



FINANCE SERVICES LTD.

UNAUDITED FINANCIAL STATEMENTS

1st QUARTER ENDED MARCH 31, 2019



**ISP FINANCE SERVICES LIMITED
UNAUDITED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2019**

TABLE OF CONTENTS

	PAGE NO.
Director's Report to Stockholders	3
Unaudited Statement of Comprehensive Income	4
Unaudited Statement of Financial Position	5
Unaudited Statement of Changes in Equity	6
Unaudited Statement of Cash Flows	7
Notes to the Unaudited Financial Statements	8-12
Schedule of Top Ten (10) Stockholders	13
Schedule of Shareholdings of Directors, Senior Managers and Connected Parties	13



**ISP FINANCE SERVICES LIMITED
UNAUDITED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2019**

DIRECTORS' REPORT TO STOCKHOLDERS

The Board of Directors of ISP Finance Services Limited (ISP) is pleased to present the Company's unaudited financial results for the 1st Quarter ended March 31, 2019.

The Company's operating income increased by 21.8% or \$13.9 million to \$77.9 million in the reporting period over the corresponding first quarter in 2018.

The Company's net profit for the 1st Quarter of 2019 was \$16.0 million, an increase of \$6.8 million over the same period last year or an increase of 74.7%.

Earnings per share stood at \$0.152 at the end of the 1st Quarter of 2019 compared to \$0.087 at the end of the 1st Quarter of 2018 reflecting an improvement of 74.7%.

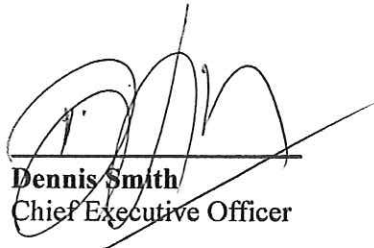
The total assets of the Company grew by \$126.8 million to \$643.8 million which represents a 24.5% increase over the comparative period. The Company's loan portfolio grew by 28.1% over the review period moving to \$571.7 million at March 31, 2019 from \$446.2 million at the end of March 31, 2018.

Operating expenses for the 1st Quarter ended March 31, 2019 stood at \$62.0 million, an increase of \$7.1 million over the corresponding period in 2018 of \$54.9 million. The Company has maintained its cost of operations while meeting greater customer demands. The newly established customer sales contact center is our focus as this will result in the development of new products and markets across several delivery channels.

The Company would like to thank all our members of staff for their commitment, our customers for their loyalty and our shareholders for their continued show of confidence.



Clifton Cameron
Chairman



Dennis Smith
Chief Executive Officer



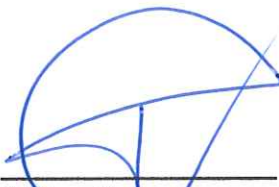
ISP FINANCE SERVICES LIMITED
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2019

	Audited Three Months Ended March 31, 2019 \$	Unaudited Three Months Ended March 31, 2018 \$	Audited Twelve Months Ended December 31, 2018 \$
OPERATING INCOME			
Interest income from loans	86,224,554	70,375,899	306,187,068
Interest income from banks and other receivables	-	86,185	380,677
Total interest income	86,224,554	70,462,084	306,567,745
Interest expenses	7,588,622	5,630,525	24,579,008
Net interest income	78,635,932	64,831,559	281,988,737
Commission expenses on loans	(695,652)	(966,976)	(3,400,436)
	77,940,280	63,864,583	278,588,301
Other operating income			
Foreign exchange gain	-	141,226	523,116
Service fees	-	-	1,852,073
Other income	650	350	131,608
	650	141,576	2,506,797
	77,940,930	64,006,159	281,095,098
OPERATING EXPENSES			
Staff costs	31,728,445	27,155,759	114,105,359
Allowance for credit losses	8,000,000	7,500,000	35,758,568
Depreciation expense	1,306,390	1,396,269	5,404,922
Other operating expenses	20,920,558	18,801,481	79,673,688
	61,955,393	54,853,509	234,942,537
Profit before taxation	15,985,537	9,152,650	46,152,561
Taxation charge	-	-	2,527,137
Net profit	15,985,537	9,152,650	43,625,424
Other comprehensive income that may be reclassified to profit and loss			
Revaluation of property, plant and equipment	-	-	666,815
Total comprehensive income for the year	15,985,537	9,152,650	44,292,239
Earnings per share (\$)	0.152	0.087	0.420



ISP FINANCE SERVICES LIMITED
UNAUDITED STATEMENT OF FINANCIAL POSITION
THREE MONTHS ENDED MARCH 31, 2019

	Unaudited Three Months Ended March 31, 2019 \$	Unaudited Three Months Ended March 31, 2018 \$	Audited Twelve Months December 31, 2018 \$
ASSETS			
Cash and cash equivalents	17,189,591	31,178,561	16,483,905
Loans net of provisions for credit losses	571,728,178	446,184,525	551,096,009
Other receivables	21,310,005	11,503,951	13,007,626
Deposit	441,600	375,000	395,000
Due from related party	5,017,700	5,017,700	5,017,700
Due from director	1,682,379	1,500,000	1,032,379
Deferred tax assets	-	1,571,369	-
Property, plant and equipment	26,432,235	19,676,014	25,510,218
TOTAL ASSETS	<u>643,801,688</u>	<u>517,007,120</u>	<u>612,542,837</u>
LIABILITIES AND EQUITY			
LIABILITIES :			
Accounts payable and other liabilities	32,986,034	15,568,378	17,572,347
Secured corporate bond and promissory note	220,564,580	144,479,353	219,384,953
Notes payable	52,978,181	61,537,182	54,298,181
Deferred tax liabilities	895,768	-	895,768
	307,424,563	221,584,913	292,151,249
EQUITY			
Share capital	195,903,128	195,903,128	195,903,128
Revaluation surplus	11,052,413	10,385,598	11,052,413
Accumulated surplus	129,421,584	89,133,481	113,436,047
	336,377,125	295,422,207	320,391,588
TOTAL EQUITY AND LIABILITIES	<u>643,801,688</u>	<u>517,007,120</u>	<u>612,542,837</u>


Clifton Cameron
 Chairman


Dennis Smith
 Chief Executive Officer



ISP FINANCE SERVICES LIMITED
UNAUDITED STATEMENT OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2019

	Share Capital	Revaluation Surplus	Accumulated Surplus	Total
	\$	\$	\$	\$
Balance as at December 31, 2018	195,903,128	11,052,413	113,436,047	320,391,588
Other comprehensive income				
Net profit for the period	-	-	15,985,537	15,985,537
Total comprehensive income	-	-	15,985,537	15,985,537
Balance as at March 31, 2019	<u>195,903,128</u>	<u>11,052,413</u>	<u>129,421,584</u>	<u>336,377,125</u>
Balance as at December 31, 2017	195,903,128	10,385,598	79,980,831	286,269,557
Other comprehensive income				
Net profit for the period	-	-	9,152,650	9,152,650
Total comprehensive income	-	-	9,152,650	9,152,650
Balance as at March 31, 2018	<u>195,903,128</u>	<u>10,385,598</u>	<u>89,133,481</u>	<u>295,422,207</u>



ISP FINANCE SERVICES LIMITED
UNAUDITED STATEMENT OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2019

	Unaudited Twelve Months Ended March 31, 2019 \$	Unaudited Twelve Months Ended March 31, 2018 \$	Audited Twelve Months Ended December 31, 2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before interest and taxation	23,574,159	14,783,175	68,264,432
Adjustments for items not affecting cash resources:			
Depreciation on property, plant and equipment	1,306,390	1,396,269	5,404,922
Unrealized foreign exchange gain	-	(141,226)	(523,116)
Bond amortization	1,179,628	920,108	3,939,950
Deferred taxation	-	-	2,467,137
	<u>26,060,177</u>	<u>16,958,326</u>	<u>79,553,325</u>
(Increase) /decrease in operating assets:			
Loans and other receivables	(28,934,548)	(10,583,291)	(124,994,766)
Deposit	(46,600)	-	20,000
Due from related party	-	1,255,500	(1,255,500)
Due from director	(650,000)	1,500,000	(467,621)
Increase /(decrease) in operating liabilities:			
Accounts payables and other payables	13,055,835	(579,808)	3,148,763
Cash provided by/(used in) operating activities	<u>9,484,864</u>	<u>8,550,727</u>	<u>(43,995,799)</u>
Interest paid	(5,230,771)	(3,905,922)	(24,579,008)
Taxation paid	-	-	(60,000)
Net cash provided by/(used in) operating activities	<u>4,254,093</u>	<u>4,644,805</u>	<u>(68,634,807)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	<u>(2,228,407)</u>	<u>(3,000,984)</u>	<u>(12,177,027)</u>
Net cash (used in)/provided by investing activities	<u>(2,228,407)</u>	<u>(3,000,984)</u>	<u>(12,177,027)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the secured promissory note	-	-	75,000,000
Repayment of notes payable	(1,320,000)	(1,902,250)	(9,141,251)
Net cash used in financing activities	<u>(1,320,000)</u>	<u>(1,902,250)</u>	<u>65,858,749</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS -	705,686	(258,429)	(14,953,085)
CASH AND CASH EQUIVALENTS -Beginning of the year	16,483,905	31,436,990	31,436,990
CASH AND CASH EQUIVALENTS - End of the quarter	<u>17,189,591</u>	<u>31,178,561</u>	<u>16,483,905</u>
REPRESENTED BY:			
Cash and cash equivalents	<u>17,189,591</u>	<u>31,178,561</u>	<u>16,483,905</u>



ISP FINANCE SERVICES LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2019

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. BASIS OF PREPARATION

The interim financial statements have been prepared in accordance with IAS 34, 'Interim financial reporting' and should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2018 which have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Act. There have been no changes in accounting policies since the most recent audited accounts as at December 31, 2018.

The financial Statements have been prepared under the historical cost basis and are expressed in Jamaican dollars, un-less otherwise indicated.

3. SUMMARY OF 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 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 in the statement of comprehensive income.



ISP FINANCE SERVICES LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Property, plant and equipment (Cont'd)

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

The cost of day-to-day servicing of property, plant and equipment is recognized in the statement of comprehensive income as incurred. With the exception of freehold land, on which no depreciation is provided, property, plant and equipment are depreciated on the straight-line basis over the estimated useful lives of such assets.

The rates of depreciation in use are:

Leasehold Improvements	20%
Furniture and Equipment	10%
Computer Software and 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.

Allowance for impairment losses on loan receivables

In determining amounts recorded for impairment of financial assets in the financial statements, management makes assumptions in determining the inputs to be used in the ECL measurement model, including incorporation of forward-looking information. Management also estimate the likely amount of cash flows recoverable on the financial assets in determining loss given default. The use of assumptions makes uncertainly inherent in such estimates.

Under the ECL model, the Company analyses its loan receivables in a matrix by days past due and determined for each age bracket an average rate of ECL. Subsequently, a further analysis is considered on the actual credit loss experienced over the last twelve (12) months and future delinquency is assessed, which is then applied to the balance of the loan receivables..

Bad debts are written off when identified.



ISP FINANCE SERVICES LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c) 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.

4. LOANS, NET OF PROVISIONS FOR CREDIT LOSSES

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

	Unaudited Three Months Ended March 31, 2019 \$	Unaudited Three Months Ended March 31, 2018 \$	Audited Twelve Months Ended December 31, 2018 \$
Loans	702,000,349	530,241,069	673,354,532
Less:			
Provision for credit losses	<u>(130,272,170)</u>	<u>(84,056,544)</u>	<u>(122,258,523)</u>
	<u>571,728,179</u>	<u>446,184,525</u>	<u>551,096,009</u>

5. SHARE CAPITAL

	Unaudited Three Months Ended March 31, 2019 Number ('000)	Unaudited Three Months Ended March 31, 2018 Number ('000)	Audited Twelve Months Ended December 31, 2018 Number ('000)
Authorized share capital:			
Ordinary shares	<u>105,000</u>	<u>105,000</u>	<u>105,000</u>

	Unaudited Nine Months Ended March 31, 2019 \$	Unaudited Nine Months Ended March 31, 2018 \$	Audited Twelve Months Ended December 31, 2018 \$
Issued and fully paid:			
5,000,000 Ordinary shares at \$1 per share	5,000,000	5,000,000	5,000,000
51,017,500 Ordinary shares at \$2 per share	102,035,000	102,035,000	102,035,000
48,982,500 Ordinary shares at \$2 per share	97,965,000	97,965,000	97,965,000
Less: Share issue costs	<u>(9,096,872)</u>	<u>(9,096,872)</u>	<u>(9,096,872)</u>
	<u>195,903,128</u>	<u>195,903,128</u>	<u>195,903,128</u>



ISP FINANCE SERVICES LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2019

5. SHARE CAPITAL (CONT'D)

- (a) 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 satisfied by offsetting against the \$102,035,000 debt owed to him by the Company, through a related entity.

- (b) 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.

6. SECURED CORPORATE BOND

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.

7. SECURED NOTE

During the quarter ended December 31, 2018, the Company issued a secured note. The note attracts an interest rate of 12% per annum during the period commencing with the Issue Date to August 2019, and thereafter 13% per annum. Interest is paid on a quarterly basis. The note matures on September 3, 2021. The note is secured by the fixed and floating assets of the Company.

8. TAXATION

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 adheres to the rules and regulation of the Jamaica Stock Exchange Junior Market.

The interim financial statements have been prepared on the basis that the Company will have the full benefit of the tax remissions.



ISP FINANCE SERVICES LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2019

9. 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 period as at the reporting date.

		Unaudited Twelve Months Ended March 31, 2019	Unaudited Twelve Months Ended March 31, 2018	Audited Twelve Months Ended December 31, 2018
Net profit	\$	<u>15,985,537</u>	<u>9,152,650</u>	<u>43,625,424</u>
Weighted average number of shares	No.	<u>105,000,000</u>	<u>105,000,000</u>	<u>105,000,000</u>
Earnings per share	\$	<u>0.152</u>	<u>0.087</u>	<u>0.420</u>

10. PROFIT BEFORE INTEREST AND TAXATION

	Unaudited Three Months Ended March 31, 2019	Unaudited Three Months Ended March 31, 2018	Audited Twelve Months Ended December 31, 2018
	\$	\$	\$
Net profit for the period	15,985,537	9,152,650	43,625,424
Current year taxation charge	-	-	60,000
Profit before interest	<u>15,985,537</u>	<u>9,152,650</u>	<u>43,685,424</u>
Interest expense	7,588,622	5,630,525	24,579,008
Profit before interest and taxation	<u>23,574,159</u>	<u>14,783,175</u>	<u>68,264,432</u>



ISP FINANCE SERVICES LIMITED
THREE MONTHS ENDED MARCH 31, 2019

SCHEDULE OF TOP TEN (10) STOCKHOLDERS

<u>SHAREHOLDER</u>	<u>UNITS</u>
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 Carissa Gordon – Joint holder Marston Gordon	365,053
7 Virgen Advertising Limited	255,116
8 Bridgeton Management Services Limited	222,547
9 Lindoll Limited	160,862
10 Ryan Chung -Joint holders – Ruel and Ingrid Chung	153,093

**SCHEDULE OF SHAREHOLDINGS OF DIRECTORS, SENIOR
MANAGERS AND CONNECTED PARTIES**

<u>Directors</u>	<u>Shareholding</u>
Dennis Smith	3,500,000
Primrose Smith	1,500,000
Diyal R. Fernando	34,350
Rosemary Thwaites	5,000
 <u>Senior Managers</u>	
Seymour Smith	75,000
 <u>Connected Parties</u>	
Gencorp	50,517,500
Sunfisher Corporation	45,832,500