LASCO FINANCIAL SERVICES

Everyday Financial Value

YOUR MONEY STORE

LASCO MONEY®

Q2

UNAUDITED QUARTERLY FINANCIAL REPORT

July - September 2017

LASCO FINANCIAL SERVICES LIMITED
2nd Quarter July – September 2017

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

SIX MONTHS PERFORMANCE HIGHLIGHTS

715.2 million dollars in Income

Up 34% percent over the corresponding six months period in 2016
An increase of 182.4 million dollars

208.8 million dollars Profit from Operations

Up 67.8 percent over 2016 corresponding period

166.7 million dollars Net Profit for the period

Up 66% percent over 2016 corresponding period

0.1329 dollars Earnings per share (EPS)

For the Quarter ended September 30, 2017, LASCO Financial Services Limited (LFSL) generated $395.9M in revenues. This result represents a 46% growth over the previous quarter and is the manifestation of the previous year's strategy of expansion. Income from core services grew 41% whereas Other Income grew by over 400%; an increase in commissions and fees is the major contributor to this growth. Profit from operations for the quarter grew by over 130% as expenses showed only a 24% increase. Net Profit closed the quarter at $99.8M, an increase of 135% compared with $42.4M of the corresponding 2016/17 period.

At six months of operation for the 2017/18 Financial Year, revenues grew by 34% whilst expenses grew by 24%. The second quarter revenues normally benefit from increased summer transactions, but this year in particular the investments in expansion which were put in place from the previous year began yielding the intended results. Additionally, there are new revenue streams in place this year which were not in place in the previous year, namely, our Montego Bay full service branch and new additions to our agent network. The brand awareness created from the LASCO Money Campaign which was launched in late 2016/17 also made a fair contribution to the increase in revenues.

We anticipate that revenues will continue to grow in accordance with our expectations based on current growth strategies employed.

LASCO FINANCIAL SERVICES LIMITED
2nd Quarter July – September 2017

BALANCE SHEET HIGHLIGHTS

	Q1 2017 $'000	Q1 2016 $'000
CASH & SHORT TERM DEPOSITS	480.7	672.8
LOANS & RECEIVABLES	1,013	551
TOTAL ASSETS	1,760	1,434

Cash on hand decreased by 28% largely as a result of the expansion in the loans portfolio, the general business expansion in property plant and equipment and dividends of $53M paid in the quarter for the previous financial year. Total assets increased by 23% over the corresponding period and 13% for the current financial year. Our loans portfolio now represents 26% of total assets and is growing in accordance with our planned strategies.

The Company participated in a number of corporate and marketing events locally and in the US diaspora during the Quarter, including the major sponsorship of the SDC Community Cricket annual competition and Festival Queen Competition. We also benefited from several PR exposures over the period; the Montego Bay Branch was formally launched with much fanfare including the inauguration of our Mic Drop competition.

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

JACINTH HALL-TRACEY
MANAGING DIRECTOR

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2017

	Note	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
		3 MONTHS ENDED 30 SEPTEMBER 2017 $'000	3 MONTHS ENDED 30 SEPTEMBER 2016 $'000	6 MONTHS ENDED 30 SEPTEMBER 2017 $'000	6 MONTHS ENDED 30 SEPTEMBER 2016 $'000	12 MONTHS ENDED 31 MARCH 2017 $'000
REVENUE						
Income		378,599	268,726	681,282	506,210	1,023,626
Other income		17,391	3,352	33,934	26,520	46,965
		395,990	272,078	715,216	532,730	1,070,591
EXPENSES:						
Administrative and other expenses		(138,454)	(97,446)	(252,174)	(194,894)	(401,402)
Selling and promotion expenses		(132,032)	(120,133)	(254,239)	(213,411)	(432,874)
		(270,486)	(217,579)	(506,413)	(408,305)	(834,276)
PROFIT FROM OPERATIONS		125,504	54,499	208,803	124,425	236,315
Finance cost		(2,137)	(831)	(4,288)	(1,106)	(4,843)
PROFIT BEFORE TAXATION		123,367	53,668	204,515	123,319	231,472
Taxation		(23,493)	(11,232)	(37,771)	(23,152)	(43,694)
NET PROFIT FOR THE PERIOD		99,874	42,436	166,744	100,167	187,778
OTHER COMPREHENSIVE INCOME:						
Items that will or may not be reclassified to profit or loss -						
Share Option Plan		-	1,083	-	2,167	4,334
TOTAL COMPREHENSIVE INCOME		99,874	43,519	166,744	102,334	192,112
Weighted average number of shares in issue	4	1,255,078	1,236,872	1,255,078	1,236,872	1,248,439
Basic Earnings per stock unit		$0.0796	$0.0343	$0.1329	$0.0810	$0.1504

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2017

	Note	UNAUDITED SEPTEMBER 2017 $'000	UNAUDITED SEPTEMBER 2016 $'000	AUDITED MARCH 2017 $'000
ASSETS				
Cash and cash equivalents		179,446	474,744	276,581
Short term deposits		301,340	198,179	370,843
Loans and receivables		1,013,090	551,266	663,083
Inventories		-	893	-
Related companies		-	226	239
Taxation recoverable		10,259	7,619	8,881
Investment property		115,000	115,000	115,000
Intangible assets		18,926	71,244	17,713
Property, plant and equipment		122,560	15,629	100,021
TOTAL ASSETS		1,760,621	1,434,800	1,552,361
LIABILITIES AND EQUITY				
LIABILITIES:				
Payables		424,827	296,804	311,902
Related companies		1,214	1,664	1,687
Taxation		59,364	32,469	36,795
Deferred Taxation		4,179	1,306	4,179
Loans		-	40,368	42,356
		489,584	372,611	396,919
EQUITY:				
Share capital	3	85,819	78,769	83,036
Share option reserve		7,451	6,593	7,968
Retained earnings		1,177,767	976,827	1,064,438
		1,271,037	1,062,189	1,155,442
TOTAL LIABILITIES AND EQUITY		1,760,621	1,434,800	1,552,361

Approved for issue by the Board of Directors on 10 November 2017 and signed on its behalf by:

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

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

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2017

	Share Capital $'000	Share Option Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 April 2016	68,535	6,327	920,157	995,019
Total comprehensive income:				
Net profit	-	-	100,167	100,167
Other comprehensive income		2,167	-	2,167
	-	2,167	100,167	102,334
Transaction with owners				
Issue of shares	8,333			8,333
Transfer from other reserves	1,901	(1,901)		
Dividends paid	-	-	(43,497)	(43,497)
	10,234	(1,901)	(43,497)	(35,164)
Balance at 30 September 2016	78,769	6,593	976,827	1,062,189
Balance at 1 April 2017	83,036	7,968	1,064,438	1,155,442
Total comprehensive income:				
Net profit	-	-	166,744	166,744
Other comprehensive income	-	-	-	-
	-	-	166,744	166,744
Transaction with owners				
Issue of shares	2,266	-	-	2,266
Transfer from other reserves	517	(517)	-	-
Dividends paid	-	-	(53,415)	(53,415)
	2,783	(517)	(53,415)	(51,149)
Balance at 30 September 2017	85,819	7,451	1,177,767	1,271,037

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT 30 SEPTEMBER 2017

	UNAUDITED 6 MONTHS ENDED 30 SEPTEMBER 2017 $'000	UNAUDITED 6 MONTHS ENDED 30 SEPTEMBER 2016 $'000	AUDITED 12 MONTHS ENDED 31 MARCH 2017 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit	166,744	100,167	187,778
Items not affecting cash resources:			
Effects of exchange	6,893	(4,169)	(21,042)
(Gain)/loss on disposal of property, plant and equipment	-	-	-
Stock options - value of service expensed	-	2,167	4,334
Fair value gain on investment property	-	-	-
Amortisation of Intangible asset	2,849	1,812	5,073
Depreciation	8,202	3,940	9,134
Interest income	(5,627)	(7,293)	(12,715)
Taxation expense	37,771	23,152	40,821
Deferred taxation	-	-	2,873
Interest expense	4,288	988	4,843
	221,120	120,764	221,099
Changes in operating assets and liabilities			
Receivables	(352,964)	(84,777)	(189,140)
Related companies	(234)	561	570
Payables	112,925	158,429	171,957
Inventories	-	22,793	23,686
	(19,153)	217,770	228,172
Taxation paid	(13,624)	(3,270)	(19,495)
Cash (used in)/provided by operating activities	(32,777)	214,500	208,677
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	5,627	7,293	12,715
Acquisition of intangible asset	(4,062)	(3,106)	(8,351)
Additions to property, plant and equipment	(30,741)	(17,221)	(51,292)
Short term deposits	69,504	(67,329)	(230,816)
Cash (used in)/provided by investing activities	40,328	(80,363)	(277,744)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	(4,288)	(859)	(4,843)
Issued shares	2,266	8,333	11,808
Dividends paid	(53,415)	(43,497)	(43,497)
Loan proceeds	-	43,837	80,616
Loan repayments	(42,356)	(3,469)	(38,260)
Cash (used in)/provided by financing activities	(97,793)	4,345	5,824
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(90,242)	138,482	(63,243)
Effects of exchange rate translation on cash and cash equivalents	(6,893)	2,202	5,764
Cash and cash equivalents at beginning of period	276,581	334,060	334,060
CASH AND CASH EQUIVALENTS AT END OF PERIOD	179,446	474,744	276,581

1. IDENTIFICATION AND PRINCIPAL ACTIVITY:

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

(b) The principal activities of the company are:

- The sale and purchase of foreign currencies through its Cambio. The company is a licensed Cambio dealer regulated by the Bank of Jamaica.

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

- The granting of loans for personal and business purposes. The company is exempted from the provisions of the Money Lending Act by the Minister of Finance for one year, renewable annually.

(c) Remission of income tax:

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

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

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

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

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

2. BASIS OF PREPARATION:

These unaudited financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board, and have been prepared under the historical cost convention. They are also prepared in accordance with provisions of the Jamaican Companies Act and as set out in note 3 of the audited financial statements as at 31 March 2017.

3. SHARE CAPITAL:

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

	2017 $'000	2016 $'000
Stated capital, issued and fully paid - 1,256,844,391 (2016 - 1,251,102,991) Ordinary shares of no par value	85,819	78,769

4. EARNINGS PER STOCK UNIT:

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

	2017	2016
Net profit attributable to stockholders ($'000)	166,744	100,167
Weighted average number of ordinary stock units ('000)	1,255,078	1,236,872
Basic earnings per stock unit	$0.1329	$ 0.0810