



# **FINANCE SERVICES LTD.**

**UNAUDITED FINANCIAL STATEMENTS**

**4th QUARTER ENDED DECEMBER 31 2022**



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

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**ISP FINANCE SERVICES LIMITED  
UNAUDITED FINANCIAL STATEMENTS  
THREE MONTHS ENDED DECEMBER 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 4th Quarter ended December 31, 2022.

The Company's net profit before tax for the 4th Quarter of 2022 was \$10.3m compared with \$584,479 in the comparative quarter of 2021.

The Company's Net Operating Income after Interest Expenses and Commissions totaled \$84.3m versus \$103.9m recorded in the 4th Quarter of 2021 representing a decrease of \$19.7m or 18.9%.

While the Company's Interest Income declined from J\$115.424 million to \$104.5M in the 4th Quarter representing a decrease of \$10.9m or 9.4 % over the corresponding quarter in 2021, operating expenses for the period were reduced to \$78.2m as compared with \$102.8m in the corresponding quarter of 2021, a decrease of 23.9% or \$24.6m. Earnings per share for the 4<sup>th</sup> Quarter of 2022 was \$0.098c compared with \$0.001c in the 4<sup>th</sup> Quarter of 2021.

**Year-to-Date**

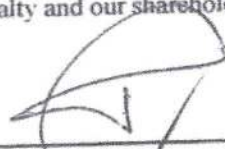
Interest Income declined marginally from \$433.8m to \$431.1m in the financial year representing a decrease of \$2.7m or 0.01 % over the previous year and the Company's Net Operating Income after Interest Expenses and Commissions totaled \$378.5m versus \$393.8m recorded in the FY 2021 representing a decrease of \$15.3m or 3.9%. With the transition out of the Covid pandemic period, the Company focused on our customers own recovery while re-positioning our own business in an evolving market.

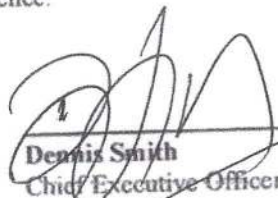
Operating expenses for the year ended December 2022 amounted to \$326.6m, a decrease of 2.0% or \$6.8m over the FY 2021 of J\$333.4m.

In keeping with our growth strategy, the Company successful raised an additional \$220m to provide sufficient capital for its strategic initiatives.

The total assets of the Company stood at \$1.07b which represents a 38.1% increase over the comparative period.

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 DECEMBER 31, 2022**

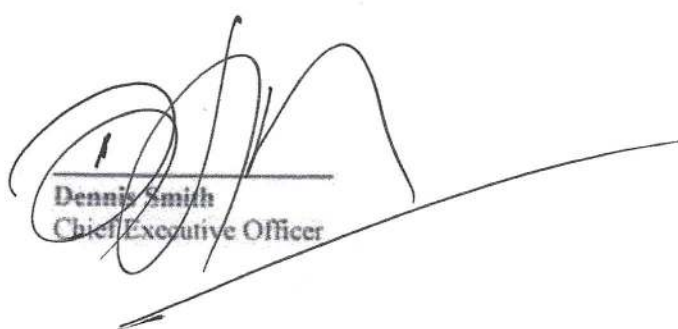
	Unaudited Three Months Ended December 31,2022	Unaudited Three Months Ended December 31,2021	Unaudited Twelve Months Ended December 31,2022	Unaudited Twelve Months Ended December 31, 2021 <sup>~</sup>	Audited Twelve Months Ended December 31, 2021
	\$	\$	\$	\$	\$
<b>OPERATING INCOME</b>					
Interest income from loans	104,533,629	115,423,757	430,980,612	433,783,160	434,052,735
Interest income from banks and other receivables	133	119	105,852	594	53,872
Total interest income	104,533,762	115,423,876	431,086,464	433,783,754	434,106,607
Interest expenses	15,362,141	6,778,735	36,408,682	29,892,179	29,892,179
Net interest income	89,171,622	108,645,141	394,677,782	403,891,575	404,214,428
Commission expenses on loans	(4,887,525)	(4,685,242)	(16,217,934)	(10,088,641)	(10,088,641)
	84,284,097	103,959,899	378,459,848	393,802,934	394,125,787
Other operating income					
Foreign exchange gain (/loss)	8,756	(474,510)	31,171	(561,606)	(571,112)
Gain/Loss- Sale of FA	702,461	-	702,461	(138,000)	-
Other income					
	5,005,101	12,278	13,657,460	52,278	
	5,716,318	(462,232)	14,391,092	(646,328)	(571,112)
	90,000,415	103,497,667	392,850,940	393,156,606	393,554,675
<b>OPERATING EXPENSES</b>					
Staff costs	21,165,815	10,437,056	111,191,191	97,838,232	97,838,232
Allowance for credit losses	23,250,000	57,616,604	93,000,000	115,916,604	115,916,604
Depreciation expense	1,399,908	1,980,285	7,023,189	7,753,546	7,714,175
Other operating expenses	32,388,582	32,795,746	115,346,512	111,903,585	112,141,585
	78,204,305	102,829,691	326,560,892	333,411,967	333,610,596
<b>Profit before taxation</b>	11,796,110	667,976	66,290,048	59,744,639	59,944,079
<b>Taxation charge</b>	(1,474,514)	(83,497)	(8,286,256)	(5,871,419)	(5,534,905)
<b>Net profit</b>	10,321,596	584,479	58,003,792	53,873,220	54,409,174
<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>	10,321,596	584,479	58,003,792	53,873,220	54,409,174
Earnings per share (\$)	0.098	0.200	0.552	0.513	0.52



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

	Unaudited Twelve Months Ended December 31, 2022 S	Unaudited Twelve Months Ended December 31, 2021 S	Audited Twelve Months December 31, 2021 S
<b>ASSETS</b>			
Cash and cash equivalents	255,407,735	30,415,262	19,562,544
Marketable Securities	25,000,000	-	10,000,000
Loans net of provisions for credit losses	742,878,653	690,960,916	713,813,883
Other Receivables	21,259,618	27,105,682	5,436,483
Deposit	1,047,949	1,047,949	1,047,949
Due from director	-	-	-
Deferred tax assets	-	-	-
Property, plant and equipment	21,180,825	22,894,279	22,408,706
<b>TOTAL ASSETS</b>	<b><u>1,066,774,780</u></b>	<b><u>772,424,088</u></b>	<b><u>772,269,565</u></b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES:</b>			
Accounts payable and other liabilities	31,931,997	24,630,078	30,961,646
Secured corporate bond and promissory note	452,984,510	230,239,697	230,239,697
Notes payable	51,785,511	47,285,511	47,285,511
Deferred tax liabilities	646,095	1,796,720	646,096
Taxation Payable	8,286,256	5,871,419	-
	545,634,369	309,823,425	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	314,184,870	255,645,122	256,181,074
	521,140,411	462,600,663	463,136,615
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>1,066,774,780</u></b>	<b><u>772,424,088</u></b>	<b><u>772,269,565</u></b>

  
 Clifton Cameron  
 Chairman

  
 Dennis Smith  
 Chief Executive Officer



**ISP FINANCE SERVICES LIMITED**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**THREE MONTHS ENDED DECEMBER 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
<b>Other comprehensive income</b>				
Net profit for the period	-	-	58,003,792	58,003,792
Total comprehensive income	-	-	58,003,792	58,003,792
<b>Balance as at December 31, 2022</b>	<b>195,903,128</b>	<b>11,052,413</b>	<b>314,184,966</b>	<b>521,140,407</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	-	-	53,873,220	53,873,220
Total comprehensive income	-	-	53,873,220	53,873,220
<b>Balance as at December 31, 2021</b>	<b>195,903,128</b>	<b>11,052,413</b>	<b>255,645,122</b>	<b>462,600,663</b>





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

	Unaudited Twelve Months Ended December 31, 2022 \$	Unaudited Twelve Months Ended December 31, 2021 \$	Audited Twelve Months Ended December 31, 2021 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Profit before interest and taxation	94,412,474	83,765,399	90,986,882
Adjustments for items not affecting cash resources:			
Depreciation on property, plant and equipment	7,023,189	7,753,546	7,714,175
Loss on sale of fixed assets	(702,461)	138,000	138,000
Unrealized foreign exchange gain	(31,171)	561,605	460,289
Bond amortization	3,299,704	2,337,951	2,337,951
Deferred taxation	8,286,256	5,871,419	(7,836,153)
	<u>112,287,991</u>	<u>100,427,920</u>	<u>93,801,144</u>
(Increase) /decrease in operating assets:			
Loans and other receivables	(70,246,228)	(33,494,350)	(32,692,824)
Deposit	-	-	-
Due from related party	-	-	-
Due from director	-	-	-
Increase /(decrease) in operating liabilities:			
Accounts payables and other payables	15,159,722	(1,374,871)	7,203,525
Cash provided by/(used in) operating activities	<u>57,201,485</u>	<u>65,558,699</u>	<u>68,311,845</u>
Interest paid	(33,523,027)	(27,158,660)	(29,892,179)
Taxation paid	(6,685,529)	-	-
Net cash used in operating activities	<u>16,992,929</u>	<u>38,400,039</u>	<u>38,419,666</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	(6,512,847)	(3,168,441)	(2,643,497)
Purchase of Unsecured Bond	-	-	(10,000,000)
Proceeds from the sale of property, plant and equipment	1,420,000	800,000	800,000
Net cash used in investing activities	<u>(5,092,847)</u>	<u>(2,368,441)</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	219,445,109	(39,063,000)	-
Proceeds from issue of bonds	-	-	-
Repayment of notes payable	4,500,000	1,038,718	1,038,718
Net cash used in financing activities	<u>223,945,109</u>	<u>(38,024,282)</u>	<u>(38,961,282)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS -</b>	<u>235,845,191</u>	<u>(1,992,684)</u>	<u>(12,385,113)</u>
<b>CASH AND CASH EQUIVALENTS -Beginning of the year</b>	<u>19,562,544</u>	<u>32,407,946</u>	<u>32,407,946</u>
Exchange and gains on foreign cash balance	-	-	(460,289)
<b>CASH AND CASH EQUIVALENTS - End of the quarter</b>	<u>255,407,735</u>	<u>30,415,262</u>	<u>19,562,544</u>
<b>REPRESENTED BY:</b>			
Cash and cash equivalents	<u>255,407,735</u>	<u>30,415,262</u>	<u>19,562,544</u>



# **ISP FINANCE SERVICES LIMITED**

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

### **THREE MONTHS ENDED DECEMBER 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 DECEMBER 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 DECEMBER 31, 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 Twelve Months Ended December 31, 2022 \$	Unaudited Twelve Months Ended December 31, 2021 \$	Audited Twelve Months Ended December 31, 2021 \$
Loans	832,176,368	911,350,892	936,138,447
Less:			
Provision for credit losses	(89,297,715)	(220,389,977)	(222,324,564)
	<u>742,878,653</u>	<u>690,960,915</u>	<u>713,813,883</u>

**5. SHARE CAPITAL**

	Unaudited Twelve Months Ended December 31, 2022 Number ( '000)	Unaudited Twelve Months Ended December 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 Twelve Months Ended December 31, 2022 \$	Unaudited Twelve Months Ended December 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 DECEMBER 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, 2022, the Company re-issued a secured bond. The bond attracts an interest rate of 11.5% per annum. Interest is paid on a quarterly basis. The bond matures on September 28, 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 DECEMBER 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.

		<b>Unaudited Three Months Ended December 31, 2022</b>	<b>Unaudited Three Months Ended December 31, 2021</b>	<b>Unaudited Twelve Months Ended December 31, 2022</b>	<b>Unaudited Twelve Months Ended December 31, 2021</b>	<b>Audited Twelve Months Ended December 31, 2021</b>
Net profit	\$	<u>10,321,596</u>	<u>584,479</u>	<u>58,003,792</u>	<u>53,873,220</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>0.098</u>	<u>0.006</u>	<u>0.552</u>	<u>0.513</u>	<u>0.52</u>

**9. PROFIT BEFORE INTEREST AND TAXATION**

	<b>Unaudited Twelve Months Ended December 31, 2022</b>	<b>Unaudited Twelve Months Ended December 31, 2021</b>	<b>Audited Twelve Months Ended December 31, 2021</b>
	\$	\$	\$
Net profit for the period	66,290,048	59,744,639	54,409,174
Current year taxation charge	<u>(8,286,256)</u>	<u>(5,871,419)</u>	<u>6,685,529</u>
Profit before interest	58,003,792	53,873,220	61,094,703
Interest expense	<u>36,408,682</u>	<u>29,892,179</u>	<u>29,892,179</u>
Profit before interest and taxation	<u>94,412,474</u>	<u>83,765,399</u>	<u>90,986,882</u>



**ISP FINANCE SERVICES LIMITED**  
**TWELVE MONTHS ENDED DECEMBER 31, 2022**

**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 (Deceased)	1,500,000
6 Bridgeview Investments	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	34,350
 <u>Senior Managers</u>	
Seymour Smith	75,000
 <u>Connected Parties</u>	
Gencorp Limited	50,517,500
Sunfisher Corporation	45,832,500