



# **FINANCE SERVICES LTD.**

**UNAUDITED FINANCIAL STATEMENTS**

**1st QUARTER ENDED MARCH 31 2023**



**ISP FINANCE SERVICES LIMITED  
UNAUDITED FINANCIAL STATEMENTS  
THREE MONTHS ENDED MARCH 31, 2023**

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**ISP FINANCE SERVICES LIMITED  
UNAUDITED FINANCIAL STATEMENTS  
THREE MONTHS ENDED MARCH 31, 2023**

**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, 2023.

The Company's Interest Income increased from J\$104.5 million to J\$110.9 million in the 1st Quarter representing an increase of J\$6.6 million or 6.1 % over the corresponding quarter in 2022.

Interest Expenses increased from J\$ 7.123 million to J\$13.772 million in the 1<sup>st</sup> Quarter of 2023 due to the successful additional debt raise secured in October 2022 to facilitate future expansion plans.

The Company's Net Operating Income after Interest Expenses and Commissions totaled J\$91.999 million versus J\$93.725 million recorded in the 1st Quarter of 2022, representing a decrease of J\$1.726 m or 1.8%.

Operating expenses for the 1st Quarter ended March 31, 2023, amounted to \$85.193 million, an increase of 2.0% or \$1.69 million over the corresponding period in 2022 of J\$83.496 million. Salaries and Wages recorded a reduction of J\$8.607 million compared to 1<sup>st</sup> Quarter of 2022 while the Allowance for Credit Losses and Other Operating Expenses increased by J\$4.107 million and J\$6.585 million respectively.

The Other Operating Expenses were impacted by increased Legal & Professional Fees and the write-off of the expenses related to the Bond raise.

The Company's net profit before tax for the 1st Quarter of 2023 was \$6.889 million, a decrease of \$3.33 million or 32.7 % versus the J\$10.229 million recorded in the 1<sup>st</sup> Quarter of 2022.

Earnings per share stood at \$0.057 at the end of the 1st Quarter of 2023 compared to \$0.085 at the end of the 1st Quarter of 2022, reflecting a decrease of 32.7%.

The Company's total assets stood at \$1,071.8 million, representing a 38.5% increase over the comparative period.

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

A stylized, handwritten signature in black ink.

**Clifton Cameron**  
Chairman

A stylized, handwritten signature in black ink.

**Dennis Smith**  
Chief Executive Officer



**ISP FINANCE SERVICES LIMITED**  
**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**  
**THREE MONTHS ENDED MARCH 31, 2023**

	<b>Unaudited Three Months Ended March 31,2023</b>	<b>Unaudited Three Months Ended March 31,2022</b>	<b>Audited Twelve Months Ended December 31, 2022</b>
	\$	\$	\$
<b>OPERATING INCOME</b>			
Interest income from loans	110,908,428	104,444,171	431,278,945
Interest income from banks and other receivables	71	105,668	1,181,931
Total interest income	<u>110,908,499</u>	<u>104,549,839</u>	<u>432,460,876</u>
Interest expenses	<u>13,771,644</u>	<u>7,122,998</u>	<u>37,046,740</u>
Net interest income	97,136,855	97,426,840	395,414,136
Commission expenses on loans	<u>(5,137,132)</u>	<u>(3,701,534)</u>	<u>(16,217,934)</u>
	91,999,723	93,725,306	379,196,202
Other operating income			
Foreign exchange gain /(loss)	-	-	31,171
Gain/Loss- Sale of FA	-	-	-
Other income	<u>82,272</u>	<u>-</u>	<u>14,045,060</u>
	<u>82,272</u>	<u>-</u>	<u>14,076,231</u>
	<u>92,081,995</u>	<u>93,725,306</u>	<u>393,272,433</u>
<b>OPERATING EXPENSES</b>			
Staff costs	21,122,813	29,729,683	112,795,116
Allowance for credit losses	28,107,746	24,000,000	93,000,000
Depreciation expense	1,549,074	1,938,873	7,142,668
Other operating expenses	<u>34,413,188</u>	<u>27,827,755</u>	<u>114,916,468</u>
	<u>85,192,821</u>	<u>83,496,311</u>	<u>327,854,252</u>
<b>Profit before taxation</b>	6,889,174	10,228,995	65,418,181
<b>Taxation charge</b>	<u>(861,147)</u>	<u>(1,278,624)</u>	<u>(7,781,257)</u>
<b>Net profit</b>	<u>6,028,027</u>	<u>8,950,371</u>	<u>57,636,924</u>
<b>Other comprehensive income that may be reclassified to profit and loss</b>			
Revaluation of property, plant and equipment	-	-	-
<b>Total comprehensive income for the year</b>	<u>6,028,027</u>	<u>8,950,371</u>	<u>57,636,924</u>
Earnings per share (\$)	<u>0.057</u>	<u>0.085</u>	<u>0.55</u>



**ISP FINANCE SERVICES LIMITED**  
**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
**THREE MONTHS ENDED MARCH 31, 2023**

	Unaudited Three Months Ended March 31, 2023 \$	Unaudited Three Months Ended March 31, 2022 \$	Audited Twelve Months December 31, 2022 \$
<b>ASSETS</b>			
Cash and cash equivalents	206,688,392	54,647,159	30,928,714
Marketable Securities / Investments	25,000,000	-	225,000,000
Loans net of provisions for credit losses	789,505,817	679,476,720	760,623,841
Other receivables	29,764,964	16,980,533	8,553,645
Deposit	1,047,949	1,047,949	1,047,949
Due from director	-	-	-
Deferred tax assets	161,178	-	161,178
Property, plant and equipment	19,687,272	21,662,204	20,584,125
<b>TOTAL ASSETS</b>	<b><u>1,071,855,572</u></b>	<b><u>773,814,565</u></b>	<b><u>1,046,899,452</u></b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES:</b>			
Accounts payable and other liabilities	29,288,067	21,693,161	21,355,892
Secured corporate bond and promissory note	454,530,751	230,824,185	452,984,510
Notes payable	51,785,511	47,285,511	51,785,511
Deferred tax liabilities	-	646,095	-
Taxation Payable	9,449,677	1,278,624	-
	545,054,006	301,727,576	526,125,913
<b>EQUITY</b>			
Share capital	195,903,128	195,903,128	195,903,128
Revaluation surplus	3,841,596	11,052,413	3,841,596
Accumulated surplus	327,056,842	265,131,448	321,028,815
	526,801,566	472,086,989	520,773,539
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>1,071,855,572</u></b>	<b><u>773,814,565</u></b>	<b><u>1,046,899,452</u></b>

  
**Clifton Cameron**  
 Chairman

  
**Dennis Smith**  
 Chief Executive Officer



**ISP FINANCE SERVICES LIMITED**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**THREE MONTHS ENDED MARCH 31, 2023**

	<b>Share Capital \$</b>	<b>Revaluation Surplus \$</b>	<b>Accumulated Surplus \$</b>	<b>Total \$</b>
Balance as at December 31, 2022	195,903,128	3,841,596	321,028,815	520,773,539
<b>Other comprehensive income</b>				
Net profit for the period	-	-	6,028,027	6,028,027
Total comprehensive income	-	-	6,028,027	6,028,027
<b>Balance as at March 31, 2023</b>	<b>195,903,128</b>	<b>3,841,596</b>	<b>327,056,842</b>	<b>526,801,566</b>
Balance as at December 31, 2021	195,903,128	11,052,413	256,181,074	463,136,615
<b>Other comprehensive income</b>				
Net profit for the period	-	-	8,950,371	8,950,371
Total comprehensive income	-	-	8,950,371	8,950,371
<b>Balance as at March 31, 2022</b>	<b>195,903,128</b>	<b>11,052,413</b>	<b>265,131,445</b>	<b>472,086,986</b>



**ISP FINANCE SERVICES LIMITED**  
**UNAUDITED STATEMENT OF CASH FLOWS**  
**THREE MONTHS ENDED MARCH 31, 2023**

	<b>Unaudited Three Months Ended March 31, 2023 \$</b>	<b>Unaudited Three Months Ended March 31, 2022 \$</b>	<b>Audited Twelve Months Ended December 31, 2022 \$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Profit before interest and taxation	19,799,671	16,073,369	103,272,195
Adjustments for items not affecting cash resources:			
Depreciation on property, plant and equipment	1,549,074	1,938,873	7,142,668
Loss on sale of fixed assets	-	-	(821,941)
Unrealized foreign exchange gain	-	-	(31,171)
Bond amortization	1,546,241	584,488	3,299,704
Deferred taxation	9,449,677	1,278,624	(807,274)
	<u>32,344,663</u>	<u>19,875,354</u>	<u>112,054,181</u>
(Increase) /decrease in operating assets:			
Loans and other receivables	(56,668,061)	22,403,619	(49,927,120)
Deposit	-	-	-
Due from related party	-	-	-
Due from director	-	-	-
Increase /(decrease) in operating liabilities:			
Accounts payables and other payables	(3,909,549)	4,431,323	(5,837,370)
Cash provided by/(used in) operating activities	<u>(28,232,947)</u>	<u>46,710,296</u>	<u>56,289,691</u>
Interest paid	(11,726,097)	(3,747,780)	(37,046,740)
Taxation paid	(8,588,531)	(6,685,529)	(12,356,914)
Net cash used in operating activities	<u>(48,547,575)</u>	<u>36,276,987</u>	<u>6,886,037</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	(652,220)	(1,192,372)	(5,916,147)
Additions to investments	224,959,473	-	(215,000,000)
Proceeds from the sale of property, plant and equipment	-	-	1,420,000
Net cash used in investing activities	<u>224,307,253</u>	<u>(1,192,372)</u>	<u>(219,496,147)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of Bond	-	-	(232,000,000)
Bond Issue costs	-	-	(18,554,891)
Proceeds from secured bonds	-	-	470,000,000
Repayment of notes payable	-	-	4,500,000
Net cash used in financing activities	<u>-</u>	<u>-</u>	<u>223,945,109</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS -</b>	<b>175,759,678</b>	<b>35,084,615</b>	<b>11,334,999</b>
<b>CASH AND CASH EQUIVALENTS -Beginning of the year</b>	<b>30,928,714</b>	<b>19,562,544</b>	<b>19,562,544</b>
Exchange and gains on foreign cash balance	-	-	31,171
<b>CASH AND CASH EQUIVALENTS - End of the quarter</b>	<b><u>206,688,392</u></b>	<b><u>54,647,159</u></b>	<b><u>30,928,714</u></b>
<b>REPRESENTED BY:</b>			
Cash and cash equivalents	<u>206,688,392</u>	<u>54,647,159</u>	<u>30,928,714</u>



# ISP FINANCE SERVICES LIMITED

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

### THREE MONTHS ENDED MARCH 31, 2023

#### 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 2022 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, 2022.

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, 2023**

**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 end of the period.

**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, 2023**

**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, 2023 \$	Unaudited Three Months Ended March 31, 2022 \$	Audited Twelve Months Ended December 31, 2022 \$
Loans	908,806,083	811,649,444	851,821,550
Less:			
Provision for credit losses	<u>(119,300,266)</u>	<u>(132,172,724)</u>	<u>(91,197,709)</u>
	<u>789,505,817</u>	<u>679,476,720</u>	<u>760,623,841</u>

**5. SHARE CAPITAL**

	Unaudited Three Months Ended March 31, 2023 Number (‘000)	Unaudited Three Months Ended March 31, 2022 Number (‘000)	Audited Twelve Months Ended December 31, 2022 Number (‘000)
Authorized share capital:			
Ordinary shares	<u>105,000</u>	<u>105,000</u>	<u>105,000</u>
	Unaudited Three Months Ended March 31, 2023 \$	Unaudited Three Months Ended March 31, 2022 \$	Audited Twelve Months Ended December 31, 2022 \$
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, 2023**

**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, 2022, the Company issued a secured bond. The bond attracts an interest rate of 11.5% per annum. The bond matures on September 30, 2025. 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 1<sup>st</sup> 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 2<sup>nd</sup> 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**  
**THREE MONTHS ENDED MARCH 31, 2023**

**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.

	<b>Unaudited Three Months Ended March 31, 2023</b>	<b>Unaudited Three Months Ended March 31, 2022</b>	<b>Audited Twelve Months Ended December 31, 2022</b>
Net profit	\$ 6,028,027	8,950,371	57,636,924
Weighted average number of shares	No 105,000,000	105,000,000	105,000,000
Earnings per share	\$ 0.057	0.085	0.55

**9. PROFIT BEFORE INTEREST AND TAXATION**

	<b>Unaudited Three Months Ended March 31, 2023</b>	<b>Unaudited Three Months Ended March 31,2022</b>	<b>Audited Twelve Months Ended December 31, 2022</b>
	\$	\$	\$
Net profit for the period	6,889,174	10,228,995	57,636,924
Current year taxation charge	(861,147)	(1,278,624)	8,588,531
Profit before interest	6,028,027	8,950,371	66,225,455
Interest expense	13,771,644	7,122,998	37,046,740
Profit before interest and taxation	19,799,671	16,073,369	103,272,195



**ISP FINANCE SERVICES LIMITED**  
**THREE MONTHS ENDED MARCH 31, 2023**

**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 Ann Smith	1,500,00
6 Bridgeview Investments Limited	611,707
7 Bridgeton Management Services Limited	400,039
8 Virgen Advertising Limited	275,116
9 Carissa Gordon	204,250
10 Marston Gordon	188,737

**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
<u>Senior Managers</u>	
Seymour Smith	75,000
<u>Connected Parties</u>	
Gencorp Limited	50,517,500
Sunfisher Corporation	45,832,500