



FINANCE SERVICES LTD.

UNAUDITED FINANCIAL STATEMENTS

4rd QUARTER ENDED DECEMBER 31, 2021



**ISP FINANCE SERVICES LIMITED
UNAUDITED FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2021**

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**ISP FINANCE SERVICES LIMITED
UNAUDITED FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 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 4th Quarter ended December 31, 2021.

The Company's Interest Income increased from JS105.4 million to JS115.4 million in the 4th Quarter representing an increase of JS9.9 million or 9.4 % over the corresponding quarter in 2020.

The Company's Net Operating Income after Interest Expenses and Commissions totaled JS103.9 m versus JS96.4m recorded in the 4th Quarter of 2020 representing an increase of JS7.4 m or 7.8%.

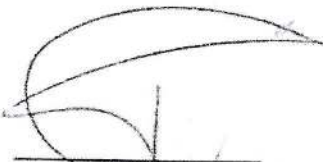
Operating expenses for the 4th Quarter ended December 31, 2021 amounted to JS102 million, an increase of 28.6% or JS22.8 million, over the corresponding period in 2020 of JS79.9 million. A review of the loan portfolio in the light of the impact of the continued Covid-19 pandemic, the Company made the decision to provide JS57million in the 4th Quarter, taking the total charge for the year to JS116 million.

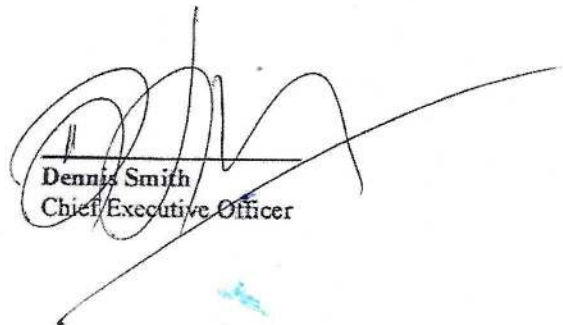
The Company's net profit before tax for the 4th Quarter of 2021 was \$0.66 million, a decrease of \$19 million or 96.6 % over the same period last year.

Earnings per share stood at \$0.513 for the 2021 Financial Year compared to \$0.671 for the Financial Year ended December 31, 2020 reflecting a reduction of 23.5%.

The total assets of the Company grew by \$20.7 million to \$772.4 million which represents a 2.8% increase over the comparative period.

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
TWELVE MONTHS ENDED DECEMBER 31, 2021

	Unaudited Three Months Ended December 31,2021	Unaudited Three Months Ended December 31, 2020	Unaudited Twelve Months Ended December 31, 2021	Unaudited Twelve Months Ended December 31, 2020	Audited Twelve Months Ended December 31, 2020
	\$	\$	\$	\$	\$
OPERATING INCOME					
Interest income from loans	115,423,757	106,490,392	433,783,160	369,108,249	369,108,249
Interest income from banks and other receivables	119	14	594	203	3,568,298
Total interest income	<u>115,423,876</u>	<u>105,490,406</u>	<u>433,783,754</u>	<u>369,108,452</u>	<u>372,676,547</u>
Interest expenses	6,778,735	7,357,599	29,892,179	29,582,355	29,582,355
Net interest income	<u>108,645,141</u>	<u>98,132,807</u>	<u>403,891,575</u>	<u>339,526,097</u>	<u>343,094,192</u>
Commission expenses on loans	(4,685,242)	(1,667,841)	(10,088,641)	(6,292,140)	(6,292,140)
	<u>103,959,899</u>	<u>96,464,966</u>	<u>393,802,934</u>	<u>333,233,957</u>	<u>336,802,052</u>
Other operating income					
Foreign exchange gain /(loss)	(474,510)	-	(561,606)	(79,404)	(71,347)
Service fees	-	-	(138,000)	-	-
Other income	<u>12,278</u>	<u>3,172,443</u>	<u>53,278</u>	<u>3,567,988</u>	<u>984,000</u>
	<u>(462,232)</u>	<u>3,172,443</u>	<u>(646,328)</u>	<u>3,488,584</u>	<u>912,653</u>
	<u>103,497,667</u>	<u>99,637,409</u>	<u>393,156,606</u>	<u>336,722,541</u>	<u>337,714,705</u>
OPERATING EXPENSES					
Staff costs	10,437,056	20,536,646	97,838,232	100,234,158	99,327,803
Allowance for credit losses	57,616,604	29,400,000	115,916,604	60,231,466	66,226,626
Depreciation expense	1,980,285	1,294,288	7,753,546	5,313,556	5,313,556
Other operating expenses	32,795,746	28,724,585	111,903,585	100,508,738	100,732,762
	<u>102,829,691</u>	<u>79,955,519</u>	<u>333,411,967</u>	<u>266,287,918</u>	<u>271,600,747</u>
Profit before taxation	<u>667,976</u>	<u>19,681,890</u>	<u>59,744,639</u>	<u>70,434,623</u>	<u>66,113,958</u>
Taxation charge	<u>(83,497)</u>	<u>-</u>	<u>(5,871,419)</u>	<u>-</u>	<u>(720,871)</u>
Net profit	<u>584,479</u>	<u>19,681,890</u>	<u>53,873,220</u>	<u>70,434,623</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>584,479</u>	<u>19,681,890</u>	<u>53,873,220</u>	<u>70,434,623</u>	<u>65,393,087</u>
Earnings per share (\$)	<u>0.200</u>	<u>0.187</u>	<u>0.513</u>	<u>0.671</u>	<u>0.62</u>



ISP FINANCE SERVICES LIMITED
UNAUDITED STATEMENT OF FINANCIAL POSITION
TWELVE MONTHS ENDED DECEMBER 31, 2021

	Unaudited Twelve Months Ended December 31, 2021 \$	Unaudited Twelve Months Ended December 31, 2020 \$	Audited Twelve Months December 31, 2020 \$
ASSETS			
Cash and cash equivalents	30,415,262	31,981,536	32,407,946
Loans net of provisions for credit losses	690,960,916	659,523,039	675,125,906
Other receivables	27,105,682	30,652,904	11,431,636
Deposit	1,047,949	1,047,949	1,047,949
Due from related party	-	17,700	-
Due from director	-	-	-
Deferred tax assets	-	-	-
Property, plant and equipment	22,894,279	28,417,384	28,417,384
TOTAL ASSETS	772,424,088	751,640,512	748,430,821
LIABILITIES AND EQUITY			
LIABILITIES:			
Accounts payable and other liabilities	24,630,078	23,584,147	23,758,121
Secured corporate bond and promissory note	230,239,697	266,964,746	267,901,746
Notes payable	47,285,511	46,246,793	46,246,793
Deferred tax liabilities	1,796,720	1,075,849	1,796,720
Taxation Payable	5,871,419	-	-
	309,823,425	337,871,535	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	255,645,122	206,813,436	201,771,900
	462,600,663	413,768,977	408,727,441
TOTAL EQUITY AND LIABILITIES	772,424,088	751,640,512	748,430,821


 Clifton Cameron
 Chairman


 Dennis Smith
 Chief Executive Officer



ISP FINANCE SERVICES LIMITED
UNAUDITED STATEMENT OF CHANGES IN EQUITY
TWELVE MONTHS ENDED DECEMBER 31, 2021

	Share Capital \$	Revaluation Surplus \$	Accumulated Surplus \$	Total \$
Balance as at December 31, 2020	195,903,128	11,052,413	201,771,900	408,727,441
Other comprehensive income				
Net profit for the period	-	-	53,873,220	53,873,220
Total comprehensive income	-	-	53,873,220	53,873,220
Balance as at December 31, 2021	<u>195,903,128</u>	<u>11,052,413</u>	<u>255,645,120</u>	<u>462,600,661</u>
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	-	-	65,393,087	65,393,087
Total comprehensive income	-	-	65,393,087	65,393,087
Balance as at December 31, 2020	<u>195,903,128</u>	<u>11,052,413</u>	<u>201,771,900</u>	<u>408,727,441</u>



ISP FINANCE SERVICES LIMITED
UNAUDITED STATEMENT OF CHANGES IN EQUITY
TWELVE MONTHS ENDED DECEMBER 31, 2021

	Share Capital \$	Revaluation Surplus \$	Accumulated Surplus \$	Total \$
Balance as at December 31, 2020	195,903,128	11,052,413	201,771,900	408,727,441
Other comprehensive income				
Net profit for the period	-	-	53,873,220	53,873,220
Total comprehensive income	-	-	53,873,220	53,873,220
Balance as at December 31, 2021	<u>195,903,128</u>	<u>11,052,413</u>	<u>255,645,120</u>	<u>462,600,661</u>
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	-	-	65,393,087	65,393,087
Total comprehensive income	-	-	65,393,087	65,393,087
Balance as at December 31, 2020	<u>195,903,128</u>	<u>11,052,413</u>	<u>201,771,900</u>	<u>408,727,441</u>



ISP FINANCE SERVICES LIMITED
UNAUDITED STATEMENT OF CASH FLOWS
TWELVE MONTHS ENDED DECEMBER 31, 2021

	Unaudited Twelve Months Ended December 31, 2021 \$	Unaudited Twelve Months Ended December 31, 2020 \$	Audited Twelve Months Ended December 31, 2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before interest and taxation	83,765,399	100,016,979	94,975,442
Adjustments for items not affecting cash resources:			
Depreciation on property, plant and equipment	7,753,546	5,313,556	5,313,556
Loss on sale of fixed assets	138,000		
Unrealized foreign exchange gain	561,605	79,403	71,347
Bond amortization	2,337,951	2,337,951	2,337,951
Deferred taxation	5,871,419	-	720,871
	<u>100,427,920</u>	<u>107,747,889</u>	<u>103,419,167</u>
(Increase) /decrease in operating assets:			
Loans and other receivables	(33,494,350)	(60,293,391)	(56,403,350)
Deposit		(551,349)	(551,349)
Due from related party		4,993,459	5,011,159
Due from director	-	-	-
Increase /(decrease) in operating liabilities:			
Accounts payables and other payables	(1,374,871)	(13,023,995)	(12,613,118)
Cash provided by/(used in) operating activities	<u>65,558,699</u>	<u>38,872,613</u>	<u>38,862,509</u>
Interest paid	(27,158,660)	(29,160,056)	(29,582,355)
Taxation paid	-	-	-
Net cash used in operating activities	<u>38,400,039</u>	<u>9,712,557</u>	<u>9,280,154</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	(3,168,441)	(9,007,504)	(9,007,504)
Proceeds from the sale of property, plant and equipment	800,000	-	-
Net cash used in investing activities	<u>(2,368,441)</u>	<u>(9,007,504)</u>	<u>(9,007,504)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Bond			
Proceeds from the secured promissory note	(39,063,000)	9,063,000	(10,000,000)
Proceeds from issue of bonds			19,993,161
Repayment of notes payable	1,038,718	(599,588)	(599,588)
Net cash used in financing activities	<u>(38,024,282)</u>	<u>8,463,412</u>	<u>9,393,573</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS -	(1,992,684)	9,168,465	9,666,222
CASH AND CASH EQUIVALENTS -Beginning of the year	32,407,946	22,813,071	22,813,071
Exchange and gains on foreign cash balance			(71,347)
CASH AND CASH EQUIVALENTS - End of the quarter	<u>30,415,262</u>	<u>31,981,536</u>	<u>32,407,946</u>
REPRESENTED BY:			
Cash and cash equivalents	<u>30,415,262</u>	<u>31,981,536</u>	<u>32,407,946</u>



ISP FINANCE SERVICES LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 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, unless 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
TWELVE MONTHS ENDED DECEMBER 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
TWELVE MONTHS ENDED DECEMBER 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 Twelve Months Ended December 31, 2021 \$	Unaudited Twelve Months Ended December 31, 2020 \$	Audited Twelve Months Ended December 31, 2020 \$
Loans	911,350,892	827,284,267	847,887,139
Less:			
Provision for credit losses	(220,389,977)	(167,761,228)	(172,761,233)
	<u>690,960,915</u>	<u>659,523,039</u>	<u>675,125,906</u>

5. SHARE CAPITAL

	Unaudited Twelve Months Ended December 31, 2021 Number (‘000)	Unaudited Twelve Months Ended December 31, 2020 Number (‘000)	Audited Twelve Months Ended December 31, 2020 Number (‘000)
Authorized share capital:			
Ordinary shares	<u>105,000</u>	<u>105,000</u>	<u>105,000</u>
	Unaudited Twelve Months Ended December 31, 2021 \$	Unaudited Twelve Months Ended December 31, 2020 \$	Audited Twelve Months Ended December 31, 2020 \$
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	(9,096,872)	(9,096,872)	(9,096,872)
	<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
TWELVE MONTHS ENDED DECEMBER 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 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, 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 up to and including the 1st Quarter Ended March 31, 2021 have been prepared on the basis that the Company will have the full benefit of the tax remissions. Effective, the 2nd Quarter Ended June 30 2021, taxation has been provided for at the remission of 50% of the tax payable.



ISP FINANCE SERVICES LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 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 Three Months Ended December 31, 2021	Unaudited Three Months Ended December 31, 2020	Unaudited Twelve Months Ended December 31, 2021	Unaudited Twelve Months Ended December 31, 2020	Audited Twelve Months Ended December 31, 2020
Net profit	\$	<u>584,479</u>	<u>19,681,890</u>	<u>53,873,220</u>	<u>70,434,623</u>	<u>65,393,087</u>
Weighted average number of shares	No	<u>105,000,000</u>	<u>105,000,000</u>	<u>105,000,000</u>	<u>105,000,000</u>	<u>105,000,000</u>
Earnings per share	\$	<u>0.006</u>	<u>0.187</u>	<u>0.513</u>	<u>0.671</u>	<u>0.62</u>

9. PROFIT BEFORE INTEREST AND TAXATION

	Unaudited Twelve Months Ended December 31, 2021	Unaudited Twelve Months Ended December 31,2020	Audited Twelve Months Ended December 31, 2020
	\$	\$	\$
Net profit for the period	59,744,639	70,434,623	66,113,958
Current year taxation charge	<u>(5,871,419)</u>	<u>-</u>	<u>(720,871)</u>
Profit before interest	53,873,220	70,434,623	65,393,087
Interest expense	<u>29,892,179</u>	<u>29,582,356</u>	<u>29,582,355</u>
Profit before interest and taxation	<u>83,765,399</u>	<u>100,016,979</u>	<u>94,975,442</u>



ISP FINANCE SERVICES LIMITED
TWELVE MONTHS ENDED DECEMBER 31, 2021

SCHEDULE OF TOP TEN (10) STOCKHOLDERS

<u>SHAREHOLDER</u>	<u>UNITS</u>
1 Sunfisher Corporation	45,832,500
2 Gencorp Limited	38,017,500
3 Gencorp Limited	7,000,000
4 Gencorp Limited	5,500,000
5 Dennis Smith	3,500,000
6 Primrose Ann Smith	1,500,00
7 Rezworth Burchenson - Joint holder -Valerie Burchenson	612,529
8 Bridgeton Management Services Limited	364,039
9 Virgen Advertising Limited	255,116
10 Carissa Gordon – Joint holder Marston Gordon	204,250

SCHEDULE OF SHAREHOLDINGS OF DIRECTORS, SENIOR MANAGERS AND CONNECTED PARTIES

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