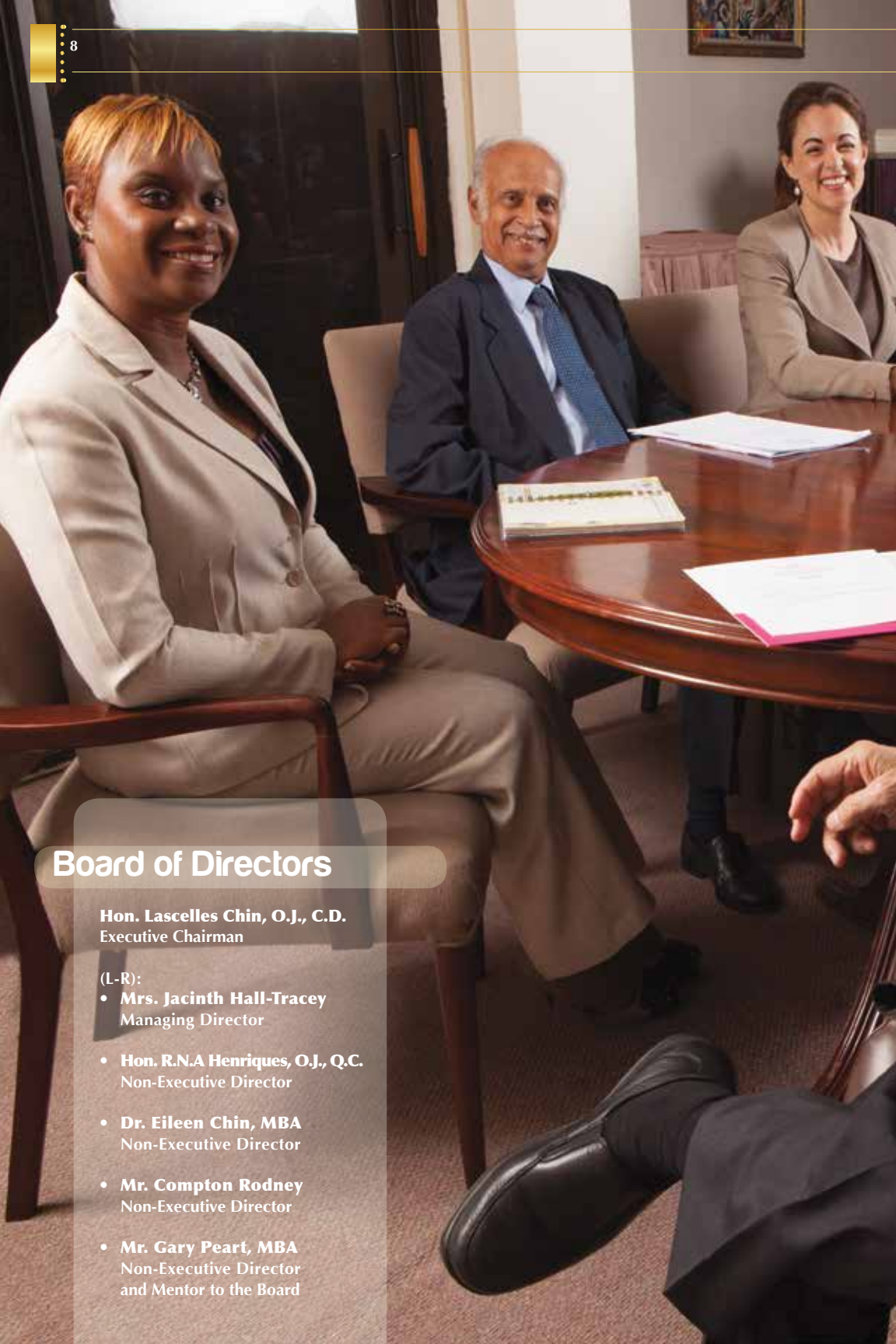
- Product momentum (growth in trading income)
- Strategic partnership & acquisitions
- Our positioning for the future

We take this opportunity to thank you for your support as we complete our second year on the Jamaica Stock Exchange Junior Market. Your support of our services and belief in your investment have inspired our success and have given us the confidence to face the upcoming year.

Thank you for choosing LASCO Financial Services Limited for everyday financial value.

Jacinth Hall-Tracey (Mrs.)
MANAGING DIRECTOR

Hon. Lascelles Chin, O.J., C.D.
EXECUTIVE CHAIRMAN



Board of Directors

Hon. Lascelles Chin, O.J., C.D.
Executive Chairman

(L-R):

- **Mrs. Jacinth Hall-Tracey**
  Managing Director
- **Hon. R.N.A Henriques, O.J., Q.C.**
  Non-Executive Director
- **Dr. Eileen Chin, MBA**
  Non-Executive Director
- **Mr. Compton Rodney**
  Non-Executive Director
- **Mr. Gary Peart, MBA**
  Non-Executive Director
  and Mentor to the Board

Directors´ Profiles

Hon. Lascelles Chin, O.J., C.D.
Executive Chairman

Recipient of the Order of Jamaica for his philanthropy and contribution to the development of commerce and business, Lascelles Chin is the Chairman and Founder of the LASCO Affiliated Companies.

This Jamaican-born entrepreneur who ventured into the field of business and commerce in 1956, found opportunities in a variety of sectors: the import of spices and peas, sales of adhesives through his partnership with Henkel, furniture manufacturing, data processing, car rentals, horticulture, insurance brokerage, hair products, soya oil refining and chicken processing.

Always mindful of his humble beginnings, and because of his wealth of knowledge and business experience, the Chairman has constantly sought to develop and distribute affordable products.

The Chairman shares his ideas and energy with his business colleagues and has contributed greatly to prominent Jamaican organisations such as the Jamaica Industrial Development Corporation, the Jamaica Exporters' Association and the Jamaica Promotions Corporation (JAMPRO). He is a past director of the Bureau of Standards' Standard Council and is currently serving as director on the University of the West Indies' School of Nursing Advisory Board, the Kings House Foundation, and as Chairman of the Board of Affiliated Companies, LASCO Distributors Limited and LASCO Manufacturing Limited.

The Chairman has also been listed among the top ten personalities in Jamaica as published by the *Jamaica Observer* on several occasions.

Dr. Eileen Chin, MBA
Non-Executive Director

Dr. Eileen Chin is a non-executive Director of the Company and the Managing Director of LASCO Manufacturing Limited.

She was born in Havana, Cuba and holds a medical degree from Havana University's School of Medicine.

Dr. Chin migrated to Jamaica in 1998 and worked in various capacities in LASCO Affiliated companies including Marketing, Export, Central and South American Sales.

Dr. Chin holds an MBA in Global Management and has specialist skills in compliance training and advanced negotiation skills training.

She is a member of the Board of Directors of LASCO Distributors Limited.

Dr. Chin is married to Chairman Lascelles Chin.

Directors´ Profiles

Mrs. Jacinth Hall-Tracey
Managing Director & Compliance Officer

A Graduate of the University of the West Indies (UWI), Jacinth Hall-Tracey earned a B.A. (Hons.) in French & Economics and also completed several short courses in the development of her skills, including a Certificate in Marketing, Jamaican Securities Course and Corporate Treasury and Cash Management; CTP administered by the Association for Financial Professionals.

Her career in management spans twenty-two (22) years, five of which were in the hospitality industry. However, banking and financial services have dominated her career years, where she has developed expertise in remittance and cambio services.

Her profound knowledge of the industry gave rise to her being invited to speak at the World Bank Caribbean Remittance Forum in 2011. She has been president of the Cambio Association of Jamaica and is a founding member and secretary of the Jamaica Money Remitters Association.

Mrs. Hall-Tracey is a member of the Grace Morrison Foundation for Early Childhood Development (Grants Pen & Shortwood communities) and a mentor for the Merl Grove High School Past Students Association mentorship programme.

She is in the final semester of her MBA Programme in Strategic Management through the Edinburgh Business School.

Mr. Gary Peart, MBA
Non-Executive Director and Mentor to the board

Gary Peart joined Mayberry Investments Limited in May 2005 as Chief Executive Officer after developing his management techniques throughout the financial industry over the course of fifteen (15) years.

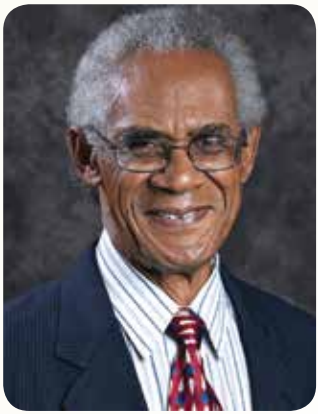
During this time he gained experience in almost every business line, including corporate finance, equity, fixed income and treasury management, all of which prepared him for his current role as CEO and board member of several well-known Jamaican entities.

He is also an alternate board member of the Jamaica Stock Exchange and the President of the Jamaica Securities Dealers Association.

Beyond the business world, Mr. Peart provides support to the Mona School of Business as a member of the investment committee and a member of the Rotary Club of St. Andrew North.

He has a B.Sc. in Economics from the University of the West Indies (2000) and an MBA from Florida International University (2003).

Directors´ Profiles



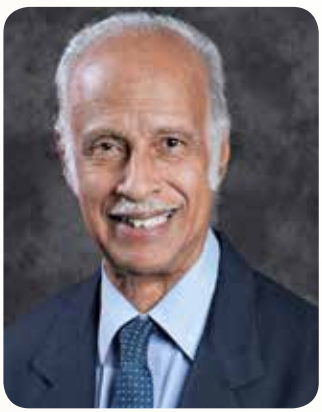
Mr. Compton Rodney
Non-Executive Director

A Chartered Accountant, a Fellow of the Association of Chartered Certified Accountants (U.K.) and a Fellow of the Institute of Chartered Accountants of Jamaica, Mr. Compton Rodney also holds a B.Sc. (Economics) degree from the University of London.

He is the Registrar of the Public Accountancy Board.

Mr. Rodney is Chairman of the Multicare Foundation, Director of the Sports Development Foundation, Secretary / Treasurer of the American Chamber of Commerce (AMCHAM) and Honorary Treasurer of the Jamaica Olympic Association.

He was the recipient of the 2009 Distinguished Members Award from the Institute of Chartered Accountants of Jamaica.



Hon. R.N.A Henriques, O.J., Q.C.
Non-Executive Director

A former Senior Partner of Livingston, Alexander and Levy Attorneys-at-law, with over 48 years of experience in distinguished legal practice, Mr. R.N.A Henriques obtained a Bachelor of Laws degree (LL.B) and a Master of Laws (LL.M) degree from the University of London.

He was appointed a Queen's Counsel in 1981 and in addition to his practice in Jamaica, practices in several Caribbean islands in the Eastern Caribbean Court of Appeal.

On many occasions he practices in the Privy Council, now the Supreme Court, in London.

He was appointed Chairman of the Jamaica Deposit Insurance Corporation in 2008 and Commissioner of the Financial Services Commission. In 2008, he was awarded the Order of Jamaica.

LASCO FINANCIAL SERVICES

Everyday Financial Value

JAMAICA'S #1 MONEYGRAM AGENT

MoneyGram®

bringing you closer

CALL US TODAY FOR AN AGENT OR POST OFFICE NEAR YOU | 1-888-LAS-CASH (527-2274)

LASCO FINANCIAL SERVICES

Everyday Financial Value

The Management Team:

(L-R): Atasha Bernard - Financial Accountant; Nordel Leach - Operations & Marketing Manager; Beverley Douglas - Deputy General Manager, Remittance Services and Walter White - Credit Manager

In front:
Jacinth Hall-Tracey, Managing Director

Management Discussion & Analysis

EXECUTIVE SUMMARY

LASCO Financial Services Limited (LFSL) is a leading Money Service Business in Jamaica, commanding the largest market share for MoneyGram in Jamaica and the Caribbean. Our volume of cambio trades places us among the top ten cambios in Jamaica. Additionally, we provide a range of retail financial services to our customers, including personal loans, bill payments, courier services, among others.

LASCO Financial Services Limited is continuously seeking to provide its customers with added convenience to help them meet the financial demands of their daily lives. We also continuously invest in infrastructure to increase efficiencies to support our strategic objectives.

OUR MISSION
To provide quality products & services to our customers, ensure profitability and promote employee development. Being the best … always.

OUR OBJECTIVE
To provide the best service with the most features desired by the largest number of customers.

HISTORY & DEVELOPMENT

LASCO Financial Services Limited is a licenced cambio and remittance service provider. As a complement to our business, we provide small personal loans to our customers and the staff of the LASCO affiliated companies.

Remittance
We are a provider of MoneyGram services in Jamaica. We conduct this business primarily through our five (5) LASCO Cambio branches and our network of agents islandwide in Jamaica.

In the third quarter of 2011-2012, LASCO Financial Services Limited acquired the remittance business of Supreme Ventures Financial Services Limited (SVFSL) for a consideration of $38M, adding some 80 locations to our existing 70 to bring our total to 150.

Cambio
We operate five cambio branches. Our main branch conducts corporate trades (drafts, wires, large transactions) in addition to retail currency trades. A drive-thru facility was added in October 2011. Our small loans division includes Pay Day Loans, Motor Vehicle Loans, Education Loans and Insurance Premium Financing.

OUR BRANCHES

- **RED HILLS ROAD** | MoneyGram, Cambio Trades - cash wires, drafts
- **PAPINE** | MoneyGram, FX cash, Bill Payments
- **DUHANEY PARK** | MoneyGram, FX cash, Bill Payments
- **SPANISH TOWN** | MoneyGram, FX cash
- **OCHO RIOS** | FX cash

Management Discussion & Analysis

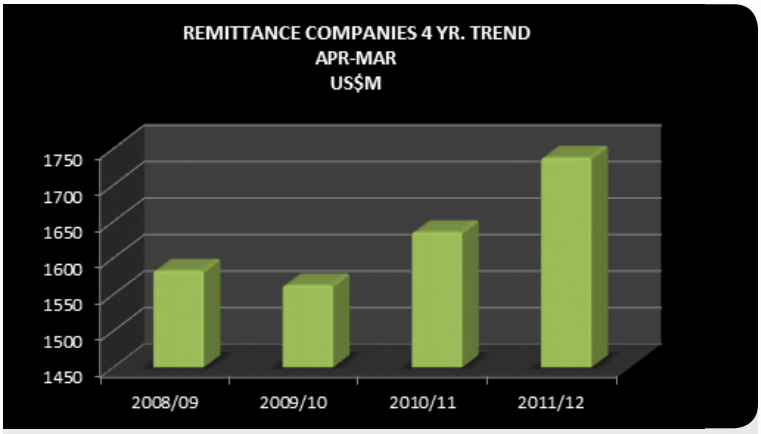
INDUSTRY REVIEW

REMITTANCE

Remittances account for approximately 14% of Jamaica's GDP. For the financial year 2011-2012, total remittance inflows represented $2,050M, an increase of 6% or $116.7M more than the corresponding 2010-2011, of which Remittance companies recorded an increase of $101.9M or 6.2%. This represents the largest inflow to Jamaica.

The increased inflow is positively related to developments in source economies during the review period. It also resulted from the improvements in sectors with traditionally strong concentrations of Jamaican-US diaspora workers, such as those in manufacturing and healthcare.

The remittance industry comprises nine (9) Remittance Service Providers and 503 locations.



JAMAICA'S HISTORICAL REMITTANCES (US$M)	2008/09	2009/10	2010/11	2011/12
REMITTANCE COMPANIES	1583.0	1563.0	1635.8	1737.8
TOTAL REMITTANCE INFLOWS	1947.5	1830.3	1933.5	2050.2

CAMBIO

The FX market was relatively stable during the financial year 2011-2012, with the dollar depreciating just 1.8% over the corresponding period.

There were indeed intermittent periods of excess demand; however, on such occasions, the demands were adequately satisfied by Bank Of Jamaica (BOJ) interventions.

Cambios provided some 43% of the market purchases representing US$4B. There are 69 cambio entities with 162 locations islandwide.

Management Discussion & Analysis

PERFORMANCE HIGHLIGHTS

	Year End March 2012	Year End March 2011	Change
	$'000	$'000	%
GROSS INCOME	372.6	226.8	64.2%
EXPENSES	268.6	186.9	43.7%
PROFIT FROM OPERATIONS	104.0	39.8	161%
FINANCE COST	0.87	3.95	(-78%)
NET PROFIT FOR THE YEAR	102.4	29.7	244%
Key Financial Ratios			
Earnings per Stock Unit	.83 cents	.26 cents	219%
Book Value Per Share	2.96	2.18	36%
Return on Equity	28%	11%	
Net Profit Margin	27.5%	13.1%	

FINANCIAL PERFORMANCE

Remittance services, cambio and retail loans are our primary revenue drivers. Revenue is earned from commission paid on fees for money transfers, where the sender pays a fee based on the transfer amount. LFSL receives a commission from those transactions terminated in its locations.

Revenue is earned from spreads received between the buying and selling rates of the currencies we trade: GBP, USD, KYD, EUR & CAD.

Interest is earned from loans granted to consumers. Other revenues are derived from rental of our commercial property, commissions earned on bill payment fees and management fees.

Gross income was $372.6M at year-end, compared to $226.8M in the corresponding period. This represents a 64% increase.

The increase is mainly as a result of:

- A 20% increase in revenues from the growth of our MoneyGram business, some as a result of our network expansion.
- 11% increase in trading gain.
- 300% increase in loan interest.

Most significantly, a $86M fair value gain on investment property; a change in accounting policy to bring our assets to fair value rather than cost, had the effect of increasing the carrying amount of the investment property by $86M.

Management Discussion & Analysis

In December 2011, LFSL signed an agreement with Supreme Ventures Financial Services Limited (SVFSL) to take over their MoneyGram remittance business. LFSL added 88 locations to its network, including five SVFSL regional branches and Post Offices. This was for a consideration of $38M plus transaction costs. This cost was expensed within the current financial year. It is expected to improve our earnings by approximately 40% per annum.

Teams from LASCO Financial Services Limited and Supreme Ventures Financial Services Limited sign off on the MoneyGram deal.

Operating expenses totaled $268.6M compared with $186.9M in 2010-2011. The increase in 2011-2012 is as a result of increased staff expense from $43.0M to $60.8M. At the beginning of 2011, in keeping with our new strategic direction, we made some worthwhile changes to our organizational structure and hired better qualified and experienced personnel.

We strengthened our loans division, acquiring a Credit Manager and a full support team.

We also strengthened our accounting department, hiring a qualified Accountant and a Senior Accounting Officer. Also, after the acquisition of the Supreme Ventures MoneyGram business, some managers and junior staff members were promoted, as job functions and roles were enlarged. There was also some vertical and horizontal job loading.

Although the net increase in staff for the year was two (2), we actually added seven (7) new members to our team and six (6) saw promotions or movements.

Another major expense was the transaction cost associated with the purchase of the Supreme Ventures MoneyGram network as at December 1, 2011 and the increased commissions paid to the expanded network.

There was no significant movement in other operating expenses, as management employed several strategies to ensure cost containment.

This is most evident, however, in the finance cost which made a significant savings of 78% or $3.0M. Tighter treasury controls and better cash management were employed to yield this result.

Operating Expenses - 2012 vs. 2011

Net profit for the year closed at $102.4M, up from $29.7M. This translated into EPS of 83 cents for Shareholders, up from 26 cents. Our strong net profit is the result of our strategy to deepen our market footprint in remittance and strengthen our niche in the retail loans sector.

Management Discussion & Analysis

The statements made below are based on management's expectations and involve risk and uncertainty and may cause results to differ materially from those projected. These statements should therefore be evaluated together with the uncertainties that affect our business, particularly those mentioned in the risk factors.

LOOKING AHEAD

For the upcoming year, our focus will be on our expansion plans in Barbados, continued drive to add convenient products which will add value to the lives of our customers and to deliver sustainable value to our stakeholders.

We expect the main drivers of revenues to continue to be the remittance business, given our newly acquired network.

We feel fairly confident of the strong gains from this division as there is evidence of the resilience of the industry, though we are mindful of the fact that there are many events that could cause remittances to decline.

ASSETS & LIABILITIES

The asset base as at March 2012 was $511.4M, up from $313.6M for the prior year, representing a 63% increase. Liabilities increased by $101.5M or 218%.

The Increase in our asset base was primarily as a result of:

- Revaluation of investment property
- A 381% increase in our loan portfolio.

Our liabilities increased due to larger daily reimbursements for MoneyGram transactions, paid by our agents. These are normally settled daily but will reflect high values when the month ends on a weekend.

SHAREHOLDERS' RETURN

LFSL's stock price recorded an 83% increase during 2011-2012 to close at $3.94. LFSL'S stock price traded at a low of $1.98 and a high of $6.95.

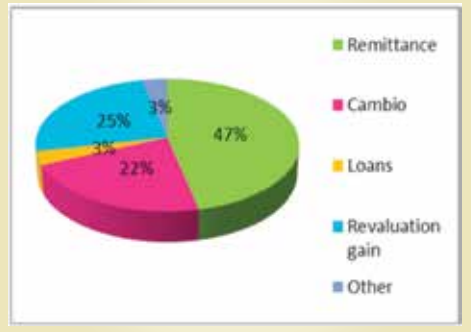
The dividend paid for financial year 2010-2011 was 5 cents per share, which resulted in a dividend yield of 1.27%.

SEGMENT RESULTS

The Company's main trading activities contributing to revenues are:

- MoneyGram Money Transfer
- Cambio Trades
- Personal Loans

Contribution to revenue is depicted here in graph:



During the 2011-2012 financial year, there was improved performance in all segments. The loans division showed the biggest growth, whereas the remittance division accounted for the better part of the total revenue.

INTERNATIONAL

Towards the end of the financial year, LASCO Financial Services (Barbados) Limited (LFSBL) signed its Money Transfer Services Agreement with MoneyGram International, giving us Super Agent status in Barbados.

LFSBL is a wholly owned subsidiary of LASCO Financial Services Limited. We expect to start trading before the end of the calendar year.

Management Discussion & Analysis

RISK MANAGEMENT

Most of our earnings are transacted in US dollars (USD). As such, we are exposed to adverse fluctuations in the daily exchange rate. Other risks in our operating environment include credit risks, liquidity risks and operational risks.

Cash and cash equivalents are not considered to be subject to significant interest rate risk due to the short tenors of investments. Overall risks to our business are the linear relationship to the economic conditions of the global economy in general and the economic strength of our main source countries for remittance and foreign exchange.

FOREIGN CURRENCY RISKS

Foreign currency risks arise from our daily cambio trading as well as from money transfer transactions which are priced in USD and converted to Jamaican. Risks from cambio trades arise when there is volatility in FX spot prices. However, this is mitigated by the fact that we do not hold our currency for long periods of time. Our constant presence in the market also gives us the opportunity to sell or buy when we foresee adverse conditions.

Since all our money transfer transactions are priced in USD, if there is an adverse fluctuation in the exchange rate, we risk the loss of value of our floats. The mitigating control is the close and constant monitoring of the consumer rate paid to customers against the market rates.

CREDIT RISKS

We face various types of credit risks in our daily business: risk of loss if a borrower fails to meet contractual obligations and receivables exposure from agents and customers. Credit exposures are normally subject to rigid controls, constant review of portfolios and the placing of limits on certain transactions. We have so far been able to maintain our loan delinquency below industry standards.

We are mindful, however, of the state of the economy and acknowledge that things can go awry. As such, we have increased our loan loss provision for the upcoming year.

LIQUIDITY

Liquidity risk is the risk that the Company will encounter difficulties in meeting its payment obligations when they fall due. Our treasury management includes keen knowledge of our seasonal demands and thereby plans are put in place to ensure all obligations are met. The nature of our business also forces us to keep high levels of liquidity.

OPERATIONAL RISKS

This is the risk of loss, direct or indirect, to which the Company may be exposed, whether due to external fraud, human error or failure of processes, procedures, systems or controls. A key component of operational risk mitigation is strong internal audit functions and active board committees which largely ensure that controls are put in place and maintained.

Management Discussion & Analysis

SALES & MARKETING

LFSL has a complex brand structure and therefore must take part in a wide range of marketing methods to engage our existing and potential customers. A key component of our advertising and marketing efforts is the brand equity of our partner brands - MONEYGRAM, PAYMASTER, DHL and of course, our own LASCO.

BUSINESS DEVELOPMENT

In 2011, in anticipation of the growth in our various business sectors, we did significant renovations at our head office to increase lobby space for our customers, added a customer-friendly loans division and provided comfort to our expanding head office staff.

Our number one significant change was the addition of the drive-thru cambio, bringing the utmost in convenience for our customers.

We are the first Jamaican cambio to offer this service. Now, customers on the run may conduct FX trades from the privacy of their own cars. Transactions are limited to US$750.

AGENT DEVELOPMENTAL ACTIVITIES

For the second time, we hosted our agents and their staff at our Remittance Agent Appreciation Day, held Sunday November 13, 2011. The day was filled with activities to inform our agents, but more importantly, to reward them for the support they have been giving us and recognize their contribution to our success.

We honoured our top producer for the year - second time around - the Ocho Rios Card Centre.

We also awarded the top three transaction processors in each county. Everyone was resplendent in red, black & white in celebration of our MoneyGram theme colours.

FINANCIAL SERVICES celebrates with agents and awards the

Top Agent Achievers

November 2011

The Hon. Lascelles Chin
Chairman of Lasco Financial Services Ltd.

Jacinth Hall-Tracey
Managing Dir., Lasco Financial Services Ltd.

SSP James Forbes
Community, Safety and Security Branch

Det. Carl Berry
Organized Crime Division

Hon. Lascelles Chin and Jacinth Hall-Tracey giving greetings to guests and awardees.
Guest speakers SSP James Forbes of the Jamaica Constabulary Force articulating the importance of security in the business place;
Det. Carl Berry of the Organized Crime Division, points out some of the challenges in the industry.

High Achievers

CORNWALL

1st Place Winner: *Hon. Lascelles Chin presenting to Mrs. Doret Edwards of Best Care Pharmacy, Montego Bay*

Second Place: *Lenon Electrical & Hardware Ltd.*
Third Place: *Paradise Supermarket Ltd.*

MIDDLESEX

1st Place Winner: *Dr. Eileen Chin presenting to Ms. Mona Watson of Ocho Rios Carol Centre Ltd.*

Second Place: *Young's Pharmacy*
Third place: *Berry-Don Company Ltd.*

SURREY

1st Place Winner: *– Mr. Peter Blake receiving award from Mr. Gary Peart, on behalf of Petals Financial Ltd.*

Second Place: *Best Value Wholesale*
Third place: *New Variety Drug Store*

MOST COMPLIANT
V W Investments Ltd.

Accepted on their behalf by Kerri-Ann Rowe-Small, presented by Ataska Bernard

LASCO 5 YEAR
Employee Awardees

Jacinth Hall-Tracey and Hon. Lascelles Chin (center) pose with the Awardees L-R: Jennifer Grant-Harrison, Joy Brown, Kerri-Ann Rowe-Small, Loulena Linda

TOP BRANCH
Lasco Papine

Hon. Lascelles Chin (center) presenting the award to L-R: Joy Brown, Patrice Hylton, Latoya Powell, Rickada Mundle

FASTEST GROWTH
R & M Partners Ltd., Hopetwell

Accepted on their behalf by Charmaine Vigilance, presented by Ataska Bernard

Lasco Financial Services Limited appreciates the commitment and support of all its agents. We look forward to your continued hard work and dedication in the coming year.

LFSL ACTIVITIES

CRICKET LOVELY CRICKET

HIGHLIGHTS OF THE SDC NATIONAL 20/20 COMMUNITY CRICKET COMPETITION

UPCOMING PROJECTS/ EVENTS

• Breakfast Programme for Merl Grove High School P.T.A. • Projects with schools in Papine, Duhaney Park and Ocho Rios • Agent's Favourite Charity

LFSL joins forces with SDC

Cricket finals at Alpart, August 2011.

BRANCHES

RED HILLS RD.
MoneyGram
Cambio Trades
Cash wires, drafts

PAPINE
MoneyGram
FX Cash
Bill Payments

DUHANEY PK.
MoneyGram
FX Cash
Bill Payments

SPANISH TOWN
MoneyGram
FX Cash

OCHO RIOS
FX Cash

Although increasingly fast-paced and competitive, players abide by the 'Spirit of the Game'. The SDC National 20/20 Community Cricket Competition, an annual event, is geared towards advancing community development through sports as it encourages sportsmanship.

This major event, celebrating its 6th year, engages two-thirds of the over 780 communities in Jamaica between the months of April and August each year.

LASCO Financial Services Limited's strategic alliance with the SDC is a medium of connecting with our customers and enabling the SDC to fulfill their mandate of creating opportunities for social intervention; and, of course, we are in it for the love of the game!

Scoreboard at Alpart.

LFSL staff enjoying the day at Cricket.

Victory huddle.

LFSL staff at play.

L-R Terry-Ann Virtue - Miss St. Catherine 1st Runner Up, Krystle Daley - Jamaica Festival Queen 2011 (Miss Kingston & St. Andrew) and Lisanie Gayle - Miss Westmoreland 2nd Runner Up

MISS JAMAICA FESTIVAL QUEEN COMPETITION

The Miss Jamaica Festival Queen Competition encourages the development of cultural awareness and seeks to unearth talent and creativity in young Jamaican women.

The competition is not a beauty pageant, and the winner of the national competition is selected rather as a 'cultural ambassador' for the Island. The young women are therefore judged according to talent, poise and cultural awareness.

Miss Jamaica Festival Queen, in addition to a number of cash and other prizes, is expected to go on to represent Jamaica at a number of cultural and civic events, both nationally and internationally.

LFSL's support towards this event was met with sincere gratitude as the company's philosophy of making living affordable for Jamaica's communities and by extension, its people, became apparent through its contributions.

The Jamaica Cultural Development Commission, organizers of this competition, have also noted considerable growth of the event as the pageant remains one of the highlights of the Independence celebrations.

One of the duties of the queen as mandated by the commission is to create a project which will enhance the life of some individuals living within her community.

Nordel Leach (left) hands over a cheque to Krystle Daley (centre) with Dr. Pamela Powell, Special Projects Coordinator at JCDC.

LFSL GOES BIG with YUP

LASCO Financial Services Limited has taken on the role of assisting the Festival Queens in carrying out their community development by sponsoring the project to the tune of $100,000.

Once the project has been accepted by the Jamaica Cultural Develompment Commission, (JCDC), the funding is presented and disbursed to the queen as needed.

We have so far helped to fund one boy's mentorship project in Mandeville and this year's Youth United for Purpose (YUP) seeks to mentor the young persons in the Tavern Community of St. Andrew.

No one knows the importance of having your funds more than WE DO!

Call us at 1-888-LAS-CASH (527-2274) or visit us at 29 Red Hills Road, Kingston 10

LASCO FINANCIAL SERVICES

Everyday Financial Value

www.lascojamaica.com

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• PAY DAY LOANS • DHL INTERNATIONAL COURIER SERVICE

LASCO
Cambio
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- DRAFT PAYMENTS
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Tel: 906-7473 • 920-0322

15 CHANDOS PLACE, KINGSTON 6
Tel: 977-6852

SHOP 13, DUHANEY PARK SHOPPING CENTRE
Tel: 934-6823

OCHO RIOS CARD CENTRE, LOT 2, POINT CRESCENT
Tel: 974-6966

OPEN 8AM

CALL US FOR MORE INFORMATION

1-888-LAS-CASH (527-2274)
Digicel **1-618-LASF (5273)**

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Management Profiles

" A brilliant strategy may put you on the competitive map, but only a solid execution keeps you there."

Jacinth Hall-Tracey
Managing Director

Mrs. Hall-Tracey has been with the Company since 2004. She began as General Manager and was appointed to the Board in 2009.

Under her leadership, LFSL, last-appointed MoneyGram Agent in Jamaica and one of six at the time, grew to become Jamaica's number one agent within four (4) years.

LASCO Cambio, though with five (5) branches, is among the top ten (10) largest in the country, based on trades.

Her entrepreneurial spirit, drive for excellence and her ability to create and execute keen strategies have propelled the Company into the success it is today. She manages a team of thirty-two (32) staff, five (5) Cambio branches and an agent network of 150.

Walter White
Credit Manager

Mr. White joined the team in May of 2011. He brings a wealth of experience to his portfolio and a great attitude towards customer care. Our loan portfolio has increased significantly because of his implementations to streamline the department within the past year.

He has designed frameworks for writing a detailed loan policy and procedure, introduced new loan types, set up a loan securities system, designed relevant documents for loan processing as well as created an arrears recovery and enforcement system for effectively monitoring delinquency rates.

Management Profiles

Beverley Douglas
Deputy General Manager - Remittance Services

Mrs. Douglas has been with the team since its inception in 2004. She brings a wealth of experience in the remittance industry, both locally and internationally.

She monitors a Remittance network of over 150 locations islandwide, ensuring compliance with stipulated guidelines as well as maintaining agent relations.

Mrs. Douglas is an accomplished professional with over thirty (30) years of experience in the financial industry, with sixteen (16) years in remittance.

Atasha Bernard, ACCA, CA
Financial Accountant

Ms. Bernard joined our team in April of 2011. Her expertise in the area of accounting and auditing has contributed significantly to the business with her very keen eye for detail and structure.

Within three (3) months, she reorganized and restructured the Accounting Department to ensure accountability and efficient transaction processing, which has led to a reduction in processing time.

Her continuous monitoring and implementation of internal controls and tight management have yielded significant reduction in finance cost.

Nordel Leach
Operations & Marketing Manager

Ms. Leach joined the team in August 2008. Her strong leadership skills and attention to detail have contributed to the smooth operation of the business.

She assists in all areas of the business, working with department heads to enable an orderly work flow process. As the head of the marketing department, she works assiduously with the team to position the LFSL brand.

Her undiluted spirit of teamwork and camaraderie have aided the staff to function cohesively to attain targets, maintain top customer service delivery to customers and foster a customer-friendly atmosphere in the LFSL locations.

Meet The LASCO Financial Services Team

Red Hills Road Branch

Our corporate office team is the hub of the business and serves not only external customers, but internal staff as well.

Front Row (L-R): Nordel Leach, Allison Wright, Tashell Bailey, Atasha Bernard, Jacinth Hall-Tracey, Walter White, Beverley Douglas, Laulene Lindo, Simone Deacon, Ackelyn Masters, Latoya Powell and Maria Campbell. Back Row (L-R): Lauren Lawrence, Millicent Anderson, Mathew Blake, Jennifer Grant, Kerry-Ann Rowe-Small, Orlando Grant, Racquel Millins, Ramon Davis, Marcia Orr, Davin Melhado, Kaare Kelly, Charmaine Vigilance and Oneil Lake.

Shared Services

Peter Hylton (MIS Manager), Francisca Anderson (Human Resource Manager), Ruel Thompson (Security & Safety Manager) and Joel Gonzalez (Property Manager) Missing: Leon Rhooms (Audit).

Papine Branch

This branch opened in 2006 and was the 'Branch of the Year' for 2010-2011. With consistently great customer service, this branch has built a strong relationship with its customers and is a favorite among the residents of Papine and surrounding areas.

(L-R): Roleen Baker-Jackson, Telany Muir, Joy Brown and Rickado Mundle.

Duhaney Park Branch

Known as the bill payment transaction champions, this branch processes the most bill payments and is the last cambio out of Kingston. They officially opened their doors in 2009.

(L-R): Keisha Richards, Patrice Hylton, Dwayne Dobson and Violet Gallimore

Meet The LASCO Financial Services Team

Red Hills Road Cambio

(L-R): Lauren Lawrence, Allison Wright, Ackelyn Masters, Charmaine Viligance and Jennifer Grant

This team processes both retail and corporate FX trades daily. They do their jobs so proficiently and professionally that they have earned themselves the nickname 'FX Currency Central'.

Accounts Department

This department is known for their fast cheque processing and is an excellent support for the business as a whole.

(L-R): Tashell Bailey, Simone Deacon, Atasha Bernard and Millicent Anderson.

Remittance Department

(L-R): Ramon Davis, Beverley Douglas, Latoya Powell and Oneil Lake.

'We likkle but we talawah!' This small team serves a remittance network of over 150 locations with pride and great efficiency.

Loans Department

This team operates under a strict philosophy of friendly & personable customer service. They deliver speedy loan approvals, much to the delight of their customers.

(L-R): Kaare Kelly, Kerry-Ann Rowe-Small, Walter White and Racquel Millins.

Spanish Town & Ocho Rios Branches

The Spanish Town branch is our smallest and was opened in 2010. They are located inside the Shopper's Fair Supermarket for added convenience to our customers.

Ocho Rios, our newest branch, was opened in 2011 and we count them as one of our rising stars.

(L-R): Shauna Gay Whyte (Spanish Town Branch), Patricia Wisdom, Alicia Wisdom and Janeen Pasmore of the Ocho Rios Branch

Senior Team Leaders

Maria Campbell
Branch Network Supervisor

Ms. Campbell has been with the Company since inception. Her versatility and flexibility have seen her moving through different departments within the Company over the years. She has recently been promoted to the position of Branch Network Supervisor, where she oversees the operations of the LASCO Financial Services' network of cambio branches. Ms. Campbell possesses a wealth of information on cambio operations and related governing framework. With this knowledge, she conducts her daily tasks very efficiently.

Jennifer Grant
FX Trader

Ms. Grant has been a part of the cambio team since August 2006, where she has garnered expertise in foreign exchange trading. Her understanding of market trade negotiations has allowed the company to maximize on spreads, in order to obtain revenues on a daily basis.

Ramon Davis
Remittance Network Liaison Officer

Mr. Davis has been a part of the LFSL team since October 2008. His knack for delivering excellent customer service has earned him a promotion to his current position where he maintains an excellent rapport with the Remittance network of over 150 locations, providing support where needed.

Shareholders´ Profile

as at March 31, 2012

Senior Officers & Connected Parties	No. of Units	Percentage
1. Lascelles Chin	98,050,194	79.84
* Eileen Chin		
2. Vincent Chen	138,840	0.12
* Helen Chen		
3. Jacinth Hall-Tracey	100,300	0.08
* Carl Tracey		
4. Atasha Bernard	0	0

Directors & Connected Parties	No. of Units	Percentage
1. Lascelles Chin	98,050,194	79.84
* Eileen Chin		
2. Roald N.A. Henriques	375,000	0.31
3. Jacinth Hall-Tracey	100,300	0.08
* Carl Tracey		
4. Gary Peart	39,700	0.03
5. Eileen Chin	10,106	0.01
* Hilda Gonzales		
6. Compton Rodney	0	0

Top Ten Shareholders & Joint Holders	No. of Units	Percentage
1. Lascelles Chin	98,050,194	79.84
2. Huixiong Liao	1,600,000	1.30
* Anna L. Chang-Liao	493,037	0.39
3. Wayne M. Chin	1,302,465	1.12
* Hilda Gonzalez Rosales	260,000	0.21
4. Joel Izquierdo Gonazalez	1,585,584	1.29
5. Mayberry Managed Clients Account	1,325,302	1.13
6. Michael A. Campbell	1,236,328	1.01
7. Guardian Life Limited/ Pensions Fund	792,941	0.65
8. Mayberry Investments Limited Pension Scheme	749,054	0.61
9. Morrel Beckford	550,000	0.50
10. Chad Young	422,800	0.47

Directors´ Report

The Directors are pleased to present their report for LASCO Financial Services Limited ("the Company") for the financial year ended March 31, 2012.

FINANCIAL RESULTS
The Statement of Comprehensive Income shows profit before tax of $103M and Total Comprehensive Income for the year of $102M. The Company listed its shares on the Junior Market of the Jamaica Stock Exchange on October 12, 2010 and for this reason is entitled to a remission of Corporate Income Tax for a period of ten years from the date of listing as follows:

Years 1–5	100%
Years 6–10	50%

DIRECTORS
The Directors of the Company as at March 31, 2012 are Hon. Lascelles Chin O.J., C.D. (Executive Chairman); Mrs. Jacinth Hall-Tracey (Managing Director); Dr. Eileen Chin (Non-Executive); Mr. Gary Peart (Non-Executive); Mr. Compton Rodney (Non-Executive); and Hon. Roald Henriques, Q.C., O.J. (Non-Executive).

In accordance with Article 97 and 98 of the Articles of Incorporation of the Company, Directors Mr. Gary Peart and Mr. Compton Rodney shall retire by rotation and being eligible, will offer themselves for re-election.

AUDITORS
The Auditors of the Company, BDO, of 26 Beechwood Avenue, Kingston 10, Jamaica, have expressed their willingness to continue in office as Auditors of the Company until the conclusion of the next Annual General Meeting.

DIVIDEND
On August 15, 2011 an interim dividend of Five Cents (0.05¢) dividend per share was paid to shareholders on record as at July 29, 2011. This dividend was declared final in the Annual General Meeting on October 25, 2011.

THANK YOU
We wish to thank our members of staff, as well as the MoneyGram agents who continue to provide fast and efficient service to our customers. Thanks also to all our Corporate and retail Cambio customers who continue to support our business and our shareholders for their confidence in the Company.

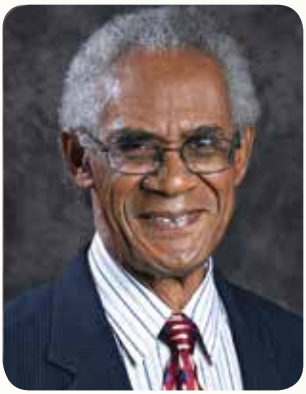
Dated this **17th** day of **August** 2012
FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Vincent A. Chen
SECRETARY

Corporate Governance

Hon. Lascelles Chin, O.J., C.D.
Executive Director

Mr. Gary Peart, MBA
Non-Executive Director



Mr. Compton Rodney
Non-Executive Director

The Corporate Governance and ethical principles are fundamental elements in the operation of LASCO Financial Services Limited. The Board of Directors of the Company is responsible for overseeing management's monitoring of the business operations, thereby ensuring accountability, objectivity and transparency in the Company's activities.

In fulfilling its obligation, the board ensures that the Company is managed and operated within the framework of the established policies and procedures and importantly, ensures compliance with the rules of the Jamaica Stock Exchange and the laws and regulations of the country. This is all in an effort to protect the interests of the Company and its stakeholders.

The directors are kept abreast of the operations of the Company and are provided with detailed quarterly reports of the Company's activities at their directors' meetings.

As part of the governance structure, major financial decisions are approved by the full board. The directors also offer advice to the management.

At the end of the period under review, March 31, 2012, the board comprised six directors (two executive and four non-executive directors), all successful and experienced professionals.

In keeping with the Articles of Incorporation of the Company, the longest serving directors are required to retire and can be re-elected by the members at the annual general meeting of the Company.

BOARD SUB-COMMITTEES

The board has three sub-commitees, the Audit and Compliance Committee, the Assets and Liabilities Committee and the Compensation Committee. The members are appointed by the full Board of Directors; however, any board member may attend sub-committee meetings.

In an effort to maintain a level of objectivity, all three committees are chaired by non-executive directors and are comprised of majority non-executive directors.

The Audit and Compliance Committee

The committee is guided by its established terms of reference and has the responsibility to assist the board in overseeing the Company's financial reporting, auditing process and legal compliance.

Corporate Governance

The committee members, Compton Rodney (Committee Chairman), Gary Peart and Lascelles Chin meet quarterly to:

i) Analyse the interim financial statements required by the Jamaica Stock Exchange (JSE) before they are submitted to the Board of Directors for approval and the subsequent submission to the JSE. It also reviews the audited financial statements at the end of the financial year and ensures that the financial activities are accurately reported.

ii) Examine, discuss and approve the internal audit plan for the year and to review the internal audit report which should include an overall assessment of the internal control, risk, financial reporting, compliance and corporate governance environments of the Company.

iii) Examine, discuss and approve the external auditors' plan (and fees) and to review and discuss the Auditors' Management Letter to the Company.

iv) Recommend to the board the annual fee to be paid to the auditors.

The Managing Director and the Financial Accountant are generally invited to the meetings to answer questions that the members may have.

For the financial period under review the committee and by extension, the Board of Directors, appointed Mayo Holdings Limited to function on a co-sourcing basis to provide internal audit services.

The committee mandates the internal auditor to:

- assess the financial operating procedures
- check the accuracy of the financial records
- ensure compliance with accounting regulations and internal controls
- to detect fraud
- recommend improvements to internal controls

In keeping with the practice of good governance, the internal auditor reports to the committee at its quarterly meeting. This facilitates the maintenance and improvement of organizational procedures and controls for tracking the Company's income and expenditures.

The Compensation Committee

The role of the Compensation Committee is to advise the board on all matters relating to the compensation of the Executive Chairman, the Managing Director and the non-executive members of the board.

The committee, whose members are Gary Peart (Committee Chairman), Compton Rodney and Lascelles Chin ensures that the pay programmes are appropriate and supportable and aligned with the overall business strategy.

The committee meets annually to assess the performance of the Executive Chairman and the Managing Director and for the financial year under review, the committee convened as required and made its recommendation to the full Board of Directors.

Corporate Governance

The Executive Chairman is recused from the meeting and does not contribute to the discussions and agreements concerning his compensation.

The Assets and Liabilities Committee
The primary goal of the Assets and Liabilities Committee is to evaluate, monitor and advise the board on all matters relating to risk including imbalances in the capital structure of the company.

In light of the controls in place, the committee is now required to meet four times for the year.

The committee reviews the annual financial plan of the Company and recommends its acceptance by the board. The members are Compton Rodney (Committee Chairman), Gary Peart and Lascelles Chin.

The Managing Director and Financial Accountant are generally invited to the meetings to answer any questions that the committee may have.

Below is a summary of the attendance record in respect of the meetings for the financial year ended March 31, 2012.

Meetings	AGM	BOD	Compensation Committee	Audit Committee	ALCO
No. of Meetings	**1**	**6**	**1**	**6**	**4**
Lascelles Chin	1	6	1	6	2
Jacinth Hall-Tracey	1	6	-	6	4
Eileen Chin	1	5	-	-	-
Gary Peart	1	6	1	5	4
Compton Rodney	0	5	1	5	4
Roald Henriques	1	6	-	-	-

The following table outlines the Composition of each Committee.

Meetings	Compensation Committee	Audit Committee	ALCO
Lascelles Chin	√	√	√
Jacinth Hall-Tracey	-	-	-
Eileen Chin	-	-	-
Gary Peart*	√	√	√
Compton Rodney**	√	√	√
Roald Henriques	-	-	-

* Chairman - Compensation Committee **Chairman - Assets and Liabilities Committee
- Audit Committee

The board of LASCO Financial Services Limited is dedicated to the practice of good governance and will continue in its efforts to achieve increased shareholders' confidence and maximize shareholders' value.

Corporate Data

Registered Office
27 Red Hills Road
Kingston 10
Jamaica, W.I.
Tel: (876) 960-7473
(876) 920-0322
Fax: (876) 960-4595

Website: www.lascojamaica.com

DIRECTORS

Executive
Hon. Lascelles Chin, O.J., C.D.
Chairman

Mrs. Jacinth Hall-Tracey
Managing Director

Non-Executive
Dr. Eileen Chin, MBA
Mr. Gary Peart, MBA
Mr. Compton Rodney
Hon. R.N.A. Henriques, Q.C., O.J.

Company Secretary
Mr. Vincent A. Chen

Senior Officers
Hon. Lascelles Chin, O.J., C.D.
Executive Chairman

Mrs. Jacinth Hall-Tracey
Managing Director

Mr. Vincent Chen
Company Secretary

Ms. Atasha Bernard
Financial Accountant

Attorneys-At-Law
Mr. Vincent Chen
Chen, Green & Company
6 Haining Road
Kingston 5
Jamaica, W.I.

Bankers
CIBI FirstCaribbean International
Bank Jamaica Limited
23-27 Knutsford Boulevard
Kingston 5
Jamaica, W.I.

Bank of Nova Scotia Jamaica Limited
Cnr. of Duke & Port Royal Streets
Kingston
Jamaica, W.I.

National Commercial Bank
105 Red Hills Road
Kingston 19
Jamaica, W.I.

First Global Bank Limited
2 St. Lucia Avenue,
Kingston 5
Jamaica, W.I.

Auditors
BDO
26-28 Beechwood Avenue
Kingston 5
Jamaica, W.I.

Registrar and Transfer Agents
Jamaica Central Securities Depository
40 Harbour Street
Kingston
Jamaica, W.I.

FINANCIAL STATEMENTS

Year Ended 31 March 2012

Tel: (876) 926-1616/7, 926-4421
Fax: (876) 926-7580
www.bdo.com.jm

Chartered Accountants
26 Beechwood Avenue
P.O. Box 351
Kingston 5, Jamaica

INDEPENDENT AUDITORS' REPORT

To the Members of
Lasco Financial Services Limited

Report on the Financial Statements

We have audited the financial statements of Lasco Financial Services Limited set out on pages 40 to 67, which comprise the statement of financial position as at 31 March 2012, and the statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and consistently applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BDO

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Lasco Financial Services Limited

Opinion

In our opinion, the financial statements give a true and fair view of the company's financial position as at 31 March 2012, and of its financial performance, changes in shareholders' equity and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the provisions of the Jamaican Companies Act.

Report on Additional Requirements of the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, and the financial statements are in agreement therewith, and give the information required by the Act, in the manner so required.

BDO

Chartered Accountants

29 May 2012

Statement of Comprehensive Income
Year Ended 31 March 2012

	Note	2012 $'000	2011 $'000
TRADING INCOME	5	270,237	219,117
Other operating income	6	102,426	7,687
		372,663	226,804
EXPENSES:			
Administrative and other expenses		169,467	103,612
Selling and promotion expenses		99,152	83,374
	7	268,619	186,986
PROFIT FROM OPERATIONS		104,044	39,818
Finance cost	8	875	3,949
PROFIT BEFORE TAXATION	9	103,169	35,869
Taxation	10	(735)	(6,094)
NET PROFIT FOR THE YEAR		102,434	29,775
OTHER COMPREHENSIVE INCOME:			
Excess arising on transfer of net assets		-	184,142
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		102,434	213,917
Earnings per share	11	$0.83	$0.26

	Note	2012 $'000	2011 $'000
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	12	36,712	31,978
Investment property	13	99,956	9,657
Investment in subsidiary	14	45	45
Deferred tax asset	15	-	624
		136,713	42,304
CURRENT ASSETS:			
Receivables	16	257,254	73,285
Taxation recoverable		715	-
Related companies	17	2,567	3,404
Cash and cash equivalents	18	114,235	194,675
		374,771	271,364
		511,484	313,668
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY:			
Share capital	19	50,523	50,523*
Retained earnings		312,971	216,678*
		363,494	267,201
CURRENT LIABILITIES:			
Payables	20	147,990	40,144
Taxation		-	6,323
		147,990	46,467
		511,484	313,668

Approved for issue by the Board of Directors on 29 May 2012 and signed on its behalf by:

L A Chin Chairman

Jacinth Hall-Tracey Director

	Note	Share Capital $'000	Retained Earnings $'000	Total $'000
Balance at 1 April 2010		10	3,261	3,271
Capitalisation of reserves	19	500	(500)	-
Issue of shares net of transaction costs		50,013	-	50,013
Total comprehensive income for the year		-	213,917	213,917
Balance at 31 March 2011		50,523*	216,678*	267,201
Dividends paid	22	-	(6,141)	(6,141)
Total comprehensive income for the year		-	102,434	102,434
Balance at 31 March 2012		50,523	312,971	363,494

*Restated

	2012 $'000	2011 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit	102,434	29,775
Adjustments for:		
Effects of exchange rate translation	(641)	-
Excess arising on transfer of net assets	-	184,142
Fair value gain on investment property	(90,299)	-
Depreciation	2,130	3,135
Deferred taxation	624	(290)
Taxation expenses	111	6,384
Operating cash flows before movements in working capital	14,359	223,146
Changes in operating assets and liabilities:		
Receivables	(183,969)	(69,023)
Related companies	837	(3,404)
Payables	107,846	35,383
Directors' loan	-	(4,000)
Directors' current account	-	(33,119)
	(60,927)	148,983
Taxation paid	(7,150)	(1,848)
Net cash (used in)/provided by operating activities	(68,077)	147,135
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in subsidiary	-	(45)
Transfer of property, plant and equipment	-	(23,729)
Transfer of investment property	-	(9,998)
Additions to property, plant and equipment	(7,276)	(8,758)
Proceeds from disposal of property, plant and equipment	413	-
Net cash used in investing activities	(6,863)	(42,530)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Share issue, net of expenses	-	50,013
Dividends paid	(6,141)	-
Net cash (used in)/provided by financing activities	(6,141)	50,013
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(81,081)	154,618
Effects on exchange rate translation on cash and cash equivalents	641	-
Cash and cash equivalents at beginning of year	194,675	40,057

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:

i. 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.

ii. 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 licences issued by the Bank of Jamaica.

iii. The rental of properties.

iv. The granting of loans for personal purposes.

2. **REPORTING CURRENCY:**

These financial statements are presented using Jamaican dollars which is considered the currency of the primary economic environment in which the company operates ("the functional currency").

3. **SIGNIFICANT ACCOUNTING POLICIES:**

The principal accounting polices applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented. Where necessary, prior year comparatives have been restated and reclassified to conform to current year presentation.

(a) 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.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) Basis of preparation (cont'd) –

The preparation of financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and contingent liabilities at the end of the reporting period and the revenue and expenses during the reporting period. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis and any adjustments that may be necessary would be reflected in the year in which actual results are known. The areas involving a higher degree of judgement in complexity or areas where assumptions are significant to the financial statements are discussed below:

(i) Allowance for impairment losses on receivables

In determining amounts recorded for impairment losses on receivables in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be measurable decrease in estimated future cash flows from receivables, for example, through unfavourable economic conditions and default. Management will apply historical loss experience to individually significant receivables with similar characteristics such as credit risk where impairment indicators are not observable in their respect.

(ii) Income taxes

Estimates are required in determining the provision for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain. The company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) Expected useful life and residual value of property, plant and equipment

The expected useful life and residual value of an asset are reviewed at least at each financial year end. Useful life of an asset is defined in terms of the asset's expected utility to the company.

(iv) Fair value of financial assets

The management uses its judgment in selecting appropriate valuation techniques to determine fair values of financial assets adopting valuation techniques commonly used by market practitioners supported by appropriate assumptions.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) Basis of preparation (cont'd) –

Standards, interpretations and amendments to published standards effective in the reporting period.

During the reporting period, new standards, interpretations and amendments were applied for the first time from 1 April 2011. None of these had a material effect on the financial statements but have given rise to revised or additional disclosures.

Standards, interpretations and amendments to published standards that are not yet effective.

At the date of authorization of these financial statements, there were certain new standards, amendments and interpretations to existing standards which were in issue but which were not yet effective. Those which are considered relevant to the company are as follows:

IAS 1 (Amended)	Presentation of Financial Statements (effective for annual reporting periods beginning on or after 1 July 2012), amendments to revise the way other comprehensive income is presented.
IAS 32 (Amended)	Financial Instruments: Presentation (effective for annual reporting periods beginning on or after 1 January 2014), amendments to application guidance on the off-setting of financial assets and financial liabilities.
IFRS 7 (Amended)	Financial Instruments: Disclosures (effective for annual reporting periods beginning on or after 1 January 2015), requires additional disclosures for transfers of financial assets. It lists transferred assets that are derecognised in their entirety and those not derecognised in their entirety.
IFRS 9	Financial Instruments (effective for annual reporting periods beginning on or after 1 January 2015), introduces new requirements for classifying and measuring financial assets. It also includes guidance on classification and measurement of financial liabilities designated as fair value through profit or loss. The standard also amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments designated as fair value through other comprehensive income.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) Basis of preparation (cont'd) –

Standards, interpretations and amendments to published standards that are not yet effective (cont'd).

IFRS 13	Fair Value Measurement (effective for annual reporting periods beginning on or after 1 January 2013), defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements.

The directors anticipate that the adoption of the standards, amendments and interpretations, which are relevant in future periods, is unlikely to have any material impact on the financial statements.

(b) Segment reporting -

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's Chief Operation Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

Based on the information presented to and reviewed by the CODM, the entire operations of the company are considered as one operating segment.

(c) Foreign currency translation -

Transactions in foreign currencies are converted into the functional currency at the exchange rates prevailing at the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currency are translated using the exchange rates ruling at that date. Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the statement of comprehensive income.

(d) Property, plant and equipment -

All property, plant and equipment are stated at historical cost less depreciation and impairment losses.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(d) Property, plant and equipment (cont'd) -

Depreciation is calculated on the straight-line method to write off the cost of assets to their residual values over their estimated useful lives. Annual rates are as follows:

Leasehold improvement	2½%
Furniture, fixtures and equipment	10%
Computer hardware and software	20%
Water tanks and other equipment	10%

Land is not depreciated as it is deemed to have indefinite life.

Property, plant and equipment are reviewed periodically for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

(e) Investment property –

Investment property is comprised of office building which is held for long term rental yields and is not occupied by the company. Investment property has been revalued and is carried at fair value determined by an external valuator. Changes to the carrying value has been recorded in the statement of comprehensive income in accordance with IAS 40 and is included in other operating income.

(f) Provisions -

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(g) Cash and cash equivalents -

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank, in hand, deposits and short term highly liquid investments with original maturities of three months or less.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(h) Impairment -

The carrying amounts of the company's tangible and intangible assets are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

(i) Taxation -

Taxation expense in the statement of comprehensive income comprises current and deferred tax charges. Current and deferred taxes are recognised as income tax expense or benefit in the statement of comprehensive income except where they relate to items recorded in equity, in which case, they are also charged or credited to equity.

(i) Current income taxes

Current income tax is the expected taxation payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable and tax losses in respect of previous years.

(ii) Deferred income taxes

Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilised.

Deferred income tax assets and liabilities are measured at tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on enacted rates.

(j) Employee benefits -

The company participates in defined contribution plan, the assets of which are held separately from those of the company. Contributions to the plan, made on the basis provided for in the rules, are charged to the statement of income when due.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(k) Revenue recognition -

Trading income is recognized upon delivery of funds and customer acceptance. Interest income is recognised as it accrues unless collectability is in doubt.

(l) Financial instruments -

A financial instrument is any contract that gives rise to both a financial asset for one entity and a financial liability or equity instrument of another entity. Financial instruments carried in the statement of financial position include cash and bank balances, receivables, payables and related party balances. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

(m) Trade receivables -

Trade receivables are carried at original invoice amounts less provision made for doubtful receivables and impairment of these receivables based on a review of all outstanding amounts at the year-end. Bad debts are written off when identified. A provision for doubtful debt is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables.

In instances where it is determined that there will be significant delays in settlement of the recoverable amounts and the effect is material, an impairment general provision is also made, being the difference between the carrying amount and the recoverable amount. The recoverable amount is determined as the present value of expected cash flows discounted at the company's overdraft interest rate.

(n) Trade and other payables -

Trade and other payables are stated at amortised cost.

(o) Share capital –

Ordinary shares are classified as equity. Incremental costs directly attributed to the issue of ordinary shares are recognised as a deduction from equity.

(p) Dividends –

Dividends are recognised when they become legally payable. In case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by shareholders at the Annual General Meeting.

4. **FINANCIAL RISK MANAGEMENT:**

(a) Financial risk factors -

The company's activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk, liquidity risk, interest rate risk and operational risk. The company's overall risk management policies are established to identify and analyze the risks faced by the company and to set appropriate risk limits and controls and to monitor risk and adherence to limits. The risk management framework is based on guidelines set by the Board of Directors together with management and seeks to minimize potential adverse effects on the company's financial performance.

(i) Market risk

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all instruments traded in the market. At year end the company had no significant exposure to such risks.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The company manages its foreign exchange risk by holding foreign currency balances.

Foreign exchange risk arises from transactions for purchases and sales of various currencies, primarily with respect to the US dollar, Canadian dollar and the UK pound.

4. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(a) Financial risk factors (cont'd) -

(i) Market risk (cont'd)

Currency risk (cont'd)

The table below summarises the company's exposure to foreign exchange rate risk at 31 March 2012.

	US $'000	GBP £'000	Euro €'000	Cayman $'000	CAN $'000
At 31 March 2012 -					
Financial assets:					
Cash and cash equivalents	120	21	2	1	14
Accounts receivable	1,533	-	-	-	-
Total financial assets	1,653	21	2	1	14
Net financial position	1,653	21	2	1	14
At 31 March 2011 -					
Total financial assets	461	13	1	1	15
Net financial position	461	13	1	1	15

4. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(a) Financial risk factors (cont'd) -

(i) Market risk (cont'd)

Currency risk (cont'd)

Sensitivity analysis

Changes in the exchange rates of the Jamaican dollar (JA$) to the listed currencies would have the effects as described below:

Currency	% Change in Currency Rate	Effect on profit 2012 $'000	Effect on Profit 2011 $'000
USD	1	1,414	1,971
GBP	1	29	88
CAN	1	12	68
Euro	1	3	5
Cayman	1	1	2

The analysis assumes that all other variables, in particular interest rates, remain constant. It is performed on the basis of a 1% (2011 – 5%) movement in exchange rates.

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The company has significant concentrations of credit risk with related companies. Cash at bank is placed with substantial financial institutions.

4. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(a) Financial risk factors (cont'd) -

(ii) Credit risk

The maximum exposure to credit risk at the reporting date is represented by the carrying amount of each financial asset as follows:

	Carrying Amount	
	2012	2011
	$'000	$'000
Cash and cash equivalents	114,235	194,675
Receivables	257,254	73,285
Due from related companies	2,567	3,404
	374,056	271,364

There were no changes in the company's approach to managing credit risk during the year.

(iii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The company's interest bearing financial instruments include short term investments and bank overdraft.

(iv) Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, and the availability of funding through an adequate amount of committed facilities. Due to the dynamic nature of the underlying business, the management of the company maintains an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments.

4. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(a) Financial risk factors (cont'd) -

(iv) Liquidity risk (cont'd)

The following are the contractual maturities of financial liabilities measured at amortised cost, including interest payments. The tables show the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the company can be required to settle:

	2012			
	Carrying Amount	Contractual Cash Flows	6 Months or less	6-12 Months
	$'000	$'000	$'000	$'000
Payables	147,990	147,990	147,990	-
Total financial liabilities	147,990	147,990	147,990	-

	2011			
	Carrying Amount	Contractual Cash Flows	6 Months or less	6-12 Months
	$'000	$'000	$'000	$'000
Payables	40,144	40,144	40,144	-
Total financial liabilities	40,144	40,1441	40,144	-

(v) Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. The company manages this risk through budgetary measures, ensuring, as far as possible, that fluctuations in cash flows relating to monetary financial assets and liabilities are matched, to mitigate any significant adverse cash flows.

(vi) Operational risk

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the company's processes, personnel, technology and external factors, other than financial risks, such as generally accepted standards of corporate behaviour. The company manages operational risk so as to avoid financial loss and damage to its reputation.

4. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(b) Capital management –

The Board's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital which the company defines as the total shareholders' equity. The level of dividends to ordinary shareholders is also monitored. There was no other externally imposed capital requirement and no change in the company's capital management process during the year.

(c) Fair value estimation -

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The amounts included in the financial statements for cash and cash equivalents, receivables, payables and related party balances reflect their approximate fair values because of the short term maturity of these instruments.

5. **TRADING INCOME:**

Trading income represents the margin between the buying and selling rates of foreign currencies, commission received as a percentage of send fees from send and receive transactions, and interest earned on the granting of loans.

6. **OTHER OPERATING INCOME:**

	2012 $'000	2011 $'000
Interest income	3,550	5,489
Management fees	1,658	646
Fair value gain on investment property	90,299	-
Rental income	3,947	877
Other	2,972	675
	102,426	7,687

7. **EXPENSES BY NATURE:**

Total administrative, selling and other expenses:

	2012 $'000	2011 $'000
Staff costs (note 21)	68,020	48,793
Building rental	8,871	7,962
Security services	5,809	5,636
Depreciation	2,130	3,135
Supreme Venture MoneyGram transaction costs (see below)	46,282	-
Agents' commission	88,041	72,704
Advertising and promotion	11,111	10,670
Other operating expenses	38,355	38,086
	268,619	186,986

This represents total transaction costs incurred by Lasco Financial Services Limited from the take over of Supreme Venture Financial Services Limited (SVSL) MoneyGram operations effective 1 December 2011. The MoneyGram operation comprises seventy-four (74) sub-agents.

8. **FINANCE COST:**

	2012 $'000	2011 $'000
Interest expense -		
Overdraft interest	875	3,949

9. **PROFIT BEFORE TAXATION:**

Profit before taxation is stated after charging:

	2012 $'000	2011 $'000
Directors' emoluments -		
Fees	2,950	730
Other	13,212	9,856
Auditors' remuneration -		
Current year	1,800	1,500
Prior year under provision	-	125
Depreciation	2,130	3,135

10. **TAXATION:**

(a) Taxation is based on the operating results for the year, adjusted for taxation purposes, and comprises:

	2012 $'000	2011 $'000
Income tax @ 33 1/3%	-	6,347
Prior year under provision	111	37
Deferred taxation (note 15)	624	(290)
	735	6,094

(b) Reconciliation of theoretical tax charge that would arise on profit before taxation using the applicable tax rate to actual tax charge.

	2012 $'000	2011 $'000
Profit before taxation	103,169	35,869
Tax calculated @ 33 1/3%	34,390	11,956
Adjusted for the effects of:		
Deferred taxation	624	(290)
Prior year under provision	111	37
Expenses not deducted for tax purposes	746	1,335
Net effect of other charges and allowances	(33,161)	(1,411)
	2,710	11,627
Adjustment for the effect of tax remission:		
Current tax	(1,975)	(5,533)
Taxation charge in income statement	735	6,094

(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 the proportions set out below, provided the shares remain listed for at least 15 years.

Years 1 to 5	100%
Years 6 to 10	50%

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

11. **EARNINGS PER SHARE:**

This is computed by dividing the profit for the year by the weighted average number of shares in issue for the year of 122,810,299 (2011 – 116,303,975). The weighted average number of shares for 2011 reflects the 9,806 split in the number of shares in issue up to 13 August 2010. There was no weighting for the number of shares in 2012 as there were no share issues/splits during the year.

12. **PROPERTY, PLANT AND EQUIPMENT:**

	Land & Building $'000	Leasehold Improvement $'000	Furniture, Fixtures & Equipment $'000	Computer $'000	Total $'000
At cost:					
1 April 2010	-	739	1,655	1,572	3,966
Transferred on amalgamation	14,243	5,439	20,893	985	41,560
Additions	-	4,054	2,466	2,238	8,758
At 31 March 2011	14,243	10,232	25,014	4,795	54,284
Additions	-	3,164	3,361	751	7,276
Disposals	(817)	-	(16,950)	-	(17,767)
At 31 March 2012	13,426	13,396	11,425	5,546	43,793
At cost:					
1 April 2010	-	9	673	999	1,681
Transferred on amalgamation	715	291	16,369	456	17,831
Charge for the year	82	220	1,857	635	2,794
At 31 March 2011	797	520	18,899	2,090	22,306
Elimination on disposal	(797)	-	(16,558)	-	(17,355)
Charge for the year	-	287	974	869	2,130
At 31 March 2012	-	807	3,315	2,959	7,081
Net Book Value:					
31 March 2012	13,426	12,589	8,110	2,587	36,712
31 March 2011	13,446	9,712	6,115	2,705	31,978

13. **INVESTMENT PROPERTY:**

	2012 $'000
Balance at 1 April 2010	13,650
Fair value gain	86,306
	99,956
Depreciation:	
1 April 2011	3,993
Elimination of depreciation	(3,993)
	-
At 31 March 2012	99,956
At 31 March 2011	9,657

(a) The fair value of investment property as at the reporting date is based on estimates of open market value, which may be defined as the best price at which an interest in a property might reasonably be expected to be sold by private treaty at the date of valuation, assuming:

- a willing seller;
- a willing buyer;
- a reasonable period in which to negotiate a sale, taking into account the nature of the property and state of the market;
- values are expected to remain stable throughout the period of market exposure and disposal by way of sale;
- the property will be freely exposed to the market;
- that no account has been taken of any possible additional bid(s) reflecting any premium in price which might be forth-coming from a potential purchaser with a special interest in acquiring the premises; and
- that the subject premises, in its current zoned use class, can be sold, exchanged, transferred, let mortgaged or used for any other economic activity, within its land use class, in the open market.

(b) The property as at 31 March 2012 was valued at current market value by David Delisser & Associates, qualified Property Appraisers and Valuers. The legal transfer of the ownership of the property arising out of the amalgamation of the operations of Lasco Financial Services Limited with Lasco Properties Limited, effective 1 April 2010, is still in process and expected to be completed during the financial year ending 31 March 2013.

13. **INVESTMENT PROPERTY (CONT'D):**

(c) Effective 1 April 2011, 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 the policy retrospectively. Accordingly, the adoption of the new policy has no effect on prior years. The effect on the current year is to increase the carrying amount of investment property by $86.306M, eliminate accumulated depreciation charge of $3.993M and increase other operating income by $90.299M.

(d) Rental income and direct operating expenses in relation to the investment property are as follows:

	2012 $'000	2011 $'000
Rental income	3,947	533
Direct operating expenses	(3,160)	(2,776)

14. **INVESTMENT IN SUBSIDIARY:**

		2012 $'000	2011 $'000
(a)	Investment of the company in the shares of subsidiary: Lasco Financial Services (Barbados) Limited	45	45

(b) The company has not commenced trading.

(c) Lasco Financial Services (Barbados) Limited is 100% wholly owned subsidiary of Lasco Financial Services Limited.

15. **DEFERRED INCOME TAXES:**

Deferred income tax is calculated on all temporary differences under the liability method using a principal tax rate of 33 1/3%.

The movement on the deferred taxation account is as follows:

	2012 $'000	2011 $'000
Asset at beginning of year	624	334
Tax charged to income statement (note 10)	-	290
Tax written back (note 10)	(624)	-
Asset at end of year	-	624

Deferred taxation represents accelerated tax depreciation.

The balance on the deferred taxation account for 2012 was written back to the income statement as the company will not be suffering tax liabilities in the foreseeable future (note 10 (c)).

16. **RECEIVABLES:**

	2012 $'000	2011 $'000
Trade receivables -		
MoneyGram International receivables	133,287	35,323
Loans	56,627	12,008
Other	32,279	8,730
Prepayments	6,905	1,981
Other receivables	712	533
GCT recoverable	27,444	14,710
	257,254	73,285

The aging of trade receivables is as follows:

	2012 $'000	2011 $'000
(a) MoneyGram International Receivables & Other:		
0-30 days	133,287	35,323
Over 30 days	32,279	8,730
	165,566	44,053

16. **RECEIVABLES (CONT'D):**

(b) Loans:

(i) Loans are comprised of and mature as follows:

	2012 $'000	2011 $'000
Due within 1 month	2,209	2,127
1 to 3 months	8,078	4,726
3 to 12 months	14,245	5,314
Over 12 months	33,366	-
Gross payday loans	57,898	12,167
Less: allowance for loan losses	(1,271)	(159)
	56,627	12,008

(ii) Impairment losses on loans:

The ageing of loans and related allowances at the reporting date were as follows:

	2012 $'000		2011 $'000	
	Gross	Impairment	Gross	Impairment
Current	53,211	-	10,601	-
1 to 3 months past due	2,191	-	1,486	79
3 to 12 months past due	2,434	1,209	73	73
Over 12 months past due	62	62	7	7
	57,898	1,271	12,167	159

(iii) Specific allowances for loan losses:

	2012 $'000	2011 $'000
Balance at beginning of year	159	-
Allowances made during the year	1,112	159
Balance at end of year	1,271	159

The fair values of trade and other receivables approximate carrying values.

17. **RELATED PARTY TRANSACTIONS AND BALANCES:**

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions. The following transactions were carried out with related parties.

	2012 $'000	2011 $'000
Transactions		
Sale of foreign currency to:		
Lasco Distributors Limited	817,351	1,353,318
Lasco Manufacturing Limited	1,713,489	1,568,460
Management fees:		
Lasco Distributors Limited	1,274	426
Lasco Manufacturing Limited	362	178
Key management compensation:		
Key management includes senior managers –		
Salaries and other short-term employee benefits	25,669	18,617
Year end balances		
With related parties:		
Due from -		
Lasco Distributors Limited	1,263	1,967
Lasco Manufacturing Limited	766	985
Lasco Financial Services (Barbados) Limited	538	452
	2,567	3,404

18. **CASH AND CASH EQUIVALENTS:**

	2012 $'000	2011 $'000
Foreign currency accounts	3,142	2,109
Jamaican currency current accounts	34,373	168,356
Certificates of deposit	56,070	5,988
Cash in hand	20,650	18,222
	114,235	194,675

19. **SHARE CAPITAL:**

	2012 $'000	2011 $'000
Authorised -		
196,120,000 (2011 - 196,120,000)* Ordinary shares of no par value		
Stated capital, issued and fully paid –		
122,810,299 Ordinary shares of no par value	50,523	59,933*
Less: Transaction costs of share issue	-	(9,410)
	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.

20. **PAYABLES:**

	2012 $'000	2011 $'000
Trade payables –		
Sub-agents payables	117,416	29,111
Other	9,346	6,580
	126,762	35,691
Accruals and other	6,523	4,453
Mayberry Investments Limited	10,037	-
Supreme Venture Financial Services Limited	4,668	-
	147,990	40,144

The credit period on transactions with company's trading partners ranges from 0 to 30 days. The company has financial risk management procedures in place to ensure that all payables are paid within the credit period.

The aging of trade payables is as follows:

	2012 $'000	2011 $'000
0-30 days	126,762	35,691

*Restated

21. **STAFF COSTS:**

	2012 $'000	2011 $'000
Salaries and wages	60,837	43,035
Statutory deductions	4,539	2,974
Pension costs	1,562	1,041
Accommodation	272	261
Other	810	1,482
	68,020	48,793

The average number of persons employed by the company during the year was thirty-two (32), (2011 – thirty (30)).

22. **DIVIDENDS:**

	2012 $'000	2011 $'000
In respect of 2011	6,141	-

23. **SEGMENT INFORMATION:**

The company operates Cambio, Money Transfer and Bill Payments Services. The property division earns rental income from a property it owns. The company also grants loans for personal purposes.

Based on the information presented to and reviewed by the CODM, the entire operation of the company is considered as one operating segment.

Financial information related to the company as a whole can be found in the statement of comprehensive income, in the statement of financial position and related notes. There are no differences in the measurement of the reportable segment results and the company's results.

24. **LEASE COMMITMENTS:**

Operating lease commitments, which are subject to formally agreed terms at year end expire as follows:

	2012 $000	2011 $'000
Within 1 year	290	575
Subsequent years (2-5)	3,853	2,659
Subsequent years (6-10)	4,728	4,728
	8,871	7,962

LASCO FINANCIAL SERVICES LIMITED
ANNUAL GENERAL MEETING

Postage Stamp

FORM OF PROXY

I/We _____

of _____

being a Member/Members of the above-named Company, hereby appoint _____

_____ of _____

or failing him/her, _____

of _____

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on the 17th day of October 2012 and at any adjournment thereof.

I desire this form to be used for/against the resolutions.

Signed this _____ day of_____ 2012

Signature: _____

Unless otherwise directed the proxy will vote as he thinks fit.

NOTES: 1. When completed, this form must be received by the Registrar of the Company at the address given below, not less than forty-eight (48) hours before the time for holding the meeting.

2. The Proxy Form should bear stamp duty of $100.00 which may be adhesive and duly cancelled by the person signing the proxy form.

3. If the appointer is a Corporation, this Form of Proxy must be executed under its common seal or under the hand of an officer or attorney duly authorized in writing.

REGISTRAR AND TRANSFER AGENTS
Jamaica Central Securities Depository
40 Harbour Street
Kingston

Everyday Financial Value

29 Red Hills Road, Kingston 10
Jamaica, W.I.
Website: www.lascojamaica.com