Barita 2021

PROSPECTUS

LEAD BROKER Barita CO-BROKER Fund Managers Ltd.

A WORLD OF OPPORTUNITIES AWAITS

INVITATION BY PROSPECTUS BY BARITA INVESTMENTS LIMITED

Registered Office: 15 St. Lucia Way, Kingston 5 | Tel: 876-926-2681 | Email: questions@barita.com | Website: www.barita.com

INVITING OFFERS FOR THE SUBSCRIPTION

of up to 125,000,000 New Ordinary Shares
(with the ability to upsize by inviting offers for up to an additional 62,500,000)
New Ordinary Shares in the capital of Barita Investments Limited (the "Company" or "Barita")

New Ordinary Shares allotted to each investor pool and subscription price per New Ordinary Share for each investor pool.

EXISTING SHAREHOLDERS AND BARITA CLIENTS (AS DESCRIBED HEREIN)	CORNERSTONE INVESTOR AND KEY INVESTORS (AS DESCRIBED HEREIN)	NON-RESERVED
18,750,000	93,750,000	12,500,000
J$80.00	J$80.00	J$80.00

Dated the 26th day of August 2021

A copy of this Prospectus was delivered to the Registrar of Companies for registration pursuant to section 40(2) of the Companies Act and was so registered on the 26th day of August 2021. The Registrar of Companies accepts no responsibility whatsoever for the contents of this Prospectus.

A copy of this Prospectus was delivered to the Financial Services Commission for registration pursuant to section 26 of the Securities Act and was so registered on the 27th day of August 2021. The Financial Services Commission has neither approved the issue of this Prospectus nor has the Commission passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence.

The Invitation is being made in Jamaica as a public offering of securities in accordance with the Companies Act, and the Securities Act in each case of Jamaica. These securities may be offered to, purchased or otherwise acquired by prospective investors organized or resident in Jamaica without restriction. This Invitation is not being made in any jurisdiction in which the offer to sell these securities to, or a solicitation of an offer to buy these securities from, any person would violate the securities or other relevant laws of such jurisdiction. **No person is authorized to provide information or make any representation whatsoever in connection with this Prospectus, which is not contained in this Prospectus.**

IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

Unless stated otherwise, terms used in this Prospectus shall have the meanings attributed to them in Section 2 - **Definitions** of this Prospectus.

Ordinary Shares of the Company are listed on the JSE (as defined herein) and prospective investors are invited and encouraged to view all Trade Information relating to the Company published on the JSE's website at www.jamstockex.com.

Investors are also invited to view the 2020 Annual Report for the Company at **www.barita.com**

Copies of the Audited Financial Statements for the Company for Financial Year ended September 30, 2020; AND Unaudited Financial Statements for the Company for the 6 Months ended March 31, 2021 appear in this Prospectus as APPENDICES 2 and 3 respectively.

The signatures of the **Directors of the Company** appear in Section 20 – **Signatures of Directors of the Company** of this Prospectus. The Directors of the Company are individually and collectively responsible for the contents of this Prospectus. To the best of the knowledge and belief of such Directors, the information contained in this Prospectus is factually correct and true and no information has been omitted that would make any statement in this Prospectus misleading or that is likely to otherwise materially affect its interpretation.

This Prospectus is issued by the Company to the public in Jamaica only and is not to be construed as making an invitation or offer to persons outside of Jamaica to subscribe for any New Ordinary Shares or other securities.

TIMETABLE OF THE INVITATION & KEY DATES

The Application Form and instructions for online applications to be used by all Applicants (as defined herein) is provided at Appendix 1 of this Prospectus together with notes on how to complete the form. The Invitation will open at 9.00 a.m. on the Opening Date and will close at 4:00 p.m. on the Closing Date, subject to the right of the Company to: (a) close the Invitation at any time after 9:00 a.m. on the Opening Date, once the Invitation is fully subscribed, or (b) extend the period during which the Invitation shall remain open for any reason. In the case of the extension of such period or an early closing, notice will be posted on the website of the JSE at **www.jamstockex.com** and the Company's website at **www.barita.com**.

The below timetable is indicative and will be implemented on a best efforts basis, with the Directors of the Company however reserving the right to change the dates that the Invitation opens and closes based on market conditions and other relevant factors as determined by the Company, subject always to statutory and regulatory obligations.

Publication of Prospectus	August 30th 2021
Opening Date	September 6th 2021
Closing Date	September 21st 2021 Subject to the right of the Company to designate an earlier or later date in the circumstances set out in this Prospectus
Expected dispatch of investor statements and any refund (if applicable)	Within 10 days of Closing Date

MESSAGE FROM THE CHAIRMAN TO PROSPECTIVE INVESTORS

DEAR PROSPECTIVE INVESTORS:

It certainly appears that an encouraging and heartening threshold has been crossed in relation to the COVID 19 pandemic that has plagued individuals, communities and businesses since its arrival on our shores in March 2020. The rate of new cases is on the decline, sectors of the economy are gradually reopening, and the tourism sector is signaling a return to normality in alignment with a gradual global recovery. The majority of persons infected have recovered and Jamaica like many other countries across the globe are beginning to see the benefits of successful vaccine campaigns. We believe that the worst is now firmly behind us and perhaps the greatest indicator of global optimism is that the Tokyo 2020 Olympic Games are on, and by the time you are reading this letter, Jamaican athletes will again be making us proud on the world stage.

At this time of reflection, the Board of Directors is extremely proud of how our management team, staff and ultimately Barita as a company, navigated the challenges posed by the pandemic to deliver groundbreaking results against the odds. For the first half (H1) of FY21, the Group reported net profits after taxation (NPAT) of $2.1 billion registering a 104% rise relative to $1.0 billion, for the comparable period in the prior financial year (H1 FY20). NPAT for the second quarter of FY21 (Q2 FY21) registered a $532 million or 104% rise relative to the corresponding period in FY20 (Q2 FY20). This NPAT for H1 FY21 translated into earnings per share (EPS) of $1.90, a 53% rise relative to $1.24 in H1 FY20.

What has been achieved has been done within the larger context of the last three years where Barita continues to transform itself, now being among the top 10 largest companies listed on the JSE by market capitalization and the largest listed securities dealer in Jamaica by market capitalization and by shareholder's equity; all this while endearing itself to customers with great service and new products, earning its way to being recognized as the number one brand in the market in 2020 based on the findings of a brand perception survey conducted by LEEP Marketing, canvassing 30 of Jamaica's top marketers. For the resilience and growth that Barita has demonstrated, we must recognize and credit the confidence the capital markets continue to place in us acknowledging the additional $13.5 billion in equity received in our successful September 2020 APO while still navigating the throes of COVID 19.

COVID 19 created some interruption but did not slow our promising trajectory of growth. We continue to reward shareholders with strong results and remain steadfast to our commitment to driving transformational change that will significantly expand our capital capabilities, deepen and broaden our product offerings and buttress our capacity to serve our expanding client base. Confident the worst is behind us and seeing the signs of economic recovery locally and globally, we wish to share our refreshed optimism with shareholders and a wider group of equity investors through a new opportunity to participate in Barita's continued profitable growth.

We are therefore pleased to extend this Invitation to potential new and Existing Shareholders, to participate in this exciting growth journey.

HOW TO MAKE AN APPLICATION FOR NEW ORDINARY SHARES

Those investors who are interested in subscribing for New Ordinary Shares should read this Prospectus in its entirety inclusive of the Risk Exposures detailed at Section 14, the Trade Information relating to the Company published on the JSE's website and then complete and sign the Application Form set out in the Appendices.

Prospective investors are invited and encouraged to view all Trade Information relating to the Company published on the JSE's website at **www.jamstockex.com.**

Best regards,

Mark Myers

Chairman, Barita Investments Limited

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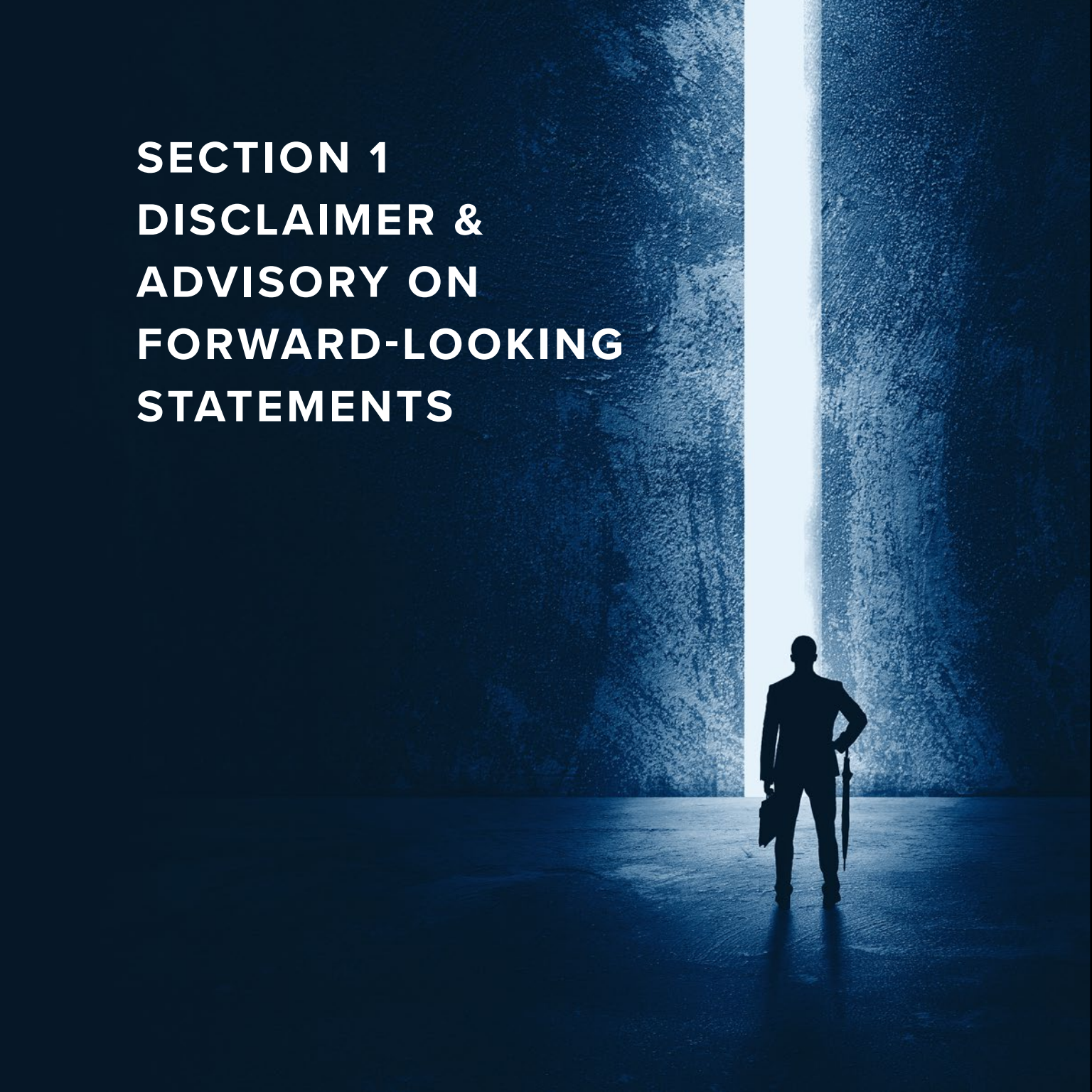
SECTION 1
DISCLAIMER & ADVISORY ON FORWARD-LOOKING STATEMENTS



SECTION 1: DISCLAIMER & ADVISORY ON FORWARD-LOOKING STATEMENTS

DISCLAIMER

Neither the JSE, FSC (as defined herein) nor any Governmental agency or regulatory authority in Jamaica or elsewhere has made any determination on the accuracy or adequacy of this Prospectus.

The members of the Board (as defined herein) have collectively reviewed and approved this Prospectus and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, having made all reasonable enquiries, and to the best of their knowledge and belief:

(a) the information is true and accurate in all material respects and is not misleading in any material respect;

(b) any opinions, predictions or intentions expressed herein on the part of the Company are honestly held or made and are not deliberately misleading in any material respect;

(c) that insofar as reasonably possible, all proper inquiries have been made to ascertain and to verify the foregoing; and

(d) this Prospectus does not contain any untrue statement of a material fact or fail to state a material fact necessary in order to make the statements herein, in light of the circumstances under which they are made, not misleading.

By submitting an Application, each Applicant acknowledges and agrees that:

(a) they have received and have been afforded a meaningful opportunity to review all additional information considered by such Applicant to be necessary to verify the accuracy of the information contained in this Prospectus;

(b) they have not relied on the Company nor any persons affiliated with the Company or the legal or other professional advisor(s) to the Company in connection with their investigation of the accuracy of such information or their investment decision; and

(c) no person has been authorized to give information or to make any representation concerning the Company or the Invitation comprised in this Prospectus or the New Ordinary Shares as may be issued pursuant to this Prospectus or to provide information or to make any representation whatsoever in connection with this Prospectus (other than as contained in this Prospectus, and information given by duly authorized officers and employees of the Company in connection with the Applicant's verification of the information contained in this Prospectus) and that, if given or made, such other information or representation should not be relied upon as having been authorized by the Company or any affiliate.

Neither the delivery of this Prospectus nor the offering, sale or allotment of any New Ordinary Shares hereunder shall under any circumstances imply that there has been no change in the business, results of operations, financial condition or prospects of the Company since the date of this Prospectus.

This Prospectus is not a recommendation by the Company that prospective Applicants should submit Applications for New Ordinary Shares. In making an investment decision, prospective Applicants are expected to make their own assessment of the Company and the terms of the Invitation herein, including the merits and risks involved.

No representation or warranty, expressed or implied, is made by any affiliate of the Company, the Arranger or by the legal or other professional advisors to the Arranger or the Company as to the accuracy or completeness of the information set forth herein including, without limitation, information with respect to the Company and nothing contained in this Prospectus is, or shall be relied upon, as a promise or representation by them, whether as to the past or future. The Arranger and their legal and other professional advisors have not independently verified any such information and assume no responsibility for its accuracy or completeness.

This Prospectus contains summaries believed by the Directors to be accurate with respect to certain terms of certain documents, but reference should be made to the actual documents (copies of which will be available to prospective Applicants upon request made to the Company) for complete information with respect thereto, and all such summaries are qualified in their entirety by such complete information. Prospective Applicants are not entitled to rely on parts of information contained in this Prospectus to the exclusion of other parts of this Prospectus.

Each prospective Applicant should consult with its own advisors as to the legal, tax, business, financial and related aspects of subscribing for the New Ordinary Shares in this Invitation. Notwithstanding the inclusion in this Prospectus of such information with respect thereto, which the Directors believe to be accurate, neither the Arranger nor their legal or other professional advisors nor the Company, or any of their respective representatives, is making any representation or providing any advice to any Applicant or any other person regarding legal, tax, business, financial and related aspects of any person's subscription for the New Ordinary Shares in this Invitation.

This Prospectus is intended for use in Jamaica only, and is not to be construed as extending an invitation to persons outside of Jamaica to subscribe for any of the New Ordinary Shares. The distribution or publication of this Prospectus and the invitation for subscription for the New Ordinary Shares outside of Jamaica is prohibited by law. The Company requires that anyone who receives this Prospectus shall inform himself/herself about, and

observe, such restrictions. This Prospectus does not constitute, and may not be used for or in connection with, any offer to, or solicitation by, anyone in any jurisdiction other than Jamaica.

ADVISORY ON FORWARD-LOOKING STATEMENTS

Save for the historical financial information relating to the Company presented by the Latest Audited Accounts, certain material in this Prospectus or referred to herein may contain forward-looking statements including, but not limited to, statements of expectations, future plans or future prospects, and financial projections. Forward-Looking Statements are statements that are not about historical facts and speak only as of the date they are made. Although the Board of Directors of the Company believes that in making any such statements its expectations are based on reasonable assumptions, such statements may be influenced by factors that could cause actual outcomes and results to be different or materially different from those projected. Prospective investors in the Company are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the dates on which they have been made. Future events or circumstances could cause actual results to differ or differ materially from historical or anticipated results.

Forward-Looking Statements are typically identified by words such as “believe”, “expect”, “foresee”, “forecast”, “anticipate”, “intend”, “estimate”, “goal”, “plan” and “project” and similar expressions of future or conditional verbs such as “will”, “may”, “should”, “could” or “would”. When used in this Prospectus, such words and similar expressions, as they relate to the Company and its business, or actual or intended business relationships, are intended to identify those Forward-Looking Statements. By their very nature, forward-looking statements require the maker thereof to make assumptions and are subject to numerous inherent risks and uncertainties, which give rise to the possibility that (i) such predictions, forecasts, projections, expectations or conclusions as contained in such statements may not prove to be accurate, (ii) these assumptions may not be correct and (iii) these forward-looking statements may not be achieved.

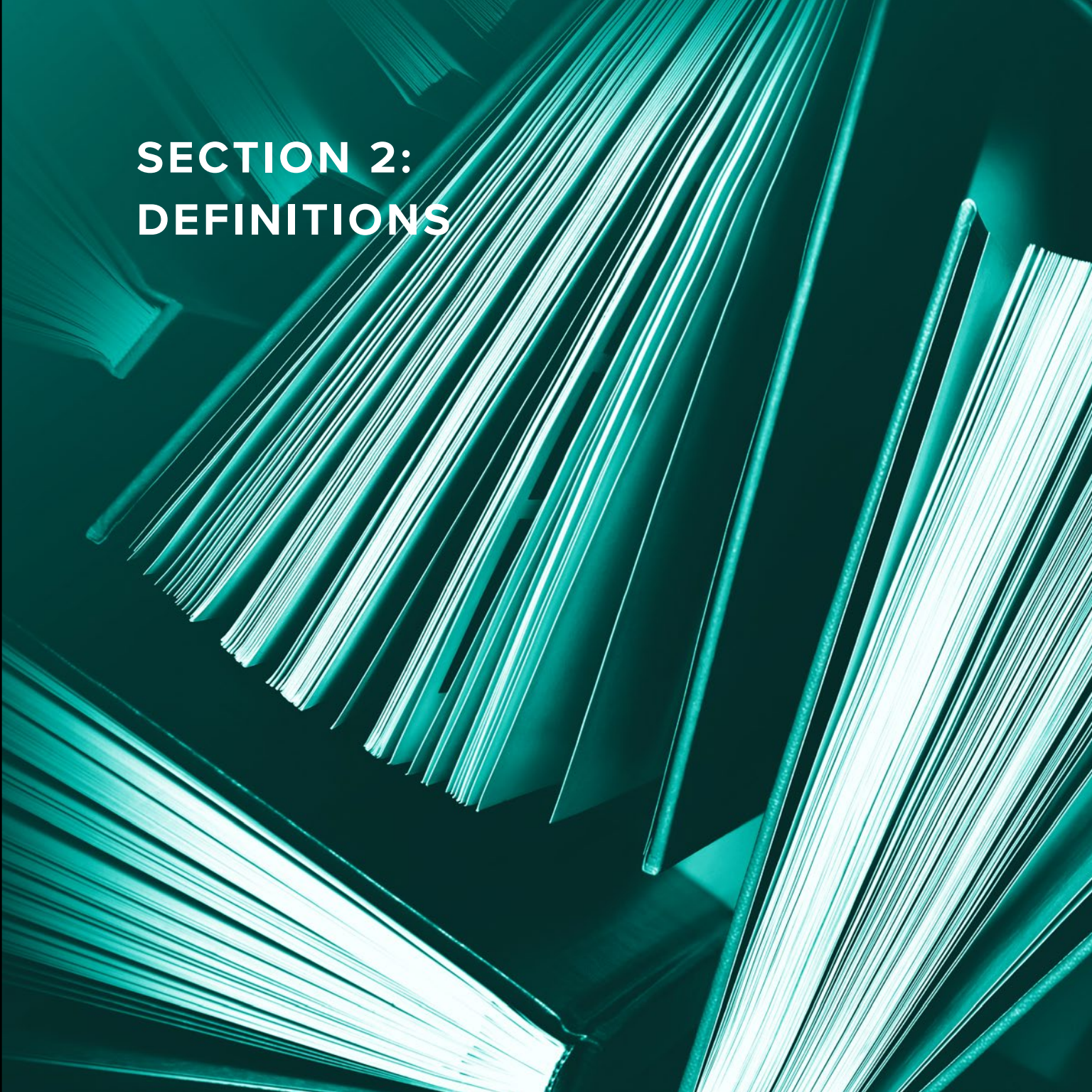
Forward-Looking Statements are subject to numerous risks and uncertainties. Once this Prospectus has been signed by, or on behalf of, the Company, the Company undertakes no obligation to update publicly or revise any of the Forward-Looking Statements in light of new information or future events, including changes in the Company’s financial or regulatory position, or to reflect the occurrence of unanticipated events (subject to any legal or regulatory requirements for such disclosure to be made). There are important factors that could cause actual results to differ or differ materially from those in the Forward-Looking Statements, certain of which are beyond the Company’s control. These factors include, without limitation, economic, social and other conditions prevailing both within and outside of Jamaica.

All phases of our business are subject to important uncertainties, risks and other influences, certain of which factors are beyond the Company's control. Any one of these factors, or a combination of them, could cause actual results to differ materially from those in Forward-Looking Statements. These factors include, without limitation, the following:

- economic, social and other conditions in any jurisdiction in which the Company may invest or operate, including actual rates of economic growth in such economies, local, regional or global instability, interest rate or exchange rate volatility;
- adverse climatic events and natural disasters;
- the Company's ability to gain access to capital financing at an acceptable cost, or business opportunities that meet the Company's investment criteria;
- changes in regulatory policy adversely affecting the business model expected to be employed by the Company;
- any other factor(s) negatively impacting on the realization of the assumptions on which the Company's financial projections are based; and/or
- other factors identified in this Prospectus.

We caution that the foregoing list of risk factors is not exhaustive and other factors not set out above could also adversely affect our results. Prospective Applicants should carefully consider the foregoing factors and other factors set forth in Section 14 "Risk Exposure" before making an investment decision. When relying on our forward-looking statements to make decisions with respect to the Company, Applicants and others should carefully consider the foregoing factors and other uncertainties and potential events. Once this Prospectus has been signed by or on behalf of the Company, the Company undertakes no obligation to update publicly or revise any of the forward-looking statements in light of new information or future events, including changes in the Company's anticipated financial or actual or anticipated regulatory position, or to reflect the occurrence of unanticipated events.

SECTION 2: DEFINITIONS



SECTION 2: DEFINITIONS

WORD OR PHRASE	DEFINITION
Allotment	The allocation and issuance of New Ordinary Shares to successful Applicants
Applicant	A person (being an individual or a body corporate) whether a Reserved Share Applicant or a member of the general public, who submits an Application
Application	A duly completed application for New Ordinary Shares made by (i) the required Application Form, the same to be duly signed/executed by the Applicant(s) and submitted to any of the locations listed at Appendix 4 of this Prospectus or (ii) completing an electronic application using BOSS, the Lead Broker's online application portal, which can be accessed by logging on to **www.baritaboss.com**, along with payment of the Price using an Approved Payment Method, with respect to the New Ordinary Shares, the subject of the Application
Application Form	The form of application to be used by all Applicants who wish to subscribe for New Ordinary Shares in the Invitation, as set out in Appendix 1 which shall also be available for download at **www.barita.com** or **www.jamstockex.com**
Application List	The application list in respect of the Invitation
Approved Payment Method	Any of the methods of payment described in Section 18 of this Prospectus required to be used by Applicants in effecting payment of the Price
Arranger	Barita Investments Limited
Articles	The Articles of Incorporation of the Company
Barita or the Company	Barita Investments Limited

WORD OR PHRASE	DEFINITION
Barita Client	A person, whether an individual or company or unincorporated entity, which maintains an account with the Company as at the Opening Date
The Board or the Directors of the Company	The Board of Directors of the Company whose signatures appear in Section 20
Business Day	Means a day other than a Saturday, Sunday or public general holiday in Jamaica on which banks are generally open for business in Jamaica
Closing Date	The date on which the Invitation closes, being 4:00 pm on September 21st 2021 subject to the right of the Company to shorten or extend the period during which the Invitation will remain open, in the circumstances set out in this Prospectus
Committed Subscriber	Cornerstone Financial Holdings Limited
Committed Subscription	The Committed Subscriber commits to purchasing up to 75% of the amount being raised in the Invitation that will not cause its aggregate shareholdings in the Company to exceed 80%
Company	Barita Investments Limited
Cornerstone Investor	Cornerstone Financial Holdings Limited
Cornerstone Investor and Key Investors' Pool	93,750,000 New Ordinary Shares reserved for Cornerstone Investor and Key Investors not already participating as Existing Shareholders and Barita Clients. The Cornerstone Investor shall also have the right to participate in accordance with the Committed Subscription
the Companies Act	Means the Companies Act of Jamaica, as amended from time to time

WORD OR PHRASE	DEFINITION
Directors	The Directors of the Company
Existing Ordinary Shares	Mean the 1,085,603,093 ordinary shares in the capital of the Company in issue as at the date of this Prospectus and which are listed on the JSE
Existing Shareholders	Mean the holders of the Existing Ordinary Shares of the Company as at the Opening Date
Existing Shareholders and Barita Clients' Pool	18,750,000 New Ordinary Shares reserved for Existing Shareholders and Barita Clients not already participating as Cornerstone Investor or Key Investors
FSC	Means the Financial Services Commission of Jamaica
Invitation	The invitation to subscribe for New Ordinary Shares in the Company on the terms and conditions set out in this Prospectus
Invitation Price or Price	J$80.00 for Cornerstone Investor and Key Investors; J$80.00 for Existing Shareholders and Barita Clients; and J$80.00 for Non-Reserved Share Applicants
JCSD	Jamaica Central Securities Depository Limited, a wholly owned subsidiary of the JSE, incorporated under the laws of Jamaica to provide depository and settlement services for securities traded electronically on the floor of the JSE using a book entry system
JSE	The Jamaica Stock Exchange
JSE website	The website of the Jamaica Stock Exchange at **www.jamstockex.com**
Key Investors	Investors subscribing for New Ordinary Shares each paying an aggregate subscription amount of not less than J$25,000,000.00 who (a) are institutional investors; and (b) as at the Opening Date, who have been invited by the Company to participate as Key Investors

WORD OR PHRASE	DEFINITION
Latest Audited Accounts	The Audited Accounts of the Company for the year ending September 30, 2020 posted on the JSE website
Lead Broker	Barita Investments Limited will act on its own behalf in the implementation of the Invitation
New Ordinary Shares	Up to 125,000,000 New Ordinary Shares of no par value in the capital of the Company available for subscription in the Invitation, which upon issue will rank pari passu in all respects with the Company's Existing Ordinary Shares
Non-Reserved Shares	The total number of New Ordinary Shares available for subscription in the Invitation, less the Reserved Shares
Non-Reserved Share Applicants	Applicants who are not Reserved Share Applicants
Non-Reserved Share Pool	12,500,000 New Ordinary Shares for Non-Reserved Share Applicants, save and except in the event of an oversubscription of Reserved Shares
Opening Date	The date on which the Invitation opens, being September 6th 2021
Registrar	Means the Jamaica Central Securities Depository Limited
Reserved Shares	Up to 112,500,000 New Ordinary Shares in the Invitation which are specifically reserved for Application from, and subscription by the Reserved Share Applicants at the Invitation Prices specified herein
Reserved Share Applicants	Applicants who are Barita Clients, Cornerstone Investor, Existing Shareholders and Key Investors
Selling Agent(s)	A stockbroker approved by the Lead Broker to assist with the implementation of the Invitation

SECTION 3
SUMMARY OF KEY INFORMATION

SECTION 3: SUMMARY OF KEY INFORMATION

The following summary information is derived from and should be read in conjunction with, and is qualified in its entirety by, the full text of this Prospectus, including the Appendices and the Trade Information published on the JSE's website.

Potential investors are advised to read carefully this entire Prospectus and the Trade Information published on the JSE's website, before making an investment decision about the transactions herein. Each recipient's attention is specifically drawn to the **Disclaimer & Advisory on Forward-Looking Statements** in Section 1, and the **Risk Exposure** in Section 14 of this Prospectus for purposes of determining whether or not to apply/ subscribe for any New Ordinary Shares.

If you have any questions arising out of this document or if you require any explanations, you should consult your stockbroker, licensed investment advisor, attorney-at-law, accountant or other professional advisor.

TABLE 3.1

KEY WORD/PHRASE	INFORMATION
Issuer	Barita Investments Limited
Lead Broker	Barita Investments Limited
Shares the subject of the Invitation	Up to 125,000,000 New Ordinary Shares inclusive of 112,500,000 Reserved Shares, subject to the right of the Directors of the Company (in consultation with the Arranger) to increase the number of New Ordinary Shares to be made the subject of the Invitation, provided that the Directors shall have no obligation to make any such increase and in no event shall any increase in New Ordinary Shares be greater than 187,500,000 in number
Securities to be Issued	New Ordinary Shares of no par value in the capital of the Company and ranking pari passu with the Existing Ordinary Shares in issue. The Company intends to apply to have the New Ordinary Shares issued pursuant to the Invitation herein listed on the Main Market of the JSE

Table 3.1 (Continued)

KEY WORD/PHRASE	INFORMATION
Invitation Price	The Invitation Price is as follows per New Ordinary Share, payable in full on Application using an Approved Payment Method: **(a)** J$80.00 for Cornerstone Investor and Key Investors; **(b)** J$80.00 for Existing Shareholders and Barita Clients; and **(c)** J$80.00 for Non-Reserved Share Applicants
Minimum Subscription Amount	Applicants must request a minimum of 300 New Ordinary Shares in their Application. Applications above this amount shall be in multiples of 100 New Ordinary Shares
Use of Proceeds	Proceeds will be used as follows: • To add capacity to the Company's principal investments portfolios to include investments in; ▸ Private Equity; ▸ Private Credit; ▸ Infrastructure; and ▸ Alternative Investments; • Expanding local and regional footprint; • Further expanding Investment Banking underwriting capacity and support expansion into the region; and • Transaction fees
Estimated Timetable	The below timetable is indicative and will be implemented on a best-efforts basis, with the Directors of the Company however reserving the right to change the dates that the Invitation remains open and closes based on market conditions and other relevant factors. Notice of any changes in the dates for the opening or closing of the Invitation will be given as soon as reasonably practicable via a press release in Jamaica and/or by posting a notice on the website of the JSE at **www.jamstockex.com** or at the Company's website at **www.barita.com**

TABLE 3.1 (CONTINUED)

KEY WORD/PHRASE	INFORMATION
Publication of Prospectus	Monday, August 30th 2021
The Opening Date	9:00 a.m. on Monday, September 6th 2021
The Closing Date	4:00 p.m. on Tuesday, September 21st 2021
Announcement of Basis of Allotment	Monday, September 27th 2021
Allotment of New Ordinary Shares	Wednesday, September 29th 2021
Refunds of Subscription amounts (if applicable)	Friday, October 1st 2021
Listing of New Ordinary Shares on JSE	The Company intends to apply to have the New Ordinary Shares issued as a result of this Invitation listed on the Main Market of the JSE and intends to make such application to the JSE in accordance with the Rules of the JSE as soon as conveniently possible following the Closing Date and the allocation of the New Ordinary Shares This statement is not to be construed as a guarantee that the New Ordinary Shares will be listed

USE OF PROCEEDS:

The gross proceeds from the Invitation, assuming that it is fully subscribed, will be J$10,000,000,000.00 of which approximately J$200,000,000.00 is expected to be used to pay transaction costs. The net proceeds from the Invitation are expected to be J$9,800,000,000.00.

The Company is experiencing accelerated client growth and balance sheet; the use of proceeds is to enhance our operating capacity and capabilities to accommodate this trend into the future.

The Company intends to use the proceeds from the sale of its New Ordinary Shares for the following:

TABLE 3.2

USE OF PROCEEDS	J$ AMOUNT
To further expand Investment Banking underwriting capacity and support expansion into the region	$1,680,000,000.00
To add capacity to the Company's principal investments portfolios to include investments in: • Private Equity • Private Credit • Infrastructure; and • Alternative Investments	$4,000,000,000.00
Expand local and regional footprint;	$4,120,000,000.00
Transaction Fees	$200,000,000.00
Total	**$10,000,000,000.00**

Details on expenses related to this Invitation, which will be paid from the proceeds of the Invitation, are contained in **Section 16 - Statutory and General Information.**

SECTION 4 PROFESSIONAL ADVISORS & SERVICE PROVIDERS TO THE INVITATION

SECTION 4: PROFESSIONAL ADVISORS & SERVICE PROVIDERS TO THE INVITATION

LEGAL ADVISORS

PATTERSON MAIR HAMILTON

Attorneys-at-Law

Temple Court
85 Hope Road
Kingston 6

Tel: 876-920-4000
Fax: 876-920-0244

Primary Contacts

Mr. Arthur Hamilton
Email: ahamilton@pmhlaw.net
Ms. Kimberly HoSue
Email: khosue@pmhlaw.net

REGISTRAR

JAMAICA CENTRAL SECURITIES DEPOSITORY LIMITED

Registrar

40 Harbour Street
Kingston

Tel: 876-967-3271
Fax: 876-924-9090

Primary Contacts

Mrs. Kadyll McNaught-Hermitt
Email: kadyll.mcnaught-hermitt@jamstockex.com
Ms. Annette Headman
Email: annette.headman@jamstockex.com

LEAD BROKER

BARITA INVESTMENTS LIMITED

Arranger & Co-Broker

15 St. Lucia Way
Kingston 5

Website: www.barita.com
Tel: 876-926-2681
Fax: 876-929-8432

Primary Contacts

Ms. Terise Kettle
Email: t.kettle@barita.com
Ms. Kendese Nangle
Email: k.nangle@barita.com

AUDITOR

BDO CHARTERED ACCOUNTANTS

Auditor

26 Beechwood Avenue
Kingston 5

Tel: 876-926-1616

Primary Contact

Mr. Balvin Vanriel
Email: balvin.vanriel@bdo.com.jm

CO-BROKER

JN FUND MANAGERS LIMITED

Primary Contact: Mr. Dylan Coke | Email: dcoke@jngroup.com

SELLING AGENTS

BARITA INVESTMENTS LIMITED
JN FUND MANAGERS LIMITED
VICTORIA MUTUAL WEALTH MANAGEMENT LIMITED
SCOTIA INVESTMENTS JAMAICA LIMITED
JAMAICA MONEY MARKET BROKERS LIMITED
CUMAX WEALTH MANAGEMENT LIMITED

SECTION 5
THE INVITATION

SECTION 5: THE INVITATION

The Company invites the public in Jamaica to subscribe for up to 125,000,000 New Ordinary Shares in the capital of the Company, subject to the terms and conditions of this Prospectus. The New Ordinary Shares will, upon issue, rank pari passu in all respect with the Company's Existing Ordinary Shares.

ISSUED ORDINARY SHARES AT THE DATE OF THIS PROSPECTUS	
Issued and fully paid Ordinary Shares (converted to stock units)	1,085,603,093
Issued Preference Shares	100,000,000
Total	**1,185,603,093**

TOTAL ISSUED ORDINARY SHARES IN THE EVENT THAT THE INVITATION IS FULLY SUBSCRIBED	
Issued and fully paid Ordinary Shares (converted to stock units)	1,085,603,093
Issued Preference Shares	100,000,000
Total before subscription of shares in the Invitation	**1,185,603,093**
Non-Reserved Shares	12,500,000
Reserved Shares	112,500,000
Total after subscription of shares in the Invitation	**1,310,603,093**

All the Non-Reserved Shares are priced at the Invitation Price of $80.00 per New Ordinary Share payable in full on Application. Each New Ordinary Share forming the Reserved Shares are priced as follows: (i) Cornerstone Investor and Key Investors' Pool at J$80.00; and (ii) Existing Shareholders and Barita Clients' Pool at J$80.00. Reserved Share Applicants are the **persons (referred to herein) who are entitled to subscribe for Reserved Shares**. The Invitation will be with respect to up to 125,000,000 New Ordinary Shares, but the Directors reserve the right to elect to upsize the number of New Ordinary Shares made available for subscription by no more than 62,500,000 additional New Ordinary Shares in the event that the Invitation is oversubscribed.

The Reserved Shares are initially reserved for priority application from and subscription by Reserved Share Applicants at the abovementioned prices.

If any of the Reserved Shares comprising any of reserved pools are not fully subscribed for by the Reserved Share Applicants comprised within the respective pools (hereinbefore described), such Reserved Shares will be allocated, and made available, to the Non-Reserved Share Pool and form part of the New Ordinary Shares available for allotment to Non-Reserved Share Applicants at the Price applicable to the Non-Reserved Share Applicants.

The Application List will open at 9.00 a.m. on September 6th 2021 (the "Opening Date") and will close on September 21st 2021 at 4.00 p.m. or such other date as may be fixed by the Board, (the "Closing Date") subject to the Company's right to close the Application List at any time without notice, if Applications have been received for the full amount of the New Ordinary Shares the subject of the Invitation. Applications are due within the period commencing on the Opening Date and ending on the Closing Date.

Subject to the provisions in this Prospectus, the Company reserves the right to extend the period during which the Invitation will remain open. Allocations may be on a prorated basis, six (6) days after the Invitation is closed, and an announcement will be made informing of the allocation of New Ordinary Shares to successful Applicants.

Applications should be made on the original of the Application Form set out at Appendix 1 of this Prospectus and can be downloaded from the websites of the JSE at **www.jamstockex.com** and the Company at **www.barita.com.** Applications submitted prior to the Opening Date will be received, but not processed until the Opening Date, and will be deemed to have been received at the commencement of the Invitation.

The Invitation will close at 4:00 p.m. on the Closing Date subject to the right of the Company to: (a) close the Invitation at any time after it opens at 9:00 a.m. on the Opening Date once the Invitation is fully subscribed; or (b) extend the period during which the Invitation will remain open for any reason. In the case of the extension of

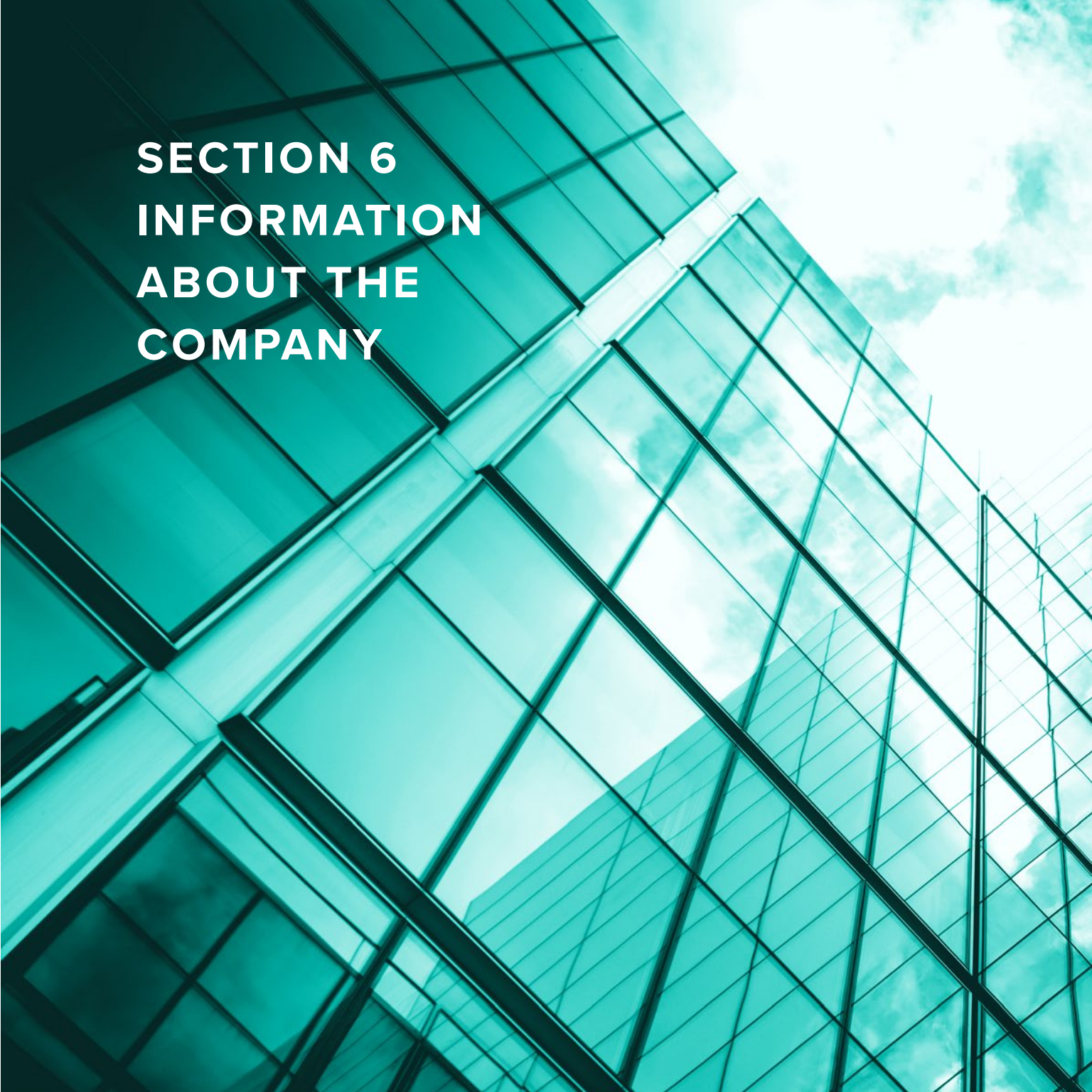
such period or an early closing, notice will be posted on the website of the JSE at **www.jamstockex.com** and/or on the Company's website at **www.barita.com**.

Each Application for New Ordinary Shares must be for a minimum of 300 New Ordinary Shares and amounts above this shall be in multiples of 100 New Ordinary Shares. The procedure for applying for New Ordinary Shares and the Terms and Conditions of the Invitation are set out in Section 18 of this Prospectus and on the Application Form.

Completed Application Forms must be received by 4:00 p.m. on the Closing Date. Each Application Form must be accompanied/supported by payment for the full amount on subscription by an Approved Payment Method and delivered to any one of the locations listed in Appendix 4 of this Prospectus titled "List of Locations for Lead Broker, Co-Broker and Selling Agents".

Upon the issue of the New Ordinary Shares, they shall be converted to additional ordinary stock units. It is the intention of the Company to apply to the JSE to list the New Ordinary Shares as are issued pursuant to this Prospectus on the Main Market of the JSE after the close of the Invitation. However, please note that this is a statement of intent and not a guarantee that the New Ordinary Shares will be so listed. The Company cannot guarantee that any of the New Ordinary Shares will be admitted to listing.

The Committed Subscriber has agreed with the Company and commits to purchase New Ordinary Shares in the Invitation in accordance with the Committed Subscription.



SECTION 6 INFORMATION ABOUT THE COMPANY

SECTION 6: INFORMATION ABOUT THE COMPANY

Barita Investments Limited, is a publicly traded company on the JSE, 74.3% owned by Cornerstone Financial Holdings Limited ("Cornerstone"). Founded by Rita Humphries-Lewin in 1977, the Company has the distinction of being one of the oldest stock-broking companies in Jamaica. The Company is licensed by the FSC as a Securities Dealer, is a member dealer of the JSE and is a Primary Dealer and Cambio Dealer for the Bank of Jamaica ("BOJ").

Barita, home of one of Jamaica's top performing equity funds, has a legacy of excellence, and is recognized as established in relation to middle market retail segment products and for Unit Trust performance.

Products and services include:

- **CAMBIO TRADING**
- **FIXED INCOME TRADING**
- **STOCK BROKERAGE**
- **POOLED FUNDS MANAGEMENT**
- **STRUCTURED PRODUCTS**
- **RETIREMENT PLANNING**
- **WEALTH MANAGEMENT**
- **INVESTMENT BANKING**

Through its subsidiary, Barita Unit Trusts Management Company Limited ("BUTM"), Barita currently offers six (6) unit trust products spanning fixed income, equities and real estate.

Barita serves its clients island-wide through its Head Office in Kingston and branches in Mandeville and Montego Bay. Barita handles over J$290.0 billion dollars of funds as reported in the Audited Financial Statements as at September 30, 2020, with a team of approximately 153 members across its operations island-wide.

SECTION 7
SHARE CAPITAL STRUCTURE

SECTION 7: SHARE CAPITAL STRUCTURE

The share capital of the Company is divided as follows:

CLASS	AUTHORIZED
Authorized ordinary shares at no par value	**14,000,000,000**
Authorized Preference Shares	**1,000,000,000**

Shareholdings in the Company as at the date of this Prospectus are as follows:

DESCRIPTION	NUMBER OF ISSUED ORDINARY SHARES	J$ PAID IN CAPITAL
Issued and fully paid Ordinary Shares (converted to stock units)	1,085,603,093	23,147,826,000
Issued Preference Shares	100,000,000	1,000,000,000
Total	**1,185,603,093**	**24,147,826,000**

Shareholdings of Ordinary Shares in the event the Invitation is fully subscribed by Applicants will be as follows:

DESCRIPTION	NUMBER OF ISSUED ORDINARY SHARES	AMOUNT OF PAID IN CAPITAL
Issued and fully paid Ordinary Shares (converted to stock units)	1,085,603,093	23,147,826,000
Issued Preference Shares	100,000,000	1,000,000,000
Sub-total	**1,185,603,093**	**24,147,826,000**
Non-Reserved Shares	12,500,000	1,000,000,000
Reserved Shares	112,500,000	9,000,000,000
Total	**1,310,603,093**	**34,147,826,000**

Shareholdings of Ordinary Shares in the event the Invitation is upsized will be as follows:

DESCRIPTION	NUMBER OF ISSUED ORDINARY SHARES	J$ PAID IN CAPITAL
Issued and fully paid Ordinary Shares (converted to stock units)	1,085,603,093	23,147,826,000
Issued Preference Shares	100,000,000	1,000,000,000
Sub-total	**1,185,603,093**	**24,147,826,000**
Non-Reserved Shares	18,750,000	1,500,000,000
Cornerstone Investor and Key Investors	140,625,000	11,250,000,000
Existing Shareholders and Barita Clients	28,125,000	2,250,000,000
Total	**1,373,103,093**	**39,147,826,000**

TOP 10 LARGEST SHAREHOLDERS

As at June 28, 2021 the holders on the register with the ten largest holdings of Existing Ordinary Shares are as follows:

(a) Pre-Additional Public Offering

TOP 10 SHAREHOLDERS	NO. OF SHARES	% SHAREHOLDING
Cornerstone Financial Holdings Limited	806,566,479	74.30%
First Citizens Investment Services Limited	66,280,154	6.11%
Rita Humphries-Lewin	53,550,974	4.93%
Barita Finance Limited	14,892,166	1.37%
National Insurance Fund	8,191,553	0.75%
Pimento Grove Limited	6,734,053	0.62%
JCSD Trustee Services Limited A/C Barita Unit Trust Capital Growth Fund	6,420,126	0.59%
Karl Wright	6,272,000	0.58%
Karl Lewin	6,196,437	0.57%
John O. Minott	5,649,117	0.52%
Sub-total	**980,753,059**	**90.34%**
Other Shareholders	104,850,034	9.66%
Total	**1,085,603,093**	**100.00%**

(b) Proposed holdings post-Additional Public Offering (assuming all New Ordinary Shares are subscribed for in full):

TOP 10 SHAREHOLDERS	NO. OF SHARES	% SHAREHOLDING
Cornerstone Financial Holdings Limited	806,566,479	66.63%
First Citizens Investment Services Limited	66,280,154	5.47%
Rita Humphries-Lewin	53,550,974	4.42%
Barita Finance Limited	14,892,166	1.23%
National Insurance Fund	8,191,553	0.68%
Pimento Grove Limited	6,734,053	0.56%
JCSD Trustee Services Limited A/C Barita Unit Trust Capital Growth Fund	6,420,126	0.53%
Karl Wright	6,272,000	0.52%
Karl Lewin	6,196,437	0.52%
John O. Minott	5,649,117	0.47%
Sub-total	**980,753,059**	**81.02%**
Other Shareholders	104,850,034	8.66%
Total (before subscription for shares under the Invitation)	**1,085,603,093**	**89.68%**
Reserved Shares	112,500,000	9.29%
Non-Reserved Shares	12,500,000	1.03%
Total (after subscription of shares under the Invitation)	**1,210,603,093**	**100.00%**

(c) Proposed holdings post-Additional Public Offering (assuming the Invitation is upsized and all New Ordinary Shares, including after upsizing of the Invitation, are subscribed for in full):

TOP 10 SHAREHOLDERS	NO. OF SHARES	% SHAREHOLDING
Cornerstone Financial Holdings Limited	806,566,479	63.35%
First Citizens Investment Services Limited	66,280,154	5.21%
Rita Humphries-Lewin	53,550,974	4.21%
Barita Finance Limited	14,892,166	1.17%
National Insurance Fund	8,191,553	0.64%
Pimento Grove Limited	6,734,053	0.53%
JCSD Trustee Services Limited A/C Barita Unit Trust Capital Growth Fund	6,420,126	0.50%
Karl Wright	6,272,000	0.49%
Karl Lewin	6,196,437	0.49%
John O. Minott	5,649,117	0.44%
Sub-total	**980,753,059**	**77.04%**
Other Shareholders	104,850,034	8.24%
Total (before subscription for shares under the Invitation)	**1,085,603,093**	**85.28%**
Reserved Shares	168,750,000	13.25%
Non-Reserved Shares	18,750,000	1.47%
Total (after subscription of shares under the Invitation)	**1,273,103,093**	**100.00%**

SECTION 8
DIVIDEND POLICY

SECTION 8: DIVIDEND POLICY

The Company believes in paying out a reasonable amount of its earnings to its shareholders while ensuring that the Company retains a sufficient amount of its earnings to fund its strategic plans and objectives for its future growth and expansion in addition to maintaining robust capital adequacy ratios. Currently, the Company has adopted a dividend policy that states that the Company may pay at least 80% of its earnings. The Board may however, in its absolute discretion, depending on market and Company specific conditions, decide to vary the dividends paid out from one year to the next.

The record of dividends declared and paid on the Company's Existing Ordinary Shares is as follows (information for financial years 2015-2020 is in respect of the ordinary shares of the Company):

FINANCIAL YEAR	J$ GROSS DIVIDEND	J$ DIVIDEND PER SHARE
2015 - 2016	49,046,451.00	0.11
2016 - 2017	49,046,451.00	0.11
2017 - 2018	396,830,000.00	0.89
2018 - 2019	414,665,000.00	0.93
2019 - 2020	897,234,919.00	1.267

SECTION 9
THE BOARD OF DIRECTORS OF THE COMPANY

SECTION 9: THE BOARD OF DIRECTORS OF THE COMPANY

MARK MYERS

Chairman

An astute businessman, Mark is the Managing Director of Restaurants of Jamaica Ltd. Mark holds a B.Sc. degree in Operations, Transportation and Distribution Management from Syracuse University's School of Management. A believer in contributing to the development of his country, he has served on several boards to include the Bank of Jamaica, Jamaica Trade and Investment Ltd. and the Jamaica Observer Ltd.

PAUL SIMPSON

Deputy Chairman

Paul is the Founder, President and CEO of Cornerstone. He is an Investment Banker with over 13 years' experience having worked in the Caribbean, the United States and Europe in various roles. He holds a double major in Computer Science and Geology and an MBA from the University of the West Indies. He has served on various government, private and charity boards including the Youth Arm of UNESCO, YMCA and the Jamaica Tourist Board where he was the Chairman of the Finance and Audit Committee.

JAMES GODFREY

Director

James is the Co-Founder and Managing Director of S&G Road Surfacing Materials Ltd. With over 30 years entrepreneurial experience, James has built the entity into one of Jamaica's leading asphalt manufacturing and road work solutions companies. Since its inception, S&G Road Surfacing Materials Ltd.'s portfolio of completed projects includes parking lots, driveways, multipurpose courts, roadways, roundabouts and related infrastructure projects in partnership with the National Works Agency, Gore Development Ltd. and China Harbour Engineering Corporation.

PHILLIP LEE

Director

Phillip is Group Managing Director for the companies owned and operated by the Lee family. These include Labels & Boxes Ltd. and Rotoflex Jamaica Ltd. which are the leading manufacturers of labels and packaging materials in Jamaica. Phillip has over 30 years of experience in the industry and his companies supply many of the largest Jamaican manufacturers, including GraceKennedy Ltd., Red Stripe and Salada Foods Jamaica Ltd. He has been involved in numerous successful packaging projects for these companies and continues to be consulted by the owners of major brands for his expertise.

DUNCAN STEWART

Director | Chairman - Investment Committee

Duncan is the General Manager of Stewart's Motors Ltd. and he is also involved in leading related family businesses, Stewart's Auto Sales Ltd. and its affiliated companies, Stewart's Auto Paints Ltd., Tropic Island Trading Company Ltd. and Silver Star Motors Ltd. Duncan is also a director of the Automobile Dealers Association and the Richard and Diana Stewart Foundation. Currently, he is a sponsor of the family charity, Kind Hearts, which is run by his children and their cousins.

CARL DOMVILLE

Director | Chairman - Audit Committee

Carl is the former Chief Operating Officer and Group Treasurer of the Seprod Group of Companies. A Chartered Accountant, he currently serves as a Director of Radio Jamaica Ltd. (RJR); The Gleaner Company Ltd. and is also a Trustee of the Seprod et al Superannuation Scheme. He is also a former President of the Jamaica Cooperative Credit Union League Ltd.

THE BOARD OF DIRECTORS OF THE COMPANY (Cont'd)

MICHAEL HYLTON Q.C.

Director | Chairman - Corporate Governance & Conduct Review Committee

Michael has practiced law for more than 40 years, primarily as a commercial litigator. After a very successful career at the private bar with the firm Myers, Fletcher & Gordon, he was appointed Solicitor General of Jamaica in January 2001, serving in that position until his return to private practice in late 2007. He has extensive experience and expertise in complex commercial matters, especially those involving financial institutions and instruments, constitutional and administrative law, taxation and intellectual property. He specializes in advocacy, with a particular focus on Privy Council appeals (having successfully argued more than 25 appeals). He has chaired numerous public and private sector companies and committees. Chambers & Partners Global in its 2018 edition lists Mr. Hylton as its sole "Star Individual" in business law dispute resolution, and describes him as "a standout litigation lawyer in the jurisdiction".

JASON CHAMBERS

Director

Jason has over 19 years of experience, spanning the range of securities trading, investment and treasury management, corporate finance, and corporate banking. Most recently, Jason held the position of Vice President of Investment Management at the GK Capital Management Ltd., a member of the GraceKennedy Group. Jason also headed the Corporate Banking Unit within First Global Bank Ltd. and was also a member of the senior management teams of the securities dealing subsidiaries of Guardian Holdings. Jason is a graduate of the University of the West Indies, where he obtained a Bachelor of Science degree in Economics he also obtained a Master of Science degree from the University of London.

ROBERT DRUMMOND

Director

Robert is a business executive and management consultant with over 30 years of experience leading and advising organizations through major strategic transformations. He has held executive appointments at prominent companies in Jamaica and the US, including First Global Financial Services Limited, NIKE, American Express and ITT Sheraton. As a strategy implementation specialist, he has contributed significantly through his research and publications including "Managing Resistance to Change" and "Organizational Turnarounds". He holds an MBA from Harvard Business School.

SECTION 10
THE MANAGEMENT OF THE COMPANY

SECTION 10: THE MANAGEMENT OF THE COMPANY

EXECUTIVE SUPPORT FROM THE PARENT COMPANY (CORNERSTONE UNITED HOLDINGS JAMAICA LIMITED)

PAUL SIMPSON MBA

Founder, President and CEO

Paul is the Founder, President and CEO of Cornerstone. He is an Investment Banker with over 13 years' experience having worked in the Caribbean, the United States and Europe in various roles. He holds a double major in Computer Science and Geology and an MBA from the University of the West Indies. He has served on various government, private and charity boards including the Youth Arm of UNESCO, YMCA and the Jamaica Tourist Board where he was the Chairman of the Finance and Audit Committee.

GAVIN JORDAN MSc., CPA

Group Chief Operating Officer

Prior to Cornerstone, Gavin was the CFO for GraceKennedy Foods (USA) and Divisional CFO, GK Foods. Gavin was also Finance Director and Company Secretary of Carreras and CFO of First Global Bank Ltd, where he was ultimately responsible for the day to day operations of the accounting and financial reporting functions. Gavin holds a B.Sc. in Accounting and Economics from the University of the West Indies, an MSc. in Financial Management from the University of London, and is also a CPA. He is a member of the American Institute of the Certified Public Accountants and the Colorado State Board of Accountancy.

JASON CHAMBERS MSc.

Group Chief Investment Officer

Jason has over 19 years of experience, spanning the range of securities trading, investment and treasury management, corporate finance, and corporate banking. Most recently, Jason held the position of Vice President of Investment Management at the GK Capital Management Ltd., a member of the GraceKennedy Group. Jason also headed the Corporate Banking Unit within First Global Bank Ltd. and was also a member of the senior management teams of the securities dealing subsidiaries of Guardian Holdings. Jason is a graduate of the University of the West Indies, where he obtained a Bachelor of Science degree in Economics he also obtained a Master of Science degree from the University of London.

WELDON MADDAN

MBA, CFA

Chief Strategy & Business Intelligence Officer

Weldon has over 18 years of banking experience at senior executive levels with Citigroup with assignments in Canada, UK and Poland. He has held CFO responsibilities for Online Marketing, Citi Partners and the Customer Contact Leveraging business units at Citi Cards. His work experience spans marketing, risk and operations. He is a former Secretary for the Jamaica Bankers Association and former Chairman of the Jamaica Institute of Financial Services. Weldon received a B.Sc. in Engineering from Boston University, an MBA in Finance from Columbia Business School and earned his Chartered Financial Analyst designation in 2007.

MALINDO WALLACE

MBA, LLB, LEC

Group Legal Counsel & Chief Compliance Officer

Malindo joined Cornerstone as Legal Counsel in April 2019 and in 2020 was promoted to Group Legal Counsel & Chief Compliance Officer. Prior to joining Cornerstone she held several key roles at GraceKennedy Ltd., including Legal Officer (Group), Senior Manager, Treasury and Corporate Finance, and Treasury Manager. Prior to that, Malindo was at UDC as Investment Manager and spent four years with Capital Options Limited as Corporate Finance Manager. Malindo has extensive banking experience with NCB as well as Capital and Credit Merchant Bank. Malindo holds a B.Sc. in Management and Accounts from the U.W.I and an M.B.A. in Finance from Manchester Business School. She also attained her Bachelor of Law from the University of London and her Legal Education Certificate from the Norman Manley Law School.

DANE BRODBER

CFA, CAIA, FRM, MBA

Group Chief Risk Officer

Dane has over 17 years of experience in the financial industry with extensive experience in Market Risk, Strategy and Business Intelligence. Dane was Regional Director, Market Risk Management at Scotiabank, with responsibility for the governance of market risk exposures throughout the English-Speaking Caribbean. Dane earned undergraduate degrees in Mechanical Engineering and Economics & Business from Lafayette College and an MBA from the University of New Orleans. He earned the CFA Charter in 2006, the Financial Risk Manager designation in 2007, and the Chartered Alternative Investments Analyst designation in 2019.

EXECUTIVE SUPPORT FROM THE PARENT COMPANY (CORNERSTONE UNITED HOLDINGS JAMAICA LIMITED)

STEPHEN PHILLIBERT
MBA, CFA

Group Chief Financial Officer

Stephen recently joined Cornerstone as CFO. In this capacity he is responsible for the financial operations of the group, including financial reporting, capital and operational budgeting, tax management and financial controls. Stephen provides support on projects of strategic significance. Prior to joining the group, Stephen held a number of senior roles during a combined tenure of approximately 17 years with two other well-known Jamaican corporate entities, primarily in the areas of finance, strategy, mergers & acquisitions. He holds an MBA from the University of Toronto as well as the Chartered Financial Analyst designation.

MANAGEMENT CONSULTANT

ROBERT DRUMMOND
MBA

Robert is a business executive and management consultant with over 30 years of experience leading and advising organizations through major strategic transformations. He has held executive appointments at prominent companies in Jamaica and the US, including First Global Financial Services Limited, NIKE, American Express and ITT Sheraton. As a strategy implementation specialist, he has contributed significantly through his research and publications including “Managing Resistance to Change” and “Organizational Turnarounds”. He holds an MBA from Harvard Business School.

THE BARITA LEADERSHIP TEAM

PAULA BARCLAY MBA

General Manager

Prior to joining Cornerstone, Paula held several roles at the GraceKennedy Group including, Group Treasurer Managing Director of First Global Leasing as well as General Manager, Chief Credit Risk Officer, SVP for Personal and Business Banking and VP of Corporate Banking at First Global Bank. At First Global Financial Services Ltd. she served in the capacity of VP for Pension Fund Management and VP for Business Development. She also served on various boards and committees at the GraceKennedy Group. Paula holds an MBA from Barry University and has completed The Leadership Journey at The Wharton Business School.

RAMON SMALL-FERGUSON

CFA, FRM, CAIA

Vice President - Asset Management & Research

Ramon joined Cornerstone from the Jamaica National Group where he was Chief Investment Strategist and Head of Research at the Group's investment subsidiary. His professional background spans the areas of Investment Research, Treasury & Portfolio Management and Investment Banking. Ramon has earned Chartered Financial Analyst (CFA®), Chartered Alternative Investment Analyst (CAIA), and Certified Financial Risk Manager (FRM®) designations, He also holds a Bachelor of Business Administration (BBA), Finance & Marketing (Hons) from the University of Technology, Jamaica.

SONIA OWENS MBA

Head - Treasury and Financial Institutions

Sonia joined Barita Investments in 1984 and held several positions over the years including Trading and Investments Manager, culminating in her most recent promotion to Head, Treasury & Financial Institutions. She holds a B.Sc. in Banking and Finance from the University of the West Indies, has attended several professional training courses with JIM, JIB, CI Financial and Euro Finance and has completed an MBA at Edinburgh Business School.

THE BARITA LEADERSHIP TEAM (Cont'd)

ANNMARIE WALKER CATO MBA, ACCA

Group Financial Controller

Annmarie has spent much of her life cultivating expertise across multiple areas of finance and accounting. Today she stands as our Group Financial Controller, having also held the positions of Assistant Vice President, Finance at Proven Wealth Limited, Senior Manager – Financial Control at First Global Bank Limited (FGB) and so many more. A highly-qualified businesswoman, Annmarie holds a B.Sc. in Accounting and Management Studies from UWI, an MBA from Florida International University (FIU) and is an ACCA-certified Chartered Accountant.

JUNIOR GRAHAM MBA, MSc., PMP

Vice President - Information Technology

Junior is an Information Technology professional with over 15 years' experience managing Information Technology and Innovation. Prior to joining Barita he held the position of Group MIS Manager at the JMMB group. Junior has also held various positions at the GraceKennedy group including Project Management, Innovation and e-Business. He is a certified Project Management Professional and holds an MBA in Finance from Manchester Business School and an MSc in network centered computing from Reading University.

STEPHANIE MURDOCK MSc., PMP, SMC

Senior Human Resources Executive

Stephanie joins us from the National Export Import Bank of Jamaica Ltd where she was General Manager, Corporate Services with responsibility for HR, Administration, Procurement and IT. She was the Director, HR Management at the Ministry of Foreign Affairs & Foreign Trade. With 20 years' experience in the areas of HR, Change Management, Leadership Development and Industrial Relations, Stephanie pursued undergraduate & graduate degrees at the University of the West Indies and Post Graduate Certification in Public Policy from Peking University, China. She also has the Project Management Professional (PMP) designation.

THE BARITA LEADERSHIP TEAM (Cont'd)

TERISE KETTLE MBA

Vice President Investment Banking

Terise joined Barita from Sagicor Bank Jamaica Ltd. where she held the position of AVP – Corporate Banking and has over 13 years of experience in banking. During her tenure at Sagicor, she led several syndicated transactions including the largest syndicated transaction in Jamaica in 2017. She started her career as an external auditor at PricewaterhouseCoopers. Terise holds an MBA specializing in Banking and Finance from the University of the West Indies and a B.Sc. in Management Studies and Accounting. She has also completed several post graduate certifications including Project Management, Portfolio Management, Credit Risk Management, and Complex Accounting for Corporations.

JUDITH NAJAIR MBA

Head Product Development & Special Projects

Prior to joining Cornerstone Group, Judith spent 9 years with CIBC First Caribbean International Bank serving in the regional capacities of Senior Manager Payments & Trade Services and Manager Treasury Operations. Prior to that she held several roles at NCB Capital Markets which included Regional Manager – Distribution & Wealth Management, Regional Manager – Client Relations, Customer Service Manager and Operations Manager. Judith's experience also includes Mayberry Investments Ltd. in the capacity of Financial Analyst; She holds an (EMBA) from the University of the West Indies (UWI) and a B.Sc.

SARA HENRIQUES MBA

Head Operations

Sara joined Barita on October 1, 2020 as Head of Operations. Prior to joining Barita, Sara garnered a wealth of experience in Treasury & Asset Management Operations within the financial services sector. She holds an MBA and Bachelor of Science degree in Business Management from the University of Technology both with a major in Finance.

THE BARITA LEADERSHIP TEAM (Cont'd)

IAN ANDERSON MBA

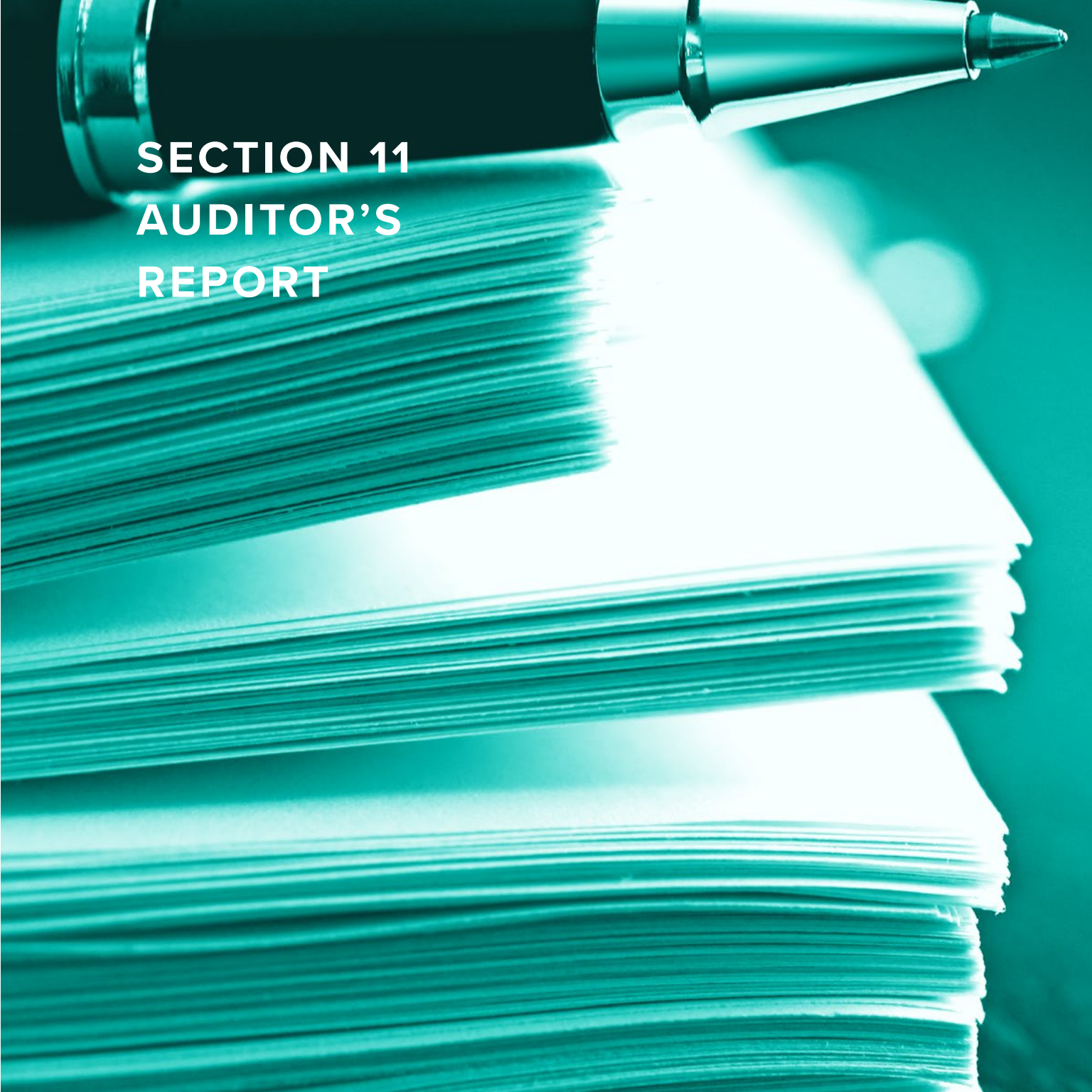
Head - Non-Financial Risk & Enterprise Risk Management

Ian joined Barita as Head, Non-Financial Risk & Enterprise Risk Management on June 1, 2020. Prior to his posting at Barita, Ian spent the majority of his career at Scotiabank Jamaica, where he served in varying capacities for over seventeen years. Ian earned an MBA in Management Information Systems from the Mona School of Business and a Bachelor of Science degree in Computer Science from the University of the West Indies.

PERCIVAL HURDITT MSc.

Head - Financial Risk

Percival joined Barita on November 18, 2020 as Head, Financial Risk. He has honed his experience in Risk for over fifteen years which is complemented by years of experience as a Research Economist at the Bank of Jamaica. Percival holds a MSc. and BSc. In Economics, both from the University of the West Indies.



SECTION 11 AUDITOR'S REPORT

SECTION 11: AUDITOR'S REPORT

Prospective investors are invited to view the Latest Audited Financial Statements, for the Auditor's Report on the website of the Jamaica Stock Exchange at **www.jamstockex.com** and at Appendix 2 herein.

SECTION 12
PRESENTATION OF CURRENT & HISTORICAL FINANCIAL INFORMATION

SECTION 12: PRESENTATION OF CURRENT & HISTORICAL FINANCIAL DATA

The Company's Latest Audited Accounts and Latest Unaudited Accounts for the six (6) Months ended March 31, 2021 are annexed in Appendix 2 and Appendix 3 respectively. Additionally, prospective Investors may also view the Latest Audited Accounts and the Latest Unaudited Accounts for the six (6) Months ended March 31, 2021 concerning the Company on the website of the Jamaica Stock Exchange at **www.jamstockex.com**.

This Prospectus is to be read in conjunction with the unaudited consolidated financial statements for the Company for the nine (9) Months ended June 30th, 2021, which have been published and can be found at the JSE's website at www.jamstockex.com.

The following is a presentation of the key financial data (in JMD) for the Company for each financial year in the 5-year period September 30, 2016 to September 30, 2020.

Audited key financial data for the 5-year period September 30, 2016 to September 30, 2020

AUDITED KEY FINANCIAL DATA FOR THE 5-YEAR PERIOD SEPTEMBER 30, 2016 TO SEPTEMBER 30, 2020

CONSOLIDATED INCOME STATEMENT	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000
Net interest income	366,053	286,871	422,288	650,999	882,589
Fees & commission income	343,553	475,726	505,210	693,273	1,827,376
Dividend income	25,554	20,590	31,779	30,670	8,677
Foreign exchange trading & translation gains	96,390	45,479	187,945	353,503	978,451
Gain on sale of Investments and trading profits	179,284	259,320	136,454	1,873.298	1,412,958
Other income	6,613	21,996	20,987	378,031	103,918
Net Operating Revenue	**1,017,447**	**1,109,982**	**1,304,663**	**3,979,774**	**5,213,969**
Non-Interest Income	651,394	823,111	882,375	3,328.775	4,331,380
Non-Interest Income/Net Operating Revenue	64%	74%	68%	84%	83%
Operating Expenses					
Staff costs	340,486	340,584	385,410	553,550	846,090
Administration	324,275	337,504	375,566	896,738	1,151,116
Impairment of available for sale investment	4,692	100,159	-	75,162	110,794
Total Operating Expenses	**669,453**	**778,247**	**760,976**	**1,525,450**	**2,108,000**
Share of loss of Investment In associated company	6,915	-	-	-	-
Profit before tax	341,079	331,735	543,687	2,454,324	3,105,969
Taxation	133,863	128,715	180,446	741,543	347,440
Net Profit	**207,216**	**203,020**	**363,241**	**1,712,781**	**2,758,529**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION SUMMARY	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000
Assets					
Cash and bank balances	339,863	429,123	333,685	787,920	5,277,608
Resale agreements	2,685,639	3,387,706	3,935,491	14,678,974	8,039,603
Investment Securities	3,938,843	2,526,849	3,503,728	11,042,562	13,939,095
Pledged Assets	6,436,290	8,030,640	9,883,136	10,928,445	35,425,728
Receivables	538,708	679,196	437,019	748,517	2,986,408
Taxation Recoverable	1,050	3,614	6,701	-	183,299
Loans receivables	424,541	354,558	403,064	751,846	1,717,229
Due from related companies	55,714	76,813	72,096	1,624,584	1,979,035
Property, plant and equipment	228,078	269,364	243,533	353,275	609,821
Intangible Assets	67,948	34,192	9,090	33,531	18,399
Investments	55,000	55,000	55,000	55,000	55,000
Investment Property	-	-	-	-	203,400
Right-of-use assets	-	-	-	-	256,588
Total Assets	**14,771,674**	**15,847,055**	**18,882,543**	**41,004,654**	**70,691,213**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION SUMMARY CONT'D	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000
Liabilities					
Bank overdraft	-	15,339	311	71,819	8,720
Short term loans	-	-	-	-	611,947
Repurchase agreements	11,471,723	12,030,842	14,362,540	24,092,810	34,446,619
Lease liability	-	-	-	-	282,298
Payables	409,581	563,923	814,647	1,739,686	6,970,314
Due to related parties	24,391	5,776	8,348	77,711	273,744
Taxation payable	55,175	96,280	44,612	730,500	-
Deferred tax liabilities	316,533	358,983	586,014	622,850	616,891
Total Liabilities	**12,277,403**	**13,071,143**	**15,816,472**	**27,335,376**	**43,210,533**
Shareholders' Equity					
Share capital	736,304	736,304	740,427	10,699,381	24,146,554
Capital reserves	69,799	93,133	93,133	111,466	111,466
Fair value reserves	500,551	604,884	910,697	685,248	25,054
Capital redemption reserve	220,127	220,127	220,127	220,127	220,127
Retained earnings	967,490	1,121,464	1,101,687	1,953,056	2,977,479
Total Shareholders' Equity	**2,494,271**	**2,775,912**	**3,066,071**	**13,669,278**	**27,480,680**
Total Liabilities and Shareholders' Equity	**14,771,674**	**15,847,055**	**18,882,543**	**41,004,654**	**70,691,213**

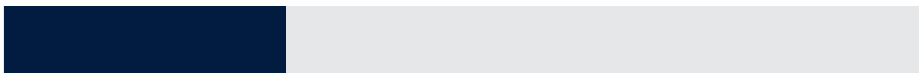
FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED MARCH 31, 2021 (UNAUDITED)

$4.0 B NET OPERATING REVENUE	**$2.1 B** NET PROFITS
$28.7 B TOTAL SHAREHOLDER'S EQUITY	**$78.7 B** TOTAL ASSETS

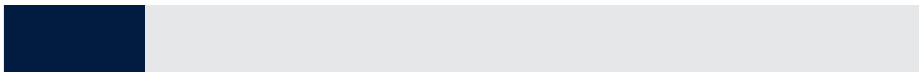
36.4%

EFFICIENCY RATIO



17.5%

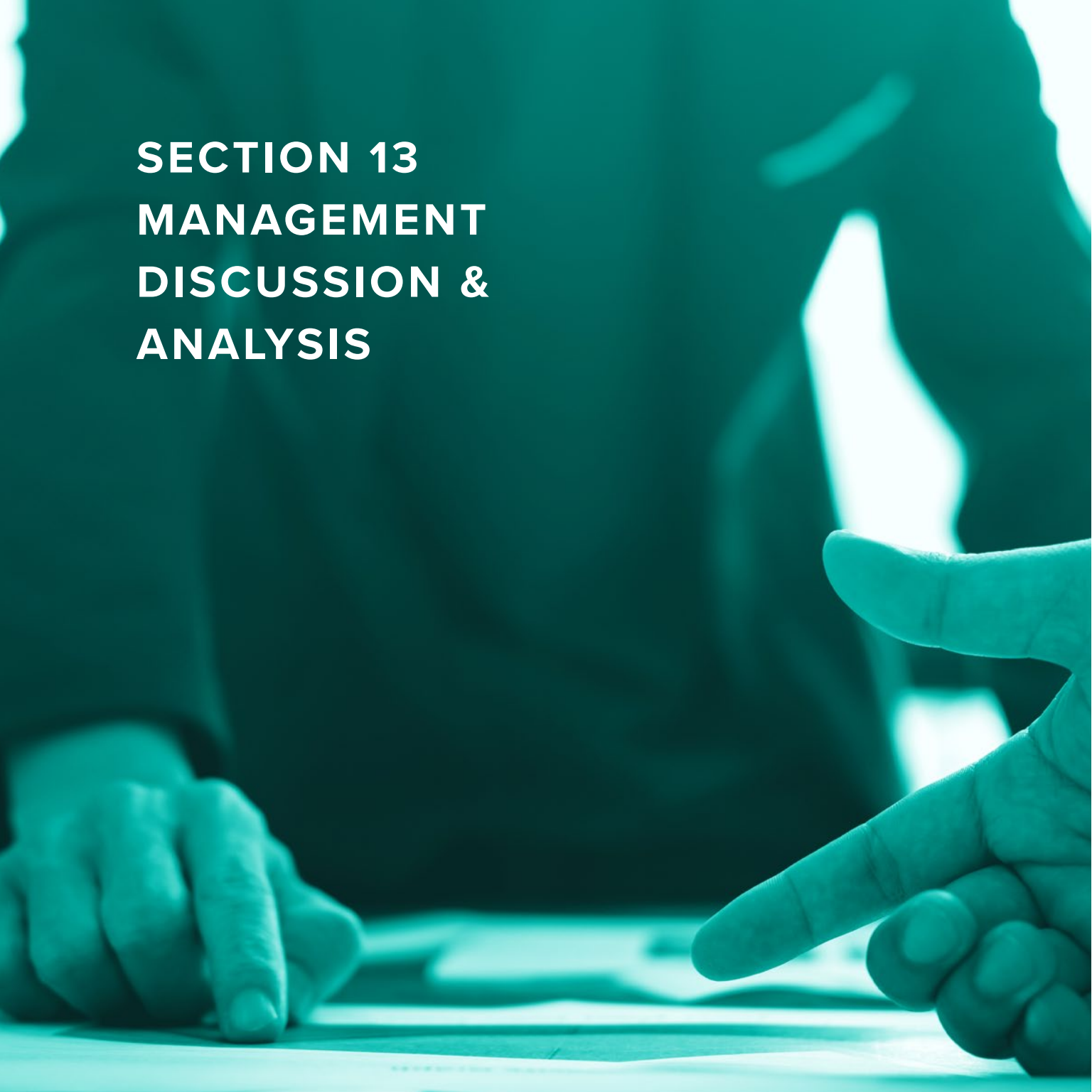
RETURN ON AVERAGE EQUITY



CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT MARCH 31, 2021

	Unaudited 6 Months Ended March 31, 2021 $'000	Unaudited 6 Months Ended March 31, 2020 $'000
Cash Flows from Operating Activities		
Net Profit for the Period	2,062,422	1,012,424
Adjusted for:		
Depreciation	52,099	25,458
Effect of exchange gain/loss on foreign balances	(1,010,610)	4,902
Impairment/expected credit losses (ECL)	101,094	94,181
FMV gains/losses - equity	(41,993)	(303,897)
Interest income	(1,257,886)	(968,882)
Interest expense	517,245	428,799
Income tax expense	509,598	294,085
	931,969	587,070
Changes in operating assets and liabilities:		
Marketable securities	(6,674,165)	(9,813,664)
Securities purchased under resale agreements	4,733,263	5,907,294
Securities sold under repurchase agreements	8,767,561	2,483,320
Notes payable	3,770,145	-
Receivables, net	(310,341)	(3,105,972)
Loans receivable	(5,569,546)	(346,531)
Payables	(4,035,646)	6,763,077
Due from related parties	(717,720)	607,426
	895,519	3,082,020
Interest received	1,199,089	645,972
Interest paid	(454,950)	(416,772)
Income tax paid	(411,593)	(826,654)
Cash provided by operating activities	**1,228,065**	**2,484,567**
Cash flows from Investing/financing Activities		
Treasury shares acquired	-	180,929
Ordinary dividends paid	(2,638,067)	-
Investment in Associates Company	(1,996,279)	122
Purchase of property, plant and equipment	(270,643)	(289,522)
Cash provided by investing/financing activities	**(4,904,989)**	**(108,471)**
Effect of exchange rate on cash and cash equivalents	**(42,165)**	**(2,531)**
Decrease/(increase) in net cash and cash equivalents	(3,719,090)	2,373,565
Net cash and cash equivalents at beginning of year	5,268 888	716,101
Net cash and cash equivalents at end of period	**1,549,798**	**3,089,666**

SECTION 13 MANAGEMENT DISCUSSION & ANALYSIS



SECTION 13: MANAGEMENT DISCUSSION & ANALYSIS

INTRODUCTION

COVID-19 remains a dominant theme in 2021 because of the economic implications from the continuation of curtailment measures implemented to contain the spread of the virus. Other complicating factors particularly for emerging economies, such as Jamaica, include the threat of new variants of the virus and the low levels of vaccination among their populations. Implications arise for the recovery of key industries such as tourism given that international visitors' attitudes to travel may be influenced by the level of vaccination rates in their intended destinations[1]. There may also be structural issues, such as the UK's traffic light approach, which makes it difficult for their citizens to visit destinations with still high COVID-19 levels and low vaccination numbers[2]. Notwithstanding, our view remains that elevated levels of global monetary and fiscal policy measures, coupled with signs of economic recovery locally and globally, should create opportunities for companies that are well capitalized and have the management acumen to execute on the opportunities likely to arise in the 'new normal'.

MARKET REVIEW

COVID-19 disrupted both global and local financial markets since the first cluster of infections were announced in China in December 2019[3], and the first reported infection in the USA in January 2020[4]. Entering January 2021, the Chicago Board Options Exchange (CBOE) Volatility Index (VIX) had come down to 26.97, which was a sharp decline from the March 2020 peak of 82.69, which was the highest value in the history of the index, and thereby exceeding the previous peak value of 80.74 that was reported during the 2008 Great Recession[5]. By the end of March 2021, the VIX had further declined to 19.40, which suggests that market players in risk assets globally were becoming less fearful. This was confirmed by the levels in the Standard and Poor's 500 (S&P 500), which opened 2021 at 3,700, and ended March 2021 at 3,972, well above the January 2020 peak level of 3,257; this compares favourably to the March 23rd 2020 bottom of 2,237[6]. The recovery in risk assets markets is largely attributable to the broad range of fiscal and monetary policy measures that were introduced globally to help both households and businesses survive the economic fallout.

1 Source: https://www.driveresearch.com/market-research-company-blog/survey-changing-traveler-behaviors-amidst-vaccine-rollout/

2 Source: https://jamaica-gleaner.com/article/lead-stories/20210503/bartlett-smashes-uk-vaccine-traffic-lights

3 Source: https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200121-sitrep-1-2019-ncov.pdf?sfvrsn=20a99c10_4

4 Source: https://www.cdc.gov/mmwr/volumes/69/wr/mm6922e1.htm

5 Source: https://fred.stlouisfed.org/series/vixcls

6 Source: https://fred.stlouisfed.org/series/sp5001

At the peak of the crisis, the unemployment rate in the USA rose to 14.8% in April 2020, up from a low of 3.5% in February 2020. By March 2021, the unemployment rate had reduced to 6%, which represents some degree of economic normalization and the success of the various fiscal and monetary policy measures[7]. With continued vaccination throughout the US and a broadening economic recovery, it is anticipated that the unemployment rate will decline further, but at a slower pace.

COVID-19 has also caused record unemployment in the USA because of the engineered shutdown of the economy. At the peak of the crisis more than 30 million Americans were without jobs, temporarily or permanently[8]. Those job losses have been mainly in the travel, leisure, hospitality and restaurant industries[9]. The policy responses globally to the labour market and broader economic crisis were swift and broad: Germany responded with three supplementary budgets -March 2020 (4.7% of GDP), June 2020 (3.9% of GDP) and March 2021 (1.7% of GDP); under President Biden the USA is spending over 8.8% of 2020 GDP and Japan an estimated 21% of 2019 GDP, to help their economies rebound from the COVID-19 induced crisis[10].

Locally, the Jamaican Government spent in excess of J$25 billion to help businesses and displaced employees[11]. And for financial year 2021/2022 the Government will be pursuing the SERVE Jamaica programme, which is priced at J$60 billion to target a broad range of industries, but with infrastructure at the core[12].

FIXED INCOME MARKET

Monetary policy is expected to remain accommodative, even as concerns emerge about whether inflation is likely to be more structural than transitory. The US Federal Reserve continues to signal to the market the view that the inflationary signals being detected in the market are transitory[13] and therefore would not be quick to raise rates, although they might begin to reduce their bond purchases much sooner than they had initially intended[14]. Locally, the Bank of Jamaica remains accommodative, while also prioritizing price stability.

7 Source: https://fred.stlouisfed.org/series/UNRATE

8 Source: https://www.bls.gov/

9 Source: https://www.bls.gov/

10 Source: https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#J

11 Source: https://mof.gov.jm/mof-media/media-centre/press/2633-fiscal-stimulus-response-to-the-covid-19.html

12 Source: https://jis.gov.jm/govt-announces-60-billion-social-and-economic-recovery-programme/

13 Source: https://www.cbsnews.com/news/interest-rates-inflation-federal-reserve-transitory/

14 Source: https://blockworks.co/fed-minutes-show-taper-talk-may-come-sooner-than-expected/

Interest rates have remained stable despite the disruptions in the market to date. The 90-day Treasury Bill (T-Bill) average yield in January 2021 was 0.7%, and has risen to 1.0% in June 2021; similarly, the 180-day T-Bill rate was 0.8% in January 2021 and is now 1.3% in June 2021[15].

The Jamaica Sovereign Bond (JAMANS) also featured in the "sell-off" of emerging market debt in 2020: back in March 2020, the JAMANS 2028s and 2045s bid yields were at 7.48% and 8.45%, respectively; those yields have fallen off significantly: currently, the JAMANS 2028 trades at a bid yield of 3.48% and the JAMANS 2045s at 4.99%, as at June 28, 2021. As the fiscal situation improves globally, particularly in emerging markets, and general global economic conditions improve, then going forward bond yields could come down further, particularly among emerging markets that are just now increasing their vaccination rates[16].

FOREIGN EXCHANGE MARKET

The local foreign exchange (FX) market continues to be well-funded and supported by strong remittance inflows and record levels of net international reserves. Since January 2021, the JMD has depreciated by 6% relative to the USD. Despite the slide in the exchange rate, the BOJ remains consistent with its philosophy that the exchange rate must be market determined. It must also be noted that net international reserves (NIR) remain at record highs at US$3.4 billion, or the equivalent of 30.6 weeks of goods and services imports. Therefore, the slide in the exchange rate doesn't reflect an inadequate amount of USD that are potentially available to the Jamaican market[17].

LOCAL EQUITIES

As at June 17, 2021 the JSE main index was still down year-over year by 7.8%, which contrasts with other markets internationally, including the S&P 500 and Dow Jones Industrial Average (DJIA), which have substantially retraced almost all their losses[18].

Although the vaccination program has begun locally, and advanced in major trading economies such as in the USA and UK, local institutional investors seem to remain unconvinced given the difficulty the local equities market is facing in retracing pre-COVID levels in terms of value and volume traded. Up to the end of May 2021, the number of transactions on the JSE was down 13.2% relative to the corresponding period in 2020.

15 Source: Bank of Jamaica

16 Source: https://internationalbanker.com/finance/will-emerging-markets-outperform-this-year/

17 Source: Bank of Jamaica

18 Source: https://www.jamstockex.com/

Also, both volume and value remain down 52.3% and 28.7% relative to their 2020 levels. Notwithstanding, the local vaccination program does give some concerns especially about the prospects for tourism recovery if our vaccination rates are substantially lower than our regional peers such as the Bahamas and Barbados. Outside of that particular risk factor, the Jamaican economy remains fairly robust to external shocks given both elevated levels of NIR and the still undrawn IMF Rapid Financing Instrument of US$520 million[19]. Against this background, it's likely that the local equities market will continue to trade with some degree of caution, with the vaccination program being the primary headwind.

BARITA'S FINANCIAL PERFORMANCE

For 6-Month FY 2021, the Group reported net profits of $2.1 billion which represented a 104% increase over net profits of $1.0 billion for the corresponding period ended March 31, 2020. The profit outturn for 6-Month FY 2020 also represents Barita's highest net profit performance for this period in its history. Net profit for 6-Month FY 2021 translated to earnings per share (EPS) of $1.90, relative to $1.24 per share for 6-Month FY 2020. This performance has translated into a return on average equity (ROAE) of 17.5%.

Since the market crash of March 2020, we continue to be conservative in our management of the market and liquidity risk exposures of the Company's on and off-book portfolios, even as the local and global economies show signs of improvement: Capital to Total Assets stood at 32.07% relative to the regulatory minimum of 6%, indicative of very low leverage in the business and significant capacity to withstand shocks. The Company's Capital to Risk Weighted Assets Ratio[20] as reported to the FSC as at the period ending March 31, 2021 was 53.39%, significantly above the regulatory minimum of 10%.

During the first half of FY 2021 we continue to see growth across our core business lines, reflecting an expanding customer base, a focus on efficiency and the results of our efforts to grow and diversify revenues. This performance was influenced largely by the continued adroit execution of Barita's post-acquisition strategy, which has been underpinned by increased capitalization, the addition of talent and the establishment of new business lines.

19 Source: https://jis.gov.jm/jamaica-gets-us520-million-under-imf-rapid-financing-instrument/

20 Source: https://www.bls.gov/

OPERATING PERFORMANCE

Barita produced Net Operating Revenue of $4.0 billion for 6-Month FY 2021 which represents a $1.8 billion (78.6%) increase versus the comparable period in FY 2020. Barita's revenue base during the period was influenced by:

- **Net Interest Income:** Net Interest Income (NII) recorded a $201 million (37%) increase year-over-year (YoY) for 6-Month FY 2021 to $741 million. The rise in NII reflects continued growth in the Group's asset base resulting from the deployment of our increased capital position into credit and fixed income assets coupled with a 63% YoY rise in repo liabilities.

- **Non-Interest Income:** Non-Interest Income grew by 92% or $1.6 billion to $3.3 billion relative to $1.7 billion reported for 6-Month FY 2020. The growth in Non-Interest Income was principally driven by improvements in fees and commission income and foreign exchange trading & translation gains. Non-interest income as a percentage of net operating revenues was 82%, for the period, which reflects the Group's continued focus on optimizing its revenue mix with emphasis on fee-based income:

  - **Gain on Investment Activities & FX Trading:** This business segment relates to the management of our Cambio and proprietary trading portfolio, which closed the period with gains of $791 million, which is $60 million or 7% below the same period in the prior financial year. The decline YoY is attributable to the reduced trading activity experienced during Q2 FY21 versus the comparable period in FY20. This decline in trading activity is related to the general trends in global fixed income markets during Q2, largely characterized by rising interest rates, which negatively affected fixed income portfolios.

  - **Fees & Commission Income:** Fees and Commission Income rose by 79% to $1.4 billion for 6-Month FY 2021 relative to the prior period's result of $760 million. The rise in Fee and Commission Income during the period was primarily driven by the Group's continued growth in Assets Under Management coupled with income from our Investment Banking business line.

  - **FX Trading and Translation Gains:** We continue to actively manage the Group's balance sheet foreign exchange exposures in an effort to safeguard shareholders' equity against the effects of currency risk. Our local currency depreciated by $3.83 or 2.7%[21] against the USD relative to the December 2020 level to close 6-Month FY 2021 at $146.58 as per the BOJ Weighted Average Selling Rate. The Group's FX translation gain was $1.1 billion when compared to the $107 million recorded in the corresponding period of the prior year.

21 Source: This data is published daily by the BOJ on their website: boj.org.jm

- **Operating Expenses:** Non-Interest Expenses for 6-Month FY 2021 rose by 54% or $515 million versus the corresponding period prior year to $1.5 billion. The YoY rise in expenses is driven by increases in staff costs (by $247 million or 72%) and administrative expenses (by $260 million or 50%), while the Group's expected credit losses ("ECL") rose to $101 million up from $94 million in 6-Month FY 2020. The increase in ECL is a function of the significant balance sheet expansion, in particular the increased credit portfolio. The rise in expenses during the quarter reflects the Group's continued investments in the critical pillars of its transformational growth strategy to include acquisition and retention of human capital management, customer acquisition initiatives, and the development of key infrastructure to enhance customer experience. Notwithstanding the rise in operating expenses, the Group's efficiency ratio for 6-Month FY 2021 was 36% versus 42.3% for the same period in 2020.

BALANCE SHEET HIGHLIGHTS

- **Total Assets:** Barita's total assets stood at $78.7 billion as at March 2021, representing a $30.0 billion or 62% increase over the corresponding 2020 period. This increase is largely the result of a $22.5 billion growth in pledged assets throughout the period and a $6.2 billion growth in loan assets.

- **Total Liabilities:** To aid in funding the increase in total assets YoY, we grew our total liabilities by 46% or $15.8 billion to $50.1 billion when compared with 6-Month FY2020. At $43.1 billion, repos were the single largest liability, and represents a 63% or $16.6 billion increase relative to the corresponding FY2020 period.

- **Shareholders' Equity:** The equity base of the Group grew significantly, rising by 99% or $14.3 billion YoY to close the period at $28.7 billion. The growth in Shareholders' Equity is largely a result of the following:

  - The injection of additional equity in the Group arising from the $13.5 billion APO; and

  - An increase in retained earnings, net of dividends declared during the period.

BARITA INVESTMENTS LIMITED - OUTLOOK

For most of the quarter ended March 2021, the local financial markets continue to stage a recovery, which is admittedly at a slower pace when compared to other markets such as in the US. Notably, however, some important indicators continue to improve, such as quarterly GDP, which continues to improve on a quarter-over-quarter basis[22]. Global financial markets likewise continue to be characterized by low interest rates and elevated equity prices in key developed markets. Locally, restrictions imposed on businesses and movement of people aimed at preventing the spread of the virus continue to affect the operations of many service-based companies particularly those within the hospitality and food services industries, transportation[23].

Risks are still fairly elevated and consequently, investors are still looking to the continued support of monetary and fiscal authorities, both locally and internationally, to provide support for risk assets. This was forthcoming in March 2021, when newly elected US President Joe Biden signed a US$1.9 trillion relief bill, which still has residual impacts on the US and global economy. At the same time, investors, concerned about heightened global equities valuation, are looking towards earnings growth to support those valuations. Consequently, this is likely a major risk factor going forward, to the extent that reporting companies do not meet the earnings expectations that are implied in current valuations. It is against this backdrop that assets in developing economies, such as in Jamaica, with more favourable valuations could be attractive at this stage in the economic cycle[24].

In terms of the fixed income, yields in investment grade and even in non-investment grade have retraced their pre-COVID levels and are trading tight relative to benchmark indices. Consequently, investors have begun moving down the capital structure into non-investment grade credits such as 'B-' and even 'CCC' credits to pick-up yield. This is likely to continue alongside a greater push into alternative investment classes.

22 Source: https://boj.org.jm/wp-content/uploads/2021/05/may_2021_qmpr.pdf

23 Source: https://jis.gov.jm/covid-19-continues-to-impact-economy/

24 Source: https://www.morganstanley.com/im/en-us/individual-investor/insights/articles/why-emerging-markets-leaders-now.html

SECTION 14
RISK EXPOSURE

SECTION 14: RISK EXPOSURE

The Company's activities expose it to a variety of risks.

In addition to other information set forth in this Prospectus, prospective investors should, before subscribing for New Ordinary Shares, carefully consider the risks described below. These risks are not the only ones facing prospective investors. Additional risks not presently known to the Directors or that the Directors may presently consider to be immaterial may also impair the Company's operations.

This Prospectus also contains Forward-Looking Statements that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated as a result of certain factors, including the risks faced by the Company described below and elsewhere in this Prospectus.

PRIMARY RISK FACTORS

By its nature, the Company's activities are principally Equities Trading, Fixed Income Trading, Unit Trusts, Pension Fund Management, Asset Management, Investment Banking and FX Trading. The Company's activities therefore expose it to a variety of financial risks: Credit Risk, Liquidity Risk, Market Risk, as well as operational and other non-financial risks. The aim is therefore, to achieve an appropriate balance between risk and return and control potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems.

The Board of Directors is ultimately responsible for the establishment and oversight of the risk management framework. Included in this framework are the functions performed by the Management Investment Committee and Non-Financial Risk Committee of the Company. These Management Committees oversee the Company's compliance with the risk management policies and procedures approved by the Board; review the adequacy of the risk management framework in relation to the risks faced by the Company and provide advice and counsel on policies, limits, risk appetite levels, and new product proposals.

In addition to this, the Board of Directors has established the Audit Committee, which is responsible for assisting the Board of Directors in fulfilling its oversight responsibilities for:

- The implementation of the risk management framework in accordance with the Enterprise Risk Management Policy, review and recommend for approval risk appetites and limit frameworks prior to submission to the Board;
- The integrity of the Company's Financial Statements;
- The Company's policies, programs and procedures to ensure compliance with the relevant legal and regulatory requirements, the Company's Code of Ethics and Conduct and other relevant standards and best practices;
- The Company's efforts to comply with legal obligations arising from material agreements and undertakings;
- The qualifications and independence of the Company's external auditors; and
- The performance of the Company's internal audit function and its external auditors.

THE KEY RISKS TO WHICH THE COMPANY IS EXPOSED AND THE MANNER IN WHICH IT MANAGES THEM ARE AS FOLLOWS:

MARKET RISK: Market Risk is the risk of loss due to changes in market prices and rates (including interest rates, credit spreads, equity prices, and FX rates), the correlations among them, and their levels of volatility.

Market Risk is monitored through the Management and Board Investment Committees. Various exposures are monitored daily and controlled through Board approved limits; which control the individual and aggregate impact of the various Market Risk factors on earnings and capital. This is supported by extensive research and continuous monitoring of the price movement and fundamental factors affecting financial assets on the local and international markets.

LIQUIDITY RISK: Liquidity Risk is the risk that the Company will encounter difficulty in meeting obligations arising from its financial liabilities or other cash requirements. Liquidity Risk may also result from an inability to sell a financial asset quickly at, or close to, its fair value. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its obligations when due under both normal and stressed conditions.

The Company's liquidity management process includes:

- Forecasting cash inflows and outflows by currency to anticipate emerging liquidity needs and conducting regular stress tests to assess the vulnerabilities inherent in its balance sheet structure and the adequacy of liquidity resources under stressed conditions;
- Maintaining a pool of highly liquid, unencumbered assets that can be readily sold, or pledged to secure borrowings under stressed conditions;
- Managing the structure of its funding relative to its liquidity position to ensure that it is sufficiently diversified by term and type of client;
- Maintaining, testing and updating its contingency funding plan, which outlines the necessary responses to varying levels and stages of stressed conditions; and
- Proactively identifying, building and securing alternative sources of funding to ensure the adequacy of its contingency options and position itself to take advantage of material opportunities.

CREDIT RISK: Credit Risk is the risk of default by, or material decline in credit worthiness of, an obligor. Credit Risk may be disaggregated into three (3) types of risks:

- **Default (Counterparty) Risk**

  The possibility that the issuer/borrower will fail to meet its payment obligations or other contractual covenants. Technical default may occur due to the issuer's/borrower's violation of other agreed terms (e.g. failure to maintain a certain financial ratio at/above a pre-determined level).

- **Credit Spread Risk**

  Measured by the amount of yield differential above the return on a benchmark, default-free security (e.g. T- Bills) demanded by investors to compensate for buying the riskier security. The risk is that the riskier security might offer a lower than required premium.

- **Downgrade Risk**

  Risk that a bond will be reclassified as a riskier security by a credit rating agency (e.g. Standard & Poor's). A downgrade in the rating of a security usually leads to a fall in its market price.

To control Credit Risk exposure, the Company manages the minimum credit quality, asset class and concentration of all issuers/borrowers in its portfolio and continuously monitors the financial status of each obligor.

OPERATIONAL RISK: Operational Risk is the risk arising from execution of an enterprise's business functions and particularly the risk of loss resulting from internal processes, people and systems, or from external events such as:

- **Internal Fraud**
  Misappropriation of assets, tax evasion, intentional mismarking of positions, bribery;
- **External Fraud**
  Theft of information, hacking damage, third-party theft and forgery;
- **Employment Practices and Workplace Safety**
  Discrimination, workers compensation, employee health and safety;
- **Clients, Products, & Business Practices**
  Market manipulation, antitrust activities, improper trades, product defects, fiduciary breaches, account churning;
- **Damage to Physical Assets:**
  Natural disasters, terrorism, vandalism;
- **Business Disruption & Systems Failures:**
  Utility disruptions, software failures, hardware failures;
- **Execution, Delivery, & Process Management:**
  Data entry errors, accounting errors, failed mandatory reporting, negligent loss of clients' assets.

The Company has established frameworks to capture, prioritize, manage, track and report on the most important operational and other non-financial risk exposures. This is complemented by the tracking of key risk indicators to identify emerging risks. These activities are reinforced through the Non-Financial Risk Committee where the status of these risks and their strategic implications are highlighted. Due to the nature of the Company the most material among these are Systems, Processes, People and Customer Risks.

Systems: Systems Risk refers to the likelihood of vulnerabilities related to the information technology (IT) environment including security, data governance and integrity, reliability and necessary supporting infrastructure to handle business requirements. These are inherent in the technology-driven nature of Barita's business.

Robust technology planning and development processes ensure that technological capabilities are adequate to support the strategic requirements of the organization. This is supported by the continuous and proactive evaluation and updating of the security environment to minimize exposure to cyber-attacks and other current and potential IT security exposures. Employees and customers are consistently sensitized to ensure they understand current and evolving IT security risks, and to reinforce the desired behaviours.

Processes: The risk associated with processes refers to the exposure to control weaknesses in various processes and instances where policies and procedures may be less than effective in embedding and establishing the required governance, limits, controls and practices for the execution of tasks.

Barita mitigates this risk through its Enterprise Risk Management Framework and policies and procedures that establish the governance, authority levels, and required controls for various processes and operations, and prescribes a framework for identifying and managing the various inherent risks. This is complemented by continuous review of the various processes to improve efficiency, strengthen controls, and manage residual risks.

People: People Risk refers to the likelihood that Barita does not adequately attract, retain and develop employees with the requisite knowledge and aptitude to meet the strategic needs of the organization and fill key roles as they emerge or become vacant. People Risk also refers to the likelihood that the culture does not sufficiently instill the desired level of performance and conduct.

Barita is focused on building its talent pool to support its growth. There is a focus on ensuring the development of resources to fill key current roles, should they become vacant; as well as to fill roles that will emerge in the future. The people strategy is supported by building a culture of high performance and accountability; this is also embedded within its appraisal and compensation structure.

Customer: Customer Risk refers to possible reduction in customer engagement and loyalty, changes in customers' behavior and their perception of Barita; as well as risks that Barita sells products to customers that may not be suited to their circumstances.

Barita mitigates this risk through the various customer feedback mechanisms embedded in its marketing strategy and customer service delivery. Customer circumstances and risk appetites are established at initiation and through ongoing interaction, with investment recommendations with respect to risk and return profiles supported by the research team.

COMPLIANCE RISK: Compliance Risk is the possibility of internal, regulatory, statutory or legal non-compliance and associated risks from engagement with third parties.

The Company seeks to comply with all relevant legal and statutory requirements and is supported by strong institutional governance and management to ensure a culture of compliance and ethical conduct.

STRATEGIC RISK: Strategic Risk refers to the possibility that strategic choices may be adversely affected by changes in the business and competitive environment and could cause other material risk exposures. This includes the impact of changes resulting from strategic choices throughout the organization, new products and initiatives that do not meet desired objectives, and robustness of the supporting governance and performance management environment to ensure effectiveness.

Barita and its affiliates have a robust process for strategy formulation and execution. This includes processes surrounding the identification of opportunities in the context of the competitive environment, current and prospective market developments, and lifestyle trends. The strategy is approved by the Board and ownership and accountability for strategy implementation is supported by communication of the strategy to all employees and the alignment of strategy to individual objectives through key performance indicators. Major risks associated with the strategy are also continuously monitored through selected key risk indicators which are subject to review at least on a quarterly basis. Implementation is also closely monitored and managed at the Barita and Cornerstone Executive levels, with quarterly updates provided to the Board.

REPUTATIONAL RISK: Reputational Risk is the exposure to negative perception, whether true or not, of the Company/Group by regulators, service providers, customers, employees, brokers, shareholders, and other key stakeholders, which may impair the performance, risk profile and strategic objectives of the Company.

Barita manages its Reputational Risk through its Code of Conduct, governance practices, risk management programs, and policies and procedures. This Risk is a key consideration in the strategy formulation process and in its day to day operations.

OTHER RISK FACTORS

REGULATORY UNCERTAINTIES: Changes in approach by regulators of companies in the Group in relation to existing regulatory requirements or the introduction of new regulations, may affect the Company's operations and its profitability.

TAXATION UNCERTAINTIES: The tax structure which provides one of the advantages of investing in the Company (to Applicants who are resident in Jamaica or other CARICOM states that are parties to the CARICOM Double Taxation Treaty), may be subject to change in the future, a factor over which the Company has no control.

SHARE PRICE VOLATILITY: The New Ordinary Shares, if listed on the JSE as intended, may experience significant volatility in price, which may extend beyond the short term and which may be dependent on the Company's performance, investors' confidence and other factors over which the Company has no control.

FOREIGN EXCHANGE RISK FACTOR: Investors in the New Ordinary Shares shall assume and bear the full FX rate risk. An investor's investment, if made in USD, may be eroded, in JMD terms, if the JMD was to revalue against the USD.

LIQUIDITY OF THE SHARES: Investors may not be able to sell their shares, when desired, at prevailing market rates. Market conditions could be such that fewer investors have demand for the stock or the demand at prevailing prices may be represented by small volumes. This may cause investors to have to sell at a discount to market values to get liquidity from their shares.

SALES OF LARGE VOLUMES OF SHARES: The sale of large volumes of shares by other investors can affect the market value of the remaining shares. This can occur due to the need to accept lower bids to sell higher volumes, as well as the signal that the sale of large volumes, or the sale of shares by large investors, can have on the market's perception of the Company.

ISSUE OF ADDITIONAL SHARES: The Directors of the Company may hereafter authorize the issue of additional ordinary shares in the Company. Such shares, once issued, may rank pari passu with the Existing Ordinary Shares. Additional shares so issued could affect the market price of the New Ordinary Shares currently being made available for subscription.

DELISTING OF THE SHARES: The Directors of the Company may choose hereafter, subject to the shareholders' approval, to delist the Company; or the Company could be delisted for non-compliance with stock exchange rules. If this happens investors will not have access to the general stock market to sell their shares in future. This will typically impact the value of their investment.

PAYMENT OF DIVIDENDS: The payment of dividends on the New Ordinary Shares will be primarily dependent on the Company's future profitability and will be at the discretion of the Directors. In addition, the Company may pay dividends in either JMD or USD, at the sole discretion of the Directors. While shareholders may indicate to the Company their preferred currency of payment of dividends by making an election at the time of applying for New Ordinary Shares, the Directors retain the right to make, and shall make, the final determination as to the currency of payment of such dividends as may be declared from time to time, in respect of the ordinary shares in the capital of the Company.

MACRO-ECONOMIC POLICIES: Changes in fiscal and monetary policies by the Government of Jamaica may create opportunities as well as challenges for the Company.

EFFECTS OF COVID-19: The COVID-19 pandemic has led to general slow-down in economic activity and lower liquidity in the stock market. While there have been noticeable improvements through vaccination drives, the corresponding slowdown in new COVID cases, and the accompanying loosening of restrictions, there are still several unknowns including the threat of new, more resistant and contagious variants. These may impact the Company, the wider economy and markets that we operate in, and the liquidity and value of the shares.

NEW ACCOUNTING RULES OR STANDARDS: The Company may become subject to new accounting rules or standards that differ from those that are presently applicable. Such new accounting rules or standards could require changes in the way the Company reports its financial position, operating results or cash flows. Such changes could be applied retrospectively.

RISKS ASSOCIATED WITH INTERNATIONAL CONDITIONS: The Company's financial results may be adversely affected by international risks, such as:

- international political and economic conditions;
- changes in Government regulations in various countries;
- trade barriers; and
- adverse tax consequences.

The list of risks mentioned in this Section are not to be taken as being exhaustive of all the possible risks that may affect the Company and its business.

SECTION 15
RELATED PARTY TRANSACTIONS

SECTION 15: RELATED PARTY TRANSACTIONS

The Company's related party transactions are disclosed in the Notes to its Latest Audited Accounts annexed in Appendix 2.

SECTION 16 STATUTORY & GENERAL INFORMATION

SECTION 16: STATUTORY & GENERAL INFORMATION

The Company is a company duly incorporated under the Companies Act and a securities dealer licensed by the FSC. The Company is also the holder of a Cambio Licence and a Primary Dealer Licence. Statutory Information required to be set out in this Prospectus by section 41 and the Third Schedule to the Companies Act and other general information are as follows:

1. The Company was incorporated on September 2, 1977 and its registered office is at 15 St. Lucia Way, Kingston 5, St. Andrew.

2. The Company has no founders, management or deferred shares.

3. The Articles contain the following provisions with respect to the remuneration of the Directors:

   Article 71 - "The directors' fees for their services as Directors shall from time to time be fixed by the Directors, and shall be included in the Audited Accounts of the Company which is laid before the Annual General Meeting for approval by the shareholders. The directors may also be paid travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors or any committee of the directors or general meetings of the Company or in connection with the business of the Company."

4. The Opening Date is September 6th 2021 and the Closing Date is September 21st 2021. The Company reserves the right to: (i) close the Application List at any time without notice if Applications have been received prior to the Closing Date for the full amount of the New Ordinary Shares available for subscription, provided that any such early closure of the Application List shall not occur prior to the end of a period of seven (7) days following the Opening Date. If the Company closes the Application List prior to the Closing Date the Company will provide notice of such closure via a press release and by posting a notice on the website of the Jamaica Stock Exchange at **www.jamstockex.com** or (ii) extend such closing beyond the abovementioned date, with notice of such extension being given to Applicants via a press release to be issued by the Company as soon as reasonably practicable upon such extension being granted.

5. All Applicants will be required to pay in full, on Application, the Invitation Price per New Ordinary Share. No further sum will be payable on Allotment.

6. Up to 125,000,000 New Ordinary Shares are being made available for subscription by prospective investors.

7. The names and descriptions of the Directors of the Company are indicated in the Latest Audited Accounts.

8. The minimum amount required to be raised out of the proceeds of the Invitation to provide for the matters set out in paragraph 2 of Part 1 of the Third Schedule to the Companies Act (the "minimum subscription") is J$1,800,000,000.00.

9. No person has, or is entitled to be given, any option to subscribe for any shares in, or debentures of the Company.

10. No previous invitations/offers with respect to shares in the Company have been made by the Company to the public other than, pursuant to:

    (a) An Additional Public Offer of shares executed during the third quarter of 2020 for the allotment of 260,599,830 shares, at a price range of between J$49.00 and J$52.00;

    (b) A Rights Issue executed in the latter part of 2019 for the allotment of 77,897,303 shares, each at a price of J$45.00 upsized to 116,845,955; and

    (c) A Rights Issue executed in the early part of 2019 for the allotment of 262,280,484 shares, each at a price of J$15.50.

11. Details as to investments, bank loans and any other indebtedness of the Company (if any) are indicated in the Latest Audited Accounts.

12. No property has been or is proposed to be purchased or acquired by the Company, which is to be paid for wholly or partly out of the proceeds of the Invitation, as prescribed by paragraphs 6-9 (inclusive) of Part 1 of the Third Schedule of the Companies Act.

13. The proceeds from the Invitation will be paid to the Company. The Company expects to pay the expenses of the Invitation out of the proceeds of the Invitation, and the Company estimates that such expenses will not exceed J$200 million (inclusive of brokerage fees, legal fees, marketing expenses, Companies Registrars' fees, initial fees and GCT).

14. The Company paid a total of J$22 million over the last two (2) years in commissions relating to subscriptions made with respect to two (2) Rights Issues and the Additional Public Offer undertaken by the Company (mentioned above).

15. The name and addresses of the auditors to the Company are as set out in the Latest Audited Accounts.

16. This Prospectus is issued more than two (2) years after the date on which the Company was entitled to commence and actually commenced business. Accordingly, paragraph 13 of Part 1 of the Third Schedule does not apply.

17. As far as the Company is aware, the Company is not engaged in any material litigation, nor is it aware of any pending litigation.

18. The amount for goodwill, patent, or trademarks shown in the Latest Audited Accounts is nil.

19. No amount is currently recommended for distribution by way of dividend. The Company's dividend policy is described in Section 8 of this Prospectus.

20. No real property is currently proposed to be purchased or acquired by the Company and paid for wholly or partly out of the proceeds of this Invitation for the purposes of paragraphs 6 to 9 (inclusive) of Part 1 of the Third Schedule of the Companies Act.

21. Save as set out in paragraph 14 above, within the two (2) preceding years, no commissions have been paid, nor will any be payable to anyone for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares or debentures of the Company.

22. The issue has not been underwritten however Cornerstone Financial Holdings Limited has agreed to the Committed Subscription as defined herein.

23. The following are the material contracts of the Company, other than contracts entered into in the ordinary course of business:

    - Lease Agreement dated June 15, 2019 between Jamaica Properties Limited; and
    - Management Contract between Barita Investments Limited and Cornerstone United Holdings Jamaica Limited dated February 4, 2021.

24. BDO has given and has not withdrawn their consent to the issue of this Prospectus with the inclusion of the Latest Audited Accounts, and their name in the form and context in which it is included (a copy of which Consent is attached as Appendix 5).

25. The names, descriptions and addresses of the Directors are as follows:

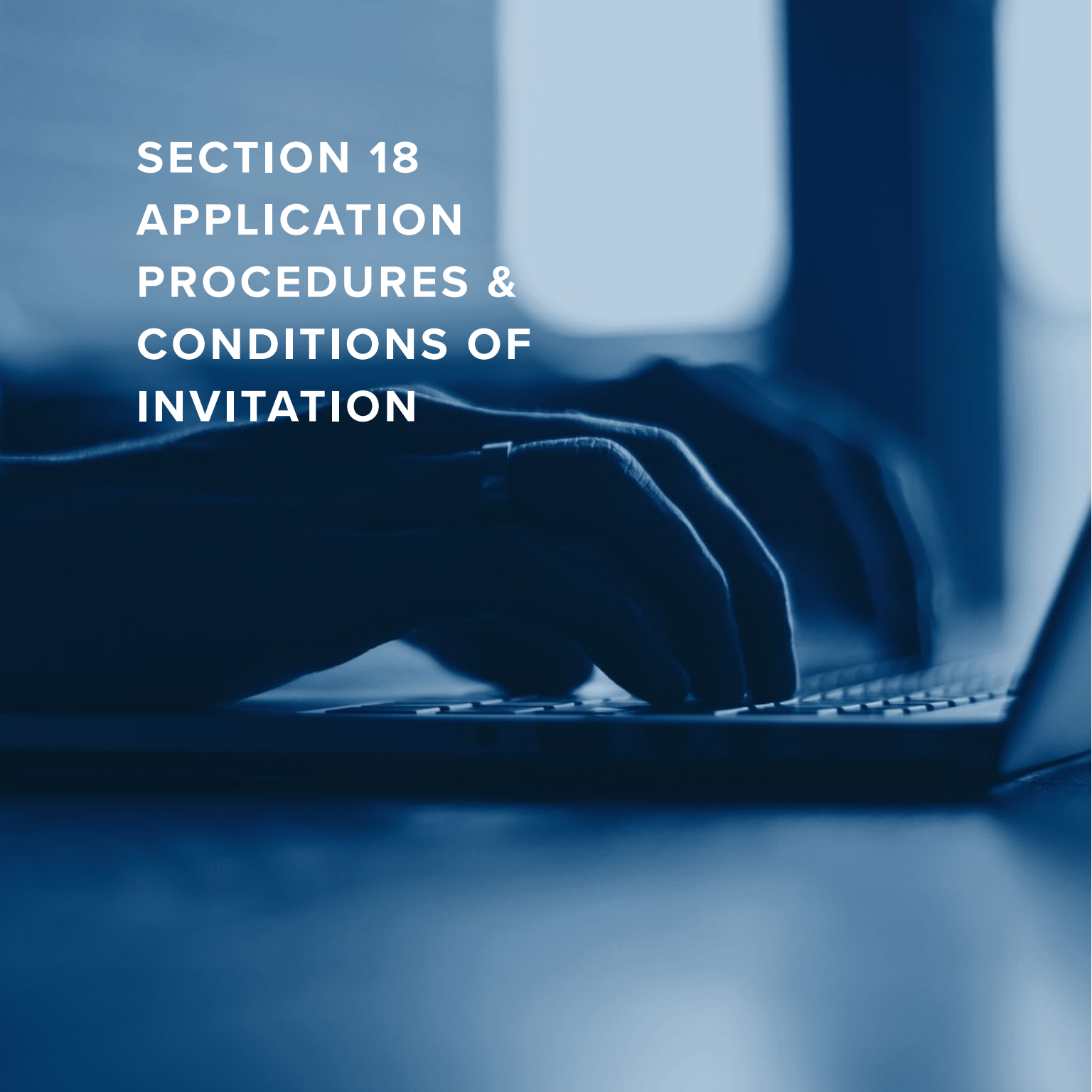
DIRECTOR	OCCUPATION	ADDRESS
MARK MYERS	Business Executive	2D Valentine Drive, Kingston 19
PAUL SIMPSON	Business Executive	15 St. Lucia Way, Kingston 5
JAMES GODFREY	Businessman	Lot 1, Dunsinane, Mandeville, Manchester
DUNCAN STEWART	Business Executive	49 ½ South Camp Road, Kingston 4
PHILLIP LEE	Businessman	3 Norwood Avenue, Kingston 5
CARL DOMVILLE	Accountant	60 Knutsford Boulevard, Kingston 5
ROBERT DRUMMOND	Management Consultant	60 Knutsford Boulevard, Kingston 5
JASON CHAMBERS	Investment Banker	15 St. Lucia Way, Kingston 5
MICHAEL HYLTON Q.C.	Attorney-at-Law	11A Oxford Road, Kingston 5

SECTION 17 DOCUMENTS AVAILABLE FOR INSPECTION

SECTION 17: DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the offices of Barita Investments Limited at 15 St. Lucia Way, Kingston 5, between the hours of 9:00 a.m. to 4:00 p.m. on Mondays to Fridays, up to and including the Closing Date (or the extended Closing Date as the case may be):

1. This Prospectus;
2. The Articles of Incorporation of the Company;
3. Copy of the Latest Audited Accounts for the Company for the year ending September 30, 2020;
4. Copy of the unaudited financial results for the Six Months ended March 31, 2021 with respect to the Company; and
5. The Written Consent of the Auditors, BDO.



SECTION 18 APPLICATION PROCEDURES & CONDITIONS OF INVITATION

SECTION 18: APPLICATION PROCEDURES AND CONDITIONS OF INVITATION

1. You may apply for New Ordinary Shares in the Invitation by (i) using the relevant Application Form included with this Prospectus, which is available for download on our website at **www.barita.com** and the JSE's website at **www.jamstockex.com** or (ii) by way of BOSS, the Lead Broker's online application portal, which can be accessed by logging on to **www.baritaboss.com.**

2. The Application Form must be accompanied by the following, which must be taken to any of the locations specified at Appendix 4 of this Prospectus on or before 4:00 p.m. on September 21st 2021:

   (a) For all individual Applicants copy of valid identification (Driver's License, Passport or National ID).

   (b) Copy of Taxpayer Registration Number card for all Applicants resident in Jamaica.

   (c) Evidence of payment for the full amount of the Invitation Price payable for the New Ordinary Shares applied for, using an Approved Payment Method, along with a processing fee of (i) J$345.00 for paper Applications; and/or (ii) J$172.50 for Applications submitted using BOSS.

3. Each Application for New Ordinary Shares must be for a minimum of 300 New Ordinary Shares, and Applications above this amount shall be in multiples of 100 New Ordinary Shares.

4. Payment for the full amount of the Invitation Price for the New Ordinary Shares applied for must be remitted to the Lead Broker or Selling Agent, as the case may be, to which the Application Form has been submitted.

5. An Approved Payment Method shall be any of the following:

   (a) Manager's cheque payable to the Applicant's stockbroker for amounts less than J$1.0 million;

   (b) Cleared funds held in an equity/investment account in the Applicant's name at Barita supported by an authorization from the Applicant instructing Barita to transfer the payment to their Barita JCSD account;

   (c) Transfer from the Applicant's account held with the Applicant's stockbroker;

   (d) Transfer in the Real Time Gross Settlement (RTGS) system to the Applicant's stockbroker; or

   (e) Transfer via the Automated Clearing House (ACH) to the Applicant's stockbroker.

A penalty of J$5,000.00 is imposed by commercial banks in Jamaica in respect of cheques (including manager's cheques) tendered for payment in an amount greater than or equal to J$1,000,000.00.

6. The Company reserves the right to (i) close the Application List at any time without prior notice if Applications have been received prior to the Closing Date for the full amount of the respective New Ordinary Shares available for subscription or (ii) extend such closing beyond the above-mentioned date. In either case the Company will provide notice as soon as reasonably practicable via a press release and/or by posting a notice on the website of the JSE at **www.jamstockex.com** and on the Company's website at **www.barita.com**. In addition, the Company may elect, in its sole discretion, to reduce the number of New Ordinary Shares available for subscription, in which case the Company will issue a press release as soon as reasonably practicable upon such decision being made.

7. If you apply via BOSS, you should follow the instructions set out in Appendix 1. If you choose to apply using a paper Application Form, your duly completed and signed Application Form along with the required supporting documents should be delivered to the locations specified at Appendix 4 of this Prospectus on or before 4:00 p.m. on the Closing Date. Your Application will be deemed incomplete if the required supporting documents are not included.

8. The Board, in their sole discretion, may accept (in whole or in part) or reject, in whole or in part, any Application to subscribe for New Ordinary Shares, even if the Application is received, validated and processed. Accordingly, the number of New Ordinary Shares allocated to you may be reduced.

9. Neither the submission of an Application Form by an Applicant nor its receipt by the Company will result in a binding contract between the Applicant and the Company. Only the allotment of New Ordinary Shares by the Registrar on behalf of the Company to an Applicant, (whether such new Ordinary Shares represent all or part of those specified by the Applicant in their Application Form), will result in a binding contract under which the Applicant will be deemed to have agreed to subscribe for the number of allotted New Ordinary Shares at the Invitation Price, subject to the Articles of Incorporation and the terms and conditions set out in this Prospectus.

10. Early Applications will be received, but not processed until the Opening Date. All early Applications will be treated as having been received at the same time, being 9:00 a.m. on the Opening Date. New Ordinary Shares will be allocated after close of the Application List when all the valid Applications are received.

11. With respect to the New Ordinary Shares, if the Invitation is oversubscribed, the Company may take any or a combination of the following actions:

    a. Elect at any time prior to the closing of the Invitation or on the Closing Date, to upsize by making up to 62,500,000 additional New Ordinary Shares available for subscription by Applicants, bringing the maximum size of the Invitation to 187,500,000 New Ordinary Shares. In the event that the Company exercises its discretion under this paragraph 11, it shall make reference thereto in any announcement it issues, for the purposes of the closing of the Invitation and the publication of the basis of allotment following the Closing Date. This is not a guarantee that the Company will exercise the option to upsize.

    b. Allot the New Ordinary Shares on a pro rata basis, however, if the Invitation is oversubscribed, the Company reserves the right (subject to paragraph 16 below) to allot the New Ordinary Shares to Applicants on a basis to be determined by it, in its sole discretion, for operational efficacy/expedience, provided that any other basis of allocation utilized by the Company shall not materially/substantially disadvantage the Existing Shareholders, including on a pro rata basis. In this case, Applicants may be allotted fewer New Ordinary Shares than they applied for.

12. At the Allotment date, any New Ordinary Shares reserved for each share pool comprising the Reserved Shares, which are not fully taken up by Reserved Share Applicants after Allotment has been made with respect to Application Forms submitted and accepted for such share pools, shall be allocated to the Non-Reserved Share Pool and form part of the New Ordinary Shares available for Allotment to Non-Reserved Share Applicants.

13. Multiple Application Forms by the same Applicant shall be treated as a single Application for the purpose of allocation/allotment. For this purpose, Applicants will be regarded as being the same where it is either the same individual or corporate Applicant or, in the case of joint Applicants, the joint holders identified for each Application are the same. Application Forms submitted with joint holders must be signed by all the joint holders.

14. New Ordinary Shares will be allocated after close of the Application List when all the valid Applications are received. The Application List will close on September 21st 2021 at 4:00 p.m. but the Directors reserve the right to close the Application List earlier (provided that any such early closure of the Application List shall not occur prior to the end of a period of seven (7) days following the Opening Date) and may extend the Closing Date in certain circumstances, in either case upon giving prior notice.

15. In the allocation process New Ordinary Shares will be allotted as follows:

    a. Reserved Pool Applicants will have first rights to the New Ordinary Shares set aside in their respective Pools with any excess Applications for New Ordinary Shares above the Reserved Pool levels being transferred to the Non-Reserved Pool to compete for a second round of allocations;

    b. In the event that a Reserved Pool is undersubscribed, the unallocated New Ordinary Shares from that Reserved Pool will be transferred to the Non-Reserved Pool and Applicants to that Reserved Pool will be allotted the full amount of New Ordinary Shares subscribed for in their Applications;

    c. The aggregate of excess Applications, if any, from the Reserved Pools, and original Applications for New Ordinary Shares to the Non-Reserved Pool ("Total Non-Reserved Pool Applications") will be allocated from the Non-Reserved Pool;

    d. Where the Total Non-Reserved Pool Applications exceed the total number of New Ordinary Shares available for allocation in the Non-Reserved Pool, then allotment will be undertaken on a prorated basis. Such prorationing may be done to allow for some minimum level of allocation with respect to such Applications. For example, allocations from the Non-Reserved Pool with respect to such Applications may be up to the first 50,000 New Ordinary Shares, the subject of an Application and a certain minimum percentage of New Ordinary Shares pursuant to Applications in excess of 50,000 New Ordinary Shares.

16. If the Invitation is oversubscribed a determination will be made as to which Pools will benefit from any upsizing of the Invitation and the amount to be allocated to each such Pool, which will be driven by the Application experience. Notwithstanding the intention of the Directors to allot New Ordinary Shares on the basis outlined herein, the Board of Directors reserves the right to allot the New Ordinary Shares to Applicants on a basis to be determined by it, in its sole discretion as seems justifiable having regard to the Application experience. It is however likely, that in the event of an oversubscription, New Ordinary Shares may be allocated on a pro rata basis, in which event Applicants may be allotted fewer New Ordinary Shares than were the subject of their Applications.

17. The Company will issue a letter of allotment in the name of the Applicant (or in the joint names of joint Applicants) for the class and number of New Ordinary Shares allotted to the Applicant with respect to each Application which is accepted in whole or in part. Each letter of allotment will be mailed through the post at the Applicant's risk to the address of the Applicant (or of the primary Applicant) stated in the Application Form. The letters of allotment will be dispatched in the mail within ten (10) days after the Closing Date. No share certificates will be issued.

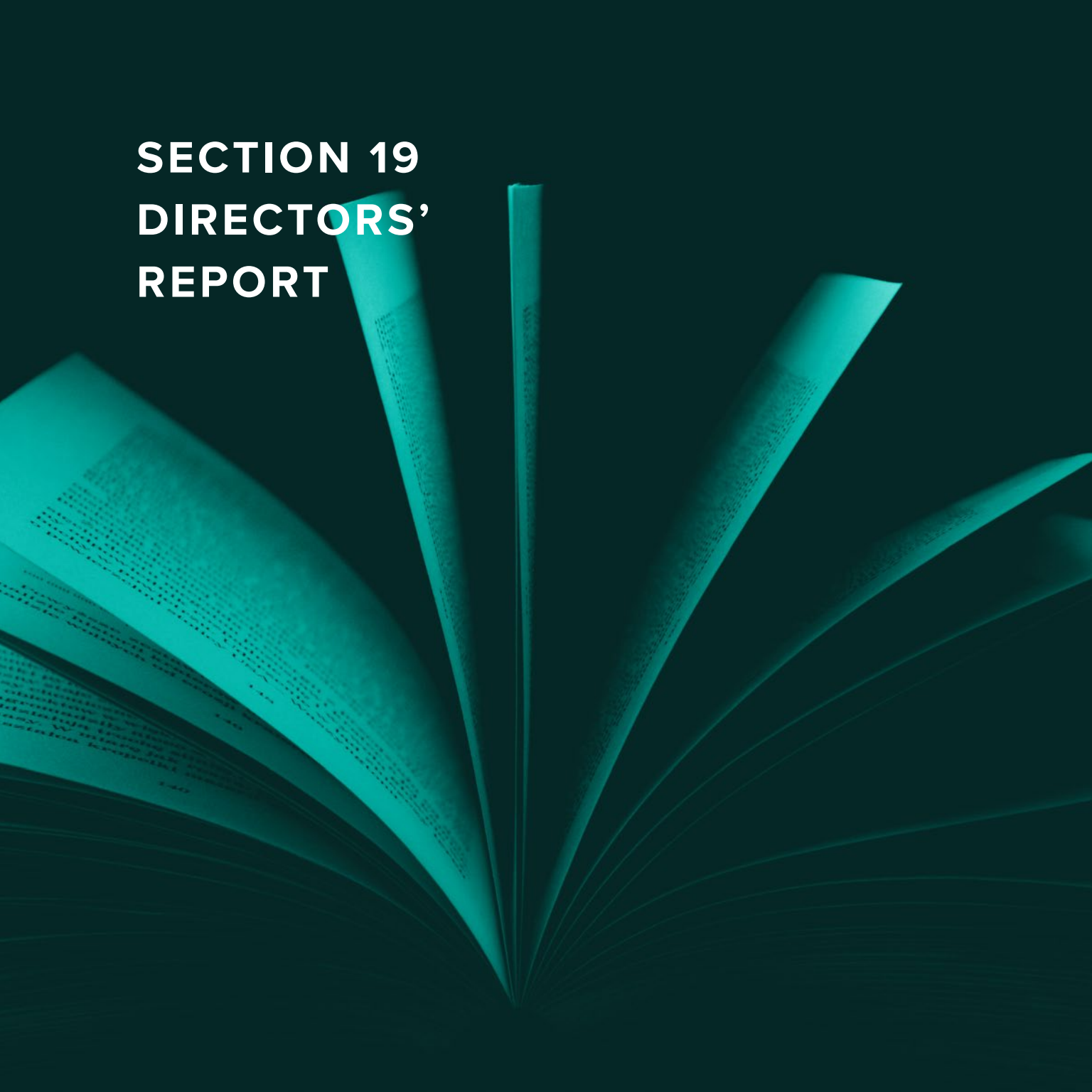
18. Letters of Allotment are not transferable or assignable.

19. Amounts to be refunded to Applicants whose Applications are not accepted in whole or in part will be refunded based on the instructions given in their Application. Refunds will be made via your preferred refund option within ten (10) days after the Closing Date. Where Applicants request that refunds be made electronically, the required details of the account to which refund payments are to be remitted by that method must be provided in the Application Form. The Company does not accept the risk of loss with respect to delays in effecting refunds, provided it has initiated the refund using the instructions provided by the Applicant.

20. Upon the issue of the New Ordinary Shares, they shall be converted to ordinary stock units and it is the intention of the Company to have the issued New Ordinary Shares listed on the JSE. To this end, the Company intends to apply promptly after the close of the Invitation, for admission of the New Ordinary Shares to the Main Market of the JSE, to enable them to be listed in the same manner as the Existing Ordinary Shares are currently listed. This statement is not to be construed as a guarantee that the New Ordinary Shares will be listed.

21. This Invitation shall be governed by and construed in accordance with the laws of Jamaica.

SECTION 19 DIRECTORS' REPORT



SECTION 19: DIRECTORS' REPORT

The Board hereby confirms that, after due inquiry by us, in its opinion and to the best of its knowledge and belief, in the period between September 30, 2020 to the date of this Prospectus:

(a) The business of the Company has been satisfactorily maintained;

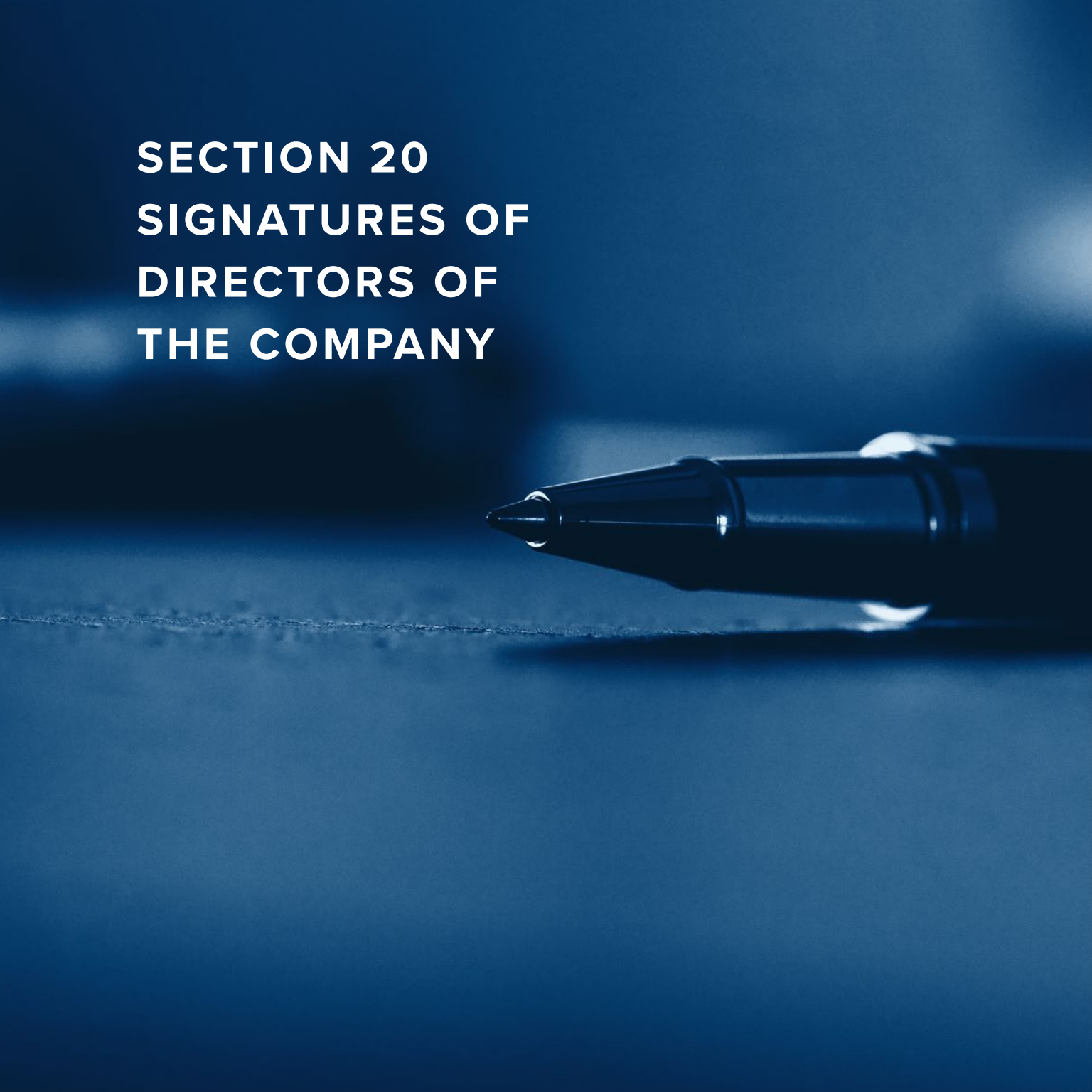
(b) There have not been any circumstances arising which have adversely affected the trading or the value of the assets of the Company;

(c) The current assets of the Company appear in the books at values which are realizable in the ordinary course of business;

(d) There are no contingent liabilities, which have arisen by reason of guarantees or indemnities given by the Company; and

(e) There have been no significant changes affecting the financial position of the Company.

SECTION 20 SIGNATURES OF DIRECTORS OF THE COMPANY



SECTION 20: SIGNATURES OF DIRECTORS OF THE COMPANY

The Directors of the Company whose signatures appear below are individually and collectively responsible for the contents of the Prospectus and each has signed same pursuant to a resolution of the Directors of the Company authorizing the issue of this Prospectus as at the date first hereinbefore stated.

DIRECTOR	SIGNATURE
MARK MYERS, CHAIRMAN	
PAUL SIMPSON, DEPUTY CHAIRMAN	
JAMES GODFREY	
DUNCAN STEWART	
PHILLIP LEE	
CARL DOMVILLE	
ROBERT DRUMMOND	
JASON CHAMBERS	
MICHAEL HYLTON Q.C.	

APPENDIX 1
APPLICATION FORM & BOSS INSTRUCTIONS

BARITA INVESTMENTS LIMITED ADDITIONAL PUBLIC OFFER OF NEW ORDINARY SHARES

PLEASE READ CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM

To: Barita Investments Limited

RE: Invitation for subscription in respect of up to 125,000,000 New Ordinary Shares (with the ability to upsize by up to 62,500,000 New Ordinary Shares) being offered pursuant to the Prospectus dated August 26th 2021 (the "Prospectus"). Please select Application Type (as per the description set out in the Prospectus):

- ☐ Cornerstone Investor and Key Investors
- ☐ Existing Shareholders and Barita Clients
- ☐ Non-Reserved Share Applicants

I/we confirm that I/we have read and understood and hereby agree to be bound by the terms and conditions contained in the Prospectus, all of which are incorporated in this Application Form by reference. Capitalized words and expressions used herein shall bear the same meanings as are ascribed thereto in the Prospectus.

I/we hereby apply for _____ New Ordinary Shares in Barita Investments Limited, on and subject to the terms and conditions of the Invitation set out in the Prospectus, as follows.

- Cornerstone Investor and Key Investors at the price of J$80.00 each
- Existing Shareholders and Barita Clients at the price of J$80.00 each
- Non-Reserved Share Applicants at the price of J$80.00 each

I/we agree to make payment for the sum of J$_____.00 for my subscription plus the JCSD processing fee of J$345.00 for paper Applications and/or J$172.50 for Applications submitted via BOSS using an Approved Payment Method as described in Section 18 of the Prospectus.

I/we agree to accept the above or any smaller number of New Ordinary Shares in respect of which this Application may be accepted, subject to the terms and conditions in the Prospectus and the Articles of Incorporation of Barita Investments Limited, by which I/we agree to be bound.

I/we request you to issue to me/us, and I/we irrevocably agree to accept, the number of New Ordinary Shares, which may be allocated and issued to me/us at the close of the Invitation upon the terms and conditions governing the Application as set forth in the Prospectus.

Instructions for completing Application Form: Please see below notes concerning the completion of this Application Form. All fields in this Application Form are relevant and must be completed as applicable. If you already have an account with the JCSD, please ensure that you indicate your JCSD Number.

TO BE COMPLETED BY PRIMARY HOLDER (INDIVIDUAL OR COMPANY)

Title

First Name

Middle Name

Surname/Company Name

/ /
Date of Birth (D/M/Y)

/ /
Date of Incorporation (D/M/Y)

TRN / Registration Number

Identification Type

Nationality

Occupation

Telephone # -

Broker Code #

Address (Line 1)

JCSD #

Address (Line 2)

Email

Signature (Individual)

Director (Signature)

Director/Secretary (Signature)

SEAL

Joint Account Holder 1

Title

First Name

Middle Name

Surname

/ /
Date of Birth (D/M/Y)

TRN / Registration Number

Identification Type

Nationality

Joint Account Holder 1 (cont'd)

Occupation

Telephone # -

Address (Line 1)

Address (Line 2)

Email

Signature

Joint Account Holder 2

Title

First Name

Middle Name

Surname

/ /

Date of Birth (D/M/Y)

TRN / Registration Number

Identification Type

Nationality

Occupation

Telephone # -

Address (Line 1)

Address (Line 2)

Email

Signature

Joint Account Holder 3

Title

First Name

Middle Name

Surname

/ /

Date of Birth (D/M/Y)

TRN / Registration Number

Identification Type

Nationality

Occupation

-

Telephone #

Address (Line 1)

Address (Line 2)

Email

Signature

APPROVED PAYMENT METHOD

SUBSCRIPTION PAYMENT(S) J$

- ☐ J$ Manager's Cheque drawn on a local commercial bank payable to my stockbroker
- ☐ Debit /Transfer from my account #_____ held with my Stockbroker
- ☐ Transfer via RTGS/ACH to my Selling Agent
- ☐ Debit my Barita Equity Account # _____

REFUND DETAILS

REFUND OPTIONS (PLEASE SELECT PREFERRED OPTION)	☐ Manager's Cheque ☐ RTGS/ACH
JCSD #	
Refund Payment Instructions for RTGS/ACH	
Bank Name	
Branch Address	
BIC/SWIFT	
Beneficiary Name	
Beneficiary Account Number	

DIVIDEND MANDATE

DIVIDEND MANDATE OPTION (PLEASE SELECT PREFERRED OPTION)	☐ Same as Refund Mandate ☐ Alternative Dividend Mandate
Dividend Payment Instructions for RTGS/ACH	
Bank Name	
Branch Address	
BIC/SWIFT	
Beneficiary Name	
Beneficiary Account Number	

NOTES ON HOW TO COMPLETE THE APPLICATION FORM

1. If you are in doubt as to how to complete this Application Form, please consult your financial advisor or stockbroker.
2. Applications must be for the minimum number of New Ordinary Shares specified in the Prospectus.
3. All completed Applications must be delivered to your broker for delivery by them to the JCSD on or before the Closing Date.
4. Primary Applicants must be at least 18 years old and be an eligible investor as defined in the Prospectus.
5. If you are applying jointly with any other person, you must complete the Joint Account Holder information section(s) and each joint holder must sign the Application Form at the place indicated.
6. All Applicants must attach copies of their Government issued identification as well as their TRN card (if ID provided is not a Jamaican Driver's License displaying their TRN).
7. The New Ordinary Shares allotted to successful Applicants will be credited to their accounts at the JCSD.
8. Any refund due will be made to your account number provided on the Application Form or by a manager's cheque.
9. Applicants must submit their completed Application Form to their broker along with payment for the specified number of New Ordinary Shares you have applied for by way of the Approved Payment Method.
10. Applicants submitting Applications through any selling agent, collecting agent, or stockbroker must pay such selling agent, collecting agent, or stockbroker, who will submit their Application Form and make payment to Barita Investments Limited on the Applicant's behalf. Note that Barita Investments Limited will not accept any responsibility for failure by any selling agent, collecting agent or stockbroker to submit Application Forms on a timely basis.

THIS SECTION FOR BROKER USE ONLY

DATE APPLICATION RECEIVED: _____ TIME RECEIVED: _____

RECEIVED BY: _____ SIGNATURE: _____

PAYMENT METHOD:

☐ Cheque ☐ Internal Transfer ☐ RTGS/ACH

BOSS INSTRUCTIONS

BOSS is a digital online securities solution tool that will allow Applicants to submit Applications for EPOs (Electronic Public Offerings).

HOW TO USE

NEW USER SIGN UP

1. Visit our web address **www.baritaboss.com**
2. Sign up by clicking the "Buy IPOS/APOS" tab
3. Click on the "create an account" button
4. Read and accept the BOSS Portal Agreement
5. Enter your details (Select personal or business account, enter Name, email address, telephone number, create a password)
6. Check your email provided to activate your BOSS account - click the activation link
7. Sign into BOSS
8. Select available offer – Hit APPLY NOW
9. Enter the amount you wish to invest in the invitation/issue
10. Select your share pool
11. Click on the "Continue" button
12. Select the correct response to "Would you like to use an existing JCSD Number" **Follow the below to complete the form based on your responses**
    - **(a)** Enter your JCSD and Broker details
    - **(b)** Complete the Application Form
    - **(c)** Sign electronic signature form or download form for signing and upload

    If you have indicated that there are Joint Holders (over 18 years) and have selected to sign electronically please note that an email notice of the Application will be sent to the Joint Holders for them to confirm and apply their signature in order to complete submission of the Application.

    - **(d)** Upload a copy of your Driver's Licence or TRN (upload for all joint holders on your Application)
    - **(e)** Enter payment verification information
    - **(f)** Review your Application
    - **(g)** Submit Application
    - **(h)** You can view and track your Application at any time by signing into BOSS

EXISTING BOSS USERS:

1. Visit our web address **www.baritaboss.com**
2. Hit the "Log In" button
3. Enter credentials
4. Read and accept the BOSS Portal Agreement
5. Select available offer from Dashboard – Hit APPLY NOW
6. Enter the amount you wish to invest in the invitation/issue
7. Select your share pool
8. Click on the "continue" button
9. "Would you like to use an existing JCSD Number" - Select/ Enter your JCSD and Broker details
   Please note that for a quicker application submission certain steps may have been saved for you. Please review to ensure that the information has not changed.
10. Complete application form
    (a) Sign electronic signature form or download form for signing and upload.

    If you have indicated that there are Joint Holders (over 18 years) and have selected to sign electronically, please note that an email notice of the Application will be sent to the Joint Holders for them to confirm and apply their signature in order to complete submission of the Application.

    (b) Upload a copy of your Driver's Licence or TRN (upload for all Joint Holders on Application)

    (c) Enter payment verification information

    (d) Review your Application

    (e) Submit Application

    (f) You can view and track your Application at any time by signing into BOSS

BARITA CLIENTS WITH BARITA ONLINE ACCOUNTS

Will have the following options:

1. Visit our web address **www.baritaboss.com**
2. Hit the "Log In" button
3. Select the Barita Online tab on sign in page
4. Enter your Barita Online username and password

Or

1. Visit our web address **online.barita.com**
2. Login to Barita Online
3. Click the Barita BOSS Get Started button

To complete your application please follow the steps outlined above as New User Sign Up/ Existing BOSS User

APPENDIX 2
AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDING SEPTEMBER 30, 2020

FINANCIAL STATEMENTS

30 SEPT. 2020

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Consolidated Statement of Changes in Equity

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Statement of Profit or Loss and Other Comprehensive Income

Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

Notes to the Financial Statements

Tel: (876) 926-1616/7, 926-4421
Fax: (876) 926-7580
www.bdo.com.jm

Chartered Accountants
26 Beechwood Avenue
P.O. Box 351
Kingston 5, Jamaica

INDEPENDENT AUDITORS' REPORT

To the Members of
Barita Investments Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Barita Investments Limited and its subsidiary (the group) and the financial statements of Barita Investments Limited standing alone (the company) set out on pages 6 to 92, which comprise the group's and the company's statement of financial position as at 30 September 2020, and the group's and the company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the group and the company as at 30 September 2020, and of the group's and company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the group and the company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Partners: R.L. McFarlane, K.A. Wilson, S.M. McFarlane, J. Green-Hibbert, D. Hobson
Offices in Montego Bay, Mandeville and Ocho Rios
BDO is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

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INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Barita Investments Limited

Key Audit Matters (cont'd)

Key Audit Matters

Expected credit losses in relation to financial assets

See notes 3(e) and 5(iv) to the financial statements for management's related policies and disclosures.

The determination of expected credit losses ('ECL') on financial assets is highly subjective and requires management to make significant judgement and estimates involving the application of a forward looking ECL impairment model, which takes into account reasonable and supportable forward looking information and will result in the earlier recognition of impairment provisions. These estimates involve increased judgement as a result of the economic impacts of COVID-19 on the group's financial assets. The most significant impact of the implementation of the impairment model is to the provisioning policy for the group's investment securities.

The group makes judgements regarding the recoverability of investment securities making certain assumptions and judgements in arriving at the provision for impairment. The group estimates ECL on debt securities using a transition matrix based on historical default rates for each rating grade apart from AAA. Debt securities were placed in categories based on the class and ratings and loss given default arrived at using the historical recovery rates based on government and corporate defaults.

How our audit addressed the Key Audit Matter

- The group's accounting policy as it relates to the impairment provisioning for debt securities was obtained and the reasonableness of the impairment provision assessed in relation to the requirements of the standard.

- We established an understanding of management's ECL model including source data, the effectiveness of the implementation and the mathematical accuracy of the model. We tested the reliability of the source data used in the design of the model by confirming a sample to the public historical data.

- We evaluated the appropriateness of management's assumptions and judgement in arriving at the loss given default percentage by assessing the factors used in establishing the weighting assigned by management. The main macro factors used were compared to external public information and calculations tested through re-computation.

- We determined whether the default risk percentage was accurately calculated and correctly applied to the relevant grade of each debt security.

- We assessed the adequacy of the disclosures of the key assumptions and judgements as well as the details of the transition adjustment for compliance with IFRS 9.

Based on the audit procedures performed, no adjustments to the financial statements were deemed necessary.

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INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Barita Investments Limited

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for preparation of financial statements that give a true and fair view in accordance with IFRS and the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group and the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the group's and the company's financial reporting process.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated and stand-alone financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated and stand-alone financial statements do not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and stand-alone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and stand-alone financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

BDO

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Barita Investments Limited

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Barita Investments Limited

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Raynold McFarlane.

Chartered Accountants

17 December 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 30 SEPTEMBER 2020

	Note	2020 $'000	2019 $'000
Net interest income		882,589	650,999
Fees and commission income		1,827,376	693,273
Dividend income		8,677	30,670
Foreign exchange trading and translation gains		978,451	353,503
Gain on sale of investments		1,412,958	1,873,298
Other		103,918	378,031
Net operating revenue		5,213,969	3,979,774
Operating Expenses			
Staff costs	7	(846,090)	(553,550)
Administration costs		(1,151,116)	(896,738)
Impairment of financial assets		(110,794)	(75,162)
	8	(2,108,000)	(1,525,450)
Profit before Taxation		3,105,969	2,454,324
Taxation	9	(347,440)	(741,543)
PROFIT FOR THE YEAR	10	2,758,529	1,712,781
OTHER COMPREHENSIVE INCOME:			
Items that may subsequently be reclassified to profit or loss			
Realised gains on securities at FVOCI	9	521,028	600,202
ECL adjustment on securities FVOCI	9	4,226	81,743
Unrealised losses on securities at FVOCI	9	(1,096,347)	(470,267)
Fair value gain on property, plant and equipment, net of taxes	9	-	18,333
Total other comprehensive income		(571,093)	230,011
TOTAL COMPREHENSIVE INCOME		2,187,436	1,942,792
BASIC EARNINGS PER SHARE	16	$3.33	$2.42

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 SEPTEMBER 2020

	Note	2020 $'000	2019 $'000
ASSETS			
Cash and bank balances	11	5,277,608	787,920
Securities purchased under resale agreements	12	8,039,603	14,678,974
Investment securities	13	13,939,095	11,042,562
Pledged assets	14	35,425,728	10,928,445
Receivables	15	2,986,408	748,517
Loans receivable		1,717,229	751,846
Taxation recoverable		183,299	-
Due from related parties	17(b)	1,979,035	1,624,584
Property, plant and equipment	18	609,821	353,275
Intangible assets	19	18,399	33,531
Investment	20	55,000	55,000
Investment property	21	203,400	-
Right-of-use assets	22(a)	256,588	-
Total assets		70,691,213	41,004,654
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES:			
Bank overdraft	11	8,720	71,819
Short term loans	23	611,947	-
Securities sold under repurchase agreements		34,446,619	24,092,810
Payables	24	6,970,314	1,739,686
Due to related parties	17(b)	273,744	77,711
Taxation		-	730,500
Deferred tax liabilities	25	616,891	622,850
Lease liability	22(b)	282,298	-
Total liabilities		43,210,533	27,335,376
Stockholders' Equity:			
Share capital	26	24,146,554	10,699,381
Capital reserve	27	111,466	111,466
Fair value reserve	28	25,054	685,248
Capital redemption reserve	29	220,127	220,127
Retained earnings		2,977,479	1,953,056
Total stockholders' equity		27,480,680	13,669,278
Total liabilities and stockholders' equity		70,691,213	41,004,654

Approved for issue by the Board of Directors on 17 December 2020 and signed on its behalf by:

Paul Simpson — Deputy Chairman

Carl D. Domville — Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 SEPTEMBER 2020

	Share Capital $'000	Treasury Shares $'000	Capital Reserve $'000	Fair Value Reserve $'000	Capital Redemption Reserve $'000	Retained Earnings $'000	Total $'000
BALANCE AT 30 SEPTEMBER 2018	745,494	(5,067)	93,133	910,697	220,127	1,101,687	3,066,071
Effects of change in accounting policy (IFRS 9 Financial instrument)	-	-	-	(437,127)	-	435,039	(2,088)
BALANCE AT 1 OCTOBER 2018	745,494	(5,067)	93,133	473,570	220,127	1,536,726	3,063,983
TOTAL COMPREHENSIVE INCOME							
Profit for the year	-	-	-	-	-	1,712,781	1,712,781
Other comprehensive income	-	-	18,333	211,678	-	-	230,011
	-	-	18,333	211,678	-	1,712,781	1,942,792
TRANSACTIONS WITH OWNERS							
Issue of shares, net of transaction cost (Note 26)	9,142,186	-	-	-	-	-	9,142,186
	1,000,000	-	-	-	-	-	1,000,000
Treasury shares purchased	-	(183,232)	-	-	-	-	(183,232)
Dividends paid (Note 30)	-	-	-	-	-	(399,216)	(399,216)
Dividends proposed (Note 30)	-	-	-	-	-	(897,235)	(897,235)
	10,142,186	(183,232)	-	-	-	(1,296,451)	8,662,503
BALANCE AT 30 SEPTEMBER 2019	10,887,680	(188,299)	111,466	685,248	220,127	1,953,056	13,669,278
Effects of change in accounting policy (Note 31)	-	-	-	-	-	(8,572)	(8,572)
BALANCE AT 1 OCTOBER 2019	10,887,680	(188,299)	111,466	685,248	220,127	1,944,484	13,660,706
TOTAL COMPREHENSIVE INCOME							
Profit for the year	-	-	-	-	-	2,758,529	2,758,529
Other comprehensive income	-	-	-	(571,093)	-	-	(571,093)
Realised gain transferred to retained earnings	-	-	-	(89,101)	-	89,101	-
	-	-	-	(660,194)	-	2,847,630	2,187,436
TRANSACTIONS WITH OWNERS							
Issue of shares, net of transaction cost	13,260,146	-	-	-	-	-	13,260,146
Treasury shares sold	-	187,027	-	-	-	-	187,027
Dividends proposed (Note 30)	-	-	-	-	-	(1,814,635)	(1,814,635)
	13,260,146	187,027	-	-	-	(1,814,635)	11,632,538
BALANCE AT 30 SEPTEMBER 2020	24,147,826	(1,272)	111,466	25,054	220,127	2,977,479	27,480,680

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 30 SEPTEMBER 2020

	Note	2020 $'000	2019 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit		2,758,529	1,712,781
Items not affecting cash resources:			
Depreciation and amortisation		62,144	33,076
Effect of exchange gain on foreign balances		(967,165)	42,941
Fair value gain on investment property		(37,903)	-
Unrealised gain on investment FVTPL		(25,083)	(120,832)
Interest income		(1,765,000)	(1,532,154)
Interest expense		882,411	881,155
Loss on disposal of property, plant and equipment		-	733
Taxation expense	9	347,440	741,543
Lease liability interest expense		15,948	-
Right-of-use assets amortisation		23,337	-
		1,294,658	1,759,243
Changes in operating assets and liabilities:			
Investment securities including pledged assets, net		(27,376,425)	(8,929,521)
Securities purchased under resale agreements, net		6,714,901	(10,728,531)
Securities sold under repurchase agreements, net		9,972,871	10,448,911
Receivables		(2,237,891)	(305,109)
Loans receivables, net		(970,952)	(348,782)
Payables		4,495,626	27,805
Related companies		359,022	(1,484,235)
		(7,748,190)	(9,560,219)
Interest received		1,465,684	1,525,608
Interest paid		(821,417)	(870,481)
Income tax paid		(959,666)	(132,409)
Lease payments		(22,150)	-
Cash used in operating activities		(8,085,739)	(9,037,501)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	18	(285,363)	(122,199)
Purchase of intangible assets	19	(18,164)	(30,794)
Proceeds from disposal of property, plant and equipment		-	12,501
Purchase of investment property		(165,497)	-
Cash used in investing activities		(469,024)	(140,492)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends paid		(877,090)	(399,216)
Issued ordinary shares		13,260,146	9,142,186
Treasury shares purchased		-	(183,232)
Issued preference shares		-	1,000,000
Short term loans		611,947	-
Cash provided by financing activities		12,995,003	9,559,738
Effect of exchange rate on cash and cash equivalents		112,547	982
Increase in net cash and equivalents		4,552,787	382,727
Cash and cash equivalents at beginning of year		716,101	333,374
CASH AND CASH EQUIVALENTS AT END OF YEAR	11	5,268,888	716,101

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME
YEAR ENDED 30 SEPTEMBER 2020

	Note	2020 $'000	2019 $'000
Net interest income		865,196	602,295
Fees and commission income		1,338,577	266,603
Dividend income		5,663	1,126,045
Foreign exchange trading and translation gains		963,786	385,089
Gain on sale of investments		1,403,431	1,826,680
Other		102,616	5,365
Net operating revenue		4,679,269	4,212,077
Operating Expenses			
Staff costs	7	(830,401)	(508,026)
Administration costs		(1,016,379)	(857,371)
Impairment of financial assets		(8,278)	(60,162)
	8	(1,855,058)	(1,425,559)
Profit before Taxation		2,824,211	2,786,518
Taxation	9	(228,630)	(471,302)
Profit for the Year	10	2,595,581	2,315,216
OTHER COMPREHENSIVE INCOME:			
Items that may subsequently be reclassified to profit or loss			
Realised gains on securities at FVOCI	9	518,088	550,427
Unrealised losses on securities at FVOCI	9	(1,188,787)	(470,267)
Fair value gain on property, plant and equipment, net of taxes	9	-	18,333
ECL adjustment on securities FVOCI	9	13,759	71,628
		(656,940)	170,121
TOTAL COMPREHENSIVE INCOME		1,938,641	2,485,337

STATEMENT OF FINANCIAL POSITION
30 SEPTEMBER 2020

	Note	2020 $'000	2019 $'000
ASSETS			
Cash and bank balances	11	5,179,013	652,554
Securities purchased under resale agreements	12	8,039,603	14,678,974
Investment securities	13	13,759,726	10,548,727
Pledged assets	14	35,425,728	10,928,445
Receivables	15	2,969,487	734,215
Loans receivable		1,717,229	751,846
Tax recoverable		273,130	-
Due from related parties	17(b)	1,729,171	1,546,670
Property, plant and equipment	18	608,682	351,972
Intangible assets	19	18,399	33,531
Investment	20	55,000	55,000
Investment in subsidiary		85,700	85,700
Investment property	21	203,400	-
Right-of-use assets	22(a)	256,588	-
Total assets		70,320,856	40,367,634
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES:			
Bank overdraft	11	8,720	71,819
Short term loans	23	611,947	-
Securities sold under repurchase agreements		34,540,980	24,103,594
Payables	24	7,120,704	1,674,653
Due to related parties	17(b)	397,308	17,572
Taxation		-	543,359
Deferred tax liabilities	25	606,608	566,354
Lease liability	22(b)	282,298	-
Total liabilities		43,568,565	26,977,351
Stockholders' Equity:			
Share capital	26	24,147,826	10,887,680
Capital reserve	27	173,321	173,321
Fair value reserve	28	14,838	671,778
Capital redemption reserve	29	313,590	313,590
Retained earnings		2,102,716	1,343,914
Total stockholders' equity		26,752,291	13,390,283
Total liabilities and shareholders' equity		70,320,856	40,367,634

Approved for issue by the Board of Directors on 17 December 2020 and signed on its behalf by:

Paul Simpson Deputy Chairman

Carl D. Domville Director

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 SEPTEMBER 2020

	Share Capital $'000	Capital Reserve $'000	Fair Value Reserve $'000	Capital Redemption Reserve $'000	Retained Earnings $'000	Total $'000
BALANCE AT 30 SEPTEMBER 2018	745,494	154,988	895,330	313,590	(46,011)	2,063,391
Effects of change in accounting policy (IFRS 9 Financial Instruments)	-	-	(375,340)	-	386,609	11,269
BALANCE AT 1 OCTOBER 2018	745,494	154,988	519,990	313,590	340,598	2,074,660
TOTAL COMPREHENSIVE INCOME						
Profit for the year	-	-	-	-	2,315,216	2,315,216
Other comprehensive income	-	18,333	151,788	-	-	170,121
	-	18,333	151,788	-	2,315,216	2,485,337
TRANSACTION WITH OWNERS						
Issue of shares, net of transaction cost (Note 26)	9,142,186	-	-	-	-	9,142,186
Preference share	1,000,000	-	-	-	-	1,000,000
Dividends paid (Note 30)	-	-	-	-	(414,665)	(414,665)
Dividends proposed (Note 30)	-	-	-	-	(897,235)	(897,235)
	10,142,186	-	-	-	(1,311,900)	8,830,286
BALANCE AT 30 SEPTEMBER 2019	10,887,680	173,321	671,778	313,590	1,343,914	13,390,283
Effects of change in accounting policy (Note 31)	-	-	-	-	(8,572)	(8,572)
BALANCE AT 1 OCTOBER 2019	10,887,680	173,321	671,778	313,590	1,335,342	13,381,711
TOTAL COMPREHENSIVE INCOME						
Profit for the year	-	-	-	-	2,595,581	2,595,581
Other comprehensive income	-	-	(656,940)	-	-	(656,940)
	-	-	(656,940)	-	2,595,581	1,938,641
TRANSACTION WITH OWNERS						
Issue of shares, net of transaction cost (Note 26)	13,260,146	-	-	-	-	13,260,146
Dividends proposed (Note 30)	-	-	-	-	(1,828,207)	(1,828,207)
	13,260,146	-	-	-	(1,828,207)	11,431,939
BALANCE AT 30 SEPTEMBER 2020	24,147,826	173,321	14,838	313,590	2,102,716	26,752,291

STATEMENT OF CASH FLOWS
YEAR ENDED 30 SEPTEMBER 2020

	Note	2020 $'000	2019 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit		2,595,581	2,315,216
Items not affecting cash resources:			
Depreciation and amortisation		61,980	32,913
Effect of exchange gain on foreign balances		(967,165)	(1,673)
Unrealised gain on investment FVTPL		(19,174)	(103,645)
Interest income		(1,746,261)	(1,483,450)
Interest expense		881,065	881,155
Fair value gains on investment property		(37,903)	-
Loss on disposal of property, plant and equipment		-	655
Income tax expense	9	228,630	471,302
Lease liability interest expense		15,948	-
Right-of-use assets amortisation		23,337	-
		1,036,038	2,112,473
Changes in operating assets and liabilities:			
Marketable securities including pledged assets, net		(27,908,970)	(8,754,160)
Securities purchased under resale agreements, net		6,714,901	(10,728,531)
Securities sold under repurchase agreements, net		9,972,871	9,646,285
Receivables		(2,235,272)	(324,382)
Loans receivables, net		(970,952)	(348,782)
Payables		4,509,706	87,396
Related companies, net		917,218	(1,512,850)
		(7,964,460)	(9,822,551)
Interest received		1,450,225	1,465,083
Interest paid		(821,417)	(870,481)
Taxation paid		(676,394)	(25,452)
Lease payments		(22,150)	(25,452)
Cash used in operating activities		(8,034,196)	(9,253,401)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	18	(285,363)	(122,170)
Purchase of intangible assets	19	(18,164)	(30,794)
Proceeds from disposal of property, plant and equipment		-	12,501
Purchase of investment property		(165,497)	-
Cash used in investing activities		(469,024)	(140,463)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends paid		(891,862)	(414,665)
Issued ordinary shares		13,260,146	9,142,186
Issued preference shares		-	1,000,000
Short term loans		611,947	-
Cash provided by financing activities		12,980,231	9,727,521
Effect of exchange rate on cash and cash equivalents		112,547	(100)
Increase in net cash and equivalents		4,589,558	333,557
Net cash and cash equivalents at beginning of year		580,735	247,178
CASH AND CASH EQUIVALENTS AT END OF YEAR	11	5,170,293	580,735

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2020

1. **IDENTIFICATION, REGULATION AND LICENCE:**

Barita Investments Limited (Barita or the company) is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is 15 St. Lucia Way, Kingston 5.

The company is a licensed securities dealer and has primary dealer status from the Bank of Jamaica (BOJ). It is licensed under the Securities Act and regulated by the Financial Services Commission (FSC). The company's ordinary shares are listed on the Jamaica Stock Exchange (JSE).

On 24 August 2018, Cornerstone Investments Holdings Limited now Cornerstone Financial Holdings Limited acquired 75% of the equity in Barita Investments Limited financed via a private placement of a bond arranged by Sagicor Investments Jamaica Limited and equity capital from Cornerstone Investments Holdings Limited shareholders.

The principal activities of the company and its wholly owned subsidiary, Barita Unit Trusts Management Company Limited (BUTM) (collectively referred to as "the group') are stocks and securities brokerage, money market activities, cambio operations and funds management.

2. **REPORTING CURRENCY:**

Items included in the financial statements of the group are measured using the currency of the primary economic environment in which the group operates 'the functional currency'. These financial statements are presented in Jamaican dollars, which is considered the group's functional and presentation currency.

3. **SIGNIFICANT ACCOUNTING POLICIES:**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Amounts are rounded to the nearest thousand unless otherwise stated.

(a) **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention as modified by the revaluation of fair value through other comprehensive income and fair value through profit or loss investment securities, and certain items of property, plant and equipment. They are also prepared in accordance with requirements of the Jamaican Companies Act.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant for the financial statements are disclosed in Note 4.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd)**

New, revised and amended standards and interpretations that became effective during the year

Certain new standards and interpretations of and amendments to existing standards have been published that became effective during the current financial year. The group has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following new standards, interpretations and amendments are relevant to its operations

In these financial statements, the group adopted IFRS 16 - Leases with a transitional date of 1 October 2019. These standards were applied on a retrospective basis, with certain exceptions. As permitted, the group did not restate its prior period comparative financial statements.

The nature and the impact of the new standards and amendments is described below:

IFRS 16, 'Leases' (effective for accounting periods beginning on or after 1 January 2019). IFRS 16 replaces the current guidance in IAS 17. The new standard requires changes in accounting by the company as lessees are required to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases that have a lease term of 12 months or less and leases of low-value assets (under US$5,000). The group has applied IFRS 16 using the modified retrospective approach, under which the group will not restate its comparative figures but will recognise the cumulative effect of adopting IFRS 16 as an adjustment to opening retained earnings. Right-of-use assets, on which the associated depreciation is charged, are recorded in the statement of financial position. Right-of-use assets are initially measured by reference to the measurement of the lease liability on the commenced date.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the organization's incremental borrowing rate. Generally, the group uses its incremental borrowing rate as the discount rate. The lease liability is measured at amortised cost using the effective interest method.

The impact of applying IFRS 16 as at 1 October 2019 is disclosed in note 31.

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2020

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd)**

New, revised and amended standards and interpretations that became effective during the year

IFRIC 23, 'Uncertainty over Income Tax Treatments', (effective for accounting periods beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income Taxes', are applied where there is uncertainty over income tax treatments. The IFRIC had clarified previously that IAS 12, not IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over tax treatments. There was no impact on the group's financial statements from the adoption of this interpretation.

New standards, amendments and interpretation not yet effective and not early adopted

The following amendments to standards which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the group's future financial statements:

Amendments to IAS 1, 'Presentation of Financial Statements' and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', (effective for accounting periods beginning on or after 1 January 2020). These amendments and consequential amendments to other IFRSs result in the use of a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting. They clarify the explanation of the definition of material and also incorporate some of the guidance in IAS 1 about immaterial information. The adoption of these amendments is not expected to have a significant impact on the group.

The group is assessing the impact that this standard and amendment will have on the financial statements when it is adopted.

(b) **Basis of consolidation**

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The subsidiary consolidated is Barita Unit Trusts Management Company Limited which is owned 100%.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(b) **Basis of consolidation (cont'd)**

Acquisitions from third parties

Subsidiaries are consolidated from the date on which control is transferred to the group and are no longer consolidated from the date that control ceases. The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. On an acquisition-by-acquisition basis, the group recognizes any non-controlling interest in the acquirees either at fair value or at the non-controlling interests proportionate share of the acquirees net assets.

Acquisitions involving entities under common control

The predecessor method of accounting is used to account for acquisitions involving entities under common control, as such acquisitions are outside of the scope of IFRS 3. Under the predecessor method of accounting, the acquiring entity consolidates the results and net assets of the acquired entity either from the date of acquisition, or as if the acquisition had always taken place, and the current structure had always been in existence. In electing to utilize the latter option, the prior year's comparatives are restated.

In applying the predecessor method, the purchase consideration for the acquisition is eliminated against the book value of net assets acquired (adjusted for inconsistencies in accounting policies) with any resulting difference being dealt with as an adjustment to equity. There is no goodwill created, nor is there any negative goodwill recognized.

The group has elected to treat all such acquisitions as if the acquisition had taken place in previous years.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The accounting policies of the subsidiary are consistent with those adopted by the group.

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2020

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(c) **Segment reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Operating segments are reported in a manner consistent with internal reporting to the group's chief operating decision maker.

(d) **Foreign currency translation**

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the mid-point of the closing rate as at the reporting date.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in profit or loss. Translation differences on non-monetary financial instruments, such as equities classified as available-for-sale financial assets, are recognized in other comprehensive income.

(e) **Financial instruments**

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets

(i) **Classification**

The group classifies its financial assets in the following measurement categories:

- At fair value (either through OCI or through profit or loss); and
- At amortised cost

The classification is based on the group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are recorded in profit or loss or OCI.

The group will reclassify debt investments when and only when its business model for managing those assets changes.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(e) **Financial instruments (cont'd)**

Financial assets (cont'd)

(ii) **Recognition and derecognition**

Purchases and sales of financial assets are recognized on the date at which the group becomes a party to the contractual provisions of the instrument, i.e. the date they originated. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

(iii) **Measurement**

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- Amortised cost – Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gains or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2020

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(e) **Financial instruments (cont'd)**

Financial assets (cont'd)

(iii) **Measurement (cont'd)**

Debt instruments

- FVOCI – Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movement in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of comprehensive income.

- FVPL – Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss when the group's right to receive payment is established.

Changes in fair value of financial assets at FVPL are recognized in gains/(losses) in the profit or loss statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(e) **Financial instruments (cont'd)**

Financial assets (cont'd)

(iv) **Impairment**

The group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Financial liabilities

The group's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the reporting date, the following items were classified as financial liabilities: securities sold under repurchase agreements, bank overdraft, due to related company, lease liability, short term loan and trade payables.

(f) **Right-of-use assets**

At 1 October 2019, the right-of-use assets have been initially calculated at an amount equal to the initial value of the lease obligation. For leases entered into, on or after 1 January 2019, the right-of-use assets will be initially calculated at an amount equal to the initial value of the lease liability, adjusted for the following items:

i) Any lease payments made at or before the commencement date, less any lease incentives received;

ii) Any initial direct costs incurred by the group;

iii) An estimate of costs to dismantle and remove the underlying asset or to restore the site on which the asset is located.

For short-term leases that have a lease term of 12 months or less and low-value assets, the group has elected to not recognize a lease obligation and right-of-use assets and instead will recognize a lease expense as permitted under IFRS 16.

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2020

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(f) **Right-of use assets (cont'd)**

The right-of-use assets will be depreciated using the straight-line from the date of adoption to the earlier of the end of the useful life of the asset or end of the lease term as determined under IFRS 16. For lease entered into after 1 October 2019, the right-of-use assets will be depreciated from the date of commencement to the earlier of the end of the useful life of the asset or end of the lease term.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36, Impairment of Asset which replaces the previous requirement to recognize a provision for onerous lease contracts under IAS 37, Provisions, Contingent liabilities and Contingent assets.

(g) **Leases**

Policy applicable after 1 October 2019

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

IFRS 16 was adopted 1 October 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 October 2019, see Note 31. The following policies apply subsequent to the date of initial application, 1 October 2019.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(g) **Leases (cont'd)**

Policy applicable after 1 October 2019 (cont'd)

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonable certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining lease term.

When the group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2020

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(g) **Leases (cont'd)**

Policy applicable after 1 October 2019 (cont'd)

When the group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification (cont'd):

- In all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.

- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the group to use an identified asset and require services to be provided to the group by the lessor, the group has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Nature of leasing activities (in the capacity as lessee)

Policy applicable before 1 October 2019

The periodic rent is fixed over the lease term. The group leased office buildings. Leases of office buildings comprise only fixed payments over the lease terms.

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which the termination takes place.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(g) **Leases (cont'd)**

Policy applicable before 1 October 2019 (cont'd)

Leases of property, plant and equipment, where the group assumes substantially all the benefits and risks of ownership, are classified as finance leases. Finance leases are capitalized at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in finance lease obligations. The interest element of the finance charge is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The items of property, plant and equipment acquired under finance leasing contracts are depreciated over the shorter of the useful life of the asset and the lease term.

(h) **Revenue recognition**

Interest income

Interest income and expense are recognized in profit or loss for all interest bearing instruments on an accrual basis using the effective interest rate method. Interest income includes coupons earned on fixed income investments and accrued discounts or premiums on treasury bills and other discounted instruments.

Fees and commission income

Fees and commission income are recognized on an accrual basis when the service has been provided. Commission and fees arising from negotiating or participating in the negotiation of a transaction for a third party are recognized on completion of the underlying transaction.

Dividend income

Dividends are recognized when the right to receive payments is established.

Gain or loss on sale of investment

Gain or loss on the disposal or maturity of investments, is determined by comparing sale proceeds with the carrying amount of the investment. The amount is recognized in profit or loss for the year.

When investment securities are disposed of the related accumulated unrealised gains or losses included in the fair value reserve are recognized by recycling those gains or losses through other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
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3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(i) **Current and deferred income taxes**

Taxation expense in profit or loss comprises current and deferred tax charges.

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The company's liability for current tax is calculated at tax rates that have been enacted at the reporting date.

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income or equity, in which case deferred tax is also dealt with in other comprehensive income or equity.

(j) **Property plant and equipment**

Items of property, plant and equipment are initially recorded at historical or deemed cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Freehold land and buildings are subsequently carried at fair value, based on periodic valuations by a professionally qualified valuer. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in the capital reserve except to the extent that any decrease in value in excess of the credit balance on the capital reserve, or reversal of such a transaction, is recognised in profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(j) **Property plant and equipment (cont'd)**

Depreciation is calculated on the straight line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. Land is not depreciated. The expected useful lives of the other property, plant and equipment are as follows:

Buildings	40 years
Office furniture, machines and equipment	10 years
Computer equipment	2 - 10 years
Motor vehicles	3 -5 years

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining profit or loss.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date.

(k) **Receivables**

Receivables are carried at anticipated realizable value less provision for impairment of these receivables. A provision for impairment of receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

(l) **Repurchase and reverse repurchase agreements**

Securities sold under agreements to repurchase (repurchase agreements) and securities purchased under agreements to resell (reverse repurchase agreements) are treated as collateralized financing transactions.

The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the life of the repurchase agreements using the effective yield method.

Securities purchased under agreements to resell and sold under agreements to repurchase are carried on the statement of financial position at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS
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3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(m) **Short term loans**

Loan note payable are recognized initially at the proceeds received net of transaction costs incurred. Short term loans are subsequently measured at amortised cost.

(n) **Payables**

Payables are initially recognized at fair value and are subsequently measured at amortised cost.

(o) **Fiduciary activities**

The group commonly acts as a trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts and other institutions. These assets and income arising thereon are excluded from these financial statements as they are not assets of the group.

(p) **Employee benefits**

Defined contribution plans

The group maintains a pension plan for its eligible employees and agents. The pension plan is a defined contribution plan, the assets of which are held in a separate trustee administered fund. The plan is generally funded by basic employee contributions of 5% of pensionable salary and voluntary contributions up to a maximum of an additional 5%. This is matched by the group, once the group's contributions have been paid the group has no further payment obligations. The group contributions to the plan are charged to profit or loss in the year to which they relate.

Other

Other employee benefits that are expected to be settled wholly within 12 months after the end of the reporting period are presented as current liabilities.

Other employee benefits that are not expected to be settled wholly within 12 months after the end of the reporting period are presented as non-current liabilities and calculated using the projected unit credit method and then discounted using yields available on high quality corporate bonds that have maturity dates approximating to the expected remaining period to settlement.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(q) **Intangible assets**

Intangible assets which represents computer software are deemed to have a finite useful life of three years and are measured at cost, less accumulated amortisation and accumulated impairment losses, if any.

(r) **Related party balances and transactions**

Parties are considered to be related if directly, or indirectly through one or more intermediaries, the party controls, is controlled by or is under common control with the entity (this includes parents, subsidiaries and fellow subsidiaries) has significant influence over the entity or has joint control over the entity. Related party balance and transactions are disclosed for the following:

(i) Enterprise and individuals owning, directly or indirectly, an interest in voting power of the group and /or having significant influence over the Group's affairs and close members of the family of these individuals.

(ii) Key management personnel, that is those persons having authority and responsibility for planning directing and controlling the activities of the group, including directors, officers and close members of the families of these individuals.

(s) **Impairment of non-current assets**

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which, there are separately identified cash flows. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(t) **Investment property**

Investment property, comprising principally land and building, is held for rental yields and capital appreciation and is treated as long term investments. It is measured initially at cost, including related transaction costs and subsequently measured at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

NOTES TO THE FINANCIAL STATEMENTS
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3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(t) **Investment property (cont'd)**

The fair value reflects, on a similar basis, expected cash outflows in respect of the property. Fair value is determined every two years by an independent registered valuer. Fair value is based on current prices in an active market for similar properties in the same location and condition. Any gain or loss arising from a change in fair value is recognized in profit or loss.

(u) **Dividend distribution**

Dividend distribution to the company's shareholders is recognized as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Dividends for the year that are declared after the reporting date are dealt with in the subsequent events note.

4. **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:**

Judgement and estimates are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

(a) **Critical judgement in applying the Group's accounting policies**

In the process of applying the group's accounting policies, management has made the following judgement that could cause a significant impact on the amounts recognized in the financial statements.

Determination of whether or not Barita Unit Trust Management Company Limited and the Group act as principal or agent in the management of various unit trusts.

IFRS 10, Consolidated Financial Statements, which was adopted by the group on 1 October 2016, resulted in the group assessing its relationship (to determine whether it acts as principal or agent) with the various unit trusts which it manages. Consistent with the application guidance of IFRS 10, the group considered the following criteria in making determination.

(i) The scope of the fund manager's authority;
(ii) The rights of others in management of the fund in particular the right to unilaterally remove the fund manager, without cause;
(iii) The group's remuneration and exposure to variability of returns, in relation to its holdings in the various unit trusts; and
(iv) The group's ability to use its power to affect the returns made by the units trusts.

4. **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):**

(a) **Critical judgement in applying the Group's accounting policies (cont'd)**

The group considered that all criteria had to be substantively met in order for the group to be considered a principal, thereby requiring consolidation of the unit trusts.

The group concluded that criteria (i) and (iv) above were met.

In assessing criterion (ii), the group concluded that Trustees of the unit trusts, Jamaica Central Securities Depository Trustee Services Limited (JCSDTS) under the Trust Deeds, had sufficient rights to remove them as fund managers. In assessing criterion (iii), the group also concluded that its remuneration for its services were consistent in nature and amount, for services of that nature and that, based on its holdings in the various unit trusts, the group was not exposed to variability of returns, as envisaged by the standard.

Based on the conclusions arrived at in the previous paragraph, the group concluded that it was acting in the capacity of an agent for unit trusts and therefore also concluded that the unit trusts should not be consolidated in financial statements of the Group, or Barita Unit Trusts Management Company Limited, standing alone.

(b) **Key sources of estimation uncertainty**

The group makes certain estimates and assumptions regarding the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts assets and liabilities within the next financial year are discussed below:

(i) **Fair value estimation**

A number of assets and liabilities included in the group's financial statements require measurement at, and/or disclosure of, fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement of the group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilized are; the 'fair value hierarchy:

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2020

4. **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):**

(b) **Key sources of estimation uncertainty (cont'd)**

(i) **Fair value estimation (cont'd)**

Level 1 Quoted prices in active markets for identical assets or liabilities. (unadjusted)

Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item.

The fair value of financial instruments traded in active markets, such as investments fair value either through OCI or through profit or loss, is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in level 1 and comprise equity instruments traded on the Jamaica Stock Exchange.

The fair values of financial instruments that are not traded in an active market are deemed to be/determined as follows:

The carrying values less any impairment provision of financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values due to the short term maturity of these instruments. These financial assets and liabilities are cash and cash equivalents, trade receivables, trade payables, related company balances and unquoted investments.

(ii) **Income taxes**

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognizes assets and liabilities for possible tax issues based on estimates of whether additional taxes will become recoverable or will become due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4. **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):**

(b) **Key sources of estimation uncertainty (cont'd)**

(iii) **Expected maturity dates for financial assets and liabilities**

In disclosing its financial risk management, and considering its management of liquidity risk, the group discloses the expected maturity of its financial assets and financial liabilities. It is management's experience that the contractual maturity of these assets and liabilities differ from the liquidation of these assets and liabilities, which makes the disclosure of expected maturity more meaningful to the users of the financial statements. The actual liquidation of the assets and liabilities may differ from management's estimates.

(iv) **Depreciable assets**

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The group applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

(v) **Measurement of the expected credit loss allowance**

The measurement of the expected credit loss (ECL) allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers and debt issuers defaulting and the resulting losses). Significant judgement is also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

5. **FINANCIAL RISK MANAGEMENT:**

The group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The group's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on group's financial performance.

NOTES TO THE FINANCIAL STATEMENTS
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5. FINANCIAL RISK MANGEMENT (CONT'D):

The group's risk management policies are designed to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The group is exposed through its operations to the following financial risks:

- Credit risk
- Liquidity risk
- Foreign exchange risk
- Fair value or cash flow interest rate risk and
- Other market price

The Board of Directors is ultimately responsible for the establishment and oversight of the group's risk management framework. The Board, through the Asset and Liability Management Committee, Treasury Department, Audit Committee and Risk Manager, manages and monitors risks as follows:

(i) **Asset and Liability Management Committee**

This committee is responsible for monitoring the profile of the group's assets and liabilities. This includes monitoring policies and procedures that are established to ensure that there is sufficient liquidity and that interest rate risk, currency risk and capital adequacy is also monitored.

(ii) **Treasury Department**

This department is responsible for monitoring the profile of the group's assets and liabilities. It is also primarily responsible for managing the funding and liquidity risks of the group. It manages these risks by monitoring the statement of financial position and ensuring that business strategies are consistent with liquidity requirements measuring the capital adequacy for regulatory and business requirements and monitoring the composition of the assets and liabilities of the group.

(iii) **Audit Committee**

The Audit Committee oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group. The Audit Committee is assisted in its oversight role by internal Audit, which is outsourced. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

5. **FINANCIAL RISK MANGEMENT (CONT'D):**

(iv) **Risk Manager**

The Risk manager inspects the group's operations by reviewing new ventures and projects, new lines of business, and new and existing products for risk exposure. The Risk Manager also ensures compliance with regulations and policies. Periodic reports are prepared by the Risk Manager and presented to senior management and the Board of Directors.

The most important types of financial risk faced by the group are credit risk, liquidity risk and market risk. Market risk includes currency risk and interest rate risk.

(a) **Credit risk**

The group takes on exposure to credit risk, which is the risk that its clients or counterparties will cause a financial loss for the group by failing to discharge their contractual obligations. Credit risk is a significant risk for the group business; management therefore carefully manages its exposure to credit risk. Credit exposure arise principally in lending and investment activities. The group structures the levels of credit risk it undertakes as documented below. The group's and the company's maximum exposure to credit risk equals the carrying amounts on the statements of financial position, for the financial assets which expose the group and company to credit risk.

The overall objective of the group is to set policies that seek to reduce risk as far as possible without unduly affecting the group's competitiveness and flexibility.

Concentration of credit risk

There is no significant concentration of credit risk in the area of loans issued by the group. In addition to assessment of earnings and cash flows, management obtains collateral in the form of hypothecated securities sold under repurchase agreement, or units held in any of the trusts managed by BUTM. The group seeks to ensure that the value of hypothecated securities exceeds the loan amount.

Exposure to credit risk is managed through regular analysis of the ability of the customers and other counter-parties to meet repayment obligations. These are monitored regularly to ensure payments are received in accordance with the agreed terms.

The group measures ECL considering the risk of default over the maximum contractual period over which it is exposed to credit risk and not a longer period, even if contract extension or renewal is common practice.

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5. FINANCIAL RISK MANGEMENT (CONT'D):

(a) **Credit risk (cont'd)**

Concentration of credit risk

The gross carrying amount of financial assets below also represents the group's maximum exposure to credit risk on these assets.

The following tables contains an analysis of the credit risk exposure of financial instruments for which it was concluded that an ECL allowance is required. The gross carrying amount of financial assets below also represents the group's maximum exposure to credit risk on these assets and are due within five year.

Loans receivables:

	The Group and the Company	
	2020	2019
	$'000	$'000
Aging of loans receivables:		
Current	1,722,798	751,846
Loss impairment	(5,569)	-
	1,717,229	751,846

Investment and cash

The group limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality, and Government of Jamaica and Bank of Jamaica securities. Accordingly, management does not expect any counterparty to fail to meet its obligations. The concentration of credit risk associated with the group's investments portfolio is shown below, under the heading, debt securities concentration.

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of different types of collateral.

The main types of collateral are as follows:

(i) For loans receivables – investment securities and properties
(ii) For securities purchased under resale agreements – GOJ or BOJ investment securities

5. **FINANCIAL RISK MANGEMENT (CONT'D):**

(a) **Credit risk (cont'd)**

Concentration of credit risk (cont'd)

Collateral and other credit enhancements (cont'd)

Management monitors the market value of collateral held and requests additional collateral in accordance with the underlying agreements when additional collateral is required.

Impairment

Significant increase in credit risk

- Qualitative assessment – credit ratings are associated with ranges of default probabilities based on historical information. Rating outlooks, which are inherently forward-looking, are used to determine the probability of default to be applied to a specific security within its respective range. Issuer-specific default risk estimates incorporate forward-looking information directly. In calculating the probability of default, the group uses credit ratings along with rating outlooks from recognized rating agencies, as well as issuer-specific default risk estimates where available and appropriate. The ratings and risk estimates are mapped to an internal credit risk grading model in order to standardize across different rating systems and to clearly demarcate significant increase in credit risk over time.

  A qualitative assessment is done at initial recognition and subsequently at each statement of financial position date and where it is determined that there is a significant increase in the probability of default the security is categories as stage 2 for the purpose of calculating the ECL. If the financial instrument is credit impaired, the financial instrument is then moved to 'Stage 3. Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

- Quantitative assessment – Investment securities are considered to have experienced a significant increase in credit risk if it is more than 30 days past due on its contractual payments.

NOTES TO THE FINANCIAL STATEMENTS
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5. FINANCIAL RISK MANGEMENT (CONT'D):

(a) **Credit risk (cont'd)**

Impairment (cont'd)

Expected credit loss measurement

IFRS 9 outlined a 'three stage' model for impairment based on changes in the credit quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1'.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.
- Purchased or originated credit-impairment financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

The group assesses on a forward-looking basis the ECL associated with debt investments. The ECL recognized by the group reflects an unbiased and probability weighted amounts that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that is available without undue cost at the reporting date. The ECL is the product of the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

The PD presents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months or over the remaining lifetime of the obligation.

5. **FINANCIAL RISK MANGEMENT (CONT'D):**

(a) **Credit risk (cont'd)**

Impairment (cont'd)

Expected credit loss measurement (cont'd)

EAD is based on the amounts the group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

LGD represents the group's expectation of the extent of loss on a defaulted exposure. LGD is calculated on a 12 month or a lifetime basis, where 12 month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and lifetime LGD is a percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

All of the group's debt investments at amortised cost and FVOCI are considered to have low credit risk and the loss allowance recognized during the period was therefore limited to 12 months expected losses. Management considers 'low credit risk' for bonds to be those with an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The loss allowance for debt investments at FVOCI is recognized in profit or loss and reduces the fair value loss otherwise recognized in OCI.

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Opening loss allowance as at 1 October 2019 calculated under IFRS 9	287,268	164,198	272,095	164,653
Increase in loss allowance recognized in the income statement during the year	27,868	123,070	35,305	107,442
Loss allowance utilized during the year	(21,529)	-	(14,666)	-
	293,607	287,268	292,734	272,095

NOTES TO THE FINANCIAL STATEMENTS
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5. **FINANCIAL RISK MANAGEMNT (CONT'D):**

(a) **Credit risk (cont'd)**

Impairment (cont'd)

Debt securities concentration

The following table summarises the group's and company's credit exposure for debt securities at their carrying amounts, as categorized by issuer:

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Government of Jamaica and Bank of Jamaica	20,517,105	15,474,749	20,517,105	15,474,749
Financial Institutions	19,170,537	14,393,673	19,170,537	14,393,673
Corporate and other bonds	15,319,656	3,700,330	15,211,791	3,623,800
	55,007,298	33,568,752	54,899,433	33,492,222
Accrued interest	516,373	219,681	514,127	219,370
	55,523,671	33,788,433	55,413,560	33,711,592

(b) **Liquidity risk**

Liquidity risk is the risk that the group is unable to meet its payment obligations associated with its financial liabilities when they fall due and is also unable to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay investors and fulfil commitments to lend.

Liquidity risk management process

The group's liquidity management process, as carried out within the group and monitored by the Treasury Department, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of collateral which could be used to secure funding if required.

(ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquated as protection against any unforeseen interruption to cash flow.

5. **FINANCIAL RISK MANAGEMNT (CONT'D):**

(b) **Liquidity risk (cont'd)**

Liquidity risk management process (cont'd)

The group's liquidity management process, as carried out within the group and monitored by the Treasury Department, includes (cont'd)

(iii) Maintaining committed lines of credit
(iv) Optimising cash returns on investments
(v) Monitoring statement of financial position liquidity ratios against internal and regulatory requirements
(vi) Managing the concentration and profile of debt maturities

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the group. It is unusual for companies ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the group and its exposure to changes in interest rates and exchange rates.

Financial assets and liabilities cash flows

The tables below present the undiscounted cash flows (both interest and principal cash flows) of the group's and company's financial liabilities based on contractual rights and obligations as well as expected maturity and also shows the undiscounted cash flows of the group's and company's financial assets based on expected maturity. The group and company expect that many customers will not request repayment on the earliest date the group and company could be required to pay.

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(b) **Liquidity risk (cont'd)**

Financial assets and liabilities cash flows (cont'd)

	The Group					
	2020					
	Within 1 Month $'000	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 years $'000	Total $'000
Based on contractual maturity						
Bank overdraft	8,720	-	-	-	-	8,720
Due to related party	273,744	-	-	-	-	273,744
Securities sold under repurchase agreements	14,131,290	14,824,811	5,631,980	23,312	-	34,611,393
Short term loans	611,947	-	-	-	-	611,947
Payables	6,970,314	-	-	-	-	6,970,314
Lease liability	1,528	3,084	17,575	114,698	145,413	282,298
Total financial liabilities	21,997,543	14,827,895	5,649,555	138,010	145,413	42,758,416
Based on expected maturity -						
Total financial liabilities	14,743,237	14,824,811	5,631,980	23,312	-	35,223,340
Total financial assets	11,074,926	8,821,101	3,630,490	20,445,175	32,309,129	76,280,821

	2019					
	Within 1 Month $'000	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 years $'000	Total $'000
Based on contractual maturity						
Bank overdraft	71,819	-	-	-	-	71,819
Due to related party	77,711	-	-	-	-	77,711
Securities sold under repurchase agreements	11,965,068	9,279,438	4,080,814	-	-	25,325,320
Payables	1,739,686	-	-	-	-	1,739,686
Total financial liabilities	13,854,284	9,279,438	4,080,814	-	-	27,214,536
Based on expected maturity -						
Total financial liabilities	11,965,068	9,279,438	4,080,814	-	-	25,325,320
Total financial assets	11,243,486	2,998,846	1,393,212	40,504,935	11,896,987	68,037,466

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(b) **Liquidity risk (cont'd)**

Financial assets and liabilities cash flows (cont'd)

	The Company					
	2020					
	Within 1 Month $'000	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 years $'000	Total $'000
Based on contractual maturity						
Bank overdraft	8,720	-	-	-	-	8,720
Due to related party	397,308	-	-	-	-	397,308
Securities sold under repurchase agreements	14,188,010	14,862,187	5,631,980	23,312	-	34,705,489
Short term loans	611,947	-	-	-	-	611,947
Payables	7,120,704	-	-	-	-	7,120,704
Lease liability	1,528	3,084	17,575	114,698	145,413	282,298
Total financial liabilities	22,328,217	14,865,271	5,649,555	138,010	145,413	43,126,466
Based on expected maturity -						
Total financial liabilities	14,799,957	14,862,187	5,631,980	23,312	-	35,317,436
Total financial assets	11,074,926	8,821,101	3,630,490	20,445,175	32,309,129	76,280,821

	2019					
	Within 1 Month $'000	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 years $'000	Total $'000
Based on contractual maturity						
Bank overdraft	71,819	-	-	-	-	71,819
Due to related party	17,572	-	-	-	-	17,572
Securities sold under repurchase agreements	11,960,045	9,246,561	3,031,171	-	-	24,237,777
Payables	1,674,653	-	-	-	-	1,674,653
Total financial liabilities	13,724,089	9,246,561	3,031,171	-	-	26,001,821
Based on expected maturity -						
Total financial liabilities	11,960,045	9,246,561	3,031,171	-	-	24,237,777
Total financial assets	11,243,486	2,998,846	1,393,212	40,504,935	11,896,987	68,037,466

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5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(b) **Liquidity risk (cont'd)**

Financial assets and liabilities cash flows (cont'd)

Assets available to meet all of the liabilities include cash, securities purchased under resale agreements and marketable securities. The group and company are also able to meet unexpected net cash outflows by selling securities.

The carrying amount for securities sold under repurchase agreement due within twelve months equals $34,611,393,000 (2019 - $25,325,320,000) for the group and $34,705,489,000 (2019 -$24,237,777,000) for the company.

(c) **Market risk**

The group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the Risk Manager in conjunction with the Treasury manager, who carries out extensive research and monitors the price movement of financial assets on local and international markets. Generally, the group has a low to medium risk profile and invests primarily in Government of Jamaica securities. Market risk exposures are measured using sensitivity analysis.

(i) **Currency risk**

The group incurs foreign currency risk on transactions that are denominated in a currency other than Jamaican dollar.

The group also has transactional currency exposure. Such exposure arises from having financial assets in currencies other than those in which financial liabilities are expected to settle. The group ensures that its net exposure is kept to an acceptable level by buying or selling foreign assets to address short term imbalances.

The main currencies giving rise to this risk are the Canadian dollar, United States dollar and British pound. The group sets limits on the level of exposure by currency and in total for both overnight and intra-day positions which are monitored daily.

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Market risk (cont'd)**

(i) **Currency risk (cont'd)**

	The Group				
	CAD J$'000	US$ J$'000	GBP J$'000	Jamaican J$'000	Total J$'000
	2020				
Financial Assets					
Cash and bank balances	834	2,558,498	3,642	2,714,634	5,277,608
Securities purchased under resale agreements	-	1,520,926	-	6,518,677	8,039,603
Marketable securities and pledged assets	-	15,505,750	39,729	33,819,344	49,364,823
Receivables	-	1,023,605	-	1,962,803	2,986,408
Loans receivables	-	-	-	1,717,229	1,717,229
Due from related parties	-	-	-	1,979,035	1,979,035
Total financial assets	834	20,608,779	43,371	48,711,722	69,364,706
Financial Liabilities					
Bank overdraft	-	-	-	8,720	8,720
Securities sold under repurchase agreement	-	11,419,021	-	23,027,598	34,446,619
Short term loans	-	30,847	-	581,100	611,947
Payables	-	635,435	-	6,334,879	6,970,314
Due to related parties	-	115,548	-	158,196	273,744
Lease liability	-	71,421	-	210,877	282,298
Total financial liabilities	-	12,272,272	-	30,321,370	42,593,642
Net financial position	834	8,336,507	43,371	18,390,352	26,771,064

NOTES TO THE FINANCIAL STATEMENTS
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5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Market risk (cont'd)**

(i) **Currency risk (cont'd)**

	The Group				
	CAD J$'000	US$ J$'000	GBP J$'000	Jamaican$ J$'000	Total J$'000
			2019		
Financial Assets					
Cash and bank balances	2,778	468,987	5,331	310,824	787,920
Securities purchased under resale agreements	-	3,130,683	-	11,548,291	14,678,974
Marketable securities and pledged assets	-	5,951,955	80,754	15,938,298	21,971,007
Receivables	-	-	-	748,517	748,517
Loans receivables	-	-	-	751,846	751,846
Due from related parties	-	-	-	1,624,584	1,624,584
Total financial assets	2,778	9,551,625	86,085	30,922,360	40,562,848
Financial Liabilities					
Bank overdraft	-	53,309	-	18,510	71,819
Securities sold under repurchase agreement	-	6,895,492	71,162	17,126,156	24,092,810
Payables	-	-	-	1,739,686	1,739,686
Due to related parties	-	-	-	77,711	77,711
Total financial liabilities	-	6,948,801	71,162	18,962,063	25,982,026
Net financial position	2,778	2,602,824	14,923	11,960,297	14,580,822

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Market risk (cont'd)**

(i) **Currency risk (cont'd)**

	The Company				
	CAD	US$	GBP	Jamaican	Total
	J$'000	J$'000	J$'000	J$'000	J$'000
	2020				
Financial Assets					
Cash and bank balances	834	2,481,762	3,642	2,692,775	5,179,013
Securities purchased under resale agreements	-	1,520,926	-	6,518,677	8,039,603
Marketable securities and pledged assets	-	15,373,922	39,729	33,771,803	49,185,454
Receivables	-	1,023,605	-	1,945,882	2,969,487
Loans receivables	-	-	-	1,717,229	1,717,229
Due from related parties	-	-	-	1,729,171	1,729,171
Total financial assets	834	20,400,215	43,371	48,375,537	68,819,957
Financial Liabilities					
Bank overdraft	-	-	-	8,720	8,720
Securities sold under repurchase agreement	-	11,513,117	-	23,027,863	34,540,980
Short term loans	-	30,847	-	581,100	611,947
Payables	-	635,435	-	6,485,269	7,120,704
Due to related parties	-	-	-	397,308	397,308
Lease liability	-	71,421	-	210,877	282,298
Total financial liabilities	-	12,250,820	-	30,711,137	42,961,957
Net financial position	834	8,149,395	43,371	17,664,400	28,858,000

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2020

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Market risk (cont'd)**

(i) **Currency risk (cont'd)**

	The Company				
	CAD	US$	GBP	Jamaican	Total
	J$'000	J$'000	J$'000	J$'000	J$'000
			2019		
Financial Assets					
Cash and bank balances	2,778	366,168	5,331	278,277	652,554
Securities purchased under resale agreements	-	3,130,683	-	11,548,291	14,678,974
Marketable securities and pledged assets	-	5,785,298	80,754	15,611,120	21,477,172
Receivables	-	-	-	734,215	734,215
Loans receivables	-	-	-	751,846	751,846
Due from related parties	-	-	-	1,546,670	1,546,670
Total financial assets	2,778	9,282,149	86,085	30,470,419	39,841,431
Financial Liabilities					
Bank overdraft	-	53,309	-	18,510	71,819
Securities sold under repurchase agreement	-	6,895,492	71,162	17,136,940	24,103,594
Payables	-	-	-	1,674,653	1,674,653
Due to related parties	-	-	-	17,572	17,572
Total financial liabilities	-	6,948,801	71,162	18,847,675	25,867,638
Net financial position	2,778	2,333,348	14,923	11,622,744	13,973,793

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Market risk (cont'd)**

(i) **Currency risk (cont'd)**

Foreign currency sensitivity

The following indicate the currencies to which the group and company had significant exposure on their monetary assets and liabilities and their forecast cash flows. The change in currency rate below represents management's assessment of a reasonably possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 6% devaluation and 2% revaluation in the value of the Jamaican dollar (JMD) (2019 – 6% devaluation and 4% revaluation). The sensitivity analysis includes cash and bank balances, securities purchased under resale agreements, marketable securities and securities sold under repurchase agreements.

	The Group and Company					
Currency	% Change In Currency Rate 2020	Effect on Profit before Tax 2020 $'000	Effect on other components of Equity 2020 $'000	% Change in Currency Rate 2019	Effect on Profit before Tax 2019 $'000	Effect on Other components of Equity 2019 $'000
CAD (devaluation of JMD)	6	50	-	6	167	-
CAD (revaluation of JMD	2	(17)	-	4	(111)	-
USD (devaluation of JMD)	6	500,190	3,289,511	6	151,967	874,300
USD (revaluation of JMD)	2	(166,730)	(1,096,504)	4	(101,311)	(437,150)
GBP (devaluation of JMD)	6	2,602	-	6	895	-
GBP (revaluation of JMD)	2	(867)	-	4	(597)	-

NOTES TO THE FINANCIAL STATEMENTS
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5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Market risk (cont'd)**

(ii) **Interest rate risk**

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the group to cash flow interest risk, whereas fixed interest rate instruments expose the group to fair value interest risk.

The group's interest rate policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires the group to manage the maturities of interest bearing financial assets and interest bearing financial liabilities. The Board sets limits on the level of mismatch of interest rate re-opening that may be unknown, which is monitored daily by the Treasury Department.

The following tables summarized the group's and company's exposure to interest rate risk. It includes financial instrument at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates.

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Market risk (cont'd)**

(ii) **Interest rate risk (cont'd)**

	The Group 2020						
	Immediately rate sensitive $'000	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-rate sensitive $'000	Total $'000
Financial Assets							
Cash and bank balances	5,277,608	-	-	-	-	-	5,277,608
Securities purchased under resale agreements	5,233,378	2,319,903	486,322	-	-	-	8,039,603
Marketable securities and pledged assets	5,361,307	8,294,699	2,823,870	15,107,384	17,777,563	-	49,364,823
Receivables	-	-	-	-	-	2,986,408	2,986,408
Loan receivables	1,717,229	-	-	-	-	-	1,717,229
Due from related parties	-	-	-	-	-	1,979,035	1,979,035
Total financial assets	17,589,522	10,614,602	3,310,192	15,107,384	17,777,563	4,965,443	69,364,706
Financial Liabilities							
Bank overdraft	8,720	-	-	-	-	-	8,720
Securities sold under repurchase agreements	14,118,597	14,756,221	5,549,291	22,510	-	-	34,446,619
Short term loans	611,947	-	-	-	-	-	611,947
Payables	-	-	-	-	-	6,970,314	6,970,314
Due to related parties	-	-	-	-	-	273,744	273,744
Lease laibility	1,528	3,084	17,575	114,698	145,413	-	282,298
Total financial liabilities	14,740,792	14,759,305	5,566,866	137,208	145,413	7,244,058	42,593,642
Total interest repricing gap	2,848,730	(4,144,703)	(2,256,674)	14,970,176	17,632,150	(2,278,615)	26,771,064
Cumulative gap	2,848,730	(1,295,973)	(3,552,647)	11,417,529	29,049,679	26,771,064	-

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2020

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Market risk (cont'd)**

(ii) **Interest rate risk (cont'd)**

	The Group 2019						
	Immediately rate sensitive $'000	**Within 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Non-rate sensitive $'000**	**Total $'000**
Financial Assets							
Cash and bank balances	787,920	-	-	-	-	-	787,920
Securities purchased under resale agreements	11,230,646	2,975,849	405,000	67,479	-	-	14,678,974
Marketable securities and pledged assets	-	295,795	994,531	12,858,876	7,686,644	135,161	21,971,007
Receivables	-	-	-	-	-	748,517	748,517
Loan receivables	751,846	-	-	-	-	-	751,846
Due from related parties	-	-	-	-	-	1,624,584	1,624,584
Total financial assets	12,770,412	3,271,644	1,399,531	12,926,355	7,686,644	2,508,262	40,562,848
Financial Liabilities							
Bank overdraft	71,819	-	-	-	-	-	71,819
Securities sold under repurchase agreements	11,884,974	9,202,900	1,981,528	1,023,408	-	-	24,092,810
Payables	-	-	-	-	-	1,739,686	1,739,686
Due to related parties	-	-	-	-	-	77,711	77,711
Total financial liabilities	11,956,793	9,202,900	1,981,528	1,023,408	-	1,817,397	25,982,026
Total interest repricing gap	813,619	(5,931,256)	(581,997)	11,902,947	7,686,644	690,865	14,580,822
Cumulative gap	813,619	(5,117,637)	(5,669,634)	6,203,313	13,889,957	14,580,822	-

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Market risk (cont'd)**

(ii) **Interest rate risk (cont'd)**

	The Company 2020						
	Immediately rate sensitive $'000	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-rate sensitive $'000	Total $'000
Financial Assets							
Cash and bank balances	5,179,013	-	-	-	-	-	5,179,013
Securities purchased under resale agreements	5,233,378	2,319,903	486,322	-	-	-	8,039,603
Marketable securities and pledged assets	5,361,307	8,294,699	2,823,870	15,029,765	17,675,813	-	49,185,454
Receivables	-	-	-	-	-	2,969,487	2,969,487
Loan receivables	1,717,229	-	-	-	-	-	1,717,229
Due from related parties	-	-	-	-	-	1,729,171	1,729,171
Total financial assets	17,490,927	10,614,602	3,310,192	15,029,765	17,675,813	4,698,658	68,819,957
Financial Liabilities							
Bank overdraft	8,720	-	-	-	-	-	8,720
Securities sold under Repurchase agreements	14,175,582	14,793,597	5,549,291	22,510	-	-	34,540,980
Short term loans	611,947	-	-	-	-	-	611,947
Payables	-	-	-	-	-	7,120,704	7,120,704
Due to related parties	-	-	-	-	-	397,308	397,308
Lease liability	1,528	3,084	17,575	114,698	145,413	-	282,298
Total financial liabilities	14,797,777	14,796,681	5,566,866	137,208	145,413	7,518,012	42,961,957
Total interest repricing gap	2,693,150	(4,182,079)	(2,256,674)	14,892,557	17,530,400	(2,819,354)	25,858,000
Cumulative gap	2,693,150	(1,488,929)	(3,745,603)	11,146,954	28,677,354	25,858,000	-

NOTES TO THE FINANCIAL STATEMENTS
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5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Market risk (cont'd)**

(ii) **Interest rate risk (cont'd)**

	The Company 2019						
	Immediately rate sensitive $'000	**Within 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Non-rate sensitive $'000**	**Total $'000**
Financial Assets							
Cash and bank balances	652,554	-	-	-	-	-	652,554
Securities purchased under resale agreements	11,230,646	2,975,849	405,000	67,479	-	-	14,678,974
Marketable securities and pledged assets	-	7,883	942,723	13,034,085	7,492,481	-	21,477,172
Receivables	-	-	-	-	-	734,215	734,215
Loan receivables	751,846	-	-	-	-	-	751,846
Due from related parties	-	-	-	-	-	1,546,670	1,546,670
Total financial assets	12,635,046	2,983,732	1,347,723	13,101,564	7,492,481	2,280,885	39,841,431
Financial Liabilities							
Bank overdraft	71,819	-	-	-	-	-	71,819
Securities sold under repurchase agreements	11,884,974	9,213,684	1,981,528	1,023,408	-	-	24,103,594
Payables	-	-	-	-	-	1,674,653	1,674,653
Due to related parties	-	-	-	-	-	17,572	17,572
Total financial liabilities	11,956,793	9,213,684	1,981,528	1,023,408	-	1,692,225	25,867,638
Total interest repricing gap	678,253	(6,229,952)	(633,805)	12,078,156	7,492,481	588,660	13,973,793
Cumulative gap	678,253	(5,551,699)	(6,185,504)	5,892,652	13,385,133	13,973,793	-

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Market risk (cont'd)**

(ii) **Interest rate risk (cont'd)**

Average effective yields by the earlier of the contractual repricing or maturity dates:

	The Group and Company 2020					
	Immediately rate sensitive	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Average
	%	%	%	%	%	%
Marketable securities denominated in JA$	-	2.11	3.99	5.91	8.11	5.03
Marketable securities denominated in US$	-	-	9.59	3.31	8.00	6.10
Marketable securities denominated in GBP	-	-	-	10.00	5.75	7.88
Securities purchased under resale agreements-denominated in JA$	-	1.67	2.99	-	-	2.33
Securities purchased under resale agreements-denominated in US$	-	2.37	-	-	-	2.37
Securities sold under resale agreements-denominated in JA$	-	2.33	2.92	3.00	-	2.75
Securities sold under resale agreements-denominated in US$	-	2.53	2.97	1.80	-	2.43
Securities sold under resale agreements-denominated in GBP	-	-	-	-	-	0.50
Loan note denominated in US$	-	2.00	-	-	-	2.00
Loan note denominated in JA$	-	2.00	-	-	-	2.00

Yields are based on book value and contractual interest rate adjusted for amortization of premium and discounts.

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2020

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Market risk (cont'd)**

(ii) **Interest rate risk (cont'd)**

Average effective yields by the earlier of the contractual repricing or maturity dates:

	The Group and Company					
	2019					
	Immediately rate sensitive	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Average
	%	%	%	%	%	%
Marketable securities denominated in JA$	-	2.00	3.00	6.00	10.00	5.25
Marketable securities denominated in US$	-	-	5.00	6.00	8.00	6.33
Marketable securities denominated in GBP	-	-	-	10.00	5.75	7.88
Securities purchased under resale agreements-denominated in JA$	-	2.53	3.29	-	-	2.30
Securities purchased under resale agreements-denominated in US$	-	2.57	-	2.50	-	2.30
Securities sold under resale agreements-denominated in JA$	-	2.13	2.68	-	-	2.00
Securities sold under resale agreements-denominated in US$	-	1.97	1.68	-	-	1.69
Securities sold under resale agreements-denominated in GBP	-	0.70	0.70	0.40	-	0.60

Yields are based on book value and contractual interest rate adjusted for amortization of premium and discounts.

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Market risk (cont'd)**

(ii) **Interest rate risk (cont'd)**

Interest rate sensitivity

The following table indicates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant on the group's and company's profit or loss and shareholders' equity.

The sensitivity of the profit or loss for the year is the effect of the assumed changes in interest rates on profit before taxation based on the floating rate non-trading financial assets and financial liabilities. The sensitivity of shareholders' equity is calculated by revaluing fixed rate fair value through OCI and FVPL financial assets for the effects of the assumed changes in interest rates. The change in the interest rates will impact the financial assets and liabilities differently. Consequently, individual analyses were performed. The effect on profit before taxation and other components of equity below is the total of the individual sensitivities done for each of the assets and liabilities.

	Effect on Profit before Taxation 2020 $'000	Effect on Other Components of Equity 2020 $'000	Effect on Profit before Taxation 2019 $'000	Effect on Other Components of Equity 2019 $'000
	The Group			
Change in basis points				
-100/-100 (2019: -100/-100)	26,287	(127,677)	119,962	(23,303)
+100/+100 (2019: +100/+100)	(26,287)	127,677	(119,962)	23,303
	The Company			
Change in basis points				
-100/-100 (2019: -100/-100)	26,287	(127,600)	119,962	(23,226)
+100/+100 (2019: +100/+100)	(26,287)	127,600	(119,962)	23,226

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2020

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Market risk (cont'd)**

(iii) **Price risk**

Price risk is the risk that the value of financial instrument will fluctuate as a result of changes in the market prices, whether those changes are caused by factors specific to the individual instruments or its issuer or factors affecting all instruments traded in the market. The group and the company are exposed to equity securities price risk because of certain equity and unit investments which they hold.

The table below summarizes the impact of increases/decreases on the group's and company's net other comprehensive income (before taxation) resulting from a reasonably possible change in market prices. There would be no impact on profit before taxation as the equities are classified as fair value through other comprehensive income. The analysis is based on the assumption that the equity and unit trust prices had increased by 7% and decreased by 12.5% (2019 - 10%).

	Effect on Other Comprehensive Income before Taxation 2020 $'000	Effect on Other Comprehensive Income before Taxation 2019 $'000
	The Group	
Changes in index		
+7% (2019: +10%)	32,246	118,463
-12.5% (2019: -10%)	(53,744)	(118,463)
	The Company	
Changes in index		
+7% (2019: +10%)	27,067	76,764
-12.5% (2019: -10%)	(45,111)	(76,764)

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(d) **Capital Management**

The group's objectives when managing capital, which is a broader concept than the equity on the face of the statements of financial position, are:

(i) To comply with the capital requirements set by the regulators of the markets where the group provides returns for shareholders and benefits for other stakeholders.

(ii) To safeguard the group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.

(iii) To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored regulatory by the group's management employing techniques based on the guidelines developed by the FSC. The required information is filed with FSC on a monthly basis.

The company and its subsidiary, BUTM are both regulated by the FSC.

The FSC requires each bank or banking group to:

(i) Hold the minimum level of the tier 1 capital as a percentage of total capital base.
(ii) Maintain a ratio of total regulatory capital to the risk-weighted assets.

The group's regulatory capital is managed by its Treasury Department and Risk Manager and is divided into two tiers:

(i) Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill, if any, is deducted in arriving at Tier 1 capital; and

(ii) Tier 2 capital: qualifying subordinated loan capital, collective impairment allowances and unrealized gains arising on the fair valuation of equity instruments held as available for sale.

The risk-weighted assets are measured by means of a hierarchy of five weights classified according to the nature of and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees.

As at the reporting date, the group was in compliance with all of the externally imposed capital requirements to which it is subject.

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5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(e) **Fair values of financial instruments**

The following table presents the group's and company's financial assets that are measured at fair value. There are no liabilities that are measured at fair value at the year end and the group has no instruments classified in Level 3 during the year. There were no transfers between levels during the year.

	The Group 2020		
	Level 1 $'000	**Level 2 $'000**	**Total $'000**
Investment securities fair value through profit or loss			
Equity securities	172,377	257,175	429,552
Investment securities fair value through other comprehensive income			
Debt securities	-	47,476,821	47,476,821
	172,377	47,733,996	47,906,373

	2019		
	Level 1 $'000	**Level 2 $'000**	**Total $'000**
Investment securities fair value through profit or loss			
Equity securities	997,859	186,774	1,184,633
Investment securities fair value through other comprehensive income			
Debt securities	-	19,328,827	19,328,827
	997,859	19,515,601	20,513,460

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(e) **Fair values of financial instruments (cont'd)**

	The Company		
	2020		
	Level 1 $'000	Level 2 $'000	Total $'000
Investment securities fair value through profit or loss			
Equity securities	172,377	188,512	360,889
Investment securities fair value through other comprehensive income			
Debt securities	-	47,366,115	47,366,115
	172,377	47,554,627	47,727,004

	2019		
	Level 1 $'000	Level 2 $'000	Total $'000
Investment securities fair value through profit or loss			
Equity securities	697,968	69,669	767,637
Investment securities fair value through other comprehensive income			
Debt securities	-	19,251,988	19,251,988
	697,968	19,321,657	20,019,625

The fair value of financial instruments that are traded in an active market for which there are no quoted market prices, is determined by using valuation techniques. When using valuation techniques, the group uses a variety of methods and makes assumptions that are based on market conditions existing at year end. The following methods and assumptions have been used.

(i) Investments securities classified as fair value through profit or loss and fair value through other comprehensive income are measured at fair value by reference to quoted market prices when available. If quoted prices are not available, then fair values are estimated on the basis of pricing models or other recognized valuation techniques.

NOTES TO THE FINANCIAL STATEMENTS
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5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(e) **Fair values of financial instruments (cont'd)**

(ii) The fair value of liquid assets and other assets maturing within three months is assumed to approximate their carrying amount. The assumption is applied to liquid assets and the short term elements of all other financial instruments.

(iii) The fair value of variable rate financial instruments is assumed to approximate their carrying value.

(iv) The fair value of securities sold under agreements to repurchase is approximately their carrying amounts, due to short term maturity on these instruments.

(v) Equity security for which fair values cannot be measured reliably are recognized at cost less impairment.

6. **SEGMENT REPORTING:**

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The group is organized and managed in business segments based on its business activities which are all located in Jamaica. The designated segments are as follows:

(a) Fixed income – this includes money market activities and securities broking
(b) Funds management – this includes the administration of a number of unit trust funds
(c) Other operations – this includes the operation of foreign exchange cambio, stock broking and any other income.

The Board of Directors assesses the performance of the operating segments based on a measure of adjusted profit before tax. The segment information provided to the Board of Directors for the reportable segments for the year is as follows:

6. **SEGMENT REPORTING (CONT'D):**

	The Group			
	2020			
	Fixed Income $'000	Funds Management $'000	Other $'000	Group $'000
Total segment revenue	3,041,760	2,049,119	1,018,927	6,109,806
Inter-segment revenue	(1,346)	-	(14,772)	(16,118)
Total gross external revenue	3,040,414	2,049,119	1,004,155	6,093,688
Total expenses	(897,013)	(181,984)	-	(1,078,997)
Inter-segment expense	-	1,346	-	1,346
	(897,013)	(180,638)	-	(1,077,651)
Segment results	2,143,401	1,868,481	1,004,155	5,016,037
Unallocated expenses				(1,910,068)
Profit before tax				3,105,969
Taxation				(347,440)
Net profit				2,758,529
Segment assets	55,405,720	1,240,895	3,536,566	60,183,181
Inter-segment assets	-	(784,838)	-	(784,838)
Net-segment assets	55,405,720	456,057	3,536,566	59,398,343
Unallocated assets				11,292,870
Total assets				70,691,213
Segment liabilities	34,540,980	424,590	-	34,965,570
Inter- segment liabilities	(94,361)	(295,432)	-	(389,793)
Net segment liabilities	34,446,619	129,158	-	34,575,777
Unallocated liabilities				8,634,756
Total liabilities				
Other segment items				43,210,533
Depreciation (Note 18)	55,517	164	-	55,681
Amortisation (Note 19)	6,463	-	-	6,463

NOTES TO THE FINANCIAL STATEMENTS
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6. **SEGMENT REPORTING (CONT'D):**

	The Group			
	2019			
	Fixed Income $'000	Funds Management $'000	Other $'000	Group $'000
Total segment revenue	2,119,542	998,947	2,890,057	6,008,546
Inter-segment revenue	(5,791)	-	(1,115,449)	(1,121,240)
Total gross external revenue	2,113,751	998,947	1,774,608	4,887,306
Total expenses	(881,155)	(117,059)	-	(998,214)
Inter-segment expense	-	5,791	-	5,791
	(881,155)	(111,268)	-	(992,423)
Segment results	1,232,596	887,679	1,774,608	3,894,883
Unallocated expenses				(1,440,559)
Profit before tax				2,454,324
Taxation				(741,543)
Net profit				1,712,781
Segment assets	35,165,373	1,665,689	1,742,792	38,573,854
Inter-segment assets	-	(943,142)	-	(943,142)
Net-segment assets	35,165,373	722,547	1,742,792	37,630,712
Unallocated assets				3,373,942
Total assets				41,004,654
Segment liabilities	24,103,594	368,810	-	24,472,404
Inter- segment liabilities	(10,784)	-	-	(10,784)
Net segment liabilities	24,092,810	368,810	-	24,461,620
Unallocated liabilities				2,873,756
Total liabilities				
Other segment items				27,335,376
Depreciation (Note 18)	26,560	163	-	26,723
Amortisation (Note 19)	6,353	-	-	6,353

Revenue between segments is recorded on the basis outlined in Note 3 (c). The accounting policies used to record income, assets and liabilities are consistent for all segments. There was no change in the method used to determine reportable segments when compared to the previous year.

6. **SEGMENT REPORTING (CONT'D):**

Profit from the reportable segments is reconciled to the group's profit before taxation as follows:

	The Group	
	2020	2019
	$'000	$'000
Profit from reportable segments	5,016,037	3,894,883
Unallocated costs -		
Operating expenses	(1,910,068)	(1,440,559)
	3,105,969	2,454,324

Reportable segments assets are reconciled to the groups' total assets as follows:

	The Group	
	2020	2019
	$'000	$'000
Segment assets from reportable segments	59,398,343	37,630,712
Unallocated assets -		
Cash and bank balances	5,179,013	652,554
Receivables	2,969,487	734,215
Due from related parties	1,729,171	1,546,670
Property, plant and equipment	608,682	351,972
Intangible assets	18,399	33,531
Investments	55,000	55,000
Investment property	203,400	-
Right-of-use assets	256,588	-
Taxation recoverable	273,130	-
	70,691,213	41,004,654

Reportable segments liabilities are reconciled to the group's total liabilities as follows:

	The Group	
	2020	2019
	$'000	$'000
Segment assets from reportable segments	34,575,777	24,461,620
Unallocated liabilities -		
Short term loans	611,947	-
Bank overdraft	8,720	71,819
Payables	7,120,704	1,674,653
Due to related parties	4,479	17,572
Taxation payable	-	543,358
Deferred tax liabilities	606,608	566,354
Lease liability	282,298	-

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7. STAFF COSTS:

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Wages and salaries	595,172	416,477	587,448	377,377
Commissions	81,183	46,927	81,183	46,927
Statutory contributions	61,829	40,263	58,293	37,704
Pension costs	27,155	20,923	25,576	19,428
Other staff benefits	80,751	28,960	77,901	26,590
	846,090	553,550	830,401	508,026

8. EXPENSES BY NATURE:

Total direct and administration expenses:

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Advertising and promotion	129,689	92,380	119,163	86,598
Assets tax	68,255	43,300	68,255	40,573
Auditor's remuneration	10,451	9,055	7,396	5,000
Impairment of financial assets	110,794	60,162	8,278	60,162
Bank charges and interest	15,054	16,106	15,054	13,002
Depreciation and amortisation (Notes 18 and 19)	62,144	33,076	61,980	32,913
Directors' fees	16,395	21,850	16,395	19,825
Donations	31,893	50,641	31,893	50,598
Expected credit losses	33,437	123,070	40,874	107,442
Insurance	12,079	12,121	12,079	12,121
Office expenses	32,465	20,416	31,083	17,755
Professional fees	81,279	50,335	67,485	42,572
Registration and license fees	33,123	19,762	29,069	15,357
Rent	25,795	7,601	20,124	7,601
Management fees	205,865	255,000	191,873	255,000
Repairs and maintenance	19,446	14,560	19,446	14,447
Security costs	38,156	15,403	38,156	15,403
Software maintenance	52,057	27,644	52,057	27,644
Staff costs (Note 7)	846,090	553,550	830,401	508,026
Utilities	8,768	11,375	8,768	7,857
Other expenses	274,765	88,043	185,229	85,663
	2,108,000	1,525,450	1,855,058	1,425,559

9. **TAXATION EXPENSE:**

(a) Income tax is computed on the profit for the year, as adjusted for taxation purposes, and comprises income tax at 33 1/3%:

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Current year tax charge	362,680	823,821	221,719	567,752
Prior year over provision	(361,814)	(5,525)	(361,814)	(9,014)
Deferred income tax (Note 25)	346,574	(76,753)	368,725	(87,436)
Tax charge	347,440	741,543	228,630	471,302

(b) Reconciliation of applicable tax expense to effective tax charge.

The group's and company's taxation expense differ from the theoretical amount that would arise from the profit before tax using the applicable tax rate of the group and the company as follows:

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Profit before taxation	3,105,969	2,454,324	2,824,211	2,786,518
Tax calculated at 33 1/3 %	1,035,323	818,108	941,403	928,839
Adjusted for the effects of:				
Income not subject to tax	(455,433)	(107,955)	(444,007)	(448,770)
Expenses not allowable for tax purpose	243,294	160,445	182,416	137,921
Other charges and allowances	(475,744)	(129,055)	(451,182)	(146,688)
Tax charge	347,440	741,543	228,630	471,302

NOTES TO THE FINANCIAL STATEMENTS
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9. **TAXATION EXPENSE (CONT'D):**

(c) The gains/(losses) recorded in other comprehensive income and related tax (charges)/credits are as follows:

	The Group					
	2020 $'000			2019 $'000		
	Before tax	Taxation	After tax	Before tax	Taxation	After tax
Revaluation gains on property, plant and equipment net of taxes	-	-	-	27,500	(9,167)	18,333
Unrealised losses on securities at FVOCI	(1,644,520)	548,173	(1,096,347)	(705,401)	235,134	(470,267)
ECL adjustment on securities at FVOCI	6,339	(2,113)	4,226	122,614	(40,871)	81,743
Realised gains on securities at FVOCI	781,541	(260,513)	521,028	900,303	(300,101)	600,202
	(856,640)	285,547	(571,093)	345,016	(115,005)	230,011

9. **TAXATION EXPENSE (CONT'D):**

(c) The gains/losses recorded in other comprehensive income and related tax (charges)/credits are as follows (cont'd):

	The Company					
	2020 $'000			2019 $'000		
	Before tax	Taxation	After tax	Before tax	Taxation	After tax
Revaluation gains on property, plant and equipment net of taxes	-	-	-	27,500	(9,167)	18,333
Unrealised losses on securities at FVOCI	(1,783,181)	594,394	(1,188,787)	(705,401)	235,134	(470,267)
ECL Adjustment on securities FVOCI	20,639	(6,880)	13,759	107,442	(35,814)	71,628
Realised gains on securities at FVOCI	777,131	(259,043)	518,088	825,641	(275,214)	550,427
	(985,411)	328,471	(656,940)	255,182	(85,061)	170,121

NOTES TO THE FINANCIAL STATEMENTS
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10. **NET PROFIT:**

The net profit of the group is reflected in the accounts of the company and its subsidiary as follows:

	2020 $'000	2019 $'000
Holding company	2,582,129	1,199,767
Subsidiary	176,400	513,014
	2,758,529	1,712,781

11. **CASH AND CASH EQUIVALENTS:**

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand as follows:

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Cash in hand	125	125	125	125
Cash at bank	5,277,483	787,795	5,178,888	652,429
	5,277,608	787,920	5,179,013	652,554
Bank overdraft	(8,720)	(71,819)	(8,720)	(71,819)
	5,268,888	716,101	5,170,293	580,735

Cash at bank comprises mainly amounts held in current accounts, which attract interest at 0.5% - 1%.

The group's overdraft facilities of $35,000,000 (2019 - $35,000,000) with First Caribbean International Bank Limited are secured by Government of Jamaica Investment Notes with a face value of $35,000,000 (2019 - $35,000,000). The weighted average effective interest rate on the overdraft facilities is 17.85% (2019 – 17.85%).

12. **SECURITIES PURCHASED UNDER RESALE AGREEMENTS:**

The group and company have entered into repurchase agreements collaterised by Government of Jamaica (GOJ) securities. These agreements may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. Most of these agreements will mature within twelve months. Included in securities purchased under resale agreements is accrued interest for the group and company of $27,698,000 (2019 - $14,597,000).

13. **INVESTMENT SECURITIES:**

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Fair value through profit or loss -				
Quoted equities	178,697	1,012,220	178,298	712,331
Fair value through other comprehensive income -				
Government of Jamaica (GOJ) bonds	20,517,105	15,408,817	20,517,105	15,408,817
Corporate bonds	26,443,210	3,700,330	26,334,884	3,623,800
Unit Trust Funds	251,253	172,412	182,590	55,307
	47,211,568	19,281,559	47,034,579	19,087,924
	47,390,265	20,293,779	47,212,877	19,800,255
Accured interest	516,108	219,681	514,127	219,370
	47,906,373	20,513,460	47,727,004	20,019,625
Amortised cost				
Other investment securities	1,458,450	1,457,547	1,458,450	1,457,547
	49,364,823	21,971,007	49,185,454	21,477,172
Less: Pledged assets (Note 14)	(35,425,728)	(10,928,445)	(35,425,728)	(10,928,445)
	13,939,095	11,042,562	13,759,726	10,548,727

At 30 September 2020, the fair value of investment securities disclosed as amortised cost was $1,458,450,000 (2019 - $1,457,547,000) and are considered to be level 2 in the fair value hierarchy. There is no market for GOJ bonds classified as loans and receivable.

(a) **Funds under management**

The group provides custody, investment, management and advisory services for both institutions and individuals which involve the group making investment allocation and purchase and sales decisions in relation to a range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these financial statements (off-balance sheet). At the end of the reporting period, the group had financial assets under management, both on and off-balance sheet of approximately $290,002,386,000 (2019: $181,766,327,000).

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14. **PLEDGED ASSETS:**

Assets of the group are pledged as collateral under repurchase agreement with customers and financial institutions. The group also has investment securities that are pledged as security in relation to overdraft and other facilities with the Bank of Jamaica (BOJ) and other financial institutions.

	The Group and Company			
	Asset		Related Liability	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Investment securities (Note 13)				
Pledged with customers	15,904,671	10,152,894	15,904,671	10,152,894
Pledged with BOJ and other financial institutions	19,521,057	775,551	19,521,057	775,551
	35,425,728	10,928,445	35,425,728	10,928,445

15. **RECEIVABLES:**

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Receivable from clients	2,353,406	102,860	2,353,406	102,860
Prepaid expenses	31,461	23,766	29,506	22,324
Withholding tax	394,048	346,969	379,184	346,969
Other	207,493	274,922	207,391	262,062
	2,986,408	748,517	2,969,487	734,215

Receivables collectible within twelve months amounted to $1,193,373,000 (2019 - $179,717,000) for the group and $1,195,328,000 (2019 - $178,275,000) for the company.

16. **EARNINGS PER SHARE:**

Earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares (Note 26).

16. **EARNINGS PER SHARE (CONT'D):**

	2020	2019
Net profit attributable to ordinary shareholders ($'000)	2,758,529	1,712,781
Weighted average number of ordinary shares in issue	829,287	707,294
Basic earnings per share ($ per share)	3.33	2.42

The increase in the number of shares represents shares issued through an additional public offer on 26 September 2020.

17. **RELATED PARTY TRANSACTIONS AND BALANCES:**

Related parties are identified below, as companies with which there are common directors and/or common shareholders, and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group, including directors and officers and close members of the families of these individuals.

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17. **RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):**

(a) **The following transactions were carried out with related parties during the year:**

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Barita Unit Trusts Management Company Limited -				
Interest paid on investments	-	-	(1,346)	(5,791)
Rental income received	-	-	1,200	582
Dividend received	-	-	13,572	1,100,000
Barita Unit Trust Funds -				
Interest paid on Investments	-	(52,226)	-	(52,226)
Barita Group Pension -				
Management fees	28,626	32,728	28,636	32,728
Interest paid on Investments	-	(605)	-	(605)
Directors and key management -				
Interest paid on investments	182,352	(50,028)	182,352	(50,028)
Cornerstone United Jamaica Holdings Limited - Management fees	205,865	255,000	205,865	255,000
Interest paid on investment	-	(3,963)	-	(3,963)
Cornerstone Merchant Bank Limited -				
Preference shares investment	1,450,000	1,450,000	1,450,000	1,450,000

The company entered a non-deliverable forward currency contract selling transaction with Cornerstone Financial Holdings Limited for US$63 million with trade date of 24 August 2020 and settlement date of 1 October 2020. The settlement was duly executed and the company booked a gain of J$719,982,900 in these financial statements due to movement in exchange rate. The transaction was executed in the ordinary course of business.

17. **RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):**

(b) **The balances at year end were as follows:**

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Receivables –				
Barita Unit Trusts Management Company Limited	-	-	186	-
Barita Pension	40,213	32,480	40,213	32,480
Barita Unit Trust Money Market Fund	7,427	26,792	-	-
Barita Unit Trust Capital Growth Fund	16,724	13,356	-	-
Barita Multiple Portfolio Funds	225,899	37,743	-	-
Barita Education Foundation	41	-	41	-
Cornerstone Trust and Merchant Bank Ltd.	5,167	33,938	5,167	33,938
Cornerstone Financial Holdings Ltd.	1,643,090	1,480,252	1,643,090	1,480,252
Cornerstone United Holdings Ltd.	-	-	-	-
Key management personnel	40,474	23	40,474	-
	1,979,035	1,624,584	1,729,171	1,546,670

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Payables -				
Barita Unit Trusts Management Company Limited	-	-	392,829	-
Barita Unit Trust Money Market Fund	2,540	123	-	-
Barita Unit Trust Capital Growth Fund	5,925	202	-	-
Barita Multiple Portfolio Funds	260,800	59,814	-	-
Cornerstone Trust and Merchant Bank Ltd.	4,479	17,572	4,479	17,572
	273,744	77,711	397,308	17,572

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Due to -				
Barita Unit Trusts Management Company Limited (included in payables)	-	-	201,343	-

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17. **RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):**

(b) **The balances at year end were as follows (cont'd):**

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Investment securities -				
Barita Real Estate Portfolio Fund	93,286	60,560	-	55,306
Barita Multiple Portfolio Fund	49,997	96,520	87,840	-
Barita Unit Trust Capital Growth Fund	107,970	15,331	94,750	-
	251,253	172,411	182,590	55,306
Securities sold under repurchase agreement				
Barita Unit Trusts Management Company Limited	-	-	(94,361)	(10,784)
Barita Unit Trust Money Market Fund	(76,329)	(175,545)	(76,329)	(175,545)
Barita Unit Trust Capital Growth Fund	(183,273)	(514,051)	(183,273)	(514,051)
Barita Multiple Portfolio Funds	(1,810,890)	(2,309,557)	(1,810,890)	(2,309,557)
Barita Group Pension Scheme	(10,992)	(68,980)	(10,992)	(68,980)
Cornerstone Trust and Merchant Bank Ltd.	(1,056,028)	(884,142)	(1,056,028)	(884,142)
Cornerstone Financial Holdings Ltd.	-	(1,909)	-	(1,909)
Cornerstone United Holdings Ltd.	(75,356)	-	(75,356)	-
Directors	(31,169)	-	(31,169)	-
	(3,244,037)	(3,954,184)	(3,338,398)	(3,964,968)

All amounts recorded in receivables, payables and securities sold under repurchase agreements are due within twelve months.

(c) **Key management compensation**

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Salaries	128,027	130,740	128,027	130,740
Statutory deductions	13,142	7,968	13,142	7,968
Pension	2,852	6,689	2,852	6,689
Commission	17,330	16,674	17,330	16,674
	161,351	162,071	161,351	162,071

17. **RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):**

(c) **Key management compensation (cont'd)**

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Directors' emoluments				
Management remuneration (included in staff costs)	25,720	25,872	25,720	25,872
Directors' fees	16,395	21,825	16,395	19,825
	42,115	47,697	42,115	45,697

Interests in unconsolidated structured entities

A structured entity is an entity in which voting or similar rights are not a dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the equity of the company. Such interests include holdings of debt or equity securities and investment management agreements. Structured entities are assessed for control in accordance with accounting policy set out in Note 3(b).

The group, through its subsidiary BUTM manages a number of Unit Trusts namely: Barita Unit Trust Money Market Fund, Barita Unit Trust Capital Growth Fund and Barita Multiple Portfolio Funds (which includes an FX Bond Portfolio Fund, Income Portfolio Fund, FX Growth Portfolio, Real Estate Portfolio, USD Fixed Rate Portfolio, the JMD Fixed Rate Portfolio, Premium Growth JMD and Premium Growth USD). These funds were established to provide customers with investment opportunities.

The unit trusts have an independent trustee. The group, through its subsidiary BUTM, is entitled to receive management fees based on the assets under management. The group also holds units in the unit trusts.

NOTES TO THE FINANCIAL STATEMENTS
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17. **RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):**

Interests in unconsolidated structured entities (cont'd)

The table below shows the group's interest and income arising from involvement with the unit trusts as well as the maximum exposure to loss. The maximum exposure to loss from the group's interest represents the maximum loss that the group could incur as a result of its involvement with the unit trust regardless of the probability of the loss being incurred. The income from the group's interest includes recurring and non-recurring fees and any market to market gains/losses on a net basis.

	2020 $'000	2019 $'000
The group's interest – carrying value of units held (included in fair value through other comprehensive	-	172,411
Maximum exposure to loss	-	-
Liability to the Unit Trust in relation to investment in repurchase obligations (included in repurchase obligations on the consolidated statements of financial position)	(2,070,492)	(2,999,153)
Total income from the group's interests	483,173	426,670

The group has not provided any non-contractual financial support during the period and does not anticipate providing non-contractual support to the Unit Trusts in the future.

18. **PROPERTY, PLANT AND EQUIPMENT:**

	The Group					
	Land & Buildings $'000	Office Furniture, Machines & Equipment $'000	Computer Equipment $'000	Work-in-Progress $'000	Motor Vehicles $'000	Total $'000
	2020					
At Cost or Valuation -						
30 September 2018	239,362	54,337	56,340	-	9,735	359,774
Additions	47,758	22,074	24,545	-	27,822	122,199
Adjustments	-	(3,260)	76	-	-	(3,184)
Disposals	(12,509)	(482)	(231)	-	-	(13,222)
Revaluation	27,500	-	-	-	-	27,500
30 September 2019	302,111	72,669	80,730	-	37,557	493,067
Additions	72,816	40,446	34,368	122,533	15,200	285,363
Adjustments	-	(33,062)	(20,896)	-	(2,058)	(56,016)
Transfer	-	-	26,833	-	-	26,833
Disposals	-	(87)	(6)	-	-	(93)
30 September 2020	374,927	79,966	121,029	122,533	50,699	749,154
Depreciation -						
30 September 2018	21,348	37,284	52,995	-	4,614	116,241
Charge for the year	6,339	4,195	10,928	-	5,261	26,723
Disposals	(3,000)	(90)	(82)	-	-	(3,172)
30 September 2019	24,687	41,389	63,841	-	9,875	139,792
Charge for the year	12,203	4,262	29,418	-	9,798	55,681
Adjustments	-	(25,956)	(28,112)	-	(2,057)	(56,125)
Disposals	-	(9)	(6)	-	-	(15)
30 September 2020	36,890	19,686	65,141	-	17,616	139,333
Net Book Value -						
30 September 2020	338,037	60,280	55,888	122,533	33,083	609,821
30 September 2019	277,424	31,280	16,889	-	27,682	353,275

The net book value of property, plant and equipment includes work-in-progress amounting to $122,533,000 relating to the renovations being carried out on right-of-use asset located at the Panjam Building, 60 Knutsford Boulevard, Kingston 5. The cost will be depreciated once the renovations are completed.

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2020

18. **PROPERTY, PLANT AND EQUIPMENT (CONT'D):**

	The Company					
	Land & Buildings $'000	Office Furniture, Machines & Equipment $'000	Computer Equipment $'000	Work-in-Progress $'000	Motor Vehicles $'000	Total $'000
	2020					
At Cost or Valuation -						
30 September 2018	238,244	53,002	51,866	-	10,593	353,705
Additions	47,758	22,045	24,545	-	27,822	122,170
Adjustments	-	(3,260)	76	-	-	(3,184)
Revaluation	27,500	-		-	-	27,500
Disposals	(12,509)	(395)	(225)	-	-	(13,129)
30 September 2019	300,993	71,392	76,262	-	38,415	487,062
Additions	72,816	40,446	34,368	122,533	15,200	285,363
Adjustments	-	(33,091)	(20,896)	-	(2,058)	(56,045)
Transfer	-	-	26,833	-	-	26,833
30 September 2020	373,809	78,747	116,567	122,533	51,557	743,213
Depreciation -						
30 September 2018	20,230	37,370	48,615	-	5,472	111,687
Charge for the year	6,339	4,050	10,910	-	5,261	26,560
Disposals	(3,000)	(81)	(76)	-	-	(3,157)
30 September 2019	23,569	41,339	59,449	-	10,733	135,090
Charge for the year	12,203	4,116	29,400	-	9,798	55,517
Adjustments	-	(25,907)	(28,112)	-	(2,057)	(56,076)
30 September 2020	35,772	19,548	60,737	-	18,474	134,531
Net Book Value -						
30 September 2020	338,037	59,199	55,830	122,533	33,083	608,682
30 September 2019	277,424	30,053	16,813	-	27,682	351,972

18. **PROPERTY, PLANT AND EQUIPMENT (CONT'D):**

The group's land and building were revalued as at 15 January 2019 by D C Tavares & Finson Realty Limited, professionally qualified property appraisers. The valuations were done on the basis of open market value.

The property, plant and equipment that subsequent to initial recognition are measured at fair value, are grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The levels are as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (that is prices) or indirectly (that is, derived from prices);
- Level 3 fair value measurements are those derived from inputs from the assets or liability that are not based on observation of market data (that is, unobservable inputs).

The items of property, plant and equipment of the group and the company shown at revalued amounts are included in Level 2. There were no transfers between levels for both years.

The historical cost of land and building is not available.

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2020

19. **INTANGIBLE ASSETS:**

	The Group and Company
	Computer Software
At Cost or Valuation -	
30 September 2018	131,714
Additions	30,794
30 September 2019	162,508
Additions	18,164
Adjustment	(26,833)
30 September 2020	153,839
Amortisation -	
30 September 2018	122,624
Charge for the year	6,353
30 September 2019	128,977
Charge for the year	6,463
30 September 2020	135,440
Net Book Value -	
30 September 2020	18,399
30 September 2019	33,531

Software development costs were capitalized as it is expected that economic benefits attributable to the use of the software will flow to the group. The software is expected to replace the current investment management system used by the group.

20. **INVESTMENT:**

This investment is in respect of the company's seat on the stock exchange and is carried at fair value. The seat has an indefinite useful life and was tested for impairment. The impairment test was done by comparing the recoverable amount to the carrying value.

The recoverable amount is based on the market value. The market value is based on the last sale price for a seat on the stock exchange. This would be classified as level 2 in the fair value hierarchy.

The carrying amount would have been $2 if the asset was carried using the cost model.

21. **INVESTMENT PROPERTY:**

	The Group and Company	
	2020	**2019**
	$'000	**$'000**
At beginning of year		
Investment property acquired	165,497	-
Fair value adjustment	37,903	-
	203,400	-

The Group's property was revalued 14 September 2020 by independent valuators Thomas, Forbes & Associates Limited, a licenced real estate dealer. The valuations were done on the basis of open market value.

No rental income from the investment property was recognized in the consolidated statement of comprehensive income. Direct operating expenses including repairs and maintenance arising from investment property amounted to Nil.

22. **RIGHT-OF-USE ASSETS:**

(a) Right-of-use assets:

	The Group and Company
	2020
	$'000
Adoption of IFRS 16	220,656
Amortisation	(12,152)
Adjusted opening balance	208,504
Additions	71,421
Current amortisation	(23,337)
30 September 2020	256,588

(b) Lease liability:

Adoption of IFRS 16	220,656
Interest expense	4,262
Lease payments	(7,838)
Adjusted opening balance	217,080
New lease	71,421
Interest expense on lease obligation	15,948
Lease payments	(22,151)
30 September 2020	282,298

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2020

22. **RIGHT OF USE ASSETS (CONT'D):**

The properties leased by the Group are 1st, 7th and 10th floor of Panjam building located 60 Knutsford Blvd Kingston, Lot #57 and Lot #3 Fair view Shopping Center Montego Bay, St James and Strata Lot #2 Manchester Shopping Centre, Manchester.

23. **SHORT TERM LOANS:**

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Secured loan note	611,947	-	611,947	-

The secured loan notes represent 2% short term debt obligation and are repayable upon maturity. The maturity dates for the secured notes are the 15th, 28th and 30th of October 2020.

24. **PAYABLES:**

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Client funds	4,529,366	170,871	4,730,523	170,871
Statutory liabilities	15,188	12,017	14,491	11,513
Other	592,180	659,563	542,110	595,034
Dividend payable (note 30)	1,833,580	897,235	1,833,580	897,235
	6,970,314	1,739,686	7,120,704	1,674,653

25. **DEFERRED TAXATION:**

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 33 1/3%.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities. The amounts determined after appropriate offsetting are as follows:

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Deferred tax liabilities	616,891	622,850	606,608	566,354

25. **DEFERRED TAXATION (CONT'D):**

The movement in deferred tax assets and liabilities during the period is as follows:

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Net liabilities at beginning of year	622,850	586,014	566,354	568,729
Charged/(credited) to profit or loss (Note 9)	346,574	(76,753)	368,725	(87,436)
Charged to other comprehensive income (Note 9)	(352,533)	115,005	(328,471)	85,061
Other allowances	-	(1,416)	-	-
Net liabilities at end of year	616,891	622,850	606,608	566,354

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the period is as follows:

	The Group					
Deferred tax liabilities	**Accelerated depreciation $'000**	**Interest receivable $'000**	**Exchange gain $'000**	**Investment securities $'000**	**Lease liability $'000**	**Total $'000**
30 September 2018	53,528	68,015	150,747	447,664	-	719,954
Charged to profit or loss	1,538	1,978	10,950	-	-	14,466
Charged to other comprehensive income	-	-	-	142,943	-	142,943
30 September 2019	55,066	69,993	161,697	590,607	-	877,363
Charged/(credited) to profit or loss	(27,867)	101,801	252,212	(39,123)	94,099	381,122
Charged to other comprehensive income	-	-	-	241,861	-	241,861
30 September 2020	27,199	171,794	413,909	793,345	94,099	1,500,346

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2020

25. **DEFERRED TAXATION (CONT'D):**

	The Group			
Deferred tax assets	**Investment securities $'000**	**Interest payable $'000**	**Right of use $'000**	**Total $'000**
30 September 2018	117,868	16,072	-	133,940
Charged to profit or loss	117,015	3,558	-	120,573
30 September 2019	234,883	19,630	-	254,513
(Credited)/charged to profit or loss	(70,863)	19,882	85,529	34,548
Charged to other comprehensive income	594,394	-	-	594,394
30 September 2020	758,414	39,512	85,529	883,445

	The Company					
Deferred tax liabilities	**Accelerated depreciation $'000**	**Interest receivable $'000**	**Exchange gain $'000**	**Investment securities $'000**	**Lease liability $'000**	**Total $'000**
30 September 2018	53,713	63,971	137,319	447,664	-	702,669
Charged to profit or loss	1,467	5,919	25,751	-	-	33,137
Charged to other comprehensive income	-	-	-	85,061	-	85,061
30 September 2019	55,180	69,890	163,070	532,727	-	820,867
Charged/(credited) to profit or loss	922	98,677	248,698	(39,123)	94,099	403,273
Charged to other comprehensive income	-	-	-	265,923	-	265,923
30 September 2020	56,102	168,567	411,768	759,527	94,099	1,490,063

25. **DEFERRED TAXATION (CONT'D):**

	The Company			
Deferred tax assets	**Investment securities $'000**	**Interest payable $'000**	**Right of use $'000**	**Total $'000**
30 September 2018	117,868	16,072	-	133,940
Charged to profit or loss	117,015	3,558	-	120,573
30 September 2019	234,883	19,630	-	254,513
Credited/charged to profit or loss	(70,863)	19,882	85,529	34,548
Charged to other comprehensive income	594,394	-	-	594,394
30 September 2020	758,414	39,512	85,529	883,455

The amounts shown in the statement of financial position include the following to be settled or recovered after more than 12 months:

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Deferred tax liabilities	(1,500,346)	(877,363)	(1,490,063)	(820,867)
Deferred tax assets	883,455	254,513	883,455	254,513

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2020

26. **SHARE CAPITAL AND TREASURY SHARES:**

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Authorised:				
Ordinary shares 14,000,000,000				
Preference 1,000,000,000				
Issued and fully paid				
Ordinary stock units				
1,085,603,093 (2019 – 825,003,263)	23,147,826	9,887,680	23,147,826	9,887,680
Non-redeemable preference shares	1,000,000	1,000,000	1,000,000	1,000,000
Treasury shares				
10,753,848 (2019 – 10,753,848)	(1,272)	(188,299)	-	-
	24,146,554	10,699,381	24,147,826	10,887,680

(a) On 17 January 2019, a Board resolution was passed for a non-renounceable rights issue of ten (10) additional shares for every seventeen (17) shares owned by existing stockholders of the company at a subscription price of $15.50 per share and record date of 5 February 2019. Ordinary shares issued through this rights issue was 262,280,484 shares.

(b) On 31 July 2019, a Board resolution was passed for a non-renounceable rights issue of eleven (11) additional shares for every one hundred (100) shares owned by existing stockholders of the company at a subscription price of $45 per share and a record date of 20 August 2019. Ordinary shares issued through this right issue was 116,845,955 shares.

(c) Preference shares of One Hundred Million (100,000,000) were issued on 3 May 2019 at a price of $10.00 per share at 4% per annum.

(i) The holders of these shares will not have the right to vote at any general meeting of the company.

(ii) In the event of any liquidation, dissolution or winding up of the issuer, the preference shareholders are entitled to receive settlement in preference to ordinary shareholders.

26. **SHARE CAPITAL AND TREASURY SHARES (CONT'D):**

(d) On 10 July 2020, the Board of Directors passed a resolution for the issue of shares through an additional public offer thereby approving the issue up to 300,000,000 ordinary shares at a price of $49 to $52 per unit, with the ability to upsize to a maximum of 260,599,830 new ordinary shares. The total shares issued under the additional public offer amounted to 260,599,830 units.

(e) BUTM participated in Barita initial public offering on 15 January 2010 by acquiring 598,000 ordinary shares and 45,290,000 redeemable preference shares. BUTM acquired additional Barita ordinary shares of 50,500 and 3,713,383 during 2014 and 2015; respectively. BUTM sold 462,867 and 1,949,508 shares during 2015 and 2018 respectively. During the year 2019, BUTM participated in the Barita rights issue and acquired additional shares, thereby increasing the shareholdings by 8,804,340. As at 30 September 2020, BUTM held 24,458 ordinary shares in Barita after disposing of 10,729,390 share. The ordinary shares acquired by BUTM are treated as treasury shares in the consolidated financial statements.

27. **CAPITAL RESERVE:**

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Balance at beginning of the year	111,466	93,133	176,321	154,988
Revaluation gains on property, plant and equipment	-	18,333	-	18,333
	111,466	111,466	173,321	173,321

The consolidated revaluation reserve represents unrealized surplus on the revaluation of property, plant and equipment less consolidation adjustments to account for the acquisition of Barita Unit Trusts Management Company in the Group financial statements.

28. **FAIR VALUE RESERVE:**

This represents the unrealized surplus or deficit on the revaluation of investment securities at FVPL, FVOCI and stock exchange seat.

29. **CAPITAL REDEMPTION RESERVE:**

This reserve arose on the redemption of preference shares during the 2014 financial year.

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2020

30. **DIVIDENDS:**

	2020 $'000	2019 $'000
Distribution to ordinary stockholders:		
$0.11 per stock unit	-	49,046
$0.82 per stock unit	-	365,619
$2.216 per stock unit – proposed (2019: $1.267)	1,828,207	897,235
	1,828,207	1,311,900
Less: Dividend paid on treasury shares	(13,572)	(15,449)
	1,814,635	1,296,451

31. **EFFECTS OF CHANGES IN ACCOUNTING POLICIES:**

The group has adopted IFRS 16, 'Leases', for the financial year ended 30 September 2020 which resulted in a change in the group's accounting policies. The standard is adopted retrospectively from 1 October 2019, however the group has chosen not to restate comparatives and therefore, the revised requirements are not reflected in the prior year financial statements. This resulted in an adjustment of $8,572,000 to the group and the company opening retained earnings. The new accounting policies are disclosed in note 3(f) and 3(g). Details of the impact of this standard are given below.

Effective 1 January 2019, IFRS 16 has replaced IAS 17, 'Leases', and IFRIC 4, Determining whether an arrangement contains a lease.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value (US$5,000). IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained.

Transition Method and Practical Expedients Utilised

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

(a) Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;

(b) Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;

31. **EFFECTS OF CHANGES IN ACCOUNTING POLICIES (CONT'D):**

Transition Method and Practical Expedients Utilised (cont'd)

(c) Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and

(d) Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

(e) Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

As a lessee, the group previously classified leases as operating based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the group recognizes a right-of-use asset and lease liability for most leases. However, the group has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

On adoption of IFRS 16, the group recognised right-of-use assets and lease liabilities as follows:

Classification under IAS 17	Classification under IFRS 16	
	Right-of-use asset	Lease liability
Operating leases	Measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.	Measured at the present value of the remaining lease payments, discounted using the group's incremental borrowing rate as at 1 October 2019. The group's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 6%.

NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2020

32. **IMPACT OF COVID-19:**

The World Health Organization declared the novel Coronavirus (COVID-19) outbreak a pandemic on 11 March 2020 and the Government of Jamaica declared the island a disaster area on 13 March 2020. The pandemic and the measures to control its human impact have resulted in significant disruptions to economic activities, business operations and asset prices. In light of the heightened concerns and in accordance with the directives of the various governments, the group activated its Business Continuity Plan to minimize the potential exposure to staff and clients, whilst ensuring that any disruption to the business is kept at a minimum. With the launch of the Business Continuity and Contingency Plan ("BCCP"), as at 30 September 2020, specific work from home protocols were established and implemented to minimize the number of employees physically in office. In-office staff are equipped with hand sanitizers, masks and face shields (where necessary), and are required to comply with the social/physical distancing rules mandated by governments in the various jurisdictions.

The company continues to monitor the impact of COVID-19 on its members/customers and has implemented stringent measures focused on frequent monitoring of the investment market and asset prices, to determine if any action would have been required to protect the group's financial position.

The company ensures that its locations remain compliant with government/public health restrictions and attendant mitigating measures.

Management continues to review the effect of developments arising from the pandemic on the risks faced by the group. Management believes the group is in a sufficiently strong position to deal with the possible significant economic downturn. However, management is aware that a long duration of the pandemic and the associated containment measures could have a material adverse effect on the group, and its customers, employees and suppliers.

At the date of approval of these financial statements, the group has determined that there is minimal financial impact on the overall business operations.

APPENDIX 3
UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDING MARCH 31, 2021

CONSOLIDATED

Profit & Loss Statement

As At March 31, 2021

	UNAUDITED 3 Months Ended March 31, 2021 $'000	UNAUDITED 3 Months Ended March 31, 2020 $'000	UNAUDITED 6 Months Ended March 31, 2021 $'000	UNAUDITED 6 Months Ended March 31, 2020 $'000
Net interest income and other revenue				
Net interest income	373,265	331,462	740,640	540,082
Fees and commission income	897,857	181,676	1,363,480	760,410
Foreign exchange trading and translation gains	650,315	19,164	1,136,075	106,639
Gain/(loss) on investment activities	121,446	598,981	790,809	851,121
Dividend income	180	1,110	629	4,333
Other income	8,661	974	13,579	2,352
Net operating revenue	**2,051,724**	**1,133,367**	**4,045,211**	**2,264,936**
Operating expenses				
Staff costs	313,505	142,795	592,695	345,334
Administration	451,986	271,500	779,402	518,912
Impairment/expected credit loss (ECL)	28,375	53,221	101,094	94,181
	793,867	**467,516**	**1,473,191**	**958,427**
Profit before taxation	**1,257,858**	**665,851**	**2,572,021**	**1,306,509**
Taxation	(216,228)	(156,399)	(509,598)	(294,085)
NET PROFIT FOR THE PERIOD	**1,041,630**	**509,452**	**2,062,422**	**1,012,424**
Number of shares in Issue	1,085,578	818,878	1,085,578	818,878
Earnings per stock unit	0.96	0.62	1.90	1.24

CONSOLIDATED

Statement of Financial Position

As At March 31, 2021

	Unaudited March 2021 $'000	Unaudited March 2020 $'000	Audited September 2020 $'000
ASSETS			
Cash and bank balances	1,550,946	3,134,890	5,277,608
Securities purchased under resale agreements	3,306,340	8,771,680	8,039,603
Marketable securities	7,789,066	8,137,481	11,964,315
Pledged assets	47,182,470	21,516,539	35,425,728
Investment in Associates	1,996,279	-	-
Interest receivables	576,449	542,591	517,652
Loan receivables	7,286,775	1,098,377	1,717,229
Receivables	3,426,460	1,167,338	2,986,408
Taxation recoverables	53,422	141,434	183,299
Due from related parties	2,758,989	1,991,958	1,979,035
Property, plant and equipment	1,033,973	642,021	813,221
Intangible assets	16,191	8,849	18,399
Investments	1,512,295	1,511,173	1,512,128
Right of use asset	245,787	-	256,588
Total assets	**78,735,442**	**48,664,330**	**70,691,213**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Bank overdraft	1,147	45,224	8,720
Securities sold under repurchase agreements	43,095,638	26,517,235	34,328,077
Notes payable	4,382,092	-	611,947
Interest payable	180,838	70,923	118,542
Lease liability	280,013	-	282,298
Payables	1,338,876	6,229,297	6,970,314
Due to related parties	335,978	1,052,511	273,744
Taxation	73,551	-	-
Deferred tax liabilities	384,476	350,599	616,891
Total Liabilities	**50,072,608**	**34,265,788**	**43,210,534**
Shareholders' Equity			
Share capital	24,146,554	10,880,310	24,146,554
Capital reserve	124,173	111,466	111,466
Fair value reserve	(58,061)	221,159	25,054
Capital redemption reserve	220,127	220,127	220,127
Retained earnings	4,230,041	2,965,480	2,977,479
Total shareholders' equity	**28,662,834**	**14,398,542**	**27,480,680**
Total liabilities and shareholders' equity	**78,735,442**	**48,664,330**	**70,691,213**

CONSOLIDATED

Statement of Changes In Equity

For the 6 Months Ended March 31, 2021

	Share Capital $'000	Capital Reserve $'000	Fair Value Reserve $'000	Capital Redemption Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 30 September 2019	**10,699,381**	**111,466**	**685,248**	**220,127**	**1,953,056**	**13,669,278**
TOTAL COMPREHENSIVE INCOME						
Net profit for the period					1,012,424	1,012,424
Other comprehensive Income			(464,089)		-	(464,089)
Total comprehensive income for the period	-	-	**(464,089)**	-	**1,012,424**	**548,335**
TRANSACTIONS WITH OWNERS						
Paid-in Capital	180,929				-	180,929
Balance at 31 March 2020	**10,880,310**	**111,466**	**221,158**	**220,127**	**2,965,481**	**14,398,542**
Balance at 30 September 2020	**24,146,554**	**111,466**	**25,054**	**220,127**	**2,977,479**	**27,480,680**
TOTAL COMPREHENSIVE INCOME						
Net profit for the period					2,062,422	2,062,422
Other comprehensive Income		12,707	(83,115)			(70,408)
Total Comprehensive Income for the period		**12,707**	**(83,115)**	-	**2,062,422**	**1,992,013**
TRANSACTIONS WITH OWNERS						
Ordinary dividends paid					(809,860)	(809,860)
	-	-	-	-	**(809,860)**	**(809,860)**
Balance at 31 March 2021	**24,146,554**	**124,173**	**(58,061)**	**220,127**	**4,230,041**	**28,662,833**

STATEMENT OF

Comprehensive Income

For the 6 Months Ended March 31, 2021

	Unaudited 3 Months Ended March 31, 2021 $,000	Unaudited 3 Months Ended March 31, 2020 $,000	Unaudited 6 Months Ended March 31, 2021 $,000	Unaudited 6 Months Ended March 31, 2020 $,000
Profit for period	1,041,630	509,452	2,062,422	1,012,424
Unrealised gain on available-for resale investments net of taxes	(81,907)	(211,749)	(83,115)	(464,089)
Total comprehensive income	**959,723**	**297,703**	**1,979,306**	**548,335**

Notes to the Unaudited Financial Statements

March 31, 2021

1. Statement of compliance and basis of preparation

Interim Financial Reporting

The condensed consolidated interim financial statements (interim financial statements) for the quarter ended March 31, 2021 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The interim financial statements should be read in conjunction with the annual financial statements for the year ended September 30, 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). They are also prepared in accordance with requirements of the Jamaican Companies Act.

The Group will adopt the following standards and amendments to standards, which became effective during the current financial year:

Amendments to IAS 1, 'Presentation of Financial Statements' and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', (effective for accounting periods beginning on or after 1 January 2020).

These amendments and consequential amendments to other IFRSs result in the use of a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting. They clarify the explanation of the definition of material and also incorporate some of the guidance in IAS 1 about immaterial information. The adoption of these amendments is not expected to have a significant impact on the group.

The group is assessing the impact that this standard and amendment will have on the financial statements when it is adopted.

2. Gains/(Losses) on Investment Activities

	Unaudited 3 Months to March 31, 2021	Unaudited 3 Months to March 31, 2020	Unaudited 6 Months to March 31, 2021	Unaudited 6 Months to March 31, 2020
Gains on sales of investments	92,463	408,378	748,816	547,223
Fair Market Value Gains on Equity Portfolio	28,982	190,603	41,993	303,897
	121,445	598,981	790,809	851,121

3. Business Combination

On 23rd February 2021, the Group acquired 20.01% of the share capital of Derrimon Trading Company Limited , following the closing of Additional Public Offer (APO) of shares. The principal activities of the company include the wholesale and bulk distribution of household and food items, and the retailing of those and other items through the operation of a chain of outlets and supermarkets. The company is listed on the Junior Market of the Jamaica Stock Exchange.

The following table summarizes the consideration paid, net assets acquired and goodwill, which have been determined provisionally subject to final determination of the fair value of assets acquired:

	$'000
Purchase consideration: Cash paid	1,996,279
Fair Value of net assets acquired	(1,867,285)
Goodwill on acquisition	128,994

The interim statement does not include any estimates of DTL's proportionate share in the earnings of an associate company for the quarter ended 31 March 2021 which could not be quantified.

4. Earning per Share

The Group's earnings per share is calculated by dividing the net profit attributable to ordinary shareholders of $2,062,422,000 by the weighted average number of ordinary shares in issue during the period of 1,085,578,000 shares.

APPENDIX 4
LIST OF LOCATIONS FOR LEAD BROKER, CO-BROKER AND SELLING AGENTS

BARITA INVESTMENTS LIMITED – LEAD BROKER

BRANCH LOCATION	ADDRESS
BARITA INVESTMENTS LIMITED – HEAD OFFICE	15 St. Lucia Way, Kingston 5
BARITA INVESTMENTS - MANCHESTER	Shop 2A, Manchester Shopping Centre 17 Caledonia Road, Mandeville, Manchester
BARITA INVESTMENTS – BAYWEST, MONTEGO BAY	Suite S304, Baywest Shopping Centre Harbour Street, Montego Bay, St. James
BARITA INVESTMENTS – WEALTH DIVISION	Ground Floor, Panjam Building 60 Knutsford Boulevard, Kingston 5
BARITA INVESTMENTS – FAIRVIEW MONTEGO BAY	Shop 5, Fairview Town Centre Montego Bay, St. James

JN FUND MANAGERS LIMITED – CO-BROKER & SELLING AGENT

BRANCH	LOCATION
JN FUND MANAGERS – NEW KINGSTON	2 Belmont Road, Kingston 5
JN FUND MANAGERS - MONTEGO BAY	Lot 2-5 Megamart Complex, Montego Bay, St. James
JN FUND MANAGERS - MANCHESTER	Mandeville Plaza, Mandeville, Manchester

SCOTIA INVESTMENTS JAMAICA LIMITED – SELLING AGENT

BRANCH	LOCATION
SCOTIA INVESTMENTS – HEAD OFFICE	7 Holborn Road, Kingston 10
SCOTIABANK - SPANISH TOWN	Shop 26, Oasis Shopping Centre 6 March Pen Road, Spanish Town, St. Catherine
CONSTANT SPRING FINANCIAL CENTRE	132-132A Constant Spring Road, Kingston 8
SCOTIABANK – HALF-WAY TREE	82-84 Half-Way-Tree Road, Kingston 10
SCOTIABANK - MANDEVILLE	1a Caledonia Road, Mandeville, Manchester
SCOTIABANK - OCHO RIOS	Main Street, Ocho Rios, St. Ann
SCOTIABANK – SAVANNA-LA-MAR	19 Great George Street Savanna-La-Mar, Westmoreland
SCOTIABANK - LIGUANEA	125-127 Old Hope Road, Kingston 6
SCOTIABANK – NEW KINGSTON	2 Knutsford Boulevard, New Kingston, Kingston 5
FAIRVIEW FINANCIAL CENTRE	1 Port Avenue, Bogue, Montego Bay, St. James
SCOTIABANK - CROSS ROADS	86 Slipe Road, Cross Roads, Kingston 5
SCOTIABANK - PORTMORE	Lot 2, Cookson Pen, Bushy Park, Greater Portmore St. Catherine
SCOTIABANK CENTRE	Corner Duke & Port Royal Streets, Kingston

JAMAICA MONEY MARKET BROKERS LIMITED (JMMB) – SELLING AGENT

BRANCH	LOCATION
JMMB – HAUGHTON	5 Haughton Avenue, Kingston 10
JMMB – NEW KINGSTON	11 Knutsford Boulevard, Kingston 5
JMMB – JUNCTION AGENCY	Shop 2, Roye's Plaza, Main Street, Junction, St. Elizabeth
JMMB - MANDEVILLE	23 Ward Avenue, Mandeville, Manchester
JMMB – MONTEGO BAY	Suite 1, Fairview Office Park, Alice Eldermire Drive, Montego Bay, St. James
JMMB – MAY PEN	Shop 28B, Bargain Village Plaza, 35 Main Street, Clarendon
JMMB– OCHO RIOS	Guardian Life Building, 2 Graham Street, Ocho Rios, St. Ann
JMMB - PORTMORE	47-48 West Trade Way, Portmore Town Centre, Portmore, St. Catherine
JMMB – SANTA CRUZ	Shop No. 2, Oasis Plaza, Coke Drive, Santa Cruz, St. Elizabeth

CUMAX WEALTH MANAGEMENT LIMITED – SELLING AGENT

BRANCH	LOCATION
CUMAX WEALTH – HEAD OFFICE	10 Ruthven Road, Kingston 10

VICTORIA MUTUAL WEALTH MANAGEMENT LIMITED - SELLING AGENT

BRANCH	LOCATION
VM WEALTH MANAGEMENT – HEAD OFFICE	73 Knutsford Boulevard, Kingston 5
VM WEALTH MANAGEMENT - DUKE STREET	8 – 10 Duke Street, Kingston
VM WEALTH MANAGEMENT - PORTMORE	Lot 1 Seagrape Close, Portmore, St. Catherine
VM WEALTH MANAGEMENT - MANDEVILLE	Shop #3, Manchester Shopping Centre, Mandeville
VM WEALTH MANAGEMENT – OCHO RIOS	7 Newlin Street, Ocho Rios
VM WEALTH MANAGEMENT – MONTEGO BAY	Unit No. 33, Fairview Shopping Complex Bogue Estate, Montego Bay
VM WEALTH MANAGEMENT – SAVANNA -LA-MAR	123 Great George Street, Savanna-La-Mar
VM WEALTH MANAGEMENT - LIGUANEA	115 Old Hope Road, Kingston 6
VM WEALTH MANAGEMENT – UNIVERSITY OF TECHNOLOGY	237 Old Hope Road, Kingston 6

APPENDIX 5
AUDITOR'S CONSENT

BDO

Tel: (876) 926-1616/7, 926-4421
Fax: (876) 926-7580
www.bdo.com.jm

Chartered Accountants
26 Beechwood Avenue
P.O. Box 351
Kingston 5, Jamaica

12 August 2021

The Board of Directors
Barita Investments Limited
15 St. Lucia Way
Kingston 5

Ladies and Gentlemen

Prospectus for an offering of up to 125,000,000 New Ordinary Shares (with the ability to upsize by inviting offers for an additional 62,500,000) in Barita Investments Limited

With respect to the Prospectus for an offering of up to 125,000,000 ordinary shares in Barita Investments Limited, ("Barita" or the "Company"), we hereby consent to the publication of the Prospectus which has been signed by the Directors of Barita on behalf of the Company with the inclusion in the Prospectus of:

1. The audited financial statements and our Auditor's report thereon and the notes thereto for the financial year ended 30 September 2020.

2. Our report on the summary financial information as set out in Section 12 for the years ended 30 September 2016 to 30 September 2020; and

3. The references to our name in the form and context in which they are included in the prospectus.

We confirm that we have not withdrawn such consent before delivery of a copy of the Prospectus to the Companies Office of Jamaica and the Financial Services Commission for registration.

This letter should not be regarded as in any way updating the aforementioned report or representing that we performed any procedures subsequent to the date of such reports.

Yours faithfully,

BDO

Chartered Accountants

Partners: S. M. McFarlane, K.A. Wilson, J. Hibbert, D. Hobson, B. Vanriel
Associate Partner: D. Brown
Offices in Montego Bay, Mandeville and Ocho Rios
BDO is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

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Barita

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