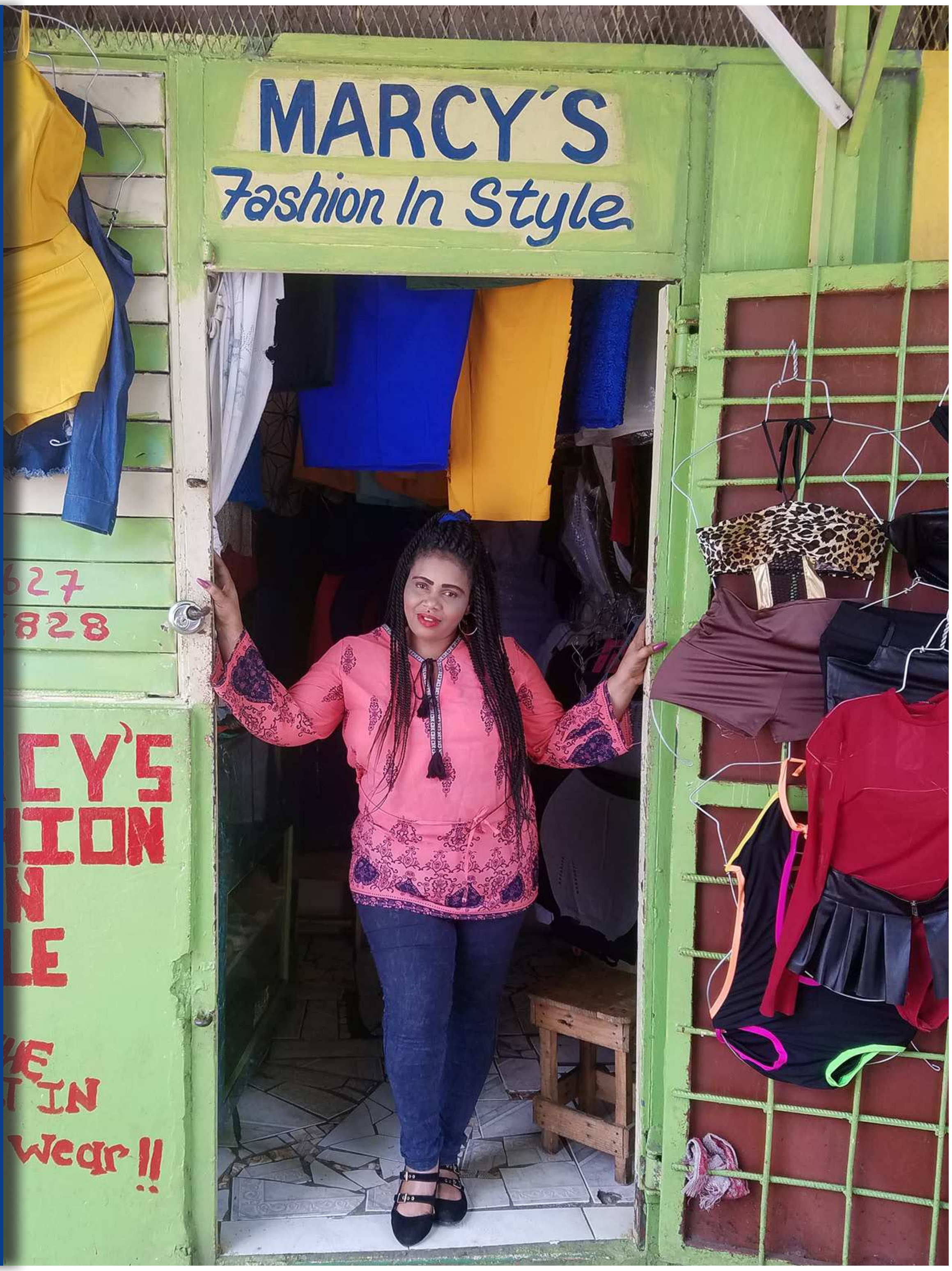
ACCESS
FINANCIAL SERVICES LTD.

UNAUDITED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
JUNE 2019



Director's Statement

The Board of Directors of Access Financial Services Limited (AFSL) is pleased to present the unaudited financial statement of the company for the three-month period ended 30 June 2019.

Overview

Access Financial Services Limited (AFSL) recorded Net profit after tax of $165 million for the quarter ended June 30, 2019. Compared to the Net profit of $217 million for the corresponding period ended June 30, 2018, this represents a 24% decline in net profit.

As at June 30, 2019 the company's asset base stood at $5.53 billion, reflecting an increase of 43% or $1.67 billion with Embassy Loans, which was acquired in December 2018, accounting for $1.17 billion or 30%. AFS Jamaica's asset base recorded growth of $500 million or (13%).

FINANCIAL HIGHLIGHTS	Three months ended June 2019 (Unaudited)	Three months ended June 2018 (Unaudited)	Audited 31 March 2019	YTD % Change
OPERATING RESULTS (INCOME STATEMENT DATA):				
Net Profit After Tax - J$ millions	165	217	477	(24%)
FINANCIAL POSITION & STRENGTH (BALANCE SHEET DATA):				
Loans & Advances - J$ billions	4.28	3.16	3.74	35%
Total Asset - J$ billions	5.53	3.86	4.83	43%
Stockholder's Equity - J$ billions	2.40	2.54	2.22	(5%)
PROFITABILITY:				
Return on average Stockholder's Equity (ROE)	27%	40%	47%	(32%)
Earnings Per Stock unit (EPS) - J$	$0.60	$0.79	$1.74	(24%)
Efficiency Ratio	70%	46%	65%	39%

Income Statement

Net Operating Income for the quarter ended June 30, 2019 amounted to $539 million of which Embassy contributed $151 million to the group's net operating income. Interest income from loans increased by $8 million or 2% to $408 million while net fees and commission for the period was $153m. For the period under review Embassy contributed $44 million and $103 million respectively to the group's Interest and fee income.

Operating expenses for the quarter, increased by 90% or $179 million when compared to the corresponding period ended June 2018 as a result of an increase in Allowances for credit loss based on the implementation of the IFRS 9 provisioning methodology and the inclusion of Embassy's operating expenses for the quarter which amounted to $110 million.

Net profit after tax for the quarter ended June 30, 2019 was $165M representing a decline of 24% when compared to the 2018 comparative period. This resulted in Earnings per share for the quarter of $0.60.

Unaudited Statement of Financial Position

FOR THE THREE MONTHS ENDED JUNE 30, 2019

(Expressed in Thousands of Jamaican dollars)

	June 2019 $'000	June 2018 $'000	Audited March 31, 2019 $'000
ASSETS			
Cash and Cash Equivalents	530,511	431,931	411,815
Financial Investments	3,587	2,502	3,814
Other accounts receivables	36,477	31,634	40,537
Loans and advances	4,279,022	3,159,849	3,735,412
Property, plant and equipment	63,212	59,936	59,626
Intangible Assets	472,771	44,529	443,144
Deferred Tax Assets	147,181	130,129	136,144
TOTAL ASSETS	***5,532,762***	***3,860,510***	***4,830,492***
LIABILITIES			
Accounts payables	429,972	179,823	379,788
Loan Payables	2,697,420	1,083,039	2,216,139
Taxation Payable	5,303	62,273	12,735
Total Liabilities	***2,515,669***	***1,325,135***	***2,608,663***
SHAREHOLDERS' EQUITY			
Share Capital	96,051	96,051	96,051
Fair value reserve	1,573	489	1,801
Foreign Exchange Translation	(10,359)		(23,839)
Retained Earnings	2,312,800	2,438,836	2,147,817
Total Stockholders' Equity	***2,400,065***	***2,535,375***	***2,221,829***
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	***5,532,762***	***3,860,510***	***4,830,492***

Balance Sheet

The net loan portfolio for the group increased by $1.12 billion (35%) over the corresponding 2018 period to $4.28 billion of which $667 resulted from the acquisition of Embassy loans. The increase in the net loan portfolio resulted in a positive movement in total assets to $5.53 billion as at June 30, 2019, an increase of 43% over the corresponding 2018 period.

Total liabilities increased by $1.80 billion (136%) for the quarter under review, moving from $1.33 billion to $3.13 billion. The increase is primarily attributable to the issuing of a $900 million 2025, 8%, global bond in November 2018, to fund the purchase of the Embassy Loans.

Approved for issue by the Board of Directors on August 14, 2019 and signed on its behalf by:

Rex James
Chairman

Marcus James
Chief Executive Officer

Unaudited Statement of Profit or Loss and Other Comprehensive Income

FOR THE THREE MONTHS ENDED JUNE 30, 2019

(Expressed in Thousands of Jamaican dollars)

	Quarter ended June 2019	**Quarter ended** June 2018	**Three Months Ended** June 2019	**Three Months Ended** June 2018	**Audited Year Ended** March 2019
Operating Income					
Interest Income from Loans	407,747	400,151	407,747	400,151	1,398,729
Securities	189	1,508	189	1,508	6,994
Total Interest Income	**407,936**	**401,659**	**407,936**	**401,659**	**1,405,723**
Interest Expense	(45,219)	(24,061)	(45,219)	(24,061)	(138,605)
Net Interest Income	**362,717**	**377,598**	**362,717**	**377,598**	**1,267,118**
Fee and Commission Income	152,735	35,514	152,735	35,514	311,384
Total Trading Income	***515,452***	***413,112***	***515,452***	***413,112***	***1,578,502***
Other Operating Income					
Money Services	499	378	499	378	29,657
Foreign exchanges losses/ gains	2,278	8,155	2,278	8,155	(4,581)
Bad Debt recoverable	14,419		14,419	10,421	34,170
Other Income	6,041	11,418	6,041	996	10,574
	23,237	19,951	23,237	19,951	69,820
Net Operating Income	***538,689***	***433,063***	***538,689***	***433,063***	***1,648,322***
Operating Expenses					
Staff Costs	166,245	100,883	166,245	100,883	491,166
Allowances for credit losses	71,802	15,257	71,802	15,257	146,825
Depreciation and amortization	8,063	8,884	8,063	8,884	30,333
Marketing Expenses	17,534	7,739	17,534	7,739	36,517
Other Operating Expenses	114,060	65,793	114,060	65,792	366,322
	377,703	**198,556**	**377,703**	**198,556**	**1,071,163**
Profit before taxation	**160,986**	**234,507**	**160,986**	**234,507**	**577,159**
Income tax	(3,999)	17,789	(3,999)	17,789	100,313
NET PROFIT AXTER TAX	**164,984**	**216,718**	**164,984**	**216,718**	**476,846**
EARNINGS PER STOCK UNIT - JMD cents	**$0.60**	**$0.79**	**$0.60**	**$0.79**	**$1.74**

Unaudited Consolidated Statement of Comprehensive Income
FOR THE THREE MONTHS ENDED JUNE 30, 2019

	Quarter ended June 2019	**Quarter ended** June 2018	**Three Months Ended** June 2019	**Three Months Ended** June 2018	**Audited Year Ended** March 2019
Items that are or may be reclassified to profit or loss:					
Unrealised Gains/(loss) on available-for-sale- investments	(682)	0	(682)	0	1,041
Translation gains/ loss	13,480		13,480		(23,839)
TOTAL COMPREHENSIVE INCOME:	**177,782**	**216,718**	**177,782**	**216,718**	**454,049**

Unaudited Statement of Cash Flows

FOR THE THREE MONTHS ENDED JUNE 30, 2019

(Expressed in Thousands of Jamaican dollars)

	Year to Date ended June 2019	Year to Date ended June 2018	Audited Period Ended March 2019
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Profit for the year	164,983	216,718	476,846
Items not affecting cash resources:			
Exchange loss/(gains) on foreign balances	(2,278)	(8,155)	4,581
Depreciation and Amortization	8,063	8,884	30,333
Increase in allowance for loan losses	71,802	15,257	146,825
Interest Income	(407,936)	(401,659)	(1,405,723)
Interest expense	45,219	24,061	138,605
Adjustment to property, plant and equipment	32,134	25,668	49,172
Taxation	(36,133)	(7,879)	51,141
Deferred tax	(124,144)	(127,108)	(508,220)
Gains on disposal of property, plant and equipment	-		(2,910)
	(415,126)	**(186,819)**	**(318,981)**
Changes in operating assets and liabilities			
Loans and advances	(616,467)	(117,400)	(668,107)
Other accounts receivable	1,238	5,019	131,335
Loans payable, Net	481,281	118,298	1,123,924
Accounts payable	68,954	(21,590)	9,412

	Year to Date ended June 2019	Year to Date ended June 2018	Audited Period Ended March 2019
	(189,138)	**(142,780)**	**88,345**
Interest received	405,115	401,255	1,397,011
Interest paid	(25,871)	(17,575)	(125,169)
Taxation paid	(31,527)	(20,133)	(93,175)
Cash provided by operating activities	**158,580**	**220,767**	**1,267,012**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property, Plant and Equipment	(41,277)	(3,145)	(30,199)
Purchased Goodwill			(796,836)
Cash used in investing activities	**(41,277)**	**(3,145)**	**(827,035)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends paid	-	(109,804)	(340,392)
Cash used in financing activities	**-**	**(109,804)**	**(340,392)**
NET INCREASE IN CASH AND CASH EQUIVALENTS FOR THE PERIOD/ YEAR	**117,303**	**107,818**	**99,585**
Exchange gain on foreign cash balances	1,394	8,185	(3,698)
Cash and cash equivalents at the beginning of the year	411,815	315,928	315,928
CASH AND CASH EQUIVALENTS AT END OF PERIOD/ YEAR	**530,513**	**431,931**	**411,815**

Unaudited Statement of Changes In Equity

FOR THE THREE MONTHS ENDED JUNE 30, 2019

(Expressed in Thousands of Jamaican dollars)

	Share Capital	Fair Value Reserve	Retained Earnings	Total
Balance as at 1 April 2018	96,051	760	2,331,921	2,428,732
Total Comprehensive Income:				
Net Profit	-	(271)	216,718	216,447
Other Comprehensive Income	-	-		-
Transaction with Owners:				
Dividends Paid	-	-	(109,804)	(109,804)
Balance as at 30 June 2018	**96,051**	**489**	**2,438,835**	**2,535,375**
Balance as at 1 April 2019	96,051	1,801	2,076,938	2,174,790
Total Comprehensive Income:				
Net Profit	-	-	164,984	164,984
Other Comprehensive Income	-	(682)	-	(682)
Transaction with Owners:				
Dividends Paid	-	-	-	-
Balance as at 30 June 2019	**96,051**	**1,119**	**2,241,922**	**2,339,092**

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 Group 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. The Company also operates a money services division and offers bill payment services.

The Company and its subsidiary are collectively referred to as "the Group" in these financial statements.

2. 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.

3. Statement of Compliance and Basis of Preparation

Interim Financial Reporting

The condensed interim financial statements for the three months ended June 30, 2019 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 2019 which have been prepared in accordance with International Financial Reporting Standards (IFRS).

New Standard Effective and Adopted In The Current Year

At the date of approval of these financial statements, certain new standards became effective. Those which are relevant to the Group are set out below:

IFRS 9, "Financial instruments"

• IFRS 16, Leases, which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting.

Entities will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short-term leases and for low-value items with value of US$5,000 or less.

Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases.

The Group is assessing the impact that the standard will have on its 2020 financial statements.

• IFRIC 23, Uncertainty Over Income Tax Treatments, is effective for annual reporting periods beginning on or after January 1, 2019, with earlier application permitted. IFRIC 23 clarifies how the accounting for income tax treatments that are yet to be accepted by the tax authorities is to be applied to the determination of taxable profit/(loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

An entity has to consider whether it is probable that the relevant tax authority would accept the tax treatment, or group of tax treatments, that is adopted in its income tax filing.

If the entity concludes that it is probable that the tax authority will accept a particular tax treatment in the tax return, the entity will determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings and record the same amount in the financial statements. The entity will disclose uncertainty.

If the entity concludes that it is not probable that a particular tax treatment will be accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better prediction of the resolution of the uncertainty. If facts and circumstances change, the entity is required to reassess the judgements and estimates applied.

IFRIC 23 reinforces the need to comply with existing disclosure requirements regarding:

• Judgements made in the process of applying accounting policy to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;

• Assumptions and other estimates used; and potential impact of uncertainties that are not reflected in the financial statements.

The Group is assessing the impact that the standard will have on its 2020 financial statements.

• Amendments to IFRS 9 Financial Instruments, effective retrospectively for annual periods beginning on or after January 1, 2019 clarifies the treatment of:

(i) Prepayment features with negative compensation:

Financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.

(ii) Modifications to financial liabilities:

If the initial application of IFRS 9 results in a change in accounting policy arising from modified or exchanged fixed-rate financial liabilities, retrospective application is required, subject to particular transitional reliefs. There is no change to the accounting for costs and fees when a liability has been modified, but not substantially. These are recognised as an adjustment to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Annual Improvements to IFRS 2015-2017 cycle contain amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs that are effective for annual periods beginning on or after January 1, 2019.

(i) The amendments to IFRS 3 and IFRS 11 clarify how an increased interest in a joint operation should be accounted for. If a party maintains or obtains joint control, then the previously held interest is not remeasured. But if a party obtains control, this is a business combination achieved in stages and the acquiring party remeasures the previously held interest at fair value.

(ii) IAS 12 is amended to clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently (either in profit or loss, OCI or equity) with the transactions that generated the distributable profits.

(iii) (iii)IAS 23 is amended to clarify that the general borrowings pool used to calculate eligible borrowing costs excludes borrowings that specifically finance qualifying assets that are still under development or construction. The change will apply to borrowing costs incurred on or after the date of initial adoption of the amendment.

The Group is assessing the impact that the amendments in respect of income taxes and borrowing costs will have on its 2020 financial statements.

- **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 group 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.

4. Significant Accounting Policies

- **Securities Purchased Under Resale Agreements:**
  Securities purchased under resale agreements are short-term transactions whereby the group buys securities and simultaneously agrees to resell the securities on specified dates and at specified prices.

- **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.

- **Interest Income:**
  Interest income is recognized in profit or loss for all interest-earning instruments on the accrual basis using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset to its carrying amount. Interest income for financial assets that are classified as being in impaired is calculated by applying the effective interest rate to the amortized cost (i.e., the gross carrying amount less the credit loss allowance).

- **Interest expense:**
  Interest expense is recognized in profit or loss on the accrual basis using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability to its carrying amount.

5. Dividend Declaration

Subsequent to the quarter-ended on June 30, 2019, The Board of Directors of Access Financial Services Limited declared an interim dividend of $0.29 per share with a record date of 13 August 2019 and a payment date of 28 August 2019.

6. Earnings per Stock Unit

Access Financial Services Limited Earnings per stock unit "EPS" is computed by dividing the profit attributable to stockholders of JA$164,984,428 by the number of ordinary stock units in issue during the reporting period numbering 274,509,840 shares.