LASCO FINANCIAL SERVICES

Everyday Financial Value

Unaudited
Financial Statements
SECOND QUARTER

September 30, 2024

LASCO FINANCIAL SERVICES LIMITED
Report to the Shareholders
Six Months Ended September 30, 2024

Dear Shareholders, the Board of Directors of LASCO Financial Services Limited (LFSL) presents the Second Quarter unaudited financial results.

Income

LASCO Financial Services Limited (LFSL) is reporting consolidated income of $1.083 Billion for the first six months of the 2024-2025 Financial year. This represents a 6.0 % decrease or $67.4 million less income, when compared with the corresponding 2023-2024 period.

Expenses

Consolidated expenses for the quarter totaled $1.003 Billion, a reduction of 1% or $7.8 million. Operating Profit for the period is $79.5 million, $59.5M less than previous comparative period. Administrative expenses declined by $30.1 million, a result of the ongoing efforts to control expenses, whereas Selling and Promotions increased by $22.0 million reflecting increased marketing support to launch our MoneyGram Direct to Card service.

Half year Profit after Tax for the period is $9.2 million, a significant fall off from the comparative 2023- 2024 period, which was $56.0 million.

Three Months Results

During our second quarter, LFSL faced several headwinds. Firstly, in July, there was business disruption due to Hurricane Beryl which impacted our ability to provide service to our customers and also impacting our customers' ability to access our service, particularly in the South Coast of the country. We are however grateful for the committed agents who were able to do limited business under very difficult circumstances to open to the public. Just as we were recovering from the impact of the hurricane, we were further impacted by the events which led to MoneyGram International proactively taking their systems offline to contain and remediate unauthorized activity. There was a full shutdown of transactions for 5 days which significantly impacted our earnings from Remittance, Cambio and Card services. Since the restoration of services, transactions have progressively improved but not normalized.

The revenue for the Quarter is $546.2 million and a loss of $8.6 million compared with $575.9 million and $37.2 million for revenues and profit respectively for the comparative period. Management continuously assesses its opportunities for growth and cost savings and within the second quarter we closed an underperforming branch to reduce operational costs and we are directing our focus on our new service which will result in improved margins and will be beneficial to our bottom line.

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Six Months Ended September 30, 2024

BALANCE SHEET HIGHLIGHTS

	Q2 2024 $'000	Q2 2023 $'000
CASH & SHORT-TERM DEPOSITS	1,309,883	1,008,327
TOTAL ASSETS	4,147,661	4,094,374
LONG TERM DEBT	866,426	936,757

LFSL has grown its cash and short-term balances over the previous year by over $300 million. There has however been a small decline below the 2023-24 financial year end of $32.4 million. Assets increased over the comparative period but is down by $292 million when compared with the financial year end, largely reflecting the reduction in cash and cash equivalent. Our long-term debt continues to decrease, now reduced to $866.4 million.

Corporate Social Responsibility

We conduct business through multiple communities within Jamaica and appreciate the support for our agent network. In August we partnered with one of our key remittance agents, Berry-Don Company Limited in support of their back-to-school initiative to purchase school supplies for students of Giblatore Primary School in Bog Walk, St. Catherine. In September we supported Merl Grove High School for Girls' Parent Teachers Association (PTA) Welcome and Orientation session for first form students and closed out the quarter by supporting the New Life Primary Preparatory Breakfast programme; LASCO branded grocery items were donated to the school to help provide nutritious meals to the students and the school received three (3) first aid kits, to further assist with providing care for the students on and off school campus.

Outlook

Our year so far has been punctuated with challenges. Management has been responding accordingly, in most cases proactively, to offset the impact of the challenges with growth stimulating services and cost cutting measures. During the quarter just ended we launched our MoneyGram Direct to Card service and are investing heavily to build momentum. We also closed our Montego Bay Branch which was impacting overall returns and expect to see the improvements in our results in coming months.

We thank you all for your continued support and well wishes and look forward to improved outcomes for our 2024-2025 year.

Jacinth Hall-Tracey
MANAGING DIRECTOR

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Six Months Ended September 30, 2024

	Note	UNAUDITED 3 MONTHS ENDED 30 SEPTEMBER 2024 $'000	UNAUDITED 3 MONTHS ENDED 30 SEPTEMBER 2023 $'000	UNAUDITED 6 MONTHS ENDED 30 SEPTEMBER 2024 $'000	UNAUDITED 6 MONTHS ENDED 30 SEPTEMBER 2023 $'000	AUDITED 12 MONTHS ENDED 31 MARCH 2024 $'000
REVENUE						
Income		505,198	540,581	1,017,286	1,079,758	1,998,321
Other income		41,081	35,404	66,106	71,073	199,878
		546,279	575,985	1,083,392	1,150,831	2,198,199
EXPENSES:						
Administrative and other expenses		(314,410)	(311,040)	(609,027)	(639,121)	(1,175,351)
Selling and promotion expenses		(204,707)	(193,938)	(394,869)	(372,620)	(767,191)
		(519,117)	(504,978)	(1,003,896)	(1,011,742)	(1,942,542)
PROFIT FROM OPERATIONS		27,162	71,007	79,495	139,089	255,657
Finance cost		(20,756)	(18,135)	(40,802)	(43,153)	(88,963)
PROFIT BEFORE TAXATION		6,406	52,872	38,694	95,937	166,694
Taxation		(15,050)	(15,685)	(29,542)	(39,933)	(4,720)
NET PROFIT FOR THE PERIOD, BEING		(8,644)	37,187	9,152	56,004	161,974
Weighted average number of shares in issue		1,280,228	1,274,042	1,274,042	1,274,042	1,280,228
Basic Earnings per stock unit	4	($0.0068)	$0.0292	$0.0072	$0.0440	$0.1265

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30th SEPTEMBER 2024

	Note	UNAUDITED SEPTEMBER 2024 $'000	UNAUDITED SEPTEMBER 2023 $'000	AUDITED MARCH 2024 $'000
ASSETS				
Cash and bank balances		1,084,081	724,454	1,077,161
Short term deposits		225,802	283,873	265,110
Loans and other receivables		1,527,365	1,818,119	1,793,836
Taxation recoverable		36,483	50,851	39,097
Deferred tax assets		199,510	126,638	188,575
Intangible assets		837,152	845,025	840,449
Property, plant and equipment		117,884	113,156	109,332
Right-of-use		119,384	132,258	126,762
TOTAL ASSETS		4,147,661	4,094,374	4,440,322
LIABILITIES AND EQUITY				
LIABILITIES:				
Bank Overdraft		238,272	-	350,008
Payables		684,622	856,195	833,055
Taxation		77,184	135,387	88,410
Lease Liability		188,672	195,584	192,101
Loans		677,754	741,173	704,743
		1,866,504	1,928,339	2,168,317
EQUITY:				
Share capital	3	114,536	114,536	114,536
Retained earnings		2,166,621	2,051,499	2,157,469
		2,281,157	2,166,035	2,272,005
TOTAL LIABILITIES AND EQUITY		4,147,661	4,094,374	4,440,322

Approved for issue by the Board of Directors on November 1, 2024 and signed on its behalf by:

Compton Rodney FCA FCCA
Director

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

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED 30th SEPTEMBER 2024

	Share Capital $'000	Share Option Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 April 2023	114,536	-	1,995,495	2,110,031
Total comprehensive income:				
Net profit	-	-	56,004	56,004
Other comprehensive income	-	-	-	-
	-	-	56,004	56,004
Transaction with owners				
Issue of shares	-	-	-	-
Transfer from other reserves	-	-	-	-
Dividends paid	-	-	-	-
	-	-	-	-
Balance at 30 September 2023	114,536	-	2,051,499	2,166,035
Balance at 1 April 2024	114,536	-	2,157,469	2,272,005
Total comprehensive income:				
Net profit	-	-	9,152	9,152
Other comprehensive income	-	-	-	-
	114,536	-	9,152	9,152
Transaction with owners				
Issue of shares	'-	-	-	-
Transfer from other reserves	-	-	-	-
Dividends paid	-	-	-	-
	'-	-	-	-
Balance at 30 September 2024	114,536	-	2,166,621	2,281,157

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2024

	UNAUDITED 6 MONTHS ENDED 30 SEPTEMBER 2024 $'000	UNAUDITED 6 MONTHS ENDED 30 SEPTEMBER 2023 $'000	AUDITED 12 MONTHS ENDED 31 MARCH 2024 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit/(loss)	9,152	56,004	161,974
Items not affecting cash resources:			
Exchange loss/(gain) on foreign balances	4,051	(4,233)	(698)
Depreciation - right-of-use assets	7,378	9,914	15,410
Amortisation of Intangibles	4,629	2,748	9,138
Depreciation	14,505	13,637	19,149
Interest income from loans	(140,742)	(160,234)	(316,887)
Interest income from securities	(17,996)	(20,337)	(38,393)
Interest Income -Other	1,070	(89)	(1,185)
Taxation expense	29,541	39,933	75,409
Deferred taxation	(10,935)	(14,538)	(70,689)
Interest expense	34,557	36,538	75,769
Interest expense - right-of-use assets	6,230	6,614	13,194
Adjustment to Plant, Property & Equipment	-	-	87
Adjustment to Amortisation	-	-	(2,773)
Provision for impaired loss on loan	4,225	10,955	55,704
	(54,334)	(23,089)	(4,791)
Changes in operating assets and liabilities			
Receivables	269,086	(157,946)	(197,628)
Related companies	4,682	1,077	(3,905)
Payables	(172,496)	217,573	230,930
	46,937	37,615	24,606
Interest received onLoans	142,863	147,424	319,137
Interest paid	(10,212)	(9,133)	(2,822)
Taxation paid	(36,843)	(65,546)	(117,450)
Cash provided by operating activities	142,745	110,359	223,471
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received- Securities	17,996	20,426	40,260
Additions to intangible assets	(1,331)	-	(195)
Additions to property, plant and equipment	(23,173)	(13,648)	(22,419)
Proceeds from Disposal of Assets	-	-	8,240
Short term deposits	39,308	436,370	403,664
Cash provided by investing activities	32,801	443,148	429,550
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	(24,345)	(41,109)	(85,501)
Loan Proceeds	10,000	-	
Loan repayments	(36,989)	(483,171)	(520,751)
Lease payments	(9,660)	(9,824)	(19,887)
Cash used in financing activities	(60,994)	(534,104)	(626,139)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	114,551	19,403	26,882
Exchange (loss)/gain on cash balances	4,105	9,331	4,552
Cash and cash equivalents at beginning of period	727,153	695,719	695,719
CASH AND CASH EQUIVALENTS AT END OF PERIOD	845,809	724,453	727,153

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
- A Principal issuer of VISA prepaid Card
- Provision of Ecommerce services through the brand LASCOBiz

(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 of remittance services facilitating the receiving of funds. The subsidiary, however, did not trade during the year.

LASCO Microfinance Limited is a limited liability company 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 of the Microcredit Act 2021 which came into effect on July 30, 2021, LASCO Microfinance is now a licensed Microfinance enterprise approved by the Bank of Jamaica

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, 2024, 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 2024.

3. SHARE CAPITAL:

Authorized –
1,961,200,000 (2023 – 1,961,200,000) Ordinary shares of no par value

	2024 $'000	2023 $'000
Stated capital, issued, and fully paid - 1,280,228 (2023 - 1,280,228) of no-par value	114,536	114,536

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

	2024	2023
Net profit attributable to stockholders	9,152	56,004
Weighted average number of ordinary stock units	1,280,228	1,274,042
Basic earnings per stock unit	$0.0072	$0.0440