



# FINANCE SERVICES LTD.

**UNAUDITED FINANCIAL STATEMENTS**

**3<sup>rd</sup> QUARTER ENDED SEPTEMBER 30, 2021**



**ISP FINANCE SERVICES LIMITED**  
**UNAUDITED FINANCIAL STATEMENTS**  
**NINE MONTHS ENDED SEPTEMBER 30, 2021**

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**ISP FINANCE SERVICES LIMITED  
UNAUDITED FINANCIAL STATEMENTS  
NINE MONTHS ENDED SEPTEMBER 30, 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 3<sup>rd</sup> Quarter ended September 30, 2021.

The Company's Interest Income increased from J\$85.838 million to J\$114.134 million in the 3<sup>rd</sup> Quarter representing an increase of J\$38.3 million or 33.0 % over the corresponding quarter in 2020.

Net Operating Income after Interest Expenses and Commissions totaled J\$104.1 m up from J\$77.5m recorded in the 3<sup>rd</sup> Quarter of 2020 representing an increase of J\$26.6m or 34.4%. The performance to date reflects a targeted approach to sales and customer service.

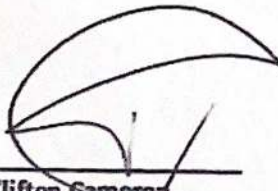
Operating Expenses for the 3<sup>rd</sup> Quarter ended September 30, 2021 totaled J\$80.1 million, an increase of 40.7% over the corresponding period in 2020 of J\$56.9 million. This was due to the company's conservative policy of loan loss provisioning for loans in arrears. However, the company's Net Operating Income after Interest Expenses and Commissions recorded J\$289.66m for the nine months ended September 2021 representing a 22% increase over the J\$237m reported for the corresponding nine months in 2020.

The Company's net profit before tax for the 3<sup>rd</sup> Quarter of 2020 was \$24 million, an increase of \$3.4 million or 16.8 % over the same period last year.

Earnings per share stood at \$0.508 at the end of the 3<sup>rd</sup> Quarter of 2021 compared to \$0.483 at the end of the 3<sup>rd</sup> Quarter of 2020 reflecting an improvement of 5.1%.

The total assets of the Company grew by \$101.2 million to \$799.3 million which represents a 14.5% increase over the comparative period. The growth was attributable to the Company's loan portfolio which increased by 10.7% over the review period moving to \$698 million at September 30, 2021 from \$630.4 million at the end of September 30, 2020.

We 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**  
**NINE MONTHS ENDED SEPTEMBER 30, 2021**

	Unaudited Three Months Ended September 30, 2021	Unaudited Three Months Ended September 30, 2020	Unaudited Nine Months Ended September 30, 2021	Unaudited Nine Months Ended September 30, 2020	Audited Twelve Months Ended December 31, 2020
	\$	\$	\$	\$	\$
<b>OPERATING INCOME</b>					
Interest income from loans	114,133,699	85,837,716	318,359,402	263,617,858	369,108,249
Interest income from banks and other receivables	96	106	476	189	3,568,298
Total interest income	<u>114,133,795</u>	<u>85,837,822</u>	<u>318,359,878</u>	<u>263,618,047</u>	<u>372,676,547</u>
Interest expenses	7,727,516	7,347,280	23,113,444	22,224,756	29,582,355
Net interest income	<u>106,406,279</u>	<u>78,490,542</u>	<u>295,246,434</u>	<u>241,393,291</u>	<u>343,094,192</u>
Commission expenses on loans	(2,304,344)	(1,065,332)	(5,403,399)	(4,624,299)	(6,292,140)
	<u>104,101,935</u>	<u>77,425,210</u>	<u>289,843,035</u>	<u>236,768,992</u>	<u>336,802,052</u>
Other operating income					
Foreign exchange gain (/loss)	21,647	17,910	(87,095)	(79,404)	(71,347)
Service fees	-	-	(138,000)	-	-
Other income	(100)	43,989	41,000	395,544	984,000
	<u>21,547</u>	<u>61,899</u>	<u>(184,095)</u>	<u>316,140</u>	<u>912,653</u>
	<u>104,123,482</u>	<u>77,487,109</u>	<u>289,658,940</u>	<u>237,085,132</u>	<u>337,714,705</u>
<b>OPERATING EXPENSES</b>					
Staff costs	30,200,143	21,206,695	87,401,176	79,697,512	99,327,803
Allowance for credit losses	20,100,000	10,416,000	58,300,000	30,831,467	66,226,626
Depreciation expense	1,934,984	1,393,595	5,773,261	4,019,268	5,313,556
Other operating expenses	27,864,813	23,908,657	79,107,839	71,784,152	100,732,761
	<u>80,099,940</u>	<u>56,924,947</u>	<u>230,582,276</u>	<u>186,332,399</u>	<u>271,600,747</u>
<b>Profit before taxation</b>	<u>24,023,542</u>	<u>20,562,161</u>	<u>59,076,663</u>	<u>50,752,733</u>	<u>66,113,958</u>
<b>Taxation charge</b>	<u>(3,002,943)</u>	<u>-</u>	<u>(5,787,922)</u>	<u>-</u>	<u>(720,871)</u>
<b>Net profit</b>	<u>21,020,599</u>	<u>20,562,161</u>	<u>53,288,741</u>	<u>50,752,733</u>	<u>65,393,087</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>21,020,599</u>	<u>20,562,161</u>	<u>53,288,741</u>	<u>50,752,733</u>	<u>65,393,087</u>
Earnings per share (\$)	<u>0.200</u>	<u>0.196</u>	<u>0.508</u>	<u>0.484</u>	<u>0.62</u>



**ISP FINANCE SERVICES LIMITED**  
**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
**NINE MONTHS ENDED SEPTEMBER 30, 2021**

	Unaudited Nine Months Ended September 30, 2021 \$	Unaudited Nine Months Ended September 30, 2020 \$	Audited Twelve Months December 31, 2020 \$
<b>ASSETS</b>			
Cash and cash equivalents	50,983,054	22,232,418	32,407,946
Loans net of provisions for credit losses	698,092,583	630,495,450	675,125,906
Other receivables	24,871,491	10,645,333	11,431,636
Deposit	1,047,949	1,047,949	1,047,949
Due from related party	-	5,017,700	-
Due from director	-	-	-
Deferred tax assets	-	-	-
Property, plant and equipment	24,381,352	28,693,994	28,417,384
<b>TOTAL ASSETS</b>	<b><u>799,376,429</u></b>	<b><u>698,132,844</u></b>	<b><u>748,430,821</u></b>

**LIABILITIES AND EQUITY**

**LIABILITIES:**

Accounts payable and other liabilities	42,767,358	21,859,572	23,758,121
Secured corporate bond and promissory note	239,761,452	234,863,543	267,901,746
Notes payable	47,246,793	46,246,793	46,246,793
Deferred tax liabilities	1,796,720	1,075,849	1,796,720
Taxation Payable	5,787,922	-	-
	<b>337,360,245</b>	<b>304,045,757</b>	<b>339,703,380</b>

**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	255,060,643	187,131,546	201,771,900
	<b>462,016,184</b>	<b>394,087,087</b>	<b>408,727,441</b>

<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>799,376,429</u></b>	<b><u>698,132,844</u></b>	<b><u>748,430,821</u></b>
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 Clifton Cameron  
 Chairman

  
 Dennis Smith  
 Chief Executive Officer





**ISP FINANCE SERVICES LIMITED**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**NINE MONTHS ENDED SEPTEMBER 30, 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
<b>Other comprehensive income</b>				
Net profit for the period	-	-	53,288,741	53,288,741
Total comprehensive income	-	-	53,288,741	53,288,741
<b>Balance as at Sept 30, 2021</b>	<b>195,903,128</b>	<b>11,052,413</b>	<b>255,060,641</b>	<b>462,016,182</b>
Balance as at December 31, 2019	195,903,128	11,052,413	136,378,813	343,334,354
<b>Other comprehensive income</b>				
Net profit for the period	-	-	50,752,733	50,752,733
Total comprehensive income	-	-	50,752,733	50,752,733
<b>Balance as at Sept 30, 2020</b>	<b>195,903,128</b>	<b>11,052,413</b>	<b>187,131,546</b>	<b>394,087,087</b>



**ISP FINANCE SERVICES LIMITED**  
**UNAUDITED STATEMENT OF CASH FLOWS**  
**NINE MONTHS ENDED SEPTEMBER 30, 2021**

	Unaudited Nine Months Ended September 30, 2021 S	Unaudited Nine Months Ended September 30, 2020 S	Audited Twelve Months Ended December 31, 2020 S
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Profit before interest and taxation	76,402,185	72,977,489	94,975,442
Adjustments for items not affecting cash resources:			
Depreciation on property, plant and equipment	5,773,261	4,019,268	5,313,556
Loss on sale of fixed assets	138,000		
Unrealized foreign exchange gain	87,095	79,403	71,347
Bond amortization	1,753,463	1,753,463	2,337,951
Deferred taxation	5,787,922	-	720,871
	<u>89,941,926</u>	<u>78,829,623</u>	<u>103,419,167</u>
(Increase) /decrease in operating assets:			
Loans and other receivables	(37,917,316)	(11,417,037)	(56,403,350)
Deposit		(551,349)	(551,349)
Due from related party		(6,541)	5,011,159
Due from director	-	-	-
Increase /(decrease) in operating liabilities:			
Accounts payables and other payables	17,113,543	(14,362,547)	(12,613,118)
Cash provided by/(used in) operating activities	69,138,153	52,492,149	38,862,509
Interest paid	(20,731,059)	(22,029,674)	(29,582,355)
Taxation paid	-	-	-
Net cash used in operating activities	<u>48,407,094</u>	<u>30,462,475</u>	<u>9,280,154</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	(2,675,229)	(7,989,826)	(9,007,504)
Proceeds from the sale of property, plant and equipment	800,000	-	-
Net cash used in investing activities	<u>(1,875,229)</u>	<u>(7,989,826)</u>	<u>(9,007,504)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of Bond			
Proceeds from the secured promissory note	(28,956,757)	(22,453,715)	(10,000,000)
Proceeds from issue of bonds			19,993,161
Repayment of notes payable	1,000,000	(599,588)	(599,588)
Net cash used in financing activities	<u>(27,956,757)</u>	<u>(23,053,303)</u>	<u>9,393,573</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS -</b>	<b>18,575,108</b>	<b>(580,653)</b>	<b>9,666,222</b>
<b>CASH AND CASH EQUIVALENTS -Beginning of the year</b>	<b>32,407,946</b>	<b>22,813,071</b>	<b>22,813,071</b>
Exchange and gains on foreign cash balance			(71,347)
<b>CASH AND CASH EQUIVALENTS - End of the quarter</b>	<b><u>50,983,054</u></b>	<b><u>22,232,418</u></b>	<b><u>32,407,946</u></b>
<b>REPRESENTED BY:</b>			
Cash and cash equivalents	<u>50,983,054</u>	<u>22,232,418</u>	<u>32,407,946</u>





## **ISP FINANCE SERVICES LIMITED**

### **NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

### **NINE MONTHS ENDED SEPTEMBER 30, 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**  
**NINE MONTHS ENDED SEPTEMBER 30, 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**  
**NINE MONTHS ENDED SEPTEMBER 30, 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 Nine Months Ended September 30, 2021 \$	Unaudited Nine Months Ended September 30, 2020 \$	Audited Twelve Months Ended December 31, 2020 \$
Loans	920,1234,631	821,763,940	847,887,139
Less:			
Provision for credit losses	<u>(222,142,048)</u>	<u>(191,268,490)</u>	<u>(172,761,233)</u>
	<u>698,092,583</u>	<u>630,495,450</u>	<u>675,125,906</u>

**5. SHARE CAPITAL**

	Unaudited Nine Months Ended September 30, 2021 Number (‘000)	Unaudited Nine Months Ended September 30, 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 Nine Months Ended September 30, 2021 \$	Unaudited Nine Months Ended September 30, 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	<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**  
**NINE MONTHS ENDED SEPTEMBER 30, 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 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**  
**NINE MONTHS ENDED SEPTEMBER 30, 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.

	<b>Unaudited Three Months Ended September 30, 2021</b>	<b>Unaudited Three Months Ended September 30, 2020</b>	<b>Unaudited Nine Months Ended September 30, 2021</b>	<b>Unaudited Nine Months Ended September 30, 2020</b>	<b>Audited Twelve Months Ended December 31, 2020</b>
Net profit	\$ 21,020,599	20,562,161	53,288,741	50,752,733	65,393,087
Weighted average number of shares	No 105,000,000	105,000,000	105,000,000	105,000,000	105,000,000
Earnings per share	\$ 0.200	0.196	0.508	0.484	0.62

**9. PROFIT BEFORE INTEREST AND TAXATION**

	<b>Unaudited Nine Months Ended September 30, 2021</b>	<b>Unaudited Nine Months Ended September 30, 2020</b>	<b>Audited Twelve Months Ended December 31, 2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net profit for the period	59,076,663	50,752,733	66,113,958
Current year taxation charge	(5,787,922)	-	(720,871)
Profit before interest	53,288,741	50,752,733	65,393,087
Interest expense	23,113,444	22,224,756	29,582,355
Profit before interest and taxation	76,402,185	72,977,489	94,975,442





**ISP FINANCE SERVICES LIMITED**  
**NINE MONTHS ENDED SEPTEMBER 30, 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 (Estate)	1,500,000
7 Rezworth Burchenson - Joint holder -Valerie Burchenson	612,529
8 Bridgeton Management Services Limited	400,039
9 Virgen Advertising Limited	275,116
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	33,443
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