



FINANCE SERVICES LTD.

UNAUDITED FINANCIAL STATEMENTS

3rd QUARTER ENDED SEPTEMBER 30, 2016



DIRECTORS REPORT TO STOCKHOLDERS NINE MONTHS ENDED SEPTEMBER 30, 2016

The Board of Directors of ISP Finance Services Limited is pleased to present the Company's unaudited financial results for the 3rd Quarter Ended September 30, 2016.


The 3rd quarter ended September 30, 2016 recorded Revenues of J\$ 64,785,660 representing an increase of 21.3% over the J\$53,408,867 recorded in the 3rd Quarter of 2015. The Company made a Gross Profit of J\$60,944,384 in the 3rd Quarter compared with J\$48,531,976 in the comparative period of 2015 representing an increase of 25.6%.

Operating Expenses for the 3rd Quarter of 2016 recorded J\$47,065,420 compared with J\$39,485,430 in the 3rd quarter of 2015. The Company made a Net Profit of J\$13,848,964 in the 3rd Quarter of 2016 compared with J\$9,046,546 in the 3rd Quarter of 2015.

Revenues for the nine months ended September 30, 2016 were J\$170,785,168 representing a 12.2% increase over the corresponding period in 2015. Gross profit recorded J\$160,726,519 for the nine month period compared with J\$134,453,753 for the comparative period in 2015 representing a 19.5% increase.

The company made a Net profit of J\$22,519,537 for the nine months ended September 30, 2016 compared with J\$12,195,777 for the comparative period in 2015 representing an increase of 85%.

The Board of Directors wishes to thank the investing community for its support of the Company's fully subscribed 10% Corporate Bond for J\$150m that closed on September 20, 2016. The Company also wishes to thank the Broker to the Issue, VM Wealth Management Limited, and Attorneys, Patterson, Mair, Hamilton for their sterling effort in ensuring that the fund raise was accomplished in record time following our IPO listing in March 2016.


DENNIS SMITH
CHIEF EXECUTIVE OFFICER/DIRECTOR
DIYAL R. FERNANDO
CHIEF FINANCIAL OFFICER/DIRECTOR



FINANSAL SÜPÜRVEYİCİLER KURULU

UNAUDITED FINANCIAL STATEMENT
NINE MONTHS ENDED SEPTEMBER 30, 2016

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STATEMENT OF COMPREHENSIVE INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2016

	<u>Unaudited</u> 3 Months Ended Sept 30, 2016	<u>Unaudited</u> 3 Months Ended Sept 30, 2015	<u>Unaudited</u> 9 months Ended Sept 30, 2016	<u>Unaudited</u> 9 Months Ended Sept 30, 2015	<u>Audited</u> 12 Months Ended December 31, 2015
	\$	\$	\$	\$	\$
REVENUES	64,785,660	53,408,867	170,785,168	152,268,339	209,275,483
INTEREST & COMMISSION EXPENSE	<u>3,841,276</u>	<u>4,876,891</u>	<u>10,058,649</u>	<u>17,814,587</u>	<u>21,326,889</u>
GROSS PROFIT	60,944,384	48,531,976	160,726,519	134,453,753	187,948,594
<u>LESS: OPERATING EXPENSES</u>					
OPERATING COSTS	39,592,583	30,101,291	115,438,533	96,359,700	120,249,150
ALLOWANCE FOR CREDIT LOSSES	3,869,387	4,138,979	11,415,093	12,395,700	18,654,658
DEPRECIATION	1,086,357	719,780	2,525,925	2,129,340	2,879,120
BANK CHARGES & INTEREST	<u>2,517,093</u>	<u>4,525,380</u>	<u>8,827,431</u>	<u>11,373,665</u>	<u>15,421,082</u>
TOTAL OPERATING EXPENSES	47,065,420	39,485,430	138,206,982	122,257,975	157,204,010
PROFIT / (LOSS) BEFORE TAX	13,878,964	9,046,545	22,519,537	12,195,777	30,744,584
TAXATION (CREDIT) / CHARGE	<u>30,000</u>	<u>-</u>	<u>60,000</u>	<u>60,000</u>	<u>3,424,135</u>
NET (LOSS) / PROFIT being					
COMPREHENSIVE (EXPENSE)					
/ INCOME FOR THE YEAR	13,848,964	9,046,545	22,459,537	12,135,777	27,320,450
Earnings per Share (Note 8)	\$ 0.1319c	\$ 0.0862c	\$ 0.2710c	\$ 0.1464c	\$ 0.3089c



STATEMENT OF FINANCIAL POSITION
NINE MONTHS ENDED SEPTEMBER 30 2016

	<u>Unaudited</u> 9 Months Ended Sept 30, 2016 \$	<u>Unaudited</u> 9 Months Ended Sept 30, 2015 \$	<u>Audited</u> 12 Months Ended December 31, 2015 \$
ASSETS			
Non-Current Assets			
Property Plant & Equipment	22,202,434	15,368,043	11,480,580
Deferred Tax Assets	<u>3,429,949</u>	<u>4,389,850</u>	<u>3,429,949</u>
	<u>25,632,383</u>	<u>19,757,893</u>	<u>14,910,529</u>
Current Assets			
Loans, net of provisions for credit losses	253,340,539	245,629,255	240,984,716
Other Receivables	11,109,622	7,633,467	9,778,969
Deposits & Prepaid Expenses	4,446,231	5,320,370	2,244,282
Due from Directors	-	-	5,000,000
Cash & Cash Equivalents	<u>154,213,672</u>	<u>156,089,809</u>	<u>66,973,001</u>
	<u>423,110,064</u>	<u>414,672,901</u>	<u>324,980,968</u>
TOTAL ASSETS	<u>448,742,447</u>	<u>434,430,794</u>	<u>339,891,497</u>
EQUITY AND LIABILITIES			
Issued Share Capital	195,903,128	5,000,000	5,000,000
Accumulated Deficit	<u>10,526,937</u>	<u>(27,117,272)</u>	<u>(11,932,599)</u>
	<u>206,430,065</u>	<u>(22,117,272)</u>	<u>(6,932,599)</u>
Capital Reserves	10,230,000	-	-
Non Current Liabilities			
Notes Payable to Related Company	-	184,045,491	194,045,491
10% Secured Corporate Bond	140,458,729	-	-
Notes Payable	71,192,331	99,692,331	93,192,331
Bank Loans	<u>-</u>	<u>29,392,572</u>	<u>-</u>
	<u>211,651,060</u>	<u>313,130,394</u>	<u>287,237,822</u>
Current Liabilities			
Accrued Liabilities	16,498,682	40,967,537	16,066,842
Current Portion of Bank Loan	3,932,640	63,896,909	11,011,392
Bank Overdraft	-	38,553,226	30,103,806
Taxation Payable	<u>-</u>	<u>-</u>	<u>2,404,234</u>
	<u>20,431,322</u>	<u>143,417,672</u>	<u>59,586,274</u>
TOTAL EQUITY AND LIABILITIES	<u>448,742,447</u>	<u>434,430,794</u>	<u>339,891,497</u>



STATEMENT OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2016

	<u>Share Capital</u>	<u>Capital Reserves</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
Capitalization of Leasehold Motor Vehicles	-	10,230,000	-	10,230,000
Net Profit, being Comprehensive Income for the Period	-		22,459,536	22,459,536
Balance as at Sept 30, 2016	195,903,128	10,230,000	10,526,937	216,660,065
Balance as at December 31, 2014	5,000,000	-	(39,253,049)	(34,253,049)
Net Profit, being Comprehensive Income for the Period	-	-	12,135,777	12,135,777
Balance as at Sept 30, 2015	5,000,000	-	(27,117,272)	(22,117,272)



STATEMENT OF CASH FLOWS
NINE MONTHS ENDED SETEMBER 30, 2016

	<u>Unaudited</u> 9 Months Ended Sept 30, 2016 \$	<u>Unaudited</u> 9 Months Ended Sept 30, 2015 \$	<u>Audited</u> 12 Months Ended December 31, 2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before Interest & Taxation	32,518,186	29,950,364	48,652,495
Adjustments for items not affecting cash resources			
Depreciation	2,525,925	2,129,340	2,879,120
Unrealized foreign exchange losses	-	(208,310)	(474,955)
Deferred Taxation	-	-	959,902
	<u>35,044,111</u>	<u>31,871,394</u>	<u>52,016,562</u>
Increase / (Decrease) in Operating Liabilities			
Loans and Other Receivables	(23,678,115)	(6,307,151)	9,137,507
Deposit	(2,201,949)	(3,146,088)	(70,000)
Due from Directors	5,000,000	9,046,957	4,046,957
(Decrease) / Increase in Operating Liabilities			
Accrued Liabilities	4,899,836	(12,254,794)	(52,693,183)
Cash provided by Operating activities	<u>19,063,883</u>	<u>19,210,318</u>	<u>12,437,843</u>
Interest Paid	(4,354,311)	(16,945,459)	(15,169,967)
Taxation Paid	<u>(2,434,234)</u>	<u>(720,000)</u>	<u>(750,000)</u>
Net Cash (used in) provided By Operating Activities	12,275,338	1,544,859	(3,482,124)



STATEMENT OF CASH FLOWS (CONT'D)
NINE MONTHS ENDED SEPTEMBER 30, 2016

	<u>Unaudited</u> 9 Months Ended Sept 30, 2016 \$	<u>Unaudited</u> 9 Months Ended Sept 30, 2015 \$	<u>Audited</u> 12 Months Ended December 31, 2015 \$
CASH FLOWS FROM			
 INVESTING ACTIVITIES			
Acquisition of Property, Plant and Equipment	(764,240)	(5,161,612)	(2,023,929)
Net Cash used in Investing activities	<u>(764,240)</u>	<u>(5,161,612)</u>	<u>(2,023,929)</u>
CASH FLOWS FROM			
 FINANCING ACTIVITIES			
Proceeds of Share Issue	190,903,128	-	-
Bond Issue	140,458,729	-	-
Loans received from related company	-	-	10,000,000
Repayment of Bank loans	(9,482,986)	-	(55,421,196)
Proceeds from Bank Loans	-	60,014,393	33,157,500
Repayment of Related Company	(194,045,491)	-	-
Repayment of Notes Payable	<u>(22,000,000)</u>	<u>(17,500,000)</u>	<u>(24,000,000)</u>
Net Cash Generated / (Used) in Financing Activities	<u>105,833,380</u>	<u>42,514,393</u>	<u>(36,263,696)</u>
NET (DECREASE) / INCREASE IN CASH & CASH EQUIVALENTS	117,344,477	38,897,640	(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>154,213,672</u>	<u>117,536,583</u>	<u>36,869,195</u>
REPRESENTED BY:			
Cash and Cash Equivalents	154,213,672	156,089,809	66,973,001
Bank Overdraft	<u>-</u>	<u>(38,553,226)</u>	<u>(30,103,806)</u>
	<u>154,213,672</u>	<u>117,536,583</u>	<u>36,869,195</u>



NOTES TO THE FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 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. 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> Sept 30, 2016 \$	<u>Unaudited</u> Sept 30, 2015 \$	<u>Unaudited</u> December 31, 2015 \$
Loans	327,621,470	302,539,406	303,943,355
Less: Provision for Credit Losses	<u>(74,280,931)</u>	<u>(56,910,151)</u>	<u>(62,958,639)</u>
Loans, net of provision for Credit Losses	<u>253,340,539</u>	<u>245,629,255</u>	<u>240,984,716</u>

5. 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.



6. 10% SECURED CORPORATE BOND

The Bond was issued at 100% of principal face value and is listed on the Junior Exchange. The Bond is due for redemption on September 20, 2019 and is secured on a fixed and floating charge over all the assets of the Company. In accordance with IFRS 9, the debt is carried at fair value as at the date of issue less transaction costs directly attributable to the issue of the debt. The debt issuance costs will be amortized over the life of the debt instrument.

7. TAXATION

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

8. EARNINGS PER SHARE

Earnings per share are calculated by dividing the profit for the period by the weighted average number of shares in issue for the period and highlighted below as follows:

	<u>Unaudited</u> 3 Months Ended Sept 30, 2016	<u>Unaudited</u> 3 Months Ended Sept 30, 2015	<u>Unaudited</u> 9 months Ended Sept 30, 2016	<u>Unaudited</u> 9 Months Ended Sept 30, 2015	<u>Audited</u> 12 Months Ended December 31, 2015
NET (LOSS) / PROFIT being					
COMPREHENSIVE (EXPENSE)					
/ INCOME FOR THE YEAR	13,848,964	9,046,545	22,459,537	12,135,777	27,320,450
Weighted Average		**		**	**
No. of Shares	105,000,000	105,000,000	82,885,766	82,885,776	88,444,536
Earnings per Share (Note 8)	\$ 0.1319c	\$ 0.0862c	\$ 0.2710c	\$ 0.1464c	\$ 0.3089c

**

Note: Earnings per Share computation for 2015 reporting periods are based on the weighted average number of shares in issue during the comparative period in 2016.



9. RECONCILIATION OF INCOME STATEMENT TO CASH FLOW

	<u>Unaudited</u> Sept 30, 2016	<u>Unaudited</u> Sept 30, 2015	<u>Unaudited</u> December 31, 2015
	\$	\$	\$
Net Profit / (Loss) for the period	22,459,537	12,135,777	27,320,450
Minimum Business Tax	-	-	-
Current Year tax charge	<u>-</u>	<u>-</u>	<u>2,464,234</u>
Profit / (Loss) before Interest	22,459,537	12,135,777	29,784,684
Interest Expense	<u>10,058,649</u>	<u>17,814,587</u>	<u>18,867,811</u>
Profit before Interest & Tax	<u>32,518,186</u>	<u>29,950,364</u>	<u>48,652,495</u>



ISP FINANCE SERVICES LIMITED

LIST OF TOP TEN (10) LARGEST SHAREHOLDERS AS AT SEPTEMBER 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	203,074
9.	Ryan Chung	160,862
10.	Lindoll Limited	160,862

SHAREHOLDINGS OF DIRECTORS, SENIOR MANAGERS AND CONNECTED PARTIES AS AT SEPTEMBER 30, 2016

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

Senior Managers

Seymour Smith	75,000
Wycliffe McDonald	15,000

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