Q2 | 2013

LASCO FINANCIAL SERVICES LIMITED
UNAUDITED 2nd QUARTER FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2012

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2nd QUARTER FINANCIAL REPORT OF LASCO FINANCIAL SERVICES LIMITED FOR THE PERIOD ENDED 30 SEPTEMBER 2012

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UNAUDITED RESULTS

2nd Quarter Highlights – YEAR TO DATE

- **156% increase in Net Profit**
- **Earnings per share – 46 cents in 2012 from 18 cents in 2011**
- **Continuous Return on equity – 14% in 2012 compared to 8% in 2011**

The LFSL Directors are pleased to announce that the Company has posted a net profit of $56.8M and earnings per share of 46 cents. The year to date increase in the net profit amounts to 156% growth over the corresponding 2011 period.

The Quarter ended September 2012 also performed in line with the seasonal expectations. Trading income grew by 86%, from $58.1M to $108.1M. Significant increase in trading income is mainly due to the expansion of our Remittance network, which also has a direct impact on our Cambio gains.

Year to date total operating income of $208.7M represents a 75% increase over the 2011 corresponding period. Revenues from Remittance, Cambio and Loans continue to grow however other operating income was relatively flat.

EXPENSES

Administrative and other expenses grew 37% over the previous year quarter and 31% year over year. Contributions to the growth reflect some staff changes which were effected subsequent to the Supreme Ventures Remittance business purchase in the 2011 third quarter. This would also be reflected in the significant increase in selling and promotion. Total expenses grew by 56%.

Maintaining our growth in expenses at a good margin below the growth in revenues, places the company in a strong position to meet unforeseen market challenges.

Take note also of the fact that our administrative costs as at half year represents 36.5% of our operating revenues.

BUSINESS SEGMENTS

The Remittance Industry reports for the 2012 April to June Quarter, indicates a 1.9% increase in Total inflows; Remittance companies grew 3%. LFSL's **remittance business** grew 68%, ahead of the projected 40% from the expansion of our agent network. **Cambio** performed well, growing 91% over the previous year to date results. This division benefited from increased transactions. Revenues from the **Loans** Portfolio grew by 81% over the 2011 September year to date results.

OUTLOOK

We are mindful of the markets we serve and that growth is dependent on us executing solid strategies as well as to ensure that we are positioned to take advantage of opportunities as they arise. We are also mindful of our dependence on the state of the global economy and thereby the ability of those in the main source countries for remittance to continue to transfer funds. As such, within the possibilities of the market and the industry, we strive to balance our risks and our revenue streams.

We are grateful that you have chosen to invest with us as we work to ensure that our stock continues to add to your financial well-being.

Special thanks to our agents, their staff and our own staff for the contribution to the company. We wish for you all continued prosperity.

JACINTH HALL-TRACEY
MANAGING DIRECTOR

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LASCO FINANCIAL SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2012

	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
	3 MONTHS ENDED 30 SEPTEMBER 2012 $'000	3 MONTHS ENDED 30 SEPTEMBER 2011 $'000	6 MONTHS ENDED 30 SEPTEMBER 2012 $'000	6 MONTHS ENDED 30 SEPTEMBER 2011 $'000	12 MONTHS 31 MARCH 2012 $'000
TRADING INCOME	108,141	58,128	202,696	115,124	270,237
Other operating income	2,435	2,481	6,021	4,409	102,426
	110,576	60,609	208,717	119,533	372,663
EXPENSES:					
Administrative and other expenses	40,713	29,804	76,280	58,087	169,467
Selling and promotion expenses	38,425	19,549	74,729	38,898	99,152
	79,138	49,353	151,009	96,985	268,619
PROFIT FROM OPERATIONS	31,438	11,256	57,708	22,548	104,044
Finance cost	782	21	903	328	875
PROFIT BEFORE TAXATION	30,656	11,235	56,805	22,220	103,169
Taxation	-	-	-	-	735
NET PROFIT FOR THE PERIOD, BEING TOTAL COMPREHENSIVE INCOME	30,656	11,235	56,805	22,220	102,434
Number of shares in issue	122,810,299	122,810,299	122,810,299	122,810,299	122,810,299
Earnings per share	$0.25	$0.09	$0.46	$0.18	$0.83

LASCO FINANCIAL SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2012

	Note	UNAUDITED SEPTEMBER 2012 $'000	UNAUDITED SEPTEMBER 2011 $'000	AUDITED MARCH 2012 $'000
ASSETS				
Property, plant and equipment		41,861	32,629	36,712
Investment property	3	99,956	9,486	99,956
Investment in subsidary		45	45	45
Deferred tax assets		-	624	-
Loans and other receivables		261,996	112,374	257,969
Due from related parties		5,363	3,975	2,567
Cash and cash equivalent		135,790	181,037	114,235
		545,011	340,170	511,484
EQUITY AND LIABILITIES				
SHAREHOLDER'S EQUITY:				
Share capital	4	50,523	50,523	50,523
Retained earnings		353,811	232,757	312,971
		404,334	283,280	363,494
LIABILITIES:				
Payables		138,743	54,534	147,990
Taxation			1,432	-
Due to related parties		1,934	924	-
		140,677	56,890	147,990
		545,011	340,170	511,484

Approved for issue by the Board of Directors on 16 October 2012 and signed on its behalf by:

L A Chin Chairman

Jacinth Hall-Tracey Managing Director

LASCO FINANCIAL SERVICES LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2012

	Share Capital $'000	Retained Earnings $'000	Total $'000
Balance at 1 April 2011	50,523 *	216,678 *	267,201
Dividends paid		(6,141)	(6,141)
Total comprehensive income	-	22,220	22,220
Balance at 30 September 2011	50,523	232,757	283,280
			-
Balance at 1 April 2012	50,523	312,971	363,494
Dividends paid		(15,965)	(15,965)
Total comprehensive income		56,805	56,805
Balance at 30 September 2012	50,523	353,811	404,334

*Restated

LASCO FINANCIAL SERVICES LIMITED

STATEMENT OF CASH FLOWS

FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2012

	UNAUDITED 6 MONTHS ENDED 30 SEPTEMBER 2012 $'000	UNAUDITED 6 MONTHS ENDED 30 SEPTEMBER 2011 $'000	AUDITED 12 MONTHS ENDED 31 MARCH 2012 $'000
Net profit for the period	56,805	22,220	102,434
Adjustment to reconcile profit for the period to net cash used in operating activites.	(13,076)	(28,817)	(170,511)
Net cash provided by/(used in) operating activities	43,729	(6,597)	(68,077)
Net cash used in investing activities	(6,642)	(2,047)	(6,863)
Net cash used in financing activities	(15,965)	(6,141)	(6,141)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	21,122	(14,785)	(81,081)
Effects of exchange rate translation on cash and cash equivalent	433	1,147	641
Cash and cash equivalents at beginning of period	114,235	194,675	194,675
CASH AND CASH EQUIVALENTS AT END OF PERIOD	135,790	181,037	114,235

1. IDENTIFICATION AND PRINCIPAL ACTIVITY:

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

(b) The principal activities of the company are:

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

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

- The rental of properties.

- The granting of loans for personal purposes.

2. BASIS OF PREPARATION:

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

3. INVESTMENT PROPERTY:

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

4. SHARE CAPITAL:

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

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

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

5. DIVIDENDS:

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

*Restated