2017 ANNUAL REPORT

FINANCE SERVICES LTD.

FINANCE SERVICES LTD.

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VISION STATEMENT

To be a major player in the Micro-Finance Sector, serving the needs of small and micro business enterprises, facilitating employment and job creation and providing short term unsecured loans to public and private sector employees.

MISSION STATEMENT

ISP Finance Services is committed to delivering "service excellence" to our valued customers while ensuring a reasonable return to our shareholders, fulfilling our corporate social responsibility, and providing a progressive environment for our employees that encourages self-development.

OUR CORE VALUES

- INTEGRITY
- TRUST
- INNOVATION
- PROMPTNESS
- RELIABILITY
- EMPATHY

PERFORMANCE SUMMARY

Statement of Financial Position

(All Figures in JM$' s)

	2017 $'000	2016 $'000	2015 $'000
ASSETS			
Non-Current Assets			
Property, Plant And Equipment	18,071	20,808	11,481
Deferred Tax Assets	1,572	1,500	3,429
	19,643	22,308	14,910
Current Assets			
Loans, Net Of Provision For Credit Losses	437,507	313,270	240,985
Securities Purchased Under Agreement To Sell	-	30,414	-
Other Receivables	10,957	7,909	9,779
Deposit	375	350	2,244
Due From Related Party	6,273	5,000	-
Due From Directors	1,500	-	5,000
Cash And Cash Equivalents	31,437	81,855	66,973
	488,049	438,798	324,981
TOTAL ASSETS	507,692	461,106	339,891

(All Figures in JM$' s)

	2017 $'000	2016 $'000	2015 $'000
EQUITY AND LIABILITIES			
Issued Share Capital	195,903	195,903	5,000
Revaluation Surplus	10,386	9,806	-
Accumulated Surplus / (Deficit)	79,981	28,310	(11,933)
	286,270	234,019	(6,933)
Non-Current Liabilities			
Secured Corporate Bond	143,559	139,754	-
Notes Payable To Related Company	-	-	194,046
Notes Payable	63,439	71,192	93,192
Bank Loan	-	-	1,573
	206,998	210,946	288,811
Current Liabilities			
Accounts Payable, Other Payables And Accruals	14,424	13,412	16,067
Current Portion Of Bank Loan	-	1,573	9,438
Bank Overdraft	-	-	30,104
Taxation Payable	-	1,156	2,404
	14,424	16,141	58,013
TOTAL EQUITY AND LIABILITIES	507,692	461,106	339,891

PERFORMANCE SUMMARY CONTINUED

Ananysis

(All Figures in JM$' s)

OPERATING INCOME	2017 $'000	2016 $'000	2015 $'000
Interest Income	288,739	232,661	206,180
Interest Expense	(24,453)	(18,829)	(34,034)
Net Interest Income	264,286	213,832	172,146
FX Gains And Other Income	(2,333)	5,876	1,111
Less Commissions On Loans			
	261,953	**219,708**	**173,257**
OPERATING EXPENSES	**(211,971)**	**(176,319)**	**(142,513)**
PROFIT BEFORE TAXATION	**49,982**	**43,389**	**30,744**
Taxation	(12)	(3,146)	(3,424)
Net Profit for the Year	**49,970**	**40,243**	**27,320**
Other comprehensive income that may be reclassified to profits			
Revaluation Surplus	2,257	9,806	-
Total comprehensive income for the year	**52,227**	**50,049**	**27,320**
Earnings per Share	**0.48**	**0.46**	**0.31**

(All Figures in JM$' s)

Operating Expenses

	2017 $'000	2016 $'000	2015 $'000
Staff Costs	104,971	91,279	84,423
Allowance For Credit Losses	23,299	10,347	18,655
Depreciation	5,334	4,445	2,879
Other Operating Expenses	78,368	70,248	36,556
Total Operating Expenses	**211,972**	**176,319**	**142,513**

Loans Portfolio Growth

	2017 $M	2016 $M	2015 $M
Gross Loans Portfolio	514	367	304

Equity Growth

	2017 $M	2016 $M	2015 $M
Equity	286	234	(7)

Stock Prices

	2017 $	2016 $	at listing March 2016 $
Stock Prices	12.06	8.50	2.00

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General meeting of ISP Finance Services Limited will be held at 10 a.m. on Friday, July 27, 2018, at the Knutsford Court Hotel, Kingston 5, for the purpose of transacting the following business:

1. To receive the report of the Directors and the audited accounts for the year ended December 31, 2017.

   To consider, and if thought fit, pass the following resolution:

   "THAT the report of the Directors and the Audited Accounts for the year ended December 31, 2017, be and are hereby adopted"

2. To authorize the Directors to appoint Auditors for 2018 and to fix their remuneration.

3. To approve the remuneration of the Directors.

   To consider, and if thought fit, pass the following resolution:

   "THAT the amount shown in the Audited Accounts for the year ended December 31, 2017, as fees for the Directors for their services as Directors be hereby approved"

4. To re-elect retiring Directors:
   The Directors retiring by rotation in accordance with Article 102 of the Articles of Association are Mr. Clifton Cameron and Mrs. Primrose Smith. Being eligible for re-election, they have offered themselves to be re-elected.

To consider, and if thought fit, pass the following resolutions:

(i) "THAT Mr. Clifton Cameron be and is hereby re-elected as a Director of the Company"

(ii) "THAT Mrs. Primrose Smith be and is hereby re-elected as a Director of the Company"

5. To transact such other business as may be properly transacted at an Annual General Meeting.

Dated this 3rd Day of May 2018
BY ORDER OF THE BOARD

Diyal R. Fernando
Company Secretary

DIRECTORS' REPORT

The Directors are pleased to submit their report along with the Audited Financial Statements of the Company for the year ended December 31, 2017.

Financial Results
ISP Finance Services Limited has performed successfully for the year ending December 31, 2017. The Company has experienced a net profit of $50 Million - 24 percent growth. The stock price at the beginning of 2017 opened at $8.50 and closed at $12.06 at December year-end.

Directors
The Directors of the Company as at December 31, 2017 were:

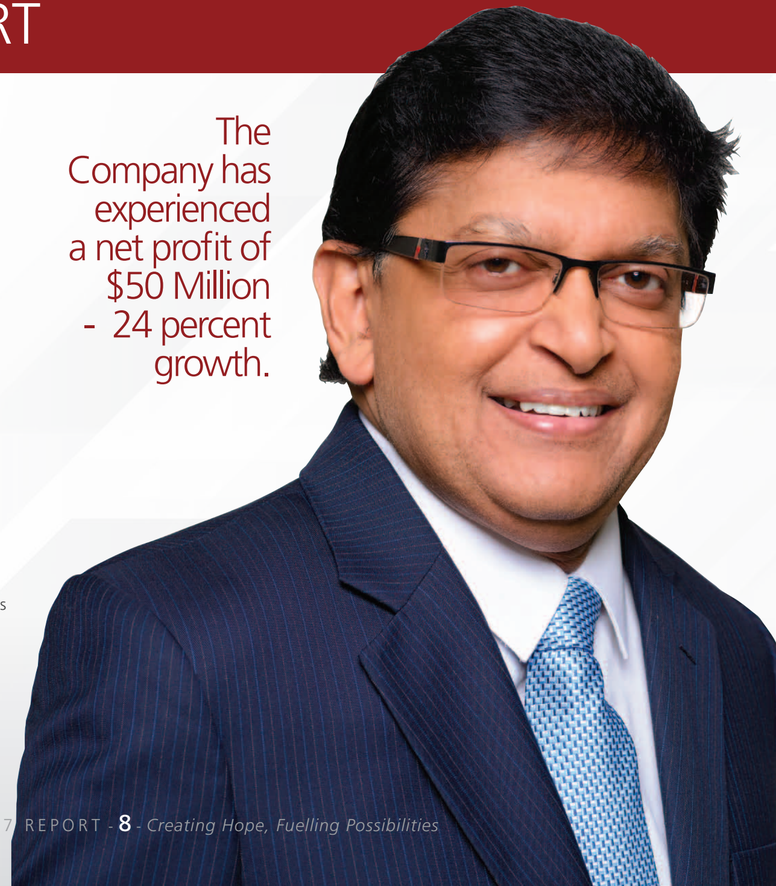
Clifton Cameron	Chairman
Dennis Smith	Chief Executive Officer
Primrose Smith	Chief Operating Officer
Robert Chung	Independent Director
Rosemary Thwaites	Independent Director
Diyal R. Fernando	Independent Director
Wayne Wray	JSE Mentor

Auditors
CrichtonMullings & Associates of Unit #25, 80 Lady Musgrave Road, Kingston 10, will continue in the office as Auditors in accordance with the provisions of Section 154(2) of the Companies Act.

Dated this 3rd Day of May 2018
BY ORDER OF THE BOARD

Diyal R. Fernando
Company Secretary

The Company has experienced a net profit of $50 Million - 24 percent growth.



BOARD OF DIRECTORS

CLIFTON CAMERON
CHAIRMAN

Mr. Cameron was appointed as an Independent Non-Executive Director to the Board on September 10, 2012 and serves as Chairman. He also serves on the Remuneration Committee.

He is the Chairman and co-founder of Sage Global Finance (SGF), L.L.C., a commercial finance company. Prior to forming SGF, he co-founded and served as Chairman of Manufacturers Merchant Bank Limited (MMB) and later served as a Director in 2001, when MMB merged with Sigma Investments Limited to become Manufacturers Sigma Merchant Bank Limited.

Mr. Cameron's business career spans major investments and management in a wide range of industries such as: Manufacturing, Tourism, Real Estate Development, Banking and Financial Services, Information Technology, and Agriculture. He has served in many private and public sector roles including: President of the Private Sector Organisation of Jamaica (PSOJ), Chairman of the National Investment Bank of Jamaica, and Chairman of Petrojam Limited.

DENNIS SMITH
CHIEF EXECUTIVE OFFICER

Dennis Smith is currently the co-founder and CEO of ISP Finance Services Limited. After the Company was incorporated on January 04, 2007, he assumed the responsibility for developing and implementing the overall strategic direction of the Company necessary to sustain its strong and robust growth path.

Mr. Smith began his career in the Accounting Department of the British American Insurance Company in the late 1960's and went on to hold several accounting positions in the service sector before pursuing more entrepreneurial endeavours.

In 1980, Mr. Smith teamed with Clifton Cameron to form a chemical company, Swift Chemicals Ltd. In ten short years, Swift Chemicals became the leading chemical company in the Caribbean. He successfully negotiated the first private sector barter arrangement between a Caribbean government and a private sector company to supply the Guyanese government with industrial chemicals in exchange for rice.

In 1995, Mr. Smith together with his wife Primrose Smith started Supreme Brands Limited importing and distributing raw material for the baking and frying industry. In 2003, he was appointed regional director of Capital Partners, an American based financial brokerage services company, with responsibility for Jamaica and Trinidad and Tobago.

DIYAL R. FERNANDO
DIRECTOR & COMPANY SECRETARY

Diyal R. Fernando is a Non-Executive Director and the Company Secretary of ISP Finance Services Limited. He was appointed to the Board on September 10, 2012.

He is a Fellow of the Chartered Institute of Management Accountants (CIMA) UK and has worked in Jamaica for over 25 years. Mr. Fernando held various senior management positions in the ICD Group of Companies in the Manufacturing, Retail and Distribution, Construction and Property Management sectors. In 2005, he joined Rose Hall Developments Limited as Finance Director. In 2009, he formed Dynamic Management Strategies Limited offering business development and advisory services targeted at MSME's, ISP Finance Services Limited being one of the company's first clients.

Mr. Fernando served as a Business Development Consultant in 2011 with the Private Sector Organisation of Jamaica (PSOJ). He is a Director of the Newport Medical Group, and serves on the Finance Committee of the Jamaica Cricket Association (JCA) and the Audit and Risk Committee of the Betting, Gaming and Lotteries Commission (BGLC).

PRIMROSE SMITH
CHIEF OPERATIONS OFFICER

Primrose Smith is an Executive Director and the Chief Operations Officer of the Company. She was appointed to the Board of Directors on January 3, 2007.

She is a Graduate of the University of the West Indies (UWI) with a Bachelor of Arts in Communications and Languages. She began her working career in 1973 at the Inter-American Development Bank as the personal assistant to the Deputy Representative, and in 1978, worked in the Customer Services Division of Southeast First National Bank in Miami. In 1980, she returned to Jamaica and joined the Organisation of American States (OAS) as the Executive Assistant to the Country Director until she left to complete her studies at UWI.

Mrs. Smith's entrepreneurial mindset eventually led her to start her own micro business - a salon and boutique which she successfully operated for 10 years before becoming a co-founder of ISP Finance Services Limited.

ROSEMARY THWAITES
INDEPENDENT DIRECTOR

Rosemary Thwaites was appointed as a Non-Executive Director to the Board on January 18, 2016.

She is a Chartered Accountant with a Bachelor of Science degree in Mathematics and Computer Science from the University of London, UK. She started her working career with PriceWaterhouseCoopers (PWC) in Kingston, Jamaica and later with Pannell Kerr Foster International in Miami, Florida. She joined The Art Centre Ltd in 1990 and is currently the Chief Executive Officer (CEO). Mrs. Thwaites serves as a Director of the National Museum of Jamaica Foundation and Tropical Syrup Manufacturing Co. Ltd.

She is a member of the Audit and Remuneration Committee of the Company

ROBERT CHUNG
INDEPENDENT DIRECTOR

Robert Chung was appointed as a Non-Executive Director to the Board on September 10, 2012.

He is an entrepreneur with over twenty years of experience in the retail and property development sectors. He is a Civil Engineer and holds a Bachelor of Science degree from Columbia University and a Master of Science degree from the University of California, Berkeley.

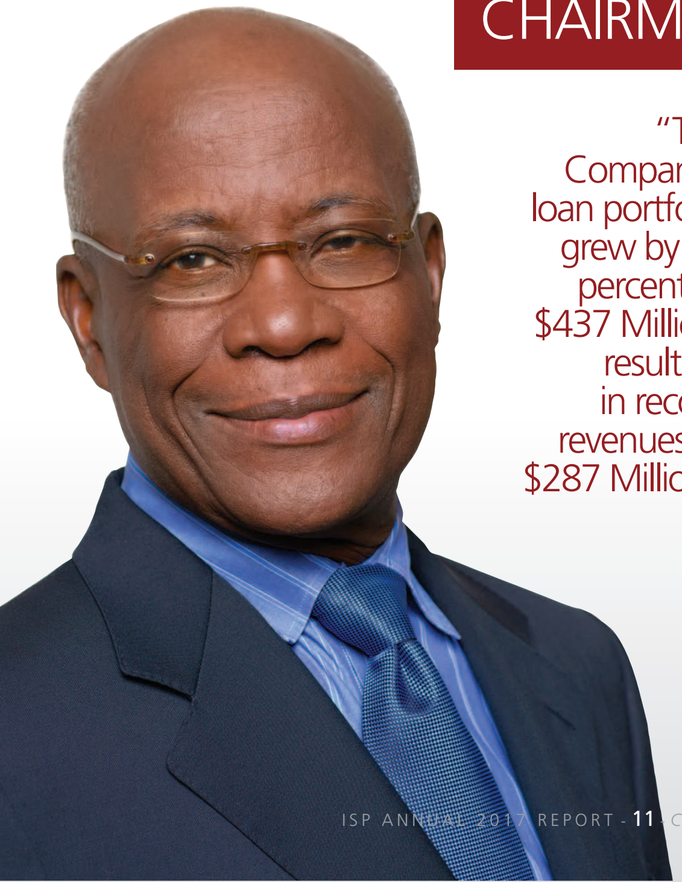
Mr. Chung currently manages his family owned businesses based in Port Maria, and spearheaded the family's venture into property development, given his background in civil engineering.

WAYNE WRAY
JSE MENTOR

Wayne Wray was appointed Mentor to the Company on February 15, 2016.

His portfolio of experience and expertise includes executive leadership and management positions in the field of Finance and Banking. He is a past Chairman of the Jamaica Institute of Bankers, as well as the Caribbean Association of Banks. Licensed by the Financial Services Commission as an investment advisor, he is the principal Director of Wiltshire Consulting & Advisory Limited. Mr. Wray is also Managing Director and Principal Shareholder of 365 Retail Limited, an authorized dealer retailing and distributing petroleum and lubricants for Total Jamaica Limited.

He is committed to nation building and serves on the Board of several private sector companies and community development organisations. He is a member of the Audit Committee.



CHAIRMAN'S MESSAGE

"The Company's loan portfolio grew by 40 percent to $437 Million, resulting in record revenues of $287 Million"

It is with great pleasure that I chair the Board of ISP Finance Services Limited for yet another successful year.

The Company was formed in 2007 and has evolved into an important player in the micro-finance sector offering loans to individuals, micro & small businesses unable to access financing from the formal banking sector.

The financial year 2017 marked a major milestone as we surpassed the $500 Million mark in total assets.

One of the contributing factors to our continued growth was the stable macro-economic environment in which we operated. Business and consumer confidence improved resulting in increased loan applications.

The Company's loan portfolio grew by 40 percent to $437 Million, resulting in record revenues of $287 Million. These favourable results gives me the confidence that the Company will provide satisfactory returns to its shareholders in the years to come.

We remain a fast-growing Company, and in 2018, will diversify our product offerings to create new revenue streams. Business acquisitions and mergers will be a key priority in our strategic plan. In 2017, we began reviewing and setting in motion business opportunities to foster future growth in our loan portfolio in 2018 and beyond.

ISP Finance Services Limited is committed to broadening our footprint nationally and we continue to make efforts in that regard using technology to reach clients islandwide.

I would like to thank the investors for their confidence and, on behalf of the Board, to acknowledge the management and staff for their continued commitment to delivering "service excellence" to our valued customers.

"The Company's loan portfolio grew by 40 percent to $437 Million resulting in record revenues of $287 Million"

MANAGEMENT TEAM

L-R:

Colleen Yearde Williams
Chief Financial Officer

Dennis Smith
Chief Executive Officer

Primrose Smith
Chief Operating Officer

Jeniffer Smith
Assistant Operations Manager

Seymour Smith
Accountant

The Company's loan portfolio grew by 40 percent to $437 Million resulting in record revenues of $287 Million.

MANAGEMENT'S DISCUSSION & ANALYSIS

ISP Finance Services (ISP) Limited offers short term financing to employed individuals and small businesses at competitive rates. The Company continues to structure products and services consistent with its service mantra to meet the needs of the borrowing public. The ISP team continues to adapt our business model to stay ahead of the competition while prudently managing our resources.

Our Economic Environment

Macroeconomic stability prevailed during the year, characterized by single digit inflation, currency appreciation, and reduced interest rates across the financial sector. The Jamaican Government decreased its appetite for financing, which increased the push by financial institutions to issue more credit to the private sector.

The Jamaican economy continues to show improvement in most areas. The country's credit rating has improved and Jamaican Global Bonds trade at a premium in international markets. Public and publicly guaranteed debt fell to 114 percent of GDP by December 2017. Total employment grew by 2.3 percent in 2017 while unemployment fell to 10.4 percent. This augurs well for the broader economy and the financial services sector, in particular.

The Jamaican dollar appreciated by 2.7 percent against its US counterpart in 2017 relative to 6.3 percent depreciation for the prior year. The Jamaican dollar benefited from a supportive monetary policy, increased investor confidence, and an influx of US dollar liquidity.

Financial Performance

The Company remains proud of the growth in its loan portfolio which increased by 40 percent to $437.5 Million as at December 2017. This aided the Company to increase its total equity to a record level of $286.3 Million, up 22 percent year over year. The statement of comprehensive income also benefited, with interest income from loans' increasing to $287 Million from $230 Million year over year. This positively impacted the bottom-line with net profit growing by 24 percent to $50 Million.

The stock price opened at J$8.50 in 2017 and closed the year at

JM$12.06.

"... growth in its loan portfolio which increased by 40 percent to

$437.5 M ..."

"...net profit growing by 24 percent to

$50 M..."

The Company usually experiences an increase in loans in the last quarter of its financial year consistent with seasonal demand. In keeping with the strategy to aggressively grow our loan portfolio, this resulted in a reduction of cash balances from J$81.8 Million in 2016 to J$31.4 Million in 2017.

The Company remains strong and has stabilized its non-performing loans at 17.6 percent in 2017 versus 17.5 percent in 2016 despite the high double-digit growth in its loan portfolio.

ISP raised capital in March 2016 when it listed on the junior market of the Jamaica Stock Exchange and in September of that year, successfully issued a Bond of J$150 Million. The Company as part of its growth strategy, is positioned to continue to raise additional funds should the need arise. The stock price opened at J$8.50 in 2017 and closed the year at $12.06.

Service Commitment

The Company remains committed to delivering "service excellence" to our valued customers while ensuring a reasonable return to our shareholders, fulfilling our corporate social responsibility, and providing a progressive environment that encourages self-development for our employees.

We have been able to achieve customer satisfaction through excellent, result-oriented service offerings. We also offer customer appreciation activities to enhance our client experience. Some of these activities included our 'Easter-rific' bun and cheese gifting and customer appreciation day.

Outlook

We continue to make strides in offering loan products to satisfy our clients' needs in relation to household expenditure, education and health. There are new areas in which we intend to expand our product offerings in 2018 that we believe will drive shareholder value.

The Company expects to launch its 'online app' in 2018 which will allow customers to apply for loans online, check balances and contact customer service. The app will allow us to meet the demands of our existing customers more effectively, in real time. It will also allow us to reach a wider audience without the need to build a branch network across the island. We will make an announcement in due course with respect to the launch.

ISP will also seek opportunities to grow its loan portfolio either through acquisitions or mergers. This would include buying existing loan portfolios from other financial institutions. The Company remains open for dialogue and has engaged the services of an investment bank to structure any potential opportunities that might arise.

The team at ISP, the Board, Management and Staff are pleased with this year's performance. Through increased use of technology and a sustained focus on a customer service experience that is 'simple and prompt', we look forward to greater achievements in 2018 and beyond. The outlook is positive for ISP and the team looks forward to creating even greater customer satisfaction and shareholder value.

OUR COMMUNITY

Staff Investment
ISP Finance Services Limited continues its path of developing its human capital as we remain committed to our mission to deliver service excellence in the micro- finance sector. A well trained and highly motivated staff is vital to the Company's continued growth and we believe that the process of training our staff is continuous.

In 2017, we held several internal training sessions in the areas of customer service, sales and marketing, loan assessment and risk management.

Staff continued to participate in our quarterly Birthday Club and Christmas Pixie Exchange. The Company also held a Christmas White Party in December to celebrate the yuletide season, commemorate the team's greatest achievements of 2017, and boost moral as we moved into 2018. As we look forward to 2018, we anticipate continued staff support for internal events.

Community Investment
ISP Finance Services Limited recognizes the importance of being a good corporate citizen and strives to make an impact on our community through service.

The Company awarded three scholarships to financially disadvantaged students at the Caribbean Maritime University. Jhanoi Young, a 3rd year student, and Halle Salmon, a twenty-year-old 4th year student, were two of the students awarded scholarships to pursue their Bachelor Degrees in Engineering in Industrial Systems. The selection process was done in partnership with the University based on the students need and academic excellence. A total of $1 Million was distributed between the three recipients.

In the summer of 2017, ISP Finance Services Limited supported sports days for the Jamaica Constabulary Force and the National Chest Hospital through sponsorship. Through these events, we were able to support our public service professionals and aid them in their team building activities.

We are of the firm belief that, as we successfully operate the company, we should invest in our community and are grateful to be in a position to do so.

CORPORATE DATA

REGISTERED OFFICE AND BUSINESS LOCATION
17 Phoenix Avenue,
Kingston 10
Telephone: 876 906-0012, 906-0103
Facsimile: 876 906-3473

AUDITORS:
CrichtonMullings & Associates
Unit #25, 80 Lady Musgrave Road,
Kingston 10

ATTORNEYS-AT-LAW
Patterson Mair Hamilton
85 Hope Road,
Kingston 06

BANKERS
Bank of Nova Scotia Jamaica Limited
Half Way Tree Branch
Half Way Tree Road,
Kingston 10

National Commercial Bank,
Matilda's Corner Branch
Northside Plaza,
Kingston 06

REGISTRAR
Jamaica Central Securities Depository Limited
40 Harbour Street,
Kingston

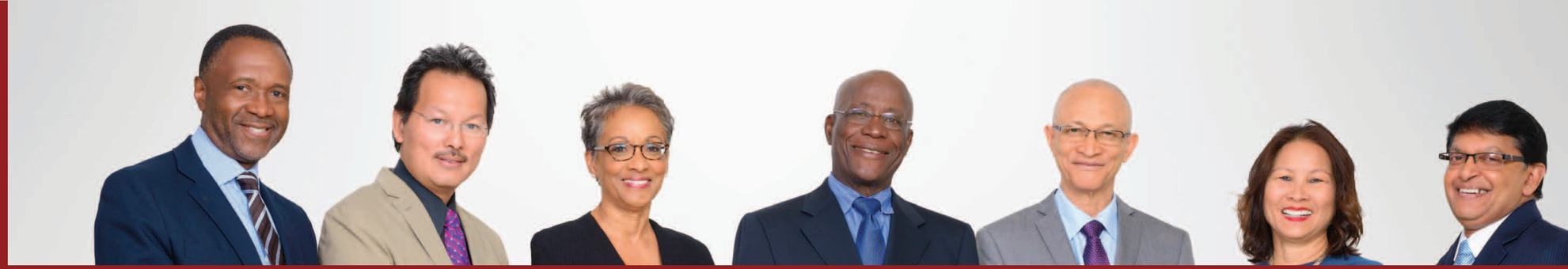
DISCLOSURE OF SHAREHOLDINGS

SCHEDULE OF TOP TEN (10) STOCKHOLDERS AS AT DECEMBER 31, 2017

SHAREHOLDER	UNITS
1 Gencorp Limited	50,517,500
2 Sunfisher Corporation	45,832,500
3 Dennis Smith	3,500,000
4 Primrose Smith	1,500,000
5 Rezworth Burchenson -Joint holder -Valerie Burchenson	612,529
6 Virgen Advertising Limited	245,804
7 Ryan Chung	160,862
8 Lindoll Limited	160,862
9 Bridgeton Management Services Limited	143,327
10 Marston Gordon -Joint holder - Ann Gordon	122,918

SHAREHOLDINGS OF DIRECTORS, SENIOR MANAGERS AND CONNECTED PARTIES AS AT DECEMBER 31, 2017

DIRECTORS	SHAREHOLDINGS
Dennis Smith	3,500,000
Primrose Smith	1,500,000
Diyal R. Fernando	43,770
Rosemary Thwaites	5,000
SENIOR MANAGERS	
Seymour Smith	75,000
CONNECTED PARTIES	
Gencorp	50,517,500
Sunfisher Corporation	45,832,500



CORPORATE GOVERNANCE

The Board of Directors of ISP Finance Services Limited has the overall responsibility for implementing and maintaining a sound Corporate Governance structure and overseeing the overall business operations of the Company. The Company is committed to ensuring that its obligations and responsibilities to its stakeholders are met through its corporate governance practices.

The Board of Directors and the Executive Management team endeavour to perform their duties with honesty and integrity and to act in good faith in the best interests of the Company. The Board is responsible for the supervision and oversight of the Company's performance that includes but is not limited to:

- Directing Corporate Strategy that includes affirming the Company's Vision and Mission Statement
- Reviewing and approving the strategic and business plans and the Annual Financial and Capital Budget of the Company
- Reviewing and approving all accounting policies and the Audited and Unaudited Financial Statements of the Company prior to dissemination to shareholders
- Determining the dividend policy and the amount and timing of dividend payments
- Reviewing, ratifying and monitoring risk management systems and compliance and control mechanisms
- Appointing, re-appointing or removing the Company's external Auditors and approving their remuneration based on the recommendation of the Audit Committee

Approving the remuneration of the Executive Management and Board Members based on the recommendation of the Remuneration Committee.

BOARD OF DIRECTORS – Composition and Meeting Attendance

Director	Position	No. of Board Meetings Attended	Attendance as a % of Total Meetings Held
Clifton Cameron	Independent Chairman	03	75.0 %
Dennis Smith	Chief Executive Officer and Executive Director	03	75.0 %
Rosemary Thwaites	Independent Director	04	100.0 %
Robert Chung	Director	04	100.0 %
Primrose Smith	Chief Operations Officer and Executive Director	04	100.0 %
Diyal R. Fernando	Independent Director and Company Secretary	04	100.0 %
Wayne Wray	JSE Mentor	04	100.0 %

AUDIT COMMITTEE – Composition and Meeting Attendance

Director	Position	No. of Meetings Attended	Attendance as a % of Meetings Held
Diyal R. Fernando	Independent Chairman	04	100.0 %
Primrose Smith	Member	04	100.0 %
Rosemary Thwaites	Member	04	100.0 %
Wayne Wray	JSE Mentor	04	100.0 %

REMUNERATION COMMITTEE – Composition and Meeting Attendance

Director	Position	No. of Meetings Held	Attendance as a % of Meetings Held
Dennis Smith	Chairman	01	100.0 %
Clifton Cameron	Member	01	100.0 %
Rosemary Thwaites	Member	01	100.0 %

FINANCIAL STATEMENTS

ISP FINANCE SERVICES LIMITED
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the members of
ISP FINANCE SERVICES LIMITED

Report on the Audit of Financial Statements

Opinion

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, 2017, 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.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2017, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Jamaican Companies Act (the "Act").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements section of our report*. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Cont. /2

To the members of
ISP FINANCE SERVICES LIMITED

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters

Provision for credit losses on loans receivable

The adequacy of the provision for credit losses on the Company's loans receivable involves a high degree of estimation and judgement as the loans are unsecured and the industry carries a high risk of delinquency.

Our audit procedures to address the key matter relating to the provision for credit losses included, amongst others:

- Examining a sample of loans that had been identified by management as doubtful accounts by checking their payment history in order to form our own judgement as to whether the provision for credit losses was appropriate.
- We tested the completeness of management's listing of doubtful accounts by reperforming the process of identifying doubtful accounts using management's credit and collection policy.
- We evaluated the performance of the loan portfolio subsequent to the end of the reporting period to identify significant adjusting subsequent events such as non-payments and any other adverse events which may have occurred subsequent to the year end.

Revenue recognition

The recognition of revenue, including the appropriate recognition of interest income relating to early settlement of loans, unearned income and proper cut off procedures involve significant risk.

Our audit procedures to address the key matter relating to the appropriate recognition of interest income included, amongst others:

- Reviewing the appropriateness of the revenue recognition policy and documenting any changes in applying those policies from previous periods.
- Developing an analysis for interest income based on the loan categories and average interest rate and following up on variances from our analysis.
- Testing the existence of interest income recognition by selecting a sample of loans and verifying the terms of these loans to signed agreements. The accuracy of the interest income recognition was tested by re-performing calculations of interest income on the loans using the interest rate, principal amount outstanding and other terms of the loans. This included loans which have been settled early in the year.

To the members of
ISP FINANCE SERVICES LIMITED

Other information

Management is responsible for the other information. The other information comprises information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate with the Board of Directors.

Responsibilities of management and those charged with governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS and the Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company, or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Cont. /4

CrichtonMullings & ASSOCIATES

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

Chartered Accountants
Certified Public Accountants

Independent Auditor's Report (cont'd)

To the members of
ISP FINANCE SERVICES LIMITED

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the appendix to this auditor's report. This description, which is located at pages 5-6, forms part of our auditor's report.

Report on additional matters as required by the Act

We have obtained all the information and 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 maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Act, in the manner required.

The engagement partner on the audit resulting in this independent auditor's report is Rohan Crichton.

CrichtonMullings & Associates
Chartered Accountants

Kingston Jamaica
March 27, 2018

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Independent Auditor's Report (cont'd)

To the members of
ISP FINANCE SERVICES LIMITED

Appendix to the independent auditor's report

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Cont. /6

Independent Auditor's Report (cont'd)

To the members of
ISP FINANCE SERVICES LIMITED

Appendix to the independent auditor's report (cont'd)

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

ISP FINANCE SERVICES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

	Note	2017 $	2016 $
ASSETS			
Non-current Assets			
Property, plant and equipment	4	18,071,298	20,808,297
Deferred tax assets	5	1,571,369	1,499,351
		19,642,667	22,307,648
Current Assets			
Loans, net of provisions for credit losses	6	437,507,073	313,270,283
Securities purchased under agreement to resell	7	-	30,413,630
Other receivables	8	10,956,887	7,908,710
Deposit		375,000	350,000
Due from related parties	9	6,273,200	5,000,000
Due from director	10	1,500,000	-
Cash and cash equivalents	11	31,436,990	81,855,463
		488,049,150	438,798,086
TOTAL ASSETS		507,691,817	461,105,734
EQUITY AND LIABILITIES			
Share capital	12 (a)	195,903,128	195,903,128
Revaluation surplus	4,13	10,385,598	9,806,243
Accumulated surplus		79,980,831	28,309,622
		286,269,557	234,018,993
Non-current Liabilities			
Secured corporate bond	14	143,559,245	139,753,814
Notes payable	17	63,439,432	71,192,331
		206,998,677	210,946,145
Current Liabilities			
Accounts and other payables	15	14,423,583	13,411,691
Current portion of bank loan	16	-	1,573,056
Taxation payable	18	-	1,155,849
		14,423,583	16,140,596
TOTAL EQUITY AND LIABILITIES		507,691,817	461,105,734

APPROVED, on behalf of the Board on 27 March 2018

Clifton Cameron
Chairman

Dennis Smith
Chief Executive Officer

The accompanying notes form an integral part of the financial statements

ISP FINANCE SERVICES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2017

	Note	2017 $	2016 $	
OPERATING INCOME:				
Interest income from loans	3(c)	**287,273,283**	230,590,777	
Interest income from financial institutions and other receivables		**1,465,671**	2,069,988	*
Total interest income		**288,738,954**	232,660,765	
Interest expense		**24,452,590**	18,829,394	*
Net interest income		**264,286,364**	213,831,371	
Commission expenses on loans		**(3,256,518)**	(2,587,162)	
		261,029,846	211,244,209	
Other operating income:				
Foreign exchange gain		**934,543**	6,765,741	
Loss on sale of property, plant and equipment		**(44,871)**	-	
Other income		**33,851**	1,697,531	*
		923,523	8,463,272	
		261,953,369	219,707,481	
OPERATING EXPENSES:				
Staff costs	21	**104,971,229**	91,278,914	
Allowance for credit losses		**23,299,210**	10,346,931	
Depreciation expense	4	**5,333,519**	4,444,843	
Other operating expenses	19	**78,367,730**	70,248,125	*
		211,971,688	176,318,813	
Profit before taxation	20	**49,981,681**	43,388,668	
Taxation (credit) / charge	22	**(12,018)**	3,146,447	
Net profit for the year		**49,993,699**	40,242,221	
Other comprehensive income that may be reclassified to profit or loss:				
Revaluation of property, plant and equipment	4	**2,256,865**	9,806,243	*
Total comprehensive income for the year		**52,250,564**	50,048,464	
Earnings per share ($)	12(b)	**0.48**	0.46	

***- Restated to conform to 2017 presentation**

The accompanying notes form an integral part of the financial statements

ISP FINANCE SERVICES LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2017

	Share Capital $	Revaluation Surplus $	Accumulated Surplus / (Deficit) $	Total $
Balance at December 31, 2015	5,000,000	-	(11,932,599)	(6,932,599)
Transactions with owners:				
Issued share capital	200,000,000	-	-	200,000,000
Share issue cost (see note 12)	(9,096,872)	-	-	(9,096,872)
Total transactions with owners	190,903,128	-	-	190,903,128
Total comprehensive income:				
Other comprehensive income:				
Revaluation of property, plant and equipment (see note 4, 13)	-	9,806,243	-	9,806,243
Net profit for the year	-	-	40,242,221	40,242,221
Total comprehensive income for the year	-	9,806,243	40,242,221	50,048,464
Balance at December 31, 2016	195,903,128	9,806,243	28,309,622	234,018,993
Total comprehensive income:				
Other comprehensive income:				
Revaluation of property, plant and equipment (see note 4, 13)	-	579,355	1,677,510	2,256,865
Net profit for the year	-	-	49,993,699	49,993,699
Total comprehensive income for the year	-	579,355	51,671,209	52,250,564
Balance at December 31, 2017	**195,903,128**	**10,385,598**	**79,980,831**	**286,269,557**

The accompanying notes form an integral part of the financial statements

ISP FINANCE SERVICES LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017

		2017 $	2016 $	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Profit before interest and taxation	**Note 23**	**74,506,289**	60,287,464	*
Adjustments for items not affecting cash resources:				
Depreciation on property, plant and equipment		**5,333,519**	4,444,843	
Loss on sale of property, plant and equipment		**44,871**	-	
Amortization on bond		**3,805,431**	-	
Unrealized foreign exchange loss/(gain)		**68,304**	(6,527,651)	
Deferred taxation		**(72,018)**	1,930,598	
		83,686,396	60,135,254	
(Increase) / decrease in operating assets:				
Loans and other receivables		**(127,353,271)**	(63,887,657)	
Securities purchased under agreement to resell		**30,413,630**	(30,413,630)	
Deposit		**(25,000)**	1,894,282	
Due from related parties		**(1,273,200)**	(5,000,000)	
Due from directors		**(1,500,000)**	5,000,000	
Decrease in operating liabilities:				
Accounts and other payables		**72,930**	(3,412,655)	
Cash used in operating activities		**(15,978,515)**	(35,684,406)	
Interest paid		**(23,513,627)**	(18,071,890)	*
Taxation paid		**(1,215,849)**	(2,464,234)	
Net cash used in operating activities		**(40,707,991)**	(56,220,530)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property, plant and equipment		**(3,421,527)**	(3,966,317)	
Proceeds from sale of property, plant and equipment		**3,037,000**	-	
Net cash used in investing activities		**(384,527)**	(3,966,317)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of loan from related company		**-**	(92,010,491)	
Repayment of bank loans		**(1,573,056)**	(9,438,336)	
Proceeds from issue of bond		**-**	139,753,814	
Proceeds from issue of shares, net		**-**	88,868,128	
Repayment of notes payable		**(7,752,899)**	(22,000,000)	
Net cash (used in) / provided by financing activities		**(9,325,955)**	105,173,115	
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(50,418,473)**	44,986,268	
CASH AND CASH EQUIVALENTS - Beginning of the year		**81,855,463**	36,869,195	
CASH AND CASH EQUIVALENTS - End of the year		**31,436,990**	81,855,463	
REPRESENTED BY:				
Cash and cash equivalents		**31,436,990**	81,855,463	

The accompanying notes form an integral part of the financial statements

ISP FINANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

1. IDENTIFICATION

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

On March 30, 2016, ISP Finance Services Limited became a public listed entity on the Jamaica Stock Exchange Junior Market. Consequently, the Company is entitled to full remission of income taxes for the first five (5) years and fifty percent (50%) remission for the following 5 years providing it complies with the requirements of the Jamaica Stock Exchange Junior Market.

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.

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 2 'Share-based Payment - Amendment', issued June 2016*
  Effective for periods commencing on or after 1 January 2018
- *IFRS 3 and IFRS 11 'Joint Operation - Amendment', issued December 2017*
  Effective for periods commencing on or after 1 January 2019
- *IFRS 17 'Insurance Contracts', issued May 2017*
  Effective for periods commencing on or after 1 January 2021
- *IAS 40 'Investment Property - Amendments', issued December 2016*
  Effective for periods commencing on or after 1 January 2018
- *IAS 28 'Investments in Associates and Joint Ventures - Amendments', issued December 2016*
  Effective for periods commencing on or after 1 January 2018

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

- *IFRS 9 'Financial Instruments', Amendment', issued September 2016*
  Effective for periods commencing on or after 1 January 2018
- *IFRS 15 'Revenue from Contracts with Customers', issued April 2016*
  Effective for periods commencing on or after 1 January 2018
- *IFRIC 22 'Foreign Currency Transactions and Advance Consideration', issued December 2016*
  Effective for periods commencing on or after 1 January 2018
- *IFRIC 23 'Uncertainty Over Income Tax Treatments', issued June 2017*
  Effective for periods commencing on or after 1 January 2019
- *IFRS 16 'Leases - Amendment', issued January 2016*
  Effective for periods commencing on or after 1 January 2019
- *IAS 12 'Income Tax - Amendment', issued December 2017*
  Effective for periods commencing on or after 1 January 2019
- *IAS 23 'Borrowings - Amendment', issued December 2017*
  Effective for periods commencing on or after 1 January 2019

The Board of directors anticipate that the adoption of the standards, amendments and interpretations, which are relevant to the Company in future periods is unlikely to have any material impact on the financial statements.

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

(c) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS and the Act requires management to make judgements, estimates and assumptions that may affect the application of policies and the reported amounts of, and disclosures related to assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the period then ended. Actual amounts could differ from these estimates.

(d) Key sources of estimation uncertainty

The estimates and associated assumptions are based on historical experience and/or various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(i) Fair value estimation

The Company's motor cars are measured at fair value in the financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market (such as a recognized stock exchange) exist as it is the best evidence of the fair value of a financial instrument.

The fair value measurement of the Company's financial and non-financial assets and liabilities utilizes market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique are utilized.

IFRS requires disclosure of fair value measurements by level using the following fair value measurement hierarchy:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The classification of an item into the above level is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item.

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

(d) Key sources of estimation uncertainty (cont'd)

(i) Fair value estimation (cont'd)

Transfer of items between levels are recognized in the period they occur.

The Company measures financial instruments (note 25) at fair value.

The fair values of financial instruments that are not traded in an active market are deemed to be determined as follows:

- The face value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities include cash and bank balances, loans and advances and payables.

- The carrying values of long term liabilities approximate their fair values, as these loans are carried at amortised cost reflecting their contractual obligations and the interest rates are reflective of current market rates for similar transactions.

(ii) Allowance for impairment losses on loan receivables

In determining amounts recorded for impairment losses on receivables in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be measurable decrease in estimated future cash flows from loan receivables, for example, through unfavourable economic conditions and default. Management will apply historical loss experience to individually significant receivables with similar characteristics such as credit risk where impairment indicators are not observable in their respect.

(iii) Depreciable assets

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The Company applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

3. SIGNIFICANT ACCOUNTING POLICIES

(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, except for motor cars which are carried at fair value, are recorded at historical or deemed cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Valuations are performed frequently enough to ensure that the fair value of the revalued motor cars does not significantly differ from its carrying amount. The increase of the carrying amount of a motor car as a result of revaluation is credited directly to equity (under the heading "revaluation surplus"). A revaluation decrease should be charged directly against any related revaluation surplus, with any excess being recognized as an expense into the statement of comprehensive income.

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 is 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%
Computer Software & Equipment	20%
Motor Cars	20%
Motor Bikes	20%

(b) Loans 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) Interest income

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) Accounts and other payables

Accounts and other payables are stated at amortized cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Taxation

Income tax expense represents the sum of current year's income tax expense and deferred tax.

(i) Current income tax

Current income tax is the expected tax 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 current is 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.

(h) Leases

Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the terms of the relevant lease.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) 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.

(j) 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 cash equivalents, loans receivable, securities purchased under agreement to resell other current assets except any prepayments.

Financial liabilities include notes payable, secured corporate bond, bank loan and 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 value of the financial instruments are discussed in Note 25.

(k) Comparative information

Where necessary, comparative figures have been reclassified and or restated to conform to changes in the current year.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) 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.

(m) 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 venture;

(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, parties, regardless of whether a price is charged.

(n) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn and incur expenses whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker ("CODM") who decides about the resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

Based on the information presented to and reviewed by the CODM, the operations of the Company are considered as one operating unit.

4. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements	Furniture & Equipment	Motor Bikes	Motor Cars	Computer Software & Equipment	Total
At Cost/Valuation:						
Balance at January 1, 2016	18,237,801	10,000,961	550,000	-	26,906,198	55,694,960
Additions	-	978,777	-	2,323,757	663,783	3,966,317
Revaluation (i)	-	-	-	9,806,243	-	9,806,243
Balance at December 31, 2016	18,237,801	10,979,738	550,000	12,130,000	27,569,981	69,467,520
Balance at January 1, 2017	18,237,801	10,979,738	550,000	12,130,000	27,569,981	69,467,520
Additions	480,697	942,692	-	716,875	1,281,263	3,421,527
Disposals	-	-	(550,000)	(3,650,000)	-	(4,200,000)
Revaluation (i)	-	-	-	2,256,865	-	2,256,865
Balance at December 31, 2017	**18,718,498**	**11,922,430**	**-**	**11,453,740**	**28,851,244**	**70,945,912**
Accumulated Depreciation:						
Balance at January 1, 2016	17,762,300	3,978,423	249,791	-	22,223,866	44,214,380
Charge for year	191,640	1,080,872	110,004	1,213,002	1,849,325	4,444,843
Balance at December 31, 2016	17,953,940	5,059,295	359,795	1,213,002	24,073,191	48,659,223
Balance at January 1, 2017	17,953,940	5,059,295	359,795	1,213,002	24,073,191	48,659,223
Charge for year	180,167	1,250,624	55,000	2,094,073	1,753,655	5,333,519
Disposals	-	-	(414,795)	(703,333)	-	(1,118,128)
Balance at December 31, 2017	**18,134,107**	**6,309,919**	**-**	**2,603,742**	**25,826,846**	**52,874,614**
Net Book Value						
Balance at December 31, 2015	475,501	6,022,537	300,209	-	4,682,332	11,480,580
Balance at December 31, 2016	283,861	5,920,443	190,205	10,916,998	3,496,790	20,808,297
Balance at December 31, 2017	**584,391**	**5,612,511**	**-**	**8,849,998**	**3,024,398**	**18,071,298**

(i) The Company's motor cars were revalued at the year end by independent appraisers Orion Loss Adjusters Limited. Accordingly, the Company recognized a net increase of $2,256,865 (2016: $9,806,243) which was directly credited to the revaluation surplus. Had the assets not been revalued, the carrying amount at the reporting date would be $903,898 (2016: $2,091,381) for motor cars.

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:

	2017	2016
	$	$
Deferred tax assets	**1,571,369**	1,499,351
	1,571,369	1,499,351

Deferred tax assets and liabilities are attributable to the following:

	2017	2016
	$	$
Depreciation and capital allowances	**1,130,176**	2,941,887
Accrued interest	**424,117**	189,377
Foreign exchange gain	**17,076**	(1,631,913)
	1,571,369	1,499,351

ISP FINANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

5. DEFERRED TAX ASSETS (CONT'D)

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

	2017	2016
	$	$
Balance at the beginning of the year	**1,499,351**	3,429,949
Movement during the year	**72,018**	(1,930,598)
Balance at the end of the year	**1,571,369**	1,499,351

6. LOANS, NET OF PROVISION FOR CREDIT LOSSES

(a) 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, 2017 and and 2016.

	2017	2016
	$	$
Loans	**514,056,297**	367,005,700
Less:		
Provision for credit losses	**(76,549,224)**	(53,735,417)
	437,507,073	313,270,283

(b) Analysis of loans by class of business and sector are as follows:

	2017	2016
	$	$
Personal loans	**382,438,834**	285,922,762
Business loans:		
Agriculture	**24,550**	24,550
Services	**127,080,574**	76,349,256
Trading	**977,488**	977,488
Manufacturing	**3,534,851**	3,731,644
	131,617,463	81,082,938
	514,056,297	367,005,700

ISP FINANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

6. LOANS, NET OF PROVISION FOR CREDIT LOSSES (CONT'D)

(c) Loans are comprised of, and mature as follows:
Remaining term of maturity

	2017	2016
	$	$
Due in 1 month	**222,335,229**	297,187,059
1 - 3 months	**48,973,248**	11,685,854
3 - 12 months	**231,127,605**	23,673,731
over 12 months	**11,620,215**	34,459,056
	514,056,297	367,005,700
Less: Provision for credit losses	**(76,549,224)**	(53,735,417)
	437,507,073	313,270,283

(d) Impairment losses on loans and advances
The ageing of loans and advances and the related impairment allowances at the reporting date were as follows:

	2017	
	Gross	**Impairment**
	$	**$**
Current	**235,142,181**	**-**
1 to 3 months past due	**75,733,423**	-
3 to 12 months past due	**126,149,166**	**16,682,742**
over 12 months past due	**77,031,527**	**59,866,482**
	514,056,297	**76,549,224**

	2016	
	Gross	Impairment
	$	$
Current	229,876,001	-
1 to 3 months past due	54,004,805	-
3 to 12 months past due	29,975,361	7,246,954
over 12 months past due	53,149,533	46,488,463
	367,005,700	53,735,417

7. SECURITIES PURCHASED UNDER AGREEMENT TO RESELL

	2017	2016
	$	$
Securities purchased under agreement to resell	**-**	30,413,630

The Company entered into reverse repurchase ("resale") agreements with a major financial institution in 2016. These resale agreements were collateralized by Government of Jamaica securities and were liquidated by surrendering the collateral evidencing the claim, on a specified date and at a specified price.

ISP FINANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

8. OTHER RECEIVABLES

	2017 $	2016 $	
Other receivables	**6,675,070**	5,769,727	
Deposit on fixed asset	**416,275**	-	
Prepaid expenses	**1,501,516**	1,176,741	
Staff advances	**1,344,800**	268,000	
Withholding tax	**445,635**	71,009	*
Other	**573,591**	623,233	*
	10,956,887	7,908,710	

9. DUE FROM RELATED PARTIES

	2017 $	2016 $
Due from related parties	**6,273,200**	5,000,000

This represents amounts advanced by the Company to related parties. These amounts are unsecured, interest free with no fixed repayment terms.

10. DUE FROM DIRECTOR

	2017 $	2016 $
Due from director	**1,500,000**	-

This represents amounts advanced by the Company on behalf of a director.

11. CASH AND CASH EQUIVALENTS

	2017 $	2016 $
Term deposits - USD (i)	**-**	63,644,903
Cash at bank and cash in hand	**31,436,990**	18,210,560
	31,436,990	81,855,463

(i) These were US dollar term deposits with Bank of Nova Scotia which earned interest of 0.076% - 0.15% (2016: 0.35% - 0.45%) per annum and was liquidated in August 2017.

12. SHARE CAPITAL

	2017 Number ('000)	2016 Number ('000)
Authorized share capital:		
Ordinary shares [a (i)]	**105,000**	105,000

***-Reclassified to conform to 2017 presentation**

ISP FINANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

12. SHARE CAPITAL (CONT'D)

	2017 $	2016 $
Issued and fully paid:		
5,000,000 Ordinary shares at $1 per share	**5,000,000**	5,000,000
51,017,500 Ordinary shares at $2 per share [a (i)]	**102,035,000**	102,035,000
48,982,500 Ordinary shares at $2 per share [a (ii)]	**97,965,000**	97,965,000
Less: Share issue costs	**(9,096,872)**	(9,096,872)
	195,903,128	195,903,128

(a) (i) On February 11, 2016, by an ordinary resolution, the authorized share capital of the Company was increased from 5,000,000 to 105,000,000 ordinary shares to rank pari passu in all respects with the existing shares of the Company.

On February 11, 2016 - 51,017,500 ordinary shares at $2 per share were issued to the chief executive Officer which was to satisfy the $102,035,000 debt owed to him by a related entity of the Company.

(ii) On March 22, 2016, the Company raised additional capital of $97,965,000 from its initial public offering of 48,982,500 shares for its enlistment on the Jamaica Stock Exchange Junior Market. Transaction costs of $9,096,872 were incurred for the initial public offering. All ordinary shares carry the same voting rights.

(b) Earnings per share
Earnings per share is computed as the net profit for the year divided by the weighted average number of ordinary shares in issue for the year as at the reporting date. The weighted average number of shares in issue for 2017 was 105,000,000 (2016: 88,444,536).

13. REVALUATION SURPLUS

	2017 $	2016 $
Revaluation surplus on motor cars	**10,385,598**	9,806,243

This represents surplus on motor cars acquired that were revalued during the year (see note 4).

14. SECURED CORPORATE BOND

	2017 $	2016 $
10% Corporate bond at par value	**150,000,000**	150,000,000
Less: Deferred bond issue costs	**(6,440,755)**	(10,246,186)
	143,559,245	139,753,814

During the year ended December 31, 2016, the Company issued a secured bond. The bond attracts an interest rate of 10% per annum. Interest is paid on a quarterly basis. The bond matures on September 20, 2019. The bond is secured by the fixed and floating assets of the Company.

15. ACCOUNTS AND OTHER PAYABLES

	2017	2016
	$	$
Interest accrued	**1,696,468**	757,505
Statutory liabilities	**2,158,750**	2,110,848
Accounts payable	**4,172,529**	6,859,680
Other payables	**3,495,131**	1,777,323
Other accruals	**2,900,705**	1,906,335
	14,423,583	13,411,691

16. BANK LOANS

	2017	2016
	$	$
Loan balance at beginning of year - (i)	-	11,011,392
Loan repayments during the year	-	(9,438,336)
	-	1,573,056
Current portion of bank loan	-	(1,573,056)
Non-current portion of bank loan	-	-

(i) This represented a non-revolving loan from the Bank of Nova Scotia Jamaica Limited with interest rates of 12% per annum. The loan was repaid during 2017.

17. NOTES PAYABLE

Notes payable consist of unsecured loans payable by the Company.

The notes bear interest ranging from 11% - 13% for the years ended December 31, 2017 and 2016. The Company exercised the option to extend the maturity date of the notes to June 2020 and the notes continue to have a renewable option.

	2017	2016
	$	$
Balances at the beginning of year	**71,192,331**	93,192,331
Additional loans received	-	-
	71,192,331	93,192,331
Repayments	**(7,752,899)**	(22,000,000)
Balances at the end	**63,439,432**	71,192,331

Interest expense charged on these loans during the current year totalled $8,455,401 (2016 - $9,995,363). At year end, interest expense accrued totalled $1,244,413 (2016 - $757,505).

18. TAXATION PAYABLE

Taxation payable is calculated at 25% (2016: 25%) of profits for the year, adjusted for taxation purposes, subject to the agreement of the Tax Administration Jamaica.

	2017	2016
	$	$
Balance at beginning of year	**1,155,849**	2,404,234
Current year charge [see note 22(a), (b)]	-	1,215,849
Minimum business tax	**60,000**	-
	1,215,849	3,620,083
Payments made in the current year	**(1,215,849)**	(2,464,234)
Balance at end of year	**-**	1,155,849

ISP FINANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

19. OTHER OPERATING EXPENSES

	2017 $	2016 $	
Directors' fees	**1,840,000**	480,000	
Bank charges	**8,894,319**	5,437,193	*
Amortization of bond issue costs	**3,805,431**	795,106	
Consulting fees	**4,575,000**	6,400,000	
Building rental	**11,959,591**	8,729,309	
Telephone	**5,047,963**	4,436,977	
Electricity	**2,221,020**	1,847,345	
Water	**385,489**	342,576	
Computer expenses	**5,180,083**	5,146,026	
Audit fees	**1,300,000**	1,077,625	
Printing, stationery and postage	**1,498,726**	1,041,591	
Repairs and maintenance	**1,154,849**	3,331,179	
Professional fees	**7,188,508**	2,723,644	*
Legal fees	**938,412**	2,170,089	*
Trustee fees	**1,531,365**	-	
Travelling and transportation	**814,612**	906,501	
Motor vehicle expenses	**4,078,425**	6,887,106	
Donation	**69,500**	60,500	
Office expenses	**3,184,995**	1,356,316	
Security	**535,984**	217,014	
Cleaning and sanitation	**407,860**	372,400	
Subscriptions and dues	**760,774**	700,304	
Advertising and promotion	**5,909,424**	9,921,112	
Insurance	**467,422**	592,405	
Entertainment	**4,385,478**	5,075,807	
Assets tax and annual returns	**232,500**	200,000	
	78,367,730	70,248,125	

* **Restated to conform to 2017 presentation**

ISP FINANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

20. PROFIT BEFORE TAXATION

Stated after charging the following:	2017 $	2016 $
	49,981,681	43,388,668
Auditor's remuneration	**1,300,000**	1,077,625

21. STAFF COSTS

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

	2017	2016
Permanent	**40**	39

The aggregate payroll costs for these persons were as follows:

	2017 $	2016 $
Salaries and profit related pay	**93,041,003**	80,555,273
Statutory payroll contributions	**7,483,024**	6,574,604
Other staff benefits	**4,447,202**	4,149,037
	104,971,229	91,278,914

22. TAXATION (CREDIT) / CHARGE

(a) Income tax charge in 2016 was computed based on the three (3) months profits ended March 31. 2016, as a result of the Company's enlistment on the Jamaica Stock Exchange Junior Market effective March 30, 2016, which entitles the Company to full remission from income tax for the first 5 years and fifty percent (50%) remission for the following 5 years, providing that it adheres to the rules and regulations of the Jamaica Stock Exchange Junior Market.

Income tax is computed at 25% (2016: 25%) of the pre-tax profit for the year, as adjusted for taxation purposes. Deferred taxation is computed at 25% for the financial year (2016: 25%) based on the applicable income tax rate for unregulated companies with effective date from January 1, 2013. The taxation charge is made up as follows:

	2017 $	2016 $
Current:		
Provision for charge on current profit [see note 22 (a), (b)]	**-**	1,215,849
Minimum business tax expense	**60,000**	-
Deferred:		
Origination and reversal of temporary differences	**(72,018)**	1,930,598
	(12,018)	3,146,447

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

(b) Reconciliation of effective tax rate and charge:

	2017		2016	
	$	%	$	%
Profit before taxation	**49,981,681**		43,388,668	
Computed tax charge	**12,495,420**	**25%**	10,847,167	25%
Employment tax credit	**(4,080,275)**	**-8%**	(2,728,809)	-6%
Minimum business tax	**60,000**	**0%**	-	0%
Taxation differences between profit for financial statements and tax reporting purposes on:				
Depreciation and capital allowances	**1,711,932**	**3%**	2,260,427	5%
Remission of income taxes	**(10,056,781)**	**-20%**	(5,151,373)	-12%
Other Adjustments	**(142,314)**	**0%**	(2,080,965)	-5%
Actual (credit) /charge and rate	**(12,018)**	**0%**	3,146,447	7%

Remission of income tax:

On March 30, 2016, the Company's shares were listed on the Jamaica Stock Exchange Junior Market. Consequently, the Company is entitled to full remission of income tax for the first five (5) years and fifty percent (50%) remission for the following 5 years, providing that the Company remains listed on the Jamaica Stock Exchange Junior Market during this period in order to benefit from the tax exemptions.

The financial statements have been prepared on the basis that the Company will have the full benefit of the tax remissions. Subject to agreement with the Ministry of Finance and Planning, the income tax payable for which remission will be sought is $10,056,781 (2016: $5,151,373).

23. PROFIT BEFORE INTEREST AND TAXATION

	2017	2016
	$	$
Net profit for the year	**49,993,699**	40,242,221
Current year taxation charge [see note 22(a)]	**60,000**	1,215,849
Profit before interest	**50,053,699**	41,458,070
Interest expense	**24,452,590**	18,829,394
Profit before interest and taxation	**74,506,289**	60,287,464

24. RELATED PARTIES

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

	2017	2016
	$	$
Due from director	**1,500,000**	-
Due from related party	**6,273,200**	5,000,000
Other receivables	**4,890,238**	2,734,831

24. 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:

	2017	2016
	$	$
Transactions with key management personnel:		
- Interest income	**446,070**	1,213,316
- Directors' remuneration	**18,622,500**	18,622,500
- Directors' fees	**1,840,000**	480,000
- Consultancy fees	**4,575,000**	6,400,000
- Rental building	**4,560,000**	-

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 analyse 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.

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 most personal loans are collected through salary deductions by employers of the borrowers. Cash and cash equivalents and securities purchased under agreement to resell 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.

Loans receivable that are past due and not impaired

As at December 31, 2017, loans receivable of $202,364,871 (2016: $80,853,893) were past due but not impaired. These related to independent customers for whom there is no recent history of default.

Loans receivable that are past due and impaired

As of December 31, 2017, the Company had loans receivable of $76,549,224 (2016: $53,735,417) that were impaired. The amount of the provision was $76,549,224 (2016: $53,735,417). These loans receivable were aged over 180 days.

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

	2017	2016
	$	$
Loans receivable	**437,507,073**	313,270,283
Securities purchased under agreement to resell	**-**	30,413,630
Cash and cash equivalents	**31,436,990**	81,855,463
	468,944,063	425,539,376

Movements on the provision for impairment of loans receivable are as follows:

	2017	2016	
	$	$	
At 1 January	**53,735,417**	62,958,639	
Provision for impairment of loans receivable	**23,299,210**	10,346,931	*
Loans receivable written off during the year	**(485,403)**	(19,570,153)	*
At 31 December	**76,549,224**	53,735,417	

The provision for impairment of loans receivable have been included in expenses in the statement of comprehensive income. Amounts charged to the provision for impairment account are carried out in accordance with the Company's policy. Impairment estimates have been adjusted based on actual collection history and available customer information.

***-Restated to conform to 2017 presentation**

25. FINANCIAL INSTRUMENTS (CONT'D)

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

(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:

2017

	Within 3 Months	3 to 12 Months	1 to 2 Years	2 to 5 Years	Over 5 Years	Total
	$	$	$	$	$	$
Notes payable	2,229,751	6,689,252	66,732,830	-	-	75,651,833
Secured corporate bond	3,750,000	11,250,000	15,000,000	145,808,219	-	175,808,219
	5,979,751	**17,939,252**	**81,732,830**	**145,808,219**	**-**	**251,460,052**

2016

	Within 3 Months	3 to 12 Months	1 to 2 Years	2 to 5 Years	Over 5 Years	Total
	$	$	$	$	$	$
Notes payable	2,229,751	6,689,252	75,651,833	-	-	84,570,836
Bank loan	2,396,561	-	-	-	-	2,396,561
Secured corporate bond	3,750,000	11,250,000	15,000,000	160,808,219	-	190,808,219
	8,376,312	17,939,252	90,651,833	160,808,219	-	277,775,616

(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.

25. FINANCIAL INSTRUMENTS (cont'd)

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

(iii) Market risk (cont'd):

Interest rate risk (cont'd)

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

	2017	2016
	$	$
Fixed rate instruments:		
Financial assets	**437,507,073**	313,270,283
Financial liabilities	**(206,998,678)**	(212,519,201)
	230,508,395	100,751,082

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.

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 management
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. The Company achieves this by retaining earnings from past profits and by managing the returns on borrowed funds to protect against losses on its core business.

The Company is required to meet the capital requirement of at least $50 million for listing on the Jamaica Stock Exchange Junior Market. There were no other externally imposed capital requirements and no change in the Company's capital management process during the year.

NOTES

NOTES

FORM OF PROXY

I / We _____

of _____ _____

being a member/members of ISP Finance Services Limited hereby appoint _____

_____ _____ _____

of _____ _____

_____ _____

or failing him / her _____ _____

_____ _____

of _____ _____

_____ _____

As my/our proxy to vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held at the Knutsford Court Hotel, Kingston 10, on Friday, July 27, 2018 commencing at 10.00 a.m. and at any adjournment thereof.

Signed this ……day of ……2018

_____ Signature

_____ Signature

J$100.00 STAMP

NOTE: To be valid:

1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his / her stead. A proxy need not be a member of the company.

2) If executed by a Corporation, this proxy must be sealed. A Corporate shareholder may appoint a representative in accordance with Article 80 of the Company's Articles of Association instead of appointing a proxy.

3) This Form of Proxy must be received by the Company at it's Registered Office at 17 Phoenix Avenue, Kingston 10 or at Jamaica Central Securities Depository, the Company's Registrar at 40 Harbour Street, Kingston.

4) This Form of Proxy should bear stamp duty of J$100.00. Adhesive stamps are to be cancelled by the person signing the proxy.

FINANCE SERVICES LTD.

17 Phoenix Avenue,
Kingston 10
Telephone: 876 906-0012, 906-0103

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Kingston 10
Telephone: 876 906-0012, 906-0103