



FINANCE SERVICES LTD.

UNAUDITED FINANCIAL STATEMENTS

1st QUARTER ENDED MARCH 31, 2021



**ISP FINANCE SERVICES LIMITED
UNAUDITED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2021**

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, 2021**

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, 2021.

The Company's operating income increased by 5.9% or \$4.5 million to \$80.9 million in the reporting period over the corresponding first quarter in 2020.

The Company's net profit for the 1st Quarter of 2021 was \$12.7 million, an increase of \$2.2 million over the same period last year or an increase of 21.2%.

Earnings per share stood at (\$0.12) at the end of the 1st Quarter of 2021 compared to \$0.10 at the end of the 1st Quarter of 2020.

The total assets of the Company grew by \$90.8 million to \$775 million which represents a 13.3% increase over the comparative period. The Company's loan portfolio grew by 0.10% over the review period moving to \$675.9 million at March 31, 2021 from \$616.8 million at the end of March 31, 2020.

Operating expenses for the 1st Quarter ended March 31, 2021 stood at \$68.1 million, an increase of \$2.3 million over the corresponding period in 2020 of \$65.8 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, 2021

	Unaudited Three Months Ended March 31, 2021 \$	Unaudited Three Months Ended March 31, 2020 \$	Audited Twelve Months Ended December 31, 2020 \$
OPERATING INCOME			
Interest income from loans	90,097,445	85,653,543	369,108,249
Interest income from banks and other receivables	-	-	3,568,298
Total interest income	<u>90,097,445</u>	<u>85,653,543</u>	<u>372,676,547</u>
Interest expenses	7,761,332	6,912,289	29,582,355
Net interest income	<u>82,336,113</u>	<u>78,741,254</u>	<u>339,526,204</u>
Commission expenses on loans	(1,374,739)	(2,496,141)	(6,292,140)
	<u>80,961,374</u>	<u>76,245,113</u>	<u>336,802,052</u>
Other operating income			
Foreign exchange gain	78,000	(97,313)	(71,347)
Gain/ Loss on Sale of Fixed Assets	(138,000)	-	-
Other income	2,700	214,517	984,000
	<u>(57,300)</u>	<u>117,204</u>	<u>912,653</u>
	<u>80,904,074</u>	<u>76,362,317</u>	<u>337,714,705</u>
OPERATING EXPENSES			
Staff costs	27,719,669	32,574,855	99,327,804
Allowance for credit losses	14,100,000	8,903,068	66,226,626
Depreciation expense	1,916,819	1,300,159	5,313,556
Other operating expenses	24,394,299	23,046,956	100,732,761
	<u>68,130,787</u>	<u>65,825,038</u>	<u>271,600,747</u>
Profit before taxation	<u>12,773,287</u>	<u>10,537,278</u>	<u>66,113,958</u>
Taxation charge	-	-	(720,871)
Net profit	<u>12,773,287</u>	<u>10,537,278</u>	<u>65,393,087</u>
Other comprehensive income that may be reclassified to profit and loss			
Revaluation of property, plant and equipment	-	-	-
Total comprehensive income for the year	<u>12,773,287</u>	<u>10,537,278</u>	<u>65,393,087</u>
Earnings per share (\$)	<u>0.12</u>	<u>0.10</u>	<u>0.62</u>



ISP FINANCE SERVICES LIMITED
UNAUDITED STATEMENT OF FINANCIAL POSITION
THREE MONTHS ENDED MARCH 31, 2021

	Unaudited Three Months Ended March 31, 2021 \$	Unaudited Three Months Ended March 31, 2020 \$	Audited Twelve Months December 31, 2020 \$
ASSETS			
Cash and cash equivalents	28,735,584	20,250,083	32,407,946
Loans net of provisions for credit losses	675,937,617	616,807,433	675,125,906
Other receivables	43,502,876	17,642,661	11,431,636
Deposit	1,047,949	496,600	1,047,949
Due from related party	-	5,017,700	-
Due from director	-	-	-
Deferred tax assets	-	-	-
Property, plant and equipment	25,864,474	23,995,181	28,417,384
TOTAL ASSETS	775,088,501	684,209,658	748,430,821
LIABILITIES AND EQUITY			
LIABILITIES :			
Accounts payable and other liabilities	47,420,507	26,669,513	23,758,121
Secured corporate bond and promissory note	258,123,751	256,148,282	267,901,746
Notes payable	46,246,793	46,093,339	46,246,793
Deferred tax liabilities	1,796,720	1,075,849	1,796,720
	353,587,771	329,986,983	339,703,380
EQUITY			
Share capital	195,903,128	195,903,128	195,903,128
Revaluation surplus	11,052,413	11,052,413	11,052,413
Accumulated surplus	214,545,189	147,267,134	201,771,900
	421,500,730	354,222,675	408,727,441
TOTAL EQUITY AND LIABILITIES	775,088,501	684,209,658	748,430,821


Clifton Cameron
 Chairman


Dennis Smith
 Chief Executive Officer



ISP FINANCE SERVICES LIMITED
UNAUDITED STATEMENT OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2021

	Share Capital \$	Revaluation Surplus \$	Accumulated Surplus \$	Total \$
Balance as at December 31, 2020	195,903,128	11,052,413	201,771,902	408,727,443
Other comprehensive income				
Net profit for the period	-	-	12,773,287	12,773,287
Total comprehensive income	-	-	12,773,287	12,773,287
Balance as at March 31, 2021	195,903,128	11,052,413	214,545,189	421,500,730
Balance as at December 31, 2019	195,903,128	11,052,413	136,378,813	343,334,354
Other comprehensive income				
Net profit for the period	-	-	10,537,278	10,537,278
Total comprehensive income	-	-	10,537,278	10,537,278
Balance as at March 31, 2020	195,903,128	11,052,413	146,916,091	353,871,632



ISP FINANCE SERVICES LIMITED
UNAUDITED STATEMENT OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2021

	Unaudited Three Months Ended March 31, 2021 \$	Unaudited Three Months Ended March 31, 2020 \$	Audited Twelve Months Ended December 31, 2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before interest and taxation	20,534,619	17,449,567	94,975,442
Adjustments for items not affecting cash resources:			
Depreciation on property, plant and equipment	1,916,819	1,300,159	5,313,556
Gain/(Loss) on Sale of Fixed Assets	138,000	-	-
Unrealized foreign exchange gain	(78,000)	97,313	71,347
Bond amortization	584,488	584,488	2,337,951
Deferred taxation	-	-	720,871
	<u>23,095,926</u>	<u>19,431,527</u>	<u>103,419,167</u>
(Increase) /decrease in operating assets:			
Loans and other receivables	(34,187,767)	(4,393,216)	(56,403,350)
Deposit	-	-	(551,349)
Due from related party	-	(6,541)	5,011,159
Due from director	-	-	-
Increase /(decrease) in operating liabilities:			
Accounts payables and other payables	<u>23,510,172</u>	<u>(9,918,926)</u>	<u>(12,613,118)</u>
Cash provided by/(used in) operating activities	12,418,331	5,112,844	38,862,509
Interest paid	(7,122,429)	(6,491,311)	(29,582,355)
Taxation paid	-	-	-
Net cash provided by/(used in) operating activities	<u>5,295,902</u>	<u>(1,378,467)</u>	<u>9,280,154</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	<u>(301,910)</u>	<u>(431,478)</u>	<u>(9,007,505)</u>
Net cash (used in)/provided by investing activities	<u>(301,910)</u>	<u>(431,478)</u>	<u>(9,007,505)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from sale of Fixed Assets	800,000	-	-
Proceeds from notes payable	(9,425,482)	-	(10,000,000)
Proceeds from issuance of bond	-	-	-
Repayment of bond	-	-	19,993,161
Repayment of notes payable	-	(753,042)	(599,588)
Net cash used in financing activities	<u>(8,625,482)</u>	<u>(753,042)</u>	<u>9,393,573</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS -	(3,631,490)	(2,562,988)	9,666,222
CASH AND CASH EQUIVALENTS -Beginning of the year	32,367,073	22,813,071	22,813,071
Exchange and gains on foreign cash balance	-	-	(71,347)
-CASH AND CASH EQUIVALENTS - End of the quarter	<u>28,735,583</u>	<u>20,250,083</u>	<u>32,407,946</u>
REPRESENTED BY:			
Cash and cash equivalents	<u>28,735,583</u>	<u>20,250,083</u>	<u>32,407,946</u>



ISP FINANCE SERVICES LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2021

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 2020 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, 2020.

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, 2021

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, 2021

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, 2021 \$	Unaudited Three Months Ended March 31, 2020 \$	Audited Twelve Months Ended December 31, 2020 \$
Loans	853,869,218	785,161,812	847,887,139
Less:			
Provision for credit losses	<u>(177,931,601)</u>	<u>(168,354,378)</u>	<u>(172,761,233)</u>
	<u>675,937,617</u>	<u>616,807,434</u>	<u>675,125,906</u>

5. SHARE CAPITAL

	Unaudited Three Months Ended March 31, 2020 Number ('000)	Unaudited Three Months Ended March 31, 2019 Number ('000)	Audited Twelve Months Ended December 31, 2019 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, 2020 \$	Unaudited Nine Months Ended March 31, 2019 \$	Audited Twelve Months Ended December 31, 2019 \$
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, 2021

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, 2019, the Company re-issued a secured bond. The bond attracts an interest rate of 9.5% per annum. Interest is paid on a quarterly basis. The bond matures on September 20, 2022. The bond is secured by the fixed and floating assets of the Company.

7. 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, 2021

8. 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, 2021	Unaudited Twelve Months Ended March 31, 2020	Audited Twelve Months Ended December 31, 2020
Net profit	\$	<u>12,773,287</u>	<u>10,537,278</u>	<u>65,393,089</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>0.12</u>	<u>0.10</u>	<u>0.62</u>

9. PROFIT BEFORE INTEREST AND TAXATION

	Unaudited Three Months Ended March 31, 2021	Unaudited Three Months Ended March 31, 2020	Audited Twelve Months Ended December 31, 2020
	\$	\$	\$
Net profit for the period	12,773,287	10,537,278	66,113,960
Current year taxation charge	-	-	(720,871)
Profit before interest	<u>12,773,287</u>	<u>10,537,278</u>	<u>65,393,089</u>
Interest expense	<u>7,761,332</u>	<u>6,912,289</u>	<u>29,582,355</u>
Profit before interest and taxation	<u>20,534,619</u>	<u>17,449,567</u>	<u>94,975,444</u>



ISP FINANCE SERVICES LIMITED
THREE MONTHS ENDED MARCH 31, 2021

SCHEDULE OF TOP TEN (10) STOCKHOLDERS

<u>SHAREHOLDER</u>	<u>UNITS</u>
1 Sunfisher Corporation	45,832,500
2 Gencorp Limited	43,517,500
3 Gencorp Limited	7,000,000
4 Dennis Smith	3,500,000
5 Primrose Smith (Estate)	1,500,000
6 Rezworth Burchenson – Joint Holder – Valerie Burchenson	612,529
7 Bridgeton Management Services Limited	364,039
8 Virgen Advertising Limited	255,116
9 Carissa Gordon – Joint Holder – Marston Gordon	204,250
10 Lindoll Limited	160,758

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