

# ACCESS

FINANCIAL SERVICES LTD.

**UNAUDITED  
FINANCIAL  
STATEMENTS**  
FOR THE NINE MONTHS ENDED  
**DECEMBER 31 2017**



# Directors Statement

The Board of Directors of Access Financial Services Limited (AFSL) is pleased to report its unaudited financial statement of the company for the nine-months ended December 31, 2017.

## Overview

Access Financial Services Limited (AFS) recorded Net trading income of \$1.2 billion for the nine-month period ended December 31, 2017. This performance represents growth of 23% or \$203 million in Net Trading Income when compared to the corresponding 2016 period. Net profit attributable to shareholders amounted to \$505 million, an increase of \$10.6 million or 3% over the corresponding period ended December 31, 2016. Average return on equity was 37%. The Asset base of the company grew by \$470 million representing a 16% increase over the comparative period.

<b>FINANCIAL HIGHLIGHTS</b>	Nine months ended DEC.2017 (Unaudited)	Nine months ended DEC.2016 (Unaudited)	Audited 31 March 2017	% Change YOY
<b>OPERATING RESULTS (INCOME STATEMENT DATA):</b>				
Net Profit After Tax - J\$ millions	505	494	678	3%
<b>FINANCIAL POSITION &amp; STRENGTH (BALANCE SHEET DATA):</b>				
Loans & Advances - J\$ billions	2.87	2.65	2.62	9%
Total Asset - J\$ billions	3.43	2.96	3.11	16%
Stockholder's Equity - J\$ billions	2.02	1.57	1.72	29%
<b>KEY PERFORMANCE HIGHLIGHTS:</b>				
Annualized return on average stockholder's Equity (RCE)	37%	49%	47%	(24%)
Earnings Per stock unit (EPS) - J\$	\$1.84	\$1.80	\$2.47	3%
Productivity Ratio	56%	49%	47%	15%

## Income Statement

Net operating income for the nine-month period ended December 2017 totaled \$1.2 billion, an increase of \$192 million or approximately 18%, when compared to corresponding 2016 period. Income from loans increased by \$97 million or 11% to \$1.03 billion and Net fees and commission income increased by \$129 million for the period under review.

Total operating expenses for the nine-month period, increased by 32% to \$698 million when compared to the corresponding period ended December 2016. This resulted primarily from increased staff cost associated with the acquisition of Micro Credit Limited (MCL) and an increase in allowance for credit losses.

*The resulting Earnings per share for the nine-month period under review was \$1.84, compared to \$1.80 for the comparative 2016 period.*

### **Balance Sheet**

The Net loan portfolio continues to show growth, with an increase of \$211 million or 8% for the period moving to \$2.87 billion from \$2.76 billion for the corresponding 2016 period. The Damark and MCL acquisitions continue to contribute positively to these movements. At the close of the period, AFS recorded Total assets of \$3.43 billion, an increase of 16% compared to the prior period. Total liabilities increased marginally.



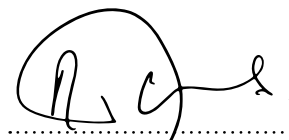
# UnAudited Statement of Financial Position

For The Nine Months Ended December 31, 2017

(Expressed in Thousands of Jamaican dollars)

	December 2017	December 2016	31-Mar-17
<b>ASSETS</b>			
Cash and Cash Equivalents	423,488	189,601	355,682
Financial Investments	2,756	2,013	2,756
Goodwill	0	21,354	0
Other accounts receivables	24,191	38,232	42,154
Loans and advances	2,865,025	2,653,694	2,619,163
Property, plant and equipment	46,476	45,086	46,133
Intangible Assets	58,130	3,501	34,358
Deferred Tax Assets	7,920	4,261	7,920
<b>TOTAL ASSETS</b>	<b>3,427,986</b>	<b>2,957,742</b>	<b>3,108,166</b>
<b>LIABILITIES</b>			
Accounts payables	242,342	230,983	186,069
Loan Payables	1,040,797	1,103,940	1,131,079
Taxation Payable	120,360	49,352	73,736
<b>Total Liabilities</b>	<b>1,403,499</b>	<b>1,384,275</b>	<b>1,390,884</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share Capital	96,051	96,051	96,051
Fair value reserve	743	743	743
Retained Earnings	1,927,693	1,476,673	1,620,488
<b>Total Stockholders' Equity</b>	<b>2,024,487</b>	<b>1,573,467</b>	<b>1,717,282</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>	<b>3,427,986</b>	<b>2,957,742</b>	<b>3,108,166</b>

Approved for issue by the Board of Directors on January 24, 2017 and signed on its behalf by:



**Rex James**

Chairman



**Marcus James**

Chief Executive Officer

# UnAudited Statement of Profit and Loss and Other Comprehensive Income

For The Nine Months Ended December 31, 2017 (Expressed in Thousands of Jamaican dollars)

	Quarter ended December 2017	Quarter ended December 2016	Nine Months Ended December 2017	Nine Months Ended December 2016	Year Ended March 2017
<b>Operating Income</b>					
Interest Income from Loans	375,981	311,792	1,027,856	930,520	1,257,556
Securities	2,531	1,046	9,052	4,510	9,118
<b>Total Interest Income</b>	<b>378,512</b>	<b>312,838</b>	<b>1,036,908</b>	<b>935,030</b>	<b>1,266,674</b>
Interest Expense	(28,347)	(23,967)	(85,405)	(79,104)	(111,770)
<b>Net Interest Income</b>	<b>350,165</b>	<b>288,871</b>	<b>951,503</b>	<b>855,926</b>	<b>1,154,905</b>
Fee and Commission Income	72,933	69,338	270,249	141,241	221,669
<b>Total Trading Income</b>	<b>423,098</b>	<b>358,209</b>	<b>1,221,752</b>	<b>997,167</b>	<b>1,376,574</b>
<b>Other Operating Income</b>					
Money Services	142	537	986	1,726	2,131
Foreign exchanges losses/ gains	(8,330)	2,008	312	14,663	16,104
Other Income	3,336	17,719	35,049	52,491	7,340
	-4,852	20,264	36,347	68,880	25,575
<b>Net Operating Income</b>	<b>418,246</b>	<b>378,473</b>	<b>1,258,099</b>	<b>1,066,047</b>	<b>1,402,149</b>
<b>Operating Expenses</b>					
Staff Costs	99,157	79,803	277,138	195,851	292,681
Allowances for credit losses	62,946	56,441	185,775	93,569	128,282
Depreciation and amortization	7,192	7,254	20,284	18,164	23,575
Marketing Expenses	3,957	8,750	15,801	19,808	27,374
Other Operating Expenses	65,139	64,350	199,440	198,758	179,710
	<b>238,391</b>	<b>216,598</b>	<b>698,438</b>	<b>526,150</b>	<b>651,622</b>
<b>Profit before taxation</b>	<b>179,855</b>	<b>161,875</b>	<b>559,660</b>	<b>539,897</b>	<b>750,527</b>
Taxation	21,370	20,329	54,809	45,668	72,050
<b>Profit for the period</b>	<b>158,485</b>	<b>141,546</b>	<b>504,852</b>	<b>494,229</b>	<b>678,477</b>
<b>OTHER COMPREHENSIVE INCOME:</b>					
Items that may be reclassified to profit or loss					
Unrealised gains on available-for-sale- investments	0	0	0	0	743
<b>TOTAL COMPREHENSIVE INCOME:</b>	<b>158,485</b>	<b>141,546</b>	<b>504,852</b>	<b>494,229</b>	<b>679,220</b>
<b>EARNINGS PER STOCK UNIT</b>	<b>\$0.58</b>	<b>\$0.53</b>	<b>\$1.84</b>	<b>\$1.80</b>	<b>\$2.47</b>

# UnAudited Statement of Cash Flows

For The Nine Months Ended December 31, 2017

(Expressed in Thousands of Jamaican dollars)

	Year to Date ended December 2017	Year to Date ended December 2016	Period Ended March 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net Profit for the year	504,852	494,229	678,477
<b>Items not affecting cash resources:</b>			
Exchange loss/(gains) on foreign balances	(312)	14,663	(16,104)
Depreciation and Amortization	20,284	18,164	23,575
Increase in allowance for loan losses	185,775	93,569	128,282
Interest Income	(1,027,856)	(935,030)	(1,266,674)
Interest expense	85,405	79,104	111,770
Taxation	54,809	45,668	75,708
Deferred tax	-	-	(3,659)
	<b>(177,043)</b>	<b>(189,633)</b>	<b>(268,625)</b>
<b>Changes in operating assets and liabilities</b>			
Loans and advances	(430,806)	(642,140)	(623,186)
Other Receivables	17,963	(1,213)	(7,407)
Advance payments - Loans	5,137	3,218	
Loans payable, Net	(90,282)	74,974	93,246
Accounts payable	49,303	(13,199)	(40,592)
	<b>(625,728)</b>	<b>(767,993)</b>	<b>(846,564)</b>
Interest received	1,029,993	935,030	1,268,947
Interest paid	(85,999)	(71,080)	(106,092)
Taxation paid	(7,870)	(10,955)	(16,612)
Cash provided by operating activities	<b>310,396</b>	<b>85,002</b>	<b>299,679</b>

	Year to Date ended December 2017	Year to Date ended December 2016	Period Ended March 2017
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Acquisition of property, Plant, and Equipment	(44,399)	(11,064)	(48,380)
Purchased Goodwill	-	(21,354)	-
<b>Cash used in investing activities</b>	<b>(44,399)</b>	<b>(32,418)</b>	<b>(48,380)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Project advance	-	(78,626)	(75,861)
Dividends paid	(197,647)	(137,255)	(178,431)
<b>Cash used in financing activities</b>	<b>(197,647)</b>	<b>(215,881)</b>	<b>(254,292)</b>
<b>NET INCREASE IN CASH AND ACSH EQUIVALENTS FOR THE PERIOD/ YEAR</b>			
	<b>68,349</b>	<b>(163,297)</b>	<b>(2,993)</b>
Exchange gain on foreign cash balances	(544)	59	5,836
Cash and cash equivalents at the beginning of the year	355,682	352,839	352,839
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD/ YEAR</b>	<b>423,488</b>	<b>189,601</b>	<b>355,682</b>

## UnAudited Statement of Changes in Equity

For The Nine Months Ended December 31, 2017

(Expressed in Thousands of Jamaican dollars)

	Share Capital	Fair Value Reserve	Retained Earnings	Total
<b>Balance as at 1 April 2016</b>	96,051	-	1,120,442	1,216,493
<b>Total Comprehensive Income:</b>				
Net Profit	-	-	494,229	494,229
<b>Transaction with Owners:</b>				
Dividends Paid	-	-	(137,255)	(137,255)
<b>Balance as at 31 December 2016</b>	<b>96,051</b>	<b>-</b>	<b>1,477,416</b>	<b>1,573,467</b>
<b>Balance as at 1 April 2017</b>	96,051	743	1,620,488	1,717,282
<b>Total Comprehensive Income:</b>				
Net Profit	-	-	504,852	504,852
<b>Transaction with Owners:</b>				
Dividends Paid	-	-	(197,647)	(197,647)
<b>Balance as at 31 December 2017</b>	<b>96,051</b>	<b>743</b>	<b>1,927,693</b>	<b>2,024,487</b>

## Notes 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 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 Nine-months ended December 31, 2017 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 2017 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, 2017.

#### 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 cashflows 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.

### IFRS3 Business combination:

On 19 June 2017, the company finalized the agreement to purchase the Net Assets of Micro Credit Limited as a going concern comprising mainly loan portfolio, fixed assets, and net other receivables. In accordance with IFRS 3, Business Combinations, the transaction was accounted for as a business combination using the acquisition method. The estimated initial goodwill computed under this methodology (subject to an independent valuation) comprises of the following factors:

	\$'000
<b>Purchase consideration</b>	85,461
<b>Value of Net assets acquired</b>	76,749
<b>Goodwill</b>	8,712

The MCL portfolio adapts the Latin American "solidarity group" micro-credit methodology into a viable loan product for the Jamaican environment. Goodwill will be assess for impairment.

#### 1. Dividend Declaration

Subsequent to the quarter-ended on December 31, 2017, The Board of Directors of Access Financial Services Limited declared an interim dividend of \$0.17 per share with a record date of 12 February 2017 and a payment date of 27 February 2017.

#### 2. Earnings per Stock Unit

Access Financial Services Limited Earnings per stock unit "EPS" for the nine- month period ended December 31, 2017 is computed by dividing the profit attributable to stockholders of JA\$504,851,516 by the number of ordinary stock units in issue during the reporting period numbering 274,509,840 shares.



