APRIL - JUNE 2019

15 YEARS
LASCO FINANCIAL SERVICES
EVERYDAY FINANCIAL VALUE
2004 - 2019

Transforming Lives Through Everyday Financial value

LASCO MICROFINANCE LIMITED

Q1

UNAUDITED QUARTERLY FINANCIAL REPORT

LASCO FINANCIAL SERVICES LIMITED
1st Quarter April – June 2019

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

BUSINESS PERFORMANCE HIGHLIGHTS – 18% increase in Revenues

654.4 million dollars in Income

Up 18 percent over the corresponding quarter 2018
An increase of 99.9 million dollars

178.3 million dollars Profit from Operations

Up 4 percent over 2018 corresponding period

91.1 million dollars Net Profit for the period

Down 9 percent over 2018 corresponding period

LASCO Financial Services Limited's (LFSL) first quarter transactions generated $99.9M or 18% more revenues than the corresponding period in 2018 to close the period with total revenue of $654.4M. This increase is driven by growth in transactions mainly from the loans business over the corresponding period. Profit before taxation had a marginal decrease of 1%; moved from $131M in 2018 to $129.75M for the reporting period while Net Profit closed the quarter at $91.1M, a 9% decrease when compared with the corresponding quarter. Total expenses increased by $93.9M or 25% as a result of transformational expenses, taxation, finance cost for working capital and growth in staff which we are expecting to reap the associated synergies in the future.

LFSL the parent continues to focus on its core activities; Cambio and Remittance services in Jamaica while improving our delivery channels and LASCO Microfinance Limited will concentrate on providing credit in pursuit of financial inclusion and to create an impact on economic development.

LASCO FINANCIAL SERVICES LIMITED
1st Quarter April - June 2019

BALANCE SHEET HIGHLIGHTS

	Q1 2019 $'000	Q1 2018 $'000
CASH & SHORT TERM DEPOSITS	208,100	537,280
TOTAL ASSETS	4,032,001	3,550,704
TOTAL DEBT	1,819,997	1,518,446

Total assets increased year over year by $481.2M or 14% to close the quarter at $4.0B. Though, there was a net increase in assets, cash and short term deposits decreased by $329m or 61% mainly due to continuous growth in the loans portfolio and an increase in other operational receivables which was subsequently settled after the quarter.

Management continues to implement strategies and initiatives to maximize on opportunities in the market and will continue to focus on superior financial performance, improvement and efficiencies in processes, the appropriate technology and to strengthen the relationships with our staff, agents and customers to drive its strategic objectives for the 2019/2020 financial year and beyond. We continue to be a major sponsor of the Social Development Commission T-20 community cricket for over 10 years.

LFSL is celebrating its 15th anniversary and we would like to express our appreciation to all our stakeholders for your continued support and investment in our shares. Thanks to our team; agents, customers, Board of Directors, management, staff and key stakeholders.

JACINTH HALL-TRACEY
MANAGING DIRECTOR

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 3 MONTHS ENDED 30 JUNE 2019

	Note	UNAUDITED 3 MONTHS ENDED 30 JUNE 2019 $'000	UNAUDITED 3 MONTHS ENDED 30 JUNE 2018 $'000	AUDITED 12 MONTHS ENDED 31 MARCH 2019 $'000
REVENUE				
Income		585,804	526,047	2,119,138
Other income		68,668	28,466	92,370
		654,472	554,513	2,211,508
EXPENSES:				
Administrative and other expenses		(246,506)	(200,464)	(880,422)
Selling and promotion expenses		(229,654)	(181,792)	(765,641)
		(476,160)	(382,256)	(1,646,063)
PROFIT FROM OPERATIONS		178,312	172,257	565,445
Finance cost		(48,562)	(40,699)	(168,800)
PROFIT BEFORE TAXATION		129,750	131,558	396,645
Taxation		(38,656)	(31,035)	(114,890)
NET PROFIT FOR THE PERIOD		91,094	100,523	281,755
Other comprehensive income		-	-	-
TOTAL COMPREHENSIVE INCOME		91,094	100,523	281,755
Weighted Average Number of shares in issue	4	1,264,994	1,264,694	1,264,694
Basic Earnings per stock unit		$0.0720	$0.0795	$0.2228

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	UNAUDITED JUNE 2019 $'000	UNAUDITED JUNE 2018 $'000	AUDITED MARCH 2019 $'000
ASSETS				
Cash and bank balances		124,810	455,534	282,811
Short term deposits		83,290	81,746	79,040
Loans and receivables		2,662,070	1,848,318	2,366,421
Related companies		347	319	347
Taxation recoverable		13,417	45,453	13,027
Deferred tax asset		-	3,599	-
Investment property		118,000	118,000	118,000
Intangible assets		874,760	841,393	874,804
Property, plant and equipment		155,307	156,342	158,943
TOTAL ASSETS		4,032,001	3,550,704	3,893,393
LIABILITIES AND EQUITY				
LIABILITIES:				
Bank overdraft		-	-	1,128
Payables		417,660	468,023	417,353
Related companies		9,905	15,516	4,803
Taxation		89,300	76,312	79,228
Deferred Tax liability		12,156	2,250	10,620
Loans		1,819,997	1,518,446	1,788,672
		2,349,018	2,080,547	2,301,804
EQUITY:				
Share capital	3	95,827	95,459	95,459
Share option reserve		5,593	5,661	5,661
Retained earnings		1,581,563	1,369,037	1,490,469
		1,682,983	1,470,157	1,591,589
TOTAL LIABILITIES AND EQUITY		4,032,001	3,550,704	3,893,393

Approved for issue by the Board of Directors on 14th August 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 3 MONTHS ENDED 30 JUNE 2019

	Share Capital $'000	Share Option Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 April 2018	95,459	5,661	1,268,514	1,369,634
Total comprehensive income:				
Net profit	-	-	100,523	100,523
Other comprehensive income		-	-	-
	-	-	100,523	100,523
Transaction with owners				
Issue of shares	-			-
Transfer from other reserves	-	-		
Dividends paid	-	-		-
	0	-	-	-
Balance at 30 June 2018	95,459	5,661	1,369,037	1,470,157
Balance at 1 April 2019	95,459	5,661	1,490,469	1,591,589
Total comprehensive income:				
Net profit	-	-	91,094	91,094
Other comprehensive income	-	-	-	-
	-	-	91,094	91,094
Transaction with owners				
Issue of shares	300		-	300
Transfer from other reserves	68	(68.00)	-	-
Dividends paid	-	-	-	-
	368.00	-	-	300
Balance at 30 June 2019	95,827	5,661	1,581,563	1,682,983

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT 30 JUNE 2019

	UNAUDITED 3 MONTHS ENDED 30 JUNE 2019 $'000	UNAUDITED 3 MONTHS ENDED 30 JUNE 2018 $'000	AUDITED 12 MONTHS ENDED 31 MARCH 2019 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit	91,094	100,523	281,755
Items not affecting cash resources:			
Exchange loss/(gain) on foreign balances	(13,629)	(10,386)	(3,739)
Gain/loss on disposal of property, plant and equipment		(2,484)	
Fair value gain on investment property	-	-	
Amortisation of Intangible asset	2,453	1,315	8,126
Depreciation	6,465	5,867	22,739
Interest income from loans	(219,181)	(154,306)	(781,095)
Interest income from securities	(157)	(814)	(2,587)
Taxation expense	36,406	28,785	100,671
Deferred taxation	2,250	2,250	14,219
Interest expense	48,562	40,699	168,800
Gain or loss on sale of property, plant & equipment	-	-	(2,484)
Provision for impaired loss on loan	83,992	-	(20,129)
	38,255	11,449	(213,724)
Changes in operating assets and liabilities			
Receivables	(335,042)	(55,110)	(525,201)
Related companies	5,102	185	(10,556)
Payables	(797)	37,067	(12,974)
	(292,482)	(6,409)	(762,455)
Interest received	187,395	154,306	692,751
Interest paid	-	-	(16,159)
Taxation paid	(26,334)	(26,378)	(97,930)
Cash provided by/(used in) operating activities	(131,421)	121,519	(183,793)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	814	2,587
Additions to intangible assets	-	-	(40,222)
Additions to property, plant and equipment	(5,238)	(25,544)	(44,998)
Short term deposits	(4,250)	(2,491)	(493)
Proceeds from sale of property, plant and equipment		2,485	2,484
Cash used in investing activities	(9,488)	(24,736)	(80,642)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	(5,580)	(5,172)	(93,707)
Issued shares	300	-	-
Dividends paid	-	-	-
Loan proceeds	-	-	299,489
Loan repayments	(11,657)	(2,248)	(15,719)
Cash (used in)/provided by financing activities	(16,937)	(7,420)	190,063
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(157,846)	89,363	(74,372)
Exchange (loss)/gain on cash balances	973	10,386	270
Cash and cash equivalents at beginning of period	281,683	355,785	355,785
CASH AND CASH EQUIVALENTS AT END OF PERIOD	124,810	455,534	281,683

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 remittance services facilitating person to person transfers for a fee, in accordance with licences issued by the Bank of Jamaica.

(c) LASCO Financial Services (Barbados) Limited is incorporated in Barbados under the Companies Act Cap.308 of the Laws of Barbados and is a 100% owned subsidiary of the company. The principal activity is the provision remittance services facilitating the receiving of funds.

LASCO Microfinance Limited is a limited is a limited liability incorporated and domiciled in Jamaica and is a 100% owned subsidiary of the company. The principal activity is retail lending to the micro enterprise sector for personal and business purposes. By order dated 7 November 2018, LASCO Microfinance Limited received an exemption from the provisions of the Money Lending Act by the Minister of Finance and the Public Service for one year from 22 October 2018, renewable annually.

(d) 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 June 30, 2019, 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 2019.

3. SHARE CAPITAL:

Authorised –
1,961,200,000 (2018 – 1,961,200,000) Ordinary shares of no par value

	2019 $'000	2018 $'000
Stated capital, issued and fully paid - 1,264,994,391 (2018 - 1,264,694,391) Ordinary shares of no par value	95,827	95,459

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

	2019 $'000	2018 $'000
Net profit attributable to stockholders ($'000)	91,094	100,523
Weighted average number of ordinary stock units ('000)	1,264,994	1,264,694
Basic earnings per stock unit	$0.0720	$ 0.0795