LASCO FINANCIAL SERVICES

Everyday Financial Value

LASCO MICROFINANCE LIMITED

UNAUDITED FINANCIAL REPORT

Q1

APRIL - JUNE 2021

LASCO FINANCIAL SERVICES LIMITED
1st Quarter April – June 2021

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

THREE MONTHS BUSINESS PERFORMANCE HIGHLIGHTS

591 million dollars in Income

Up 9.7 percent above the corresponding 2020 period
An increase of 52 million dollars

158.5 million dollars Profit from Operations

Up 819 percent above the corresponding 2020 period
An increase of 180.6 million dollars

74.9 million dollars Net Profit for the period

Up 171 percent above the corresponding 2020 period
An increase of 180.7 million dollars

LASCO Financial Services Limited's (LFSL) consolidated first quarter transactions generated $591 million in revenues which is $52 million more than the corresponding three months period in 2020. The 9.7% increase is largely due to ongoing growth in our money services business. Revenues generated from the Microfinance company, though incrementally improving, is still below that of the previous year. The overall performance is however in line with our targets and growth expectations.

For the period under review, Total Expenses declined by 22.9%, from $561.0 million to $432.4 million. Administrative expenses remained relatively flat but Selling and promotional expenses declined due to reduced promotional activity as well as the reduction in estimated credit losses.

Operating Profit for the first quarter closed at $158.5 million compared with a loss of $22.0 million in the in the similar period of 2020 which is a positive trend as we cautiously implement strategies and cost saving actions to ensure that we emerge from the 2020 pandemic a much stronger business.

LFSL marginally reduced its Financing costs as we have been paying down our debts and gradually building our cash flow. Finance cost for the period reduced by 4% from $49.7 million to $47.7 million, closing with a consolidated Profit after Tax $74.9 million, up from the previous year's June 2020 loss of $105.7 million.

BALANCE SHEET HIGHLIGHTS

	Q1 2021 $'000	Q1 2020 $'000
CASH & SHORT TERM DEPOSITS	1,164,414	941,636
TOTAL ASSETS	3,960,608	4,038,480
LONG TERM DEBT	1,942,124	2,020,876

Total assets reduced year over year by $77.8 million or 2% to close the quarter at $3,960,608 million. Cash and short-term deposits increased by $222.8 million over the corresponding period. The increase in cash is due to the reduction in lending as well as increased revenues from the Money Service Business.

In the upcoming quarters, the company will be focused on areas of the business where we can benefit from more efficiencies and therefore drive costs down. We will also continue to invest in those areas which drive current revenues or will be key in driving future revenues. Our recent partnership with Visa International will complete the full ecosystem of offerings to our customers. Our services for the unbanked include the payment and acceptance of business and personal financial transactions, sending and receiving funds cross border, in store, online or directed to a bank account or prepaid card. We also grant loans to minimum wage earners, micro and small businesses and provide ecommerce options such as a webstore with shopping cart or payment buttons.

During the quarter, we partnered with the Jamaica Cultural Development Commission and the Miss Jamaica Festival Queen 2019/2020, Khamara Wright, to support the Linstead Community Development Committee (CDC) in providing assistance to women and children who are victims of domestic violence. Clothing, food and personal hygiene items were donated through a charity drive organized by the company and supported by team members and affiliate partners. The initiative was dubbed "Buy one, Share one, Each one, Help one".

We are cautiously optimistic about the prospects of the business and are working diligently to ensure that strategies in place supported by the investments in technology will yield the sustainable value for all stakeholders and in particular our shareholders.

We wish to express our appreciation to our customers, our employees, agents and merchants who continue to serve our customers with enthusiasm even as they comply with Covid-19 protocols and our Directors who continue to drive our passion for the business.

JACINTH HALL-TRACEY
MANAGING DIRECTOR

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

April – June 2021

	Note	UNAUDITED 3 MONTHS ENDED 30 JUNE 2021 $'000	UNAUDITED 3 MONTHS ENDED 30 JUNE 2020 $'000	AUDITED 12 MONTHS ENDED 31 MARCH 2021 $'000
REVENUE				
Income		561,707	533,014	2,217,952
Other income		29,308	5,949	75,089
		591,015	538,963	2,293,041
EXPENSES:				
Administrative and other expenses		(263,393)	(263,650)	(1,079,790)
Selling and promotion expenses		(169,089)	(297,358)	(765,820)
		(432,482)	(561,008)	(1,845,610)
PROFIT FROM OPERATIONS		158,532	(22,045)	447,431
Finance cost		(47,735)	(49,765)	(187,047)
PROFIT BEFORE TAXATION		110,797	(71,810)	260,384
Taxation		(35,816)	(33,947)	(103,631)
NET PROFIT FOR THE PERIOD,BEING		74,981	(105,757)	156,753
TOTAL COMPREHENSIVE INCOME				
Weighted average number of shares in issue		1,275,505	1,270,094	1,266,794
Basic Earnings per stock unit		$0.0588	($0.0833)	$0.1237

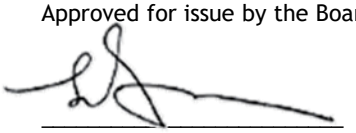
LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

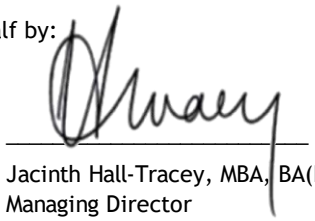
AS AT 30 JUNE 2021

	Note	UNAUDITED JUNE 2021 $'000	UNAUDITED JUNE 2020 $'000	AUDITED MARCH 2021 $'000
ASSETS				
Cash and bank balances		770,739	652,415	1,060,551
Short term deposits		393,675	289,221	312,837
Loans and other receivables		1,512,467	1,776,820	1,641,790
Related companies		-	372	317
Taxation recoverable		28,718	14,172	28,338
Deferred tax assets		109,616	94,006	97,384
Intangible assets		862,697	882,723	867,085
Property, plant and equipment		118,946	142,370	125,487
Right-of-use		163,751	186,381	166,753
TOTAL ASSETS		3,960,608	4,038,480	4,300,542
LIABILITIES AND EQUITY				
LIABILITIES:				
Payables		375,960	374,900	770,533
Related companies		-	14,431	7,616
Taxation		164,319	193,959	126,847
Deferred Taxation		-	-	37,629
Loans		1,438,506	1,804,033	1,456,045
Lease Liability		203,617	216,843	204,582
		2,182,403	2,604,166	2,603,252
EQUITY:				
Share capital	3	109,951	102,091	102,664
Share option reserve		2,968	4,429	4,322
Retained earnings		1,665,286	1,327,794	1,590,304
		1,778,205	1,434,314	1,697,290
TOTAL LIABILITIES AND EQUITY		3,960,608	4,038,480	4,300,542

Approved for issue by the Board of Directors on 28th July 2021 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 2021

	Share Capital $'000	Share Option Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 April 2020	102,091	4,429	1,433,551	1,540,071
Total comprehensive income:				
Net profit	-	-	(105,757)	(105,757)
Other comprehensive income	-	-	-	-
	-	-	(105,757)	(105,757)
Transaction with owners				
Issue of shares	-	-	-	-
Transfer from other reserves	-	-	-	-
Dividends paid	-	-	-	-
	-	-	-	-
Balance at 30 June 2020	102,091	4,429	1,327,794	1,434,314
Balance at 1 April 2021	102,664	4,322	1,590,304	1,697,290
Total comprehensive income:				
Net profit	-	-	74,981	74,981
Other comprehensive income	-	-	-	-
	102664	-	74,981	74,981
Transaction with owners				
Issue of shares	5,933	-	-	5,933
Transfer from other reserves	1,354	(1,354)	-	-
Dividends paid	-	-	-	-
	7,287	(1,354)	-	5,933
Balance at 30 June 2021	109,951	2,968	1,665,285	1,778,204

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 3 MONTHS ENDED 30 JUNE 2021

	UNAUDITED 3 MONTHS ENDED 30 JUNE 2021 $'000	UNAUDITED 3 MONTHS ENDED 30 JUNE 2020 $'000	AUDITED 12 MONTHS ENDED 31 MARCH 2021 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit/(loss)	74,982	(105,757)	156,753
Items not affecting cash resources:			
Exchange loss/(gain) on foreign balances	(10,750)	4,628	(5,684)
Depreciation - right-of-use assets	3,002	4,171	13,479
Amortisation of Intangibles	3,192	2,427	20,319
Depreciation	8,531	8,970	25,121
Interest income from loans	(117,597)	(145,295)	(581,333)
Interest income from securities	(4,484)	(3,458)	(10,404)
Interest Income -Other	(1,551)	-	(9,511)
Taxation expense	35,816	31,697	104,759
Deferred taxation	(12,232)	2,250	(1,128)
Interest expense	44,289	49,764	173,022
Interest expense - right-of-use assets	3,447	3,382	14,024
Provision for impaired loss on loan	-	169,904	(136,994)
Loss on derecognition of right of use	-	-	19
	26,645	22,683	(237,558)
Changes in operating assets and liabilities			
Receivables	133,603	(32,212)	444,603
Related companies	(7,299)	(3,564)	(11,212)
Payables	(480,735)	130,450	521,937
	(327,786)	117,357	717,770
Interest received	113,656	142,158	637,639
Interest paid	(2,092)	(9,494)	(42,270)
Taxation paid	-	(9,691)	(164,294)
Cash provided by operating activities	(216,223)	240,330	1,148,845
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	5,317	3,458	9,686
Additions to intangible assets	-	(6,014)	(8,158)
Additions to property, plant and equipment	(794)	(6,255)	(5,507)
Short term deposits	(80,838)	(53,727)	(70,410)
Cash provided by/(used in) investing activities	(76,315)	(62,538)	(74,389)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	(4,792)	(9,494)	(162,825)
Issued shares	**5,934**	-	466
Loan repayments	(6,168)	(1,074)	(327,467)
Lease payments	(3,537)	(4,103)	(16,705)
Cash used in financing activities	(8,563)	(14,671)	(506,531)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(301,101)	163,121	567,925
Exchange (loss)/gain on cash balances	11,289	1,857	5,189
Cash and cash equivalents at beginning of period	1,060,551	487,437	487,437
CASH AND CASH EQUIVALENTS AT END OF PERIOD	770,739	652,415	1,060,551

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 licenses 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. The subsidiary however did not trade during the year.

LASCO Microfinance 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 29 December 2020, 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 23 January 2021, renewable annually.

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

2. BASIS OF PREPARATION:

The condensed unaudited consolidated financial statements for the three (3) months ended June 30, 2021, 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 2021.

3. SHARE CAPITAL:

Authorised –
1,961,200,000 (2020 – 1,961,200,000) Ordinary shares of no par value

	2022 $'000	2021 $'000
Stated capital, issued, and fully paid - 1,276,494 (2020 - 1,270,561) of no par value	109,951	102,664

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

	2022 $'000	2021 $'000
Net profit attributable to stockholders ($'000)	74,981	(105,767)
Weighted average number of ordinary stock units ('000)	1,275,505	1,270,094
Basic earnings per stock unit	$0.0588	($0.0833)