



# **FINANCE SERVICES LTD.**

**UNAUDITED FINANCIAL STATEMENTS**

**3rd QUARTER ENDED SEPTEMBER 30, 2022**



**ISP FINANCE SERVICES LIMITED**  
**UNAUDITED FINANCIAL STATEMENTS**  
**NINE MONTHS ENDED SEPTEMBER 30, 2022**

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**ISP FINANCE SERVICES LIMITED  
UNAUDITED FINANCIAL STATEMENTS  
NINE MONTHS ENDED SEPTEMBER 30, 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 3rd Quarter ended September 30, 2022.

The Company's Interest Income increased from J\$318.3 million to J\$326.5 million in the 3rd Quarter representing an increase of J\$8.1 million or 2.6 % over the corresponding quarter in 2021 despite the reduction in demand for loans in the current macro-economic environment of rising inflation and interest rates.

The Company's Net Operating Income after Interest Expenses and Commissions totaled J\$294.1 m versus J\$289.8m recorded in the 3rd Quarter of 2021 representing an increase of J\$4.3 m or 1.5%

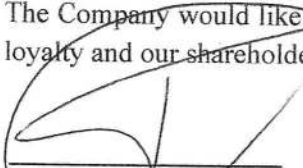
The Company's net profit before tax for the 3rd Quarter of 2022 was \$54.40 million, a decrease of \$4.50 million or 8.6 % over the same period last year.

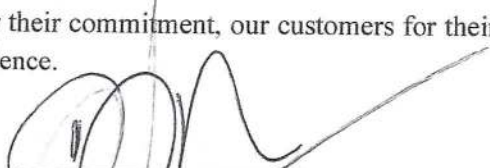
Earnings per share stood at \$0.454 at the end of the 3rd Quarter of 2022 compared to \$0.508 at the end of the 3rd Quarter of 2021.

The total assets of the Company stood at \$838.1 million which represents a 4.8% increase over the comparative period.

Operating expenses for the 3rd Quarter ended September 30, 2022 amounted to \$248.3 million, an increase of 7.7% or \$17.7 million over the corresponding period in 2021 of J\$230.5 million. The increase is primarily due to sales initiatives to promote and instill loan demand.

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**  
**NINE MONTHS ENDED SEPTEMBER 30, 2022**

	Unaudited Three Months Ended September 30, 2022	Unaudited Three Months Ended September 30, 2021	Unaudited Nine Months Ended September 30, 2022	Unaudited Nine Months Ended September 30, 2021	Audited Twelve Months Ended December 31, 2021
	\$	\$	\$	\$	\$
<b>OPERATING INCOME</b>					
Interest income from loans	108,772,951	114,133,699	326,446,983	318,359,402	434,052,735
Interest income from banks and other receivables	46	96	105,718	476	53,872
Total interest income	<u>108,772,997</u>	<u>114,133,795</u>	<u>326,552,701</u>	<u>318,359,878</u>	<u>434,106,607</u>
Interest expenses	<u>6,723,103</u>	<u>7,727,516</u>	<u>21,046,541</u>	<u>23,113,444</u>	<u>29,892,179</u>
Net interest income	102,049,894	106,406,279	305,506,160	295,246,434	404,214,428
Commission expenses on loans	<u>(3,357,238)</u>	<u>(2,304,344)</u>	<u>(11,330,409)</u>	<u>(5,403,399)</u>	<u>(10,088,641)</u>
	98,692,656	104,101,935	294,175,751	289,843,035	394,125,787
Other operating income					
Foreign exchange gain (/loss)	-	21,647	22,415	(87,095)	(571,112)
Service fees	-	-	-	(138,000)	-
Other income	<u>8,652,359</u>	<u>(100)</u>	<u>8,652,359</u>	<u>41,000</u>	<u>-</u>
	<u>8,652,359</u>	<u>21,547</u>	<u>8,674,774</u>	<u>(184,095)</u>	<u>(571,112)</u>
	<u>107,345,015</u>	<u>104,123,482</u>	<u>302,850,525</u>	<u>289,658,940</u>	<u>393,554,675</u>
<b>OPERATING EXPENSES</b>					
Staff costs	28,679,971	30,200,143	90,025,376	87,401,176	97,838,232
Allowance for credit losses	23,250,000	20,100,000	69,750,000	58,300,000	115,916,604
Depreciation expense	1,883,279	1,934,984	5,623,280	5,773,261	7,714,175
Other operating expenses	<u>27,008,612</u>	<u>27,864,813</u>	<u>82,957,930</u>	<u>79,107,839</u>	<u>112,141,585</u>
	80,821,862	80,099,940	248,356,586	230,582,276	333,610,596
<b>Profit before taxation</b>	26,523,153	24,023,542	54,493,939	59,076,663	59,944,079
<b>Taxation charge</b>	<u>(3,315,394)</u>	<u>(3,002,943)</u>	<u>(6,811,743)</u>	<u>(5,787,922)</u>	<u>(5,534,905)</u>
<b>Net profit</b>	<u>23,207,759</u>	<u>21,020,599</u>	<u>47,682,196</u>	<u>53,288,741</u>	<u>54,409,174</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>23,207,759</u>	<u>21,020,599</u>	<u>47,682,196</u>	<u>53,288,741</u>	<u>54,409,174</u>
Earnings per share (\$)	<u>0.221</u>	<u>0.200</u>	<u>0.454</u>	<u>0.508</u>	<u>0.52</u>



**ISP FINANCE SERVICES LIMITED**  
**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
**NINE MONTHS ENDED SEPTEMBER 30, 2022**

	Unaudited Nine Months Ended September 30, 2022 \$	Unaudited Nine Months Ended September 30, 2021 \$	Audited Twelve Months December 31, 2021 \$
<b>ASSETS</b>			
Cash and cash equivalents	78,001,222	50,983,054	19,562,544
Marketable Securities	15,000,000	-	10,000,000
Loans net of provisions for credit losses	679,114,311	698,092,583	713,813,883
Other receivables	43,071,132	24,871,491	5,436,483
Deposit	1,047,949	1,047,949	1,047,949
Due from director	-	-	-
Deferred tax assets	-	-	-
Property, plant and equipment	21,897,473	24,381,352	22,408,706
<b>TOTAL ASSETS</b>	<b>838,132,087</b>	<b>799,376,429</b>	<b>772,269,565</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES:</b>			
Accounts payable and other liabilities	36,076,764	42,767,358	30,961,646
Secured corporate bond and promissory note	231,993,160	239,761,452	230,239,697
Notes payable	51,785,511	47,246,793	47,285,511
Deferred tax liabilities	646,095	1,796,720	646,096
Taxation Payable	6,811,742	5,787,922	-
	327,313,272	337,360,245	309,132,950
<b>EQUITY</b>			
Share capital	195,903,128	195,903,128	195,903,128
Revaluation surplus	11,052,413	11,052,413	11,052,413
Accumulated surplus	303,863,274	255,060,643	256,181,074
	510,818,815	462,016,184	463,136,615
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>838,132,087</b>	<b>799,376,429</b>	<b>772,269,565</b>

  
**Clifton Cameron**  
 Chairman

  
**Dennis Smith**  
 Chief Executive Officer



**ISP FINANCE SERVICES LIMITED**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**NINE MONTHS ENDED SEPTEMBER 30, 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
<b>Other comprehensive income</b>				
Net profit for the period	-	-	47,682,196	47,682,196
Total comprehensive income	-	-	47,682,196	47,682,196
<b>Balance as at Sept 30, 2022</b>	<b><u>195,903,128</u></b>	<b><u>11,052,413</u></b>	<b><u>303,863,270</u></b>	<b><u>510,818,811</u></b>
Balance as at December 31, 2020	195,903,128	11,052,413	201,771,902	408,727,443
<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><u>195,903,128</u></b>	<b><u>11,052,413</u></b>	<b><u>255,060,643</u></b>	<b><u>462,016,184</u></b>



**ISP FINANCE SERVICES LIMITED**  
**UNAUDITED STATEMENT OF CASH FLOWS**  
**NINE MONTHS ENDED SEPTEMBER 30, 2022**

	Unaudited Nine Months Ended September 30, 2022 \$	Unaudited Nine Months Ended September 30, 2021 \$	Audited Twelve Months Ended December 31, 2021 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Profit before interest and taxation	68,728,738	76,402,185	90,986,882
Adjustments for items not affecting cash resources:			
Depreciation on property, plant and equipment	5,623,280	5,773,261	7,714,175
Loss on sale of fixed assets	-	138,000	138,000
Unrealized foreign exchange gain	(22,415)	87,095	460,289
Bond amortization	1,753,463	1,753,463	2,337,951
Deferred taxation	6,811,742	5,787,922	(7,836,153)
	<u>82,894,808</u>	<u>89,941,926</u>	<u>93,801,144</u>
(Increase) /decrease in operating assets:			
Loans and other receivables	(18,302,156)	(37,917,316)	(32,692,824)
Deposit	-	-	-
Due from related party	-	-	-
Due from director	-	-	-
Increase /(decrease) in operating liabilities:			
Accounts payables and other payables	18,663,461	17,113,543	7,203,525
Cash provided by/(used in) operating activities	<u>83,256,113</u>	<u>69,138,153</u>	<u>68,311,845</u>
Interest paid	(17,350,903)	(20,731,059)	(29,892,179)
Taxation paid	(6,685,529)	-	-
Net cash used in operating activities	<u>59,219,681</u>	<u>48,407,094</u>	<u>38,419,666</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	(5,281,003)	(2,675,229)	(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>(5,281,003)</u>	<u>(1,875,229)</u>	<u>(11,843,497)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of Bond	-	-	(40,000,000)
Proceeds from the secured promissory note	-	(28,956,757)	-
Proceeds from issue of bonds	-	-	-
Repayment of notes payable	4,500,000	1,000,000	1,038,718
Net cash used in financing activities	<u>4,500,000</u>	<u>(27,956,757)</u>	<u>(38,961,282)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS -</b>			
<b>EQUIVALENTS -</b>	58,438,678	18,575,108	(12,385,113)
<b>CASH AND CASH EQUIVALENTS -Beginning of the year</b>	19,562,544	32,407,946	32,407,946
Exchange and gains on foreign cash balance	-	-	(460,289)
<b>CASH AND CASH EQUIVALENTS - End of the quarter</b>	<u>78,001,222</u>	<u>50,983,054</u>	<u>19,562,544</u>
<b>REPRESENTED BY:</b>			
Cash and cash equivalents	<u>78,001,222</u>	<u>50,983,054</u>	<u>19,562,544</u>



# **ISP FINANCE SERVICES LIMITED**

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

### **NINE MONTHS ENDED SEPTEMBER 30, 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, 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**  
**NINE MONTHS ENDED SEPTEMBER 30, 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**  
**NINE MONTHS ENDED SEPTEMBER 30, 2022**

**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, 2022 \$	Unaudited Nine Months Ended September 30, 2021 \$	Audited Twelve Months Ended December 31, 2021 \$
Loans	856,261,091	920,234,631	936,138,447
Less:			
Provision for credit losses	<u>(177,146,780)</u>	<u>(222,142,048)</u>	<u>(222,324,564)</u>
	<u>679,114,311</u>	<u>698,092,583</u>	<u>713,813,883</u>

**5. SHARE CAPITAL**

	Unaudited Nine Months Ended September 30, 2022 Number ( '000)	Unaudited Nine Months Ended September 30, 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 Nine Months Ended September 30, 2022 \$	Unaudited Nine Months Ended September 30, 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	<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, 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 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, 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.

		<b>Unaudited Three Months Ended September 30, 2022</b>	<b>Unaudited Three Months Ended September 30, 2021</b>	<b>Unaudited Nine Months Ended September 30, 2022</b>	<b>Unaudited Nine Months Ended September 30, 2021</b>	<b>Audited Twelve Months Ended December 31, 2021</b>
Net profit	\$	<u>23,207,759</u>	<u>21,020,599</u>	<u>47,682,196</u>	<u>53,288,741</u>	<u>54,409,174</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>0.221</u>	<u>0.200</u>	<u>0.454</u>	<u>0.508</u>	<u>0.52</u>

**9. PROFIT BEFORE INTEREST AND TAXATION**

	<b>Unaudited Nine Months Ended September 30, 2022</b>	<b>Unaudited Nine Months Ended September 30,2021</b>	<b>Audited Twelve Months Ended December 31, 2021</b>
	\$	\$	\$
Net profit for the period	54,493,939	59,076,663	54,409,174
Current year taxation charge	<u>(6,811,743)</u>	<u>(5,787,922)</u>	<u>6,685,529</u>
Profit before interest	47,682,196	53,288,741	61,094,703
Interest expense	<u>21,046,542</u>	<u>23,113,444</u>	<u>29,892,179</u>
Profit before interest and taxation	<u>68,728,738</u>	<u>76,402,185</u>	<u>90,986,882</u>



**ISP FINANCE SERVICES LIMITED**  
**NINE MONTHS ENDED SEPTEMBER 30, 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 Bridgeview Investments Limited	611,707
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