

THIS PROSPECTUS IS DATED August 25, 2016 and is issued by ISP Finance Services Limited (the “Company”). A copy of this Prospectus was delivered to the Registrar of Companies for registration pursuant to sub-section 40(2) of the Companies Act, 2004 and was so registered on August 25, 2016. The Registrar of Companies accepts no responsibility whatsoever for the contents of this Prospectus.

A copy of this Prospectus was also delivered to the Financial Services Commission (“FSC”) for the purpose of registration of the Company as an issuer pursuant to section 26 of the Securities Act, and the Company was so registered on August 25, 2016. The FSC has neither approved this Prospectus nor passed upon the accuracy or adequacy of this Prospectus.

This Prospectus is intended for use in Jamaica only and is not to be construed as an invitation to any person outside Jamaica to subscribe or apply for any of the Bonds.

No person is authorised to provide information or to make any representation whatsoever in connection with this Prospectus, which is not contained herein.

PROSPECTUS

By



FINANCE SERVICES LTD.

10% Secured Corporate Bonds due 2019

Issue Date	September 2016
Interest Rate	10%
Maturity Date	September 20, 2019
Principal Amount of Bonds Available	J\$150,000,000
Minimum Subscription	J\$20,000
Issue Price	100% of Face Value

ISP FINANCE SERVICES LIMITED

Registered Office:

17 Phoenix Avenue, Kingston 10, Jamaica

Telephone: (876) 906-0103

Facsimile: (876) 906-3473

This invitation relates to the offer by ISP FINANCE SERVICES LIMITED (“ISP”) for subscription of 10% Secured Corporate Bonds due 2019 having an aggregate principal amount of up to J\$150,000,000.00.

The form of Bond is set out in Appendix 3. Each Bond shall be issued subject to the terms and conditions set out therein, and in the Trust Deed, dated August 25, 2016 entered into by the Company and the Security Trustee. An Application Form for use by Applicants is provided at Appendix 2, together with details on how to complete it. The Invitation for Applicants to apply to purchase the Bonds will open at 9:00 a.m. on September 1, 2016 and will close at 4:30 p.m. on September 22, 2016 subject to the right of the Company to (a) close the Invitation at any time after 9:00 a.m. on September 1, 2016 with notice posted on the website of the Jamaica Stock Exchange (www.jamstockex.com), once all of the Bonds are fully subscribed and (b) extend the Closing Date for receipt of Application Forms with notice posted on the aforementioned website of the Jamaica Stock Exchange in the event of a hurricane or other act of God. It is expected that the Bonds will be admitted to listing on the Bond Market of the Jamaica Stock Exchange within twenty one (21) days of the Closing Date (or extended Closing Date, as the case may be) and that dealings in the Bonds will commence on the date of admission. Please note that this statement of the Company’s intention is not a guarantee that the Bonds will in fact be admitted to trading on the Bond Market of the Jamaica Stock Exchange.

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1. IMPORTANT NOTICE & DISCLAIMER

Invitation is made to Jamaican Residents in Jamaica

This Prospectus is intended for use in Jamaica only and is not to be construed as an invitation to any person outside of Jamaica to subscribe or apply to purchase any interest in the Bonds. The distribution or publication of this Prospectus and the offering of Bonds in certain jurisdictions may be restricted by law and, accordingly, persons into whose possession this Prospectus may come are required to inform themselves about, and to observe, such restrictions.

The Bonds have not been nor will they be registered or qualified under the United States Securities Act, 1933, as amended, (the "1933 Act") or any applicable Blue Sky law or other security law of any State or political subdivision of the United States of America. The Bonds may not be offered, sold, transferred, or delivered, directly or indirectly in the United States of America, its territories or possessions or any area subject to the jurisdiction of the United States or in any other country in which an invitation to subscribe for the Bonds or the offering of the Bonds is not permitted by applicable law.

Responsibility for Content of this Prospectus

The Directors of **ISP Finance Services Limited**, whose names appear in Section 18 of this Prospectus, are the persons responsible for the information contained herein. To the best of the knowledge and belief of such Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to materially affect the import of such information. Each of such persons accepts responsibility accordingly.

No person is authorised to provide information or to make any representation whatsoever in connection with this Prospectus, which is not contained in this Prospectus.

Content of this Prospectus

This Prospectus contains important information for prospective investors in the Company. All prospective investors should read the Prospectus carefully in its entirety before submitting an Application Form.

If you are in doubt about the contents of this Prospectus, you should consult your stockbroker, securities dealer, investment adviser, bank manager, attorney-at-law, professional accountant or other professional adviser.

This Prospectus contains summaries of certain documents which the Board of Directors of the Company believe are accurate. Prospective investors may wish to inspect the actual documents that are summarized, copies of which will be available for inspection as described in Section 16. Any summaries of such documents appearing in this Prospectus are qualified in their entirety by reference to the complete document.

The publication of this Prospectus shall not imply that there has been no change in the business, results of operations, financial condition or prospects of the Company since the date of this Prospectus.

Neither the FSC, nor the Registrar of Companies or any other Government agency or regulatory authority in Jamaica has made any determination as to the accuracy or adequacy of the matters contained in this Prospectus

Application to Subscribe for Bonds

This Prospectus is not a recommendation by the Company that prospective investors should submit Application Forms to subscribe for Bonds in the Company. Prospective investors in the Company are expected to make their own assessment of the Company, and the merits and risks of subscribing for Bonds. Prospective investors are also expected to seek appropriate advice on the financial and legal implications of subscribing for Bonds, including but not limited to any tax implications.

Each Applicant who submits an Application Form acknowledges and agrees that:

- (i) he/she has been afforded a meaningful opportunity to review the Prospectus (including in particular the terms and conditions set out in Section 17), and to gather and review all additional information considered by him/her to be necessary to verify the accuracy of the information contained in this Prospectus;
- (ii) he/she has not relied on the Company or any other person in connection with his/her investigation of the accuracy of such information or his/her investment decision; and
- (iii) no person connected with the Company has made any representation concerning the Company or this Prospectus not contained in this Prospectus, on which the Applicant has relied in submitting his/her Application Form.

2. SUMMARY OF INVITATION

Issuer:	ISP Finance Services Limited
Securities:	10% Secured Corporate Bonds due 2019.
Agreement Amount:	Up to J\$150,000,000.00.
Issue Price:	100% of principal face value.
Minimum Subscription:	J\$20,000.00, and further increments of no less than J\$10,000.00.
Issue Date:	The date on which the Bonds are issued to successful Applicants, which will be no later than the date of listing. In the event that listing is not effected, the date that the Bonds are issued in certificated form.
Maturity Date:	The Bonds will mature on September 20, 2019.
Interest Rate:	Fixed at 10% per annum.
Interest Calculation:	<p>Interest will be calculated daily based on a 365 day year (366 days in leap years) and will be paid quarterly on each Interest Payment Date. The first Interest Payment Date will be December 20, 2016.</p> <p>Interest will begin to accrue from the date an Applicant receives an Allocation Certificate or other written confirmation of the commencement of accrual interest (whichever is earlier).</p>
Interest Payments Dates:	Interest will be due and payable on December 20, March 20, June 20, September 20 in each year, save and except that the first Interest Payment Date shall be December 20, 2016 and the final Interest Payment Date shall also be the Maturity Date (September 20, 2019).
Security:	<p>The Company's obligation to pay will be secured by a debenture creating a fixed and floating charge over all of the assets of the Company.</p> <p>See paragraph (g) of Section 6.2 for a more detailed description of the Debenture.</p>
Financial Covenants:	<p>The Bonds contain three (3) financial covenants for the benefit of Bondholders. In summary the Bonds contain:</p> <ul style="list-style-type: none">(i) a <u>Minimum Interest Coverage Ratio</u> of at least 1.5 times EBITDA;

(ii) a Maximum Leverage Ratio of no more than 2.0 times Total Equity; and

(iii) a Minimum Collateral Coverage Ratio of no less than 1.5 times the aggregate principal amount owing on Bonds.

See paragraph (f) of Section 6.2 for a more detailed description of the financial covenants.

Early Redemption:

The Company may at any time voluntarily prepay the Bonds or redeem, at par, all or some only of the Bonds in issue. For this purpose “redemption” means that some or all of the Bonds are redeemed in full and “prepayment” means a partial payment of principal upon all the Bonds.

Early Redemption Fee:

Prepayment or Early Redemption shall attract the following fee depending on the date on which the Prepayment or Early Redemption is scheduled to occur:

	Prepayment/Early Redemption Date	Prepayment/Early Redemption Fee
1	Before the 2 nd Anniversary of the Issue Date.	2.00% of the principal amount prepaid/redeemed
2	On or after the 2 nd Anniversary of the Issue Date but before the 3 rd Anniversary.	1.50% of the principal amount prepaid/redeemed

Principal:

Principal along with accrued interest will be due and payable on the Maturity Date without a prepayment or early redemption fee or on the date of early redemption or prepayment as may be the case subject to payment of a fee as described above.

Events of Default:

The following is a summary of the Events of Default which would allow the Security Trustee on behalf of the Bondholders to demand immediate payment of all principal and interest upon the Bonds:

- (a) default by ISP in paying any sum due under the Bonds for a period of five (5) Business Days; or
- (b) any representation or warranty made by ISP in the Trust Deed being incorrect in any material respects when made and ISP either knew or ought reasonably to have known it was incorrect; or

- (c) default by ISP in the performance or observance of any covenant, condition or other provision in the Trust Deed or the Debenture including the Financial Covenants; or
- (d) if an order is made or resolution passed for ISP to be wound up, except a voluntary winding-up previously approved by ISP; or
- (e) if an encumbrancer shall take possession of, or a receiver is appointed over, all or any part of ISP's assets and the Security Trustee certifies that in its opinion such action is materially prejudicial to the interest of Bondholders; or
- (f) if any distress or execution is levied against ISP and the Security Trustee certifies that in its opinion such action is materially prejudicial to the interest of Bondholders; or
- (g) if ISP stops or threatens to stop payment of its debts or shall cease or threaten to cease to carry on the whole or substantially the whole of its business and the Security Trustee certifies that in its opinion, such event will be materially prejudicial to the interest of Bondholders; or
- (h) if the Trust Deed is, or the Bonds or the Debenture becomes, or is alleged to be, unlawful or unenforceable; or
- (i) if any Insolvency Event shall occur with respect to the Issuer; or
- (j) if final judgment is rendered against ISP and such judgment remains unsatisfied for a period of forty-five (45) days unless such judgment is the subject of a *bona fide* appeal.

In respect of the events listed at (c), (h) and (j) above ISP has a cure period of fourteen (14) days after notice from the Security Trustee to remedy the breach and if such breach is not remedied within such period only then will an Event of Default occur.

Taxation:

Interest payments to Jamaican resident Bondholders will be subject to tax at 25%. Such interest will be withheld by the Registrar and Paying Agent and paid to the relevant tax authority. A certificate in the usual form confirming payment of such tax will be issued to the relevant Bondholder by the Registrar and Paying Agent. Bondholders that are resident outside of Jamaica may be subject to higher or lower rates of tax on interest and principal.

Listing:

The Company will apply to the JSE to list the Bonds on the Bond Market Platform. This is not a guarantee that the application will be successful. In the event that the application to list is not successful the Bonds will be issued in certificated form

to each successful Applicant, in the form as set out in Appendix 3.

JCSD Processing Fee: J\$134.00 per Application.

**Security Trustee, Administrative Agent
Registrar and Paying Agent:** JCSD Trustee Services Limited.

Application Form: See Appendix 2 of this Prospectus.

**Terms and Conditions
of the Invitation for Subscription:** See Section 17 of this Prospectus.

Payment Method: See either Section 17.7 or Section 6.5 paragraph 5 for full details.

Timetable of Key Dates: Registration of Prospectus: August 25, 2016

Publication of Prospectus: August 25, 2016

Opening Date: 9:00 A.M. September 1, 2016

Closing Date*: 4:30 P.M. September 22, 2016; subject to early closing once fully subscribed.

Application Procedures: Application Forms must be submitted to VM Wealth, along with the requisite payment, in immediately available funds, at the locations set out in Appendix 4.

Basis of Allotment: Application Forms that meet the requirements set out in this Prospectus shall be accepted on a “first come first served basis”.

Confirmation of Allotments: All Applicants may refer to the confirmation instructions that will be posted on the website of the JSE (www.jamstockex.com) after the closing date.

Returned Applicants/Refunds: Available for collection where originally submitted (Victoria Mutual Wealth Management Limited) within 10 (ten) days of the Closing Date (or the extended Closing Date, as the case may be).

*The Invitation will close at 4:30 p.m. on the Closing Date of September 22, 2016, subject to the right of the Company to: (i) close the Invitation at any time after 9:00 a.m. on the Opening Date of September 1, 2016 once the issue is fully sold and subscribed; and/or (ii) extend the Closing Date, subject to the provision of section 48 of the Act. In either case, notice will be posted on the website of the JSE (www.jamstockex.com).

**It is the intention of the Company to apply to the JSE for listing of the Bonds on the Bond Market of the JSE. Please note that this statement of the Company’s intention is not a guarantee that the Bonds will in fact be admitted to trading on the Junior Market of the JSE.

3. LETTER TO PROSPECTIVE INVESTORS



FINANCE SERVICES LTD.

August 25, 2016

Dear Prospective Investor,

The Board of Directors is pleased to invite you to apply to purchase the 10% Secured Corporate Bonds due 2019 (“the Bonds”) to be issued by the Company on the terms and conditions set out in the Prospectus dated as of the date hereof.

The Company

The Company was incorporated in Jamaica on January 3, 2007 and carries on business as a provider of commercial loans to micro and small businesses and personal loans to employed persons. The Company’s registered office is located at 17 Phoenix Avenue, Kingston 10, Jamaica.

Since commencing business in February 2007, the Company’s Loan portfolio has grown from approximately J\$2.5 million to approximately J\$303.9 million in 2015. For further information on the Company’s Loan Portfolio see Financial Highlights in Section 10.

Initial Public Offering and Junior Market Listing

In the first quarter of 2016 the Company conducted an Initial Public Offering of 48,982,500 ordinary shares pursuant to a Prospectus dated March 11, 2016 (the “IPO”). The IPO which opened on March 24, 2016 was a resounding success, comfortably raising the approximately J\$98 Million sought. As the IPO was fully subscribed the Company exercised its option to close the IPO early and immediately apply to list its ordinary shares on the Junior Market of the Jamaica Stock Exchange (“the Junior Market”). On March 30, 2016, the Company’s ordinary shares were listed on the Junior Market trading under the ticker: ISP (the “Listing”).

As the Company was listed on the Junior Market prior to March 31, 2016 it will benefit from the special concessionary tax regime whereby (provided that the Company remains listed for fifteen (15) years) in its first five (5) years, the Company will not be liable to pay any corporate income tax.

The Board would once again like to extend its gratitude to all stakeholders that contributed to the Company’s successful IPO and Listing.

The Invitation for Listed Corporate Bonds

The Company believes that now is the opportune time to issue a fixed rate short term bond given that: (i) the local interest rate environment has seen a downward trend in interest rates after two 25 basis point cuts to the Bank of Jamaica's benchmark 30 day Certificate of Deposit rate; and (ii) the Company's balance sheet has improved significantly.

The Company will therefore seek to raise up to J\$150 Million by inviting applications from the general public for its 10% Secured Corporate Bonds due 2019. The Company reserves the right to take up any sum less than J\$150 Million.

The Company will make an application to list the Bonds on the Bond Market Platform of the JSE. If admitted to trading, Bondholders will have significantly more liquidity as well as a quoted market price for the Bonds for valuation purposes. Regardless of whether the Bonds are in fact listed, the Bonds will constitute a public issuance of freely tradable debt securities, so that a Bondholder may sell his/her Bonds or a portion thereof to members of the general public. The freely tradable character of the Bonds provides a Bondholder with additional methods to monetize their Bonds without holding until maturity.

The Invitation opens at 9:00 a.m. on the Opening Date, being September 1, 2016 and closes at 4:30 p.m. on the Closing Date being September 22, 2016, subject to the right of the Company to shorten or extend the time for closing in the circumstances specified in this Prospectus.

Use of Proceeds

The Company intends to use the proceeds to expand its loan portfolio and for working capital and general corporate purposes.

The Company also intends to pay the expenses associated with the Invitation out of the proceeds, which it estimates will not exceed J\$7,872,500.00 inclusive of General Consumption Tax, as follows:

(i) Arranger, Brokerage and Financial Advisory fees:	J\$5,750,000.00;
(ii) Legal fees:	J\$1,747,500.00 ¹ ;
(iii) Statutory fees and JSE fees:	J\$175,000.00;
(iv) Security Trustee, Administrative Agent, Registrar and Paying Agent fees:	J\$200,000.00

How to Apply to Purchase the Bonds

Prospective investors who are interested in applying to purchase the Bonds should read the Prospectus in its entirety and the full terms and conditions of the Invitation and the Bonds set out in Section 17, and then complete the Application Form set out in Appendix 2.

Yours sincerely,
For and on behalf of the Company

By: /s/ Dennis Smith

Dennis Smith
Chief Executive Officer

¹ Specially agreed rate based on legal adviser also acting for the Company in its IPO and Listing.

4. DEFINITIONS

The following definitions apply throughout this Prospectus unless the context otherwise requires:

“Act”	the Companies Act, 2004;
“Allocation Certificate”	the certificate of debt issued by the Security Trustee evidencing a Bondholder’s proportionate interest in the Bond;
“Allotment”	the issuance of Allocation Certificates by the Registrar to successful Applicants;
“Applicant”	a person (being an individual(s), company, body corporate or other legal entity) who submits an Application in accordance with the terms and conditions of this Prospectus;
“Application Form” or “Subscription Form”	an application to purchase Bonds used in respect of the Invitation to purchase Bonds (which is set out in Appendix 2) and the term “ Application ” shall be construed as application to purchase Bonds;
“Articles”	the Articles of Incorporation of the Company;
“Auditors”	CrichtonMullings & Associates;
“Auditors’ Report”	the report of CrichtonMullings & Associates set out in Section 13;
“Bond”	the three (3) year J\$ Fixed Bond in the form set out in Appendix 3 hereto issued by ISP in the name of the Security Trustee as Trustee on behalf of the successful Applicants (and Bondholders from time to time) evidencing the Aggregate Amount of up to J\$150,000,000.00, bearing the fixed rate interest of 10% per annum and in respect of which principal becomes payable on the Maturity Date or Early Redemption Date or Prepayment Date, whichever is earlier;
“Bond Market”	the trading platform for debt securities established by JSE;
“Bondholders”	the registered holders of the Bonds from time to time;
“Bondholders’ Majority”	at any time, one or more Bondholder(s) holding Bonds having an aggregate principal value of more than 50% of all outstanding principal value of all the Bonds;
“Bonds”	transferable beneficial interests in the Bond evidenced and quantified by the issue of an allocation Certificate;
“Charged Assets”	all property, assets, rights and undertakings of the Company;

“Business Day”	any day (other than a Saturday, Sunday or public general holiday) on which banks are open for business in the Corporate Area of Kingston & Saint Andrew, Jamaica;
“Closing Date”	the date on which the Subscription List in respect of this Invitation closes, being 4:30 p.m. on September 22, 2016, subject to the right of the Company to shorten or extend the subscription period in the circumstances set out in this Prospectus;
“the Company” or “ISP”	ISP Finance Services Limited, a company incorporated under the laws of Jamaica, and being the Company making this Invitation;
“Debenture”	a security interest creating a fixed and floating charge over the Charged Assets, and stamped to secure the aggregate amount of principal outstanding on the Bonds, with the power to up-stamp to a higher sum;
“Debt”	the <u>sum</u> (without double counting) of: (a) all indebtedness of the Company for borrowed money; (b) all obligations of the Company for the deferred purchase price of property or services (other than trade payables with payment terms not greater than 180 days, not overdue by more than 60 days and incurred in the ordinary course of the Company’s business); (c) all obligations of the Company evidenced by notes, bonds, debentures or other similar instruments; (d) all obligations of the Company created or arising under any conditional sale or other title retention agreement with respect to property acquired by the Company (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property); (e) all obligations of the Company as lessee under finance leases; (f) all obligations of the Company under acceptances, letters of credit or similar facilities; (g) all contingent obligations of the Company; and (h) guarantees, indemnities or other assurances against financial loss in respect of the indebtedness and other payment obligations referred to in sub-paragraphs (a) through (g) above of another Person;
“Directors” or “Board”	the Board of Directors of the Company including a duly authorised committee thereof;
“Dollars” or “J\$”	Jamaican dollars;
“EBITDA”	is <u>the sum of</u> : (a) net income (excluding any extraordinary and non-operating income and expenses for the preceding twelve months) of the Company for such period, and (b) to the extent deducted in determining net income of the Company for such period, the aggregate amount of (i) “Interest Expense” , (ii) income tax expense (including accrued income tax), (iii) depreciation expense, and (iv) amortization expense;
“Enforcement Action”	any action taken by the Security Trustee on behalf of Bondholders to enforce recovery of obligations due under the Bonds or under the Trust Deed or under the Debenture or otherwise pursuant to any common law or statutory right including, without limitation, appointment of a receiver in respect of the Debenture

“Financial Year”	the financial year of the Company, currently January 1 to December 31;
“Financial Half-Year”	a financial half-year of the Company being currently (i) January 1 to June 30 (“1 st Financial Half-Year”) and (ii) July 1 to December 31 (“2 nd Financial Half-Year”);
“FSC”	the Financial Services Commission;
“Government”	the Government of Jamaica;
“Interest Payment Date”	any day on which interest falls due on the Bonds being: September 20, December 20, March 20, June 20 of each year commencing on December 20, 2016; provided that the final Interest Payment Date shall be the Maturity Date;
“Insolvency Event”	any of the following events occurring with respect to the Company namely: (i) the filing by the Company of a Notice of Intention or a Proposal under the Insolvency Act; or (ii) the commencement of proceedings by the Company to secure a composition of its debts under a court-approved scheme of arrangement or the making of any proposal to its creditors or any of them to compromise its debts; or (iii) the making by the Company of an application to the Supervisor of Insolvency for an assignment for the benefit of its creditors or if a creditor of the Company (or the Company itself) shall apply to the court for a receiving order to be made against it; or (iv) if the Company shall commit an act of bankruptcy under section 57 of the Insolvency Act; or (v) if a receiver (or an interim receiver) shall be appointed over the whole or any part of the assets of the Company;
“Invitation”	this Invitation to apply to purchase Bonds on the terms and conditions set out in Section 17 and the Prospectus generally;
“Interest Expense”	the <u>sum of</u> : (a) all interest in respect of debt (including the interest component of any payments in respect of capitalised leases and any other continuing, regular or periodic payment in the nature of interest) accrued or capitalised during such period (whether or not actually paid during such period) <u>plus</u> (b) commissions and other fees payable as a proxy for interest on any loan or other credit facility granted to the Company at a stated rate of interest below prevailing market rate; plus (c) the net amount payable (or minus the net amount receivable) under interest rate hedge agreements;
“JSE” or “the Exchange”	the Jamaica Stock Exchange;
“Junior Market Rules”	the rules made by the JSE from time to time to govern the Junior Market;
“Junior Market”	the Junior Market of the JSE;
“List”	the Subscription List applicable to this Invitation;
“Maturity Date”	September 20, 2019;

“Minimum Denomination”	the minimum principal amount for which Applications will be received being J\$20,000, with increments of no less than J\$10,000.00;
“Net Debt”	“Debt” <u>minus</u> cash and cash equivalents;
“Opening Date”	the date on which the Subscription List in respect of this Invitation opens, being 9:00 a.m. on September 1, 2016;
“Ordinary Resolution”	a resolution passed at a meeting of Bondholders (duly convened and held in accordance with the provisions of the Trust Deed) by the affirmative vote of the Bondholders holding not less than 50% in nominal value of the outstanding Bonds who shall all be present in person or by proxy at such a meeting or (ii) approved in writing or on a poll of Bondholders by Bondholders holding not less than 50% in nominal value of the outstanding Bonds;
“Shareholders”	holders of the Shares and includes Stockholders and <i>vice versa</i> ;
“Shares”	no par value ordinary shares (including stock units) in the capital of the Company that trade on the Junior Market under the ticker ISP;
“Total Equity”	the <u>sum of</u> : (a) the issued share capital of the Company; (b) any accumulated deficit or surplus; and (c) profit or loss for the reference period;
“Security Trustee”	JCSD Trustee Services Limited;
“VMWM” or “VM Wealth”	Victoria Mutual Wealth Management Limited.

In this Prospectus, the singular includes the plural and *vice versa* and references to one gender include all other genders. References to “person” include any individual, company or other corporate body or any firm or partnership.

5. FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. Forward-looking statements are statements that are not about historical facts and speak only as of the date they are made and include without limitation the discussion of future plans and financial projections. Although the Company believes that in making any such statements its expectations are based on reasonable assumptions, such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Prospective investors in the Company are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the dates on which they have been made. Future events or circumstances could cause actual results to differ materially from historical or anticipated results.

Forward-looking statements may be identified by accompanying language such as “*expects*”, “*intends*”, “*anticipates*”, “*estimates*” and other cognate or analogous expressions or by qualifying language or assumptions. These forward-looking statements are subject to numerous risks and uncertainties. Once this Prospectus has been signed by or on behalf of the Company, and prior to the admission of the Company to the Junior Market of the JSE, the Company undertakes no obligation to update publicly or revise any of the forward-looking statements in light of new information or future events, including changes in the Company’s financial or regulatory position, or to reflect the occurrence of unanticipated events (subject to any legal or regulatory requirements for such disclosure to be made). There are important factors that could cause actual results to differ materially from those in forward-looking statements, certain of which are beyond the Company’s control. These factors include, without limitation, the following:

- general economic and business conditions prevailing both locally and internationally including: actual rates of growth of the Jamaican and regional economies, interest rates or exchange rate volatility
- competition
- changes in political, social and economic conditions impacting market conditions in general and on the Company in particular
- adverse climatic events and natural disasters
- unfavourable market receptiveness to new products
- changes in any legislation or policy adversely affecting the revenues or expenses of the Company
- any other factor negatively impacting on the realisation of the assumptions on which the Company’s financial projections are based
- other factors identified in this Prospectus

Neither the FSC nor any Government agency or regulatory authority in Jamaica has made any determination on the accuracy or adequacy of the matters contained in the Prospectus.

6. THE INVITATION

6.1 General Information

The Company's Board of Directors by a board of resolution dated June 8, 2016 determined that it was in the best interests of the Company to raise up to J\$150,000,000 from an Invitation to the general public to purchase its 10% Secured Corporate Bonds due 2019. The Company reserves the right to take up any sum less than J\$150 Million. The Company's Borrowing Powers are set out at Appendix 1. The board resolution approving the Invitation is amongst the Documents Available for Inspection.

The Company will make an application to the JSE for the Bonds to be admitted to trading on the Bond Market. If the application is successful, it is anticipated that the Bonds will be admitted to trading within twenty-one (21) days of the Closing Date (or the extended Closing Date, as the case may be).

Prospective investors should read all of the sections referred to carefully together with the remainder of this document. Those prospective investors who wish to apply for Bonds should also refer to the full terms and conditions set out in Section 17 before completing the Application Form set out in Appendix 2.

6.2 Terms of Issue of the Bonds

(a) Form of Bond

On the Issue Date, the Company will issue a bond in the form of Bond set out in Appendix 3. The Bond will be in the principal amount purchased by Bondholders which will be no more than J\$150,000,000.00 at an Issue Price of 100% of the principal amount of the Bond. The Bond will represent the Company's aggregate repayment obligations to Bondholders. The Bond is being issued only in Jamaica.

(b) Interest

Each Bondholder will be entitled to receive interest at the rate of 10% per annum. Interest will be calculated daily based on a 365 day year (366 days in leap years).

Interest will begin to accrue for each Bondholder on the date specified as the commencement of accrual interest in the Allocation Certificate (or other written confirmation of the commencement of accrual interest) and ending on December 19, 2016 and thereafter, commencing on the Interest Payment Date and ending on the day immediately preceding the next Interest Payment Date;

(c) Dates for payment of Principal and Interest

Subject to early redemption (see paragraph (d) of this Section 6.2 below), a Bondholder will be entitled to receive the principal amount of their Bonds with accrued interest on the Maturity Date, which shall be on September 20, 2019. Interest will be due and payable quarterly on each Interest Payment Date which shall be December 20th, March 20th, June 20th, September 20th of each year save and except that that the first Interest Payment Date shall be December 20, 2016 and the final Interest Payment Date shall be the Maturity Date (September 20, 2019).

(d) Early Prepayment or Redemption

The Company may at any time voluntarily prepay the Bonds or redeem, at par, all or some only of the Bonds in issue. Such redemption shall be effected by the Company serving a notice (“Notice of Prepayment” or “Notice of Redemption”) upon Bondholders (with a copy to the Security Trustee) stating that on a fixed future date (which shall fall on an Interest Payment Date and shall not be less than 30 days from the date of the notice) the Company shall prepay or redeem all or a specified principal amount of the Bonds. For this purpose “redemption” means that some or all of the Bonds are redeemed in full and “prepayment” means a partial payment of principal upon all the Bonds.

Bonds may not be re-issued once prepaid or redeemed.

(e) Fee for Early Prepayment or Redemption

Prepayment or Early Redemption shall attract the following Fees depending on the date on which the Prepayment or Early Redemption is scheduled to occur:

	Prepayment/Early Redemption Date	Prepayment/Early Redemption Fee
1	Before the 2 nd Anniversary of the Issue Date	2.00% of the principal amount prepaid/redeemed
2	On or after the 2 nd Anniversary of the Issue Date but before the 3 rd Anniversary	1.50% of the principal amount prepaid/redeemed

(f) Financial Covenants

The Bonds contain three (3) financial covenants for the benefit of the Bondholders.

(i) Minimum Interest coverage Ratio:

- The Company shall maintain that its **EBITDA to Interest Expense** shall not be less than 1.5 to 1.0;
- This covenant shall be measured for the 12-month period ending as at each **Financial Year** using the Company’s audited Financial Statements for the period.

(ii) Maximum Leverage Ratio:

- The Company shall not incur **Debt** which would result in its **Net Debt to Total Equity** exceeding 2.0 to 1.0;
- This covenant shall be measured prior to the Company incurring **Debt** and shall use the 12-month period ending as at the most recent **Financial Half Year**.

(iii) Minimum Collateral coverage Ratio:

- The Company shall maintain the market value of the **Charged Assets** to the aggregate principal amount owing on the Bonds in issue shall not be less than 1.5 to 1.0;
- This covenant shall be measured for the 12-month period ending as at each **Financial Year** using the Company's audited Financial Statements for the period.

The terms in bold in this section (f) are defined in Section 4 of this Prospectus.

(g) Security

The Company will grant a fixed and floating charge debenture (the "Debenture") over all of its assets, property and undertaking (the "Charged Assets") to secure its obligations to make payments under the Bonds. The Charged Assets excludes assets subject to an existing security interest. See Section 7.9 for a list of the Company's material indebtedness. The Debenture will be stamped to secure a sum equal to the aggregate principal amount owing on the Bonds, with the power to up-stamp to a higher sum.

The Debenture contains the following important features, (in summary):

- (i) Negative Pledge – the Company is prohibited from creating any security over its assets without the prior written consent of the Security Trustee.
- (ii) Automatic Crystallization of floating charge – the floating charge will automatically crystallize in certain circumstances including breach of any of the Financial Covenants.
- (iii) Appointment of Receiver – pursuant to a duly authorised Enforcement Action, the Security Trustee may appoint a receiver. The powers of the receiver are set out in the Debenture, but include (among other things): (a) taking possession of the Charged Assets; (b) carrying on the business of the Company.

The Debenture and the Trust Deed are amongst the documents available for inspection.

(h) Conversion to Shares

The Bonds cannot be converted to Shares or any other securities of the Company.

(i) Minimum Denomination

Each Applicant must apply for a principal amount of no less than J\$20,000.00, with further increments of no less than J\$10,000.00.

(j) Price

Each Applicant must pay in full with their Application a price equivalent to 100% of the face value of the principal amount for which the application is made.

(k) Sale and Resale Restrictions

This Prospectus has been registered with the Financial Services Commission and Registrar of Companies Office on August 25, 2016 and is intended for use in Jamaica only and is not to be construed as an invitation to any person outside of Jamaica to subscribe or apply for any of the Bonds. Pursuant to the

said Prospectus the Bonds are tradable debt securities that are freely tradable to members of the general public in multiples of J\$10,000.00.

(l) Security Trustee

Pursuant to the Trust Deed dated August 25, 2016 and the Debenture dated August 25, 2016, JCSD Trustee Services Limited has been appointed as Security Trustee for the benefit of the Bondholders. JCSD Trustee Services Limited is a subsidiary of the Jamaican Central Securities Depository Limited, which is the Company's Registrar and Transfer Agent.

The Security Trustee's rights, powers and duties are set out in the Trust Deed and the Debenture. The Trust Deed and the Debenture are amongst the Documents Available for Inspection

(m) Administrative Agent, Registrar and Paying Agent

The JCSD Trustee Services Limited has been appointed as the Administrative Agent, and Registrar and Paying Agent for purposes of trading of the Bonds, and all payments of principal and interest due to Bondholders.

(n) Events of Default

The following is a summary of the Events of Default which would allow the Security Trustee on behalf of the Bondholders to demand immediate payment of all principal and interest upon the Bonds:

- (i) default by ISP in paying any sum due under the Bonds for a period of five (5) Business Days; or
- (ii) any representation or warranty made by the Company in the Trust Deed being incorrect in any material respects when made and the Company either knew or ought reasonably to have known it was incorrect; or
- (iii) default by the Company in the performance or observance of any covenant, condition or other provision in the Trust Deed or the Debenture including the Financial Covenants; or
- (iv) if an order is made or resolution passed for the Company to be wound up, except a voluntary winding-up previously approved by the Company; or
- (v) if an encumbrancer shall take possession of, or a receiver is appointed over, all or any part of ISP's assets and the Security Trustee certifies that in its opinion such action is materially prejudicial to the interest of Bondholders; or
- (vi) if any distress or execution is levied against the Company and the Security Trustee certifies that in its opinion such action is materially prejudicial to the interest of Bondholders; or
- (vii) if the Company stops or threatens to stop payment of its debts or shall cease or threaten to cease to carry on the whole or substantially the whole of its business and the Security Trustee certifies that in its opinion, such event will be materially prejudicial to the interest of Bondholders; or

- (viii) if the Trust Deed or the Bonds or the Debenture is, or becomes, or is alleged to be, unlawful or unenforceable; or
- (ix) if any Insolvency Event shall occur with respect to the Company; or
- (x) if final judgment is rendered against the Company and such judgment remains unsatisfied for a period of forty-five (45) days unless such judgment is the subject of a *bona fide* appeal.

In respect of the events listed at (iii), (viii) and (x) above the Company has a cure period of fourteen (14) days after notice from the Security Trustee to remedy the breach and if such breach is not remedied within such period only then will an Event of Default occur.

Upon (i) receipt of a notice or certificate from the Company or a Bondholders' Majority that an Event of Default has occurred and is continuing or (ii) upon the occurrence and continuance of an Event of Default by reason of non-payment of any sum payable to the Bondholders or the Security Trustee as aforesaid (after giving effect to any grace period applicable thereto or service of any requisite notice upon the Company or issuing of any certificate), then, the Security Trustee shall, summon one or more meetings of Bondholders or otherwise poll Bondholders to determine by Ordinary Resolution whether any one or more or all of the following action(s) shall be taken by the Security Trustee on behalf of Bondholders:

- (i) making a demand for payment under the Bond; and/or
- (ii) declaring the principal sum owing on the Bonds (with accrued interest thereon) and all other amounts owing in respect thereof be due and payable forthwith, whereupon the same shall immediately become due and payable; and/or
- (iii) taking legal proceedings against the Company on behalf of Bondholders; and/or
- (iv) taking any one or more Enforcement Actions (including the appointment of a receiver); and/or
- (v) take any other action deemed appropriate.

(o) Taxation

A Bondholder that sells or otherwise disposes of their Bonds for a gain should not pay income tax on that gain unless they are engaged in the trade of buying and selling securities.

Interest payments to Jamaican resident Bondholders will be subject to tax at 25%. Such interest will be withheld by the Registrar and Paying Agent and paid to the relevant tax authority. A certificate in the usual form confirming payment of such tax will be issued to the relevant Bondholder by the Registrar and Paying Agent. Bondholders that are resident outside of Jamaica may be subject to higher or lower rates of tax on interest and principal payable in respect of the Bonds.

6.3 Method of Issuance of Bond

Pursuant to the Trust Deed dated August 25, 2016 a Bond will be issued in the name of the Security Trustee as nominee on behalf of the Bondholders. Once issued the Bond will be presented for stamping at the Taxpayer Audit and Assessment Department (Stamp Duty and Transfer Tax Division) to ensure the Bond remains a valid obligation of the Company.

After stamping, the Bond will be deposited with JCSD Trustee Services Limited, the entity appointed by the Company to act as Security Trustee, Administrative Agent and Registrar and Paying Agent in respect of the 10% Secured Corporate Bonds due 2019. The JCSD Trustee Services Limited is a limited-purpose company created to provide Trustee and Administrative services and along with Jamaica Central Securities Depository Limited (“JCSD”) (the Company’s Registrar and Transfer Agent) facilitates the clearance and settlement of transactions in securities between Participants (as defined in the Rules of the JCSD) through electronic book-entry changes in the accounts of its Participants.

Applicants who do not already have sub-accounts at the JCSD will be required to instruct VMWealth, the Lead Stock Broker, to procure that an account be opened in their name(s) in the event they are successful in their application as part of the process of application for the Bonds.

Once the Bond has been stamped it will be deposited with the JCSD Trustee Services Limited, and the JCSD will be instructed to credit the accounts of Bondholders with their respective interests in the Bond. All interests in the Bond will be subject to the procedures and requirements of the JCSD. No physical Bonds will be issued to Bondholders by the Company. Each Bondholder will be issued an Allocation Certificate by the JCSD Trustee Services Limited evidencing that Bondholder’s proportionate interest in the Bond. Each Allocation Certificate will be issued in a multiple of J\$10,000.00, subject to a minimum subscription of J\$20,000.00.

6.4 Register of Bondholders

The Registrar will initially establish a register of Persons who have acquired Bonds pursuant to this Invitation, reflecting each Bondholder’s interest in the Bond and shall thereafter maintain said register, including records of all transfers of Bonds by Bondholders.

The Company and the Registrar and Paying Agent will treat the person/s whose name appears on the Register as the owner of the interest in the Bond for the purpose of receiving such payments and for any and all other purposes whatsoever. The Registrar and Paying Agent shall be responsible for effecting payment of principal and interest to Bondholders.

6.5 Summary of Terms and Conditions of the Invitation

1. The complete terms and conditions are found at Section 17 and the instructions to the Application Form in Appendix 2.
2. Applicants must submit their completed Application Form provided at Appendix 2 to this Prospectus.
3. Applicants will be deemed to have accepted the terms and conditions of this Invitation and any other terms and conditions set out in this Prospectus, including in Appendix 2.
4. Each Applicant acknowledges and agrees that:
 - (a) he/she has been afforded a meaningful opportunity to review the Prospectus (including the terms and conditions in Section 17), and to gather and review all additional information considered by him/her to be necessary to verify the accuracy of the information contained in this Prospectus;

(b) he/she has not relied on the Company or any other person in connection with his/her investigation of the accuracy of such information or his/her investment decision;

(c) no person connected with the Company has made any representation concerning the Company or this Prospectus not contained in this Prospectus, on which the Applicant has relied in submitting his/her Application Form; and

(d) he/she has made his/her own assessment of the Company, and the merits and risks of purchasing Bonds, inclusive of taking advice (or waiving the need for such advice) in relation to the financial and legal implications of applying for Bonds and tax implications thereof.

5. All Application Forms must be submitted together with payment for the principal amount of Bonds subscribed for in the form of either:

(a) a manager's cheque made payable to "**Victoria Mutual Wealth Management Limited**" if the subscription amount is less than J\$2,000,000.00; or

(b) authorisation from the Applicant on the Application Form, instructing VM Wealth to make payment from cleared funds held with VM Wealth in an investment account in the Applicant's name; or

(c) where applicable, proof of payment to VM Wealth made electronically using either the RTGS payment system **or** by wire transfer. Absolutely no cash will be collected.

All completed Application Forms must be delivered to VM Wealth at any of its offices or any of the branches of Victoria Mutual Building Society listed in Appendix 4, including the following locations:

<p>KINGSTON 53 Knutsford Boulevard Kingston 5 Telephone: (876)-960-5000-3</p>	<p>MANDEVILLE Shop #3, Manchester Shopping Centre Mandeville Telephone: (876)-962-7215</p>
<p>PORTMORE Lot 1 Seagrape Close Portmore, Saint Catherine Telephone: (876)-988-8603</p>	<p>MONTEGO BAY Unit 8, Summit Business Centre, Lot 3, Straddle Drive Bogue Estates, Montego Bay, Saint James Telephone: (876)-684-9806</p>

6. Application Forms must apply for a minimum denomination of J\$20,000.00. Applications in excess of that number must be in multiples of J\$10,000.00. Application Forms in other denominations will not be processed or accepted.

Application Forms submitted to VM Wealth in advance of the Opening Date (early applications) will be received but not processed until the Opening Date. All advance applications will be treated as having been received at 9:00 a.m. on the Opening Date,

September 1, 2016. All Application Forms received from 9:00 a.m. onwards on the Opening Date will be time stamped for processing in the order in which they were received. Application Forms that meet the requirements set out in this Prospectus will be accepted on a first come first served basis.

7. All Bonds are priced at 100% of principal face value of amount applied for.
8. For the purposes of paragraph 6 above the Directors of the Company, in their sole discretion, may:
 - (a) accept or reject any Application Form in whole or part without giving reasons, and neither they (nor any of them) nor the Company shall be liable to any Applicant or any other person for doing so; and
 - (b) close the subscription lists at any time after 9:00 a.m. on the Opening Date of September 1, 2016 once the issue is fully sold and subscribed.
9. Neither the submission of an Application Form by an Applicant nor its receipt by the Company will result in a binding contract between the Applicant and the Company. Only the allotment of Bonds by the Company to an Applicant (whether such Bonds represent all or part of those specified by the Applicant in his/her Application Form) will result in a binding contract under which the Applicant will be deemed to have agreed to purchase the principal amount of Bonds applied for at the 100% of the face value of the Bonds, subject to the terms and conditions stated in Section 17.
10. Successful Applicants will be allotted Bonds for credit to their account in the Jamaica Central Securities Depository specified in their Application Forms. Applicants may refer to the confirmation instructions that will be posted on the website of the Jamaica Stock Exchange (www.jamstockex.com) after the Closing Date.
11. The Company will endeavour to return cheques for the amounts refundable to Applicants whose Application Forms are not accepted, or whose Application Forms are only accepted in part, to the Applicant's address shown in the Application Form within 10 (ten) working days after the Closing Date (or the extended Closing Date, as the case may be) or as soon as practicable thereafter. If an Applicant so indicates on his Application Form his refund cheque will be sent to VM Wealth for collection by the Applicant (or the first-named joint Applicant) stated in the Application Form. Any other persons purporting to collect a cheque on behalf of the Applicant must be authorised in writing by the Applicant(s) to do so. All refunds of a quantum greater than the RTGS threshold of \$1 Million, will be refunded via RTGS to the account of origin.
12. Applicants must be at least 18 years old. However, Applicants who have not yet attained the age of eighteen (18) years may apply jointly with Applicants who are at least eighteen (18) years of age.

7. INFORMATION ABOUT THE COMPANY

7.1 The Company

Company History

ISP Finance Services Limited (“ISP” or “the Company”) commenced operations in February 2007 with the initial objective of providing unsecured personal loans to persons in the security guard industry. The business has since expanded based on the strong demand from other employed individuals to obtain short-term loans to finance personal expenses (such as utility bills, school fees, home repairs, auto insurance) and family emergencies (such as funeral expenses, and medical costs). The Company also provides a variety of funding options for small entrepreneurs in the manufacturing, services and distribution sectors (including traders, hairdressers, bakers and caterers).

The Company has grown significantly since commencing business in 2007 with 40 customers served by a staff of three, to a customer base of approximately 7,000 served by a staff of 40.

Member of JAMFIN

The Company is a founding member of the Jamaica Association for Micro Financing (“JAMFIN”). JAMFIN is a not-for-profit association established by a number of the larger independent Micro Financing institutions in Jamaica to represent micro finance institutions by interfacing with private and public stakeholders. The Company was at the forefront of efforts to lobby the Ministry of Finance and Planning to facilitate payroll deductions for public sector employees and government contractors. The Company obtained approval for payroll deductions from public sector employees in mid-2011.

ISP’s Chief Executive Officer, Dennis Smith, is a co-founder and current director of JAMFIN.

Capital Reorganisation

The Company’s founders funded much of the Company’s business operations through loans to the Company. In the first quarter of 2016 the Company implemented a Capital Reorganisation, involving the founders subscribing for Shares in the Company and using the loans they were owed by the Company to set off against the subscription price for the Shares (“the Capital Reorganisation”).

The Capital Reorganisation has resulted in a significant improvement in the balance sheet of the Company. In particular it has reduced the Company’s overall indebtedness from approximately J\$328 Million gross or, \$261 Million Net Debt (see Section 4 – Definitions) as at December 31, 2015 (audited) to approximately J\$ 127 Million gross or, J\$ 60 Million Net Debt as at June 30, 2016 (unaudited).

7.2 Loan Portfolio Growth

In the first year of operation the Company had a loan portfolio of J\$2.5 million. By the close of the second year the Company’s loan portfolio outstanding had grown to J\$78.6 million and by the end of December 2011, it had grown to J\$221.2 million. At the end of December 2015 the Company’s loan portfolio outstanding stood at J\$303.9 million and grew marginally to J\$304.7 million as at June 30, 2016. Approximately 45% of its loans are to employees in the security sector and approximately 90% are unsecured.

To mitigate credit risk the Company adopts prudent procedures and policies in its credit assessment process. These include requiring customers to provide a satisfactory guarantor, and if necessary co-guarantors, and in some instances taking a security interest over an asset such as a motor vehicle.

7.3 Loan Products

ISP currently offers six (6) loan products to its customers, which are as follows:

ISP Payroll Basic

An unsecured loan designed for employed individuals with limited resources. The Company's ISP Payroll Basic product is designed to offset personal expenses or unexpected emergencies such as, medical and funeral expenses.

Potential borrowers must be fully employed with a reputable company. Repayments are made directly from the employer through payroll deductions. These loans range from a minimum of J\$10,000 to a maximum of J\$500,000 with flexible repayment terms of up to one year.

ISP Micro Biz

ISP Micro Biz is a loan designed for small entrepreneurs in need of funds to purchase equipment, supplies, inventories, or working capital support.

A turnaround time of 24 hours is guaranteed between approval and disbursement. The Company's ISP Micro Biz loan is typically secured with personal guarantors or assets acceptable to the Company.

ISP On Track

This is a specialty product offered to persons that have receivables from select companies. ISP On Track offers qualified borrowers a receivable discount financing facility. The tenure of this loan is short, ranging from two weeks to a maximum of six weeks with a variable interest rate. An assignment of the receivables to ISP is a condition for granting the loan.

ISP Best Dressed

ISP Best Dressed is a product providing short term financing to cover expenses incurred by designated poultry farmers rearing chickens under contract. These loans have a tenure that terminates with the life of the farmers' contract. On reaping of each flock, repayment of the loan is made from the proceeds of the sale by agreement between the Farmer and the Contract Provider.

ISP Public Sector Retro

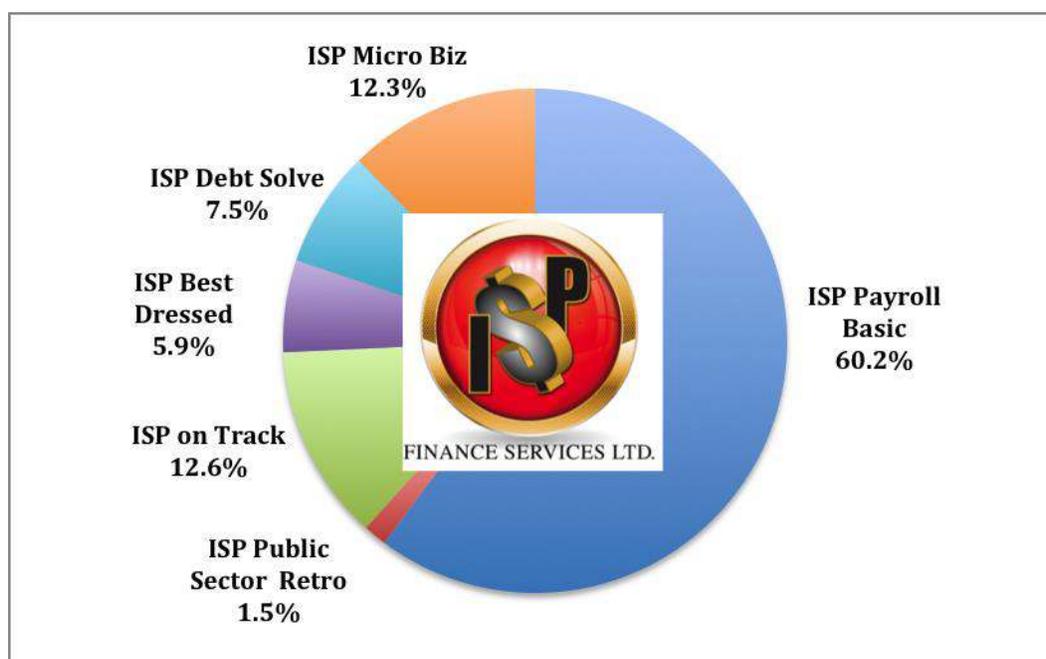
In a number of public sector organisations the Government periodically makes payments retroactively to civil servants for pay increases and various allowances. These amounts are usually paid in lump sums on agreed dates after the negotiations are finalised. ISP Public Sector Retro offers the public sector worker a loan against these funds.

ISP Debt Solve

This loan product gives the customer the opportunity to consolidate all their debts.

7.4 Loan Products as percentage of Total Revenue

In 2015 the Company's loan products contribution to revenue as a percentage of total revenue was as follows:



7.5 Incorporation

ISP Finance Services Limited was incorporated as a private company with a share capital on January 3, 2007. The Company has no parent company or subsidiaries.

By a special resolution passed on February 11, 2016 the Company converted from a private to a public company and adopted new Articles of Incorporation consistent with the requirements of the JSE.

In the first quarter of 2016 the Company conducted an Initial Public Offering of 48,982,500 ordinary shares pursuant to a Prospectus dated March 11, 2016. On March 30, 2016, the Company's ordinary shares were listed on the Junior Market of the Jamaica Stock Exchange, trading under the ticker: ISP.

7.6 ISP Inc.

ISP Inc. is a St. Lucian International Business Company incorporated on July 31, 2009. ISP Inc. was the vehicle used by the founders to fund the Company by way of loans. During the first quarter of 2016, the Company implemented a Capital Reorganisation which extinguished all indebtedness owed to ISP Inc. as at March 31, 2016. ISP Inc. has signed a Deed of Acknowledgment of Satisfaction of Indebtedness dated June 1, 2016 which affirms the extinguishment of all indebtedness owed by the Company to ISP Inc.

ISP Inc. is described as a “related company” in the Company’s audited accounts. ISP Inc.’s share capital is 100% owned by Sunfisher Corporation, a company of which Mr. Robert Chung is a director. ISP Inc. owns no shares in the Company.

7.7 Details of Authorised and Issued Share Capital

As at June 30, 2016 being the latest practicable date prior to the publication of this Prospectus, the Company’s authorised and issued share capital is as follows:

Authorised: 105,000,000 Ordinary Shares

Issued : 105,000,000 Ordinary Shares

7.8 Shareholders

As at June 30, 2016 being the latest practicable date prior to the publication of this Prospectus, the Company’s shareholders are as follows:

Shareholder		Number of Shares	Percentage of Issued Share Capital
1.	Gencorp Limited	51,017,500	48.59%
2.	Sunfisher Corporation	45,832,500	43.65%
3.	Dennis Smith	3,500,000	3.33%
5.	Other shareholders	3,150,000	3.00%
4.	Primrose Smith	1,500,000	1.43%

7.9 Material Indebtedness

As at June 30, 2016, the outstanding financial liabilities of the Company are as follows:

Lender	Principal (J\$)	Interest rate	Form of Loan	Repayment Terms	Security	Maturity Date
Bank of Nova Scotia Jamaica Limited	38,494,025.00	12.75% p.a.	Overdraft	Interest only; on-going repayment.	Charge over bank account covering J\$40M Unsecured as to J\$10M	August 2016
Bank of Nova Scotia Jamaica Limited	6,292,224.00	12.00% p.a.	Term Loan	Amortised loan payable monthly over 18 months. Right to repay early.	Charge over bank account covering J\$ 14,157,500 Personal guarantees from: (i) Dennis Smith and (ii) Primrose Smith	February 2017
Joseph Hylton	11,250,000.00	11.00% p.a.	Structured Settlement	Amortised loan payable monthly over 12 months.	Unsecured	May 17, 2017
Louis A. Daley and Donna M. Daley	16,800,000.00	11.00% p.a.	Term Loan	Interest-only loan payable bi-monthly. Principal payable on maturity date.	Unsecured	May 1, 2018
(i) Joseph Pascoe and Joan Pascoe; (ii) Clyde Pascoe and Myrtle Pascoe; (iii) Peter C Smith and Joan Carter Smith.	54,392,331.00	13.00% p.a.	Term Loans	Interest-only loan payable bi-monthly on principal amount. Principal payable on maturity date.	Unsecured	July 1, 2018
29						
Total: J\$ 127,228,580.00						

7.10 Summary of Invitation

Lender	Principal (J\$)	Interest rate	Form of Loan	Repayment Terms	Security	Financial Covenants	Maturity Date
Public debt holders	150,000,000.00	10.00% p.a.	Tradable Debt securities	<p>Interest-only payable quarterly on principal amount.</p> <p>Principal payable on Maturity Date.</p> <p>Right to repay or prepay early, subject to payment of a fee.</p> <p>See paragraph (e) of Section 6.2 for a more detailed description of the fee for early repayment or prepayment.</p>	Debenture	<p>The Bonds provide for:</p> <p>(i) a <u>Minimum Interest Coverage Ratio</u> of at least 1.5 times EBITDA;</p> <p>(ii) a <u>Maximum Leverage Ratio</u> of no more than 2.0 times Total Equity;</p> <p>(iii) a <u>Minimum Collateral Coverage Ratio</u> of no less than 1.5 times the aggregate principal amount owing on the Bonds.</p> <p>See paragraph (f) of Section 6.2 for a more detailed description of the financial covenants.</p>	September 20, 2019
Total: J\$ 150,000,000.00							

7.11 Charges Registered against Assets of the Company

As at June 30, 2016 the Company has no charges registered against its assets.

7.12 Applicable Regulatory Regime

The law at this time does not require the Company to be regulated as a financial institution, bank insurer or otherwise. However, the Company applies for an exemption from the Money Lending Act on an annual basis. The Company's current exemption was granted on December 21, 2015 and extends from January 20, 2016 until January 19, 2017.

If the Company were not exempt from the Money Lending Act a court would have the power to re-open a loan transaction if it found that (i) the interest rate charged was excessive or (ii) amounts charged for fees, expenses, premiums and other costs were excessive or (iii) the loan terms were otherwise harsh and unconscionable. If a loan transaction is re-opened the court could, notwithstanding the agreed terms, declare a fair and reasonable sum to be paid by the borrower in the circumstances and if the borrower has already paid a sum ruled to be excessive then the court could order reimbursement to the borrower to the extent of the amount deemed excessive. The Money Lending Act also prohibits the charging of compound interest, and only permits default interest to be charged in limited circumstances.

The Company's exemption from the Money Lending Act means that its loans are exempt from the provisions of the Money Lending Act.

7.13 Intellectual and Real Property

As at June 30, 2016 being the latest practicable date prior to the publication of this Prospectus, the Company has the following interests in intellectual and real property:

(a) Intellectual Property

The Company has registered the following trademarks for use in Jamaica:

- (i) ISP Logo - TM no. 61291 – class 36 (valid until October 16, 2022)
- (ii) ISP Logo - TM no. 61860 – class 36 (valid until January 2023)

(b) Real Property

The Company owns no real property.

7.14 Material Contracts

The following material contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company with the following persons ("Counterparties"):

	Date	Counterparty	Description
1.	14 September 2002	Creditinfo Jamaica Limited	Credit Information Provider's Agreement for the Company to: (i) access Jamaican Information Database (JID) -a database of credit information; and (ii) provide credit information on its customers for submission to JID.
2.	27 October 2015	JN Life Insurance Company Limited ("the Insurer")	Creditor Life Insurance Policy for the Insurer to provide policies of assurance on the life of borrowers of the Company, subject to the Company's borrower meeting certain criteria stipulated by the Insurer.
3.	21 August 2015	The Bank of Nova Scotia Jamaica Limited ("the Bank")	Commitment Letter from the Bank to provide: (i) a credit line of J\$50,000,000 and (ii) a Non-revolving loan of J\$14,157,500. The facilities are partially secured on United States dollar bank accounts in the name of the Company. (see Section 7.9 Material Indebtedness)
4.	February 2014	Avalon Technologies ("IT Provider")	Service Level Agreement for provision of IT services by the IT Provider to the Company to support and sustain the Company's network.
5.	31 July 2012	Lime	Agreement for provision of Business VPN Services to provide private network connectivity by means of LIME's broadband network.
6.	16 July 2010	Chandan Babu Gali ("the Programmer")	Agreement for the Programmer to install Loan Management software for personal and business loans on unlimited machines of the Company.
7.	30 June 2011	Chandan Babu Gali ("the Programmer")	Agreement for the Programmer to install Loan Management software to accommodate a General Ledger Module for personal and business loans.
8.	1 July 2014	Peter C. Smith and Joan-Carter Smith	Unsecured loan of J\$7,000,000.00 to the Company for a term of four (4) years commencing 1 July 2014 at interest rate of thirteen percent (13%) per annum. (see Section 7.9 Material Indebtedness)
9.	1 May 2014	Louis A. Daley and Donna M. Daley	Unsecured loan of J\$16,800,000.00 to the Company for a term of four (4) years commencing 1 May 2014 at an interest rate of eleven percent (11%) per annum. (See Section 7.9 Material Indebtedness).

10.	1 July 2014	Joseph Pascoe and Joan Pascoe	Unsecured loan of J\$23,892,331.00 to the Company for a term of four (4) years commencing on 1 July 2014 at an interest rate of thirteen percent (13%) per annum. (See Section 7.9 Material Indebtedness).
11.	1 July 2014	Clyde A. Pascoe and Myrtle M. Pascoe	Unsecured loan of J\$23,500,000.00 to the Company for a term four (4) years commencing on 1 July 2014 at an interest rate of thirteen (13%) per annum.
12.	31 July 2015	Demar Kemar Hewitt	Agreement for Services of attorney-at-law for one year period.
13.	12 October 2015	SGF Investment Advisors Limited	Agreement for SGF Investment Advisors Limited to act as a general financial adviser and consultant to the Company.
14.	25 August 2016	JCSD Trustee Services Limited ("the Security Trustee, Administrative Agent, Registrar and Paying Agent")	Trust Deed constituting Bonds and setting out the terms and conditions of JCSD Trustee Services Limited's appointment as the Security Trustee for the benefit of the Bondholder.
15.	25 May 2016	Victoria Mutual Wealth Management Limited ("Lead Broker")	Agreement for Lead Broker to provide financial services to the Company including acting as Lead Broker in respect of the Listing of the Bonds.
16.	17 May 2016	Joseph Hylton ("the Claimant")	Agreement setting out the terms on which the Claimant bound to discontinue proceedings commenced in the Supreme Court against the Company. (See Paragraph (b) of Section 7.15 below)
17.	1 June 2016	ISP Inc.	Agreement delivered by Deed which affirms the extinguishment of all indebtedness owed by the Company to ISP Inc.
18.	25 August 2016	JCSD Trustee Services Limited ("Security Trustee")	A fixed and floating charge debenture covering all of the assets, property and undertaking of the Company to secure payments under the Bonds.

7.15 Litigation

The Company is involved in litigation as claimant in the ordinary course of business, because it makes claims against defaulting borrowers.

Aside from litigation brought in the course of business, as at June 30, 2016, being the latest practicable date prior to the publication of the Prospectus, the Company is not involved in any material litigation, arbitration or similar proceedings pending and/or threatened against the Company EXCEPT FOR:

- (a) **ISP FINANCE SERVICES LTD v. E.W. ABRAHAMS & SONS LTD** SCCA no. 100 of 2015

The Company (the Claimant/Appellant) has filed an appeal to the Court of Appeal against the judgment of His Lordship Mr. Justice K. Laing delivered on 30th July 2015 in *ISP Finance Services Ltd v E.W. Abrahams & Sons Ltd* [2015] JMCD CD. 15 (“the Appeal”).

The Company appeals against: (i) Judgment for E.W. Abrahams & Sons Limited (the Defendant/Respondent); and (ii) Costs of the claim to the Defendant to be agreed or taxed.

A Case Management Conference has now been held and amongst the orders made in respect of the Company’s appeal are:

- (i) the Company must file its written submissions on or before June 30, 2016; and
- (ii) the hearing of the Appeal is scheduled for October 3, 2016.

The substantive claim brought by the Company was for recovery of the sum of J\$1,657,000.00 and interest against the Defendant.

The decision of his Lordship Mr. Justice K. Laing and the Notice of Appeal, the Record of Appeal and the Company’s Grounds of Appeal are among the Documents Available for Inspection.

- (b) **JOSEPH HYLTON (aka Joe Hylton) v. ISP FINANCE SERVICES LIMITED AND DENNIS SMITH** CLAIM NO. 2015 HCV 05497

The Claim was filed by Mr. Joseph Hylton (the Claimant) on November 13, 2015 seeking recovery of a principal sum of J\$15,000,000.00 plus outstanding interest of J\$151,797.50 from the Company (the First Defendant) and its Chief Executive Officer, Mr. Dennis Smith (the Second Defendant). The Company and Mr. Dennis Smith filed a Defense and Counterclaim on January 7, 2016. The Defense and Counterclaim seeks recovery of J\$7,862,026.93 from the Claimant (“the Counterclaim”).

The Claimant, the First Defendant and the Second Defendant have entered into a Settlement Agreement dated May 17, 2016 (“the Settlement Agreement”) to settle the Claim and the Counterclaim. The Settlement Agreement provides that:

- (i) The Claim against Mr. Dennis Smith will be immediately discontinued;

- (ii) The Company has agreed to pay the sum of J\$13,500,000.00 together with interest at a rate of 11% per annum over a period of twelve (12) months by direct deposit to the account of Mr. Joseph Hylton in equal installments;
- (iii) The Company began payments towards the settlement amount on or about May 17, 2016, and all subsequent payments shall be made on or about the 17th day of every succeeding month until the entire settlement amount is paid in full. The first payment shall be J\$1,125,000.00 against the principal plus interest on J\$13,500,000.00 from December 1, 2015 at 11% per annum. Thereafter the interest payments shall be on the declining balance at the rate of 11% per annum;
- (iv) On the entire settlement amount being paid on or about May 17, 2017, Mr. Joseph Hylton and the Company shall file a Joint Notice of Discontinuance in the Supreme Court of the Claim and Counterclaim with both parties agreeing to bear their own costs.

The Claimants' Particulars of Claim, the Company's and Mr. Dennis Smith's Defense and Counterclaim as well as the Settlement Agreement are among the Documents Available for Inspection.

7.16 Dividend Policy

The Company is still in the growth stages as it continues to expand and develop its loan portfolio. The Company contemplates reinvesting its profits into the business during the short to medium term. Thus the Board does not anticipate paying a dividend to the shareholders in the short to medium term.

7.17 Insurance Policies

The Company has procured a Creditor Life Insurance Policy to insure the life of its borrowers that meet certain criteria stipulated by the Company's insurer. The Policy automatically renews each year unless it is terminated by either party giving three (3) months' prior notice in writing on the 27th day of October of the particular year.

8. DIRECTORS AND SENIOR MANAGERS AND THEIR INTERESTS

8.1 Board of Directors of the Company

Brief biographical details of the Directors of the Company are set out below. The Directors' residential addresses are set out in Section 14.1(c) hereto.

Clifton Cameron (appointed – 10 September 2012)
Independent, Non-executive Director and Chairman of the Board

Mr. Cameron is the non-executive chairman of the Company. He will assume oversight responsibility for the implementation of adequate policies, procedures and controls as required by the Junior Market Rules. Mr. Cameron will be appointed to the Audit Committee and the Remuneration Committee.

Mr. Cameron has served in many private and public sector roles including: President of the Private Sector Organization of Jamaica (PSOJ), Chairman of the National Investment Bank of Jamaica, and Chairman of Petrojam Limited.

Mr. Cameron is a co-founder and current chairman of Sage Global Finance, L.L.C., a multi-industry investment and advisory company.

Dennis Smith (co-founder) (appointed – 3 January 2007)
Chief Executive Officer

Mr. Smith is a co-founder of the Company. As Chief Executive Officer of the Company, Mr. Smith is responsible for developing and implementing the Company's overall strategies and will provide general oversight of all lending activities. Mr. Smith will work with the non-executive Chairman of the Board, Clifton Cameron to ensure the implementation of adequate policies, procedures and controls to ensure good fiscal discipline and adequate reporting as required by the Junior Market Rules.

Before Mr. Smith co-founded the Company, he began his working career in the Accounting Department of the British American Insurance Company in the late 1960's. In 1969 he joined the Jamaica Playboy Club & Hotel as a junior accountant.

In 1972 Mr. Smith was appointed an Accountant at Jamaica Detergents Limited and Domestic Sales Limited, both companies within the Seprod Group of Companies. In 1974 Mr. Smith was appointed Chief Accountant of the ZEP Chemical Group of Companies.

Mr. Smith along with Clifton Cameron, Derrick White and Orville Haslam co-founded Swift Chemicals Limited, a chemical company. Within ten years, under the guidance of the co-founders, Swift Chemicals became the leading chemical company in Jamaica and the Caribbean

In 1995, Mr. Smith along with his wife Primrose Smith formed Supreme Brands Limited, a distribution company that imported raw materials for the baking industry.

In 2003, Mr. Smith was appointed as a regional director of Capital Partners, an American based financial brokerage. Mr. Smith was tasked with responsibility for Jamaica and Trinidad and Tobago.

Mr. Smith is also co-founder and current director of the Jamaica Association of Micro Financing (JAMFIN).

Dival Fernando (appointed – 10 September 2012)

Chief Financial Officer and Corporate Secretary

Mr Fernando is a Business Development Consultant and a Fellow of the Chartered Institute of Management Accountants (CIMA) in the UK. Originally from Sri Lanka, Mr. Fernando has worked in Jamaica for over 25 years holding various senior management positions in the ICD Group of Companies from 1990 to 2005. His experience with the ICD Group spanned the Manufacturing, Retail and Distribution, Construction and Property Management Divisions. In 2005, he joined Rose Hall Developments Limited and spearheaded the installation of the company's Waste Water Management Project in addition to managing the Company's Real Estate and Infrastructure Development portfolios in his capacity as Finance Director.

In 2009, he formed Dynamic Management Strategies Limited ("DMS") offering Business Development and advisory services targeted at MSMEs. ISP Finance Services Limited was one of DMS' first clients, commencing with a Business Evaluation and Strategic Plan to grow the Company's business. In 2011, he was engaged as one of the Business Development Consultants for PSOJ's Fambiz Project introducing Corporate Governance to MSMEs. In 2014, DMS was selected by the Development Bank of Jamaica (DBJ) under its Voucher for Technical Assistance (VTA) Programme offering Business Development Services to MSMEs qualifying for assistance under the Programme.

In 2012 Mr. Fernando was appointed to the Board of ISP Finance Services Limited and his contribution to the Board has been invaluable to the continuing development of the Company. Mr. Fernando now holds the position of Chief Financial Officer and Company Secretary.

Primrose Smith (appointed – 3 January 2007)

Chief Operating Officer

Mrs. Smith supports the Chief Executive Officer Dennis Smith in managing the day to day operations of the Company.

Mrs. Smith commenced her working career in 1973 at the Inter-American Development Bank, where she was the bi-lingual secretary and personal assistant to the Deputy Representative. That role required her to perform secretarial duties as well as translation of technical documents from Spanish to English.

In 1978, Mrs. Smith moved to Florida where she worked in the Customer Service Division of Southeast First National Bank as the Administrative Assistant to the Vice President of International Banking, catering primarily to a Hispanic clientele.

In 1980, Mrs. Smith returned to Jamaica to work at the Organisation of American States ("OAS") as the executive assistant to the Country Director. In 1984, Mrs. Smith opened and successfully operated a salon and boutique until 1994.

Mrs. Smith is also a co-founder of Supreme Brands Limited, which was started in 1995. Mrs. Smith led that company's Purchasing Division where her experience and Spanish language skills assisted with dealing with the company's, mainly, Central American suppliers.

Mrs. Smith is a graduate of the University of the West Indies with a major in Communications and a minor in Languages.

Rosemary Thwaites (appointed – 18 January 2016)
Independent, Non-executive Director

Mrs. Thwaites is a Chartered Accountant by profession and is a graduate of the University of London in the United Kingdom, where she majored in Mathematics and Computer Science.

In 1976 she commenced her accounting career with PricewaterhouseCoopers in Kingston where she remained until 1980 when she moved to Florida to join the audit team at PKF International. In 1981 she returned to Jamaica and served as an accounting consultant at the Forest Industry Development Corporation (FIDCO).

In 1988 she started her own data processing and accounting business that provided accounting services to small businesses while also being involved part time with the family owned business -The Art Centre Limited. In 1995 Mrs. Thwaites closed her accounting business and decided to become involved full time in the Art Centre, taking over the management and expanding the business beyond art supplies to include framing services and a gallery to promote contemporary Jamaican art.

Mrs. Thwaites is a board member of the National Museum of Jamaica Foundation as well as a Director of Tropical Syrup Manufacturing Co. Ltd. and Santa Box Ltd.

Mrs. Thwaites will serve as Chairperson of the Audit Committee as well as a member of the Remuneration Committee.

Robert Chung (appointed – 10 September 2012)
Non-executive Director

Mr. Robert Chung is an entrepreneur with over twenty years' experience in retail sales and property development. A graduate of Columbia University and the University of California - Berkeley, he holds a BSc. and MSc. in Civil Engineering. On his return to Jamaica he was quickly immersed in the family's supermarket business in Port Maria and successfully managed Foo Hing & Co. Ltd, for several years until the business was sold to a leading Jamaican company.

Mr. Chung developed and acted as Project Manager for the construction of two commercial complexes owned by his family in Port Maria and Ocho Rios, Jamaica. He is currently responsible for the management of the properties. Mr. Chung is an avid sports enthusiast, a great football fan and has participated in clay shooting at the national level. He is married with two children.

8.2 Senior Managers of the Company

Brief biographical details of the Senior Managers of the Company are set out below.

Seymour Smith *Chief Accountant*

Mr. Seymour Smith joined the company in December 2007 as its Accountant. Mr. Seymour Smith is responsible for the accounting function, bank reconciliations, payroll and monitoring of loan account disbursements. He is also responsible for auditing the Company's loan disbursements and collections.

Prior to joining the Company, Mr. Seymour Smith began his working career as a Junior Auditor at Mair Russell, Chartered Accountants eventually rising to the position of Senior Auditor. As a Senior Auditor he gained experience auditing companies in a variety of industries ranging from hardware and retail to the betting and gaming industry.

Mr. Seymour Smith is not related to Mr. Dennis Smith.

Jeniffer Smith *Credit Manager*

Mrs. Jeniffer Smith is a professional banker with over 40 years of experience in banking operations in particular in customer interface and credit management. She commenced her career with Citibank N.A. in Jamaica where she trained in all aspects of banking operations including processing loans and letters of credit, trade facilities and treasury operations. She rose to manager of the Operations unit responsible for processing of Loans and Leases, Money Market Operations, International Fund Transfers and International Trade.

Mrs. Smith assumed the position of Assistant General Manager of Citizens Bank in March of 1975 with responsibility for International Banking, Treasury and Corporate operations. In June 1997 she moved to George and Branday as Vice President of International Banking operations.

In April 2004 she took the position of Vice President of Operations and Administration at First Global Bank from which she retired in May 2009.

Mrs. Smith has been the recipient of multiple performance awards including Citibank's Individual Performance Award in 1984, Global Account Management Award in 1984, Service Excellence Award in 1985, Deal of the Year Award in 1987, and Relationship Management Award in 1987.

Mrs. Smith brings with her a wealth of experience in banking operations at a senior level.

Mrs. Jeniffer Smith is the former wife of Mr. Dennis Smith.

Wycliffe McDonald *Marketing Manager*

Mr. McDonald joined the Company in March 2014 as its Marketing Manager. Mr. McDonald is responsible for marketing strategies and identifying new business opportunities as well as the supervision of the Company's sales representatives.

Prior to joining the Company, Mr. McDonald was the Loans and Marketing Manager at Niche Financing Limited where he had responsibility for the oversight of multiple branches, loan product development, and strategic planning and product implementation.

Mr. McDonald was also a loan account executive at the National Development Foundation of Jamaica for seven years with responsibility for loan portfolio reconciliation and collection of accounts receivable.

Mr. McDonald serves as Vice Chairman of the Jamaica Association for Micro Financing (JAMFIN). He was also the former Vice-Chairman of Jamaica Micro Finance Association.

8.3 Directors' and Senior Managers' Interest in the Company

The interests of Directors and Senior Managers in the Shares (including legal and beneficial holdings) as of June 30, 2016, being the latest practicable date prior to the publication of the Prospectus are set out below:

Name of Director/ Senior Manager	Number of Shares	Approximate Percentage of Issued Share Capital
1. Mr. Clifton Cameron	0	0
2. Mr. Dennis Smith	3,500,000	3.33%
Connected Parties:		
(a) Gencorp Limited	51,017,500	48.59%
(b) Mrs. Primrose Smith	1,500,000	1.43%
<u>Combined:</u>	<u>56,175,000</u>	<u>53.35%</u>
3. Mr. Diyal Fernando	<u>75,000</u>	<u>0.07%</u>
4. Mrs. Primrose Smith	1,500,000	1.43%
Connected Parties:		
(a) Gencorp Limited	51,017,500	48.59%
(b) Mr. Dennis Smith	3,500,000	3.33%
<u>Combined:</u>	<u>56,175,000</u>	<u>53.35%</u>
5. Mr. Robert Chung	0	0
Connected Party:		
(a) Sunfisher Corporation	45,832,500	43.65%
<u>Combined:</u>	<u>45,832,500</u>	<u>43.65%</u>
6. Mrs. Rosemary Thwaites	0	0
7. Mr. Seymour Smith	<u>75,000</u>	<u>0.07%</u>

8. Mrs. Jeniffer Smith	0	0
9. Mr. Wycliffe McDonald	<u>15,000</u>	<u>0.01%</u>

8.4 Corporate Governance and Accountability

The Board has established two (2) committees, namely the Audit Committee and the Remuneration Committee, as required pursuant to the provisions of the Junior Market Rules. Each committee is comprised of a majority of independent, non-executive directors and are as follows:

Audit Committee	Remuneration Committee
Mrs. Rosemary Thwaites – Chairperson	Mr. Dennis Smith – Chairman
Mrs. Primrose Smith	Mrs. Rosemary Thwaites
Mr. Clifton Cameron	Mr. Clifton Cameron

8.5 Mentor

Mr. Wayne Wray was appointed Mentor to the company on February 15, 2016. His experience and expertise includes executive leadership and management positions in the field of Finance and Banking. He is a past Chairman of Jamaica Institute of Bankers, as well as the Caribbean Association of Banks. Mr. Wray is licensed by the Financial Services Commission as an investment adviser, and is the principal director of Wiltshire Consulting & Advisory Limited. He is also Managing Director and Principal Shareholder of 365 Retail Limited, an authorised dealer that retails and distributes petroleum and lubricants for Total Jamaica Limited. He serves on the Board of several private sector companies and community development organizations.

8.6 Directors' Fees and Executive Emoluments

On the recommendation of the Remuneration Committee of the Board, the Board has resolved to compensate its Non-executive Directors for attendance at board meetings or committee meetings.

The Company's executive directors receive compensation for their executive services to the Company. In 2013, 2014 and 2015 the executive directors were paid collectively J\$20.35 million, J\$16.50 million and J\$17.88 million respectively in compensation.

9. MANAGEMENT DISCUSSION AND ANALYSIS

9.1 Unaudited Results for June 30, 2016

On August 11, 2016 the Company reported unaudited financial results for the second quarter ended June 30, 2016. The Company reported revenues of J\$52,119,787 which represented a 7.2% increase over the J\$48,956,988 record in the second quarter of 2015. The Company's gross profit was J\$49,083,938, as compared to J\$44,046,961 in the comparative quarter in 2015. The increase in the Company's revenue in the 2nd quarter of 2016 resulted from increased business activities, while the decrease in interest expenses in the 2nd quarter of 2016 was due to repayment of a loan to commercial bank in comparative quarter in 2015.

The Company's net income for the reporting period was J\$11,698,655 representing a 240% increase in net income versus the comparative quarter in 2015. This increase was due to a reversal of the Company's IPO and Listing expenses in accordance with International Financial Reporting Standards.

9.2 IPO and Junior Market Listing

The Company will benefit from the special concessionary tax regime whereby (provided that the Company remains listed for 15 years): in its first five years, the Company will not be liable to pay any corporate income tax. The Company believes that the special concessionary tax regime will give it a competitive advantage over some of its competitors, affording it the ability to offer competitive lending rates, especially as the net interest margin of other micro-lenders becomes more compressed due to lower short-term interest rates and increased competition.

In the First Quarter, as mandated by the Junior Market Rules, the Company established: (i) an Audit Committee; and (ii) a Remuneration Committee as well as appointed Mr. Wayne Wray as its mentor. These modifications to the Company's governance regime have strengthened its internal controls, reporting processes and provided additional oversight on behalf of the Company's stakeholders – including its minority shareholders.

9.3 Performance Drivers

The Company believes that the quality of customer service, lending rates, collections, and capital base will ultimately determine its market share. Consequently the Company made significant investments in its infrastructure in an effort to cost effectively increase loan processing capacity, reduce portfolio risk, improve collections, and strengthen its ability to grow its loan portfolio in the future.

Since 2012 the Company has made investments in infrastructure including establishment of a call center with IT support network which has increased its loan processing capacity by over 100% from 45 loans per day to in excess of 100 loans per day in 2016.

The Company also believes in good customer service and therefore has invested in its personnel, through training and skills development focused on customer service and proper credit assessment criteria.

At present all of these investments by the Company have been instrumental in maintaining the Company's high standard of customer service, and quick (less than 24 hours) turnaround time for loan processing whilst still keeping loan losses to a minimum.

9.4 Future of the Company

The Company believes that the market for short-term personal and micro loans to employed persons and businesses still has significant growth potential. The Company intends to strategically expand its reach geographically to other corporate areas where there is a concentration of employed individuals and small to medium size businesses.

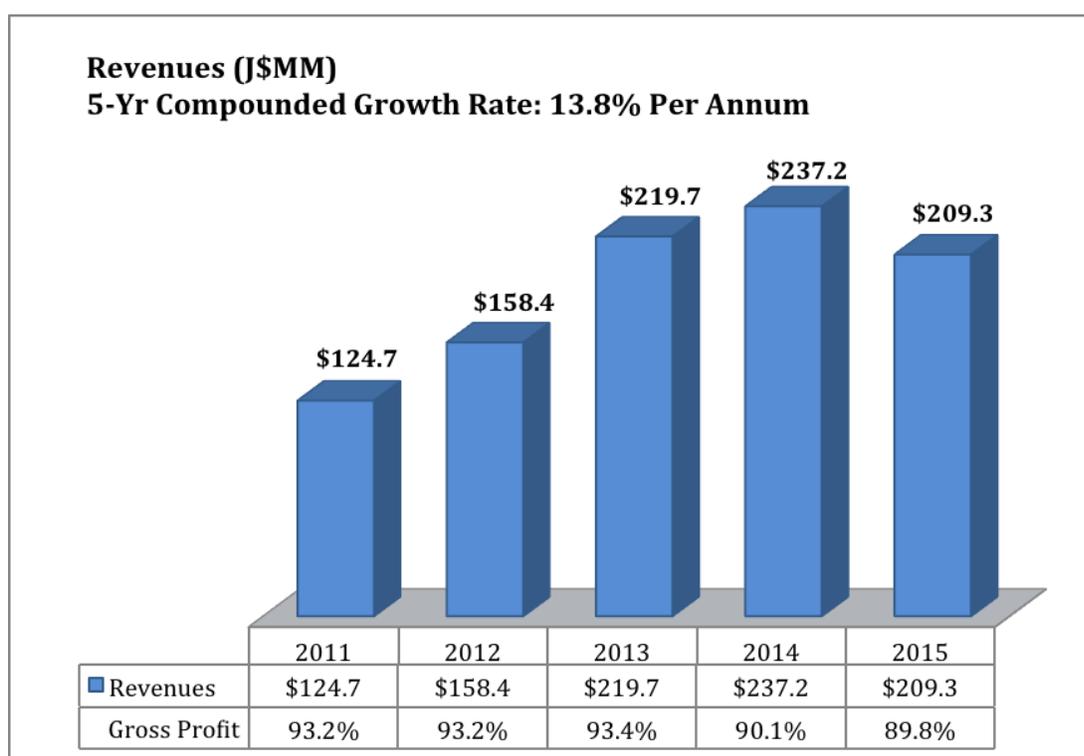
The Company also intends to continue to grow its market penetration in the Kingston and St. Andrew corporate area particularly in loans to public sector employees and small and medium size enterprises.

10. FINANCIAL HIGHLIGHTS

10.1 Revenues and Gross Profit

Since 2011 the Company's revenues have grown at a compounded average rate of 13.8% per annum. For the same period the Company's gross profit margin has been above 90% in most years.

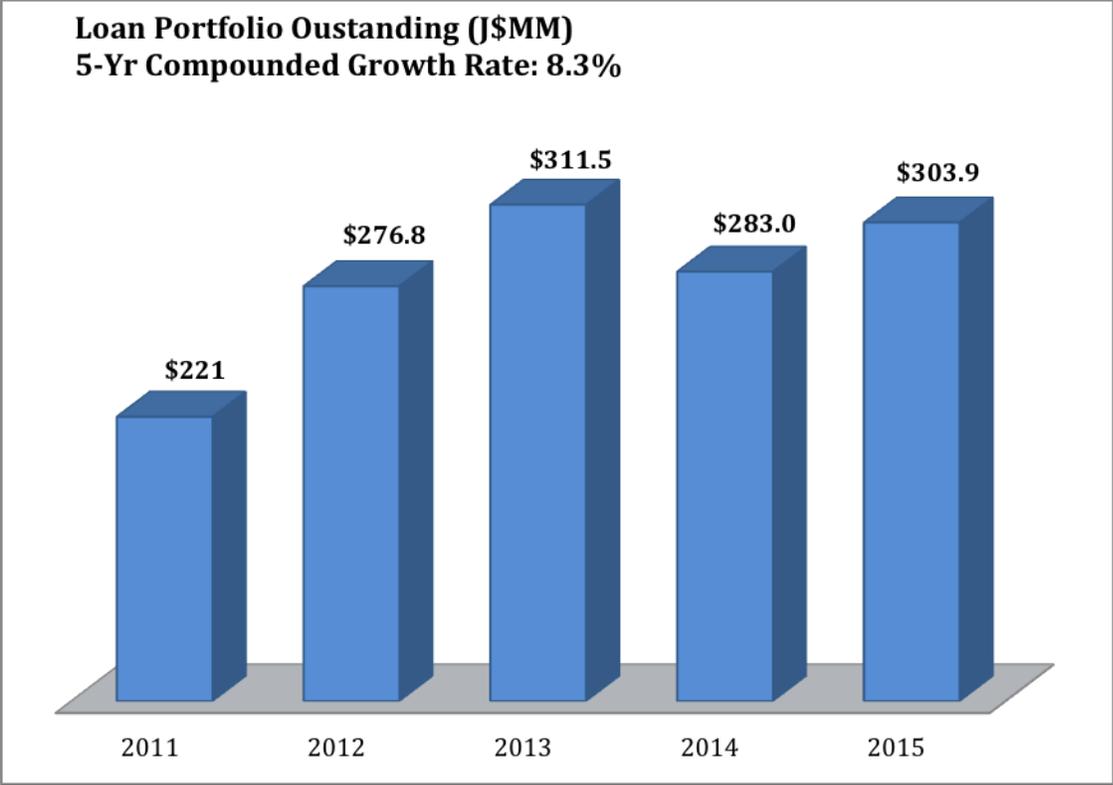
For the fiscal year 2015 the Company reported revenues of J\$209.3 million and a gross profit of J\$187.9 million. The decline in earnings in 2015 was a direct consequence of the lack of available capital for lending purposes as a result of the Company's repayment of a substantial amount of its existing demand loan obligations.



For the six months ended June 30, 2016, the Company reported revenues of J\$106.1 million –up 7.6% from the J\$98.6 million reported for the corresponding period in 2015. For the same period the Company's gross profit was J\$99.8 million –up 16.2% from the J\$85.9 million reported for the comparative period in 2015.

10.2 Growth of Loan Portfolio

Since 2011 the Company's gross loan portfolio outstanding has grown at a compounded average rate of 8.3% per annum. For the fiscal year 2015 the Company reported gross loans outstanding of J\$303.9 million and this figure grew marginally to record J\$304.7 million as at June 30, 2016 which compared with J\$302.6 million as at June 30, 2016. For the first quarter of 2016, the Company reported gross loans outstanding of J\$292.2 million which is a 4% reduction from the same period in 2015.



10.3 Operating Expenses

Key drivers of change in the Company’s operating expenses from 2011 to 2015 include:

Staff Related Costs: The Company made significant commitments to right size its staff complement in 2013 in order to position itself for future growth. The decline in these costs between 2014 and 2015 reflects the departure of a senior manager at the end of 2014 who was not replaced until late 2015.

Other Operating Expenses: The company’s operating expenses showed a decline in 2015, as a result of the company’s decision to discontinue the credit insurance (see item 9.3). The company expects profitability in the future to benefit significantly from this decision.

Gains in Foreign Exchange: In previous years, the company maintained US Dollar reserves used to secure its Jamaican dollar bank debt. In 2015, the Company reduced its bank debt significantly consequently reducing its US dollar cash reserves.

For the first six months of 2016 the Company reported operating expenses of J\$91.1 million compared to J\$82.0 million in the first six months of 2015.

The Company reported a profit of J\$8.6 million in the first six months of 2016 compared with a profit of J\$3.1 million in the first six months of 2015.

10.4 Other Significant Balance Sheet Changes For the Period 2011-2015

Loans Net of Provision For Credit Losses: The Company reported a significant reduction in loans outstanding net of Provisions for Credit losses from 2013 to 2014 primarily as a result of benefits gained from strategic changes in its loan collection process.

Notes Payable: In prior years “Notes payable” comprised of loans made to the Company which were payable on demand and were therefore classified as current liabilities. In 2015 the Company negotiated an extension of the term of those loans to four years and accordingly they therefore no longer are recognized as current liabilities.

Accrued Liabilities: The Company reported a decline in its Accrued Liabilities in 2015 due to its decision to discontinue Credit Insurance Arrangement at the end of 2014 (see section 9.6). In previous years this liability would be accrued during a particular year and paid at the beginning of the following year.

11. RISK FACTORS

11.1 **In addition to other information set forth in this prospectus, investors should consider carefully the risks described below before subscribing for Bonds in the Company. These risks are not the only ones facing investors. Additional risks, not presently known to the Directors, or that the Directors may presently consider immaterial, may also impair the Company's operations.**

11.2 This Prospectus also contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated as a result of certain factors, including the risks faced by the Company described below and elsewhere in this Prospectus.

Early Redemption or Prepayment

11.3 The Company may at any time voluntarily prepay the Bonds or redeem, at par, all or some only of the Bonds. As a result, particularly in a declining interest rate environment, a Bondholder may not be able to reinvest the proceeds received from the redemption or prepayment in a comparable security with an effective interest rate as high as the interest rate on the Bonds being redeemed or prepaid.

11.4 The Bonds contain terms that impose a fee on the Company if it wishes to redeem or prepay the Bonds prior to the maturity date. The fee imposed for early redemption or prepayment is summarized at paragraph (e) of Section 6.2.

Risk of Financial Distress

11.5 The Company's ability to make payments on (or to refinance) indebtedness including the Bonds and to fund its business will depend upon its ability to generate cash from operations in the future. The Company's operational performance is subject to general economic conditions, financial, legislative and regulatory factors that are beyond its control. Consequently there is a risk that the business may not generate sufficient cash flow from operations, investment or financing to enable it to pay its indebtedness, including the Bonds, or to fund its other cash needs. In such case the Company may need to sell assets, seek additional equity or reduce or restrict or delay the implementation of strategic business initiatives. There is also a chance that the Company may be declared bankrupt, become insolvent, liquidate or otherwise reorganise or restructure its indebtedness.

11.6 The Bonds will be secured by a fixed and floating charge debenture over all of the assets, property and undertaking of the Company. Thus the Company's obligation to make payments at the scheduled times will be secured by the assets, property and undertaking of the Company.

11.7 Furthermore the Bonds contain financial covenants that will indirectly limit the Company's ability to incur further indebtedness, as well as provide assurance that the Charged Assets do not fall below a certain threshold. Those covenants are summarized at paragraph (f) of Section 6.2.

Macro-economic Policies

11.8 The Government of Jamaica may from time to time affect macroeconomic conditions through fiscal and monetary policies or changes in regulations, which may have an adverse impact on the performance of the Company.

Credit Risk of Loan Portfolio

11.9 The Company's assets will be invested substantially in short term loans to micro, small, and medium sized corporate and personal customers. Approximately 90% of the loans extended by the Company are unsecured. The borrower profile and largely unsecured nature of its loan portfolio means the Company's loan portfolio may carry a higher risk than is typically undertaken by traditional lending institutions. The Company manages its credit risk by:

- (a) diversifying its borrowers across industries and credit types;
- (b) limiting its exposure to any single borrower;
- (c) carrying out thorough due diligence and credit assessments prior to extending loans;
- (d) requiring a satisfactory guarantor;
- (e) adopting lending policies and strategies that meet industry standards.

Customer Default or Death

11.10 The successful operation of the Company depends on its customers' ability to repay the loans that are made to them by the Company in their entirety, in a timely manner. Whole or partial defaults on loans by customers, or (in the case of payroll loans in particular) the death of customers, will affect the profitability of the Company. For the purposes of its personal loan products, the Company depends on the timely payment of its customers' principal and interest by way of salary deduction. There is a risk that certain employers may delay or withhold the relevant deductions from the Company. This risk is mitigated by the fact that the Company may take steps to recover the sums from the customer or guarantor.

Risks of hurricane, fire and other Acts of God

11.11 Catastrophic events affecting Jamaica such as hurricanes and earthquakes could impact generally on economic activity in Jamaica and more specifically on the ability of the Company's customers to repay their loans to the Company in their entirety and/or in a timely manner.

Operational Risks

11.12 In the execution of its business functions the Company is exposed to risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Operational Risks also include:

- (a) systemic risk (including the risk of accounting errors, failure to procure appropriate insurance coverage, and compliance failures);
- (b) legal risk and reputation risk;
- (c) employee errors, computer and manual systems failures, security failures;
- (d) fire, floods and other losses to physical assets; and
- (e) fraud or other criminal activity.

Regulatory Risk

11.13 At present the Company's business is not regulated. In future, legislation may be passed that provides for the business of the Company to be regulated, and this may require changes to the Company's current business model. The Company is currently exempt from the provisions of the Money Lending Act which regulates, amongst other things, the rate and type of interest that may be charged by lenders. The Company applies for an exemption annually. The current exemption is valid until January 19, 2017. If for any reason the Company is not able to procure a further exemption from the provisions of the Money Lending Act, and it charges interest above 20% per annum, or default interest, or compound interest, in the event of a dispute with a customer the Company's interest charges may be deemed by a court to be excessive. The Company will also have to comply with the provisions of the Money Lending Act governing *inter alia* the form of loan contracts.

Admission of the Bonds to the Bond Market of the JSE

11.14 After the closing of the Invitation Lists the Company will make application to the JSE to admit the Bonds to the Bond Market. However, the Company is not able to guarantee the success of the Invitation or the admission of the Bonds to the Bond Market.

Taxation risks

11.15 If the Company does not remain listed on either the Junior Market or the Main Market of the Jamaica Stock Exchange for a continuous period of fifteen (15) years then it will immediately become liable to pay all income tax which otherwise would have been payable but for the concessionary tax regime granted to Junior Market companies.

Risk Management

11.16 The Company's goal in risk management is to ensure that it understands, measures, and monitors the various risks that arise and that it adheres strictly to the policies and procedures, which are established to address these potential risks. The Board of Directors of the Company is ultimately responsible for the overall risk management policies of the Company and risk oversight of the Company. The Board's Audit Committee oversees the Company's policies and procedures relating to the financial statements and reporting processes as well as the internal controls of the Company. The Remuneration Committee will oversee risks related to compensation.

11.17 Threshold responsibility for risk management is assigned to the Chief Executive Officer who, as part of his duties, is required, on a day-to-day basis, to identify, assess, monitor and manage all principal risks in accordance with well-defined policies and procedures.

Key Personnel

11.18 It is very important that the Company attract and retain appropriately skilled personnel, including Chief Executive Officer, Dennis Smith, to accommodate growth, establish new services and to replace personnel whose employment may be terminated for any reason. Competition for qualified personnel can be intense, as there are a limited number of people in Jamaica with the requisite knowledge and experience. The Company will need to attract and retain honest qualified personnel and failure to do so could have a material adverse impact on its loan default rates, operating and financial results.

Conflicts of Interest

11.19 The Board of Directors is comprised of six members, two of whom (Dennis Smith and Primrose Smith) are married to each other. Additionally Mr. Smith's ex-wife, Jeniffer Smith is a senior manager of the Company. Relationships such as the foregoing have the potential to compromise customary internal controls and procedures. The Company has three (3) non-executive Directors as well as an experienced mentor that provide accountability and oversight of the Company's interests.

Litigation Risk

11.20 The Company is involved in litigation as claimant in the ordinary course of business, because it makes claims against defaulting borrowers. Litigation is subject to inherent uncertainties and their results cannot be predicted with absolute certainty. The Company is involved in the material litigation set out at Section 7.15. Adverse outcomes in some or all of these claims may result in significant monetary damages, losses or injunctive relief that could adversely affect the Company and/or its business.

11.21 Litigation may have an adverse impact on the Company regardless of the final outcome, due to legal expenses and costs, reputational harm, diversion of management resources and other factors.

12. PROFESSIONAL ADVISERS FOR INVITATION

Lead Broker

Victoria Mutual Wealth Management Limited
53 Knutsford Boulevard
Kingston 5

Financial Advisers

SGF Investment Advisors Limited
c/o Capital Options Limited
60 Knutsford Boulevard
Kingston 5

Auditor and Reporting Accountants

CrichtonMullings & Associates
Chartered Accountants
1 Ardenne Road
Kingston 10

Legal Adviser

Patterson Mair Hamilton
Temple Court
85 Hope Road
Kingston 6

Security Trustee, Administrative Agent, Registrar and Paying Agent

JCSD Trustee Services Limited
40 Harbour Street
Kingston

13. AUDITORS' REPORT & HISTORICAL FINANCIAL DATA

13.1 Historical Financial Data – Unaudited Second Quarter Results 2016

The Company's unaudited financial statements for the six month reporting period ended June 30, 2016 is extracted below.



FINANCE SERVICES LTD.

UNAUDITED FINANCIAL STATEMENTS

2nd QUARTER ENDED JUNE 30, 2016



**DIRECTORS REPORT TO STOCKHOLDERS
SIX MONTHS ENDED JUNE 30, 2016**

The Board of Directors of ISP Finance Services Limited is pleased to present the Company's unaudited financial results for the 2nd Quarter Ended June 30, 2016.

The 2nd quarter ended June 30, 2016 recorded Revenues of J\$ 52,119,787 representing an increase of 7.2% over the J\$48,956,988 recorded in the 2nd Quarter of 2015.

Interest Expenses were J\$3,035,849 in the 2nd quarter of 2016 or a reduction of 38.2% versus the J\$4,910,027 incurred in the 2nd Quarter of 2015.

The Gross Profit was J\$49,083,938 in the quarter compared with J\$44,046,961 in the comparative period of 2015.

Operating Expenses for the 2nd Quarter of 2016 recorded J\$37,385,283 compared with J\$40,603,129 in the 2nd quarter of 2015.

The Directors note that the IPO expenses of J\$9,096,872 booked in the 1st quarter of 2016 were reversed in the 2nd Quarter of 2016 in keeping with IFRS requirements.

In late June ISP Finance Services Ltd. announced the planned launch of its GSAT essay competition designed to provide financial support to Fourteen GSAT awardees entering the 2016 to 2017 school year. The company intends to make this competition an annual event. The essay competition is open to students who have been awarded places in high school through the GSAT examination, and one winner will be selected from each parish for a cash award of \$25,000.00.



CHAIRMAN



CHIEF EXECUTIVE OFFICER



**UNAUDITED FINANCIAL STATEMENT
SIX MONTHS ENDED JUNE 30, 2016**

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**STATEMENT OF COMPREHENSIVE INCOME
SIX MONTHS ENDED JUNE 30, 2016**

	<u>Unaudited</u> 3 Months Ended June 30, 2016 \$	<u>Unaudited</u> 3 Months Ended June 30, 2015 \$	<u>Unaudited</u> 6 months Ended June 30, 2016 \$	<u>Unaudited</u> 6 Months Ended June 30, 2015 \$	<u>Audited</u> 12 Months Ended December 31, 2015 \$
REVENUES	52,119,787	48,956,988	105,999,508	98,859,473	209,275,483
INTEREST & COMMISSION EXPENSE	<u>3,035,849</u>	<u>4,910,027</u>	<u>6,217,373</u>	<u>12,937,696</u>	<u>21,326,889</u>
GROSS PROFIT	49,083,938	44,046,961	99,782,135	85,921,777	187,948,594
<u>LESS: OPERATING EXPENSES</u>					
OPERATING COSTS	29,619,242	32,952,133	75,845,950	66,287,979	120,249,150
ALLOWANCE FOR CREDIT LOSSES	3,795,706	4,131,720	7,545,706	8,256,720	18,654,658
DEPRECIATION	719,784	704,780	1,439,568	1,409,560	2,879,120
BANK CHARGES & INTEREST	<u>3,250,551</u>	<u>2,814,496</u>	<u>6,310,338</u>	<u>6,848,285</u>	<u>15,421,082</u>
TOTAL OPERATING EXPENSES	37,385,283	40,603,129	91,141,562	82,802,545	157,204,010
PROFIT / (LOSS) BEFORE TAX	11,698,655	3,443,832	8,640,573	3,119,232	30,744,584
TAXATION (CREDIT) / CHARGE	-	-	30,000	30,000	3,424,135
NET (LOSS) / PROFIT being COMPREHENSIVE (EXPENSE) / INCOME FOR THE YEAR	11,698,655	3,443,832	8,610,573	3,089,232	27,320,450
Earnings per Share	\$ 0.111c	\$ 0.689c	\$ 0.12c	\$ 0.618c	\$ 5.464c



STATEMENT OF FINANCIAL POSITION
SIX MONTHS ENDED JUNE 30 2016

	<u>Unaudited</u> 6 Months Ended June 30, 2016 \$	<u>Unaudited</u> 6 Months Ended June 30, 2015 \$	<u>Audited</u> 12 Months Ended December 31, 2015 \$
ASSETS			
Non-Current Assets			
Property Plant & Equipment	11,066,957	15,181,139	11,480,580
Deferred Tax Assets	<u>3,429,949</u>	<u>4,389,850</u>	<u>3,429,949</u>
	<u>14,496,906</u>	<u>19,570,989</u>	<u>14,910,529</u>
Current Assets			
Loans, net of provisions for credit losses	234,151,917	249,849,919	240,984,716
Other Receivables	13,767,610	16,749,365	9,778,969
Deposits & Prepaid Expenses	2,682,410	4,327,299	2,244,282
Due from Directors	-	-	5,000,000
Cash & Cash Equivalents	<u>67,254,017</u>	<u>142,943,998</u>	<u>66,973,001</u>
	<u>317,855,954</u>	<u>413,870,581</u>	<u>324,980,968</u>
TOTAL ASSETS	<u>332,352,860</u>	<u>433,441,570</u>	<u>339,891,497</u>
EQUITY AND LIABILITIES			
Issued Share Capital	195,903,128	5,000,000	5,000,000
Accumulated Deficit	<u>(3,322,026)</u>	<u>(36,163,817)</u>	<u>(11,932,599)</u>
	192,581,102	(31,163,817)	(6,932,599)
Non Current Liabilities			
Notes Payable to Related Company	-	184,045,491	194,045,491
Notes Payable	82,442,331	106,692,331	93,192,331
Bank Loans	<u>-</u>	<u>29,392,572</u>	<u>-</u>
	<u>84,692,331</u>	<u>320,130,394</u>	<u>287,237,822</u>
Current Liabilities			
Accrued Liabilities	12,543,178	51,271,210	16,066,842
Current Portion of Bank Loan	6,292,224	57,192,597	11,011,392
Bank Overdraft	38,494,025	36,011,186	30,103,806
Taxation Payable	<u>-</u>	<u>-</u>	<u>2,404,234</u>
	<u>57,329,427</u>	<u>144,474,993</u>	<u>59,586,274</u>
TOTAL EQUITY AND LIABILITIES	<u>332,352,860</u>	<u>433,441,570</u>	<u>339,891,497</u>



**STATEMENT OF CHANGES IN EQUITY
SIX MONTHS ENDED JUNE 30, 2016**

	<u>Share Capital</u>	<u>Accumulated Deficit</u>	<u>TOTAL</u>
	\$	\$	\$
Balance at December 31, 2015	5,000,000	(11,932,599)	(6,932,599)
Issue of Shares	190,903,128	-	190,903,128
Net Profit, being Comprehensive Income for the Period	-	8,610,573	8,610,573
Balance as at June 30, 2016	195,903,128	(3,322,026)	192,581,102
Balance as at December 31, 2014	5,000,000	(39,253,049)	(34,253,049)
Net Profit, being Comprehensive Income for the Period	-	3,089,232	3,089,232
Balance as at June 30, 2015	5,000,000	(36,163,817)	(31,163,817)



STATEMENT OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2016

	<u>Unaudited</u> 6 Months Ended June 30, 2016 \$	<u>Unaudited</u> 6 Months Ended June 30, 2015 \$	<u>Audited</u> 12 Months Ended December 31, 2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before Interest & Taxation	14,827,946	16,026,928	48,652,495
Adjustments for items not affecting cash resources			
Depreciation	1,439,568	1,409,560	2,879,120
Unrealized foreign exchange losses	-	(1,360)	(474,955)
Deferred Taxation	-	-	959,902
	<u>16,267,514</u>	<u>17,435,128</u>	<u>52,016,562</u>
Increase / (Decrease) in Operating Liabilities			
Loans and Other Receivables	(739,493)	(15,423,049)	9,137,507
Deposit	(438,128)	(2,153,017)	(70,000)
Due from Directors	5,000,000	9,046,957	4,046,957
(Decrease) / Increase in Operating Liabilities			
Accrued Liabilities	2,773,323	(3,075,399)	52,693,183
Cash provided by Operating activities	22,863,216	5,830,620	12,437,843
Interest Paid	(6,783,180)	(12,068,568)	(15,169,967)
Taxation Paid	<u>(2,404,234)</u>	<u>(690,000)</u>	<u>(750,000)</u>
Net Cash (used in) provided By Operating Activities	13,670,802	(6,927,948)	(3,482,124)



STATEMENT OF CASH FLOWS (CONT'D)
SIX MONTHS ENDED JUNE 30, 2016

	<u>Unaudited</u> 6 Months Ended June 30, 2016 \$	<u>Unaudited</u> 6 Months Ended June 30, 2015 \$	<u>Audited</u> 12 Months Ended December 31, 2015 \$
CASH FLOWS FROM			
INVESTING ACTIVITIES			
Acquisition of Property, Plant and Equipment	(764,240)	(4,254,928)	(2,023,929)
Net Cash used in Investing activities	<u>(764,240)</u>	<u>(4,254,928)</u>	<u>(2,023,929)</u>
CASH FLOWS FROM			
FINANCING ACTIVITIES			
Proceeds of Share Issue	190,903,128	-	-
Loans received from related company	-	-	10,000,000
Repayment of Bank loans	(7,123,402)	(3,333,336)	55,421,196
Proceeds from Bank Loans	-	53,310,081	33,157,500
Repayment of Related Company	(194,045,491)	-	-
Repayment of Notes Payable	<u>(10,750,000)</u>	<u>(10,500,000)</u>	<u>(24,000,000)</u>
Net Cash Used in			
Financing Activities	<u>(21,015,765)</u>	<u>39,476,746</u>	<u>(36,263,696)</u>
NET (DECREASE) / INCREASE			
IN CASH & CASH EQUIVALENTS	8,109,203	28,293,869	(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>28,759,992</u>	<u>106,932,812</u>	<u>36,869,195</u>
REPRESENTED BY:			
Cash and Cash Equivalents	67,254,017	142,943,998	66,973,001
Bank Overdraft	<u>(38,494,025)</u>	<u>(36,011,186)</u>	<u>(30,103,806)</u>
	<u>28,759,992</u>	<u>106,932,812</u>	<u>36,869,195</u>



**NOTES TO THE FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 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\$195,903,128.

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.

	<u>Unaudited</u> June 30, 2016 \$	<u>Unaudited</u> June 30, 2015 \$	<u>Unaudited</u> December 31, 2015 \$
Loans	304,682,848	302,635,070	303,943,355
Less: Provision for Credit Losses	<u>(70,530,931)</u>	<u>(52,785,151)</u>	<u>(62,958,639)</u>
Loans, net of provision for Credit Losses	<u>234,151,917</u>	<u>249,849,919</u>	<u>240,984,716</u>



ISP FINANCE SERVICES LIMITED

**LIST OF TOP TEN (10) LARGEST SHAREHOLDERS
AS AT JUNE 30, 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.	Valerie Burchenson	321,724
6.	Rezworth Burchenson	290,805
7.	Mary Angela Robertson	211,689
8.	Virgen Advertising Limited	180,629
9.	Ryan Chung	160,862
10.	Lindoll Limited	160,862

**SHAREHOLDINGS OF DIRECTORS, SENIOR MANAGERS AND
CONNECTED PARTIES AS AT JUNE 30, 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>	
Gencorp	51,017,500
Sunfisher Corporation	45,832,500

13.2 Historical Financial Data – Audited

This historical financial information is extracted from the audited financial statements of the Company for the twelve month reporting periods ended December 31st for the years-end 2011 to 2015 inclusive.

(a) Summary of Five Year Audited Income Statement

	AUDITED 2015	AUDITED 2014	AUDITED 2013	AUDITED 2012	AUDITED 2011
REVENUES	\$ 209,275,483	\$ 237,152,657	\$ 219,686,175	\$ 158,413,117	\$ 124,735,647
INTEREST & COMMISSION EXPENSE	\$ 21,326,889	\$ 23,502,877	\$ 14,446,579	\$ 10,720,844	\$ 8,527,838
GROSS PROFIT	\$ 187,948,594	\$ 213,649,780	\$ 205,239,596	\$ 147,692,273	\$ 116,207,809
LESS: OPERATING EXPENSES					
STAFF RELATED COSTS	\$ 82,547,285	\$ 97,361,369	\$ 94,086,359	\$ 54,687,403	\$ 30,400,803
ALLOWANCE FOR CREDIT LOSSES	\$ 18,654,658	\$ 15,028,289	\$ 12,661,265	\$ 7,720,096	\$ 4,443,357
DEPRECIATION	\$ 2,879,120	\$ 2,563,659	\$ 1,918,194	\$ 5,983,551	\$ 7,454,196
BANK CHARGES AND INTEREST	\$ 15,421,082	\$ 11,977,855	\$ 6,731,369	\$ 2,878,269	\$ 923,909
OTHER OPERATING EXPENSES	\$ 38,176,819	\$ 99,260,986	\$ 84,346,499	\$ 67,785,844	\$ 80,803,023
GAIN ON FOREIGN EXCHANGE	\$ (474,956)	\$ (8,072,889)	\$ (7,228,009)	\$ (1,125,014)	\$ 152,073
	\$ 157,204,008	\$ 218,119,269	\$ 192,515,677	\$ 137,930,149	\$ 124,177,361
(LOSS) / PROFIT BEFORE TAXATION	\$ 30,744,586	\$ (4,469,489)	\$ 12,723,919	\$ 9,762,124	\$ (7,969,552)
TAXATION (CREDIT) / CHARGE	\$ 3,424,136	\$ (1,045,392)	\$ 3,070,885	\$ (2,553,609)	\$ 3,816,063
NET (LOSS) / PROFIT being COMPREHENSIVE (EXPENSE) / INCOME FOR THE YEAR	\$ 27,320,450	\$ (3,424,097)	\$ 9,653,034	\$ 12,315,733	\$ (11,785,615)

(b) Summary of Five Year Audited Balance Sheet

	AUDITED 2015	AUDITED 2014	AUDITED 2013	AUDITED 2012	AUDITED 2011
ASSETS					
Non-Current Assets					
Property, plant and equipment	\$ 11,480,580	\$ 12,335,771	\$ 12,302,599	\$ 7,828,693	\$ 8,361,963
Deferred tax Assets	\$ 3,429,949	\$ 4,389,851	\$ 3,284,459	\$ 3,801,083	\$ -
	<u>\$ 14,910,529</u>	<u>\$ 16,725,622</u>	<u>\$ 15,587,058</u>	<u>\$ 11,629,776</u>	<u>\$ 8,361,963</u>
Current Assets					
Loans, netof provisions for credit losses	\$ 240,984,716	\$ 238,446,098	\$ 281,721,293	\$ 262,140,152	\$ 205,596,440
Other Receivables	\$ 9,778,969	\$ 20,980,137	\$ 21,290,718	\$ 2,780,006	\$ 1,842,695
Deposit	\$ 2,244,282	\$ 2,174,282	\$ 2,144,282	\$ 1,179,943	\$ -
Due from Directors	\$ 5,000,000	\$ 9,046,957	\$ 4,921,957	\$ 4,581,957	\$ -
Cash and cash equivalents	\$ 66,973,001	\$ 141,105,380	\$ 60,061,084	\$ 46,852,643	\$ 5,661,116
	<u>\$ 324,980,968</u>	<u>\$ 411,752,854</u>	<u>\$ 370,139,334</u>	<u>\$ 317,534,701</u>	<u>\$ 213,100,251</u>
TOTALASSETS	<u>\$ 339,891,497</u>	<u>\$ 428,478,476</u>	<u>\$ 385,726,392</u>	<u>\$ 329,164,477</u>	<u>\$ 221,462,214</u>
EQUITY AND LIABILITIES					
Issued Share Capital	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
Accumulated Deficit	\$ (11,932,599)	\$ (39,253,049)	\$ (35,828,952)	\$ 233,197	\$ (12,082,536)
	<u>\$ (6,932,599)</u>	<u>\$ (34,253,049)</u>	<u>\$ (30,828,952)</u>	<u>\$ 5,233,197</u>	<u>\$ (7,082,536)</u>
Non-Current Liabilities					
Notes Payable to ISP inc.	\$ 194,045,491	\$ 184,045,491	\$ 165,016,521	\$ 89,304,421	\$ 91,304,421
Notes Payable	\$ 84,692,331	\$ -	\$ -	\$ -	\$ -
Bank Loan	\$ 1,573,056	\$ 17,123,684	\$ 33,334,566	\$ -	\$ -
	<u>\$ 280,310,878</u>	<u>\$ 201,169,175</u>	<u>\$ 198,351,087</u>	<u>\$ 89,304,421</u>	<u>\$ 91,304,421</u>
Current Liabilities					
Accrued Liabilities	\$ 16,066,842	\$ 65,062,178	\$ 52,296,527	\$ 21,028,394	\$ 24,619,378
Current Portion of Bank Loan	\$ 9,438,336	\$ 16,151,404	\$ 13,665,434	\$ -	\$ 3,915,000
Bank Overdraft	\$ 30,103,806	\$ 62,466,437	\$ 1,495,703	\$ 35,085,867	\$ -
Due to Directors	\$ -	\$ -	\$ -	\$ -	\$ 4,812,000
Notes Payable to ISP Inc - Current	\$ -	\$ -	\$ -	\$ 62,079,800	\$ 21,242,000
Notes Payable	\$ 8,500,000	\$ 117,192,331	\$ 148,192,331	\$ 114,922,101	\$ 79,519,733
Taxation Payable	\$ 2,404,234	\$ 690,000	\$ 2,554,262	\$ 1,510,697	\$ 3,132,318
	<u>\$ 66,513,218</u>	<u>\$ 261,562,350</u>	<u>\$ 218,204,257</u>	<u>\$ 234,626,859</u>	<u>\$ 137,240,429</u>
TOTAL EQUITY AND LIABILITIES	<u>\$ 339,891,497</u>	<u>\$ 428,478,476</u>	<u>\$ 385,726,392</u>	<u>\$ 329,164,477</u>	<u>\$ 221,462,314</u>

13.3 Auditors' Consent



Rohan Crichton, CPA, CA, MAcc
senior partner
Leary C. Mullings, CPA, CA, MBA
senior partner

Chartered Accountants
Certified Public Accountants

July 19, 2016

The Board of Directors
ISP Finance Services Limited
17 Phoenix Avenue
Kingston 10

Dear Sirs,

With respect to the Prospectus issued by ISP Finance Services Limited ("the Company") for the sale to the public of up to J\$150,000,000 10% Secured Corporate Notes due 2019, we hereby consent to the inclusion in the Prospectus of our audit report, dated March 2, 2016 on the statement of financial position of the Company as a December 31, 2015, and the related statements of comprehensive income, changes in equity and cash flows for the period then ended, and to the references to our name in the form and context in which they are included in the Prospectus.

We have audited, in accordance with International Standards of Auditing, the separate financial statements of the Company as at and for each of the years ended December 31, 2011 through December 31, 2015 and in our reports dated September 4, 2012, October 31, 2013, April 11, 2014 and October 21, 2015 and March 2, 2016 respectively, we expressed unqualified opinions on those financial statements to the effect that the financial statements present a true and fair view.

In our opinion, the extracted balance sheets and income statements set out in Section 13 of the Prospectus are consistent, in all material respects, with the financial statements (where applicable) referred to above, from which they were derived.

For a better understanding of the Company's financial position at the reporting dates referred to above, the results of operations for each of the years ended on those dates, and the scope of our audit, the extracted statements of financial position and statements of comprehensive income should be read in conjunction with the financial statements from which they were derived and our audit reports thereon, where applicable.

We confirm that we have not withdrawn such consent before delivery of a copy of the Prospectus to the Financial Services Commission for registration.

www.crichtonmullings.com | admin@crichtonmullings.com

Kingston, Jamaica
1 Andromeda Road
Kingston 10
876-946-1274

Montego Bay, Jamaica
Half Moon Shopping Village
Suite #21N, Rose Hall
Montego Bay
876-953-8988

Miami, Florida
3350 SW 148th Avenue
Suite 203
Miramar, FL 33027
954-862-2250

Atlanta, Georgia
803 Pavilion Court
Suite 1
Atlanta, GA 30253
770-320-7766

This letter should not be regarded as in any way updating the aforementioned reports or representing that we performed any procedures subsequent to the date of such reports.

Yours truly,


Crichton Mullings & Associates
Chartered Accountants

13.4 Auditors' Report

**ISP FINANCE SERVICES LIMITED
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

**ISP FINANCE SERVICES LIMITED
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

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Notes to the Financial Statements	7-24
Income Tax Computation	

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of ISP Finance Services Limited (the "Company"), which comprises the statement of financial position as at December 31, 2015, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act (the "Act"). This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan, and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we obtained is sufficient and is appropriate to provide a basis for our audit opinion.

Cont. /2

Independent Auditor's Report

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Act.

Report on other Legal and Regulatory Requirements

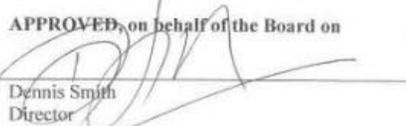
As required by the Act, we have obtained all the other explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Act, in the manner so required.


CrichtonMullings & Associates
Chartered Accountants

Kingston Jamaica
March 2, 2016

ISP FINANCE SERVICES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015

	Note	2015 \$	2014 \$
ASSETS			
Non-current Assets			
Property, plant and equipment	4	11,480,580	12,335,771
Deferred tax assets	5	3,429,949	4,389,851
		<u>14,910,529</u>	<u>16,725,622</u>
Current Assets			
Loans, net of provisions for credit losses	6	240,984,716	238,446,098
Other receivables	7	9,778,969	20,980,137
Deposit		2,244,282	2,174,282
Due from directors	8	5,000,000	9,046,957
Cash and cash equivalents	9	66,973,001	141,105,380
		<u>324,980,968</u>	<u>411,752,854</u>
TOTAL ASSETS		<u>339,891,497</u>	<u>428,478,476</u>
EQUITY AND LIABILITIES			
Issued share capital	10	5,000,000	5,000,000
Accumulated deficit		(11,932,599)	(39,253,049)
		<u>(6,932,599)</u>	<u>(34,253,049)</u>
Non-current Liabilities			
Notes payable to related company	11	194,045,491	184,045,491
Notes payable	15	84,692,331	117,192,331
Bank loans	13	1,573,056	17,123,684
		<u>280,310,878</u>	<u>201,169,175</u>
Current Liabilities			
Accrued liabilities	12	16,066,842	65,062,178
Current portion of bank loan	13	9,438,336	16,151,404
Bank overdraft	14	30,103,806	62,466,437
Notes payable	15	8,500,000	-
Taxation payable	16	2,404,234	690,000
		<u>66,513,218</u>	<u>261,562,350</u>
TOTAL EQUITY AND LIABILITIES		<u>339,891,497</u>	<u>428,478,476</u>
APPROVED, on behalf of the Board on			
	<u>MARCH 2 2016</u>		
Dennis Smith Director			Primrose Smith Director

*-Reclassified to conform to 2015 presentation

The accompanying notes form an integral part of the financial statements

ISP FINANCE SERVICES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2015

	Note	2015 £	2014 £
Revenues	3(c)	209,275,483	237,152,657
Operating costs	17	<u>21,326,889</u>	<u>23,502,877</u>
Gross profit		187,948,594	213,649,780
Administrative and general expenses	18	<u>120,417,623</u>	<u>196,622,355</u>
Operating profit	19	67,530,971	17,027,425
Finance and policy costs	20	<u>36,786,385</u>	<u>21,496,914</u>
Profit / (loss) before taxation		30,744,586	(4,469,489)
Taxation charge / (credit)	21	<u>3,424,136</u>	<u>(1,045,392)</u>
Net profit / (loss), being total comprehensive income / (expense) for the year		<u>27,320,450</u>	<u>(3,424,097)</u>

The accompanying notes form an integral part of the financial statements

ISP FINANCE SERVICES LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2015

	Share Capital ₹	Accumulated deficit ₹	Total ₹
Balance at December 31, 2013	5,000,000	(35,828,952)	(30,828,952)
Net loss, being total comprehensive expense for the year	<u>-</u>	<u>(3,424,097)</u>	<u>(3,424,097)</u>
Balance at December 31, 2014	5,000,000	(39,253,049)	(34,253,049)
Net profit, being total comprehensive income for the year	<u>-</u>	<u>27,320,450</u>	<u>27,320,450</u>
Balance at December 31, 2015	<u>5,000,000</u>	<u>(11,932,599)</u>	<u>(6,932,599)</u>

The accompanying notes form an integral part of the financial statements

ISP FINANCE SERVICES LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015

	2015	2014
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before interest and taxation (Note 22)	48,652,495	17,859,835
Adjustments for items not affecting cash resources:		
Depreciation	2,879,120	2,563,659
Unrealized foreign exchange loss	(474,955)	(8,072,889)
Deferred taxation	959,902	(1,105,390)
	<u>52,016,562</u>	<u>11,245,215</u>
(Increase) / decrease in operating assets:		
Loans and other receivables	9,137,507	51,658,665
Deposit	(70,000)	(30,000)
Due from directors	4,046,957	(4,125,000)
(Decrease) / increase in operating liabilities:		
Accrued liabilities	(52,693,183)	11,266,226
Cash provided by operating activities	12,437,843	70,015,106
Interest paid	(15,169,967)	(19,724,505)
Taxation paid	(750,000)	(1,924,262)
Net cash (used in) / provided by operating activities	<u>(3,482,124)</u>	<u>48,366,339</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(2,023,929)	(2,596,831)
Net cash used in investing activities	<u>(2,023,929)</u>	<u>(2,596,831)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans received from parent company	10,000,000	19,028,970
Repayment of bank loans	(55,421,196)	(13,724,912)
Proceeds from bank loans	33,157,500	-
Repayment of notes payable	(24,000,000)	(31,000,000)
Net cash used in financing activities	<u>(36,263,696)</u>	<u>(25,695,942)</u>
NET (DECREASE) / INCREASE IN CASH AND AND CASH EQUIVALENTS	(41,769,749)	20,073,563
CASH AND CASH EQUIVALENTS - Beginning of the year	78,638,944	58,565,381
CASH AND CASH EQUIVALENTS - End of the year	<u>36,869,195</u>	<u>78,638,944</u>
REPRESENTED BY:		
Cash and cash equivalents	66,973,001	141,105,380
Bank overdraft	(30,103,806)	(62,466,437)
	<u>36,869,195</u>	<u>78,638,944</u>

* - Reclassified to conform to 2015 presentation

The accompanying notes form an integral part of the financial statements

**ISP FINANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

1. IDENTIFICATION

ISP Finance Services Limited (the "Company") is incorporated in Jamaica under the Jamaican Companies Act (the "Act").

The Company is domiciled in Jamaica, with its registered office at 17 Phoenix Avenue, Kingston 10.

The principal activity of the Company is the granting of commercial loans and personal short term loans.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

(a) Statement of Compliance

The Company's financial statements 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.

The preparation of financial statements in conformity with IFRS and the Act requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the year then ended. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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 revision and future periods, if the revision affects both current and future periods.

ISP FINANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONT'D)

(b) Changes in accounting standards and interpretations

The Company has identified the following revised or new International Financial Reporting Standards or Interpretations which have been issued but are not yet effective, and which have not been adopted early. Those that are not considered relevant to the Company's operations are:

- *IFRS 11 'Accounting for Acquisitions in Joint Operations - Amendment', issued May 6, 2014*
Effective for periods commencing on or after 1 January 2016
- *IFRS 14 'Regulatory Deferral Accounts', issued January 2014*
Effective for periods commencing on or after 1 January 2016
- *IAS 38 'Intangible Assets - Amendments', issued May 6, 2014*
Effective for periods commencing on or after 1 January 2016
- *IAS 41 'Agriculture - Amendments', issued June 30, 2014*
Effective for periods commencing on or after 1 January 2016
- *IAS 27 'Separate Financial Statements - Amendments', issued August 18, 2014*
Effective for periods commencing on or after 1 January 2016
- *IAS 28 'Investments in Associates and Joint Ventures - Amendments', issued September 11, 2014*
Effective for periods commencing on or after 1 January 2016
- *IFRS 10 'Consolidated Financial Statements - Amendments', issued September 11, 2014*
Effective for periods commencing on or after 1 January 2016

Those which may be relevant to the Company's operations are as follows:

- *IFRS 9 'Financial Instruments', Amendment', issued November 2013*
Effective for periods commencing on or after 1 January 2018
- *IFRS 15 'Revenue from Contracts with Customers', issued May 28, 2014*
Effective for periods commencing on or after 1 January 2018
- *IAS 16 'Property, plant and equipment - Amendment', issued May 6, 2014*
Effective for periods commencing on or after 1 January 2016
- *IAS 16 'Property, plant and equipment - Amendment', issued June 30, 2014*
Effective for periods commencing on or after 1 January 2016
- *IAS 1 'Presentation of financial statements - Amendments', issued December 18, 2014*
Effective for periods commencing on or after 1 January 2016

ISP FINANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Property, plant and equipment

All property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are recorded at historical or deemed cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Cost includes expenditure that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied in the part will flow to the Company and its cost can be reliably measured.

The cost of day-to-day servicing of property, plant and equipment is recognized in the statement of comprehensive income as incurred.

With the exception of freehold land, on which no depreciation is provided, property, plant and equipment are depreciated on the straight-line basis over the estimated useful lives of such assets.

The rates of depreciation in use are:

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

(b) Trade and other receivables

Loans

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

Other receivables

Other receivables are carried at amortized cost less provisions for doubtful amounts and impairment losses

A provision for doubtful debt is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. In instances where it is determined that there will be significant delays in the settlement of the recoverable amounts and the effect is material, an impairment provision is also made, being the difference between the carrying amount and the recoverable amounts being the present value of expected cash flows discounted at the Company's overdraft interest rate.

Bad debts are written off when identified.

(c) Revenues

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.

(d) Accrued liabilities

Accrued liabilities are stated at amortized cost.

ISP FINANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

(i) Current income tax

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustments to income tax payable in respect of previous years.

(ii) Deferred income tax

Deferred income tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

(f) Foreign currencies

The financial statements are presented in the currency of the primary economic environment in which the Company operates (its functional currency).

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency, the Jamaican dollar, are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items, are included in profit or loss for the period.

(g) Cash and cash equivalents

Cash comprises cash in hand and demand and call deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

ISP FINANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than the carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

(i) Financial instruments

Financial instruments include transactions that give rise to both financial assets and financial liabilities. Financial assets and liabilities are recognized on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial assets include cash and bank deposits, accounts receivable, long-term receivables and other current assets except inventories and any prepayments.

Financial liabilities include current liabilities except accruals and income tax payable. The particular recognition methods adopted are disclosed in the respective accounting policies associated with each item.

The fair values of the financial instruments are discussed in Note 25.

ISP FINANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

(k) Related party identification

A party is related to the Company if:

- (i) directly or indirectly the party:
 - controls, is controlled by, or is under common control with the Company;
 - has an interest in the Company that gives it significant influence over the Company; or
 - has joint control over the Company.
- (ii) the party is an associate of the Company
- (iii) the party is a joint venture in which the Company is a venturer;
- (iv) the party is a member of the key management personnel of the Company
- (v) the party is a close member of the family of an individual referred to in (i) or (iv) above
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant costing power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v) above.
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any company that is a related party of the Company.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

ISP FINANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

4. PROPERTY, PLANT AND EQUIPMENT

	<u>Leasehold Improvement</u>	<u>Furniture and Equipment</u>	<u>Motor Bike</u>	<u>Computer Equipment</u>	<u>Total</u>
At Cost/Valuation:					
Balance at January 1, 2013	17,910,801	8,327,895	412,500	24,423,004	51,074,200
Additions	-	1,230,762	137,500	1,228,569	2,596,831
Balance at December 31, 2014	17,910,801	9,558,657	550,000	25,651,573	53,671,031
Balance at January 1, 2015	17,910,801	9,558,657	550,000	25,651,573	53,671,031
Additions	327,000	442,304	-	1,254,625	2,023,929
Balance at December 31, 2015	18,237,801	10,000,961	550,000	26,906,198	55,694,960
Accumulated Depreciation:					
Balance at January 1, 2013	17,444,430	2,098,056	38,958	19,190,157	38,771,601
Charge for year	126,235	907,228	100,833	1,429,363	2,563,659
Balance at December 31, 2014	17,570,665	3,005,284	139,791	20,619,520	41,335,260
Balance at January 1, 2015	17,570,665	3,005,284	139,791	20,619,520	41,335,260
Charge for year	191,635	973,139	110,000	1,604,346	2,879,120
Balance at December 31, 2015	17,762,300	3,978,423	249,791	22,223,866	44,214,380
Net Book Value					
Balance at December 31, 2013	466,371	6,229,840	373,542	5,232,847	12,302,599
Balance at December 31, 2014	340,136	6,553,374	410,209	5,032,053	12,335,771
Balance at December 31, 2015	475,501	6,022,538	300,209	4,682,332	11,480,580

5. DEFERRED TAX ASSETS

Certain deferred tax assets and liabilities have been offset in accordance with the Company's accounting policy. The following is the analysis of the deferred tax balances (after offset) for the purposes of this statement of financial position:

	2015	2014
	\$	\$
Deferred tax assets	3,429,949	4,389,851
	3,429,949	4,389,851

Deferred tax assets and liabilities are attributable to the following:

	2015	2014
	\$	\$
Depreciation and capital allowances	2,624,227	2,595,002
Tax loss	-	3,438,214
Accrued interest	924,461	374,857
Foreign exchange gain	(118,739)	(2,018,222)
	3,429,949	4,389,851

ISP FINANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

5. DEFERRED TAX ASSETS (CONT'D)

The movement during the year in the Company's deferred tax position was as follows:

	2015	2014
	\$	\$
Balance at the beginning of the year	4,389,851	3,284,459
Movement during the year	<u>(959,902)</u>	<u>1,105,392</u>
Balance at the end of the year	<u>3,429,949</u>	<u>4,389,851</u>

6. LOANS, NET OF PROVISIONS FOR CREDIT LOSSES

Loans consist of unsecured notes due from the Company's clients.

The notes bear stated interest rate ranging from 50% - 65% for the years ended December 31, 2015 and 2014. The notes have an average term of seven (7) months.

	2015	2014
	\$	\$
Loans	303,943,355	282,981,249
Less:		
Provision for credit losses	<u>(62,958,639)</u>	<u>(44,535,151)</u>
	<u>240,984,716</u>	<u>238,446,098</u>

ISP FINANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

7. OTHER RECEIVABLES

	2015	2014
	₪	₪
Other receivables	5,568,439	11,330,000
Deposit on motor vehicle	1,900,000	-
Prepaid expenses	797,083	793,228
Staff loan	716,985	1,419,470
Withholding tax recoverable	-	561,509
Other	796,462	6,875,930
	<u>9,778,969</u>	<u>20,980,137</u>

8. DUE FROM DIRECTORS

	2015	2014
	₪	₪
Due from directors	<u>5,000,000</u>	<u>9,046,957</u>

This represents amounts owed by directors for expenses paid by the Company on behalf of the directors.

9. CASH AND CASH EQUIVALENTS

	2015	2014
	₪	₪
Term deposits - USD (i)	57,101,087	127,749,912
Term deposits - JMD (ii)	-	1,021,784
Cash at bank and cash in hand	<u>9,871,914</u>	<u>12,333,685</u>
	<u>66,973,001</u>	<u>141,105,380</u>

(i) These are US dollar term deposits with Bank of Nova Scotia (2014: Sagicor Investments) which earn interest of 5.5% (2014: 3.55%) per annum and mature in August 2016 (2014: February 2015 & November 2015).

(ii) These are JMD term deposits with Sagicor Investments which earn interest between 3% - 4.55% per annum and have matured between April 2015 and December 2015.

10. ISSUED SHARE CAPITAL

	2015	2014
	₪	₪
<u>Authorized, issued and fully paid</u> 5,000,000 Ordinary shares	<u>5,000,000</u>	<u>5,000,000</u>

ISP FINANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

11. NOTES PAYABLE TO RELATED COMPANY

This represents long term loans received from its related company. These loans are unsecured, bear no interest and have no fixed date of repayment.

	2015	2014
	\$	\$
Balance at beginning of year	184,045,491	165,016,521
Additional loans received	<u>10,000,000</u>	<u>19,028,970</u>
	<u>194,045,491</u>	<u>184,045,491</u>

12. ACCRUED LIABILITIES

	2015	2014
	\$	\$
Interest accrued	3,697,844	1,499,428
Statutory liabilities	2,456,648	2,706,878
Other accruals	<u>9,912,350</u>	<u>60,855,872</u>
	<u>16,066,842</u>	<u>65,062,178</u>

13. BANK LOANS

	2015	2014
	\$	\$
Loan balance at beginning of year - (i)	33,275,088	47,000,000
Loan received during the year - (ii)	33,157,500	-
Loan repayments during the year	<u>(55,421,196)</u>	<u>(13,724,912)</u>
	<u>11,011,392</u>	<u>33,275,088</u>
Current portion of bank loan	<u>(9,438,336)</u>	<u>(16,151,404)</u>
	<u>1,573,056</u>	<u>17,123,684</u>

During the year ended December 31, 2013, the Company negotiated a non-revolving loan of \$47 million with Sagicor Bank for working capital purposes.

(i) The loan attracts an interest rate of base plus 13% per annum.
The loan was repaid during the financial year.

(ii) This represents a non-revolving loan from the Bank of Nova Scotia Jamaica Limited with interest rates of 12% per annum. The principal sum is repayable over 18 months ending March 31, 2017.

ISP FINANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

14. BANK OVERDRAFT	2015 \$	2014 \$
Bank of Nova Scotia Jamaica Limited (i)	30,103,806	11,940,504
Sagicor Bank [PCB J\$ Facility] (ii)	-	50,525,933
	<u>30,103,806</u>	<u>62,466,437</u>

- (i) This represents the amount used from an overdraft facility of \$50 million (2014: \$12.1 million) with interest rate of 12.75% (2014: 18.50%) per annum and is secured by a guarantee of USD\$400,000 by the Company's term deposit [see note 9 (i)].
- (ii) This represents the amount used from an overdraft facility with interest rate of 8.35% per month and is secured by a guarantee from the Company's USD investment account with Sagicor [see note 9 (i)].

15. NOTES PAYABLE

Notes payable consist of unsecured loans payable by the Company.

The notes bear interest ranging from 6% - 15% for the year ended December 31, 2015 and 2014 and there is no fixed repayment date; with re-newable options.

	2015 \$	2014 \$
Balances at the beginning	117,192,331	148,192,331
Additional loans received	-	-
	<u>117,192,331</u>	<u>148,192,331</u>
Repayments	(24,000,000)	(31,000,000)
Balances at the end	93,192,331	117,192,331
Current portion of notes payable	8,500,000	-
Long term portion of notes payable	<u>84,692,331</u>	<u>117,192,331</u>

Interest expense charged on these loans during the current year totaled \$12,292,391 (2014 - \$12,240,440). At year end, interest expense accrued totaled \$3,697,844 (2014 - \$1,499,428).

16. TAXATION PAYABLE

Taxation payable is based on profits for the year, adjusted for taxation purposes, subject to the agreement of the Tax Administration Jamaica, and is calculated at 25% (2014: 25%).

	2015 \$	2014 \$
Balance at beginning of year	690,000	2,554,262
Current year charge	2,464,234	-
	<u>3,154,234</u>	<u>2,554,262</u>
Payments made in the current year	(750,000)	(1,864,262)
Balance at end of year	<u>2,404,234</u>	<u>690,000</u>

ISP FINANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

17. OPERATING COSTS

	2015 ₹	2014 ₹
Interest expense	18,867,811	21,223,932
Commission expense	2,459,078	2,278,945
	<u>21,326,889</u>	<u>23,502,877</u>

18. ADMINISTRATIVE AND GENERAL EXPENSES

	2015 ₹	2014 ₹
Directors' emoluments and fees	17,877,600	16,502,400
Salaries, wages and related costs	62,473,399	77,603,459
Staff welfare	1,532,464	2,552,356
Management fees	600,000	-
Canteen expense	663,822	703,154
Office rental	4,225,338	5,758,951
Telephone	3,446,652	3,309,708
Electricity	1,846,686	2,397,056
Water	450,991	434,218
Computer expenses	4,930,961	5,945,050
Audit fees	929,670	972,930
Accounting fees	-	641,000
Printing, stationery and postage	1,100,559	1,517,999
Repairs and maintenance	1,372,225	1,471,784
Professional and legal fees	4,146,805	6,415,225
Travelling and transportation	158,861	949,129
Motor vehicle expenses	9,719,716	4,223,900
Motor vehicle rental	-	6,117,502
Donation	66,500	13,264
Office expenses	2,900,814	2,144,506
Security	236,139	448,766
Cleaning and sanitation	185,650	328,661
Subscriptions and dues	666,716	710,750
Advertising and promotion	5,493,182	4,589,993
Insurance	883,260	41,698,104
Reversal of accrued insurance (i)	(12,308,384)	-
Entertainment	4,732,522	5,380,733
Group insurance	1,875,475	3,655,832
Assets tax and annual returns	210,000	135,925
	<u>120,417,623</u>	<u>196,622,355</u>

(i) This represents reversal of accrued captive insurance for 2014, as the policy was cancelled.

ISP FINANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

19. OPERATING PROFIT

Stated after charging the following:	2015	2014
	\$	\$
	<u>67,530,971</u>	<u>17,027,425</u>
Auditor's remuneration	929,670	972,930

20. FINANCE AND POLICY COSTS

	2015	2014
	\$	\$
Bank charges and interest	15,421,082	11,977,855
Tax interest and penalty	306,481	-
Depreciation	2,879,120	2,563,659
Bad debts	18,654,658	15,028,289
Gain on foreign exchange	(474,955)	(8,072,889)
	<u>36,786,385</u>	<u>21,496,914</u>

21. TAXATION CHARGE / (CREDIT)

- (a) Income tax is computed at 25% (2014: 25%) of the pre-tax profit for the year, as adjusted for taxation purposes. Deferred taxation is computed at 25% for the financial year (2014: 25%) based on the income tax rate applicable for unregulated companies.

The taxation charge / (credit) is made up as follows:

	2015	2014
	\$	\$
Current:		
Minimum business tax paid	-	60,000
Provision for charge on current profit	2,464,234	-
	2,464,234	60,000
Deferred:		
Origination and reversal of temporary differences	959,902	(1,105,392)
	<u>3,424,136</u>	<u>(1,045,392)</u>

ISP FINANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

21. TAXATION CHARGE / (CREDIT) (CONT'D)

(b) Reconciliation of effective tax rate and (credit) / charge:

	2015		2014	
	\$	%	\$	%
Profit / (loss) before taxation	<u>30,744,586</u>		<u>(4,469,489)</u>	
Computed tax charge	7,686,146	25%	(1,117,372)	33%
Employment tax credit	(2,197,955)	-7%	-	0%
Minimum business tax	-	0%	60,000	0%
Taxation differences between profit for financial statements and tax reporting purposes on:				
Depreciation and capital allowances	800,048	3%	8,665	-25%
Other Adjustments	574,111	2%	3,315	-18%
Tax losses utilized	<u>(3,438,214)</u>	-11%	<u>-</u>	-18%
Actual charge / (credit) and rate	<u>3,424,136</u>	11%	<u>(1,045,392)</u>	-26%

22. PROFIT BEFORE INTEREST AND TAXATION

	2015	2014
	\$	\$
Net profit / (loss) for the year	27,320,450	(3,424,097)
Minimum business tax paid	-	60,000
Current year taxation charge	<u>2,464,234</u>	<u>-</u>
Profit / (loss) before interest	29,784,684	(3,364,097)
Interest expense	<u>18,867,811</u>	<u>21,223,932</u>
Profit before interest and taxation	<u>48,652,495</u>	<u>17,859,835</u>

23. RELATED PARTIES

The following related party balances are shown separately in the Company's statement of financial position:

	2015	2014
	\$	\$
Amounts due from key management	<u>5,000,000</u>	<u>9,046,957</u>
Amounts due from related companies	<u>194,045,491</u>	<u>184,045,491</u>

ISP FINANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

23. RELATED PARTIES (CONT'D)

The Company's statement of comprehensive income includes the following transactions, undertaken with related parties in the ordinary course of business:

	2015	2014
	\$	\$
Transactions with key management personnel:		
- Directors' remuneration	<u>17,877,600</u>	<u>16,502,400</u>

24. STAFF COSTS

The number of employees at the end of the year was as follows:

	2015	2014
Permanent	<u>36</u>	<u>38</u>

The aggregate payroll costs for these persons were as follows:

	2015	2014
	\$	\$
Salaries and profit related pay	55,543,339	70,146,345
Statutory payroll contributions	<u>6,930,060</u>	<u>7,457,114</u>
	<u>62,473,399</u>	<u>77,603,459</u>

25. FINANCIAL INSTRUMENTS**(a) Financial risk management:**

The Company has exposure to the following risks from its use of financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

The Board of Directors, together with senior management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Company's activities.

ISP FINANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

25. FINANCIAL INSTRUMENTS (CONT'D)**(a) Financial risk management (cont'd):****(i) Credit risk:**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company monitors its credit risk by evaluating applicants for credit before disbursement and reviewing its loan portfolio with a view to controlling its credit risks. Collateral is obtained for certain loans and personal loans are collected through salary deductions by employers of the borrowers. Cash and cash equivalents are held with substantial financial institutions, which are considered to present minimal risk of default.

The carrying amount of financial assets represents the maximum credit exposure. The Company has some degree of credit risk concentration associated with loans receivable, as the Company loan portfolio includes mainly personal loans. There are no significant balances with any single entity or group of entities. There was no individual loan balance that exceeded 5% of the total loans owing to the Company at reporting date.

The maximum exposure to credit risk at the reporting date was:

	2015	2014
	\$	\$
Loans receivable	240,984,716	238,446,098
Cash and cash equivalents	<u>66,973,001</u>	<u>141,105,380</u>
	<u>307,957,717</u>	<u>379,551,478</u>

(ii) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liability when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company reputation. Prudent liquidity risk management implies maintaining sufficient cash resources and the availability of funding through an adequate amount of committed facilities.

The following are the contractual maturities of financial liabilities, including interest payments:

	2015	2014
	\$	\$
Notes payable	8,500,000	117,192,331
Accrued liabilities	<u>16,066,842</u>	<u>65,062,178</u>
	<u>24,566,842</u>	<u>182,254,509</u>

ISP FINANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

25. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial risk management (cont'd):

(iii) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, and interest rates will affect the Company's income or the value of its holding of financial instruments. Market risk arises from fluctuations in the value of liabilities and on certain of its financial assets. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk is affected where there is a mismatch between interest earning assets and interest bearing liabilities, which are subject to interest rate adjustment within a specified period. The Company manages this risk by maintaining a portfolio of interest earning assets that exceeds interest-bearing liabilities. Loans are advanced for relatively short period.

At the reporting date the interest profile of the Company's interest bearing financial instruments was:

	2015	2014
	₹	₹
Fixed rate instruments:		
Financial assets	240,984,716	238,446,098
Financial liabilities	<u>(8,500,000)</u>	<u>(117,192,331)</u>
	<u>232,484,716</u>	<u>121,253,767</u>

Interest rate sensitivity

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value and all its financial instruments are carried at amortized cost. Therefore, a change in interest rates at the reporting date would not affect profit for the year or equity.

Cash flow sensitivity of variable rate financial instruments

The Company does not hold any variable rate instruments that are subject to material changes in interest rate. Therefore, a change in market interest rates at the reporting date would not affect profit or equity.

ISP FINANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

25. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial risk management (cont'd):

Foreign currency risk:

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to significant foreign currency risk, primarily on notes payable that are denominated in a currency other than the Jamaica dollar. Such exposures comprise the monetary assets and liabilities of the Company that are denominated in that currency. The main foreign currency risks of the Company are denominated in United States dollars (US\$), which is the principal intervening currency for the Company. The Company jointly manages foreign exchange exposure by maintaining adequate liquid resources in appropriate currencies and by managing the timing of payments on foreign currency liabilities.

(b) Capital risk

Capital risk is the risk that the Company fails to comply with mandated regulatory requirements resulting in breach of those requirements. The Company's objectives when managing capital are to comply with capital requirements, safeguard the Company's ability to continue as a going concern and to maintain strong capital base to support the development of its business.

**ISP FINANCE SERVICES LIMITED
INCOME TAX COMPUTATION
YEAR OF ASSESSMENT 2015**

	\$	\$
Profit as per financial statements for the year ended December 31, 2015		30,744,586
Add: Depreciation	2,879,120	
Accrued interest expense 31.12.2015	3,697,844	
Tax interest and penalty	306,481	
Asset tax	200,000	
Donation	66,500	
Unrealized foreign exchange gain	<u>(474,955)</u>	
		<u>6,674,990</u>
		37,419,576
Less: Interest expense accrued paid in 2015		(1,499,428)
Less: Capital Allowances:		
Initial	339,386	
Annual	<u>3,179,147</u>	
		<u>(3,518,533)</u>
STATUTORY PROFIT FOR THE YEAR		32,401,614
Tax losses bought forward from subsequent periods (restricted to 50% of statutory profit)		<u>(13,752,856)</u>
		<u>18,648,758</u>
Taxation thereon @ 25%		4,662,189
EMPLOYMENT TAX CREDIT CLAIMABLE		<u>(2,197,955)</u>
TAXATION CHARGE		<u>2,464,234</u>

ISP FINANCE SERVICES LIMITED
CAPITAL ALLOWANCES COMPUTATION
YEAR OF ASSESSMENT 2015

Rate %	\$ Cost	WDY B/PWD	Additions	Disposals	Total	IA	AA	BA	Total Allowances	WDY C/FWD	Sales Proceeds
22.5		7,838,897	-	-	7,838,897	-	1,768,252	-	1,768,252	6,090,645	
20		737,141	-	-	737,141	-	147,428	-	147,428	589,713	
20		-	1,254,625	-	1,254,625	250,923	250,925	-	501,850	752,775	
10		5,037,914	-	-	5,037,914	-	503,791	-	503,791	4,534,122	
20		738,457	-	-	738,457	-	147,691	-	147,691	590,766	
20		-	442,304	-	442,304	88,461	88,461	-	176,922	265,382	
2.5		8,670,426	327,000	-	8,997,426	-	216,761	-	216,761	8,780,665	
12.5		270,703	-	-	270,703	-	33,838	-	33,838	236,865	
12.5		110,000	-	-	110,000	-	22,000	-	22,000	88,000	
		23,423,538	2,023,929	-	25,447,467	339,386	3,179,137	-	3,518,534	21,928,934	

14. STATUTORY & GENERAL INFORMATION

Statutory Information required to be set out in the Prospectus by section 42 and the Third Schedule to the Companies Act (“the Act”).

14.1 (a) The Company has no founders or management or deferred shares.

(b) The Articles of Incorporation of the Company fix no shareholding qualification for directors and none have been otherwise fixed by the Company in general meeting. The Articles of Incorporation contain the following provisions with respect to the remuneration of directors:

i. *“Subject to Article 123, the remuneration of the directors shall be such amount as the board of directors, or any appropriate committee of the board of directors, may determine. Such remuneration shall be deemed to accrue from day to day. The directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors or any committee of the directors or general meetings of the Company or in connection with the business of the Company.”* -Article 82.

ii. *“A director of the Company may be or become a director or other officer of, or otherwise interested in, any Company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company unless the Company otherwise directs.”* -Article 84.

iii. *“A director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of director for such period and on such terms (as to remuneration and otherwise) as the directors may determine and no director or intending director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any director is in any way interested, be liable to be avoided, nor shall any director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such director holding that office or of the fiduciary relationship thereby established.”* -Article 94(3).

iv. *“Any director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a director; provided that nothing herein contained shall authorise a director or his firm to act as auditor to the Company.”* -Article 94(5).

v. *“The directors may give or award pensions, annuities, gratuities, guarantee loans and superannuation or other allowances or benefits to any persons who are or have at any time been directors of or employed by or in the service of the Company, or any company which is a subsidiary of the Company and to the wives, widows, children and other relatives and dependents of any such persons, and may set up, establish, support and maintain pension, superannuation or other funds or schemes (whether contributory or non-contributory) for the benefit of such persons as are hereinbefore referred to or any of them or any class of them. Any director shall be entitled to receive and retain for his own benefit any such pension, annuity, gratuity, allowance or other benefit, and may vote as a director in respect of the exercise of any of the powers of this Article*

conferred upon the directors notwithstanding that he is or may be or become interested therein.”
-Article 96.

vi. *“A Managing Director shall receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the board of directors, or any appropriate committee of the board of directors, may determine.”* -Article 123.

(c) The names and descriptions of the Directors of the Company are set out in Section 8.1 of this Prospectus. The residential addresses of the Directors are as follows:

Name of Director	Residential address
Clifton Cameron	Villa 1A, Glen Eagles, 6 Long Lane, Kingston 9, St. Andrew
Dennis Smith	1 Hacienda Way, Kingston 8, St. Andrew
Primrose Smith	1 Hacienda Way, Kingston 8, St. Andrew
Robert Chung	8 Marcliff Drive, White Rivers, Port Maria P.O., St. Mary
Rosemary Thwaites	9A Wilmington Drive, Kingston 6, St. Andrew
Diyal Fernando	Somerset Homes, 10 Birdsucker Heights, Kingston 8, St. Andrew

14.2 (a) Shares are not being offered by the Company to the public for subscription. Accordingly paragraph 2 of Part 1 of the Third Schedule to the Act does not apply.

14.3 (a) The Invitation will open for subscription at 9:00 a.m. on September 1, 2016 and will close at 4:30 pm on the Closing Date, September 22, 2016, subject to the Company’s right to close the application list at any time after 9:00 a.m. on the Opening Date if Applications have been received for an amount in excess of the Bonds offered under this Prospectus, or to extend the Closing Date subject to section 42 of the Companies Act, 2004.

(b) Shares are not being offered by the Company. Accordingly, paragraph 3(2) of Part 1 of the Third Schedule to the Act does not apply.

14.4 No person has, or is entitled to be given, any option to subscribe for any shares in, or debentures of, the Company.

14.5 (a) As at June 30, 2016, being the latest practicable date prior to publication of this Prospectus, the Company held no trade investments, quoted investments (other than trade investments) nor any quoted investments (other than trade investments).

(b) Details of the Company’s trademark, real property and business name are set out in Section 7.13 of this Prospectus. However, there is no amount for goodwill, patent, or trademarks shown in the financial statements of the Company and there is no contract for sale and purchase which would involve any goodwill, patent or trademark.

(c) As at June 30, 2016, being the latest practicable date prior to publication of this Prospectus, the aggregate amount of bank loans owing by the Company are J\$6,292,224.00. The aggregate amount of overdrafts owing by the Company are J\$38,494,025.00.

(d) No amount is currently recommended for distribution by way of dividend. The Company's dividend policy is described in Section 7.16.

14.6 As at the date of this Prospectus, no negotiations to purchase any properties which are to be paid for wholly or partly out of the proceeds of this Invitation, have been entered into, and accordingly, paragraphs 6 to 9 (inclusive) of Part 1 of the Third Schedule of the Companies Act do not apply.

14.7 (a) Within the two (2) preceding years, no commissions have been paid, nor will any be payable to anyone for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares or debentures of the Company.

(b) The Company also intends to pay the expenses associated with the Invitation out of the proceeds, which it estimates will not exceed J\$7,872,500.00 inclusive of General Consumption Tax, as follows:

(i) Arranger, Brokerage and Financial Advisory fees:	J\$5,750,000.00;
(ii) Legal fees:	J\$1,747,500.00;
(iii) Statutory fees and JSE fees:	J\$175,000.00;
(iv) Security Trustee, Administrative Agent, Registrar and Paying Agent fees:	J\$200,000.00.

(c) Within the last two (2) years preceding the date of this Prospectus, no amount or benefit has been paid or given or is intended to be paid or given to any promoter save for:

(i) SGF Investment Advisors Limited and Victoria Mutual Wealth Management Limited for arrangement, financial advisory and brokerage services associated with the Initial Public Offering and Listing of the Company's ordinary shares on the Junior Market under agreements dated October 12, 2015 and February 18, 2016 respectively. Collectively, those fees were approximately J\$4,700,000 plus General Consumption Tax (inclusive of valuation services, lead brokerage, and the development of a marketing strategy for the purposes of the Initial Public Offering and Listing); and

(ii) SGF Investment Advisors Limited and Victoria Mutual Wealth Management Limited for arrangement, financial advisory and brokerage services associated with the Invitation and Listing of the Bonds under agreements dated October 12, 2015 and May 25, 2016 respectively. Collectively, those fees are estimated to be approximately J\$5,750,000.00 inclusive of General Consumption Tax (inclusive of valuation services, lead brokerage, and the development of a marketing strategy for the purposes of the Invitation and Listing of the Bonds).

14.8 The issue is not underwritten.

14.9 The material contracts of the Company are set out in Section 7.14.

14.10 The name and address of the auditors to the Company is:

CrichtonMullings & Associates,
Chartered Accountants

1 Ardenne Road
Kingston 10

14.11 CrichtonMullings & Associates have given and have not withdrawn their consent to the issue of this Prospectus with the inclusion of the Auditors' Report, and the complete audited financial statements of the Company for the financial year ended 31 December 2015, and their name in the form and context in which it is included.

14.12 The Company was incorporated on January 3, 2007 and commenced trading in February 2007 and accordingly, paragraph 13 of Part 1 of the Third Schedule of the Companies Act does not apply.

15. CONSENTS

15.1 CrichtonMullings & Associates, the Auditors of the Company, have given and have not withdrawn their written consent to the issue of this Prospectus with the inclusion therein of a copy of their Independent Auditor's Report for year ended December 31, 2015 in the form and context in which it is included. The Auditors' Consent is set out at Section 13.3.

15.2 The Directors of the Company have given and have not withdrawn their written consent to the issue of the Prospectus and the inclusion therein of all material facts relevant to the Company as required by the Act. The Directors' Consent is set out at Section 18.1.

16. DOCUMENTS AVAILABLE FOR INSPECTION

During the period that the invitation remains open for purchase of Bonds, the following documents will be available for inspection on any weekday during the hours of 9:00 am to 4:30 pm, at the office of Patterson Mair Hamilton, Temple Court, 85 Hope Road, Kingston 6.

- (a) written consent of the Auditors, CrichtonMullings & Associates;
- (b) written consent of the Directors of the Company;
- (c) audited financial statements of the Company for the year ended December 31, 2015;
- (d) unaudited financial statements of the Company for the second quarter ending June 30, 2016
- (e) Articles of Incorporation of the Company dated February 11, 2016;
- (f) Resolution of the Board of Directors authorising the Invitation dated June 8, 2016;
- (g) The Court filings and judgment referred to in Section 7.15; and
- (h) The material contracts referred to in Section 7.14.

17. APPLICATION PROCEDURE

17.1 Applications for Bonds shall be made on the original Application Form included at Appendix 2 at the end of this Prospectus. The Application Form must be completed in accordance with the instructions set out on the reverse of the Application Form and be delivered or mailed to Victoria Mutual Wealth Management Limited (“VM Wealth”) or to any selling agent appointed by VM Wealth.

17.2 If needed, a copy of this Prospectus containing an Application Form may be obtained from the website of the Jamaica Stock Exchange (www.jamstockex.com) or from VM Wealth’s office. **An Application Form which is not part of a Prospectus should under no circumstances be used to apply for Bonds. All potential investors are encouraged to read the Prospectus in full before deciding to invest in the Bonds.**

17.3 Assistance in completing Application Forms may be obtained from a stockbroker, securities dealer or investment adviser.

17.4 Neither the submission of an Application Form by an Applicant nor its receipt by the Company will result in a binding contract between the Applicant and the Company. Only the allotment of Bonds by the Company to an Applicant (whether such Bonds represent all or part of those specified by the Applicant in his/her Application Form) will result in a binding contract under which the Applicant will be deemed to have agreed to subscribe for principal amount of Bonds at the price of 100% of the face value, subject to these terms and conditions.

17.5 The Subscription List for the Bonds will open at 9:00 a.m. on September 1, 2016 and will close at 4:30 p.m. on September 22, 2016 subject to the right of the Company to close the Subscription List at any time if subscriptions have been received for the full amount of the Bonds available for purchase and subject also to the right of the Company to extend the closing beyond that date subject to section 48 of the Companies Act, 2004. In the event of an early closing or an extension of the closing notice will be posted on the website of the Jamaica Stock Exchange (www.jamstockex.com)

17.6 All Bonds are priced at 100% of principal face value of amount applied for.

17.7 All Application Forms must be submitted together with payment for the Bonds in the form of either:

- (a) a manager’s cheque made payable to “**Victoria Mutual Wealth Management Limited**” if the subscription amount is less than J\$2,000,000.00; or
- (b) authorisation from the Applicant on the Application Form, instructing VM Wealth to make payment from cleared funds held with VM Wealth in an investment account in the Applicant’s name; or
- (c) where applicable, proof of payment to VM Wealth made electronically using either the RTGS payment system **or** by wire transfer. Absolutely no cash will be collected.

All completed Application Forms must be delivered to VM Wealth at any of its offices, or any of the branches of Victoria Mutual Building Society listed in Appendix 4, including the following locations:

<p>KINGSTON 53 Knutsford Boulevard Kingston 5 Telephone: (876)-960-5000-3</p>	<p>MANDEVILLE Shop #3, Manchester Shopping Centre Mandeville Telephone: (876)-962-7215</p>
<p>PORTMORE Lot 1 Seagrape Close Portmore, Saint Catherine Telephone: (876)-988-8603</p>	<p>MONTEGO BAY Unit 8, Summit Business Centre, Lot 3, Straddle Drive Bogue Estates, Montego Bay, Saint James Telephone: (876)-684-9806</p>

Application Forms must apply for a minimum denomination of J\$20,000.00. Applications in excess of that number must be in multiples of J\$10,000.00. Application Forms in other denominations will not be processed or accepted.

Application Forms submitted to VM Wealth in advance of the Opening Date (early applications) will be received but not processed until the Opening Date. All advance applications will be treated as having been received at 9:00 a.m. on the Opening Date, September 1, 2016. All Application Forms received from 9:00 a.m. onwards on the Opening Date will be time stamped for processing in the order in which they were received. Application Forms that meet the requirements set out in this Prospectus will be accepted on a first come first served basis.

17.8 Applicants must be at least 18 years old. However, Applicants who have not yet attained the age of eighteen (18) years, may apply jointly with Applicants who are at least eighteen (18) years of age.

17.9 Applicants will be deemed to have accepted the terms and conditions of this Invitation and any other terms and conditions set out in this Prospectus, including in Appendix 2.

17.10 Each Applicant acknowledges and agrees that:

(a) he/she has been afforded a meaningful opportunity to review the Prospectus (including the terms and conditions in this section 17), and to gather and review all additional information considered by him/her to be necessary to verify the accuracy of the information contained in this Prospectus;

(b) he/she has not relied on the Company or any other persons in connection with his/her investigation of the accuracy of such information or his/her investment decision; and

(c) no person connected with the Company has made any representation concerning the Company or this Prospectus not contained in this Prospectus, on which the Applicant has relied in submitting his/her Application Form;

(d) he/she has made his/her own assessment of the Company, and the merits and risks of purchasing Bonds, inclusive of taking advice (or waiving the need for such advice) in relation to the financial and legal implication of purchasing Bonds and tax implications thereof.

17.11 Application Forms that meet the requirements set out in this Prospectus shall be accepted on a “first come first served basis”. All Applications will be time-stamped to indicate the date and time it was received. If Applications are received before the Subscription List opens at 9.00 a.m. on September 1, 2016 then such Applications will, for allotment purposes, be stamped as received at 9.00 a.m. on September 22, 2016 being the date of the opening of the Subscription List.

17.12 Successful Applicants will be allotted Bonds for credit to their account in the Jamaica Central Securities Depository specified in their Application Forms. Applicants may refer to the confirmation instructions that will be posted on the website of the Jamaica Stock Exchange (www.jamstockex.com) after the Closing Date.

17.13 The Company will endeavour to return cheques for the amounts refundable to Applicants whose Application Forms are not accepted, or whose Application Forms are only accepted in part, to the Applicant’s address shown in the Application Form within 10 (ten) working days after the Closing Date (or the extended Closing Date, as the case may be) or as soon as practicable thereafter. If an Applicant so indicates on his Application Form, the refund cheque will be sent to VM Wealth for collection by the Applicant (or the first-named joint Applicant) stated in the Application Form. Any other persons purporting to collect a cheque on behalf of the Applicant must be authorised in writing by the Applicant(s) to do so. All refunds of a quantum greater than the RTGS threshold of \$2 Million, will be refunded via RTGS to the account of origin.

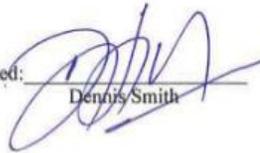
17.14 The Company reserves the right to reject multiple applications and if multiple applications are received, only the first application in time will be processed.

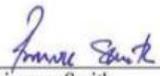
18. DIRECTORS' SIGNATURES

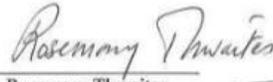
18.1 Directors' Consent

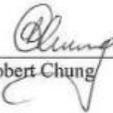
Signed on behalf of ISP Finance Services Limited by its Directors on this the 25th day of August 2016.

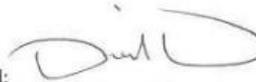
Signed: 
Clifton Cameron

Signed: 
Dennis Smith

Signed: 
Primrose Smith

Signed: 
Rosemary Thwaites

Signed: 
Robert Chung

Signed: 
Dival Fernando

APPENDIX 1: BORROWING POWERS OF COMPANY

The Company's borrowing powers are derived from Articles 85 and 86 of the Articles of Incorporation which provide that:

“BORROWING POWERS

85. The directors may raise or borrow for the purposes of the Company such sum or sums of money as they think fit. The directors may secure the repayment of or raise any such sum or sums as aforesaid and also secure the repayment of any sum or sums due or owing by the Company or by any other person by bill of sale, mortgage or charge upon the whole or any part of the property and assets of the Company, present and future including its uncalled capital, or by issue, at such price as they may think fit, of bonds, debentures or debenture stock either charged upon the whole or any part of the property and assets of the Company or not so charged or by bonds, bills of exchange, promissory notes or in such other way as the directors may think expedient.

86. Any bonds debentures debenture stock or other securities issued or to be issued by the Company shall be under the control of the directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.”

APPENDIX 3: FORM OF BOND

ISP FINANCE SERVICES LIMITED SECURED CORPORATE BONDS DUE 2019

Serial number: _____

Issue Date: _____, 2016

Amount: J\$ _____

Maturity Date: September 20, 2019

FOR VALUE RECEIVED THE UNDERSIGNED, **ISP FINANCE SERVICES LIMITED** (the “**Issuer**”) HEREBY UNCONDITIONALLY PROMISES TO PAY to the order of JCSD TRUSTEE SERVICES LIMITED (the “**Trustee**”) or other registered holder hereof on behalf of the individuals recorded in the Register of Bondholders in proportion to the allocations set out therein (the “**Individual Bondholders**”) the Principal sum of _____ JAMAICAN DOLLARS (J\$ _____) (the “**Principal Sum**”) on the 20th day of September, 2019 the Maturity Date (the “**Maturity Date**”).

The Issuer further promises to pay interest on the Principal Sum outstanding from time to time for each day during each Interest Period until the Principal Sum of the Bond is repaid in full, at the **Agreed Rate** (as defined below). Accrued interest shall be payable in arrears on each Interest Payment Date. Interest at the relevant rate shall accrue from day to day (as well after as before any judgment) and shall be prorated on the basis of a 365/366-day year for the actual number of days in the relevant Interest Period.

If principal or interest shall fall due for payment on a day which is not a Business Day, then payment shall be made on the immediately preceding Business Day and the non-Business Day(s) omitted from that calculation of interest shall be carried forward and added to the days comprised in the next Interest Period.

All payments of principal, interest or other sums payable hereunder shall be payable in the lawful money of Jamaica at the offices of the Trustee: JCSD Trustee Services Limited, 40 Harbour Street, Kingston in the Parish of Kingston (the “Place of Payment”). All payments hereunder shall be made in same day funds or such other funds as are equivalent to same day funds. Payment of the Principal Sum and interest shall be made without set-off or counterclaim but subject to any withholding tax which the Issuer or the Trustee is obliged to deduct by applicable law.

This Bond is issued in respect of a Series of Bonds (the serial number of which is stated on the face hereof) issued or to be issued by the Issuer. The Issuer intends that this Bond shall be impressed with stamp duty in Jamaica and held by the Trustee for enforcement in Jamaica, if deemed necessary, as trustee for the holders of the Bonds. Payments of principal and interest under the individual Bonds in the series of Bonds shall *pro tanto* reduce the Issuer’s obligations under this Bond. This Bond is the Bond referred to in the Trust Deed dated August 25, 2016 between the Issuer and JCSD Trustee Services Limited, as Trustee (the “Trust Deed”). This Bond is subject to, and entitled to the benefit of, the provisions of that Trust Deed (as it may be amended, supplemented or amended and restated over time) and is secured by a Debenture dated as of the date of the Trust Deed and granted by the Issuer to the Trustee to secure the obligations of the Issuer under the Bond and the Bondholders. All the Series of Bonds shall rank *pari passu* and ratable in all respects.

The Issuer may voluntarily prepay or redeem this Bond by giving notice to the Bondholders and the Trustee that on a fixed future date (which shall fall on an Interest Payment Date and shall not be less than 30 days from the date of the notice) the Issuer shall prepay or redeem all or a specified principal amount of the Bonds (a “**Notice of Prepayment**” or “**Notice of Redemption**”) respectively and paying a prepayment or early redemption fee calculated in accordance with the Table set out below:

Table

	<i>Prepayment/Early Redemption Date</i>	<i>Prepayment/Early Redemption Fee</i>
1	Before the 2 nd Anniversary of the Issue Date	2.00% of the principal amount prepaid/redeemed
2	On or after the 2 nd Anniversary of the Issue Date but before the 3 rd Anniversary	1.50% of the principal amount prepaid/redeemed

Notwithstanding anything herein the obligation of the Issuer to pay any amount hereunder may be accelerated and become immediately due and payable in full upon the occurrence of an Event of Default (as defined below). The Issuer hereby irrevocably and unconditionally waives all requirements as to diligence, presentment, demand, protest, notice of dishonour and all other notices whatever, and agrees to pay all expenses, including reasonable attorneys’ fees incurred in the collection of this Bond.

The failure of the holder hereof to exercise any of its rights hereunder in any particular instance shall not constitute a waiver thereof in that or any other instance.

This Bond shall be governed by, and construed in accordance with, the laws of Jamaica.

In this Bond:

“Agreed Rate” means 10% per annum provided that during the continuance of an Event of Default the Agreed Rate shall be 11% per annum;

“Business Day” means a day on which banks generally are open for business in the Corporate Area of Kingston and Saint Andrew (excluding Saturdays, Sundays and public general holidays);

“Enforcement Action” means any action taken by the Trustee on behalf of Bondholders to enforce recovery of obligations due under the individual bonds, the Bond or under the Trust Deed or under any Related Document (as defined in the Trust Deed) or otherwise pursuant to any common law or statutory right including, without limitation, appointment of a receiver in respect of the Charged Properties (as defined in the Debenture) or other assets of the Issuer;

“Event of Default” means the occurrence of any of the following events:

- (i) default by the Issuer in paying any sum due under the Bonds for a period of five (5) Business Days; or
- (ii) any representation or warranty made by the Issuer in the Trust Deed or in any Related Document being incorrect in any material respects when made and the Issuer either knew or ought reasonably to have known it was incorrect; or

- (iii) default by the Issuer in the performance or observance of any covenant, condition or other provision in the Trust Deed or in the Debenture; or
- (iv) if an order is made or resolution passed for the Issuer to be wound up, except a voluntary winding-up previously approved by the Issuer; or
- (v) if an encumbrancer shall take possession of, or a receiver is appointed over, all or any part of Issuer's assets and the Trustee certifies that in its opinion such action is materially prejudicial to the interest of Bondholders; or
- (vi) if any distress or execution is levied against the Issuer and the Trustee certifies that in its opinion such action is materially prejudicial to the interest of Bondholders; or
- (vii) if the Issuer stops or threatens to stop payment of its debts or shall cease or threaten to cease to carry on the whole or substantially the whole of its business and the Trustee certifies that in its opinion, such event will be materially prejudicial to the interest of Bondholders; or
- (viii) if the Trust Deed or the Bonds or the Debenture or any Related Document is, or becomes, or is alleged to be, unlawful or unenforceable; or
- (ix) if any Insolvency Event shall occur with respect to the Issuer; or
- (x) if final judgment is rendered against the Issuer and such judgment remains unsatisfied for a period of forty-five (45) days unless such judgment is the subject of a *bona fide* appeal.

PROVIDED THAT In respect of the events listed at (iii), (viii) and (x) above the Issuer has a cure period of fourteen (14) days after notice from the Trustee to remedy the breach and if such breach is not remedied within such period only then will an Event of Default occur.

“Insolvency Event” means any of the following events occurring with respect to the Issuer namely: (i) the filing by the Issuer of a Notice of Intention or a Proposal under the Insolvency Act; or (ii) the commencement of proceedings by the Issuer to secure a composition of its debts under a court-approved scheme of arrangement or the making of any proposal to its creditors or any of them to compromise its debts; or (iii) the making by the Issuer of an application to the Supervisor of Insolvency for an assignment for the benefit of its creditors or if a creditor of the Issuer (or the Issuer itself) shall apply to the court for a receiving order to be made against it; or (iv) if the Issuer shall commit an act of bankruptcy under section 57 of the Insolvency Act; or (v) if a receiver (or an interim receiver) shall be appointed over the whole or any part of the assets of the Issuer;

“Interest Payment Date” means (subject to any Business Day adjustment as provided in the definition of the term “Interest Period”) any day on which interest falls due on the Bonds being: September 20th, December 20th, March 20th, June 20th of each year commencing on December 20, 2016; provided that the final Interest Payment Date shall be the Maturity Date;

“Interest Period” means, (i) in the case of the first Interest Period, for each Bondholder the period commencing on the date specified as the commencement of accrual interest in the Allocation Certificate and ending on December 19, 2016 and thereafter, each subsequent 3-month period commencing on an Interest Payment Date and ending on the day immediately preceding the next Interest Payment Date; provided however that in either case:

- (a) if any Interest Period would otherwise end after the Maturity Date, such Interest Period shall end on the Maturity Date;
- (b) whenever the last day of an Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided however, that, if such extension would cause the last day of such Interest Period to occur in the following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day;

“Maturity Date” means the Maturity Date set out above on the face of the Bond or any other date (whether arising by acceleration, early redemption or otherwise) on which principal amounts become due on this Bond;

“Notice of Acceleration” means a written notice stating that the principal sum owing hereunder has become due and payable (with or without interest) due to the occurrence of an Event of Default;

“Notice of Prepayment” means a notice served by the Issuer upon the Trustee and Bondholders of its intention to prepay a part only of the principal sum owing under the Bonds on a fixed future date prior to the stated Maturity Date;

“Notice of Redemption” means a notice served by the Issuer upon the Trustee and Bondholders of its intention to redeem some or all of the Bonds on a fixed future date prior to the stated Maturity Date.

IN WITNESS whereof, the Issuer has caused this Bond to be duly executed manually or in facsimile on its behalf.

ISP FINANCE SERVICES LIMITED

By: _____
Director

By: _____
Director

AUTHENTICATED without recourse, warranty or liability
JCSD Trustee Services Limited

By: _____
(Authorised Signatory)

APPENDIX 4: PARTICIPATING VICTORIA MUTUAL BUILDING SOCIETY BRANCHES

LOCATION	ADDRESS, CONTACT DETAILS
Falmouth	15 Market Street, Falmouth, Trelawny Tel: (876) 954-3207 Fax: (876) 954-3728
Half-Way-Tree	73-75 Half Way Tree Rd. Kingston 10 Tel: (876) 754-VMBS (8627) Fax: (876) 926-4604
Head Office	8-10 Duke Street, Kingston, Jamaica Tel: (876) 922-8627 Fax: (876) 922-6602
Liguanea	115 Old Hope Road, Kingston 6 Tel: (876) 927-7228/927-7294 Fax: (876) 977-4925
Linstead	110 King Street Linstead, St. Catherine Tel: (876) 985-2177 Fax: (876) 985-2173
Mandeville	Shop #3 Manchester Shopping Centre Tel: (876) 962-1030-3 Fax: (876) 962-1088
May Pen	40 Main Street, May Pen, Clarendon Tel: (876) 986-2245, 986-2250 Fax: (876) 986-2119
Montego Bay	7 Market Street, Montego Bay, St. James Tel: (876) 952-3772-6 Fax: (876) 952-7515
Montego Bay (Fairview)	Unit 8, Summit Business Centre, 3 Straddle Drive, Bouge Estate Montego Bay, St. James Tel: (876) 684-9517, (876) 684-9513 Fax: (876) 953-6864
New Kingston	53 Knutsford Boulevard, Kingston 5 Tel: (876) 929-5406/929-5421 Fax: (876) 929-5489
Ocho Rios	7 Newlin Street, Ocho Rios, St. Ann Tel: (876) 974-5412, 974-5935 Fax: (876) 974-7862
Papine	University of Technology (UTECH) 237 Old Hope Rd. Kingston 6 Tel: 927-0792 Fax: (876) 702-4638
Portmore	Lot 1, Sea Grape Close Portmore, St. Catherine Tel: (876) 939-7955/72 Fax: (876) 939-7946
Santa Cruz	56 Main Street, Santa Cruz, St. Elizabeth Tel: (876) 966-9948, 966-9957-8 Fax: (876) 966-9952
Savanna-la-Mar	123 Great George Street, Savanna-la-mar, Westmoreland Tel: (876) 955-4940-1
Spanish Town	22 Oxford Road, Spanish Town, St. Catherine Tel: (876) 984-2629 Fax: (876) 924-2634

