



FINANCE SERVICES LTD.

UNAUDITED FINANCIAL STATEMENTS

1ST QUARTER ENDED MARCH 31, 2016



DIRECTORS' REPORT TO STOCKHOLDERS THREE MONTHS ENDED MARCH 31, 2016

The Board of Directors of ISP Finance Services Limited is pleased to present the company's unaudited financial results for the first quarter ended March 31, 2016.

The first quarter of 2016 recorded revenues of J\$ 53,879,721 representing an increase of 8.0% over the J\$49,902,485 recorded in the first quarter of 2015.

Interest expenses were J\$3,181,524 in the first quarter of 2016 or, a reduction of 60.4% versus the J\$8,027,669 incurred in the first quarter of 2015.

The gross profit was J\$50,698,197 in the quarter compared with J\$41,874,816 in the comparative period of 2015.

Operating expenses for the first quarter of 2016 recorded J\$53,786,253 including IPO expenses of J\$9,096,872 compared with J\$42,229,416 in the first quarter of 2015.

The Directors note that while the company made a loss of J\$3,088,082 in the quarter compared with a loss of J\$354,600 in the first quarter of 2015, the company recorded a profit of J\$6,008,790 before IPO expenses.

The Directors wish to express their gratitude to the general public, the investing community and all those who were a part of our successful Initial Public Offering in March 2016. We also wish to thank all members of staff for their commitment to the company's growth and development.

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the end, positioned above a solid horizontal line.

CHAIRMAN

A handwritten signature in black ink, featuring a large, stylized 'M' shape with a long, wavy tail extending to the right, positioned above a solid horizontal line.

CHIEF EXECUTIVE OFFICER



**UNAUDITED FINANCIAL STATEMENT
THREE MONTHS ENDED MARCH 31, 2016**

	PAGE NO.
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Shareholder's Equity	5
Statement of Cash Flow	6 - 7
Notes to Interim Financial Statements	8 - 10
Schedule of Top 10 Stockholders	11
Schedule of Directors and Senior Manager Stock Holdings	11



FINANCE SERVICES LTD.

**STATEMENT OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2016**

	<u>Unaudited</u> 3 Months Ended March 31, 2016 \$	<u>Unaudited</u> 3 Months Ended March 31, 2015 \$	<u>Audited</u> 12 Months Ended December 31, 2015 \$
REVENUES	53,879,721	49,902,485	209,275,483
INTEREST & COMMISSION EXPENSE	3,181,524	8,027,669	21,326,889
	-----	-----	-----
GROSS PROFIT	50,698,197	41,874,816	187,948,594
<u>LESS: OPERATING EXPENSES</u>			
OPERATING COSTS	46,256,708	33,365,847	120,249,150
ALLOWANCE FOR CREDIT LOSSES	3,750,000	4,125,000	18,654,658
DEPRECIATION	719,784	704,780	2,879,120
BANK CHARGES & INTEREST	3,059,787	4,033,789	15,421,082
	-----	-----	-----
TOTAL OPERATING EXPENSES	53,786,279	42,229,416	157,204,010
	-----	-----	-----
(LOSS) / PROFIT BEFORE TAXATION	(3,088,082)	(354,600)	30,744,584
TAXATION (CREDIT) / CHARGE	-	-	3,424,135
	-----	-----	-----
NET (LOSS) / PROFIT being COMPREHENSIVE (EXPENSE) / INCOME FOR THE YEAR	(3,088,082)	(354,600)	27,320,450
	-----	-----	-----
Earnings per share	(\$ 0.08)	(\$ 0.07)	



FINANCE SERVICES LTD.

STATEMENT OF FINANCIAL POSITION
THREE MONTHS ENDED MARCH 31, 2016

	<u>Unaudited</u> 3 Months Ended March 31, 2016 \$	<u>Unaudited</u> 3 Months Ended March 31, 2015 \$	<u>Audited</u> 12 Months Ended December 31, 2015 \$
ASSETS			
Non-Current Assets			
Property Plant & Equipment	11,514,805	14,186,269	11,480,580
Deferred Tax Assets	<u>3,429,949</u>	<u>4,389,850</u>	<u>3,429,949</u>
	<u>14,944,754</u>	<u>18,576,119</u>	<u>14,910,529</u>
Current Assets			
Loans, net of provisions for credit losses	225,449,539	247,826,875	240,984,716
Other Receivables	16,204,111	12,395,948	9,778,969
Deposits & Prepaid Expenses	3,750,467	3,073,511	2,244,282
Due from Directors	-	7,896,957	5,000,000
Cash & Cash Equivalents	<u>87,232,599</u>	<u>145,768,501</u>	<u>66,973,001</u>
	<u>332,636,716</u>	<u>416,961,792</u>	<u>324,980,968</u>
TOTAL ASSETS	<u>347,581,470</u>	<u>435,537,911</u>	<u>339,891,497</u>
EQUITY AND LIABILITIES			
Issued Share Capital	205,000,000	5,000,000	5,000,000
Accumulated Deficit	<u>(15,020,681)</u>	<u>(39,607,649)</u>	<u>(11,932,599)</u>
	189,979,319	(34,607,649)	(6,932,599)
Non Current Liabilities			
Notes Payable to Related Company	-	184,045,491	194,045,491
Notes Payable	84,692,331	111,692,331	93,192,331
Bank Loans	<u>-</u>	<u>29,392,572</u>	<u>-</u>
	<u>84,692,331</u>	<u>325,130,394</u>	<u>287,237,822</u>
Current Liabilities			
Accrued Liabilities	15,625,467	60,391,684	16,066,842
Current Portion of Bank Loan	8,651,808	59,692,596	11,011,392
Bank Overdraft	48,632,545	24,930,886	30,103,806
Taxation Payable	<u>-</u>	<u>-</u>	<u>2,404,234</u>
	<u>72,909,820</u>	<u>145,015,166</u>	<u>59,586,274</u>



TOTAL EQUITY AND LIABILITIES **347,581,470** **435,537,911** **339,891,497**
STATEMENT OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2016

	<u>Share Capital</u>	<u>Accumulated Deficit</u>	<u>TOTAL</u>
	\$	\$	\$
Balance at December 31, 2014	5,000,000	(39,253,049)	(34,253,049)
Net Profit, being Comprehensive Income for 1 st Quarter 2015	-	(354,600)	(354,600)
	<hr/>	<hr/>	<hr/>
Balance as at March 31, 2015	5,000,000	(39,607,649)	(34,607,649)
	<hr/>	<hr/>	<hr/>
Balance as at December 31, 2015	5,000,000	(11,932,599)	(6,932,599)
Issue of Shares	200,000,000	-	200,000,000
Net Profit, being Comprehensive Income for 1 st Quarter 2016	-	(3,088,082)	(3,088,082)
	<hr/>	<hr/>	<hr/>
Balance as at March 31, 2016	205,000,000	(15,020,681)	189,979,319
	<hr/>	<hr/>	<hr/>



FINANCE SERVICES LTD.

STATEMENT OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2016

	Unaudited 3 Months Ended March 31, 2016 \$	Unaudited 3 Months Ended March 31, 2015 \$	Audited 12 Months Ended December 31, 2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before Interest & Taxation	93,442	7,673,069	48,652,495
Adjustments for items not affecting cash resources			
Depreciation	719,784	704,780	2,879,120
Unrealized foreign exchange losses	-	(1,360)	(474,955)
Deferred Taxation	-	-	959,902
	813,226	8,376,489	52,016,562
Increase / (Decrease) in Operating Liabilities			
Loans and Other Receivables	6,419,707	(11,605,777)	9,137,507
Deposit	(1,506,185)	(899,229)	(70,000)
Due from Directors	5,000,000	1,150,000	4,046,957
(Decrease) / Increase in Operating Liabilities			
Accrued Liabilities	3,668,703	(1,221,358)	52,693,183
Cash provided by Operating activities	14,395,451	(4,199,875)	12,437,843
Interest Paid	(4,601,271)	(2,566,253)	(15,169,967)
Taxation Paid	(2,404,234)	(690,000)	(750,000)
Net Cash (used in) provided By Operating Activities	7,389,946	(7,456,128)	(3,482,124)



STATEMENT OF CASH FLOWS (CONT'D)
THREE MONTHS ENDED MARCH 31, 2016

	<u>Unaudited</u> 3 Months Ended March 31, 2016 \$	<u>Unaudited</u> 3 Months Ended March 31, 2015 \$	<u>Audited</u> 12 Months Ended December 31, 2015 \$
CASH FLOWS FROM			
 INVESTING ACTIVITIES			
Acquisition of Property, Plant and Equipment	(754,012)	(655,280)	(2,023,929)
Net Cash used in Investing activities	<u>(754,012)</u>	<u>(655,280)</u>	<u>(2,023,929)</u>
CASH FLOWS FROM			
 FINANCING ACTIVITIES			
Proceeds of Share Issue	200,000,000	-	-
Loans received from related company	-	-	10,000,000
Repayment of Bank loans	(2,359,584)	(3,882,516)	55,421,196
Proceeds from Bank Loans	-	59,692,596	33,157,500
Repayment of Related Company	(194,045,491)	-	-
Repayment of Notes Payable	<u>(8,500,000)</u>	<u>(5,500,000)</u>	<u>(24,000,000)</u>
Net Cash Used in Financing Activities	<u>(4,905,075)</u>	<u>50,310,080</u>	<u>(36,263,696)</u>
NET (DECREASE) / INCREASE IN CASH & CASH EQUIVALENTS	1,730,859	42,198,672	(41,769,749)
CASH & CASH EQUIVALENTS – Beginning of the Quarter / Year	<u>36,869,195</u>	<u>78,638,943</u>	<u>78,638,944</u>
CASH & CASH EQUIVALENTS – End of the Quarter / Year	<u>38,600,054</u>	<u>120,837,615</u>	<u>36,869,195</u>
REPRESENTED BY:			
Cash and Cash Equivalents	87,232,599	145,768,501	66,973,001
Bank Overdraft	<u>(48,632,545)</u>	<u>(24,930,886)</u>	<u>(30,103,806)</u>
	<u>38,600,054</u>	<u>120,837,615</u>	<u>36,869,195</u>



NOTES TO THE FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2016

1. IDENTIFICATION

ISP Finance Services Limited (the “Company”) is incorporated in Jamaica under the Jamaican Companies Act. The Company is domiciled in Jamaica with its registered office at 17 Phoenix Avenue, Kingston 10. The principal activity of the Company is granting of commercial loans and personal short term loans.

2. BASIS OF PREPARATION

These interim financial statements have been prepared in accordance with IAS 34 and should be read in conjunction with the Company’s financial statements for the Year Ended December 31, 2015 that have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) and the relevant requirements of the Act. The financial statements have been prepared under the historical cost basis and are expressed in Jamaican dollars, unless otherwise indicated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Depreciation

Property, plant and Equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of these items. Depreciation is calculated on a straight line basis at such rates that will write off the carrying value of the assets over the period of their estimated lives

The rates of depreciation in use are:

Leasehold Improvements	-	20%
Furniture and Equipment	-	10%
Computers	-	20%



(b) Loans

Loans are carried at original contract amounts less provisions made for doubtful amounts and impairment, based on review of all outstanding amounts at the end of each reporting period.

(c) Revenue

Interest income is recognized on the accrual basis, by reference to the principal outstanding and the interest rate applicable. Interest Income is calculated on the simple interest basis

4. ISSUED SHARE CAPITAL

The Company successfully issued 97,982,500 shares by an Initial Public Offering through the Junior Stock Exchange in March 2016 increasing its issued share capital to J\$205,000,000.

5. LOANS, NET OF PROVISION FOR CREDIT LOSSES

Loans consist of unsecured notes due from the Company's clients. The notes vary in tenure from two months to twelve months with an average term of seven months.

	March 31, 2016	March 31, 2015	December 31, 2015
	\$	\$	\$
Loans	292,158,177	296,487,026	303,943,355
Less: Provision for Credit Losses	<u>(66,708,639)</u>	<u>(48,660,151)</u>	<u>(62,958,639)</u>
Loans, net of provision for Credit Losses	<u>225,449,539</u>	<u>247,826,875</u>	<u>240,984,716</u>



6. TAXATION

The successful listing of the Company on the Junior Stock Exchange on March 30, 2016 qualifies it for exemption from Income Tax for a period of five years provided the shares remain listed on the Exchange for at least 15 years.

7. EARNINGS PER SHARE

Earnings per share are calculated by dividing the profit for the period by the weighted average number of shares in issue for the period.



ISP FINANCE SERVICES LIMITED

LIST OF TOP TEN (10) LARGEST SHAREHOLDERS AS AT MARCH 31, 2016

	<u>SHAREHOLDER</u>	<u>UNITS</u>
1.	Gencorp Limited	51,017,500
2.	Sunfisher Corporation	45,832,500
3.	Dennis Smith	3,500,000
4.	Primrose Smith	1,500,000
5.	Rezworth Burchenson	482,586
6.	Mary Angela Robertson	211,689
7.	Lindol Limited	160,862
8.	Ryan Chung	160,862
9.	Colando Hutchinson and/or Francis Hutchinson	103,368
10.	Diyal R. Fernando	75,000

SHAREHOLDINGS OF DIRECTORS, SENIOR MANAGERS AND CONNECTED PARTIES AS AT MARCH 31, 2016

<u>Directors</u>	<u>Shareholding</u>
Dennis Smith	3,500,000
Primrose Smith	1,500,000
Diyal R. Fernando	75,000

<u>Senior Managers</u>	
Seymour Smith	75,000
Wycliffe McDonald	15,000

<u>Connected Parties</u>	<u>Shareholding</u>
Gencorp	51,017,500
Sunfisher Corporation	45,832,500