

**ACCESS FINANCIAL SERVICES LIMITED**  
**MEDIA RELEASE 2014 – 2ND QUARTER RESULTS**

Highlights	Q2 2014	Q2 2013	% Change
Total Revenue	\$267M	\$198M	35%
Net Profit	\$65.6M	\$58M	13%
Earnings Per Share	\$0.24	\$0.21	14%
Annualized Return on Equity	36%	32%	13%
Productivity Ratio	69%	65%	-6%
Loans & Advances	\$1,136M	\$776M	46%

**Revenue**

Total Revenue for the second quarter grew by \$69M or 35% when compared to the second quarter 2013. Total Revenue year-to-date 2014 totaled \$521M, an increase of \$150M, or approximately 40% when compared to the first half of 2013.

Loan disbursements for the second quarter increased by \$87M or 20% when compared to the second quarter 2013. Total loan disbursements for the sixth months ending June 30, 2014 increased by \$221M or 28% when compared to the similar period in 2013.

Interest income from loans grew by \$55M or 30% for the second quarter 2014 when compared to the 2013 comparative period. For the six-month period ending June 30, 2014, Interest Income from loans increased by \$126M or 36% to \$473M. Other Operating Income for the second quarter increased by \$2.5M or an increase 22% when compared to the second quarter 2013.

Net Profit for the Second quarter 2014 was \$65.6M, representing a 13% increase over the comparative period. For the six months ending June 30, 2014, there was a 22% increase in profits to approximately \$146M when compared to the first six months ending 2013. This has resulted in year-to-date Earnings Per Share of \$0.53 versus \$0.44 when compared to the same period last year. The annualized Return on Equity for the quarter is 36%, a 13% increase over 2013.

**Expenditure**

Total operating expenses for the second quarter 2014 totaled \$183.4M, an increase of \$54.2M over the corresponding period last year. Of note, were significant increases in Allowances for credit losses which stood at \$114M for the first six-months which represents an increase of \$75M in comparison to 2013. The increase in the second quarter when compared to first quarter 2014 was \$75M or an increase of 92%. This increase is attributed to the deterioration among major employer groups who have not been making timely submissions of salary deductions to us. This was particularly acute among our customers who are government employees. Corrective action has been taken and we anticipate that we will see a reduction in Allowances for Credit Loss in the upcoming quarters for the rest of 2014.

Other Operating Expenses (which include categories such as rent and utilities, combined with marketing) increased by \$3.7M when compared to the same period last year.

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### **Balance Sheet**

As at June 30, 2014, the net loan portfolio stood at \$1,136M representing an increase of \$360M or 46%; when compared to \$776M as at June 30, 2013. This resulted in a positive movement in Total Assets which ended the period at \$1,342M, representing an increase of 49% over the corresponding period last year.

As at June 30, 2014, Total liabilities increased by \$231M or 64% when compared to the same period in 2013. This movement was attributed to the issuing of a \$102M Corporate Bond in the 4<sup>th</sup> quarter of 2013.

### **Loan Portfolio**

As at June 30, 2014, our loan disbursements increased by 28% when compared to the same period in 2013. Growth has been deliberately stronger in the business category as we have improved our product offerings to the micro and small business sector. This focus is in keeping with our desire to play an ever increasingly important role in the development entrepreneurship in Jamaica.

In June 2014, two Access Financial Services long standing small business customers, Elsa Waysome of T & T Herbs, May Pen and William Foster of Foster's Photo Studio, Kingston, received second place prizes at the Citi Caribbean Microfinance Awards ceremony that was recently held at the Iberostar Hotel. Miss Waysome and Mr. Foster emerged finalists from a field of 31 entrants from across the Caribbean in the categories of Best Rural Micro entrepreneur and Best Technology Micro entrepreneur. Both clients received a cash prize of US\$1,500 from Citi in addition to a scholarship to attend the Caribbean Microfinance Forum.

The Award for Best Rural Micro Entrepreneur recognizes a Caribbean micro entrepreneur who operates in a rural area and engages in creating products or providing services to an urban or rural market, innovating in order to improve their business and serve their community. The Best Technology Micro entrepreneur recognizes a micro entrepreneur engaged in providing products or services that utilize new digital technology which has improved their business and enabled them to serve their customers better.

Congratulations to the May Pen and Kingston Branches for providing the financial services which have helped Mrs. Waysome and Mr. Foster succeed. On behalf of the Board of Directors and the Access Financial Service team, we would like to use this opportunity to also congratulate Mrs. Waysome and Mr. Foster on a job well done. We will continue to be there for you as you continue to grow.

**Community Involvement**

For Labour Day 2014, the company undertook two projects in keeping with its ethos of giving back to the communities in which it operates and its belief in encouraging a spirit of volunteerism among team members. In Kingston, the Duke Street branch spearheaded the painting of a perimeter wall and the planting of flowers at St. Michael's Infant School on Tower St. The Mandeville and May Pen branches assisted with the construction of a perimeter wall to enhance security at the New Vision City of Refuge Children's Home in Coleville Manchester. St Michael's Infant School houses 31 children ages 4-6 and New Vision City of Refuge is home to 32 children ages 3-17.

We recognize the continued patronage of our customers and the hard work carried out by our team members.

## ACCESS FINANCIAL SERVICES LIMITED MEDIA RELEASE 2014 - 2ND QUARTER RESULTS

ACCESS FINANCIAL SERVICES  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDING JUNE 30, 2014

	\$'000 (Unaudited) 3 Months Ended 30-Jun-14	\$'000 (Unaudited) 6 Months Ended 30-Jun-14	\$'000 (Unaudited) 3 Months Ended 30-Jun-13	\$'000 (Unaudited) 6 Months Ended 30-Jun-13	\$'000 (Audited) Year to Date 31-Dec-13
<b>Operating Income</b>					
Interest Income from Loans	241,181	473,177	186,059	347,370	759,780
Securities	2,367	3,092	610	940	1,761
<b>Total Interest Income</b>	<b>243,548</b>	<b>476,269</b>	<b>186,669</b>	<b>348,311</b>	<b>761,541</b>
Interest Expense	(18,436)	(30,939)	(10,370)	(16,237)	(37,034)
<b>Net Interest Income</b>	<b>225,112</b>	<b>445,330</b>	<b>176,299</b>	<b>332,073</b>	<b>724,507</b>
Fee and Commission Income	13,329	24,919	8,112	15,622	39,299
<b>Net Trading Income</b>	<b>238,441</b>	<b>470,249</b>	<b>184,412</b>	<b>347,695</b>	<b>763,806</b>
<b>Other Operating Income</b>					
Money Services	617	1,041	(329)	341	2,809
Foreign exchanges losses/ gains	26	35	3,612	5,761	1,466
Other Income	9,962	18,797	(450)	871	12,425
<b>Net Operating Income</b>	<b>249,046</b>	<b>490,122</b>	<b>187,245</b>	<b>354,668</b>	<b>780,506</b>
	<b>267,482</b>	<b>521,061</b>	<b>197,614</b>	<b>370,906</b>	<b>817,540</b>
<b>Operating Expenses</b>					
Staff Costs	59,418	124,627	56,852	107,767	226,352
Allowances for credit losses	75,195	114,161	25,099	38,599	95,724
Depreciation and amortization	5,800	12,617	7,945	11,224	22,053
Marketing Expenses	5,136	11,169	-	13,469	26,180
Other Operating Expenses	37,870	82,059	39,263	64,014	140,085
	<b>183,419</b>	<b>344,633</b>	<b>129,159</b>	<b>235,073</b>	<b>510,394</b>
<b>Profit before taxation</b>	<b>65,627</b>	<b>145,489</b>	<b>58,086</b>	<b>119,596</b>	<b>270,112</b>
<b>Taxation</b>	-	-	-	-	-
<b>Profit for the period</b>	<b>65,627</b>	<b>145,489</b>	<b>58,086</b>	<b>119,596</b>	<b>270,112</b>
<b>Earnings Per Share</b>	<b>\$0.24</b>	<b>\$0.53</b>	<b>\$0.21</b>	<b>\$0.44</b>	<b>\$0.98</b>

**ACCESS FINANCIAL SERVICES LIMITED**  
**MEDIA RELEASE 2014 - 2ND QUARTER RESULTS**

**ACCESS FINANCIAL SERVICES**

**STATEMENT OF FINANCIAL POSITION**

**AS AT JUNE 30, 2014**

	(Unaudited) \$' 000 Period Ended 30-Jun-14	(Unaudited) \$' 000 Period Ended 30-Jun-13	(Audited) \$' 000 Year Ended 31-Dec-13
<b>ASSETS</b>			
Cash and Cash Equivalents	18,836	37,170	49,228
Securities purchased under resale agreements	68,043	4,602	2,013
Other accounts receivables	42,222	12,563	13,661
Loans and advances	1,136,297	776,439	1,122,863
Property, plant and equipment	74,453	62,589	79,392
Intangible Assets	2,021	6,985	4,329
<b>TOTAL ASSETS</b>	<b>1,341,872</b>	<b>900,348</b>	<b>1,271,486</b>
<b>LIABILITIES</b>			
Bank overdraft			
Accounts payables	39,683	34,286	34,656
Advance Payments - Loans	98,471	-	79,115
Taxation Payable	-	-	-
Loans Payables	343,234	325,922	442,513
Project Advance	8,990	-	9,197
9% Unsecured Notes	100,446	-	100,446
<b>Total Liabilities</b>	<b>590,824</b>	<b>360,208</b>	<b>665,927</b>
Share Capital	96,051	96,051	96,051
Retained Earnings	654,997	444,089	509,508
<b>Total Stockholders' Equity</b>	<b>751,048</b>	<b>540,140</b>	<b>605,559</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>	<b>1,341,872</b>	<b>900,348</b>	<b>1,271,486</b>

Approved for issue by the Board of Directors on July 29, 2014 and signed on its behalf by:

  
 Brian Goldson  
 Chairman

  
 Gary Peart  
 Director

**ACCESS**  
 FINANCIAL SERVICES LTD.

**ACCESS FINANCIAL SERVICES LIMITED  
MEDIA RELEASE 2014 - 2ND QUARTER RESULTS**

**ACCESS FINANCIAL SERVICES LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDING JUNE 30, 2014**

	Share Capital	Fair Value Reserve	Other Reserve	Retained Profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 January 2013</b>	96,051	-	-	502,925	598,976
Total comprehensive income	-	-	-	119,596	119,596
Dividends	-	-	-	(178,431)	(178,431)
<b>Balance as at 30 JUNE 2013</b>	<b>96,051</b>	<b>-</b>	<b>-</b>	<b>444,089</b>	<b>540,140</b>
Balance as at 1 January 2014	96,051	-	-	509,508	605,559
Total comprehensive income	-	-	-	145,489	145,489
Dividends	-	-	-	-	-
<b>Balance as at 30 JUNE, 2014</b>	<b>96,051</b>	<b>-</b>	<b>-</b>	<b>654,997</b>	<b>751,048</b>

**ACCESS FINANCIAL SERVICES LIMITED**  
**MEDIA RELEASE 2014 - 2ND QUARTER RESULTS**

**ACCESS FINANCIAL SERVICES**  
**STATEMENT OF CASHFLOWS**  
**FOR THE SIX MONTH ENDING JUNE 30, 2014**

	(Unaudited) \$'000 June 2014	(Unaudited) \$'000 June 2013	(Audited) \$'000 December 2013
<b>Cashflow from operating activities</b>			
Net profit to date	145,489	119,596	270,112
Interest received	476,269	348,311	761,539
Interest income	(476,269)	(348,311)	(761,541)
Interest paid	(28,957)	(15,928)	(35,921)
Interest expense	30,939	16,237	36,806
Depreciation	12,617	11,224	22,057
Gain on Disposal	(2,000)	-	(2,460)
FX Gain/Loss	(35)	-	-
Provision for loan Loss	114,161	38,599	95,723
<b>Operating Cash Flows before movement in working capital</b>	<b>272,214</b>	<b>169,727</b>	<b>386,315</b>
<b>Changes in Operating Assets and Liabilities</b>			
Other accounts receivables	(28,561)	(2,620)	(3,628)
Loans and advances	(127,595)	(54,550)	(421,907)
Income Taxes Paid	-	-	-
Advance Payments - Loans	19,356	-	42,924
Loan payables	(99,279)	113,262	229,852
Accounts payables	5,027	(34,282)	(34,488)
<b>Net Cash used (in)/ provided by operating activities</b>	<b>(231,052)</b>	<b>21,809</b>	<b>(187,247)</b>
<b>Cash flows from investing activities</b>			
Purchase of property plant and equipment	(5,317)	(22,599)	(47,669)
Proceeds from Sale	-	-	4,373
Reverse repurchase agreement	(66,030)	2,498	-
<b>Net cash used in investing activities</b>	<b>(71,347)</b>	<b>(20,101)</b>	<b>(43,296)</b>
<b>Cash Flow from financing activities</b>			
Share capital	-	-	-
9% Unsecured Notes	-	-	100,446
Project Advance	(207)	-	9,197
Dividends	-	(178,431)	(263,529)
<b>Net cash used in financing activities</b>	<b>(207)</b>	<b>(178,431)</b>	<b>(153,886)</b>
<b>(Decrease)/Increase in cash and cash equivalent</b>	<b>(30,392)</b>	<b>(6,997)</b>	<b>1,886</b>
Cash and equivalents at beginning of the period	49,228	44,167	47,342
<b>Cash and Cash Equivalents at the end of the period/year</b>	<b>18,836</b>	<b>37,170</b>	<b>49,228</b>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **SIX MONTHS ENDED 30 JUNE 2014**

#### 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, and W.I. The company is a public company 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.

#### Reporting Currencies:

These financial statements are presented using Jamaican dollars which is considered the currency of the primary economic environment in which the company operates ("the functional currency").

#### Basis of presentation:

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board, and have been prepared under the historical cost convention. They are also prepared in accordance with provisions of the Jamaican Companies Act. These financial statements are presented using Jamaican dollars which is considered the currency of the primary economic environment in which the company operates ("the functional currency"). The same accounting policies and methods of computation are followed in the interim financial statements, as were applied in the audited financial statements for the year ended December 31, 2013.

#### New Standards

The standards considered relevant to the company is as follows:

##### IFRS 9 (Amended)

Financial Instruments (effective 1 January 2013), introduces new requirements for classifying and measuring financial assets. It also includes guidance on classification and measurement of financial liabilities designated as fair value through profit or loss. The standard also amends some of the requirements of IFRS 7 Financial Instruments: Disclosure, including added disclosure about equity investments designated as fair value through other comprehensive income.

##### IFRS 13

Fair Value Measurement (effective for annual reporting periods beginning on or after 1 January 2013), defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements.



## ACCESS FINANCIAL SERVICES LIMITED MEDIA RELEASE 2014 - 2ND QUARTER RESULTS

### IAS 1 (Amended)

Presentation of Financial Statements (effective for annual reporting periods beginning on or after 1 July 2012), amendments to revise the way other comprehensive income is presented.

IAS 32 (Amended) Financial Instruments: Presentation (effective for annual reporting periods beginning on or after 1 January 2014) amendments to application guidance on the off-setting of financial assets and financial liabilities.

### Use of estimates and judgments

#### 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 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.

#### 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.

#### Loans

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

#### 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.

#### 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.

#### Borrowings:

Borrowings are recognized initially at 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.