



FINANCE SERVICES LTD.

UNAUDITED FINANCIAL STATEMENTS

4th QUARTER ENDED DECEMBER 31 2023



**ISP FINANCE SERVICES LIMITED
UNAUDITED FINANCIAL STATEMENTS
TWELVE MONTHS ENDED DECEMBER 31, 2023**

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**ISP FINANCE SERVICES LIMITED
UNAUDITED FINANCIAL STATEMENTS**

TWELVE MONTHS ENDED DECEMBER 31, 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 4th Quarter ended December 31, 2023.

Interest Income increased from J\$104.5 million to J\$139.2 million in the 4th Quarter representing an increase of J\$28.8 million or 26.5 % over the corresponding quarter in 2022 as a result of an aggressive 4th Quarter of Loan approvals, reflecting an element of seasonality customary in the last quarter of the Calendar Year.

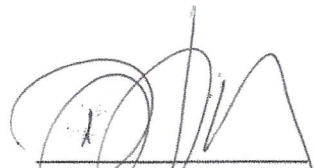
Consequently, Net Operating Income after Interest Expenses and Commissions totaled J\$119.9m versus J\$84.2m recorded in the 4th Quarter of 2022 representing an increase of J\$35.6 m or 42.4% while Net profit before Tax for the 4th Quarter of 2023 recorded \$31.7 million, an increase of \$19.9 million or 169 % over the same period last year.

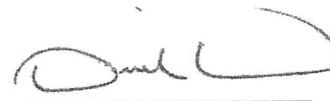
Earnings per share stood at \$0.252 at the end of the 4th Quarter of 2023 compared to \$0.098 at the end of the 4th Quarter of 2022 reflecting an increase of 156.2%.

The total assets of the Company stood at \$1,128.5 million which represents a 11.8% increase over the comparative period.

Operating expenses for the 4th Quarter ended December 31, 2023 amounted to \$93.9 million, an increase of 20.0% or \$15.7 million over the \$78.4 million in the corresponding period in 2022 due primarily to an increase in the Loan Loss provision in the final Quarter from \$23.25m in 2022 to \$37.42m in 2023.

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
TWELVE MONTHS ENDED DECEMBER 31, 2023

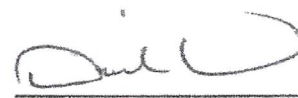
	Unaudited Three Months Ended December 31,2023	Unaudited Three Months Ended December 31,2022	Unaudited Twelve Months Ended December 31,2023	Unaudited Twelve Months Ended December 31,2022	Audited Twelve Months Ended December 31, 2022
	\$	\$	\$	\$	\$
OPERATING INCOME					
Interest income from loans	139,224,329	104,533,629	507,178,760	430,980,612	431,278,945
Interest income from banks and other receivables	114	133	248	105,852	1,181,931
Total interest income	139,224,443	104,533,762	507,179,008	431,086,464	432,460,876
Interest expenses	14,002,875	15,362,140	60,045,454	36,408,682	37,046,740
Net interest income	125,221,568	89,171,622	447,133,554	394,677,782	395,414,136
Commission expenses on loans	(5,242,273)	(4,887,525)	(23,146,986)	(16,217,934)	(16,217,934)
	119,979,295	84,284,097	423,986,568	378,459,848	379,196,202
Other operating income					
Foreign exchange gain (/loss)	(199,721)	8,756	(169,721)	31,171	31,171
Gain/Loss- Sale of FA	-	702,461	-	702,461	-
Other income	5,862,796	5,005,101	8,045,067	13,657,460	14,045,060
	5,663,074	5,716,318	7,875,346	14,391,092	14,076,231
	125,642,369	90,000,415	431,861,914	392,850,940	393,272,433
OPERATING EXPENSES					
Staff costs	21,920,873	21,165,815	103,456,684	111,191,191	112,795,116
Allowance for credit losses	37,418,651	23,250,000	121,153,465	93,000,000	93,000,000
Depreciation expense	1,421,588	1,399,908	5,883,416	7,023,189	7,142,668
Other operating expenses	33,145,393	32,388,582	130,164,020	115,346,512	114,916,468
	93,906,505	78,204,305	360,657,585	326,560,892	327,854,252
Profit before taxation	31,735,864	11,796,110	71,204,329	66,290,048	65,418,181
Taxation charge	(5,288,782)	(1,474,514)	(11,348,906)	(8,286,256)	(7,781,257)
Net profit	26,447,082	10,321,596	59,855,423	58,003,792	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	26,447,082	10,321,596	59,855,423	58,003,792	57,636,924
Earnings per share (\$)	0.252	0.096	0.570	0.552	0.55



ISP FINANCE SERVICES LIMITED
UNAUDITED STATEMENT OF FINANCIAL POSITION
TWELVE MONTHS ENDED DECEMBER 31, 2023

	Unaudited Twelve Months Ended December 31, 2023 \$	Unaudited Twelve Months Ended December 31, 2022 \$	Audited Twelve Months December 31, 2022 \$
ASSETS			
Cash and cash equivalents	64,368,077	255,407,735	30,928,714
Marketable Securities / Investments	25,000,000	25,000,000	225,000,000
Loans net of provisions for credit losses	984,875,821	742,878,653	760,623,841
Other receivables	36,308,003	21,259,618	8,553,645
Deposit	1,047,949	1,047,949	1,047,949
Due from director	-	-	-
Deferred tax assets	161,179	-	161,178
Property, plant and equipment	16,830,697	21,180,825	20,584,125
TOTAL ASSETS	<u>1,128,591,726</u>	<u>1,066,774,780</u>	<u>1,046,899,452</u>
LIABILITIES AND EQUITY			
LIABILITIES:			
Accounts payable and other liabilities	25,009,725	31,931,997	21,355,892
Secured corporate bond and promissory note	459,169,474	452,984,510	452,984,510
Notes payable	52,535,511	51,785,511	51,785,511
Deferred tax liabilities	-	646,095	-
Taxation Payable	11,248,054	8,286,256	-
	547,962,764	545,634,369	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	380,884,238	314,184,870	321,028,815
	580,628,962	521,140,411	520,773,539
TOTAL EQUITY AND LIABILITIES	<u>1,128,591,726</u>	<u>1,066,774,780</u>	<u>1,046,899,452</u>


Dennis Smith
 Chief Executive Officer


Doyal R. Fernando
 Chief Financial Officer



ISP FINANCE SERVICES LIMITED
UNAUDITED STATEMENT OF CHANGES IN EQUITY
TWEVLE MONTHS ENDED DECEMBER 31, 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	-	-	59,855,423	59,855,423
Total comprehensive income	-	-	59,855,423	59,855,423
Balance as at Dec 31, 2023	<u>195,903,128</u>	<u>3,841,596</u>	<u>380,884,238</u>	<u>580,628,962</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	-	-	58,003,792	58,003,792
Total comprehensive income	-	-	58,003,792	58,003,792
Balance as at Dec 31, 2022	<u>195,903,128</u>	<u>11,052,413</u>	<u>314,184,866</u>	<u>521,140,407</u>



ISP FINANCE SERVICES LIMITED
UNAUDITED STATEMENT OF CASH FLOWS
TWELVE MONTHS ENDED DECEMBER 31, 2023

	Unaudited Twelve Months Ended December 31, 2023 \$	Unaudited Twelve Months Ended December 31, 2022 \$	Audited Twelve Months Ended December 31, 2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before interest and taxation	119,900,877	94,412,474	103,272,195
Adjustments for items not affecting cash resources:			
Depreciation on property, plant and equipment	5,883,416	7,023,189	7,142,668
Loss on sale of fixed assets	-	(702,461)	(821,941)
Unrealized foreign exchange gain	169,721	(31,171)	(31,171)
Bond amortization	6,184,964	3,299,704	3,299,704
Deferred taxation	11,248,054	8,286,256	(807,274)
	<u>143,387,032</u>	<u>112,287,991</u>	<u>112,054,181</u>
(Increase) /decrease in operating assets:			
Loans and other receivables	(258,750,827)	(70,246,228)	(49,927,120)
Deposit	-	-	-
Due from related party	-	-	-
Due from director	-	-	-
Increase /(decrease) in operating liabilities:			
Accounts payables and other payables	(7,495,233)	15,159,722	(5,837,370)
Cash provided by/(used in) operating activities	(122,859,028)	57,201,485	56,289,691
Interest paid	(58,692,563)	(33,523,027)	(37,046,740)
Taxation paid	(8,588,531)	(6,685,529)	(12,356,914)
Net cash used in operating activities	<u>(190,140,122)</u>	<u>16,992,929</u>	<u>6,886,037</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	(1,665,388)	(6,512,847)	(5,916,147)
Additions to investments	224,494,873	-	(215,000,000)
Proceeds from the sale of property, plant and equipment	-	1,420,000	1,420,000
Net cash used in investing activities	<u>222,829,485</u>	<u>(5,092,847)</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	-	219,445,109	470,000,000
Repayment of notes payable	750,000	4,500,000	4,500,000
Net cash used in financing activities	<u>750,000</u>	<u>223,945,109</u>	<u>223,945,109</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS -	33,439,363	235,845,191	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>64,368,077</u>	<u>255,407,735</u>	<u>30,928,714</u>
REPRESENTED BY:			
Cash and cash equivalents	<u>64,368,077</u>	<u>255,407,735</u>	<u>30,928,714</u>



ISP FINANCE SERVICES LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

TWELVE MONTHS ENDED DECEMBER 31, 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.

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



ISP FINANCE SERVICES LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

TWELVE MONTHS ENDED DECEMBER 31, 2023

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
TWELVE MONTHS ENDED DECEMBER 31, 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 Twelve Months Ended December 31, 2023 \$	Unaudited Twelve Months Ended December 31, 2022 \$	Audited Twelve Months Ended December 31, 2022 \$
Loans	1,079,329,926	832,176,368	851,821,550
Less:			
Provision for credit losses	(94,454,105)	(89,297,715)	(91,197,709)
	<u>984,875,821</u>	<u>742,878,653</u>	<u>760,623,841</u>

5. SHARE CAPITAL

	Unaudited Twelve Months Ended December 31, 2023 Number (‘000)	Unaudited Twelve Months Ended December 31, 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 Twelve Months Ended December 31, 2023 \$	Unaudited Twelve Months Ended December 31, 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	(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
TWELVE MONTHS ENDED DECEMBER 31, 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
TWELVE MONTHS ENDED DECEMBER 31, 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 December 31, 2023	Unaudited Three Months Ended December 31, 2022	Unaudited Twelve Months Ended December 31, 2023	Unaudited Twelve Months Ended December 31, 2022	Audited Twelve Months Ended December 31, 2022
Net profit	\$	<u>26,447,082</u>	<u>10,321,596</u>	<u>59,855,423</u>	<u>58,003,792</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>0.252</u>	<u>0.098</u>	<u>0.570</u>	<u>0.552</u>	<u>0.55</u>

9. PROFIT BEFORE INTEREST AND TAXATION

	Unaudited Twelve Months Ended December 31, 2023	Unaudited Twelve Months Ended December 31, 2022	Audited Twelve Months Ended December 31, 2022
	\$	\$	\$
Net profit for the period	71,204,329	66,290,048	57,636,924
Current year taxation charge	<u>(11,348,906)</u>	<u>(8,286,256)</u>	<u>8,588,531</u>
Profit before interest	59,855,423	58,003,792	66,225,455
Interest expense	<u>60,045,454</u>	<u>36,408,682</u>	<u>37,046,740</u>
Profit before interest and taxation	<u>119,900,877</u>	<u>94,412,474</u>	<u>103,272,195</u>



ISP FINANCE SERVICES LIMITED
TWELVE MONTHS ENDED DECEMBER 31, 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	1,500,000
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	34,350
 <u>Senior Managers</u>	
Seymour Smith	75,000
 <u>Connected Parties</u>	
Gencorp Limited	50,517,500
Sunfisher Corporation	45,832,500