



FINANCE SERVICES LTD.

UNAUDITED FINANCIAL STATEMENTS

3rd QUARTER ENDED SEPTEMBER 30 2023



**ISP FINANCE SERVICES LIMITED
UNAUDITED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2023**

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ISP FINANCE SERVICES LIMITED UNAUDITED FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 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 3rd Quarter ended September 30, 2023.

The Company's Interest Income increased from J\$108.8 million to J\$137.5 million in the 3rd Quarter representing an increase of J\$28.8 million or 26.5 % over the corresponding quarter in 2022.

The Company's Net Operating Income after Interest Expenses and Commissions totaled J\$115.7 m versus J\$98.6m recorded in the 3rd Quarter of 2022 representing an increase of J\$17.07 m or 17.3%

The Company's net profit before tax for the 3rd Quarter of 2023 was \$27.04 million, an increase of \$0.52 million or 2 % over the same period last year. Global and domestic interest rate increases since mid-2022 have impacted the business in the current quarter via increased interest expenses.

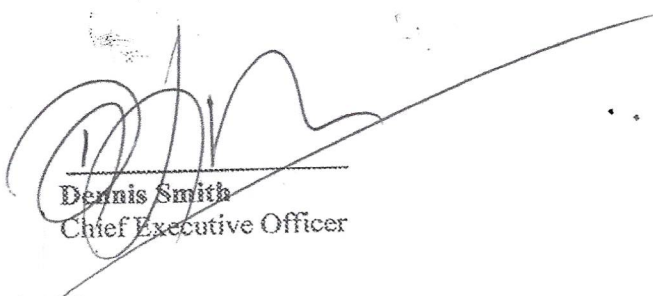
Earnings per share stood at \$0.215 at the end of the 3rd Quarter of 2023 compared to \$0.221 at the end of the 3rd Quarter of 2022 reflecting a decrease of 2.9%.


The total assets of the Company stood at \$1,109.4 million which represents a 32.4% increase over the comparative period. The comparative increase in the loan portfolio was coupled with a commensurate and prudent increase in the loan provision, consistent with Company precedent.

Operating expenses for the 3rd Quarter ended September 30, 2023 amounted to \$88.7 million, an increase of 9.8% or \$7.8.million over the corresponding period in 2022 of J\$80.8 million.

The Company is excited to announce that in July 2023, it received a Micro Finance License from the Bank of Jamaica and as such is now an Accredited Micro Financé Company.

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.


Dennis Smith
Chief Executive Officer


Diyal R. Fernando
Chief Financial Officer



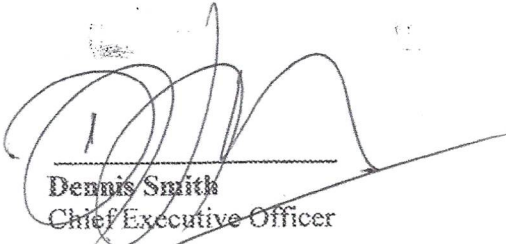
ISP FINANCE SERVICES LIMITED
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2023

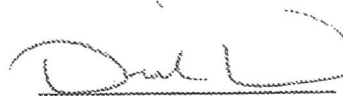
	Unaudited Three Months Ended September 30,2023	Unaudited Three Months Ended September 30,2022	Unaudited Nine Months Ended September 30,2023	Unaudited Nine Months Ended September 30,2022	Audited Twelve Months Ended December 31, 2022
	\$	\$	\$	\$	\$
OPERATING INCOME					
Interest income from loans	137,597,197	108,772,951	367,954,431	326,446,983	431,278,945
Interest income from banks and other receivables	<u>9</u>	<u>46</u>	<u>134</u>	<u>105,718</u>	<u>1,181,931</u>
Total interest income	137,597,206	108,772,997	367,954,565	326,552,701	432,460,876
Interest expenses	<u>15,362,140</u>	<u>6,723,103</u>	<u>46,042,579</u>	<u>21,046,541</u>	<u>37,046,740</u>
Net interest income	122,235,066	102,049,894	321,911,986	305,506,160	395,414,136
Commission expenses on loans	<u>(6,470,301)</u>	<u>(3,357,238)</u>	<u>(17,904,713)</u>	<u>(11,330,409)</u>	<u>(16,217,934)</u>
	115,764,765	98,692,656	304,007,273	294,175,751	379,196,202
Other operating income					
Foreign exchange gain (/loss)	-	-	30,000	22,415	31,171
Gain/Loss- Sale of FA	-	-	-	-	-
Other income	-	8,652,359	2,182,271	8,652,359	14,045,060
	-	8,652,359	2,212,271	8,674,774	14,076,231
	<u>115,764,765</u>	<u>107,345,015</u>	<u>306,219,544</u>	<u>302,850,525</u>	<u>393,272,433</u>
OPERATING EXPENSES					
Staff costs	27,945,908	28,679,971	81,535,811	90,025,376	112,795,116
Allowance for credit losses	28,379,849	23,250,000	83,734,814	69,750,000	93,000,000
Depreciation expense	1,429,488	1,883,279	4,461,828	5,623,280	7,142,668
Other operating expenses	<u>30,961,113</u>	<u>27,008,612</u>	<u>97,018,626</u>	<u>82,957,930</u>	<u>114,916,468</u>
	88,716,358	80,821,862	266,751,079	248,356,586	327,854,252
Profit before taxation	27,048,407	26,523,153	39,468,465	54,493,939	65,418,181
Taxation charge	<u>(4,507,617)</u>	<u>(3,315,394)</u>	<u>(6,060,124)</u>	<u>(6,811,743)</u>	<u>(7,781,257)</u>
Net profit	22,540,790	23,207,759	33,408,341	47,682,196	57,636,924
Other comprehensive income that may be reclassified to profit and loss					
Revaluation of property, plant and equipment	-	-	-	-	-
Total comprehensive income for the year	<u>22,540,790</u>	<u>23,207,759</u>	<u>33,408,341</u>	<u>47,682,196</u>	<u>57,636,924</u>
Earnings per share (\$)	<u>0.215</u>	<u>0.221</u>	<u>0.318</u>	<u>0.454</u>	<u>0.55</u>



ISP FINANCE SERVICES LIMITED
UNAUDITED STATEMENT OF FINANCIAL POSITION
NINE MONTHS ENDED SEPTEMBER 30, 2023

	Unaudited Nine Months Ended September 30, 2023 \$	Unaudited Nine Months Ended September 30, 2022 \$	Audited Twelve Months December 31, 2022 \$
ASSETS			
Cash and cash equivalents	46,016,963	78,001,222	30,928,714
Marketable Securities / Investments	25,000,000	15,000,000	225,000,000
Loans net of provisions for credit losses	959,852,757	679,114,311	760,623,841
Other receivables	60,188,975	43,071,132	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	17,180,968	21,897,473	20,584,125
TOTAL ASSETS	1,109,448,790	838,132,087	1,046,899,452
LIABILITIES AND EQUITY			
LIABILITIES:			
Accounts payable and other liabilities	33,212,511	36,076,764	21,355,892
Secured corporate bond and promissory note	457,623,233	231,993,160	452,984,510
Notes payable	51,785,511	51,785,511	51,785,511
Deferred tax liabilities	-	646,095	-
Taxation Payable	12,645,655	6,811,742	-
	555,266,910	327,313,272	526,125,913
EQUITY			
Share capital	195,903,128	195,903,128	195,903,128
Revaluation surplus	3,841,596	11,052,413	3,841,596
Accumulated surplus	354,437,156	303,863,274	321,028,815
	554,181,880	510,818,815	520,773,539
TOTAL EQUITY AND LIABILITIES	1,109,448,790	838,132,087	1,046,899,452


 Dennis Smith
 Chief Executive Officer


 Diyal R. Fernando
 Chief Financial Officer



ISP FINANCE SERVICES LIMITED
UNAUDITED STATEMENT OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2023

	Share Capital \$	Revaluation Surplus \$	Accumulated Surplus \$	Total \$
Balance as at December 31, 2022	195,903,128	3,841,596	321,028,815	520,773,539
Other comprehensive income				
Net profit for the period	-	-	33,408,341	33,408,341
Total comprehensive income	-	-	33,408,341	33,408,341
Balance as at Sept 30, 2023	<u>195,903,128</u>	<u>3,841,596</u>	<u>354,437,156</u>	<u>554,181,880</u>
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	-	-	47,682,196	47,682,196
Total comprehensive income	-	-	47,682,196	47,682,196
Balance as at Sept 30, 2022	<u>195,903,128</u>	<u>11,052,413</u>	<u>303,863,270</u>	<u>510,818,811</u>



ISP FINANCE SERVICES LIMITED
UNAUDITED STATEMENT OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2023

	Unaudited Nine Months Ended September 30, 2023 \$	Unaudited Nine Months Ended September 30, 2022 \$	Audited Twelve Months Ended December 31, 2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before interest and taxation	79,450,920	68,728,738	103,272,195
Adjustments for items not affecting cash resources:			
Depreciation on property, plant and equipment	4,461,828	5,623,280	7,142,668
Loss on sale of fixed assets	-	-	(821,941)
Unrealized foreign exchange gain	(30,000)	(22,415)	(31,171)
Bond amortization	4,638,722	1,753,463	3,299,704
Deferred taxation	12,645,655	6,811,742	(807,274)
	<u>101,167,125</u>	<u>82,894,808</u>	<u>112,054,181</u>
(Increase) /decrease in operating assets:			
Loans and other receivables	(257,409,012)	(18,302,156)	(49,927,120)
Deposit	-	-	-
Due from related party	-	-	-
Due from director	-	-	-
Increase /(decrease) in operating liabilities:			
Accounts payables and other payables	239,017	18,663,461	(5,837,370)
Cash provided by/(used in) operating activities	(156,002,870)	83,256,113	56,289,691
Interest paid	(44,221,153)	(17,350,903)	(37,046,740)
Taxation paid	(8,588,531)	(6,685,529)	(12,356,914)
Net cash used in operating activities	<u>(208,812,554)</u>	<u>59,219,681</u>	<u>6,886,037</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	(1,058,671)	(5,281,003)	(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>223,900,802</u>	<u>(5,281,003)</u>	<u>(219,496,147)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
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	4,500,000
Net cash used in financing activities	<u>-</u>	<u>4,500,000</u>	<u>223,945,109</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS -	15,088,248	58,438,678	11,334,999
CASH AND CASH EQUIVALENTS -Beginning of the year	30,928,714	19,562,544	19,562,544
Exchange and gains on foreign cash balance	-	-	31,171
CASH AND CASH EQUIVALENTS - End of the quarter	<u>46,016,962</u>	<u>78,001,222</u>	<u>30,928,714</u>
REPRESENTED BY:			
Cash and cash equivalents	<u>46,016,962</u>	<u>78,001,222</u>	<u>30,928,714</u>



ISP FINANCE SERVICES LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 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
NINE MONTHS ENDED SEPTEMBER 30, 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
NINE MONTHS ENDED SEPTEMBER 30, 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 Nine Months Ended September 30, 2023 \$	Unaudited Nine Months Ended September 30, 2022 \$	Audited Twelve Months Ended December 31, 2022 \$
Loans	1,132,569,591	856,261,091	851,821,550
Less:			
Provision for credit losses	<u>(172,716,834)</u>	<u>(177,146,780)</u>	<u>(91,197,709)</u>
	<u>959,852,757</u>	<u>679,114,311</u>	<u>760,623,841</u>

5. SHARE CAPITAL

	Unaudited Nine Months Ended September 30, 2023 Number (‘000)	Unaudited Nine Months Ended September 30, 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 Nine Months Ended September 30, 2023 \$	Unaudited Nine Months Ended September 30, 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
NINE MONTHS ENDED SEPTEMBER 30, 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 Nine Months Ended September 30, 2023 \$	Unaudited Nine Months Ended September 30, 2022 \$	Audited Twelve Months Ended December 31, 2022 \$
Loans	1,132,569,591	856,261,091	851,821,550
Less:			
Provision for credit losses	<u>(172,716,834)</u>	<u>(177,146,780)</u>	<u>(91,197,709)</u>
	<u>959,852,757</u>	<u>679,114,311</u>	<u>760,623,841</u>

5. SHARE CAPITAL

	Unaudited Nine Months Ended September 30, 2023 Number (‘000)	Unaudited Nine Months Ended September 30, 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 Nine Months Ended September 30, 2023 \$	Unaudited Nine Months Ended September 30, 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
NINE MONTHS ENDED SEPTEMBER 30, 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 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
NINE MONTHS ENDED SEPTEMBER 30, 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.

		Unaudited Three Months Ended September 30, 2023	Unaudited Three Months Ended September 30, 2022	Unaudited Nine Months Ended September 30, 2023	Unaudited Nine Months Ended September 30, 2022	Audited Twelve Months Ended December 31, 2022
Net profit	\$	<u>22,540,790</u>	<u>23,207,759</u>	<u>33,408,341</u>	<u>47,682,196</u>	<u>57,636,924</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>0.215</u>	<u>0.221</u>	<u>0.318</u>	<u>0.454</u>	<u>0.55</u>

9. PROFIT BEFORE INTEREST AND TAXATION

	Unaudited Nine Months Ended September 30, 2023	Unaudited Nine Months Ended September 30, 2022	Audited Twelve Months Ended December 31, 2022
	\$	\$	\$
Net profit for the period	39,468,465	54,493,939	57,636,924
Current year taxation charge	<u>(6,060,124)</u>	<u>(6,811,743)</u>	<u>8,588,531</u>
Profit before interest	33,408,341	47,682,196	66,225,455
Interest expense	<u>46,042,579</u>	<u>21,046,542</u>	<u>37,046,740</u>
Profit before interest and taxation	<u>79,450,920</u>	<u>68,728,738</u>	<u>103,272,195</u>



ISP FINANCE SERVICES LIMITED
NINE MONTHS ENDED SEPTEMBER 30, 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 Rezworth Burchenson - Joint holder -Valerie Burchenson	611,707
7 Bridgeton Management Services Limited	400,039
8 Virgen Advertising Limited	275,116
9 Carissa Gordon – Joint holder Marston Gordon	204,250
10 Marston Gordon	193,737

**SCHEDULE OF SHAREHOLDINGS OF DIRECTORS, SENIOR
MANAGERS AND CONNECTED PARTIES**

<u>Directors</u>	<u>Shareholding</u>
Dennis Smith	3,500,000
Diyal R. Fernando	29,350
 <u>Senior Managers</u>	
Seymour Smith	75,000
 <u>Connected Parties</u>	
Gencorp Limited	50,517,500
Sunfisher Corporation	45,832,500