



**SECOND QUARTER**  
UNAUDITED FINANCIAL REPORT  
**SEPTEMBER 2016**



# Director's Statement

On behalf of the Board of Directors of Access Financial Services Limited we are pleased to present the unaudited financial statements of the company for the six month period ended 30 September 2016.

## Overview

Access Financial Services Limited recorded Net profit after tax of \$207 million for the quarter ending September 30, 2016. Compared to the Net profit of \$107 million for the corresponding period ended September 30, 2015, this represents an increase of 95% and an increase in return on average equity of 28%.

The Asset base of the company grew by \$397 million which represents a 17% increase over the comparative period. Our results continue to be driven by our continued focus on improving our product offerings to the business sector with specific emphasis on the small and medium size entities (SME's) and overall improving financial inclusion in the micro sector.

<b>FINANCIAL STATEMENT HIGHLIGHTS</b>	<b>Sep 2016 Quarter</b>	<b>Sep 2015 Quarter</b>	<b>Sep 2016 YTD</b>	<b>Sep 2015 YTD</b>	<b>% Change QoQ</b>	<b>% Change YoY</b>
<b>OPERATING RESULTS (INCOME STATEMENT DATA):</b>						
Net Profit After Tax - J\$ millions	207	107	353	221	95%	60%
<b>FINANCIAL POSITION &amp; STRENGTH (BALANCE SHEET DATA):</b>						
Loans & Advances - J\$ billions	2.42	1.95	2.42	1.95	24%	24%
Total Assets - J\$ billions	2.77	2.37	2.77	2.37	17%	17%
Stockholder's Equity - J\$ billions	1.48	1.05	1.48	1.05	41%	42%
<b>KEY PERFORMANCE HIGHLIGHTS:</b>						
Annualized return on average stockholder's Equity (ROE)	66%	48%	28%	56%	49%	15%
Earnings per stock unit (EPS) - J\$	\$0.76	\$0.39	\$1.29	\$0.81	95%	60%
Productivity Ratio	41%	62%	45%	60%	(34%)	(25%)

## Income Statement

Net operating income for the quarter ended September 2016 amounted to \$207 million, an increase of \$101 million, or approximately 95%, when compared to corresponding 2015 period. Income from loans increased by \$47 million or 18% to \$318 million. Net fees and commission income decreased by \$17 million or 28% due to one off income earned on portfolio purchased in the prior period.

Operating expenses for the quarter decreased by 26% or \$52 million when compared to the corresponding period ended September 2015 as a result of the write-back of provision based on portfolio risk assessment. These reductions were netted against slight increases in staff cost and other operating expenses which was due primarily to administrative cost associated with the growth of the business.





Net profit after tax for the quarter ended September 2016 increased by approximately \$101 million or 95%. This resulted in Earnings per share for the quarter of \$0.76 compared to \$0.39 for the comparative 2015 period.

### Balance Sheet

The net loan portfolio continues to show robust growth, with an increase of \$469 million or 24% for the quarter under review; moving to \$2.42 billion from \$1.95 billion for the corresponding 2015 period. This resulted in a positive movement of Total assets as at September 2016 to \$2.77 billion, an increase of 17%. Total liabilities decreased by \$38 million or 3% due to net movement on loans.

## UnAudited Statement of Profit and Loss and Other Comprehensive Income For The Six Months Ended September 30, 2016 (Expressed in Thousands of Jamaican dollars)

	Quarter ended Sept.		6 Months Ended Sept.		Year Ended
	2016	2015	2016	2015	March 2016
<b>Operating Income</b>					
Interest Income from Loans	318,109	270,754	618,729	542,214	1,339,795
Securities	1,589	1,342	3,465	2,694	8,814
<b>Total Interest Income</b>	<b>319,698</b>	<b>272,096</b>	<b>622,194</b>	<b>544,908</b>	<b>1,348,609</b>
Interest Expense	(33,688)	(21,356)	(55,136)	(34,583)	(89,288)
<b>Net Interest Income</b>	<b>286,010</b>	<b>250,740</b>	<b>567,058</b>	<b>510,325</b>	<b>1,259,321</b>
Fee and Commission Income	43,012	59,793	71,903	81,219	192,129
<b>Total Trading Income</b>	<b>329,022</b>	<b>310,533</b>	<b>638,961</b>	<b>591,544</b>	<b>1,451,450</b>
<b>Other Operating Income</b>					
Money Services	598	698	1,189	1,482	3,356
Foreign exchanges losses/gains	4,752	(102)	12,655	(110)	-
Other Income	27,784	9,101	34,771	28,848	15,936
	33,134	9,697	48,615	30,220	19,292
<b>Net Operating Income</b>	<b>362,156</b>	<b>320,230</b>	<b>687,576</b>	<b>621,764</b>	<b>1,470,742</b>
<b>Operating Expenses</b>					
Staff Costs	71,762	62,153	135,856	124,608	323,657
Allowances for credit losses	(6,185)	73,760	37,129	127,549	213,349
Depreciation and amortization	5,644	7,500	10,910	14,450	37,287
Marketing Expenses	4,396	4,801	11,135	10,058	42,300
Other Operating Expenses	71,720	50,735	114,524	95,035	186,439
	<b>147,337</b>	<b>198,949</b>	<b>309,554</b>	<b>371,700</b>	<b>803,032</b>
<b>Profit before taxation</b>	<b>214,819</b>	<b>121,281</b>	<b>378,022</b>	<b>250,064</b>	<b>667,710</b>
Taxation	7,769	14,744	25,339	29,497	67,829
<b>Net profit for the period, being total comprehensive income</b>	<b>207,050</b>	<b>106,537</b>	<b>352,683</b>	<b>220,567</b>	<b>599,881</b>
<b>EARNINGS PER STOCK UNIT</b>	<b>\$0.76</b>	<b>\$0.39</b>	<b>\$1.29</b>	<b>\$0.81</b>	<b>\$2.19</b>



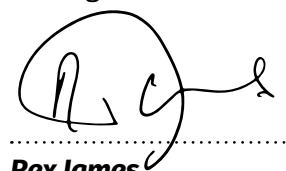
## UnAudited Statement of Financial Position

For The Six Months Ended September 30, 2016

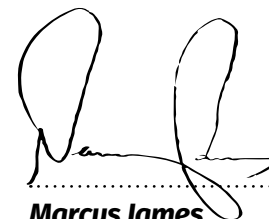
(Expressed in Thousands of Jamaican dollars)

	Sept. 2016	Sept. 2015	March 2016
<b>ASSETS</b>			
Cash and cash equivalents	249,331	320,137	352,839
Financial Investments	2,013	2,013	2,013
Goodwill	21,354	-	-
Other Receivables	20,103	42,035	37,019
Loans and advances	2,416,895	1,947,771	2,105,123
Property, plant and equipment	55,308	54,070	52,186
Intangible Assets	518	5,500	3,501
Deferred Tax Assets	4,261	1,207	4,261
<b>TOTAL ASSETS</b>	<b>2,769,783</b>	<b>2,372,733</b>	<b>2,556,942</b>
<b>LIABILITIES</b>			
Accounts payables	225,852	203,921	220,983
Loan Payable	734,921	831,003	1,028,966
Project advance	95,153	42,620	75,861
9% unsecured Notes	199,849	199,849	-
Taxation Payable	32,675	48,400	14,639
<b>Total Liabilities</b>	<b>1,288,450</b>	<b>1,325,793</b>	<b>1,340,449</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	96,051	96,051	96,051
Retained Earnings	1,385,282	950,889	1,120,442
<b>Total Stockholders' Equity</b>	<b>1,481,333</b>	<b>1,046,940</b>	<b>1,216,493</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>	<b>2,769,783</b>	<b>2,372,733</b>	<b>2,556,942</b>

Approved for issue by the Board of Directors on October 21, 2016 and signed on its behalf by:



**Rex James**  
Chairman



**Marcus James**  
Chief Executive Officer



## UnAudited Statement of Cash Flows

For The Six Months Ended September 30, 2016

(Expressed in Thousands of Jamaican dollars)

	Year-to- Date ended Sept. 2016	Year-to- Date ended Sept. 2015	15 Month Period Ended March 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net Profit	352,683	220,567	599,881
<b>Items not affecting cash resources:</b>			
Exchange loss/(gains) on foreign balances	12,655	(110)	4,618
Depreciation and Amortization	10,910	14,450	37,287
Increase in allowance for loan losses	37,129	127,549	213,349
Interest Income	(622,194)	(542,214)	(1,348,609)
Interest expense	55,136	34,584	89,288
Taxation	25,339	29,497	70,883
Deferred tax	-	-	(3,055)
Gains on purchase of portfolios	-	-	-
	(128,342)	(115,677)	(336,356)
<b>Changes in operating assets and liabilities</b>			
Loans and advances	(311,772)	(585,046)	(1,233,207)
Other accounts receivable	16,915	(9,367)	(20,868)
Advance payments - Loans	(4,169)	9,345	-
Loans payable, Net	(94,196)	792,594	708,606
Accounts payable	9,039	(401,128)	54,194
	<b>(512,525)</b>	<b>(309,279)</b>	<b>(827,633)</b>
Interest received	607,089	542,214	1,348,277
Interest paid	(51,472)	(34,584)	(87,748)
Taxation paid	(7,304)	1,271	(62,196)
Cash provided by operating activities	<u>35,788</u>	<u>199,622</u>	<u>370,700</u>

	Year-to- Date ended Sept. 2016	Year-to- Date ended Sept. 2015	15 Month Period Ended March 2016
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Acquisition of property, Plant and Equipment	(11,049)	(93)	(26,240)
Leasehold Improvement		9,800	9,800
Purchased Goodwill	(21,354)		
<b>Cash used in investing activities</b>	<b>(32,403)</b>	<b>9,707</b>	<b>(16,440)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Project advance	(19,292)	37,697	66,068
Dividends paid	(87,843)	(74,118)	(195,476)
<b>Cash used in financing activities</b>	<b>(107,135)</b>	<b>(36,421)</b>	<b>(129,408)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS FOR THE PERIOD/ YEAR</b>			
	<b>(103,750)</b>	<b>172,908</b>	<b>224,852</b>
Exchange gain on foreign cash balances	242	-	118
Cash and cash equivalents at the beginning of the year	352,839	147,229	127,869
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD/ YEAR</b>	<b>249,331</b>	<b>320,137</b>	<b>352,839</b>

## UnAudited Statement of Changes in Equity

For The Six Months Ended September 30, 2016

(Expressed in Thousands of Jamaican dollars)

	Share Capital	Retained Earnings	Total
<b>Balance as at 1 April 2015</b>	96,051	804,440	900,491
<b>Total Comprehensive Income:</b>	-		
Net Profit	-	220,567	220,567
<b>Transaction with Owners:</b>	-		
Dividends Paid	-	(74,118)	(74,118)
<b>Balance as at 30 September 2015</b>	<b>96,051</b>	<b>950,889</b>	<b>1,046,940</b>
<b>Balance as at 1 April 2016</b>	96,051	1,120,442	1,216,492
<b>Total Comprehensive Income:</b>			
Net Profit	-	352,683	352,683
<b>Transaction with Owners:</b>	-		
Dividends Paid	-	(87,843)	(87,843)
<b>Balance as at 30 September 2016</b>	<b>96,051</b>	<b>1,385,282</b>	<b>1,481,333</b>

## Note to the Financial Statements

### 1. Identification and Principal Activities

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 company changed its year end from 31 December to 31 March with effect from 31 March 2016.

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 organizations. The company also operates a money services division and offers bill payment services.

### 2. Statement of Compliance and Basis of Preparation Interim Financial Reporting

The condensed interim financial statements for the six months ended September 30, 2016 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial statements should be read in conjunction with the accounting policies as set out in Note 3 of the audited financial statements for the year ended 31 March 2016 which have been prepared in accordance with International Financial Reporting Standards (IFRS).

There have been no changes in accounting policies since the most recent audited accounts as at March 31, 2016.

### Basis of Measurement

The financial statements are prepared on the historical cost basis. They are also prepared in accordance with provisions of the Jamaican Companies Act.

### **Reporting Currencies**

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates (the functional currency). These financial statements are presented in Jamaican dollars, which is considered the company's functional and presentation currency. All financial information has been rounded to the nearest thousand.

### **Accounting estimates and judgments**

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the period then ended. Actual amounts could differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized 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.

### **Allowance for impairment losses on loan receivables:**

In determining amounts recorded for impairment losses on receivables in the financial statements, management make judgments regarding indicators of impairment, that is, whether there are indicators to suggest they may be a measurable decrease in the estimated future cash flows from loan receivables for example, through unfavorable economic conditions and default. Management will apply historical loss experience to individually significant receivables with similar characteristics such as credit risk where impairment indicators are not observable in their respect.

### **Depreciable assets**

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The company applies a variety of methods in an effort to arrive at these estimates from which actual may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

## **3. Significant Accounting Policies**

### **Loans and receivables:**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans are stated at amortized cost, net of any unearned income and impairment losses, if any.

### **Property, plant, equipment and intangible assets:**

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

### **Depreciation:**

Depreciation is recognized in the statement of comprehensive income on the straight-line basis, over the estimated useful lives of property, plant and equipment.

### **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.

## **4. Dividend Declaration**

Subsequent to the quarter-ended on October 21, 2016, The Board of Directors of Access Financial Services Limited declared an interim dividend of \$0.18 per share with a record date of 11 November 2015 and a payment date of 25 November 2016.

## **5. Earnings per Stock Unit**

Access Financial Services Limited Earnings per stock unit "EPS" is computed by dividing the profit attributable to stockholders of JA\$207,049,534 by the number of ordinary stock units in issue during the reporting period numbering 274,509,840 shares.



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