



KPMG
Chartered Accountants
The Victoria Mutual Building
6 Duke Street
Kingston
Jamaica, W.I.

P.O. Box 76
Kingston
Jamaica, W.I.
Telephone +1 (876) 922-6640
Fax +1 (876) 922-7198
+1 (876) 922-4500
e-Mail firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of
ACCESS FINANCIAL SERVICES LIMITED

Report on the Financial Statements

We have audited the financial statements of Access Financial Services Limited (the company), set out on pages 3 to 23, which comprise the balance sheet as at December 31, 2009, the statements of comprehensive income, changes in equity and cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and consistently applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



To the Members of
ACCESS FINANCIAL SERVICES LIMITED

Report on the Financial Statements (cont'd)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at December 31, 2009, and of its financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Jamaican Companies Act.

Report on additional requirements of the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, proper returns have been received for branches not visited by us and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner so required.

A handwritten signature in blue ink that reads 'KPMG' with a small flourish underneath.

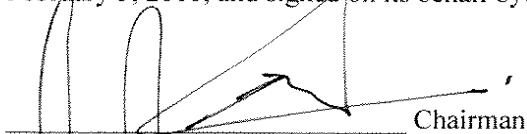
February 5, 2010


ACCESS FINANCIAL SERVICES LIMITED


Balance Sheet
December 31, 2009

	<u>Notes</u>	<u>2009</u>	<u>2008</u>
ASSETS			
Cash and cash equivalents	3	28,824,885	22,620,988
Securities purchased under resale agreements	4	71,758,246	32,000,000
Other accounts receivable		15,248,646	13,701,921
Loans and advances	5	453,784,169	346,533,310
Property, plant and equipment	6(a)	33,036,611	26,153,160
Intangible assets	6(b)	<u>5,828,416</u>	<u>4,218,013</u>
TOTAL ASSETS		<u>\$608,480,973</u>	<u>445,227,392</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Bank overdraft		-	23,757,943
Accounts payable and accruals		20,877,856	11,964,111
Taxation payable		5,748,300	12,494,021
Loans payable	7	308,060,301	276,887,301
Deferred taxation	8	<u>-</u>	<u>5,242,268</u>
Total liabilities		<u>334,686,457</u>	<u>330,345,644</u>
SHAREHOLDERS' EQUITY			
Share capital	9	96,050,714	3,137,255
Retained earnings		<u>177,743,802</u>	<u>111,744,493</u>
Total shareholders' equity		<u>273,794,516</u>	<u>114,881,748</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>\$608,480,973</u>	<u>445,227,392</u>

The financial statements on pages 3 to 23 were approved for issue by the Board of Directors on February 5, 2010, and signed on its behalf by:


 Brian Goldson Chairman


 Marcus James Managing Director


 Gary Peart Director

The accompanying notes form an integral part of the financial statements.

ACCESS FINANCIAL SERVICES LIMITEDStatement of Comprehensive Income
Year ended December 31, 2009

	<u>Notes</u>	<u>2009</u>	<u>2008</u>
OPERATING INCOME			
Interest income from loans	2(p)	294,923,712	220,225,178
Interest income from securities		<u>4,360,565</u>	<u>615,703</u>
Total interest income		299,284,277	220,840,881
Interest expense		(38,115,425)	(28,837,498)
Net interest income		261,168,852	192,003,383
Net fees and commissions as loans		<u>5,734,069</u>	<u>2,423,604</u>
		266,902,921	194,426,987
Other operating income:			
Money services fees and commission		37,763,774	23,695,739
Foreign exchange gains/(losses)		<u>374,829</u>	(272,108)
		<u>38,138,603</u>	<u>23,423,631</u>
		<u>305,041,524</u>	<u>217,850,618</u>
OPERATING EXPENSES			
Staff costs	10	84,183,840	68,074,853
Allowance for credit losses	5(c)	39,212,690	16,182,714
Depreciation and amortisation	6(a),(b)	5,642,842	5,313,783
Other operating expenses		<u>91,252,614</u>	<u>77,125,695</u>
		<u>220,291,986</u>	<u>166,697,045</u>
Profit before taxation	11	84,749,538	51,153,573
Taxation	12	(18,750,229)	(18,279,493)
Profit for the year, being total comprehensive income		<u>\$ 65,999,309</u>	<u>32,874,080</u>
Earnings per share	13	<u>\$ 2.88</u>	<u>1.50</u>

The accompanying notes form an integral part of the financial statements.

ACCESS FINANCIAL SERVICES LIMITEDStatement of Changes in Shareholders' Equity
Year ended December 31, 2009

	<u>Share capital</u> (note 9)	<u>Retained earnings</u>	<u>Total</u>
Balances at December 31, 2007	3,137,255	78,870,413	82,007,668
Profit for the year, being total comprehensive Income	<u>-</u>	<u>32,874,080</u>	<u>32,874,080</u>
Balances at December 31, 2008	3,137,255	111,744,493	114,881,748
Issue of shares, net of transaction costs	92,913,459	-	92,913,459
Profit for the year, being total comprehensive Income	<u>-</u>	<u>65,999,309</u>	<u>65,999,309</u>
Balances at December 31, 2009	<u>\$96,050,714</u>	<u>177,743,802</u>	<u>273,794,516</u>

The accompanying notes form an integral part of the financial statements.

ACCESS FINANCIAL SERVICES LIMITEDStatement of Cash Flows
Year ended December 31, 2009

	<u>Note</u>	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		65,999,309	32,874,080
Adjustments for:			
Depreciation and amortisation	6(a),(b)	5,642,842	5,313,783
Tax expense	12	18,750,229	18,279,493
Increase in allowance for loan losses	5(c)	39,212,690	16,182,714
Interest income		(299,284,277)	(220,840,881)
Interest expense		<u>38,115,425</u>	<u>28,837,498</u>
		(131,563,782)	(119,353,313)
Change in loans and advances		(146,463,549)	(134,735,696)
Change in other accounts receivable		(1,973,849)	(8,146,756)
Changes in loans payable, net		31,173,000	101,615,049
Change in accounts payable		<u>5,843,026</u>	<u>1,998,252</u>
		(242,985,154)	(158,622,464)
Income taxes paid		(30,738,218)	(5,984,361)
Interest received		299,711,401	221,223,274
Interest paid		(35,044,706)	(26,498,608)
Net cash (used)/provided by operating activities		(9,056,677)	<u>30,117,841</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Securities purchased under resale agreements		(39,758,246)	(26,937,071)
Acquisition of property, plant & equipment and intangible assets	6(a),(b)	(14,136,696)	(19,259,635)
Net cash used by investing activities		(53,894,942)	(46,196,706)
CASH FLOW FROM FINANCING ACTIVITY			
Share issue, net of expenses		<u>92,913,459</u>	<u>-</u>
Increase/(decrease) in cash and cash equivalents for the year		29,961,840	(16,078,865)
Cash and cash equivalents at the beginning of the year		(1,136,955)	<u>14,941,910</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR			
		<u>\$ 28,824,885</u>	(1,136,955)
Comprised of:			
Cash and bank balances		28,824,885	22,620,988
Bank overdraft		<u>-</u>	(23,757,943)
		<u>\$ 28,824,885</u>	(1,136,955)

The accompanying notes form an integral part of the financial statements.

ACCESS FINANCIAL SERVICES LIMITEDNotes to the Financial Statements
Year ended December 31, 20091. The company

Access Financial Services Limited (the company) is incorporated and domiciled in Jamaica and its registered office is situated at 41B Half Way Tree Road, Kingston 5, Jamaica, W.I. The company is listed on the Junior Market of the Jamaica Stock Exchange.

The principal activity of the company is retail lending to the micro enterprise sector for personal and business purposes. Funding is provided by financial institutions, government entities and non-governmental organisations.

2. Statement of compliance, basis of preparation and significant accounting policies

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board and comply with the provisions of the Jamaican Companies Act.

Certain new IFRS, and interpretations of and amendments to existing standards which were in issue, came into effect for the current financial year. The standard considered relevant to company is as follows:

- *Revised IAS 1 – Presentation of Financial Statements* requires presentation of all non-owner changes in equity either in a single statement of comprehensive income, or in an income statement and a statement of comprehensive income. Revised IAS 1 also requires that a statement of financial position must be presented at the beginning of the comparative period when the entity restates the comparatives, a disclosure for reclassification adjustments and a disclosure of dividends and related per share amounts to be disclosed on the face of the statement of changes in equity or in the notes to the financial statements. IAS 1, effective for accounting periods beginning on or after January 1, 2009, was considered in preparing these financial statements.

At the date of authorisation of the financial statements the following new standards, amendments to standards and interpretations, which were in issue, are not yet effective and have not been adopted early. Those standards and interpretations are effective for the accounting periods beginning on or after the dates indicated below:

- *IFRS 9, Financial Instruments* (effective January 1, 2013) introduces new requirements for classifying and measuring financial assets. The standard also amends some of the requirements of *IFRS 7 Financial Instruments: Disclosures* including added disclosures about investments in equity instruments designated as fair value through other comprehensive income.

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2009

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd):

- *IAS 24, Related Party Disclosure, revised* (effective January 1, 2011) introduces changes to the related party disclosure requirements for government-related entities and amends the definition of a related party. The standard also expands the list of transactions that require disclosure.

The adoption of IFRS 9, and IAS 24 revised is expected to result in adjustments and additional disclosures to the financial statements. Management has not completed its evaluation of the impact of adopting these standards on the financial statements.

(b) Basis of preparation:

The financial statements are prepared under the historical cost basis.

(c) Functional and presentation currency:

These financial statements are presented in Jamaica dollars (\$), which is the company's functional currency.

(d) Use of estimates and judgements:

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, contingent assets and contingent liabilities at the balance sheet date and the income and expenses for the year then ended. Actual amounts could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2009

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(d) Use of estimates and judgements (cont'd):

Allowance for impairment losses on loan receivables:

In determining amounts recorded for impairment losses in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators to suggest a potential measurable decrease in the estimated future cash flows from loan receivables, for example, because of default or adverse economic conditions. Management makes estimates of the likely estimated future cash flows from impaired receivables as well as the timing of such cash flows.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and comply in all material respects with IFRS.

(e) Property, plant and equipment and intangible assets:

- (i) Items of property, plant and equipment, and intangible asset are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

- (ii) Depreciation is recognised in profit or loss on the straight-line basis, over the estimated useful lives of property, plant and equipment. The depreciation rates are as follows:

Furniture and fixtures	10%
Leasehold improvement	10%
Computer equipment	20%
Motor vehicle	25%
Computer software	<u>20%</u>

Depreciation methods, useful lives and residual values are reassessed at each balance sheet date.

ACCESS FINANCIAL SERVICES LIMITEDNotes to the Financial Statements (Continued)
Year ended December 31, 20092. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(f) Securities purchased under resale agreements:

Securities purchased under resale agreements are short-term transactions whereby the company buys securities and simultaneously agrees to resell the securities on specified dates and at specified prices. Resale agreements are accounted for as short-term collateralised lending and measured at amortised cost. Interest is recognised in the statement of comprehensive income over the life of each agreement using the effective interest rate method.

(g) Loans:

Loans are stated at amortised cost, net of any unearned income and impairment losses, if any.

(h) Allowance for loan losses:

The company maintains an allowance for credit losses, which in management's opinion, is adequate to absorb credit related losses in its portfolio. This consists of specific provisions established as a result of reviews of individual loans and is based on an assessment which takes into consideration factors including collateral held and business and economic conditions.

(i) Accounts receivable:

Accounts receivable are stated at amortised cost less impairment losses, if any.

(j) Accounts payable:

Trade and other payables are stated at amortised cost.

(k) Provisions:

A provision is recognised if, as a result of a past event, the company has a legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risk specific to the liability.

(l) Borrowings:

Borrowings are recognised initially as the proceeds received net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method with any difference between proceeds net of transaction costs, and the redemption value recognised in income along with regular interest charges over the period of the borrowings.

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2009

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(m) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributed to the issue of ordinary shares are recognised as a deduction from equity.

(n) Impairment:

(i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows from that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

(ii) Non-financial assets:

The carrying amounts of the company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash inflows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(o) Foreign currencies:

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of those transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Jamaica dollars at the exchange rate at that date. Gains and losses arising from fluctuations in exchange rates are recognised in the statement of comprehensive income.

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2009

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(p) Financial instruments:

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. The company's financial instruments comprise cash and cash equivalents, resale agreements, loans and advances, other receivables, accounts payable and loans payable.

A financial instrument is recognised if the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the company's rights to the cash flows from the financial assets expire or if the company transfers the financial asset to another party without retaining substantial risks and rewards of the asset. Purchases and sales of financial assets are accounted for at trade date, i.e., the date that the company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the company's obligations specified in the contract expire or are discharged or cancelled.

(q) Revenue recognition:

Interest income is recognised on the accrual basis, by reference to the principal outstanding and the interest rate applicable, to produce the effective interest over the life of the loan.

(r) Interest expense:

Interest expense comprise interest payable on borrowings calculated using the effective interest method.

(s) Operating leases:

Leases where a significant portion of the risks and rewards of ownership are retained by the legal owner are classified as operating leases. Payments under operating leases are charged to the income statement on the straight line basis over the period of the leases.

(t) Employee benefits:

Employee benefits include current or short-term benefits such as salaries, statutory contributions paid, annual vacation and sick leave, and non-monetary benefits such as medical care and housing.

The company operates a defined-contribution pension scheme for the benefit of qualifying employees. The scheme is administered by Mayberry Investments Limited. Contributions to the scheme, made on the basis provided for in the rules, are recognised as expense when due.

ACCESS FINANCIAL SERVICES LIMITEDNotes to the Financial Statements (Continued)
Year ended December 31, 20092. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(u) Income tax expense:

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity, in which case it is charged or credited to equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted at balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be received.

(v) Determination of fair value:

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. Some financial instruments lack an available trading market. These instruments have been valued using present value or other valuation techniques and the fair value shown may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments.

3. Cash and cash equivalents

	<u>2009</u>	<u>2008</u>
Short-term deposits	74,086	74,086
Cash at bank	<u>28,750,799</u>	<u>22,546,902</u>
	<u>\$28,824,885</u>	<u>22,620,988</u>

The weighted average interest rate on short-term deposits was 7.85% (2008: 11.5%).

4. Securities purchased under resale agreements

The fair values of the underlying collateral of securities purchased under resale agreements approximate their carrying value.

ACCESS FINANCIAL SERVICES LIMITEDNotes to the Financial Statements (Continued)
Year ended December 31, 20095. Loans and advances

Analysis of loan by class of business and sector are as follows:

	<u>2009</u>	<u>2008</u>
Person loans	<u>372,523,173</u>	<u>316,128,070</u>
Business loans		
Agriculture	7,206,235	2,042,563
Services	32,572,889	12,597,900
Trading	59,211,572	37,111,353
Manufacturing	7,369,761	1,782,016
Other	<u>1,522,192</u>	<u>6,012,158</u>
	<u>107,882,649</u>	<u>59,545,990</u>
	<u>\$480,405,822</u>	<u>375,674,060</u>

(a) Loans and advances are comprised of and mature as follows:

<u>Remaining term to maturity</u>	<u>2009</u>	<u>2008</u>
Due within 1 month	227,905,648	76,770,837
1 to 3 months	34,943,560	37,414,107
3 to 12 months	98,361,619	112,151,758
Over 12 months	<u>119,194,995</u>	<u>149,337,358</u>
Gross loans and advances	480,405,822	375,674,060
Less: Allowance for loan losses	(<u>26,621,653</u>)	(<u>29,140,750</u>)
	<u>\$453,784,169</u>	<u>346,533,310</u>

(b) Impairment losses on loans and advances

The ageing of loans and advances and the related impairment allowances at the reporting date were as follows:

	<u>2009</u>		<u>2008</u>	
	<u>Gross</u>	<u>Impairment</u>	<u>Gross</u>	<u>Impairment</u>
Current	415,650,448	-	76,770,837	-
1 to 3 months past due	52,006,086	13,872,365	37,414,107	-
3 to 12 months past due	12,749,288	12,749,288	112,151,758	4,202,108
Over 12 months past due	-	-	<u>149,337,358</u>	<u>24,938,642</u>
	<u>\$480,405,822</u>	<u>26,621,653</u>	<u>375,674,060</u>	<u>29,140,750</u>

No impairment allowance has been made for loans that are not past due and there were no loans renegotiated during the year.

ACCESS FINANCIAL SERVICES LIMITEDNotes to the Financial Statements (Continued)
Year ended December 31, 20095. Loans and advances (cont'd)

(c) Specific allowances for loan losses:

	<u>2009</u>	<u>2008</u>
Balance at beginning of year	29,140,750	12,958,036
Allowance made during the year	39,212,690	16,182,714
Loans written off during the year	(41,731,787)	-
Balance at the end of the year	<u>\$ 26,621,653</u>	<u>29,140,750</u>

6. Property, plant and equipment and intangible asset

(a) Property, plant and equipment:

	<u>Leasehold improvements</u>	<u>Computer equipment</u>	<u>Furniture & fixtures</u>	<u>Motor vehicles</u>	<u>Total</u>
Cost:					
December 31, 2007	3,848,411	2,384,077	4,703,788	4,059,500	14,995,776
Additions	<u>8,115,697</u>	<u>5,029,662</u>	<u>4,495,637</u>	-	<u>17,640,996</u>
December 31, 2008	11,964,108	7,413,739	9,199,425	4,059,500	32,636,772
Additions	<u>3,756,589</u>	<u>2,693,975</u>	<u>4,775,104</u>	<u>110,000</u>	<u>11,335,668</u>
December 31, 2009	<u>15,720,697</u>	<u>10,107,714</u>	<u>13,974,529</u>	<u>4,169,500</u>	<u>43,972,440</u>
Depreciation:					
December 31, 2007	294,503	1,642,436	658,371	180,302	2,775,612
Charge for the year	<u>923,473</u>	<u>1,084,391</u>	<u>685,261</u>	<u>1,014,875</u>	<u>3,708,000</u>
December 31, 2008	1,217,976	2,726,827	1,343,632	1,195,177	6,483,612
Charge for the year	<u>1,142,593</u>	<u>1,399,618</u>	<u>878,262</u>	<u>1,031,744</u>	<u>4,452,217</u>
December 31, 2009	<u>2,360,569</u>	<u>4,126,445</u>	<u>2,221,894</u>	<u>2,226,921</u>	<u>10,935,829</u>
Net book values:					
December 31, 2009	<u>\$13,360,128</u>	<u>5,981,269</u>	<u>11,752,635</u>	<u>1,942,579</u>	<u>33,036,611</u>
December 31, 2008	<u>\$10,746,132</u>	<u>4,686,912</u>	<u>7,855,793</u>	<u>2,864,323</u>	<u>26,153,160</u>

ACCESS FINANCIAL SERVICES LIMITEDNotes to the Financial Statements (Continued)
Year ended December 31, 20096. Property, plant and equipment and intangible asset (cont'd)

(b) Intangible assets:

This comprises acquired computer software as follows:

	<u>2009</u>	<u>2008</u>
Cost:		
At beginning of the year	7,418,206	5,799,567
Additions	<u>2,801,028</u>	<u>1,618,639</u>
At end of the year	<u>10,219,234</u>	<u>7,418,206</u>
Amortisation:		
At beginning of the year	3,200,193	1,594,410
Charge for the year	<u>1,190,625</u>	<u>1,605,783</u>
At end of the year	<u>4,390,818</u>	<u>3,200,193</u>
Net book value	<u>\$ 5,828,416</u>	<u>4,218,013</u>

7. Loans payable

(a) Loans are comprised as follows:

	<u>2009</u>	<u>2008</u>
Director's loan [see note (i)]	51,892,183	50,527,763
Mayberry Investments Limited [see note (i)]	2,174,463	84,854,436
Development Options Limited [see note (ii)]	115,609,254	93,866,315
Pan Caribbean Merchant Bank [see note (iii)]	70,519,950	41,632,414
National Insurance Fund [see note (iv)]	24,671,544	9,850,649
Development Bank of Jamaica [see note (v)]	<u>47,244,570</u>	<u>-</u>
	312,111,964	280,731,577
Less: Unamortised transaction costs	(4,051,663)	(3,844,276)
	<u>\$308,060,301</u>	<u>276,887,301</u>

- (i) This represents funds drawn down from a \$100 million line of credit, established by Mayberry Investments Limited (MIL) and a director. Interest is paid at 22% (2008: 18%) per annum on the Jamaican dollar loan and 11% on the US dollar loan. Interest is due monthly. The facility is renewable annually. These loans are unsecured.
- (ii) This loan attracts interest at 9% per annum and repayable within nine to fifteen months. The available line of credit is \$115 million, of which \$80 million is unsecured and \$35 million is secured by guarantee from MIL.

ACCESS FINANCIAL SERVICES LIMITEDNotes to the Financial Statements (Continued)
Year ended December 31, 20097. Loans payable (cont'd)

(a) Loans are comprised as follows (cont'd):

- (iii) This loan attracts interest at 9% per annum and is secured by promissory notes and letter of commitment executed by the borrower under seal. The available line of credit is \$80 million.
- (iv) This is part of a facility of \$40 million. Advances bear interest at 4% and are repayable quarterly over 48 months. The facility expires on April 30, 2012 and is secured by the assignment of loans made to customers.
- (v) This loan bears interest at 12% and is repayable quarterly over six months. This loan is secured by a lien on all deposits made and collected in jointly held current and savings accounts. The available line of credit is \$75 million.

	<u>2009</u>	<u>2008</u>
Within 1 month	31,644,488	2,161,811
1 to 3 months	70,153,164	46,112,759
3 to 12 months	<u>105,812,405</u>	<u>96,890,545</u>
	207,610,057	145,165,115
Over 12 months	<u>104,501,907</u>	<u>135,566,462</u>
	<u>\$312,111,964</u>	<u>280,731,577</u>

8. Deferred taxation

	<u>2007</u>	Recognised in income	<u>2008</u>	Recognised in income	<u>2009</u>
Property, plant and equipment	(1,161,162)	2,202,567	1,041,405	(1,041,405)	-
Interest receivable	6,953,007	(1,654,573)	5,298,434	(5,298,434)	-
Interest payable	(932,072)	(165,499)	(1,097,571)	<u>1,097,571</u>	-
	<u>\$4,859,773</u>	<u>382,495</u>	<u>5,242,268</u>	<u>(5,242,268)</u>	<u>-</u>

9. Share capital2009 2008

Authorised share capital: 35,000,000 (2008: 3,137,255) shares

Stated capital, issued and fully paid:

1,600,000 "A" ordinary shares	-	1,600,000
1,537,255 "B" ordinary shares	-	1,537,255
27,450,984 ordinary shares	103,148,458	-
Less: Transaction costs of share issue	(7,097,744)	-
	<u>\$ 96,050,714</u>	<u>3,137,255</u>

On September 23, 2009 the company unanimously passed the following resolutions as written resolutions of the company in accordance with Article 85 of the Articles of Incorporation of the company:

- (a) That each of the existing ordinary class A and B shares in the capital of the company be divided into 7 ordinary shares.
- (b) That the authorised share capital of the company be increased from 3,137,355 to 35,000,000 shares.

ACCESS FINANCIAL SERVICES LIMITEDNotes to the Financial Statements (Continued)
Year ended December 31, 200910. Staff costs

	<u>2009</u>	<u>2008</u>
Wages, salaries and statutory contributions	62,752,390	48,255,210
Pension contributions	525,729	500,927
Other staff benefits	<u>20,905,721</u>	<u>19,318,716</u>
	<u>\$84,183,840</u>	<u>68,074,853</u>

11. Profit before taxation

(a) The following have been charged in arriving at the profit before taxation:

	<u>2009</u>	<u>2008</u>
	\$	\$
Auditors' remuneration:		
Current year	3,100,000	2,200,000
Prior period	300,000	300,000
Depreciation and amortisation	5,524,714	5,313,783
Directors' emoluments	<u>6,134,750</u>	<u>5,383,000</u>

(b) During the prior year, the company suffered losses of cash balances in its cambio operations amounting to \$17,408,048, after insurance recoveries of \$2,500,000. The net effect of the losses was recognised in the income statement.

12. Taxation

(a) Taxation for the year comprises:

	<u>2009</u>	<u>2008</u>
Current tax expense	23,977,648	17,896,998
Prior year under provision	14,849	-
Deferred tax arising from temporary differences	<u>(5,242,268)</u>	<u>382,495</u>
	<u>\$18,750,229</u>	<u>18,279,493</u>

(b) Reconciliation of actual tax expense:

	<u>2009</u>	<u>2008</u>
Profit before tax	<u>\$84,749,538</u>	<u>51,153,573</u>
Expected tax expense @ 33 $\frac{1}{3}$ %	28,249,846	17,051,191
Adjusted for difference in treatment of:		
Depreciation and capital allowances	(693,614)	1,603,941
Other	1,327,731	(375,639)
Prior period under provision	<u>14,849</u>	<u>-</u>
	28,898,712	18,279,493
Adjustment for the effect of tax remission:		
Current tax	(4,906,215)	-
Deferred tax	<u>(5,242,268)</u>	<u>-</u>
	<u>\$18,750,229</u>	<u>18,279,49</u>

ACCESS FINANCIAL SERVICES LIMITEDNotes to the Financial Statements (Continued)
Year ended December 31, 200912. Taxation (cont'd)

(c) Remission of income tax:

The company's shares were listed on the Jamaica Stock Exchange Junior Market, effective October 30, 2009. Consequently, the company is entitled to a remission of taxes for ten (10) years in the proportions set out below, provided the shares remain listed for at least 15 years:

Year 1 to 5	100%
Years 5 to 6	50%

The financial statements have been prepared on the basis that the company will have the full benefit of the tax remissions.

13. Earnings per share

This is computed by dividing the profit for the year by the weighted average number of shares in issue for the year of 22,893,367 (2008: 21,960,785). The weighted average number of shares for both years reflects the 7:1 split in the number of shares in issue up to September 23, 2009.

14. Related party balances and transactions

Significant related party balances and transactions were as follows:

(a) Balances

	<u>2009</u>	<u>2008</u>
Advances to key management personnel	\$ <u>387,472</u>	<u>387,472</u>
Due to related parties:		
Mayberry Investments Limited	2,184,951	84,854,436
Director	<u>52,371,887</u>	<u>50,527,763</u>
	<u>\$54,556,838</u>	<u>135,382,199</u>
Due from related parties:		
Mayberry Investments Limited	\$ <u>268,307</u>	<u>-</u>
Accounts payable:		
Director	\$ <u>1,000,000</u>	<u>-</u>

(b) Transactions:

	<u>2009</u>	<u>2008</u>
	\$	\$
Compensation for key management (including director):		
Short-term benefits	6,134,750	5,383,000
Pension contributions	201,429	167,678
Operating lease expenses	<u>5,253,167</u>	<u>8,388,288</u>

ACCESS FINANCIAL SERVICES LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2009

15. Financial instruments

(a) Financial instrument risks:

The company has exposure to the following financial risks from its use of financial instruments and its insurance contracts:

- Credit risk
- Liquidity risk
- Market risk

(i) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The company monitors its credit risk by evaluating applicants for credit before disbursement and by reviewing its loan portfolio with a view to controlling its credit risk. Collateral is obtained for business loans and certain personal loans are collected through salary deductions by employers of the borrowers. Cash and cash equivalents, and securities purchased under resale agreements are held with substantial financial institutions, which are considered to present minimal risk of default.

The carrying amount of financial assets represents the maximum credit exposure. The company has some degree of credit risk concentration associated with loans receivable, as the company's loan portfolio includes micro-business and personal loans. There are no significant balances with any single entity or group of entities. There was no individual loan balance that exceeded 10% of the total loans owing to the company at balance sheet date.

Securities purchased under resale agreements represent contracts with a single related financial institution.

The maximum exposure to credit risk at the reporting date was:

	<u>2009</u>	<u>2008</u>
Cash & cash equivalents	28,824,885	22,620,988
Securities purchased under resale agreements	71,758,246	32,000,000
Loans and advances	453,784,169	346,533,310
Other accounts receivable	<u>15,248,646</u>	<u>13,701,921</u>
	<u>\$569,615,946</u>	<u>414,856,219</u>

ACCESS FINANCIAL SERVICES LIMITEDNotes to the Financial Statements (Continued)
Year ended December 31, 200915. Financial instruments (cont'd)

(a) Financial instrument risks (cont'd):

(ii) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. Prudent liquidity risk management implies maintaining sufficient cash resources and marketable securities, and the availability of funding through an adequate amount of committed facilities.

The company manages this risk by maintaining a substantial portion of its financial assets in liquid form and by maintaining committed lines of credit to finance its operations.

The following are the contractual maturities of financial liabilities, including interest payments:

	2009					
	<u>Carrying amount</u>	<u>contractual cash flows</u>	<u>less than 3 months</u>	<u>3 to 12 months</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>
	\$	\$	\$	\$	\$	\$
Loans payable	(308,060,301)	(339,781,423)	(112,047,563)	(120,193,738)	(93,241,144)	(14,298,978)
Accounts payable & provisions	(20,877,856)	(20,877,856)	(20,877,856)	-	-	-
	<u>(328,938,157)</u>	<u>(360,659,279)</u>	<u>(132,925,419)</u>	<u>(120,193,738)</u>	<u>(93,241,144)</u>	<u>(14,298,978)</u>
	2008					
	<u>Carrying amount</u>	<u>contractual cash flows</u>	<u>less than 3 months</u>	<u>3 to 12 months</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>
	\$	\$	\$	\$	\$	\$
Bank overdraft	(23,757,943)	(23,757,943)	(23,757,943)	-	-	-
Loans payable	(276,887,301)	(325,558,044)	(59,415,669)	(118,761,376)	(79,486,898)	(67,894,101)
Accounts payable & provisions	(11,964,111)	(11,964,111)	(11,964,111)	-	-	-
	<u>(312,609,355)</u>	<u>(361,280,098)</u>	<u>(95,137,723)</u>	<u>(118,761,376)</u>	<u>(79,486,898)</u>	<u>(67,894,101)</u>

(iii) Market risk:

Market risk is the risk that changes in market prices, such as interest rate, foreign exchange rates and equity prices will affect the value of the company's assets, the amount of its liabilities and/or the company's income. Market risk arises from fluctuations in the value of liabilities and the value of investments held. The company is exposed to market risk on certain of its financial assets. There is no significant exposure to foreign currency risk or equity price risk. Derivative financial instruments are not used to reduce exposure market risk.

ACCESS FINANCIAL SERVICES LIMITEDNotes to the Financial Statements (Continued)
Year ended December 31, 200915. Financial instruments (cont'd)

(a) Financial instrument risks (cont'd):

(iii) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk is affected where there is a mismatch between interest earning assets and interest bearing liabilities, which are subject to interest rate adjustment within a specified period. The company manages this risk by maintaining a portfolio of interest earning assets that exceeds interest-bearing liabilities. Loans are advanced for relatively short period.

At the reporting date the interest profile of the company's interest bearing financial instruments was:

	<u>Carrying amount</u>	
	<u>2009</u>	<u>2008</u>
Fixed rate instruments:		
Financial assets	525,542,415	378,733,310
Financial liabilities	(308,060,301)	(276,887,301)
	<u>217,482,114</u>	<u>101,846,009</u>

*Interest rate sensitivity**Fair value sensitivity analysis for fixed rate instruments*

The company does not account for any fixed rate financial assets and liabilities at fair value and all its financial instruments are carried at amortised cost. Therefore, a change in interest rates at the reporting date would not affect profit for the year or equity.

Cash flow sensitivity of variable rate financial instruments

The company does not hold any variable rate instruments that are subject to material changes in interest rate. Therefore, a change in market interest rates at the reporting date would not affect profit or equity.

ACCESS FINANCIAL SERVICES LIMITEDNotes to the Financial Statements (Continued)
Year ended December 31, 20095. Financial instruments (cont'd)

(b) Fair value of financial instruments:

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet as follows:

	<u>2009</u>		<u>2008</u>	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
Cash & cash equivalents	28,824,885	28,824,885	22,620,988	22,620,988
Securities purchased under resale agreements	71,758,246	71,758,246	32,000,000	32,000,000
Loans and advances	453,784,169	453,784,169	346,533,310	346,533,310
Other accounts receivable	15,248,646	15,248,646	13,701,921	13,701,921
Bank overdraft	-	-	(23,757,943)	(23,757,943)
Accounts payable & provisions	(20,877,856)	(20,877,856)	(11,964,111)	(11,964,111)
Loans payable	(308,060,301)	(308,060,301)	(276,887,301)	(276,887,301)
	<u>\$240,677,789</u>	<u>240,677,789</u>	<u>102,246,864</u>	<u>102,246,864</u>

16. Capital management

The company manages capital adequacy by retaining earnings from past profits and by managing the returns on borrowed funds to protect against losses on its core business, so as to be able to generate an adequate level of return for its shareholders. The company is required to meet the capital requirement of at least \$50,000,000 for listing on the Jamaica Stock Exchange Junior Market. There was no other externally imposed capital requirements and no change in the company's capital management process during the year.

17. Lease commitments

Operating lease commitments, which are subject to formally agreed terms at year end expire as follows:

	<u>2009</u>	<u>2008</u>
Within 1 year	17,548,307	8,388,288
Subsequent years (2-5)	<u>35,763,637</u>	<u>20,000,000</u>
	<u>\$53,311,944</u>	<u>28,388,288</u>