LASCO FINANCIAL SERVICES

Everyday Financial Value

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LASCO MICROFINANCE LIMITED

Q3 UNAUDITED QUARTERLY FINANCIAL REPORT

October – December 2018

LASCO FINANCIAL SERVICES LIMITED
3rd Quarter October – December 2018

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

NINE MONTHS BUSINESS PERFORMANCE HIGHLIGHTS

1,738.5 million dollars in Income

Up 55 percent over the corresponding 2017 period
An increase of 618.4 million dollars

467.0 million dollars Profit from Operations

Up 56 percent over the corresponding 2017 period
An increase of 166.7 million dollars

267.7 million dollars Net Profit for the period

Up 20.9 percent over the corresponding 2017 period
An increase of 46.1 million dollars

These results reflect the business one year after the acquisition of Scotia Jamaica Microfinance Limited (which was renamed LASCO Microfinance Limited). Accordingly, we are pleased to demonstrate that LASF is able to generate strong operational profits to cover the increase in business and the additional finance costs associated with the acquisition and increase in transactions.

Third Quarter income increased by $192.4M or 48% over the corresponding 2017 period to close the quarter at $597.3M. Income from core activity increased by $137.7M whereas Other Income increased by $54.7M. Profit from Operations for the quarter moved from $91.4M in 2017 to $163.0M, a 78% increase and net profit after tax closed the third quarter at $106.5M or 95% more than the 2017 period.

The year to date Income from core activity increased by 50% whereas other income grew by 248%. This resulted in an overall increase in income of $618.4M. All business lines continue to contribute positively to the increase in revenues.

Expenses for the nine months period grew by 55% when compared with the previous financial year. This is mainly due to the expenses from the Subsidiary and general growth in business which would not have been reflected in the previous year.

LASCO FINANCIAL SERVICES LIMITED
3rd Quarter October - December 2018

The nine months Profit from Operations closed the period at $467.0M. After accruing for finance costs of $131.0M and taxation of $68.2M the Company's operations yielded a net profit of $267.7M, 20.9% or $46.1M more than the corresponding 2017 period.

BALANCE SHEET HIGHLIGHTS

	Q3 2019 $'000	Q3 2018 $'000	Percentage Change
CASH & SHORT TERM DEPOSITS	252,124	293,208	-14%
LOANS & RECEIVABLES	2,209,192	1,849,951	19%

Total company assets are now $3,659.8M, 12% higher than the previous period; cash and short term deposits have decreased by $41.08M as a result of the growing loans portfolio and finance costs.

We thank our team, agents, customers, Board of Directors, management, staff and key stakeholders. We appreciate your support and well wishes.

JACINTH HALL-TRACEY
MANAGING DIRECTOR

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 9 MONTHS ENDED 31 DECEMBER 2018

	Note	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
		3 MONTHS ENDED 31 DECEMBER 2018 $'000	3 MONTHS ENDED 31 DECEMBER 2017 $'000	9 MONTHS ENDED 31 DECEMBER 2018 $'000	9 MONTHS ENDED 31 DECEMBER 2017 $'000	12 MONTHS ENDED 31 MARCH 2018 $'000
INCOME						
Trading income		545,197	407,475	1,629,379	1,088,757	1,548,248
Other operating income		52,134	(2,576)	109,153	31,358	72,017
		597,331	404,899	1,738,532	1,120,115	1,620,265
EXPENSES:						
Administrative and other expenses		(231,162)	(178,910)	(635,664)	(431,084)	(624,994)
Selling and promotion expenses		(203,081)	(134,514)	(635,853)	(388,753)	(593,035)
		(434,243)	(313,424)	(1,271,517)	(819,837)	(1,218,029)
PROFIT FROM OPERATIONS		163,088	91,475	467,015	300,278	402,236
Finance cost		(49,961)	(22,400)	(131,091)	(26,688)	(66,819)
PROFIT BEFORE TAXATION		113,127	69,075	335,924	273,590	335,417
Taxation		(6,560)	(14,295)	(68,209)	(52,066)	(81,133)
NET PROFIT FOR THE PERIOD		106,567	54,780	267,715	221,524	254,284
Weighted Average Number of shares in issue		1,264,694	1,256,118	1,264,694	1,256,118	1,258,006
Basic Earnings per stock unit	4	$0.0843	$0.0436	$0.2117	$0.1764	$0.2021

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	UNAUDITED DECEMBER 2018 $'000	UNAUDITED DECEMBER 2017 $'000	AUDITED MARCH 2018 $'000
ASSETS				
Cash and cash equivalents		234,043	197,146	366,893
Short term deposits		80,495	96,062	79,255
Loans and receivables		2,209,192	1,849,951	1,828,426
Related companies		319	300	319
Taxation recoverable		12,515	10,456	10,235
Deferred Taxation		3,989	5,234	3,599
Investment property		118,000	115,000	118,000
Intangible assets		839,541	848,984	842,708
Property, plant and equipment		161,759	141,770	136,666
TOTAL ASSETS		3,659,853	3,264,903	3,386,101
LIABILITIES AND EQUITY				
LIABILITIES:				
Bank overdraft		62,414	-	11,108
Payables		338,428	407,742	430,956
Related companies		29,067	1,271,684	15,331
Taxation		72,390	69,350	73,905
Deferred Taxation		4,890	6,637	-
Loans		1,515,315	176,215	1,485,167
		2,022,504	1,931,628	2,016,467
EQUITY:				
Share capital	3	95,459	91,038	95,459
Share option reserve		5,661	6,482	5,661
Retained earnings		1,536,229	1,235,755	1,268,514
		1,637,349	1,333,275	1,369,634
TOTAL LIABILITIES AND EQUITY		3,659,853	3,264,903	3,386,101

Approved for issue by the Board of Directors on 12 February 2019 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 9 MONTHS ENDED 31 DECEMBER 2018

`	Share Capital $'000	Share Option Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 April 2017	83,036	7,968	1,064,438	1,155,442
Total comprehensive income:				
Net profit	-	-	221,524	221,524
Other comprehensive income		-	-	-
	-	-	221,524	221,524
Transaction with owners				
Issue of shares	6,516	-	-	6,516
Transfer from other reserves	1,486	(1486)	-	-
Dividends paid	-	-	(50,207)	(50,207)
	8,002	(1,486)	(50,207)	(43,691)
Balance at 31 December 2017	91,038	6,482	1,235,755	1,333,275
Balance at 1 April 2018	95,459	5,661	1,268,514	1,369,634
Total comprehensive income:				
Net profit	-	-	267,715	267,715
Other comprehensive income	-	-		-
	-	-	267,715	267,715
Transaction with owners				
Issue of shares		-	-	-
Transfer from other reserves			-	-
Dividends paid	-	-		-
	-	-		-
Balance at 31 December 2018	95,459	5,661	1,536,229	1,637,349

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT 31 DECEMBER 2018

	UNAUDITED 9 MONTHS ENDED 31 DECEMBER 2018 $'000	UNAUDITED 9 MONTHS ENDED 31 DECEMBER 2017 $'000	AUDITED 12 MONTHS ENDED 31 MARCH 2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit	267,715	221,524	254,284
Items not affecting cash resources:			
Exchange loss/(gain) on foreign balances	3,820	9,807	12,051
Fair value gain on investment property	-	-	(3,000)
Amortisation and depreciation	23,161	16,303	29,770
Interest income from loans	(508,531)	(115,529)	(264,384)
Interest income from securities	(1,533)	(7,055)	(5,845)
Taxation expense	63,709	49,908	86,438
Deferred taxation	4,500	2,158	(5,305)
Interest expense	131,091	26,688	66,819
	(16,068)	203,804	170,828
Changes in operating assets and liabilities			
Receivables	(358,566)	(752,287)	(530,020)
Related companies	13,736	1,269,936	13,564
Payables	(97,412)	77,663	102,794
	(458,310)	799,116	(242,834)
Interest received	484,051	129,122	263,044
Interest paid		-	(14,754)
Taxation paid	(65,224)	(24,346)	(69,670)
Cash (used in)/provided by operating activities	(39,483)	903,892	(64,214)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	1,533	6,216	5,845
Additions to intangible assets	-	(7,066)	(7,287)
Proceeds from sale of property, plant and equipment	-	-	-
Additions to property, plant and equipment	(45,087)	(55,682)	(51,151)
Short term deposits	(1,240)	274,781	287,628
Cash flow from acquisition of subsidiary	-	(1,269,017)	(1,269,017)
Cash used in investing activities	(44,794)	(1,050,768)	(1,033,982)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	(75,130)	(8,027)	(32,427)
Issued shares	-	6,516	10,116
Dividends paid	-	(50,207)	(50,208)
Loan proceeds	-	176,215	2,748,020
Loan repayments	(13,569)	(42,356)	(1,497,346)
Cash (used in)/provided by financing activities	(88,699)	82,141	1,178,155
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(172,976)	(64,735)	79,959
Exchange loss on cash balances	(11,180)	(14,700)	(755)
Cash and cash equivalents at beginning of period	355,785	276,581	276,581
CASH AND CASH EQUIVALENTS AT END OF PERIOD (net)	171,629	197,146	355,785

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 licences issued by the Bank of Jamaica.
- The granting of loans for personal and business purposes.

(c) LASCO Financial Services (Barbados) Limited is a 100% owned subsidiary of the company. LASCO Financial Services (Barbados) Limited is incorporated in Barbados under the Companies Act Cap.308 of the Laws of Barbados. This company has ceased operations effective July 1, 2018.

(d) Effective December 1, 2017, LASCO Financial Services Limited has acquired 100% shares in LASCO Microfinance Limited (formerly Scotia Jamaica Microfinance Company Limited) which is now a subsidiary of the company. LASCO Microfinance Limited (formerly Scotia Jamaica Microfinance Company Limited) is incorporated in Jamaica under the Companies Act.

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

2. BASIS OF PREPARATION:

The condensed unaudited consolidated financial statements for the quarter ended December 31, 2018, have been prepared in accordance with IAS 34, Interim financial reporting and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), 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 2018.

3. SHARE CAPITAL:

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

	2018 $'000	2017 $'000
Stated capital, issued and fully paid - 1,264,694,391 (2017 - 1,261,094,391) of no par value	95,459	91,038

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

	2018 $'000	2017 $'000
Net profit attributable to stockholders ($'000)	267,715	221,524
Weighted average number of ordinary stock units ('000)	1,264,694	1,256,118
Basic earnings per stock unit	0.2117	0.1764