



FINANCE SERVICES LTD.

UNAUDITED FINANCIAL STATEMENTS

1st QUARTER ENDED MARCH 31, 2022



**ISP FINANCE SERVICES LIMITED
UNAUDITED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2022**

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**ISP FINANCE SERVICES LIMITED
UNAUDITED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2022**

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, 2022.

The Company's Interest Income increased from J\$90 million to J\$104.5 million in the 1st Quarter representing an increase of J\$14.4 million or 16% over the corresponding quarter of 2021.

The Company's Net Operating Income after Interest Expenses and Commissions totaled J\$93.7m versus J\$80.9m recorded in the 1st Quarter of 2021 representing an increase of J\$12.8 m or 15.8%.

The Company's net profit before tax for the 1st Quarter of 2022 was \$10.2 million, a decrease of \$2.5 million or 19.9 % over the same period last year. The decline in profits recorded is due to the substantial increase in the provision for bad and doubtful debts despite the year on year increase in Interest Income.


Earnings per share stood at \$0.085 at the end of the 1st Quarter of 2022 compared to \$0.122 at the end of the 1st Quarter of 2021 reflecting a reduction of 29.9%.

The total assets of the Company stood at \$773.8 million which represents a 0.2% decrease over the comparative period.

Operating expenses for the 1st Quarter ended March 31, 2022 amounted to \$83.4 million, an increase of 22.6% or \$15.3 million over the corresponding period in 2021 of J\$68.1 million.

The Board of Directors anticipates that the re-opening of the economy in the early part of the 2nd Quarter of 2022 is likely to have a positive impact on the Company's performance for the remainder of the calendar year.

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, 2022

	Unaudited Three Months Ended March 31, 2022	Unaudited Three Months Ended March 31, 2021	Audited Twelve Months Ended December 31, 2021
	\$	\$	\$
OPERATING INCOME			
Interest income from loans	104,444,171	90,097,445	434,052,735
Interest income from banks and other receivables	105,668	-	53,872
Total interest income	104,549,839	90,097,445	434,106,607
Interest expenses	7,122,998	7,761,332	29,892,179
Net interest income	97,426,840	82,336,113	404,214,428
Commission expenses on loans	(3,701,534)	(1,374,739)	(10,088,641)
	93,725,306	80,961,374	394,125,787
Other operating income			
Foreign exchange gain /(loss)	-	78,000	(571,112)
Service fees	-	(138,000)	-
Other income	-	2,700	-
	-	(57,300)	(571,112)
	93,725,306	80,904,074	393,554,675
OPERATING EXPENSES			
Staff costs	29,729,683	27,719,669	97,838,232
Allowance for credit losses	24,000,000	14,100,000	115,916,604
Depreciation expense	1,938,873	1,916,819	7,714,175
Other operating expenses	27,827,755	24,394,299	112,141,585
	83,496,311	68,130,787	333,610,596
Profit before taxation	10,228,995	12,773,287	59,944,079
Taxation charge	(1,278,624)	-	(5,534,905)
Net profit	8,950,371	12,773,287	54,409,174
Other comprehensive income that may be reclassified to profit and loss			
Revaluation of property, plant and equipment	-	-	-
Total comprehensive income for the year	8,950,371	12,773,287	54,409,174
Earnings per share (\$)	0.085	0.122	0.52



ISP FINANCE SERVICES LIMITED
UNAUDITED STATEMENT OF FINANCIAL POSITION
THREE MONTHS ENDED MARCH 31, 2022

	Unaudited Three Months Ended March 31, 2022 \$	Unaudited Three Months Ended March 31, 2021 \$	Audited Twelve Months December 31, 2021 \$
ASSETS			
Cash and cash equivalents	54,647,159	28,735,583	19,562,544
Loans net of provisions for credit losses	679,476,720	675,937,617	713,813,883
Other receivables	16,980,533	43,502,876	5,436,483
Deposit	1,047,949	1,047,949	1,047,949
Investments	-	-	10,000,000
Due from director	-	-	-
Deferred tax assets	-	-	-
Property, plant and equipment	21,662,204	-	-
TOTAL ASSETS	773,814,565	775,088,501	772,269,565
LIABILITIES AND EQUITY			
LIABILITIES:			
Accounts payable and other liabilities	21,693,161	47,420,507	30,961,646
Secured corporate bond and promissory note	230,824,185	258,123,751	230,239,697
Notes payable	47,285,511	46,246,793	47,285,511
Deferred tax liabilities	646,095	1,796,720	646,096
Taxation Payable	1,278,624	-	-
	301,727,576	353,587,771	309,132,950
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	265,131,448	214,545,189	256,181,074
	472,086,989	421,500,730	463,136,615
TOTAL EQUITY AND LIABILITIES	773,814,565	775,088,501	772,269,565


Clifton Cameron
 Chairman


Dennis Smith
 Chief Executive Officer



ISP FINANCE SERVICES LIMITED
UNAUDITED STATEMENT OF CHANGES IN EQUITY
Three MONTHS ENDED MARCH 31, 2022

	Share Capital \$	Revaluation Surplus \$	Accumulated Surplus \$	Total \$
Balance as at December 31, 2021	195,903,128	11,052,413	256,181,074	463,136,615
Other comprehensive income				
Net profit for the period	-	-	8,950,371	8,950,371
Total comprehensive income	-	-	8,950,371	8,950,371
Balance as at March 31, 2022	<u>195,903,128</u>	<u>11,052,413</u>	<u>265,131,445</u>	<u>472,086,986</u>
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	<u>195,903,128</u>	<u>11,052,413</u>	<u>214,545,189</u>	<u>421,500,730</u>



ISP FINANCE SERVICES LIMITED
UNAUDITED STATEMENT OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2022

	Unaudited Three Months Ended March 31, 2022 \$	Unaudited Three Months Ended March 31, 2021 \$	Audited Twelve Months Ended December 31, 2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before interest and taxation	16,073,369	20,534,619	90,986,882
Adjustments for items not affecting cash resources:			
Depreciation on property, plant and equipment	1,938,873	1,916,819	7,714,175
Loss on sale of fixed assets	-	138,000	138,000
Unrealized foreign exchange gain	-	(78,000)	460,289
Bond amortization	584,488	584,488	2,337,951
Deferred taxation	1,278,624	-	(7,836,153)
	<u>19,875,354</u>	<u>23,095,926</u>	<u>93,801,144</u>
(Increase) /decrease in operating assets:			
Loans and other receivables	22,403,619	(34,187,767)	(32,692,824)
Deposit	-	-	-
Due from related party	-	-	-
Due from director	-	-	-
Increase /(decrease) in operating liabilities:			
Accounts payables and other payables	4,431,323	23,510,172	7,203,525
Cash provided by/(used in) operating activities	<u>46,710,296</u>	<u>12,418,331</u>	<u>68,311,845</u>
Interest paid	(3,747,780)	(7,122,429)	(29,892,179)
Taxation paid	(6,685,529)	-	-
Net cash used in operating activities	<u>36,276,987</u>	<u>5,295,902</u>	<u>38,419,666</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	(1,192,372)	(301,910)	(2,643,497)
Purchase of Unsecured Bond	-	-	(10,000,000)
Proceeds from the sale of property, plant and equipment	-	800,000	800,000
Net cash used in investing activities	<u>(1,192,372)</u>	<u>498,090</u>	<u>(11,843,497)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Bond	-	-	(40,000,000)
Proceeds from the secured promissory note	-	(9,425,482)	-
Proceeds from issue of bonds	-	-	-
Repayment of notes payable	-	-	1,038,718
Net cash used in financing activities	<u>-</u>	<u>9,425,482</u>	<u>(38,961,282)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS -	35,084,615	(3,631,490)	(12,385,113)
CASH AND CASH EQUIVALENTS -Beginning of the year	19,562,544	32,367,073	32,407,946
Exchange and gains on foreign cash balance	-	-	(460,289)
CASH AND CASH EQUIVALENTS - End of the quarter	<u>54,647,159</u>	<u>28,735,583</u>	<u>19,562,544</u>
REPRESENTED BY:			
Cash and cash equivalents	<u>54,647,159</u>	<u>28,735,583</u>	<u>19,562,544</u>



ISP FINANCE SERVICES LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2022

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 2021 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, 2021.

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
THREE MONTHS ENDED MARCH 31, 2022

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, 2022

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

e) 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, 2022 \$	Unaudited Three Months Ended March 31, 2021 \$	Audited Twelve Months Ended December 31, 2021 \$
Loans	811,649,444	853,869,217	936,138,447
Less:			
Provision for credit losses	(132,172,724)	(177,931,600)	(222,324,564)
	<u>679,476,720</u>	<u>675,937,617</u>	<u>713,813,883</u>

5. SHARE CAPITAL

	Unaudited Three Months Ended March 31, 2022 Number (‘000)	Unaudited Three Months Ended March 31, 2021 Number (‘000)	Audited Twelve Months Ended December 31, 2021 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, 2022 \$	Unaudited Three Months Ended March 31, 2021 \$	Audited Twelve Months Ended December 31, 2021 \$
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
THREE MONTHS ENDED MARCH 31, 2022

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
THREE MONTHS ENDED MARCH 31, 2022

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 March 31, 2022	Unaudited Three Months Ended March 31, 2021	Audited Twelve Months Ended December 31, 2021
Net profit	\$ <u>8,950,371</u>	<u>12,773,287</u>	<u>54,409,174</u>
Weighted average number of shares	<u>105,000,000</u>	<u>105,000,000</u>	<u>105,000,000</u>
Earnings per share	\$ <u>0.085</u>	<u>0.122</u>	<u>0.52</u>

9. PROFIT BEFORE INTEREST AND TAXATION

	Unaudited Three Months Ended March 31, 2022	Unaudited Three Months Ended March 31, 2021	Audited Twelve Months Ended December 31, 2021
	\$	\$	\$
Net profit for the period	10,228,995	12,773,287	54,409,174
Current year taxation charge	<u>(1,278,624)</u>	<u>-</u>	<u>6,685,529</u>
Profit before interest	<u>8,950,371</u>	<u>12,773,287</u>	<u>61,094,703</u>
Interest expense	<u>7,122,998</u>	<u>7,761,332</u>	<u>29,892,179</u>
Profit before interest and taxation	<u>16,073,369</u>	<u>20,534,619</u>	<u>90,986,882</u>



ISP FINANCE SERVICES LIMITED
THREE MONTHS ENDED MARCH 31, 2022

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	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	33,442
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