

# ACCESS

## FINANCIAL SERVICES LTD.

*"Bringing Financial Services to the People of Jamaica"*

Head Office: 41B Half-Way-Tree Road Kingston 5

Branches: May Pen, Portmore, Spanish Town, Mandeville, Ocho Rios, Montego Bay, Savanna La Mar, Linstead, Santa Cruz, Brown's Town & Old Harbour

Tel: 1-888-GET-ACCESS or 929-9253

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August 10, 2011

Jamaica Stock Exchange  
40 Harbour Street  
Kingston

**Attention: Mrs. Marlene Street-Forrest**

Dear Sirs:

**Re: Financial Results for the period ended June 30<sup>th</sup> 2011**

Enclosed are the following documents for the period ended June 30<sup>th</sup> 2011

- Chairman and CEO's report on the second quarter results
- Statement of financial position
- Statement of comprehensive income
- Consolidated statement of changes in equity
- Statement of cash flows
- Notes to the financial statements

Should you require additional information please contact the undersigned at 929-9253.

Yours Truly,  
**ACCESS FINANCIAL SERVICES LIMITED**

  
**MARCUS JAMES**  
**CHIEF EXECUTIVE OFFICER**

**Date: 08 August 2011**

**For further information contact:**

**Marcus James**

**Chief Executive Officer**

**Tel: 876-929-9253**

**Fax: 876-929-1345**

## **MEDIA RELEASE**

### **ACCESS FINANCIAL SERVICES LIMITED RECORDS 23.7% INCREASE IN SECOND QUARTER YEAR OVER YEAR NET PROFIT**

#### **SECOND QUARTER HIGHLIGHTS**

- Net profit of \$37.2mn
- Earnings per share of \$0.14
- Productivity Ratio of 67%

**Access Financial Services Limited (AFS)** reported its 2011 second quarter financials today. Net income for the quarter ended June 30, 2011 was \$37.2mn representing a 23.7% increase over the corresponding period during 2010. Correspondingly, Earnings-per-Share for the quarter was \$0.14 while return on equity for the period was 9%.

The increase in profitability was driven by improvements in Net Trading Income and Money Service Income which increased by 11% and 19% respectively when compared with the 2010 comparative period. Operating Expenses increased marginally by 6.7%.

For the six month period ended June 30, 2011 the company recorded Net Income of \$69.7mn a marginal increase over the \$69.6mn recorded during the first six months of 2010.

#### **Revenues**

Total Revenue Net of Interest Expense for the second quarter of 2011 increased by 12% moving from \$96mn to \$108mn when compared with the corresponding 2010 quarter. The increase was driven primarily by increases in Interest Income from Loans, Fee and Commission Income, and Money Services revenue.

**Non Interest Expense and Productivity**

For the quarter ending 30 June 2011, operating expenses increased by 6.7% to \$70.7mn when compared with the corresponding June 2010 quarter. The increase was driven by growth in operating expenses and staff costs as the company continues to invest internally to meet its growth objectives.

**Balance Sheet**

Total assets as at 30 June 2011 amounted to \$590.6mn representing a 7% increase over Total Assets recorded as at 30 June 2010. Asset growth was primarily reflected in securities purchased under resale agreements which moved from \$74k during 2010 to \$34.4mn. The company also recorded a 9% increase in Loans and Advances which moved from \$415.8mn as at June 30, 2010 to \$452.3mn as at June 30, 2011. Despite the increase in the company's loan book Loans Payable declined by 14% moving from \$197.0mn as at June 30, 2010 to \$169.5mn as at June 30, 2011.

The company's stockholders equity, net of dividend payout, moved by 19% from \$329.7mn to \$391.9mn and was due solely to retained earnings generated during the year.

On behalf of our Chairman and Board of Directors I would like to thank our customers and staff for their continued support, hard work and diligence displayed during the first half of the 2011 fiscal year and look forward to their continued commitment during the remainder of the year.

**ACCESS FINANCIAL SERVICES LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER ENDING JUNE 30, 2011**

	\$'000 (Unaudited) 3 months ended 30-Jun-11	\$'000 (Unaudited) 3 months ended 30-Jun-10	\$'000 (Unaudited) Year to date 30-Jun-11	\$'000 (Unaudited) Year to date 30-Jun-10
<b>Operating Income</b>				
Interest Income from Loans	93,225	91,214	186,409	186,435
Securities	1,000	1,181	2,995	2,800
<b>Total Interest Income</b>	<u>94,225</u>	<u>92,395</u>	<u>189,404</u>	<u>189,235</u>
Interest Expense	<u>(5,251)</u>	<u>(7,359)</u>	<u>(11,036)</u>	<u>(15,126)</u>
Net Interest Income	88,975	85,036	178,369	174,109
Fee and Commission Income	<u>6,562</u>	<u>911</u>	<u>11,116</u>	<u>1,589</u>
<b>Net Trading Income</b>	<u>95,537</u>	<u>85,948</u>	<u>189,485</u>	<u>175,698</u>
<b>Other Operating Income</b>				
Money Services	11,896	10,494	23,352	20,373
Foreign exchanges losses/ gains	<u>511</u>	<u>(102)</u>	<u>828</u>	<u>388</u>
	<u>107,945</u>	<u>96,340</u>	<u>213,665</u>	<u>196,458</u>
<b>Operating Expenses</b>				
Staff Costs	31,578	24,543	64,497	47,938
Allowances for credit losses	7,060	14,000	17,675	23,020
Depreciation and amortization	2,759	1,649	5,413	3,236
Other Operating Expenses	<u>29,331</u>	<u>26,071</u>	<u>56,339</u>	<u>52,592</u>
	<u>70,729</u>	<u>66,263</u>	<u>143,924</u>	<u>126,786</u>
<b>Profit before taxation</b>	<u>37,216</u>	<u>30,077</u>	<u>69,741</u>	<u>69,672</u>
<b>Taxation</b>				
<b>Profit for the period</b>	<u>37,216</u>	<u>30,077</u>	<u>69,741</u>	<u>69,672</u>
<b>Earnings Per Share</b>	<u>\$0.14</u>	<u>\$0.11</u>	<u>\$0.25</u>	<u>\$0.25</u>

**ACCESS FINANCIAL SERVICES LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2011**

	(Unaudited) \$' 000 Period Ended 30-Jun-11	(Unaudited) \$'000 Period Ended 30-Jun-10	(Audited) \$' 000 Year Ended 30-Dec-10
<b>ASSETS</b>			
Cash and Cash Equivalents	47,059	69,104	48,301
Securities purchased under resale agreements	34,363	74	67,422
Other accounts receivables	13,005	23,517	22,149
Loans and advances	452,327	415,837	475,058
Property, plant and equipment	35,098	35,206	37,065
Intangible Assets	8,729	8,337	8,296
<b>TOTAL ASSETS</b>	<b>590,582</b>	<b>552,075</b>	<b>658,292</b>
<b>LIABILITIES</b>			
Bank overdraft			
Accounts payables	29,135	25,314	22,244
Taxation Payable			
Loans Payables	169,530	197,020	228,773
Deferred Taxation			
<b>Total Liabilities</b>	<b>198,664</b>	<b>222,334</b>	<b>251,017</b>
Share Capital	96,051	96,051	96,051
Retained Earnings	295,867	233,690	311,224
<b>Total Stockholders' Equity</b>	<b>391,918</b>	<b>329,741</b>	<b>407,275</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>	<b>590,582</b>	<b>552,075</b>	<b>658,292</b>

Approved for issue by the Board of Directors on August 08 2011 and signed on its behalf by:

  
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**Brian Goldson**  
 Chairman

  
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**Marcus James**  
 Chief Executive Officer

**ACCESS FINANCIAL SERVICES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2011**

	<b>Share Capital</b>	<b>Fair Value Reserve</b>	<b>Other Reserve</b>	<b>Retained Profits</b>	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2010	96,051	-	-	177,744	273,795
Total comprehensive income	-	-	-	69,671	69,671
Issue of shares, net of transaction costs	-	-	-	(13,725)	(13,725)
Balance as at 30 June 2010	96,051	-	-	233,690	329,741
Balance as at 1 January 2011	96,051	-	-	311,224	407,275
Total comprehensive income	-	-	-	69,741	69,741
Dividends	-	-	-	(85,098)	(85,098)
Balance as at 30 June 2011	96,051	-	-	295,867	391,918

**Access Financial Services Limited**  
**Statement of Cashflows**  
**for the six months ended 30 June 2011**

	<b>2011</b>	<b>2010</b>
	<b>Period Ended</b>	<b>Period Ended</b>
	<b>30-Jun-11</b>	<b>30-Jun-10</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cashflow from operating activities</b>		
Net profit to date	69,741	69,672
Interest received	187,202	183,983
Interest income	(189,404)	(189,235)
Interest paid	(11,036)	(18,651)
Interest expense	11,036	15,126
Depreciation	5,413	3,236
Provision for loan Loss	17,675	23,020
<b>Operating Cash Flows before movement in working capital</b>	<u>90,626</u>	<u>87,151</u>
Changes in Operating Assets and Liabilities		
Other accounts receivables	9,144	450
Loans and advances	7,258	13,625
Loan payables	(59,243)	(115,092)
Accounts payables and provisions	6,891	(3,028)
Net Cash used in/ provided by operating activities	<u>54,676</u>	<u>(16,894)</u>
<b>Cash flows from investing activities</b>		
Property plant and equipment	(3,879)	1,443
Reverse repurchase agreement	33,059	71,758
	<u>29,180</u>	<u>73,201</u>
<b>Cash Flow from financing activities</b>		
Share capital	-	-
Dividends	(85,098)	(13,725)
<b>INCREASE/ DECREASE IN CASH AND CASH EQUIVALENTS</b>	(1,242)	42,582
Cash and equivalents at beginning of the period	48,301	26,522
<b>Cash and equivalents at the end of the period</b>	<u>47,059</u>	<u>69,104</u>

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011**

- **Identification**

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 organizations.

- **Basis of preparation and significant accounting polices**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as set out in note 3 of the audited financial statements for the year ended 31 December 2010 and comply with the provisions of the Jamaican Companies Act.

- **New Standards**

The standard considered relevant to the company is as follows:

**IFRS 9**

Financial Instruments (effective 1 January 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

**IAS 24 (Revised)**

Related Party Disclosures, revised (effective 1 January 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.

**IAS 32 (Amended)**

Financial Instruments: Presentation (effective 1 February 2010), allows certain instruments that would normally be classified as liabilities to be classified as equity if certain conditions are met. Where such instruments are reclassified, the entity is required to disclose the amount, the timing and the reason for such reclassification.



- **Use of estimates and judgments**

- (a) Allowance for impairment losses on loan receivables:

In determining amounts recorded for impairment losses in the financial statements, management makes judgments 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.

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

- (b) 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

- (c) Depreciation

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

- (d) Loans

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

- (e) Allowance for loan losses:

The company maintains an allowance for credit losses, which in management's opinion, is adequate to absorb credit 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.

- (f) Borrowings:

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