LASCO FINANCIAL SERVICES

Everyday Financial Value

LASCO MICROFINANCE LIMITED

UNAUDITED FINANCIAL REPORT

Q2

JULY - SEPTEMBER 2021

LASCO FINANCIAL SERVICES LIMITED
2nd Quarter July – September 2021

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

SIX MONTHS BUSINESS PERFORMANCE HIGHLIGHTS

1,144.9 million dollars in Income

Down 0.9 percent below the corresponding 2020 period
A reduction of 10.7 million dollars

288.1 million dollars Profit from Operations

Up 47.9 percent above the corresponding 2020 period
An increase of 93.3 million dollars

133.6 million dollars Net Profit for the period

Up 343 percent above the corresponding 2020 period
An increase of 103.4 million dollars

LASCO Financial Services Limited's (LFSL) consolidated six months transactions generated $1,144.9 million in revenues which is $10.7 million less than the corresponding six months period in 2020. This is a 0.9% decrease when compared to the prior year. 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 11%, from $961 million to $857 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.

Net Profit as at the second quarter closed at $133.6 million compared with $30.1 million 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.

During the second quarter we experienced several instances of business disruption due to lockdowns and reduced operating hours caused by the curfews. This resulted in a decline in transactions from our core services and overall reduced income for all services.

BALANCE SHEET HIGHLIGHTS

	Q2 2021 $'000	Q2 2020 $'000
CASH & SHORT TERM DEPOSITS	1,698,622	1,045,988
TOTAL ASSETS	4,371,270	3,979,885
LONG TERM DEBT	1,641,808	1,907,437

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 2% from $95 million to $93.4 million, closing with a consolidated Profit after Tax of $133.6 million, up from the previous year's September 2020 profit of $30.1 million.

Total assets increased year over year by $391.4 million or 9.8% to close the quarter at $4,371.2 million. Cash and short-term deposits increased by $652.6 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.

LFSL continues to support the activities of the LAS Chin Foundation and through them we were able to support the needs of several entities and persons in our communities. Through our Back to School initiative we were able to provide a few students with tablets, supermarket vouchers and LASCO baskets.

In the upcoming third quarter, we anticipate our usual elevated activity as we approach the Christmas season and look forward to uninterrupted business hours and the ability to serve our customers conveniently.

We remain 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 to 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 – September 2021

	Note	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
		3 MONTHS ENDED 30 SEPTEMBER 2021 $'000	3 MONTHS ENDED 30 SEPTEMBER 2020 $'000	6 MONTHS ENDED 30 SEPTEMBER 2021 $'000	6 MONTHS ENDED 30 SEPTEMBER 2020 $'000	12 MONTHS ENDED 31 MARCH 2021 $'000
REVENUE						
Income		519,685	614,610	1,081,393	1,147,624	2,217,952
Other income		34,220	2,097	63,527	8,046	75,089
		553,905	616,707	1,144,920	1,155,670	2,293,041
EXPENSES:						
Administrative and other expenses		(274,529)	(259,482)	(554,633)	(523,103)	(1,079,790)
Selling and promotion expenses		(149,817)	(140,434)	(302,196)	(437,792)	(765,820)
		(424,346)	(399,916)	(856,829)	(960,895)	(1,845,610)
PROFIT FROM OPERATIONS		129,559	216,791	288,091	194,775	447,431
Finance cost		(45,613)	(45,325)	(93,348)	(95,090)	(187,047)
PROFIT BEFORE TAXATION		83,946	171,466	194,742	99,685	260,384
Taxation		(25,336)	(35,586)	(61,152)	(69,533)	(103,631)
NET PROFIT FOR THE PERIOD,BEING		58,610	135,880	133,591	30,152	156,753
TOTAL COMPREHENSIVE INCOME						
Weighted average number of shares in issue		1,278,306	1,270,094	1,278,306	1,270,794	1,266,794
Basic Earnings per stock unit		$0.0458	$0.1070	$0.1045	$0.0237	$0.1237

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021

	Note	UNAUDITED SEPTEMBER 2021 $'000	UNAUDITED SEPTEMBER 2020 $'000	AUDITED MARCH 2021 $'000
ASSETS				
Cash and bank balances		896,509	653,974	1,060,551
Short term deposits		802,113	392,014	312,837
Loans and receivables		1,399,395	1,624,907	1,641,790
Related companies		-	317	317
Taxation recoverable		29,016	14,410	28,338
Deferred tax assets		113,336	91,756	97,384
Intangible assets		857,311	883,172	867,085
Property, plant and equipment		112,843	137,123	125,487
Right-of-use		160,749	182,212	166,753
TOTAL ASSETS		4,371,270	3,979,885	4,300,542
LIABILITIES AND EQUITY				
LIABILITIES:				
Payables		712,716	262,564	770,533
Related companies		7,390	6,225	7,616
Taxation		168,808	233,436	126,847
Deferred Taxation				37,629
Lease Liability		203,019	216,048	204,582
Loans		1,438,789	1,691,389	1,456,045
		2,530,723	2,409,662	2,603,252
EQUITY:				
Share capital	3	114,536	102,091	102,664
Share option reserve		2,117	4,429	4,322
Retained earnings		1,723,895	1,463,703	1,590,304
		1,840,548	1,570,223	1,697,290
TOTAL LIABILITIES AND EQUITY		4,371,270	3,979,885	4,300,542

Approved for issue by the Board of Directors on 12th November 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 6 MONTHS ENDED 30 SEPTEMBER 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	-	-	30,152	30,152
Other comprehensive income	-	-	-	-
	-	-	30,152	30,152
Transaction with owners				
Issue of shares	-	-	-	-
Transfer from other reserves	-	-	-	-
Dividends paid	-	-	-	-
	-	-	-	-
Balance at 30 September 2020	102,091	4,429	1,463,703	1,570,223
Balance at 1 April 2021	102,664	4,322	1,590,304	1,697,290
Total comprehensive income:				
Net profit	-	-	133,591	133,591
Other comprehensive income	-	-	-	-
	-	-	133,591	133,591
Transaction with owners				
Issue of shares	9,667	-	-	9,667
Transfer from other reserves	2,205	(2,205)	-	-
Dividends paid	-	-	-	-
	11,872	(2,205)	-	9,667
Balance at 30 September 2021	114,536	2,117	1,723,895	1,840,548

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2021

	UNAUDITED 6 MONTHS ENDED 30 SEPTEMBER 2021 $'000	UNAUDITED 6 MONTHS ENDED 30 SEPTEMBER 2020 $'000	AUDITED 12 MONTHS ENDED 31 MARCH 2021 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit/(loss)	133,591	30,152	156,753
Items not affecting cash resources:			
Exchange loss/(gain) on foreign balances	(21,536)	23,933	(5,684)
Depreciation - right-of-use assets	6,004	8,339	13,479
Amortisation of Intangibles	6,295	4,300	20,319
Depreciation	19,844	17,786	25,121
Interest income from loans	(235,531)	(288,473)	(581,333)
Interest income from securities	(8,095)	(14,324)	(10,404)
Interest Income -Other	(7,836)	-	(9,511)
Taxation expense	61,152	65,033	104,759
Deferred taxation	(15,952)	4,500	(1,128)
Interest expense	86,479	88,335	173,022
Interest expense - right-of-use assets	6,869	6,755	14,024
Provision for impaired loss on loan	(13,910)	152,332	(136,994)
Loss on derecognition of right of use	-	-	19
	17,375	98,668	(237,558)
Changes in operating assets and liabilities			
Receivables	269,291	144,375	444,603
Related companies	91	(11,715)	(11,212)
Payables	(138,074)	37,913	521,937
	148,684	269,241	717,770
Interest received	231,749	284,035	637,639
Interest paid	(3,189)	-	(42,270)
Taxation paid	(867)	(3,551)	(164,294)
Cash provided by operating activities	376,376	549,725	1,148,845
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	15,932	-	-
Additions to intangible assets	-	(8,336)	9,686
Additions to property, plant and equipment	(2,360)	(9,824)	(8,158)
Short term deposits	(489,276)	(156,520)	(5,507)
Proceeds from sale of investment property	-	-	(70,410)
Cash provided by/(used in) investing activities	(475,704)	(174,680)	(74,389)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	(65,856)	(82,486)	(162,825)
Issued shares	**9,668**	-	466
Loan proceeds	**1,200,000**	-	-
Loan repayments	(1,212,449)	(87,777)	(327,467)
Lease payments	(8,432)	(8,270)	(16,705)
Cash used in financing activities	(77,069)	(178,533)	(506,531)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(176,397)	196,512	567,925
Exchange (loss)/gain on cash balances	12,355	(29,975)	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	896,509	653,974	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 six (6) months ended September 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 - 1,280,228 (2020 - 1,270,561) of no par value	114,536	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)	133,591	30,152
Weighted average number of ordinary stock units ('000)	1,278,306	1,270,794
Basic earnings per stock unit	$0.1045	$0.0237