

This Prospectus is issued by Caribbean Assurance Brokers Limited (“the Company”) and is dated February 7, 2020. A copy of this Prospectus, having attached thereto the documents required to be attached thereto by sub-section 40(2) of the Companies Act, 2004 was delivered to the Registrar of Companies for registration in accordance with the requirements of the Companies Act, 2004 and was registered by the Registrar of Companies on February 7, 2020. The Registrar of Companies accepts no responsibility whatsoever for the contents of this Prospectus.

The Financial Services Commission registered this Prospectus on February 7, 2020 pursuant to Section 26 of the Securities Act. The Financial Services Commission has neither approved this Prospectus nor passed upon the accuracy or adequacy of this Prospectus.

This Prospectus is intended for use in Jamaica only and is not to be construed as an invitation or offer to any person outside of Jamaica to subscribe or apply for any of the Shares.

The Directors of the Company, whose names appear in Section 3 of this Prospectus, are the persons responsible for the information contained herein. To the best of the knowledge and belief of such Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Each of such Directors accepts responsibility accordingly.

No person has been authorised to give any information or to make any representations other than those contained in this Prospectus.



**PROSPECTUS
BY
CARIBBEAN ASSURANCE BROKERS LIMITED**

**For the issue of up to 52,500,000 Ordinary shares
at the Subscription Price of J\$1.91
including 44,362,500 Shares offered to Reserved Share Applicants
and 8,137,500 Shares available to the General Public
payable in full on Application**

Office: 94D Old Hope Road, Kingston 6
Website: www.cabjm.com
Telephone Number: (876) 978-0426 **Fax:** (876) 927-9125

The Application List will open at 9:00 a.m. on February 18, 2020 and will close at 4:30 p.m. on March 3, 2020, subject to the right of the Company to close the Application List at any time, without notice, if subscriptions have been received for the full amount of the Shares available for subscription and subject also to the right of the Company to extend the closing beyond that date in certain limited circumstances.

Applications for Shares should be made on the original Application Form provided at the end of this Prospectus. Subscriptions must be for multiples of 100 Shares subject to a minimum of 1,000 Shares. The procedure for completing the Application Form and the terms and conditions of this Initial Public Offer are set out at Section 16 of this Prospectus. 44,362,500 Shares (“the Reserved Shares”) are reserved as follows: 6,300,000 Shares for a select number of directors of the Company (“Company Reserved (Directors) Shares”); 5,775,000 Shares for a select number of staff members of the Company (“Company Reserved (Staff) Shares”); 27,037,500 Shares for a select number of long standing clients of the Company (“Key Partners Reserved Shares”); and 5,250,000 Shares for clients of the Lead Broker (“Mayberry Client Reserved Shares”). Shares are being offered at a price of J\$1.91. If any of the Reserved Shares are not fully subscribed by the relevant category of Reserved Share Applicants, then the excess shares shall first be available for subscription by other Reserved Share Applicants *pro rata* according to their respective Reserved Share limits. If any of the Reserved Shares remain unsubscribed after being offered to all Reserved Share categories then those Shares shall be available for subscription by the general public.

An Application has been or will be submitted to the Board of the Jamaica Stock Exchange for the whole of the issued ordinary share capital of the Company to be listed on the Junior Market of the Jamaica Stock Exchange. It is anticipated that the ordinary shares will be converted to stock units and listed within twenty one (21) days after the close of the Application List. However, the foregoing statement regarding the Company’s intention to list its stock units on the JSE is not to be construed as a guarantee that the Shares will be listed or that the Shares will be so listed within the time stated. If the Shares are listed, dealings will commence immediately after such listing. If the Shares are not so listed, then any provisional allotment of Shares made by the Company will be revoked and the Company will not proceed with the un-conditional allotment of Shares pursuant to this Prospectus. In such case, all monies received from subscribers in response to this Prospectus would be refunded, without interest, within seven (7) days after the Jamaica Stock Exchange has notified the Company of its decision to decline the listing application and in any event within forty-eight (48) days after the issue of this Prospectus.

Notwithstanding anything herein and in particular the use of the market term “Offer” and other cognate expressions, this Prospectus does not constitute and is not intended to be an offer by or on behalf of the Company to sell any of the Shares. It is instead an invitation to treat. An Investor who submits an Application Form shall be deemed to be making an offer to the Company to purchase Shares in the Company. The Company may or may not accept such offer. Acceptance of any such offer will occur only by way of allotment of Shares by the Company in response to an application. In submitting an Application Form each prospective Investor acknowledges the foregoing legal effect of the Prospectus and of his application.

SHARE CAPITAL

	Number of Shares	Amount of Paid in Capital
<u>Authorised</u>		
Ordinary Shares	Unlimited	-
<u>Issued & Fully Paid Pre-IPO</u>		
Ordinary Shares	210,000,000	J\$48,765,008.00
<u>Now Available for Subscription</u>		
Company Reserved (Directors) Shares at J\$1.91 per Share	6,300,000	J\$12,033,000.00
Company Reserved (Staff) Shares at J\$1.91 per Share	5,775,000	J\$11,030,250.00
Key Partners Reserved Shares at J\$1.91 per Share	27,037,500	J\$51,641,625.00
Mayberry Client Reserved Shares at J\$1.91 per Share	5,250,000	J\$10,027,500.00
Shares available for General Public at J\$1.91 per Share	8,137,500	J\$15,542,625.00
TOTAL	52,500,000	J\$100,275,000.00

Up to 52,500,000 Shares in total are being offered pursuant to this Initial Public Offer (“IPO”) by the Company. The Shares offered are ordinary shares with no par value.

The 52,500,000 Shares being offered in this IPO are new shares and do not form part of the existing issued shares of the Company. The existing issued and fully paid ordinary shares and the ordinary shares which are the subject of this IPO will rank *pari passu* in all respects with each other and with all other ordinary shares of the Company that may be issued in the future. Accordingly the Shares will rank equally for dividends and other distributions hereafter declared, paid or made on the ordinary share capital of the Company.

Of the maximum 52,500,000 Shares available for subscription in this IPO, 44,362,500 Shares are reserved as follows:

- 6,300,000 Shares for a select number of directors of the Company (“Company Reserved (Directors) Shares”),
- 5,775,000 Shares for a select number of staff members of the Company (“Company Reserved (Staff) Shares”),

- 27,037,500 Shares for a select number of long standing clients of the Company (“Key Partners Reserved Shares”), and
- 5,250,000 Shares for clients of the Lead Broker (“Mayberry Client Reserved Shares”).

If any of the Reserved Shares are not fully subscribed, then the excess shares shall first be available for subscription by the other Reserved Share Applicants on a *pro rata* basis according to the respective limit of their Reserved Shares. This process would be repeated until all applications for Reserved Shares are fully satisfied. If any the Reserved Shares remain unsubscribed after being offered to all Reserved Share Applicants then the remaining Shares shall be available for subscription by the general public.

INDEBTEDNESS

At the close of business on December 31, 2019 the Company’s financial indebtedness to banks, financial institutions and other lenders was for an aggregate sum of J\$90,958,216.38. The Company has not issued any guarantees or assumed any contingent liability. The Company has been incurring legal, accounting and financial advisory fees, printing costs, registration fees and the like in connection with the transactions contemplated by this Prospectus.

NO PART OF THIS SHARE ISSUE IS UNDERWRITTEN.

LETTER TO PROSPECTIVE INVESTORS

340 Old Hope Road, Kingston 6, Tel: 819-2351, 878-0426, 878-6576, 878-5508
Fax: 878-9125 | www.calbjm.com | Email: info@calbjm.com



February 7, 2020

Dear Prospective Investors,

The Board of Directors of the Company is pleased to invite you to participate in the initial public offer ("the IPO") of up to 52,500,000 Shares subject to the Terms and Conditions set out in this Prospectus.

The Company invites applications for 52,500,000 Shares, which are newly issued Shares that are priced at \$1.91 each. If all the Shares are subscribed for, the IPO will raise \$100,275,000.00. If, however, the Company does not raise at least \$60,000,000.00 ("the Minimum Amount") in the IPO the Company will not make an application for the Shares to be admitted to the Junior Market and all applications will be returned to the persons who made them, along with any payments made in relation thereto.

The Company

Please see Section 8 of this Prospectus for more information on the Company and its operations.

About the Invitation

Of the 52,500,000 Shares available for subscription in the IPO, 44,362,500 shares are reserved for Reserved Share Applicants as set out in paragraph 5.1 of this Prospectus.

Use of Proceeds

The Company intends to use the proceeds of the IPO, subject to raising the Minimum Amount, for the following purposes, namely to:

- pay the IPO & Listing Expenses, which are estimated at J\$9,500,000.00 (inclusive of legal fees, accountant's fees, Lead Broker's fees, Registrar's fees, filing fees, initial listing fees, marketing expenses, and exclusive of GCT);
- expand the Company's brokerage operations to other Caribbean territories;
- expand the Company's solar photovoltaic system referred to in paragraph 8.36 of this Prospectus; and
- provide working capital for the Company.

Dividend Policy

The Board intends to adopt a conservative dividend policy during the next five years as the Company continues to expand its business. Thus, after providing for an appropriate reserve to cover outgoings and a modest reserve for contingencies, the Directors intend to recommend to the stockholders a distribution not exceeding 25% of the distributable profits. The remaining profits will be retained for re-investment to grow the equity base of the Company to adequately fund expansion.

On Behalf of the Company,

A handwritten signature in black ink, appearing to read "R. Walker", is written over a horizontal line.

Raymond Walker, Chairman
Caribbean Assurance Brokers Limited

We want you to LOVE doing business with us!

Raymond H. Walker, B.Sc., C.I.U., MBA (Director & CEO), Ron D. Hill, J.P., MPA, James P. Hawkins, Norman Nixon LL.B (Solicitor), Jennifer Regan, B.Sc., A.C.I., F.I.M., A.I.A., A.C.S., Barrington Whyte, B.A., MBA, Tanya Watson-Gooden, MBA, B.L.S., Carlton Wallace, F.C.C.A., MBA.

International Insurance | Employee Benefits | General Insurance | Local Individual Insurance

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1. DEFINITIONS

The following definitions apply throughout this Prospectus unless the context otherwise requires:

“ Articles ”	the Articles of Incorporation of the Company
“ Application Form ”	the subscription form for Shares in the IPO
“ Auditors ”	BDO
“ Board ”	the Board of Directors of the Company or, where the context so permits, any Committee of the Board of Directors
“ Business Day ”	any day (other than a Saturday, Sunday or public general holiday) on which banks are open for business in Jamaica
“ the Company ” or “ CAB ”	Caribbean Assurance Brokers Limited, a company incorporated under the laws of Jamaica, and being the Company making the IPO
“ Company Reserved (Directors) Shares ”	the 6,300,000 Shares in the IPO that are reserved for applications from a select number of directors
“ Company Reserved (Staff) Shares ”	the 5,775,000 Shares in the IPO that are reserved for applications from a select number of staff members
“ Directors ”	the directors including any alternate directors of the Company as at the date of this Prospectus
“ Dollars ” or “ J\$ ” or “ \$ ”	Jamaican dollars
“ facultative placement broker ”	a person registered under the Insurance Act to place, with eligible unregistered insurers, insurance on properties, risks or exposures located or to be performed in Jamaica
“ FSC ”	the Financial Services Commission
“ Government ”	the Government of Jamaica
“ Investors ”	subscribers for Shares in the IPO
“ IPO ”	the initial public offering whereby the public is invited to subscribe for Shares to be issued by the Company
“ IPO & Listing ”	

Expenses	all costs incurred in connection with the IPO and the listing of the Shares on the Junior Market of the JSE including but not limited to (i) legal fees; (ii) Lead Broker’s fees; (iii) Accountants’ fees; (iv) registration fees payable to the Registrar of Companies; (v) JSE listing fees; and (vi) other expenses and disbursements associated with the IPO and the listing of the Shares
“JSE”	the Jamaica Stock Exchange
“JCSD”	the Jamaica Central Securities Depository
“Junior Market”	the Junior Market of the Jamaica Stock Exchange
“Key Partners”	large or multi-line clients of the Company who have been (i) customers with the Company for at least five years; and (ii) advised by the Company that shares have been reserved for them
“Key Partners Reserved Shares”	the 27,037,500 Shares in the IPO that are reserved for applications from Key Partners
“Lead Broker” or “Mayberry”	Mayberry Investments Limited, a company incorporated in Jamaica with its registered office located at 1 ½ Oxford Road, Kingston 5, Saint Andrew
“local insurance broker”	a person licensed as an insurance intermediary in accordance with section 70 of the Insurance Act
“Mayberry Client Reserved Shares”	the 5,250,000 Shares in the IPO that are reserved for applications from clients of the Lead Broker
“Old Hope Road Property”	the property located at 94D Old Hope Road and registered at Volume 1286 Folios 396 and 397 of the Register of Book of Titles, being the registered office of the Company and at which it operates its business
“Reserved Share Applicant(s)”	a person that is eligible to apply for Company Reserved (Directors) Shares, Company Reserved (Staff) Shares, Key Partners Reserved Shares, or Mayberry Client Reserved Shares
“Reserved Shares”	Company Reserved (Directors) Shares, Company Reserved (Staff) Shares, Key Partners Reserved Shares, and Mayberry Client Reserved Shares
“Share”	a fully paid ordinary share in the capital of the Company and includes an ordinary stock unit and <i>vice versa</i>
“Shareholder”	includes stockholder and <i>vice versa</i>
“Subscriber” or	

“Applicant” a person who applies for Shares in this IPO

“US Dollars” or
“US\$” United States dollars.

In this Prospectus, the singular includes the plural and *vice versa* and references to one gender include all other genders. References to “person” include any individual, company or other corporate body or any firm or partnership.

2. IMPORTANT NOTICE & DISCLAIMER

2.1 **If you are in doubt about the contents of this Prospectus, you should consult your stockbroker, securities dealer, investment adviser, bank manager, attorney-at-law, professional accountant or other professional adviser.**

2.2 You should not subscribe for any of the Shares unless you have received and read or had the opportunity to read this Prospectus in full. You should rely only on information contained in, or incorporated by reference in, this Prospectus. No one has been authorised by the Company to provide you with different information. The Shares are available for subscription or sale only in Jamaica. No action has been taken to register or qualify the Shares for subscription or sale outside Jamaica. The Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation. **The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted by law and, accordingly, persons into whose possession this Prospectus may come are required to inform themselves about, and to observe, such restrictions.**

2.3 The Shares have not been nor will they be registered or qualified under the United States Securities Act, 1933, as amended or any applicable Blue Sky law or other security law of any State or political sub-division of the United States of America. The Shares may not be offered, sold, transferred, or delivered, directly or indirectly in the United States of America, its territories or possessions or any area subject to the jurisdiction of the United States or in any other country in which an invitation to subscribe for the Shares or the offering of the Shares is not permitted by applicable law.

2.4 The Directors of the Company do not warrant or make any representation as to the accuracy of the information in this Prospectus as of any date other than the date on which it is dated.

2.5 This Prospectus should not be considered as a recommendation by the Company or the Lead Broker to any recipient of this Prospectus to subscribe for or purchase any of the Shares. Each investor contemplating a subscription for any Shares should make his own independent investigation and appraisal of the financial condition, creditworthiness and affairs of the Company.

2.6 This Prospectus contains forward-looking statements. Specifically, forward-looking statements are found in Section 9. Forward-looking statements are also found in other places throughout the document and may be identified by accompanying language such as “*expects*”, “*intends*”, “*anticipates*”, “*estimates*” and other cognate or analogous expressions or by qualifying language or assumptions. These statements involve both known and unknown risks, uncertainties and other important factors that could cause the actual results or outcome to differ materially from the forward-looking statements.

2.7 These risks, uncertainties and other factors beyond the control of the Company include among others:

- (a) general economic and business conditions (both locally and internationally);
- (b) competition in the insurance intermediary industry;
- (c) changes in political, social and economic conditions impacting adversely on the securities market in general and on the Company in particular;
- (d) regulatory initiatives adversely affecting the securities market or the Company;
- (e) changes in the insurance regulatory regime;
- (f) natural disasters such as earthquake and hurricane;
- (g) changes in the relationship between the Company and key insurers with which it places business;
- (h) failure of key equipment;
- (i) changes in tax policy, the application of tax laws and the like and/or the Government regulatory regime.

2.8 If you are thinking of purchasing Shares in the Company you are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this Prospectus. The Company and the Lead Broker expressly disclaim any obligation or undertaking to distribute any updates or revisions to any forward-looking statements or to reflect changes in subscribers' expectations with regard to those statements or any changes in events, conditions or circumstances on which any forward-looking statement is based.

2.9 Prospective Investors should be aware that the price of the Shares and the income derived from them can, in common with other shares, go up as well as down. There is no assurance that the investment objectives of the Company will be actually achieved.

2.10 Neither the FSC, nor the Registrar of Companies nor any other Government agency or regulatory authority in Jamaica has made any determination as to the accuracy or adequacy of the matters contained in this Prospectus.

2.11 The Lead Broker (in its capacity as such) and any other selling agent or dealer that may be appointed have not, and are not expected to, separately verify the information contained in this Prospectus. None of the Lead Broker or any other selling agent or dealer makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. Prospective Investors should ensure that they understand the risks that may affect the Company and/or the Shares and the extent of their own ability to bear risk in light of their financial circumstances.

2.12 For convenience, the website addresses of certain parties have been provided in this Prospectus. Except as expressly set forth in this Prospectus, no information on such websites should be deemed to be incorporated in, or form part of this Prospectus and the Company takes no responsibility for the information contained on such websites. The Jamaica Stock Exchange has approved the publication of this Prospectus on its website in accordance with Junior Market Rule 502(2) and accordingly is expected to upload the Prospectus to its website (www.jamstockex.com). This should not be construed that the JSE has approved or is in any way responsible for the contents of this Prospectus.

2.13 This Prospectus may be sent to you in electronic form. You are reminded that documents transmitted via that medium may be altered or changed during the process of transmission and consequently neither the Company nor the Lead Broker or other selling agent nor any of their respective directors, officers, employees or advisers accept any responsibility whatsoever in respect of any difference between the Prospectus delivered to any prospective Investors in electronic form and the hard copy version registered with the Registrar of Companies.

2.14 Notwithstanding anything herein and in particular the use of the market term “Offer” and other cognate expressions, this Prospectus does not constitute and is not intended to be an offer by or on behalf of the Company to sell any of the Shares. It is instead an invitation to treat. An Investor who submits an Application Form shall be deemed to be making an offer to the Company to subscribe for Shares in the Company. The Company may or may not accept such offer. Acceptance of any such offer will occur only by way of allotment of Shares by the Company. In submitting an Application Form each prospective Investor acknowledges the foregoing legal effect of the Prospectus and of his subscription.

3. DIRECTORS, SECRETARY & ADVISORS TO THE IPO

DIRECTORS

Name	Position	Further Information
Raymond H. Walker , B.Sc., M.B.A., C.L.U.	Chairman Chief Executive Officer	See paragraph 10.3
Rion B. Hall , J.P., M.B.A.	Non-executive Director	
Norman Minott , LL.B. (Hons.)	Non-executive Director	
Jennifer Rajpat , B.Sc., A.C.I.I., F.L.M.I., A.I.A.A., A.C.S.	Non-executive Director	
Barrington Whyte , B.A., M.B.A.	Non-executive Director	
Tania Waldron-Gooden , B.Sc., M.B.A.	Non-executive Director	
Carlton Barclay , M.B.A., F.C.C.A	Non-executive Director	
Janice P. Holness , B.Sc., J.D.	Non-executive Director	

SECRETARY

Name	Further Information
Gail Minott , B.A., C.L.U.	See paragraphs 10.5 and 10.6

ADVISORS

Description	Name	Address	Further Information
Mentor	Tania Waldron-Gooden	1 ½ Oxford Road Kingston 5 Saint Andrew Jamaica	See paragraph 10.16
Registrar and Transfer Agent	Jamaica Central Securities Depository Limited	40 Harbour Street Kingston Jamaica	-
Lead Broker & Financial Advisor	Mayberry Investments Limited	1 ½ Oxford Road Kingston 5 Saint Andrew Jamaica	-
Auditors	BDO	26 Beechwood Avenue Kingston 5 Jamaica	-
Legal Advisors to the Issuer	Patterson Mair Hamilton	Temple Court 85 Hope Road Kingston 6 Jamaica	-

4. SUMMARY OF THE IPO

ISSUER:	Caribbean Assurance Brokers Limited
SECURITIES:	Up to 52,500,000 Shares (inclusive of the Reserved Shares).
RESERVED SHARES:	<p>44,362,500 Shares are reserved as follows:</p> <p>6,300,000 Company Reserved (Directors) Shares</p> <p>5,775,000 Company Reserved (Staff) Shares</p> <p>27,037,500 Key Partners Reserved Shares</p> <p>5,250,000 Mayberry Client Reserved Shares</p> <p>If any of the Reserved Shares are not fully subscribed, then the excess shares shall first be available for subscription by other Reserved Share categories.</p> <p>If any of the Reserved Shares remain unsubscribed after being offered to all Reserved Share categories then those Shares shall be available for subscription by the general public.</p>
SUBSCRIPTION PRICE:	J\$1.91 per Share.
RIGHTS ATTACHING TO THE SHARES:	<p>The Shares will all rank equally for voting. On a show of hands every shareholder will have one vote and on a poll each shareholder will have one vote per Share held by him or for which he holds a proxy.</p> <p>Each Share will rank <i>pari passu</i> for dividends and distributions on a winding up. Each Share will also rank <i>pari passu</i> in the right to receive bonus shares or allotment rights issue. <i>Pari passu</i> means that all Shareholders will be treated on equal footing but in proportion to the number of Shares held.</p>
RESTRICTIONS ON TRANSFER:	The Shares will be freely transferable after listing on the Junior Market.

APPLICATION FOR LISTING:	Application will be made for the Shares to be listed on the Junior Market of the JSE. No assurance can be given that the application will succeed and that the Shares will in fact be listed.
DIVIDEND POLICY:	The Board intends to adopt a conservative dividend policy during the next five years as it continues to expand its business. Assuming there are sufficient distributable reserves then for each financial year the Company intends to target a dividend payout not exceeding 25% of net profits after tax. The Company may revise its dividend policy from time to time.
NET IPO PROCEEDS:	The Company expects to receive approximately J\$90,775,000.00 from the IPO after deducting IPO & Listing Expenses.
CONDITION FOR THE ALLOTMENT OF SHARES:	The allotment of Shares to subscribers in this IPO is conditional upon the JSE admitting the Shares for listing on the Junior Market of the JSE. If the Shares are not so admitted then all subscription monies tendered for Shares in this IPO will be refunded without interest.
APPLICATION FORM:	See Appendix 1 of this Prospectus.
OFFER TERMS AND CONDITIONS:	See Section 16 of this Prospectus.
PAYMENT METHOD:	Payable in full on subscription. See further Section 16.
TIMETABLE OF KEY DATES:	<p><u>Registration of Prospectus:</u> February 7, 2020.</p> <p><u>Publication of Prospectus:</u> February 7, 2020.</p> <p><u>Opening Date:</u> 9:00 A.M. on February 18, 2020.</p> <p><u>Closing Date:</u> 4:30 P.M. on March 3, 2020 (subject to early closing once fully subscribed).</p>
APPLICATION PROCEDURES:	See Section 16.

ACCEPTANCE OF APPLICATION FORMS	Application Forms that meet the requirements set out in this Prospectus shall be accepted on a “first come first served basis”.
BASIS OF ALLOTMENT:	Shares will be allocated to the general public on a “first come first served basis”. As regards Reserved Shares the Directors reserve the right to allot Shares in a fair and equitable manner to achieve its objective of encouraging wide participation by Key Partners, directors, and staff. The Directors of the Company may, notwithstanding its intention to allot the Shares on the aforementioned basis, reserve the right to allot the Shares to Subscribers on a basis to be determined by them in their sole discretion.
CONFIRMATION OF SHARE ALLOTMENTS/SALE:	All Applicants may refer to the confirmation instructions that will be posted on the website of the JSE (www.jamstockex.com) after the closing date.
REFUNDS:	<p>a) <i>In the event of oversubscription:</i> Refund cheques for all monies received in excess of Shares allocated will be available for collection where originally submitted within ten (10) days of the Closing Date (or the extended Closing Date, as the case may be).</p> <p>b) <i>In the event the Shares are not listed on the JSE:</i> Refund cheques will be available for collection where originally submitted within seven (7) days after the JSE has notified the Company of its decision to decline the listing application and, in any event, within forty-eight (48) days after the issue of this Prospectus.</p>
FINAL ALLOTMENT AND LISTING OF SHARES:	Within twenty-one days (21) of the Closing Date; subject to the Shares being admitted for listing by the Board of the JSE on the Junior Market of the JSE.

5. DETAILS OF THE IPO

General Overview

5.1 By this Prospectus the Company is inviting prospective investors (including Reserved Share Applicants) to subscribe for a total of 52,500,000 Shares in the capital of the Company. Out of that number, 44,362,500 Shares (“Reserved Shares”) have been reserved for subscription as follows:

- 6,300,000 Shares for a select number of directors of the Company (“Company Reserved (Directors) Shares”).
- 5,775,000 Shares for a select number of staff members of the Company (“Company Reserved (Staff) Shares”).
- 27,037,500 Shares for a select number of long standing clients of the Company (“Key Partners Reserved Shares”).
- 5,250,000 Shares for clients of the Lead Broker (“Mayberry Client Reserved Shares”).

5.2 The subscription price shall be J\$1.91.

5.3 If any of the Reserved Shares are not fully subscribed, then the excess Reserved Shares shall first be available for subscription by the other Reserved Share categories. If any of the Reserved Shares remain unsubscribed after being offered to all Reserved Share categories then those Shares shall be available for subscription by the general public.

5.4 The Company expects to raise approximately J\$100,275,000.00 in this IPO (before IPO & Listing Expenses) and if fully subscribed the total number of Shares in issue at completion will be 262,500,000. All Shares will rank *pari passu*, in all respects, with each other and with the existing ordinary shares in the capital of the Company. A summary of the rights attaching to the Shares is set out at Section 4. The Company has issued only one class of shares.

Reasons for the IPO

5.5 The Directors believe that the IPO followed by listing of the Shares on the Junior Market of the JSE will yield material benefits to the Company. Such benefits include:

- (a) enhancing the Company’s public profile and status with existing and potential clients;
- (b) providing access to the capital market to enable the Company to fund growth through equity capital rather than debt;
- (c) creating a liquid market in the shares for the existing shareholders of the Company;
- (d) providing the opportunity to key management and employees to acquire a marketable stake in the Company and thereby promoting the Company’s staff retention policy;
- (e) providing the Company with the tax incentives available to companies listed on the Junior Market of the JSE.

Key Terms and Conditions of the IPO

5.6 The principal terms and conditions of this IPO are summarized in the table below:

Who is making this IPO?	Caribbean Assurance Brokers Limited, a company incorporated under the laws of Jamaica.
What is the type of security being offered?	The Shares, being fully-paid ordinary shares in the capital of the Company.
How many Shares are available for subscription?	<p>A total of 52,500,000 Shares will be available for subscription but of that amount 44,362,500 Shares are reserved for subscription (called “Reserved Shares”) as follows:</p> <p>6,300,000 Company Reserved (Directors) Shares</p> <p>5,775,000 Company Reserved (Staff) Shares</p> <p>27,037,500 Key Partners Reserved Shares</p> <p>5,250,000 Mayberry Client Reserved Shares</p> <p>If any the Reserved Shares remain un-subscribed after being offered to all Reserved Share categories then those Shares shall be available for subscription by the general public.</p>
What is the Subscription Price for the Shares?	The subscription price per Share will be J\$1.91 and must be paid in full on subscription.
What is the Company’s	Shares will be allocated to the general public on a “first

<p>allotment Policy?</p>	<p>come first served basis". As regards Reserved Shares the Directors reserve the right to allot Shares in a fair and equitable manner to achieve its objective of encouraging wide participation by Key Partners, directors, and staff. The Directors of the Company may, notwithstanding its intention to allot the Shares on this basis, reserve the right to allot the Shares to Subscribers on a basis to be determined by them in their sole discretion. Once the Shares are fully subscribed the Directors reserve the right to close the Subscription List. The Directors of the Company reserve the right to reject any application in whole or in part without giving reason. Subscribers whose Applications are not accepted or who have been allotted a lower number of Shares than they applied for will be entitled to a refund, in whole or in part, of their subscription monies. Interest will not be paid on refunds and any interest earned on subscription monies will be retained by the Company. Refunds will be made within ten (10) working days of the close of the IPO and in any event within 40 days of the opening.</p>
<p>Will the Shares be listed?</p>	<p>The Company intends to apply to the JSE for the Shares to be listed on the Junior Market. It is expected that the listing will occur within 21 days after close of the IPO. The Company cannot guarantee that the JSE will in fact approve the Company's listing application.</p>
<p>What if the JSE does not approve the Company's application for listing?</p>	<p>The allotment of Shares by the Company will be conditional upon the Shares being listed for trading on the Junior Market of the JSE. If the Shares are not admitted for trading on the Junior Market then all provisional allotment of Shares in the IPO will be cancelled and payment made by subscribers will be returned in full without interest.</p>
<p>What will happen to my subscription monies?</p>	<p>On payment your subscription monies will be held by the Lead Broker, Mayberry Investments Limited, in an escrow account until the Shares are approved for listing on the Junior Market. Only then will the funds be released to the Company. If the amount you pay is less than the total subscription price for the number of Shares stated in your Application Form then the Company reserves the right to treat your subscription as a subscription for such lower number of Shares as the payment tendered may cover and</p>

	<p>as if you had specified that lower number in your Application Form or alternatively the Company may reject your Application entirely.</p>
<p>When are the Shares expected to commence trading?</p>	<p>Application for listing of the Shares will be promptly made by the Company after close of the IPO. If the Company's application is successful it is expected that trading in the Shares will commence within 21 working days from the Closing of the IPO. Since this is not a matter entirely within the control of the Company it makes no commitment or representation that trading will in fact commence by the anticipated date.</p>
<p>When and how will I receive confirmation that my Application has been successful?</p>	<p>The allotment of Shares to subscribers who take up Shares will be made and announced within seven (7) days after the close of the Subscription List. A list of the successful allottees in the IPO will be submitted to the JSE within ten (10) days after the close of the Subscription List.</p>
<p>What should I do if I have further enquires?</p>	<p>All enquires in relation to this IPO should be directed to the Lead Broker; namely:</p> <p>Mayberry Investments Limited 1½ Oxford Road Kingston 5 Tel: (876) 929-1908-9 Toll Free: 1-888 CALL MIL (225 5645) Fax: (876) 929-1501 Email: Tania.Waldron@mayberryinv.com; or Gary.Peart@mayberryinv.com</p> <p>Mayberry's opening hours are 8.30 a.m. to 4.30 p.m. Mondays to Fridays (except public general holidays in Jamaica).</p> <p>If you require assistance in completing the Application Form or if you are in doubt as to whether an investment in the Shares is a suitable investment for you, then you should seek professional advice from your stockbroker, investment adviser, attorney-at-law, accountant, financial adviser or other independent professional advisor before deciding to apply for Shares.</p>

What will the Company do with the IPO proceeds?

The Company intends to use the net proceeds of the IPO to (i) pay IPO & Listing Expenses, (ii) expand its brokerage operations to other Caribbean territories, (iii) expand the Company's solar photovoltaic system, and (iv) provide working capital for the Company.

OTHER KEY INFORMATION ABOUT THE IPO

Prospectus Publication Date	February 7, 2020
Subscription/Application List Opens	9:00 A.M. on February 18, 2020
Application List Closes	4:30 P.M. on March 3, 2020 (subject to right of the Company to close at any time after the IPO is fully subscribed)
Maximum IPO Capitalisation	J\$100,275,000.00 ¹

Notes:

1. The IPO may close at any time after it is fully subscribed. Notice of such closure will be published immediately on Mayberry's website (www.mayberryinv.com) and on the Company's website (www.caribbeanassurancebrokers.com) and will be sent to the JSE. The JSE may elect to publish the notice on its website (www.jamstockex.com). Notice will also be sent to the local Press.

2. Announcement of allotment/allocation will be made on Mayberry's website (www.mayberryinv.com) and the Company's website (www.caribbeanassurancebrokers.com) and notified to the JSE and the local Press.

¹ Assumes that all Shares are taken up.

3. Applications for Shares should be made in accordance with the procedure set out in Section 16 of this Prospectus. Within three (3) days after the close of the Subscription List the JSE shall be notified of the basis of the allotment or allocation. The allotment of Shares to subscribers who take up Shares will be made and announced within seven (7) days after the close of the Subscription List. A list of the allottees or purchasers in the IPO will be submitted to the JSE within ten (10) days after the close of the Subscription List.

4. However, until the Shares are listed on the Jamaica Stock Exchange, allotment and sale to subscribers, even if notified to them, shall be only provisional and will be revoked by the Company if the Shares are not listed on the JSE.

5. Within ten (10) days after the closing of the Application List, renunciation letters/certificates of allotment accompanied by refund of all monies received in excess of shares allocated, if any, will be forwarded to all relevant Applicants for collection at the office of the selling agent or collecting agent from which the Application was received.

6. **The IPO is not underwritten.**

6. PRE-IPO TRANSACTIONS

6.1 The Company and the Board carried out a number of transactions in connection with this IPO and the listing of the Shares on the Junior Market of the JSE. The more material transactions are described in this Section 6 of the Prospectus.

6.2 In November 2017, the Board constituted a Remuneration Committee (see paragraphs 10.14 to 10.15 below) as well as an Audit Committee (see paragraphs 10.12 to 10.13 below).

Reorganisation of Share Capital

6.3 On December 20, 2019 the Company increased its authorised share capital from 50,000,000 Ordinary Shares to an unlimited number of Ordinary Shares. On the same date the Company sub-divided each issued Share of the Company into 6 Shares. Paragraph 8.38 below sets out the resolutions passed by the Company with respect to its share capital.

Pre-IPO Ownership Structure

6.4 The ownership structure of the Company pre-IPO is as shown below.

Shareholders	Shareholding	Approx. % Issued Capital
Raymond H. Walker	107,100,000 Shares	51.00%
Sandra M. Kenny	2,801,586 Shares	1.33%
Veviene M. Hall	15,572,862 Shares	7.42%
Rion B. Hall	15,572,862 Shares	7.42%
Dr. Paul L. Brown	12,781,740 Shares	6.09%
Dr. Karen Rajpat	18,899,952 Shares	9.00%
Gail Minott	12,600,000 Shares	6.00%
Mark Russell	1,080,000 Shares	0.51%
Margaret Wright	273,162 Shares	0.13%

Fritz Harris	546,318 Shares	0.26%
Andrea Weston	654,540 Shares	0.31%
C&WJ Co-operative Credit Union Limited	21,680,616 Shares	10.32%
Donnisha Brooks	436,362 Shares	0.21%
TOTAL	210,000,000 Shares	100%

Post-IPO Ownership Structure

6.5 After the IPO (assuming that all Shares in the IPO are fully taken up by the general public and Reserved Share Applicants) the ownership structure is expected to be:

Shareholders	Shareholding	Approx. % Issued Capital
Raymond H. Walker	107,100,000 Shares	40.80%
Sandra M. Kenny	2,801,586 Shares	1.07%
Veviene M. Hall	15,572,862 Shares	5.93%
Rion B. Hall	15,572,862 Shares	5.93%
Dr. Paul L. Brown	12,781,740 Shares	4.87%
Dr. Karen Rajpat	18,899,952 Shares	7.20%
Gail Minott	12,600,000 Shares	4.80%
Mark Russell	1,080,000 Shares	0.41%
Margaret Wright	273,162 Shares	0.10%
Fritz Harris	546,318 Shares	0.21%
Andrea Weston	654,540 Shares	0.25%
C&WJ Co-operative Credit Union Limited	21,680,616 Shares	8.26%
Donnisha Brooks	436,362 Shares	0.17%

Company Reserved (Directors)	6,300,000 Shares	2.4%
Company Reserved (Staff)	5,775,000 Shares	2.2%
Key Partners	27,037,500 Shares	10.3%
Mayberry Client	5,250,000 Shares	2.0%
Public Shareholders	8,137,500 Shares	3.10%
TOTAL	262,500,000 Shares	100%

7. RISK FACTORS

7.1 In addition to other information set forth in this Prospectus, investors should consider carefully the risks described below before subscribing for, or purchasing, Shares in the Company. These risks are not the only ones facing 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.

7.2 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. You should read Section 2 entitled "Important Notice & Disclaimer" for more information.

Risk In Relation To the First Issue

7.3 Listing on the Junior Market should not be taken as implying that a liquid market for the Shares will develop. Since this is the first public issue of Shares by the Company, no formal market for the Shares has been established. Thus, there is no guarantee that an active trading market will develop in the Shares or will be sustained in the Shares after listing. The subscription price for the Shares has been determined by the Directors on the advice of the Lead Broker. The IPO price should not be taken to be indicative of the market price of the Shares, after they are listed on the Junior Market of the Jamaica Stock Exchange. If an active trading market does not develop or is not maintained then the liquidity and trading price of the Shares may be adversely affected.

Ordinary Stock Price Fluctuations

7.4 The trading price of the Shares may fluctuate significantly after the IPO and may continue to do so in the future. Some of the reasons for fluctuations in the price of the Shares include but are not limited to:

- announcements of developments related to the Company's business;
- the issue of additional shares by the Company from time to time;
- general conditions in the Jamaican economy;
- changes in the law regarding several matters including but not limited to taxation or regulatory requirements;
- changes in the Rules of the Junior Market.

In addition, trading prices on the Junior Market of the Jamaica Stock Exchange may be particularly subject to volatility. In many cases, the fluctuations may be unrelated to the operating performance of the affected companies. As a result, the price of the Shares could fluctuate in the future without regard to operating performance of the Company.

Changes in Government Policies

7.5 The Government of Jamaica may from time to time effect changes in policies, laws or regulations, which may have an adverse impact on the performance of the Company. The Company operates in a sector of the economy that is highly regulated and subject to Government policy changes from time to time.

Risk relating to Marketability of the Shares

7.6 The Shares, though listed on the Jamaica Stock Exchange, may not be readily saleable and shareholders who may want to “cash-out” may not be able to do so or may only be able to do so at a discount.

Risks of hurricane, fire and other Acts of God

7.7 Catastrophic events affecting Jamaica such as hurricane and earthquake could impact generally on economic activity in Jamaica and the operations of the Company. The properties from which the Company operates are susceptible to loss or damage by fire, hurricane, earthquake, flood and other perils. The Company maintains customary fire and peril insurance on the Old Hope Road property from which it operates. Were a catastrophic event such as hurricane or earthquake to hit Jamaica many of the Company’s clients would be affected and the Company would have to divert resources to claims handling with the result that its sale and marketing efforts could be adversely affected.

The Company is subject to significant competition

7.8 There are some 24 local insurance brokers, 18 facultative placement brokers and approximately 10 corporate insurance agents registered by the FSC to carry on insurance intermediary business in Jamaica. The Company faces considerable competition from other registered brokers and agents some of which may have more resources than the Company and have been established for many years with strong connections to key clients. Increased levels of competition from existing or new market entrants may not only reduce the number of placements made by the Company but may also put downward pressure on commission rates thereby adversely affecting the Company’s revenues.

7.9 The Company’s commission rates are generally in line with industry norms for brokers but registered agents tend to charge lower rates. As a matter of policy the Company does not compete aggressively in the segment of the market which requires brokers to bid for larger placements such as those of Government Departments and Agencies and large private sector risks. Those tenders demand substantial resources in securing competitive quotes and preparation of tender submissions and if successful place substantial demands upon internal resources with no guarantee that the successful bidder will hold the account at the next bidding round. Instead, the Company concentrates on building a sustainable base of reliable, local clients who are more likely, subject to good service, to renew their policies through the Company year after year.

Perceived Internal Conflict of Interest

7.10 Virsag Limited (“Virsag”) is a company incorporated under the laws of Jamaica and equally owned by Raymond Walker, the Company’s Chairman, and Shenneil Edwards, the former manager of the Company’s International Insurance Division. Ms. Edwards resigned from her job position with the Company effective January 1, 2020.

7.11 Virsag intends to negotiate an occupation agreement (lease or licence) in respect of office space at the Old Hope Road Property from the Company. Mr. Walker, as part owner of Virsag would be interested in such an agreement. Accordingly, Mr. Walker is expected to withdraw from any proceedings of the Board in connection with the discussion or approval of the occupation agreement. The Company intends to negotiate the terms of the occupation agreement on an arm’s length basis.

7.12 The Company understands that Virsag intends to enter into an agreement with Lloyds of London (“Lloyds”) to be appointed as a Third Party Administrator (“TPA”)/claims adjuster. Prior to that Virsag will apply to the FSC for a licence to carry on such business in Jamaica. As a TPA/claims adjuster for Lloyds, Virsag would investigate, process and advise on the settlement of health and personal injury claims made under such policies underwritten by Lloyds. Lloyds has underwritten policies sold by the Company and other insurance brokers in Jamaica. Accordingly, a perceived conflict of interest could exist if, on Lloyds’ request, Virsag were to process and advise on claims filed by clients of the Company.

7.13 If Virsag receives the aforementioned licence from the FSC and is appointed a TPA/claims adjuster, the Company anticipates that Mr. Walker could divert some of his time and attention to Virsag’s operations. The extent to which his engagement on matters relating to Virsag could possibly impact on his time and attention to the affairs of the Company cannot be predicted at this point.

Operational Risks

7.14 In the execution of its business functions the Company is exposed to operational risks arising from failures in systems and the processes through which it operates. Critical areas of operational risks include:

- (a) errors by employees in the placement of risks resulting in clients being un-insured or under-insured;
- (b) key equipment, computer and network failure;
- (c) acts of God (including but not limited to fire, flooding, earthquake);
- (d) data entry errors, accounting errors; and

- (e) fraud (internal and external) or other criminal activity.

The Board of Directors will seek to counter such risks by maintaining a comprehensive system of internal controls and administrative checks and balances to monitor transactions supported by a robust external auditing oversight. The Company also carries professional indemnity insurance which covers the Company against negligence in the placement of risks and the handling of claims.

Risks relating to Raymond Walker's departure

7.15 The Company is the brain-child of Raymond Walker who is its controlling shareholder, chairman and chief executive officer. Mr. Walker has played and continues to play a substantial role in developing the Company. Mr. Walker is over the age of 65. He has no immediate plans to leave the Company but risk of his untimely departure by resignation, ill-health or death remains a possibility. In such event the Company would have to find a suitable leader to replace Mr. Walker and there is no guarantee that the right person could be found quickly to take over the reins without the Company losing a step.

7.16 The Company intends to apply for keyman's insurance on the life of Mr. Walker in the amount of US\$1,000,000.00. In the event of Mr. Walker's un-timely death the policy proceeds would be payable to the Company.

Thin market in Company's Shares

7.17 The Junior Market of the Jamaica Stock Exchange is relatively small and the market in the Company's Shares may be relatively thin compared to larger capital markets. That means that trades in small quantities of the Company's Shares can trigger wide swings (up or down) in the market price of the Shares and make it easier for the stock price to be manipulated. In this IPO the minimum subscription will be J\$1,910.00 for 1,000 Shares. This IPO is directed at retail investors, especially young emerging professionals and business practitioners who wish to invest for the medium or long term. The IPO is also expected to appeal to long term investors such as pension funds and institutional investors.

The Company is dependent on Key Personnel

7.18 The provision of insurance brokering services is highly dependent on insurance professionals who are qualified to carry on insurance intermediary business. Section 70 of the Insurance Act provides *inter alia* that no person shall "carry on business as, or act in the capacity of" an insurance salesman unless he has been registered as such by the FSC. Only a registered salesman may solicit applications for insurance or negotiate insurance placement. This means that the success of the Company depends upon having a cadre of insurance professionals who are duly registered under the Insurance Act as a salesman. The Company currently has fifty-eight (58) registered insurance salesmen in its employment. If the Company is unable to attract and retain a sufficient number of registered salesmen then its ability to reach potential clients

could diminish which in turn could have an adverse impact on the Company's revenue, growth and future prospects. The Company is also susceptible to increased labour costs if it is forced to compete with other service providers for the services of insurance professionals.

The Company could be adversely affected by its failure to maintain registration under the Insurance Act

7.19 Only an insurance broker registered by the FSC under the Insurance Act is allowed to carry on insurance brokering business in Jamaica. A registered insurance agent carries on similar business but unlike a broker (who is not tied to any particular insurance company) an agent places business only with the company to which he is affiliated as an agent. A broker therefore has wider market access compared to an agent and should therefore be able to "shop around" for the optimum cover for its clients.

7.20 The registration of an insurance broker may be suspended or cancelled by the FSC for a variety of reasons. The grounds on which the registration of a broker may be suspended or cancelled include:

- (a) failure to maintain the required minimum capital requirement (see paragraph 8.43 for further details);
- (b) failure to maintain the required insurance coverage (see paragraph 8.43 for further details);
- (c) if the initial registration was procured as a result of any misleading or false representation or in consequence of any incorrect information;
- (d) if the broker is carrying on business otherwise than in accordance with sound insurance principles and practice;
- (e) failure (without reasonable excuse) to file any requisite report or to furnish information required under the Insurance Act within 30 days;
- (f) if the broker is guilty of fraudulent or dishonest practice;
- (g) if the persons managing or controlling the broker are not fit and proper persons;
- (h) if the broker has contravened any provisions of the Insurance Act or any conditions, directions or requirement by the FSC pursuant to the Act.

7.21 Before suspending or cancelling registration the broker must be notified of the proposed suspension or cancellation and the reason therefor. The broker has a right to appeal the

suspension or cancellation decision by the FSC to an Appeal Tribunal established under the Financial Services Commission Act.

7.22 Suspension or cancellation of the Company's registration would be calamitous to the Company and unless the suspension is for a relatively short period, could result in the Company being wound up. The Company is conscious of the importance of preserving its registration and has established robust compliance and regulatory reporting protocols.

Counterparty Risks

7.23 As a broker the Company is liable to insurers for the net premiums payable on policies placed by it with such insurers. Such premium must be paid within thirty (30) days of the placement. If a client fails to pay the gross premiums to the Company when due then the Company could find itself directly liable to the insurers even though it has not collected from the client. The Company manages this risk by closely monitoring its credit exposure to clients and promptly cancelling policies where the clients have not paid their premiums. In such a case the Company would stand to lose not only the commission which it would have earned but it may also be liable to pay premiums to the insurer for the short period the relevant risk was on cover.

Taxation risks from listing on the Junior Market

7.24 There are taxation risks associated with a listing on the Junior Market. If listed on the Junior Market, the Company will benefit from a 10-year concessionary tax regime commencing on the listing date. The remission of tax requires the Company to meet certain conditions including that the Company remain listed on the Junior Market or Main Market of the JSE for a combined continuous period of not less than 15 years from the listing date. Assuming that those conditions are met, in the Company's first 5 years on the Junior Market, the Company will not be liable to pay any corporate income tax. In years 6 to 10 on the Junior Market, the Company will be liable to pay corporate income tax at half of the usual rate. If the Company is suspended or de-listed from the Junior or Main Market of the JSE prior to the expiry of the aforementioned 15 year period, then it will immediately become liable to pay all income tax remitted from the initial listing date.

General Regulatory Risks

7.25 The Company is a regulated entity operating under a regime which is administered by the FSC. As a registered insurance broker the Company is subject to a vast range of compliance and reporting requirements. See paragraphs 8.41 to 8.46 under Applicable Regulatory Regime for further information.

7.26 Changes to the regulatory regime could materially increase the burden of compliance and thereby adversely impact on the Company's financial performance.

No guarantee that the Company will pay dividends

7.27 Any dividend on the Shares will be dependent upon the performance of the Company. The Company's dividend policy is set out at Section 11 below and should not be construed as a dividend forecast. Under Jamaican law a company can only pay dividends to the extent that it has distributable reserves and cash on hand to pay such dividends. Even where the Company has distributable reserves the Directors may decide not to pay a dividend if to do so would render the Company inadequately capitalized or if for any other reason the Directors consider that paying a dividend at that time would not be in the best interest of the Company. No dividend can be paid unless recommended by the Directors.

Future Issuance of Shares may dilute the holding of Shareholders and depress the price of the Shares

7.28 Other than in connection with this IPO the Company has no intention to issue further Shares in the Company at this time. It is possible however that the Company may decide to issue additional Shares at a later date. In accordance with the JSE Junior Market Rules, any future issue of Shares by the Company for cash would have to be made by way of a rights issue but if the Shares were issued in exchange for property such as real estate or an item of equipment or other non-cash consideration then the Company would not be obliged to do so by way of a rights issue and could issue the additional shares to the "seller" of the relevant property. An issue of additional Shares could dilute the holdings of existing Shareholders and adversely affect the prevailing market price of the Shares. It could also impair the ability of the Company to make further issue of Shares at a later date.

Reduction in commission rates

7.29 The Company derives its income from commissions paid by insurers in respect of business placed with them by the Company. The Company expects that commission rates will in the near future remain at existing levels. There is however a risk that insurers may reduce their commission rates. If that were to occur it could result in a material reduction of the Company's revenues.

Dependency on Underwriters for Business

7.30 The Company is dependent on its agreements with underwriters to place insurance business with clients. The underwriters pay a commission to the Company which is based on policies sold by the Company. These commissions are the Company's primary source of income and accordingly, its relationship with these underwriters is crucial to the success of its business. The Company's business and financial results could be negatively impacted if it were unable to place insurance with such insurers. Accordingly, disputes with underwriters could restrict the Company's ability to place insurance on behalf of its clients.

8. THE COMPANY

Company History

8.1 The principal promoter of the Company was Mr. Raymond H. Walker, a successful life insurance marketing and sales executive, first with Life of Jamaica (now Sagicor Life Jamaica Limited) and then with Blue Cross of Jamaica Limited. In 2005 Mr. Walker brought together a team which formed Caribbean Assurance Brokers Limited (the “Company” or “CAB”).

8.2 The Company was incorporated on June 13, 2005 as a limited liability company (Company # 70,562) under the Jamaican Companies Act, 2004 with its registered office located at 15 Trinidad Terrace, Kingston 5.

8.3 The Company applied to the Financial Services Commission (“FSC”) for registration as a local insurance broker and facultative placement broker shortly after incorporation. The Company was duly registered on October 15, 2005 as a broker and a facultative placement broker in respect of ordinary long term insurance business and sickness & health business. The Company commenced business on November 1, 2005 selling life assurance policies underwritten by Sagicor Life Jamaica Limited and Guardian Life Limited.

8.4 In October 2005 the Company received authorisation from the FSC, as a facultative placement broker, to place risks under the international health insurance programme (coined “ICHIP”), with specified overseas insurance providers. In the thirteen years (2006 to 2019) since the Company has been distributing ICHIP, the product has experienced consistent annual growth from about 84 lives for an annualized premium of approximately US\$90,000.00 in 2006 to over 2,500 lives for annualized premium in excess of US\$6,500,000.00 in 2019.

8.5 The Company’s employee benefits and individual life insurance portfolio has, since commencing business in November 2005, grown to become among the top three in size among brokerage firms.

8.6 The Company also establishes arrangements with insurers to underwrite health insurance policies on an exclusive basis. It has also designed and launched a proprietary loyalty card programme. Brief details of these policies and loyalty card programme are set out below:

Product	Description
Credit Union Gold Series	The Credit Union Gold Series is a health insurance policy designed for credit union members and is underwritten by Sagicor Life Jamaica Limited.

ICHIP	The ICHIP is an international health insurance programme which is insured 100% by Lloyd's of London.
Assured Travel	This short-term travel medical insurance policy, underwritten by Lloyd's of London, is designed for individuals, families and groups travelling from Jamaica to the rest of the world.
Loyalty Card	CAB's loyalty card gives customers access to over 200 health care providers and merchants as well as cash-back from supermarkets and restaurants island-wide. The Company does not directly derive a benefit from this loyalty card programme. Instead, the programme was designed to enhance client retention by providing additional value to customers.

8.7 For the year ending December 31, 2006, the Company's first full year of results, the Company had revenues of approximately J\$22.5 million and 11 members of staff. Within twelve years for the year ending December 31, 2018, the Company's most recent full year results, the Company had revenues of J\$385 million and 107 members of staff.

Industrial Relations

8.8 The Company has 107 members of staff, including 58 registered insurance salesmen. No part of the workforce is unionized. The Company has enjoyed stable relations with its staff. The Directors have no reason to believe that the industrial climate which currently prevails will change in the near future.

Company's Business

8.9 The Company is registered by the FSC to carry on business in Jamaica as a local insurance broker and as facultative insurance broker. In both cases, the Company acts on behalf of local persons to place their insurance business with local insurers or FSC-approved overseas insurers in respect of its facultative insurance business. The Company receives a fee or commission payable by the insurer with which the relevant insurance is placed. Clients do not pay commission to the Company for placement of their insurance.

8.10 The Company enters into brokers' agreements with local and overseas insurers whereby the Company has the ability to place its clients' insurance business with those insurers in consideration for an agreed rate of commission. The Company also has the right to offer business to other local insurers but in the absence of an existing broker agreement, the commission rate would have to be agreed on a placement by placement basis.

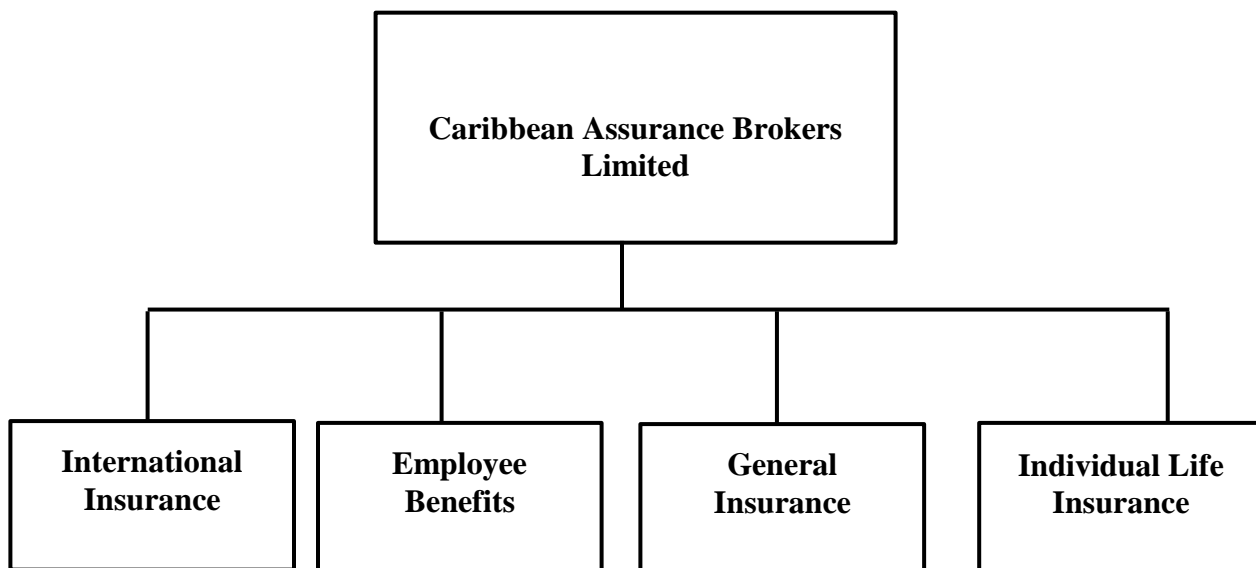
Registered Classes of Business

8.11 The Company is authorised by the FSC to provide both local insurance brokerage services and facultative insurance brokerage services on behalf of customers as follows:

Type of Brokerage	Registered Class of Insurance Business
Local Insurance Brokerage	<ul style="list-style-type: none"> • liability insurance; • marine, aviation and transport insurance; • motor vehicle insurance; • ordinary long term life insurance; • pecuniary loss insurance; • property insurance; and • sickness and health insurance
Facultative Insurance Brokerage	<ul style="list-style-type: none"> • sickness and health insurance; • liability insurance; • marine, aviation and transport insurance; • ordinary long term life insurance; • pecuniary loss insurance; and • property insurance

Business Divisions

8.12 The Company is organized into four (4) business divisions; as set out below:



8.13 The Company's international insurance division places three (3) types of insurance business:

Product	Features
International Health Insurance	The Company arranges comprehensive coverage in US dollars for costs of medical treatment accessed either locally or internationally through the ICHIP products.
International Life Insurance	The Company places term and universal life solutions in US dollars with approved overseas insurers.
International Travel Insurance	The Company arranges with approved overseas insurers health insurance coverage in US dollars for individuals and groups travelling abroad through the Assured Travel product.

- International Health Insurance – ICHIP

8.14 The Company is the exclusive broker of the ICHIP product (referred to in paragraph 8.6 above). The various features associated with ICHIP are as follows:

Product	Features
ICHIP Global Share	Provides international health insurance coverage worldwide with a maximum coverage of US\$1,000,000.00 for eligible conditions
ICHIP Global 2	Provides international health insurance coverage worldwide with a maximum coverage of US\$1,000,000.00 for eligible conditions and covers 100% of all-in-patient expenses.
ICHIP Global 1	Provides comprehensive international health insurance coverage worldwide with a maximum coverage of US\$2,000,000.00 for eligible conditions and covers 100% of all-in-patient expenses.

8.15 In respect of the Company's ICHIP business, it has written brokers' agreements with the following overseas insurers, namely:

- (a) Aetna Life and Casualty (Bermuda) Limited; and
- (b) Seven Corners, Inc.;

8.16 The commission rates earned by the Company on its ICHIP business ranges between 19% and 20% of new and renewal premiums paid.

- International Life Insurance

8.17 The international life insurance products placed by the Company are underwritten by Occidental Life Insurance Company of North Carolina and distributed under a facultative placement approval from the FSC. These products are:

Product	Features
Easy Universal Life	Provides life-long insurance coverage and 2% interest on cash accumulations.
Secure Life Plus	Provides life-long insurance coverage and 3% interest on cash accumulations.
Ultimate Term Life	Provides life insurance protection for 15, 20, 25 or 30 year periods with death benefit beginning at US\$200,000.00.
Easy Term Life	Provides life insurance protection for 15, 20, 25 or 30 year periods with death benefit coverage of up to US\$250,000.00

8.18 In respect of the Company’s international life insurance business it has brokering agreements with Occidental Life Insurance Company of North Carolina. The commission rates earned by the Company on its international life insurance ranges between 110% and 115% of the new business premium generated and 2% and 3% of the renewal premium retained.

- International Travel Insurance – Assured Travel

8.19 The Company places international travel insurance; namely:

- *Assured Travel* – provides short-term medical coverage for local persons travelling abroad for five or more days. This product is underwritten by Lloyd’s of London.

8.20 The commission rate earned by the Company on its international travel insurance is 30% of the premium paid.

Employee Benefits Division

8.21 The Company's employee benefits division offers:

- Group Health Insurance;
- Group Life Insurance;
- Group Personal Accident Insurance; and
- Group Pension.

8.22 The *Credit Union Gold Series* health insurance product, placed by the Company for credit union members, is underwritten by Sagicor Life Jamaica Limited and distributed by credit unions.

8.23 In respect of the Company's employee benefits division, it has brokering agreements with the following local insurers; namely:

- Sagicor Life Jamaica Limited
- Guardian Life Limited
- JN Life Insurance Company Limited
- NCB Insurance Company Limited

8.24 The commission rates earned by the Company on employee benefits' products ranges between 5% to 10% of the premium paid.

General Insurance Division

8.25 In respect of the Company's general insurance business, it has brokering agreements with the following local insurers, namely:

- Advantage General Insurance Company Limited;
- British Caribbean Insurance Company Limited;
- General Accident Insurance Company Jamaica Limited;
- GK General Insurance Company Limited;
- Guardian General Insurance Jamaica Limited;
- IronRock Insurance Company Limited;
- JN General Insurance Company Limited;
- Key Insurance Company Limited;
- The Insurance Company of the West Indies Limited; and
- Massy United Insurance Limited.

8.26 The commission rates earned by the Company on the different classes of general insurance business vary among the various insurers but the customary range is as shown in the table below:

Class of Insurance Business	Commission Range (%)
Property, Fire & Peril	12.5 -17
Homeowners Commercial/ Fire & Peril	12.5 -15
Business Interruption	12.5
Public/Products Liability	10 -15
Employers Liabilities	10 -12.5
Professional Indemnity	10 -15
Burglary	10 -15
All Risks	10 -15
Money/Cash in Transit	10 -15
Goods in Transit	10 -15
Fidelity Guarantee	10 -15
Plate glass	10 -15
Travel insurance	15 -30
Personal Accident	10 -25
Construction All Risk	12.5 -15
Engineering & Machinery Breakdown	12.5 -15
Corporate All Risks	12.5 -15
Hull	10 -15
Cargo	10 -15
Comprehensive	7.5-12.5
Motor Vehicle – Third Party	7.5-12
Motor Vehicle - PPV	5-7
Motor Vehicle Rent-a-Car	5-7

Individual Life Insurance Division

8.27 The Company is authorised by the FSC to provide local insurance brokerage on behalf of customers in respect of:

- (a) ordinary long-term business i.e. ordinary life insurance business, accident and illness insurance; and
- (b) sickness and health insurance.

The individual life insurance products, placed by the Company through its individual life insurance division, are underwritten by the following local insurers:

- Sagicor Life Jamaica Limited
- Guardian Life Limited
- JN Life Insurance Company Limited
- NCB Insurance Company Limited

8.28 The commission rates earned by the Company on ordinary long-term insurance business varies between 10% on renewal commissions earned by its Sales Representatives and 75.5% on the new business commission earned by its Sales Representatives.

Corporate Information

8.29 The Company was incorporated with the name Caribbean Assurance Brokers Limited on June 13, 2005 under the Jamaican Companies Act, 2004 as a private company limited by shares. At incorporation its authorized share capital was 25,000,000 ordinary shares. On September 13, 2006, an ordinary resolution was passed in order to increase the authorized share capital of the Company to 50,000,000 ordinary shares. The Company has no subsidiaries.

8.30 The principal office of the Company is located at 94D Old Hope Road, Kingston 6. Up to January 2019, the Company occupied the Old Hope Road Property under a lease dated August 30, 2013, pursuant to which it was granted an option to purchase the property. At the time of entering into the lease, the building was under construction and the Company completed the development under the terms of the lease. Subsequently it made leasehold improvements including (i) paving the parking lot; (ii) installing a solar system; and (iii) constructing a state-of-the-art training room on the roof.

8.31 The Company commissioned a valuation of the property by Allison Pitter & Co. and by a valuation report dated September 24, 2018, a fair market value of J\$160 million was ascribed to the property. The Company purchased the property in January 2019 for the price of US\$1,125,508.81 with the assistance of a mortgage loan from The Bank of Nova Scotia Jamaica Limited in the amount of US\$700,000.00. A subsequent valuation by NAI Jamaica Langford &

Brown in August 2019 ascribed a fair market value of J\$225 million (a copy of this valuation report is among the Documents Available for Inspection and an Executive Summary taken from the report is reproduced in Appendix 2 hereto). The building together with fixtures and fitting are currently insured against fire and peril risks for a sum of J\$150,000,000.00.

Other Company Information

8.32 The Company operates out of the aforementioned Old Hope Road Property which has parking spaces for some 34 vehicles. The Company has supplemented its parking facilities by utilizing the grounds of Unity of Jamaica Church. The Church granted the Company a licence to park up to 20 vehicles on the Church's grounds between 7.30 a.m. and 5.30 p.m. (Monday to Friday) except when the lot is being utilized by the Church for certain services. The fee payable for the licence is J\$40,000.00 per month. The licence commenced on July 26, 2017 and was stated to be for one (1) year with an option "for review/renewal".

Expansion of Brokerage Operations

8.33 The Company believes that there are opportunities to expand its brokerage operations throughout the English Speaking Caribbean by setting up offices in Trinidad & Tobago, and establishing strategic alliances in other Caribbean territories. Accordingly, the Company intends to examine these opportunities with a view to growing its customer-base and in turn, its revenues.

Solar Photovoltaic System

8.34 The building located at the Old Hope Road Property consists of two stories totaling approximately 12,099 sq. ft. of air conditioned space. It is equipped with:

- a solar photovoltaic system to generate 15 kW from 20 solar panels; and
- a 50-kVA standby electricity generator.

8.35 The Company was granted a license on June 21, 2016 pursuant to the Electricity Act, 2015 to generate and supply up to 100 kilowatts to the public electricity system. On April 26, 2017 the Jamaica Public Service Company Limited ("JPS") commissioned the Company's solar photovoltaic system to provide energy for CAB's internal use, and to supply any available excess energy to JPS. The Company's internal demand for energy fluctuates from day-to-day. On days the Company is open for business, its energy consumption exceeds the energy produced by its photovoltaic system. In such circumstances, the shortfall is supplied by JPS, and consequently no excess energy is produced for sale. When the photovoltaic system produces excess energy (such as weekends and public holidays when the Company is not open for business), the excess is sold to JPS. The Company's monthly energy bill is reduced due to the production of part of its energy

needs. The Company may also benefit from credit it receives for excess energy exported to JPS, if and when it produces such energy.

8.36 The Company intends to expand its solar photovoltaic system, by increasing the current number of solar panels at the Old Hope Road Property by 300%. CAB anticipates that this expansion will result in a 67% to 75% increase in the energy supplied by its solar photovoltaic system. This increase is likely to result in:

- (i) less reliance on JPS on days the Company is open for business, and
- (ii) an increase in energy supplied to JPS on days when the photovoltaic system produces more energy than the Company needs (such as on weekends and public holidays).

A portion of the proceeds of this IPO will be used to purchase these solar panels and associated Inverters. The cost for purchasing these additional panels and Inverters is estimated to be \$12,750,000.00, while the estimated budget for the entire solar development is \$15,000,000.00.

8.37 With the current solar capacity, the Company is generating approximately 25% of its energy needs (on days the Company is open for business), which translates to a monthly electricity bill of between J\$350,000 and J\$500,000, depending on the time of the year. With the planned expansion of its solar system, the Company is projected to generate approximately 70% to 85% of its energy needs, depending on the time of year. As such, the Company anticipates savings in the region of 70% to 85% of its current electricity bill, depending on the time of year.

Resolutions Passed

8.38 The Company has in preparation for the IPO adopted the following resolutions:

Date	Type of Resolution	Description
December 20, 2019	Special Resolution	Company converted from private company to public company and adopted new set of Articles of Incorporation conforming with its status as public company and with the Rules prescribed by JSE for listed companies.
	Ordinary Resolution	Company increased its authorised share capital from 50,000,000 Ordinary Shares to an unlimited number of Ordinary Shares.

	Ordinary Resolution	Company sub-divided each issued Share of the Company into 6 Shares.
	Ordinary Resolution	Company converted its Shares into stock units.

Charges Registered Against Assets of the Company

8.39 As at January 31, 2020, being the latest practicable date prior to the publication of the Prospectus, the Company has the following charges registered against its assets:

National Security Interest in Personal Property Registry

The following creditors have registered Notices of Security Interests given by the Company:

Date Notice Registered	Secured Creditor	Collateral	Amount of Principal Indebtedness	Maturity Date
June 9, 2015	Trustees of Seramco Limited Superannuation Fund	Motor Vehicle	J\$9,670,775.29	June 30, 2020

Companies Office

Date Registered	Secured Creditor	Collateral	Form of Charge	Principal Indebtedness	Maturity Date
January 8, 2019	The Bank of Nova Scotia Jamaica Limited	Real Estate located at 94D Old Hope Road (The Old Hope Road Property)	Mortgage	US\$700,000.00	January 30, 2024

Material Indebtedness

8.40 As at December 31, 2019, the Company has the following material non-trade indebtedness:

Creditor	Type of Facility	Secured/Unsecured	Amount Owing
JN Finance Limited	Insurance Premium Financing	Unsecured	J\$937,563.00
Trustees of Seramco Limited Superannuation Fund	Lease	Secured	J\$1,539,886.61
The Bank of Nova Scotia Jamaica Limited	Mortgage Loan	Secured	US\$677,450.00

Applicable Regulatory Regime

8.41 The Company is an insurance intermediary for locally registered insurers and overseas insurers. The business of insurance intermediaries is regulated under the Insurance Act, 2001 (as amended) and the regulations promulgated thereunder in particular the Insurance Regulations, 2001 (as amended). The FSC is the supervisory body that monitors and enforces the aforementioned regulations as well as the conduct and activities of insurance intermediaries.

8.42 Within the insurance intermediary regime the Company is registered as: (i) a local insurance broker authorised to place insurance with local insurers; and (ii) a facultative placement broker licensed to place insurance with certain approved overseas insurers.

8.43 In order to maintain its registration as a local insurance broker in good standing, the Company is required to satisfy the following requirements:

- (a) maintain (i) errors and omissions insurance with extended coverage for loss resulting from fraudulent acts; or (ii) some other form of financial guarantee of at least J\$30,000,000.00 in respect of any one occurrence.
 - The Company has professional indemnity insurance of J\$65,000,000.00 which satisfies this requirement. The deductible is J\$250,000.00.
- (b) maintain fidelity insurance against losses arising from the dishonesty of employees, a proprietor, or partners, directors, officers, and shareholders in a form approved by the FSC for an amount of at least J\$30,000,000.00 in respect of any one occurrence.

- The Company has fidelity insurance of J\$50,000,000.00 which satisfies this requirement. The deductible is J\$3,500,000.00. In light of this high deductible the Company has a further J\$3,500,000.00 of coverage with a deductible of J\$60,000.00 to cover relatively small claims.
- (c) maintain an equity capitalization (paid up capital and unimpaired surplus) of not less than an amount equal to the maximum deductible amount of the broker’s errors and omissions and fidelity insurance policies or J\$10,000,000.00, whichever is the greater.
- The Company’s equity capitalization is presently J\$48,765,008.00.
 - If this IPO is fully subscribed the Company’s equity capitalization will be J\$149,040,008.00, while the maximum deductible of the Company’s errors and omissions and fidelity insurance policies is J\$3,810,000.00.
- (d) each person that has the power to direct or influence the direction of management or policies shall be a “fit and proper” person.

8.44 The Company pays a quarterly renewal fee to maintain its registration as a local insurance broker since the year after it commenced business and has not experienced any difficulties in maintaining its registration.

8.45 In order to maintain its registration as a facultative placement broker in good standing, the Company is required to satisfy the following requirements; namely:

- (a) It must file a report with the FSC within 30 days of making a facultative placement along with an affidavit.
- (b) It must file a report with the FSC at the end of the month following each calendar quarter disclosing details of the business carried out in the preceding quarter.

8.46 The Company pays a quarterly renewal fee to maintain its registration as a facultative placement broker since the year after it commenced business and has not experienced any difficulties in maintaining such registration.

Intellectual Property

8.47 As at January 31, 2020, the Company has registered the following trademarks for use in Jamaica:

- (a) ICHIP name and logo - TM no. 64121 – class 36 (valid until February 5, 2024).

- (b) Credit Union Gold Series name and logo - TM no. 64120 – class 36 (valid until February 5, 2024).

8.48 As at January 31, 2020, the Company has registered the following copyrights as literary works for use in Jamaica:

- (a) Credit Union Gold Series – Registration number 2016-1114-1125. This copyright is registered as owned solely by CAB.
- (b) ICHIP – Registration number 2016-246-1080. This copyright is owned jointly by Mr. Raymond Walker and CAB.

9. MANAGEMENT DISCUSSION & ANALYSIS & FINANCIAL HIGHLIGHTS

About the Company

9.1 The Company was incorporated on June 13, 2005 as a limited liability company under the Jamaican Companies Act, 2004. In October 2005 the Company received authorisation from the FSC, as a facultative placement broker, to place risks under the international health insurance programme (coined “ICHIP”), with specified overseas insurance providers. In the thirteen years (2006 to 2019) since the Company has been distributing the ICHIP product, on an exclusive basis, the product has experienced consistent annual growth from about 84 lives for an annualized premium of approximately US\$90,000.00 in 2006 to over 2,500 lives for annualized premium in excess of US\$6,500,000.00 in 2019. The Company has 4 divisions, namely International Insurance, Employee Benefits, General Insurance and Individual Life Insurance. The Company continues to grow its offerings and improve on its efficiency through training and defined strategic goal setting.

9.2 Today, the Company’s combined team has over four hundred years of experience in the health, life, personal accident, disability and general insurance business. Its strategic alliances and partnerships with international broking operations and insurance providers in Britain and the United States provide access to all major world insurance and re-insurance markets.

9.3 The Company’s primary global partners are its correspondent London Brokers, which for the most part are independent specialist Lloyd’s brokers based in the heart of London’s insurance sector, with access to the major international insurance and reinsurance markets; and its International Health Insurance partners, Lloyd’s of London and AETNA, the latter being a diversified healthcare benefits company in the United States.

Company Performance as at September 30, 2019

9.4 In the nine months 2019 period (January 1, 2019 – September 30, 2019) the Company earned gross revenues of \$336.1 million compared to J\$328.1 million in the prior comparable nine-month period. The Company recorded Other Income of J\$31.1 million compared to J\$41 million in 2018, and Operating Expenses of J\$290.60 million in 9 months 2019 compared to J\$275.7 million in 2018 9 months results.

9.5 Operating Profit of J\$76.6 million was reported for 9 months 2019 compared to J\$93.4 million in 9 months 2018, a 17.95% decrease year over year. The Company experienced finance cost of J\$5.3 million for the 9 months period compared to \$1.6 million in 9 months 2018 which was mainly due to increased additional loan for a mortgage from Bank of Nova Scotia and a

shareholder's loan. The Company had a Profit Before Tax of \$71.3 million for the 9 months 2019 compared to \$91.9 million for 9 months 2018, 22.32% decrease year over year. The decrease in profit year over year was due to reduction in commission rates for International Health in August 2019; the full commission expenses for agents' commission was not fully accounted for until after September 2018 and the Company lost approximately 20% of its Employee Benefit commission income in 2018 that has not yet been fully replaced. The Company had a taxation charge of \$14.7 million for the 9 months 2019 compared to \$8.6 million for the 2018 9 months which contributed to a further decrease in its net profit for 2019. The net profit for the 9-months 2019 was \$56.7 million compared to \$83.2 million for the 2018 9 months period. This represents a \$26.5 million or 31.9% reduction year over year.

9.6 The Company had other comprehensive income of \$47.5 million for the 9 months 2019. The amount represented here is a result of a revaluation of the Old Hope Road Property purchased in January 2019 in order to represent the market value. Having purchased the building in January 2019, the Company had carried out repairs throughout the building. With the completion of repairs to the building and the fact that construction of a complex had started on a property in close proximity to the Company along with the completion of other properties in the surrounding area, the Company decided to do another valuation of its building. The second valuation was done on August 24, 2019, and reflected a market value of J\$225 million. The market value of the building was J\$160 million based on a valuation done on September 24, 2018.

Income Statement

	2018	2019
	9 months September	9 months September
	\$	\$
Revenue	328,090,618	336,060,078
Other Operating Income	41,012,179	31,149,497
Total operating income	369,102,797	367,209,575
Administrative & Other Expenses	163,920,215	180,286,615
Selling Expenses	111,784,902	110,286,609
Total operating Expenses	275,705,117	290,573,224
Operating Profit	93,397,680	76,636,351
Finance Costs	-1,547,237	-5,289,240
Pretax Profit	91,850,443	71,347,111
Taxation	-8,631,081	-14,661,656
Net Profit	83,219,362	56,685,455
Other Comprehensive Income	-	47,499,134
Total Comprehensive Income	83,219,362	104,184,589

9.7 The Company reported an increase of its total assets for the 9 months 2019 over the 9-month ended September 2018. This increase was attributed to additions to property, plant & equipment as the Company acquired the building it now occupies in January 2019. The Company had an increase in its Long-Term Liability due to a USD mortgage that was secured to assist in the purchasing of the building. The Company's Equity continues to increase and has grown 28% when compared to September 2018. The increased Equity is mainly an increase in Capital Reserve for the valuation that was done for the market value of the building that was purchased. The building was recognized at market value.

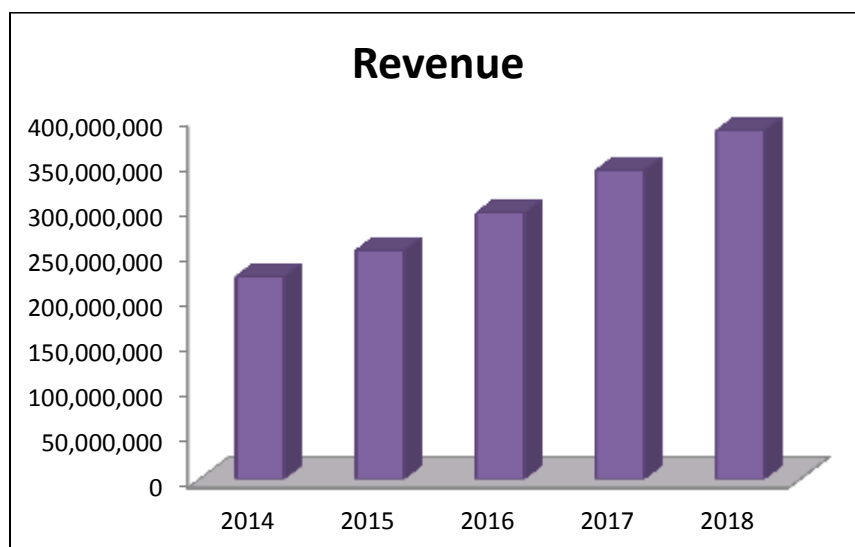
September 2019 Statement of Financial Position

	<u>Unaudited</u> <u>2019</u> \$	<u>Unaudited</u> <u>2018</u> \$
<u>BALANCE SHEET</u>		
<u>ASSETS</u>		
<u>NON-CURRENT ASSETS:</u>		
Property, plant & equipment	235,230,402	41,909,431
Deferred tax asset	12,783,244	6,648,381
	<u>248,013,646</u>	<u>48,557,812</u>
<u>CURRENT ASSETS:</u>		
Receivables	122,629,549	205,094,750
Taxation recoverable	2,574,315	2,850,212
Cash and cash equivalents	265,960,630	287,062,498
	391,164,494	495,007,460
	<u>639,178,140</u>	<u>543,565,272</u>
<u>EQUITY AND LIABILITIES</u>		
<u>EQUITY:</u>		
Share capital	48,765,008	48,765,008
Retained earnings	132,886,430	130,101,152
Capital reserve	48,424,370	0
	<u>230,075,808</u>	<u>178,866,160</u>
<u>NON-CURRENT LIABILITY:</u>		
Long term loans	113,155,007	25,718,980
<u>CURRENT LIABILITIES:</u>		
Payables	278,201,303	337,994,159
Short term loan	937,563	985,973
Current portion of long term loans	6,271,574	-
Taxation	10,536,885	-
	295,947,325	338,980,132
	<u>639,178,140</u>	<u>543,565,272</u>

Company performance for the last five (5) financial years

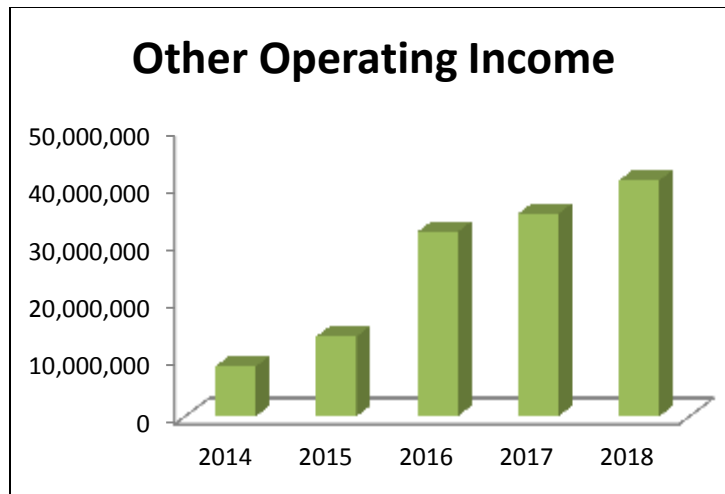
Revenue

9.8 The Company experienced revenue growth in each of the five (5) years from 2014 to 2018. At December 31, 2018, revenues stood at J\$385.46 million, an increase of 12.82% or J\$43.81 million over the J\$341.64 million reported in 2017. Between 2014 and 2018, revenues grew at a compounded annual growth rate (CAGR) of 14.56%. In June 2015, the Company changed its overseas insurance carrier for the major part of its ICHIP portfolio. This change gave rise to increased commission rates and more cost-effective premiums for clients. In 2017 all four divisions had increased growth in their respective areas in excess of 10% over 2016. The Individual Life division in 2017 almost doubled its performance over 2016 due to additional investment and focus in that area. In 2018, three out of four divisions had increased growth in revenue in excess of 10% over 2017.



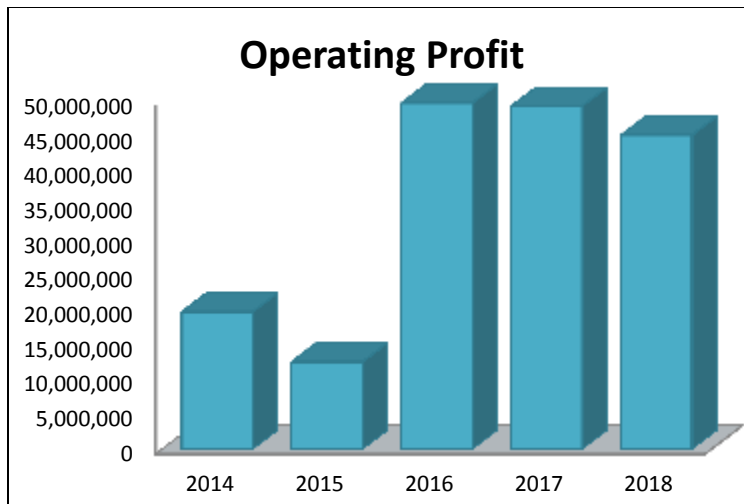
Other Operating Income

9.9 Other operating income for the 2018 financial year was J\$41.01 million, up 16.44% or J\$5.79 million from the J\$35.22 million reported at the end of 2017. Other operating income grew at a compounded annual growth rate of 47.48% between 2014 and 2018. When the Company changed insurance carriers for the major part of its ICHIP block of business in 2015, it also earned an additional administrative fee which gave rise to an increase in its agency fee.



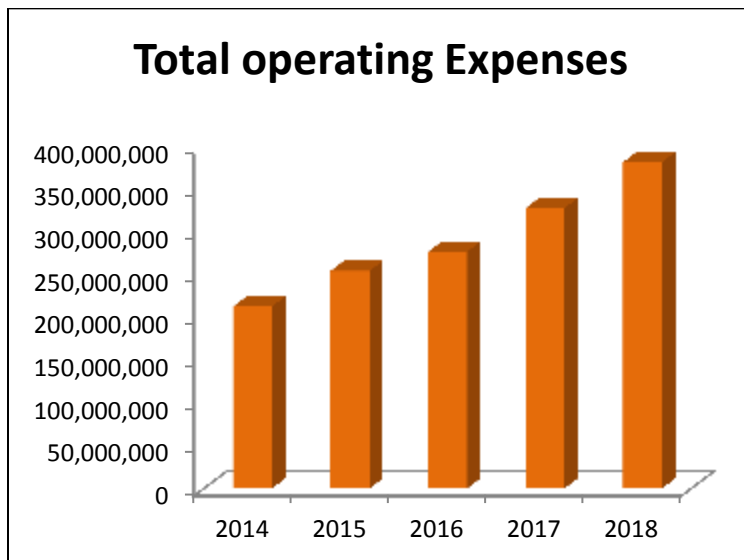
Operating Profit

9.10 The Company reported operating profit of J\$45.11 million at the end of the 2018 financial year, a decline of J\$4.15 million from the J\$49.26 million reported at the end of 2017. For the period under review (2014-2018) operating profits grew at a compounded annual growth rate of 22.98%. Operating margin was 11.70 % in 2018, declining from 14.42% in 2017. The reduction in the Company's profit in 2018 over 2017 was as a result of the Company not being able to write any new business for 6 months in the year for ICHIP along with the loss of 2 major accounts from the Employee Benefits' division. The Company was unable to write any new ICHIP business for 6 months due to a dispute with the then policy administrator, which culminated with the policy administrator informing CAB in November 2017 that it would discontinue underwriting, as Lloyd's agent, the ICHIP policy in July 2018. The dispute concerned the policy administrator's treatment of certain claims proffered by ICHIP clients and the administrator's tardiness in treating with those claims. The Company incurred material legal expenses in asserting the rights of its clients and this contributed to its 2019 expense increases. The ICHIP portfolio is now being satisfactorily administered, on behalf of Lloyd's, by another administrator, Seven Corners Inc.



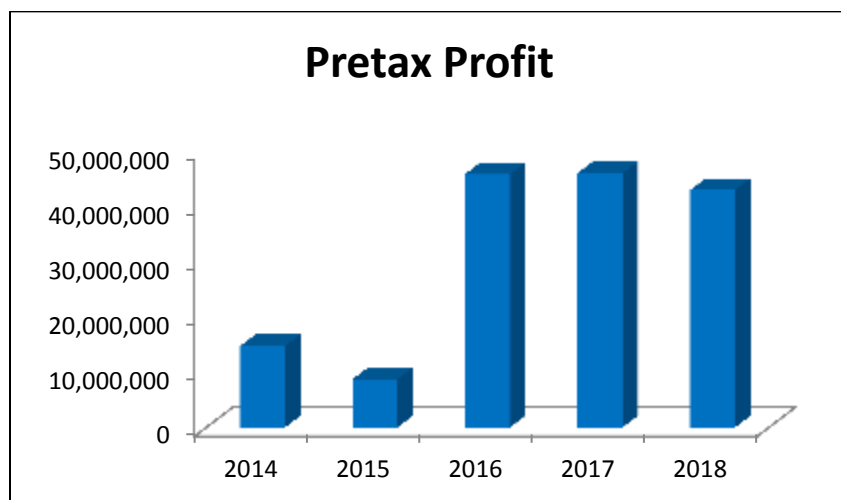
Total Operating Expenses

9.11 Total Operating expenses exhibited an increasing trend for the review period, growing from J\$212.73 million in 2014 to its highest point of J\$381.35 million in 2018. There was a 16.41% increase in total operating expenses in 2018 which totalled J\$381.35 million when compared with the J\$327.60 million reported in 2017. Increase in operating expenses coincided with the growth in the Company’s operation. In 2018, additional incentives were paid to agents based on their level of productivity. There was a significant increase in registration fees and bank charges in 2018 over 2017. This was due to a new system upgrade and an increase in credit card fees on payments made by clients.



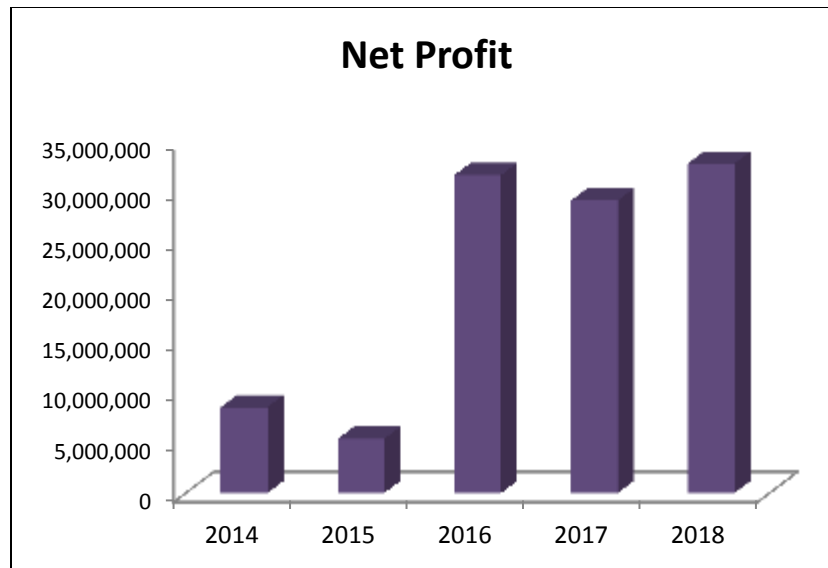
Pre-tax Profit

9.12 The Company's profit before taxation over the 5 financial years ended December 31, 2014 to December 31, 2018 respectively increased by J\$28.3 million or approximately 192%. The Company reported pre-tax profits of J\$43.06 million in 2018, a 6.64% decline from the J\$46.12 million reported in 2017. Pre-tax margin in 2018 was 11.17% relative to 13.50% in 2017. The average pre-tax margin for the five year period under review was 10.07%.



Net Profit

9.13 Net profit stood at J\$32.82 million at the end of the 2018 financial year, increasing 12.62% from the J\$29.14 million reported in 2017. This increase can be attributed to growth in revenues and other operating income of 12.82% and 16.44% respectively, while total operating expenses grew by 16.41%. Net profits grew at a compound annual growth rate of 39.95% between the 2014 year end and the end of the 2018 financial year. The net profit for 2016 was J\$31.7 million increasing by 488% from the J\$5.4 million when compared to 2015. The increase in net profit for 2016 was mainly as a result of the additional agency fee that was earned on the International Health Insurance block of business which carried over to the preceding year of 2017. Agency fees grew from J\$13 million in the 2015FY to J\$26.34 million for the 2016FY; this represents a 102.61% increase, while agency fees for the 2017FY were J\$31.16 million.

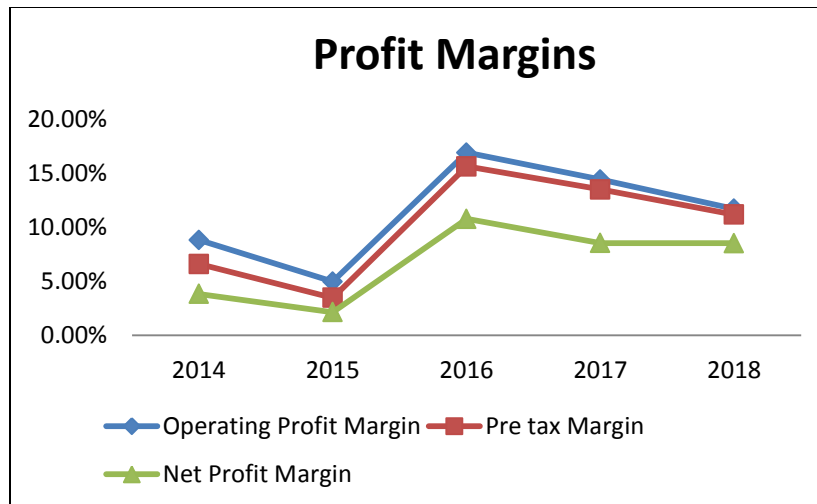


Profit Margins

9.14 The Company's margins continue to remain positive; profit margins in 2018 were driven primarily by growth in other operating income. In 2014 the Company's profit margin increased by \$7 million or 535% over 2013 which was the start of the trending increase of the Company's profitability which was due to growth in all revenue lines. Growth in different revenue lines have been consistent year over year.

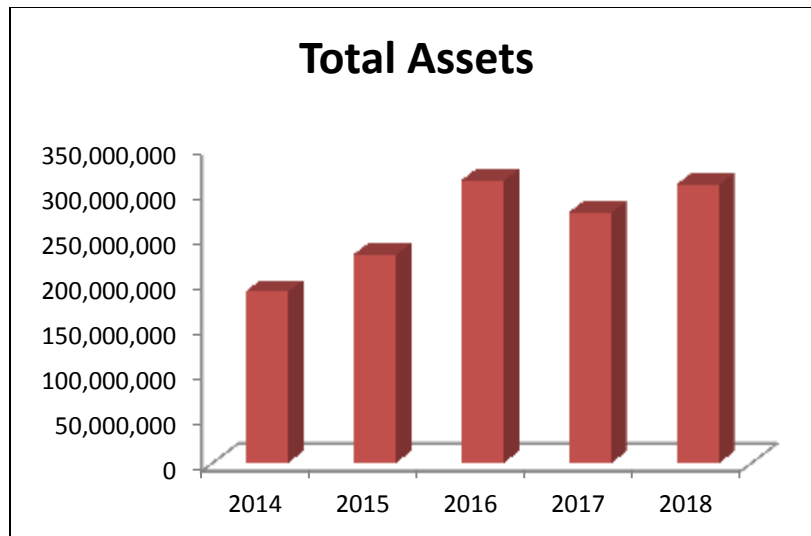
Other Comprehensive Income

9.15 In 2018 the Company had 2 pieces of equipment i.e. a heavy-duty industrial printer and a generator that was under an operating lease. The lease was for 36 months (3 years) and ran from November 2015-October 2018. The monthly payment was \$98,466.89 + GCT. The Company then opted to purchase the items at the residual value of \$98,466.89 + GCT per the lease agreement. The items were brought on as an addition to property plant and equipment at the revalued net book value which was arrived at cost price less accumulated depreciation from the date of the lease as the items were new when first leased.



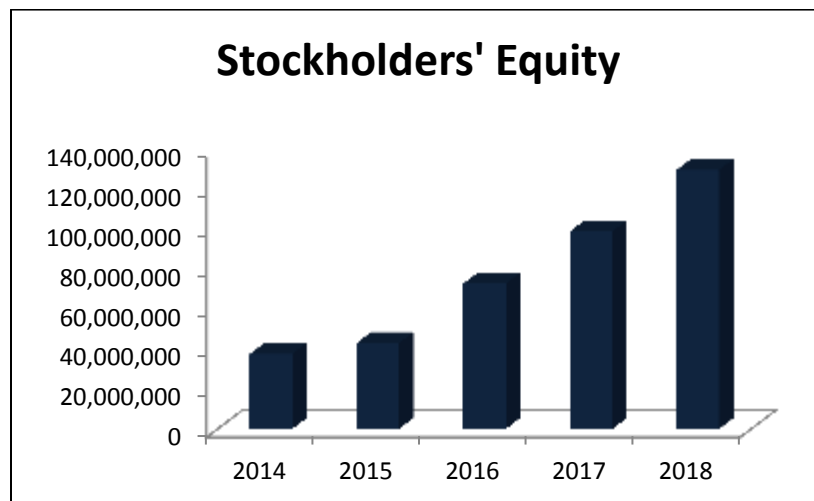
Total Assets

9.16 The Company's Total Assets as at the end of the 5 financial years from December 31, 2014 to December 31, 2018 increased by J\$118.9 million or approximately 62.57%. Total assets at the end of 2018 stood at J\$308.55 million, an increase of 11.24% or J\$31.17 million, when compared to the J\$277.39 million reported in 2017. In 2014 property, plant & equipment had increased as the Company had leased an unfinished building which it completed and equipped with solar panels and solar air condition units. Up to 2016 the Company's ICHIP renewal dates were June 2016 and semi-annual renewal dates December 2016. This is where the Company's International Health division had the second renewal period for semi-annual clients. In December 2016 the Company had significant premiums coming in for ICHIP client renewal hence the spike in cash & cash equivalent. However in 2017, the annual renewal date changed to August 2017 and the semi-annual renewal date changed to February 2018, hence the reduction at the end of 2017 and 2018. In 2018 estimated corporation tax of \$17.2 million was paid for the year. However, when the Company's actual tax computation was prepared for 2018 it resulted in an overpayment of taxes for the year. The overpayment of the 2018 corporation taxes was reclassified to taxation recoverable thereby giving an increase of \$7 million or 324% in this area. In 2017 the Company had short term investment for a local bond with a maturity date of July 31, 2018. In 2017 the Company also had longer term investment in Sagicor Finance Global Bond with maturity on August 4, 2022. Both the short term and the long-term investments were liquidated in 2018. The short-term investment was liquidated in March 2018 to provide working capital support. With regards to the long-term investment, the Company's investment broker advised in March 2018 that they were selling their position in the bond. They also advised that CAB's holdings in the bond were below the minimum trading block. The broker outlined the implications of the Company holding its portion of the bond once the broker had sold their position. Based on the advice of its broker, CAB opted to sell the bond in March 2018.



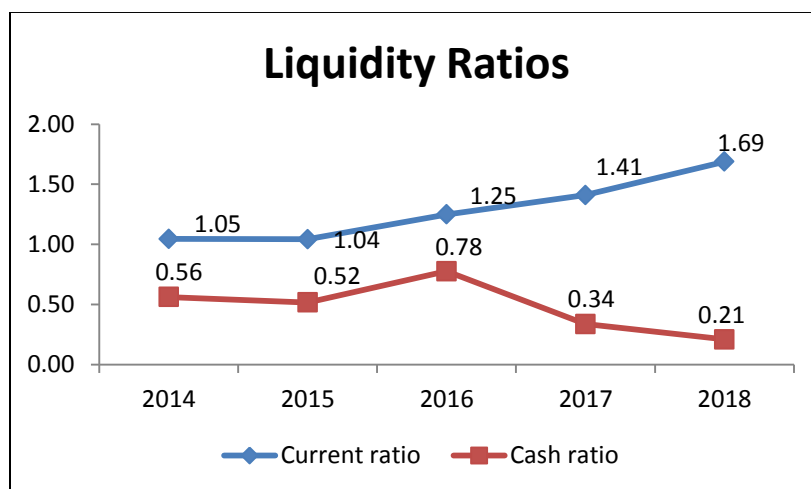
Stockholders' Equity

9.17 Stockholders' equity exhibited an increasing growth trend in each year of the review period. At the end of the 2018 financial year, total stockholders' equity was J\$129.39 million representing a compound annual growth rate of 36.35% when compared to the J\$37.44 million reported in 2014. Up to 2015 the Company had an accumulated deficit of \$5.9 million carrying forward. In 2016 the Company had a \$26 million or 488% increase in profit that cleared the accumulated deficit carrying forward and now had retained earnings of \$23.7 million which represented an increase of \$29.6 million or 500% over 2015.



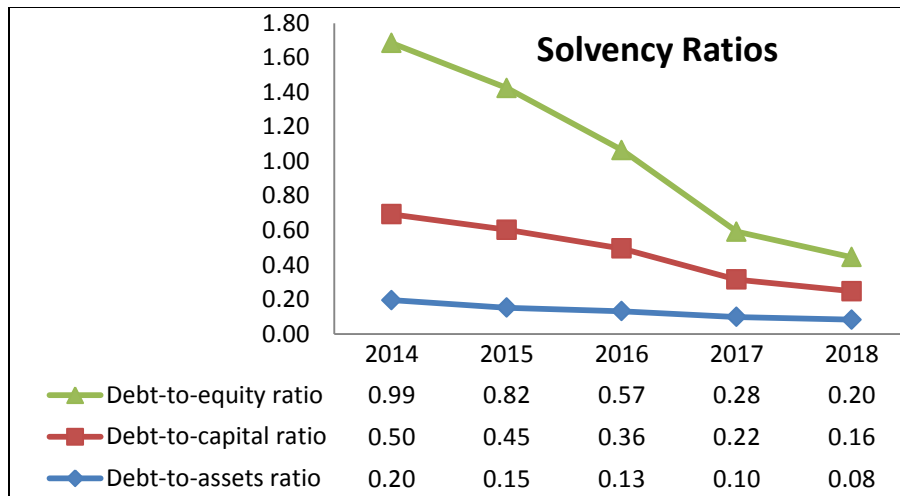
Liquidity

9.18 The Company's current ratio stood at 1.69 times in 2018, increasing from 1.41 times in 2017. The Company's current assets consistently exceeded current liabilities over the period under review. The Company had a cash ratio of 0.21 times in 2018, moving from 0.34 in 2017. In 2016 the growth in the ICHIP portfolio gave rise to commissions earned, thereby increasing the Company's cash ratio. The decrease in the cash ratio in 2017 was due to outstanding commission from one of the Company's insurance carriers. The further decrease in 2018 was due to the Company making a 40% deposit towards the purchase of the building it now occupies.



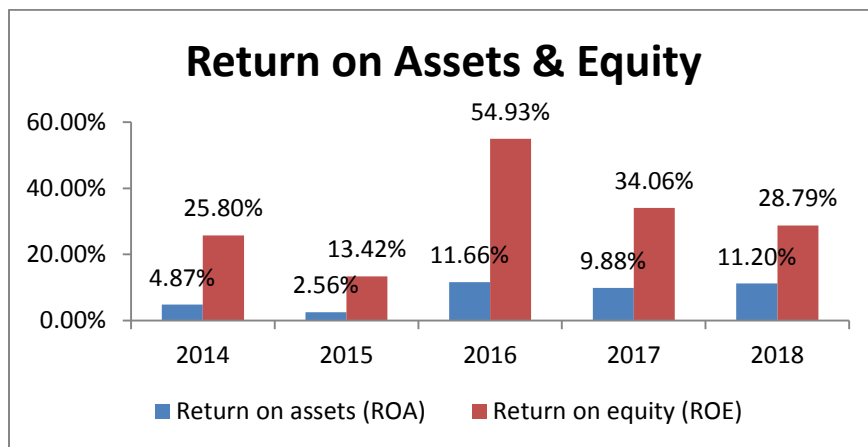
Solvency

9.19 At the end of the 2018 financial year the Company had debt-to-equity, debt-to-capital and debt-to-assets ratios of 0.20, 0.16 and 0.08 respectively. All three ratios declined when compared to the figures for the 2017 financial year. In 2017 the Company paid off \$11 million or 30% of its long-term debt. Also in 2018 a further \$3.6 million was paid off to complete the repayment of three out of four loans acquired in 2013 to outfit the building it leased in the same year.



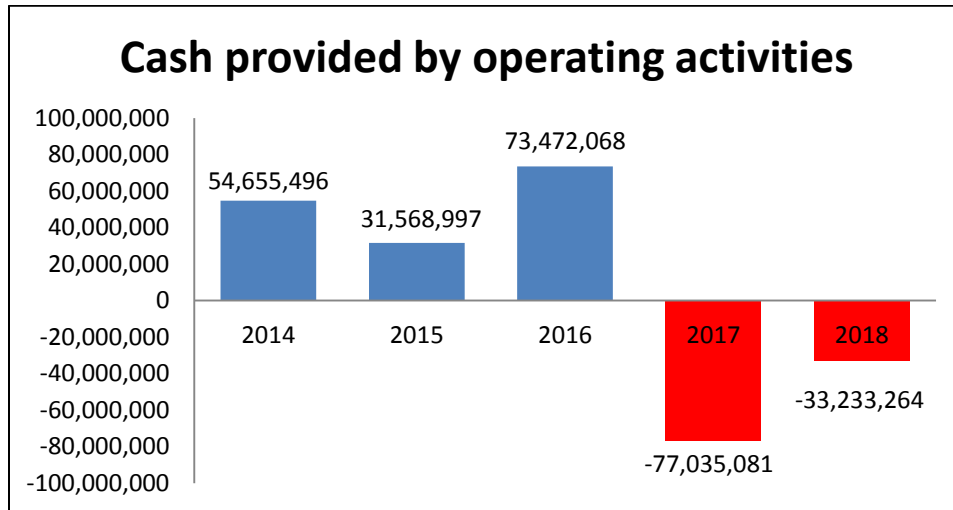
Return on Average Assets and Equity

9.20 Return on average assets was 11.20% for the 2018 financial year, an increase from 9.88% in 2017. For the review period, ROA ranged from 4.87% to 11.20%. The Company's return on average equity ranged from a low of 13.42% in 2015 to a high of 54.93% in 2016.



Cash flow from Operating Activities

9.21 The Company had negative cash flows from operating activities for 3 of the years under review. In 2018 cash outflow provided by operating activities was J\$33.23 million. In 2017 the negative cash flow was as a result of commission earned but not paid in a timely manner to the Company by one of its overseas insurance carriers. The decline in 2018 was due to deposit paid by the Company to purchase the building that it now occupies.



10. MANAGEMENT, ADMINISTRATION & CORPORATE GOVERNANCE

Board of Directors of the Company

10.1 The Articles of Incorporation of the Company provide for a Board of Directors of no more than twelve (12) persons. The current Board comprises eight (8) Directors. Under the Articles, as customary, the Board of Directors is entrusted with the powers of management. Thus, the Board is responsible for (i) the strategic direction of the Company which involves setting its business objectives and plans for achieving them; (ii) execution of the approved business objectives through adequate management and control of the Company's resources; (iii) monitoring compliance with all applicable legal and regulatory regimes; (iv) identifying and managing risks facing the Company; and (v) due and proper accounting to all stakeholders of the Company including, in particular, the stockholders.

10.2 After completion of the IPO and assuming that the Company is listed on the Junior Market the Board reserves the right to appoint an additional director to the Board from among the new investors. At the first annual general meeting of the Company after the IPO such new director, if appointed, would vacate office automatically but would be eligible to offer himself for re-election. At that annual general meeting and every other annual general meeting thereafter the stockholders will have an opportunity to vote for the election of one-third of the directors to the Board.

10.3 Brief particulars of the current Directors are set out below.

Raymond H. Walker , <i>B.Sc., M.B.A., C.L.U.</i>	<p>Raymond has over 36 years' experience in the Insurance Industry primarily on the life insurance side. He started his insurance career as a Salesman with Life of Jamaica Limited (now Sagicor Life Jamaica Limited) where he achieved the position of Vice President, Marketing. He then moved to Blue Cross of Jamaica Limited as Executive Vice President, Marketing and Services. In June 2005 he spearheaded the formation of the Company.</p> <p>During the course of his career Raymond became a certified life underwriter (C.L.U.) and acquired a Bachelor of Science degree in Management Studies from the University of the West Indies and an MBA from Barry University.</p>
Rion B. Hall , <i>J.P., M.B.A.</i>	<p>Rion is a retired banker and former General Manager of Human Resource Development at the Bank of Nova Scotia</p>

	<p>Jamaica Limited. He has more than 40 years' experience in the banking and insurance industries, the last ten of which were with Scotia Insurance Company.</p>
<p>Norman Minott, LL.B. <i>(Hons.)</i></p>	<p>Norman is an Attorney-at-law with over 35 years' practicing experience; primarily in the Real Estate field. He holds a Bachelor of Laws Degree (LL.B) with Honours from the University of the West Indies. He is a past Managing Partner of Myers, Fletcher & Gordon. He has published and presented several papers on the Stamp Duty and Transfer Tax Act, the Real Estate (Dealers and Developers) Act and the Registration (Strata Titles) Act. Norman serves on the Board of several private companies and is a former member of the Coffee Industry Board and a Past President of the Jamaica Motoring Club.</p>
<p>Jennifer Rajpat, B.Sc., A.C.I.I., F.L.M.I., A.I.A.A., A.C.S.</p>	<p>Jennifer is a Trinidadian native and graduate of the University of the West Indies (St. Augustine Campus) where she completed a Bachelor of Science degree in Industrial Management. She has worked for many years in the Insurance and Finance Industries. During this period, she acquired the following insurance qualifications: (i) Associate of the Chartered Insurance Institute (A.C.I.I.); (ii) Fellow of the Life Management Institute (F.L.M.I.); (iii) Associate, Insurance Agency Administration (A.I.A.A.).</p> <p>She currently holds the position of Vice President, Group Pension Underwriting at Mutual of America Life Insurance Company of New York, where she manages a team of 11 Underwriters, supports 34 Field Offices across the USA, ensures Compliance with IRS Regulatory changes, and IRS Liaison, regarding pension plan approval, among other things.</p>
<p>Barrington Whyte, B.A., M.B.A.</p>	<p>Barry is a former Chief Executive Officer of C&WJ Co-operative Credit Union Limited, serving in that capacity for over 22 years. He has more than 30 years' experience in economic research, general management, banking and finance. He is Lieutenant Governor 2019 to 2020 Division 23 East, Eastern Canada & Caribbean District for Kiwanis International. Barry is also a Distinguished Past President and Secretary of the Kiwanis Club of Liguanea. He has</p>

	<p>served on several Boards including HEART Trust NTA.</p> <p>Internationally Barry has also served the United Bible Societies (UBS) as Vice Chairman of the Area Board of the Americas; a member of the Area Board's Audit & Finance Committee; a member of the Global Board and Chairman of the Audit & Finance Committee of the Global Board. He is currently a Consultant contracted to a Financial Group in Turks & Caicos.</p>
<p>Tania Waldron-Gooden, <i>B.Sc., M.B.A.</i></p>	<p>Tania is the Senior Vice President of Investment Banking at Mayberry Investments Limited. Tania was appointed to the board of directors of Mayberry on October 30, 2017. She joined Mayberry as a management trainee approximately 11 years ago. She rotated through several departments including Research, Asset Management, Equity Trading and Corporate Finance.</p> <p>Tania holds a Bachelor of Science degree in Geology from the University of the West Indies and a Master of Business Administration degree from the University of Sunderland in the U.K.</p> <p>Mrs. Waldron-Gooden is also a director and mentor of a number of junior market companies; namely: Derrimon Trading Company Limited, Main Event Entertainment Group Limited, Express Catering Limited, and Caribbean Flavours and Fragrances Limited. She was recently appointed to serve on the board of Chicken Mistress Limited and Island Grill Holdings Limited.</p>
<p>Carlton Barclay, M.B.A., F.C.C.A</p>	<p>Carlton is a Chartered Certified Accountant (ACCA) and a Fellow of the Association of Certified and Chartered Accountant (FCCA). He holds an MBA from the Kellogg School of Management, Northwestern University.</p> <p>With over 25 years of experience in the banking and finance industry, he has held several senior positions which include: Managing Director of Republic Bank (Cayman) Limited, General Manager of the National Building Society of Cayman (NBSC), Deputy General Manager of Jamaica National Building Society Group (JNBS) where he was employed for more than 15 years, during which he also served as the Building Society's Financial Controller and Assistant General Manager. He was also the Financial</p>

	<p>Controller at Jamaica Citizens Bank (subsequently incorporated into Sagicor Bank, formerly RBTT) as well as Advantage General Insurance Company (formerly UGI) and, Accountant at KPMG Jamaica. He is presently the Chief Executive Officer of Community & Workers of Jamaica Co-operative Credit Union Limited, a position in which he has served since January 2017.</p>
<p>Janice P. Holness, B.Sc., J.D.</p>	<p>Janice is an Attorney-at-Law admitted to practise in New York (1997) and Jamaica (2003). She brings with her experience in financial regulation from having worked at the Financial Services Commission for a total of twelve years; first as its chief investigator in the Legal Services and Enforcement Division (2003 to 2008) and then as a director of that division (2008 to 2011). Most recently Ms. Holness served as the Executive Director of the FSC (2013 to June 2017) where she was responsible for managing the general day to day operations of the FSC.</p> <p>Ms. Holness holds a Bachelor of Science degree from St. John's University and a Juris doctor from St. John's University School of Law in New York (1996). She also holds a certificate in Small Countries Financial Management from the University of Oxford, Saïd Business School in the UK.</p>

10.4 With the exception of Jennifer Rajpat and Janice P. Holness, all Directors currently reside in Jamaica. With the exception of Raymond Walker, all the Directors are non-executives and are independent of each other. Norman Minott, a director of the Company, is married to the Company's Secretary, Gail Minott.

Company Secretary

10.5 Gail Minott, B.A., C.L.U is currently the Secretary of the Company and is expected to continue in that post after the IPO.

10.6 Gail obtained her Bachelor of Arts degree in History and Sociology at the University of the West Indies. She entered the life insurance industry in 1983 and held various positions with Life of Jamaica Limited rising to the position of Assistant Vice President of Marketing. She joined the Company in 2005 and assumed overall responsibility for administration and operations. Gail managed the Company's International Insurance division for over three (3) years before retiring in July 2016.

10.7 Gail will be supported in her role as Company Secretary by Mrs. Tania Waldron-Gooden, the Company's Mentor.

Senior Managers of the Company

10.8 Brief details of the Company's Senior Management Team are set out below:

<p>Raymond Walker, <i>B.Sc., M.B.A., C.L.U.</i> Chairman & Chief Executive Officer</p>	<p>See Section 10.3 above</p>
<p>Michelle Harris Manager, Employee Benefits Division</p>	<p>Michelle Harris joined the Company in April 2010 in the capacity of Account Executive. With experience spanning over 20 years in the local insurance sector, Michelle had previously worked with the then Blue Cross of Jamaica as a Claims Examiner, Claims Adjudicator and Product Officer, in addition to Sagicor Life Jamaica, formerly Life of Jamaica (LOJ) as a Claims Adjudicator. She transitioned into the insurance brokerage field when she joined the Company.</p> <p>Miss Harris was promoted from Account Executive to Manager, Employee Benefits Division (EBD) in June 2018. Her areas of concentration include: Group Health and Group Life Insurance, Group Personal Accident, Individual Health and Life Insurance and Individual Health and Life policies.</p>
<p>Hopelyn Brown, <i>Ph.D, M.B.A, B.S.W</i> Sales Manager, International Insurance Division</p>	<p>Dr. Brown has over 24 years' experience in the area of Sales, and Strategic Leadership. Her experience spans several industries including: Education, Personal Growth & Development, and Life & Health Insurance. She has been recognized as a top Sales Representative and MDRT qualifier within the Life Insurance Industry.</p> <p>Dr. Brown holds a Bachelor of Social Work degree with a Spanish Minor, a Masters in Business Administration with a focus in Marketing, and a Doctoral Degree in Strategic Leadership with a focus in the area of Consulting with organizations.</p> <p>Dr. Brown took up the position as Sales Manager of the International Insurance Division as of August 1, 2019.</p>

<p>Krystal Gayle, RPT, B.Sc. Administrative Manager & Assured Travel Portfolio Manager, International Insurance Division</p>	<p>Krystal is a graduate of the University of the West Indies, Mona where she obtained a B.Sc. Degree in Physical Therapy. On November 1, 2016 she joined the Company's International Insurance Division, as its Portfolio Relations Officer for the Assured Travel insurance product, which has experienced exponential growth during this period. On January 1, 2019, she was appointed Assistant Manager for Administration within the Division while maintaining her portfolio responsibility for Assured Travel.</p>
<p>Heather Muirhead- Brown, B.A. Manager, General Insurance Division</p>	<p>Heather has over 19 years' experience in the Insurance Industry. She has worked both on the Claims and Underwriting side of the business. Heather holds a Bachelor of Arts degree majoring History with a minor in management. She joined the Company in February 2014 as Manager of the General Insurance Division and is currently pursuing her certification from the Chartered Insurance Institute (C.I.I.) of the United Kingdom.</p>
<p>Carlton Raymond, J.P. C.L.U., F.L.M.I., A.C.S. Director of Agencies, Human Resources & Training</p>	<p>Carlton has over 47 years of experience in the insurance industry and gained experience in marketing, underwriting, sales administration and training. During his working career Carlton held several managerial positions including Personal Accident Manager at American Life Insurance Company, Sales Training Manager at Crown Eagle Life, Personal Accident and Brokerage Manager at Life of Jamaica and Manager of Sales and Marketing at Firm Insurance Brokers.</p> <p>Carlton is currently a Board member of the College of Insurance & Professional Studies and a past President of the Jamaica Society of Insurance Professionals & Technicians, as well as a Justice of the Peace for the Parish of Saint Andrew. He has sat on the Boards of the Insurance Employees Cooperative Credit Union and the First Union Insurance Agency and is a Past President of the FLMI Society of Jamaica.</p> <p>Carlton is a Chartered Life Underwriter (C.L.U.) and a Fellow of the Life Management Institute (F.L.M.I.) and holds the Associate of Customer Service (A.C.S.) designation.</p>

Donnisha Brooks, *B.Sc. (Account.), F.C.C.A.*

Manager, Accounts & Finance

Donnisha holds a B.Sc. (Accounting) from the University of Technology, Jamaica. Previously, she was a Senior Auditor at BDO Chartered Accountants with over 5 years of experience in auditing. Mrs. Brooks is qualified as a member of the Association of Chartered Certified Accountants (A.C.C.A.). She is a Fellow of the Association of Chartered Certified Accountants and a Fellow of the Institute of Chartered Accountants of Jamaica.

Godfrey Heron, *B.Sc. (IT&Account.)*

Manager, IT, Operations & Technology

Godfrey joined the Company in 2010 in the capacity of IT & Operations Manager. He brought to the Company a background in accounting and information technology having been the founder of Ire Isle Online, a web hosting business which he ran for 8 years. He has held the positions of Auditor (KPMG), Logistics Manger (Xerox (Ja.) Limited), and Inventory Manager (Sun Island Jamaica Limited). Godfrey has completed several courses in the field of information technology, including cybersecurity. Godfrey has spearheaded and implemented several technological and operational strategic solutions for the Company.

Janice Thomas-Hamilton, *B.Sc., LL.B. (Hons.)*

Manager, Legal, Risk & Compliance Officer

Janice is an Attorney-at-Law. She holds a B.Sc. degree in Psychology and Criminology from the University of the West Indies and completed her law degree (LL.B.) (Hons.) at that institution followed by a Certificate of Legal Education at the Norman Manley Law School. She was called to the Jamaica Bar in 2013.

Mark Brissett

Manager, Individual Life Insurance Division

Mark started his insurance career at age 19 with Life of Jamaica Limited (now Sagicor Life Jamaica Limited) and after 9 years in administration moved into sales where he spent a further 9 years as a successful agent. He then moved to Chancellor Insurance Agency at which he was appointed Unit Manager after one year and Agency Manager within 2 years. During this period, he completed his Agency Management Training Course (AMTC). In April 2017 he joined the Company as an Assistant Manager and on October 1, 2017 he was promoted to his current post as Branch Manager in Individual Life Division.

The Management Arrangement

10.9 Raymond Walker, as Chief Executive Officer, will have overall responsibility for the day-to-day administration of the Company and management of its operations. More specifically his responsibilities will include:

- (a) ensuring the efficient operation of the Company in compliance with established guidelines, regulations and operating standards;
- (b) providing leadership and effective supervision of other staff and external service providers;
- (c) managing the Company's communications with stockholders and the public.

Directors' and Senior Managers' Interest in the Company

10.10 The interests of Directors and Senior Managers in the Shares (including legal and beneficial holdings) as of January 31, 2020, being the latest practicable date prior to the publication of the Prospectus are set out below:

Shareholders	Shareholding	Approx. % Issued Capital
Raymond H. Walker	107,100,000 Shares	51.00%
Jennifer Rajpat	Nil	Nil
Norman Minott	Nil	Nil
Barrington Whyte	Nil	Nil
Tania Waldron-Gooden	Nil	Nil
Janice Holness	Nil	Nil
Rion B. Hall	15,572,862 Shares	7.42%
Carlton Barclay	Nil	Nil
Heather Muirhead-Brown	Nil	Nil
Carlton Raymond	Nil	Nil

Janice Thomas-Hamilton	Nil	Nil
Godfrey Heron	Nil	Nil
Mark Brissett	Nil	Nil
Donnisha Brooks	436,362 Shares	0.21%
Michelle Harris	Nil	Nil
Hopelyn Brown	Nil	Nil
Krystal Gayle	Nil	Nil
TOTAL	123,109,224 Shares	58.63%

Corporate Governance and Accountability

10.11 The Board of Directors of the Company will pursue a policy of strong corporate governance and stockholder accountability. The Board recognises that the Company will be a steward of stockholders' funds and in discharging its management and reporting functions the stockholders' interest will be the primary focus.

Audit Committee

10.12 The Company has established an Audit Committee whose members are as follows:

Name of Director	Type of Director	Role on Committee
Barrington Whyte	non-executive independent director	Chairperson
Tania Waldron-Gooden	non-executive independent director	Member
Norman Minott	non-executive independent director	Member
Janice Holness	non-executive independent	Member

	director	
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10.13 The mandate of the Audit Committee includes:

- the review and approval of the quarterly and annual financial statements prior to public release;
- overseeing the financial reporting and disclosure processes;
- monitoring the internal control and audit systems;
- monitoring tax and regulatory compliance;
- establishing and monitoring ethics and governance policies and procedures including potential conflicts of interest situations;
- monitoring the Company’s risk management policies and practices;
- monitoring the Company’s tax compliance system;
- monitoring the engagement and performance of the external auditors.

Remuneration Committee

10.14 The Company has established a Remuneration Committee whose members are as follows:

Name of Director	Type of Director	Role on Committee
Rion Hall	non-executive director	Chairperson
Barrington Whyte	non-executive independent director	Member
Janice Holness	non-executive independent director	Member
Raymond Walker	executive director	Member

10.15 The Remuneration Committee includes three non-executive directors. This Committee will fix the compensation of the Managing Director and other senior staff members and will monitor their performance. The Remuneration Committee will be mandated to ensure that the Company’s remuneration arrangements are such as to support the strategic objectives of the Company and facilitate the recruitment, retention and motivation of suitable staff members.

Mentor

10.16 The Company has appointed Mrs. Tania Waldron-Gooden as its Mentor. Tania will serve for an initial period of one year. She is on the JSE list of Approved Mentors. She is an experienced Mentor, having mentored several Junior Market companies. She will provide support and assistance to the Board and its Committees and will have the right to attend all Board meetings and Committee meetings.

Directors' Fees and Executive Emoluments

10.17 As is customary, non-executive Directors will be entitled to be paid directors' fees for attending Board meetings and committee meetings. Such fees will be fixed by the Directors at the first Board meeting after the IPO and will not exceed customary levels for "small cap" companies in Jamaica.

11. DIVIDEND POLICY

11.1 The holders of the Company's ordinary stock units will share proportionately on a per Share basis in all dividends and other distributions declared on the ordinary stock units of the Company. The Board intends to adopt a conservative dividend policy during the next five years as it continues to expand its business. Thus, after providing for an appropriate reserve to cover outgoings and a modest reserve for contingencies, the Directors intend to recommend to the stockholders a distribution not exceeding 25% of the distributable profits. The remaining profits will be retained for re-investment to grow the equity base of the Company to adequately fund expansion.

11.2 The dividend policy is subject to review from time to time by the Board of Directors of the Company and may change based on market conditions. Thus the Board will take into account such matters as general business conditions, the Company's financial results and prospects, investment opportunities, the tax environment and such other factors as the Board may deem relevant.

12. CONSENTS

12.1 BDO have given and have not withdrawn its written consent to the issue of this Prospectus with the inclusion of the Auditors' Report (included in Section 13) and the audited financial statements of the Company for the period ended December 31, 2018 and the references thereto in the form and context in which they appear herein. BDO have also consented to references to their name in the Prospectus in the form and context in which such references appear.

12.2 NAI Jamaica Langford and Brown have given and have not withdrawn its written consent to the issue of this Prospectus with the inclusion of the extracted Executive Summary of the Valuation Report dated August 24, 2019 (see Appendix 2) and the references thereto in the form and context in which they appear herein. NAI Jamaica Langford and Brown have also consented to references to their name in the Prospectus in the form and context in which such references appear.

12.3 The Directors of the Company have given and have not withdrawn their written consent to the issue of the Prospectus and the inclusion therein of all material facts relevant to the Company as required by the Act.

13. AUDITORS' REPORT & HISTORICAL FINANCIAL DATA

13.1 Auditors' Report



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Fax: (876) 926-7580
www.bdo.com.jm

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

The Board of Directors
Caribbean Assurance Brokers Limited
94D Old Hope Road
Kingston 6

Report of the Independent Auditors on the Summary Financial Information

We have audited, in accordance with International Standards on Auditing, the financial statements of Caribbean Assurance Brokers Limited as at 31 December 2014, 31 December 2015, 31 December 2016, 31 December 2017 and 31 December 2018 for each of the five years ended on those dates, and in our reports dated 31 March 2015, 31 March 2016, 5 April 2017, 3 April 2018 and 27 March 2019 respectively, we expressed unqualified opinions on those financial statements.

For a better understanding of the company's financial position at the end of the reporting periods referred to above, the results of its operations for each of the respective periods ended on those dates, and the scope of our audit, the summarized financial statements should be read in conjunction with the financial statements from which they were derived and our audit reports thereon.

Managements' Responsibility for the Summary Financial Information

Management is responsible for the preparation of the summary of the audited financial statements.

Opinion

In our opinion, the extracted statements of financial position and statements of comprehensive income set out in Section 13 of the prospectus are consistent, in all material respects, with the financial statements referred to above, from which they were derived.

Yours faithfully,

CHARTERED ACCOUNTANTS

10 December 2019

Partners: R.L. McFarlane, K.A. Wilson, S.M. McFarlane, J. Green-Hibbert, G. Hadden
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.

Historical Financial Data

13.2 The historical financial information is extracted from the audited financial statements of the Company for the twelve month reporting periods ended December 31st for the years-end 2014 to 2018 inclusive.

- Summary of Five Year Audited Income Statement

	2014	2015	2016	2017	2018
Revenue	223,777,931	252,921,818	294,235,260	341,640,722	385,455,065
Other Operating Income	8,668,943	13,884,677	32,036,593	35,221,500	41,012,238
Total operating income	232,446,874	266,806,495	326,271,853	376,862,222	426,467,303
Administrative & Other Expenses	-114,960,923	-138,784,337	-151,285,780	-192,394,373	-222,769,368
Selling Expenses	-97,765,198	-115,477,233	-125,269,961	-135,205,493	-158,583,814
Total operating Expenses	-212,726,121	-254,261,570	-276,555,741	-327,599,866	-381,353,182
Operating Profit	19,720,753	12,544,925	49,716,112	49,262,356	45,114,121
Finance Costs	-4,967,119	-3,788,093	-3,755,216	-3,139,665	-2,054,763
Pretax Profit	14,753,634	8,756,832	45,960,896	46,122,691	43,059,358
Taxation	-6,199,145	-3,370,245	-14,284,399	-16,979,632	-10,238,768
Net Profit	8,554,489	5,386,587	31,676,497	29,143,059	32,820,590
Other Comprehensive Income	-	-	-	-	925,236
Total Comprehensive Income	8,554,489	5,386,587	31,676,497	29,143,059	33,745,826

- Summary of Five Year Audited Balance Sheet

	2014	2015	2016	2017	2018
Non-current Assets					
Property, plant & equipment	66,945,423	57,636,988	49,029,020	47,523,881	41,920,010
Deferred tax asset	1,221,941	3,099,414	5,115,310	6,648,381	7,354,934
Long term investment	1,188,300	10,856,619	10,128,952	9,821,239	-
Total Non-Current Assets	69,355,664	71,593,021	64,273,282	63,993,501	49,274,944
Current Assets					
Receivables	53,140,338	77,311,576	90,412,887	160,126,022	217,951,812
Taxation recoverable	2,575,724	2,907,521	3,603,121	2,183,877	9,256,756
Directors' current account				-	-
Short term investment			1,274,806	12,360,780	-
Cash and bank balances	64,730,217	78,734,177	153,116,830	38,723,977	32,070,637
Total Current Assets	120,446,279	158,953,274	248,407,644	213,394,656	259,279,205
Total Assets	189,801,943	230,546,295	312,680,926	277,388,157	308,554,149
Non-current Liabilities					
Long term loans	37,140,883	35,161,306	37,839,138	27,354,616	25,543,240
Current Liabilities					
Payables	106,547,160	146,336,706	185,963,328	144,659,876	141,377,185
Short term loan				437,676	12,242,505
Current portion of long term loans	4,965,328	3,130,437	3,491,737	1,245,501	-
Bank overdraft	650,532			-	-
Taxation	3,058,790	3,092,009	12,884,389	5,045,095	-
Total Current Liabilities	115,221,810	152,559,152	202,339,454	151,388,148	153,619,690
Total Liabilities	152,362,693	187,720,458	240,178,592	178,742,764	179,162,930
Equity					
Share Capital	48,765,008	48,765,008	48,765,008	48,765,008	48,765,008
Retained earnings/ (accumulated deficit)	-11,325,758	-5,939,171	23,737,326	49,880,385	79,700,975

Capital reserve				-	925,236
Stockholders' Equity	37,439,250	42,825,837	72,502,334	98,645,393	129,391,219
Total Equity and Liabilities	189,801,943	230,546,295	312,680,926	277,388,157	308,554,149

- Rates of Dividends Paid for each of the Five Financial Years Preceding the Issue of the Prospectus

	2014	2015	2016	2017	2018
	\$	\$	\$	\$	\$
Dividend	-	-	2,000,000	3,000,000	3,000,000
Rate of Dividend	-	-	6%	10%	9%

13.3 Audited Financial Statements for the year ended December 31, 2018

CARIBBEAN ASSURANCE BROKERS LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2018

CARIBBEAN ASSURANCE BROKERS LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2018

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Chartered Accountants
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P.O. Box 351
Kingston 5, Jamaica

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INDEPENDENT AUDITORS' REPORT

To the Members of
Caribbean Assurance Brokers Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Caribbean Assurance Brokers Limited set out on pages 4 to 36, which comprise the statement of financial position as at 31 December 2018, and the 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 company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) 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 Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (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.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and 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 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 company or to cease operations, or has no realistic alternative but to do so.

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

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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Caribbean Assurance Brokers Limited

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.

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 control 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 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 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 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 achieves fair presentation.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Caribbean Assurance Brokers Limited

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

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.

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.

A handwritten signature in black ink, appearing to be 'BDO'.

Chartered Accountants

27 March 2019

CARIBBEAN ASSURANCE BROKERS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2018

	<u>Note</u>	<u>2018</u> <u>₡</u>	<u>2017</u> <u>₡</u>
REVENUE	6	385,455,065	341,640,722
Other operating income	7	<u>41,012,238</u>	<u>35,221,500</u>
		<u>426,467,303</u>	<u>376,862,222</u>
Administrative and other expenses		<u>(222,769,368)</u>	<u>(192,394,373)</u>
Selling expenses		<u>(158,583,814)</u>	<u>(135,205,493)</u>
		<u>(381,353,182)</u>	<u>(327,599,866)</u>
OPERATING PROFIT		45,114,121	49,262,356
Finance costs	8	<u>(2,054,763)</u>	<u>(3,139,665)</u>
PROFIT BEFORE TAXATION		43,059,358	46,122,691
Taxation	11	<u>(10,238,768)</u>	<u>(16,979,632)</u>
NET PROFIT FOR THE YEAR		32,820,590	29,143,059
OTHER COMPREHENSIVE INCOME:			
Item that may not be reclassified to profit or loss			
Unrealised gain on revalued lease equipment		<u>925,236</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>33,745,826</u>	<u>29,143,059</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2018

	<u>Note</u>	<u>2018</u> <u>₹</u>	<u>2017</u> <u>₹</u>
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	12	41,920,010	47,523,881
Deferred tax asset	13	7,354,934	6,648,381
Long term investment	14	-	<u>9,821,239</u>
		<u>49,274,944</u>	<u>63,993,501</u>
CURRENT ASSETS:			
Receivables	15	217,951,812	160,126,022
Taxation recoverable		9,256,756	2,183,877
Short term investment	14	-	12,360,780
Cash and cash equivalents	16	<u>32,070,637</u>	<u>38,723,977</u>
		<u>259,279,205</u>	<u>213,394,656</u>
		<u>308,554,149</u>	<u>277,388,157</u>
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	17	48,765,008	48,765,008
Retained earnings		79,700,975	49,880,385
Capital reserve	18	<u>925,236</u>	<u>-</u>
		<u>129,391,219</u>	<u>98,645,393</u>
NON-CURRENT LIABILITY:			
Long term loans	19	<u>25,543,240</u>	<u>27,354,616</u>
CURRENT LIABILITIES:			
Payables	20	141,377,185	144,659,876
Short term loan	21	12,242,505	437,676
Current portion of long term loans	19	-	1,245,501
Taxation		<u>-</u>	<u>5,045,095</u>
		<u>153,619,690</u>	<u>151,388,148</u>
		<u>308,554,149</u>	<u>277,388,157</u>

Approved for issue by the Board of Directors on 27 March 2019 and signed on its behalf by:


Raymond Walker - Director


Barrington Whyte - Director

CARIBBEAN ASSURANCE BROKERS LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2018

	<u>Note</u>	<u>Share Capital</u> ₤	<u>Capital Reserve</u> ₤	<u>Retained Earnings</u> ₤	<u>Total</u> ₤
BALANCE AT 1 JANUARY 2017		48,765,008	-	23,737,326	72,502,334
TOTAL COMPREHENSIVE INCOME					
Net profit		-	-	29,143,059	29,143,059
TRANSACTION WITH OWNERS					
Dividends paid	24	-	-	(3,000,000)	(3,000,000)
		-	-	26,143,059	26,143,059
BALANCE AT 31 DECEMBER 2017		48,765,008	-	49,880,385	98,645,393
TOTAL COMPREHENSIVE INCOME					
Net profit		-	-	32,820,590	32,820,590
Other comprehensive income		-	925,236	-	925,236
		-	925,236	32,820,590	33,745,826
TRANSACTION WITH OWNERS					
Dividends paid	24	-	-	(3,000,000)	(3,000,000)
		-	925,236	29,820,590	30,745,826
BALANCE AT 31 DECEMBER 2018		48,765,008	925,236	79,700,975	129,391,219

CARIBBEAN ASSURANCE BROKERS LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2018

	<u>Note</u>	<u>2018</u> \$	<u>2017</u> \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit		32,820,590	29,143,059
Items not affecting cash resources:			
Exchange (gain)/loss on foreign balances		(3,584,526)	4,869,666
Depreciation		10,284,456	12,751,686
Loss on disposal of property, plant and equipment		-	52,365
Interest income		(2,418,911)	(4,795,227)
Interest expense		2,054,763	3,139,665
Taxation expense		<u>10,238,768</u>	<u>16,979,632</u>
		49,395,140	62,140,846
Changes in operating assets and liabilities:			
Receivables		(56,819,261)	(72,469,560)
Payables		<u>(2,745,848)</u>	<u>(41,773,614)</u>
		(10,169,969)	(52,102,328)
Taxation paid		<u>(23,063,295)</u>	<u>(24,932,753)</u>
Cash used in operating activities		<u>(33,233,264)</u>	<u>(77,035,081)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received		2,418,911	4,795,227
Short term and long term investments		22,957,919	(11,454,285)
Proceeds on disposal		-	-
Purchase of property, plant and equipment	26	<u>(3,755,349)</u>	<u>(11,298,912)</u>
Cash provided by/(used in) investing activities		<u>21,621,481</u>	<u>(17,957,970)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest paid		(2,054,763)	(3,139,665)
Loan repayments		(8,009,807)	(17,638,916)
Loan proceeds		16,757,759	5,970,025
Dividends paid		<u>(3,000,000)</u>	<u>(3,000,000)</u>
Cash provided by/(used in) financing activities		<u>3,693,189</u>	<u>(17,808,556)</u>
DECREASE IN CASH AND CASH EQUIVALENTS		(7,918,594)	(112,801,607)
Effects of exchange rate translation on cash and cash equivalents		<u>1,265,254</u>	<u>(1,591,246)</u>
		(6,653,340)	(114,392,853)
Cash and cash equivalents at beginning of year		<u>38,723,977</u>	<u>153,116,830</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 16)		<u>32,070,637</u>	<u>38,723,977</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

- (a) Caribbean Assurance Brokers Limited is a limited liability company incorporated and domiciled in Jamaica and is regulated by the Financial Services Commission of Jamaica. The registered office of the company is 94d Old Hope Road, Kingston 6, St. Andrew, Jamaica.
- (b) The principal activity of the company is to search the insurance market place for a company in which to place the insured's business for the lowest cost to the insured.

2. REPORTING CURRENCY:

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). These financial statements are presented in Jamaican dollars, which is considered the company'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. The policies have been consistently applied to all the years presented.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board, and have been prepared under the historical cost convention. They are also prepared in accordance with requirements of the Jamaican Companies Act.

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

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

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

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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 (cont'd)

The company has adopted the following new and amended standards and interpretations as of 1 January 2018:

IFRS 9, 'Financial Instruments' (effective for accounting periods beginning on or after 1 January 2018). The company has adopted IFRS 9 and all of its related amendments using the initial date of application as at 1 January 2018. The adoption of IFRS 9 has resulted in changes in the recognition, classification and measurement of financial assets and financial liabilities. Additional disclosures in accordance with the standard have been included in the financial statements in Note 27.

IFRS 15 'Revenue from Contracts with Customers' (effective for accounting periods beginning on or after 1 January 2018). The company has adopted IFRS 15, Revenue from Contracts with Customers from 1 January 2018. The standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18, Revenue, IAS 11, Construction Contracts and IFRIC 13, Customer Loyalty Programmes.

The company applies a five-step model to determine when to recognize revenue and at what amount. The model specifies that revenue should be recognized when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognized at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

The adoption of IFRS 15 has not resulted in any impact on the company's financial statements.

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

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

IFRS 16, 'Leases', (effective for accounting periods beginning on or after 1 January 2019). The standard primarily addresses the accounting for leases by lessees. The complete version of IFRS 16 was issued in January 2016. The standard will result in almost all leases being recognised on the statement of financial position, as it removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short term and low-value leases. The accounting by lessors will not significantly change.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

New standards, amendments and interpretations not yet effective and not early adopted (cont'd)

IFRS 16 Leases (cont'd)

Adoption of IFRS 16 will result in the company recognizing right of use assets and lease liabilities for all contracts that are, or contain, a lease. For leases currently classified as operating leases, under current accounting requirements the company does not recognize related assets or liabilities, and instead spreads the lease payments on a straight-line basis over the lease term, disclosing in its annual financial statements the total commitment.

The company is not as advanced in its implementation of IFRS 16 as it is for IFRS 15, but in the last 6 months the Board has decided it will apply the modified retrospective in IFRS 16, and therefore will only recognise leases on balance sheet as at 1 January 2019. In addition, it has decided to measure right-of-use assets by reference to the measurement of the lease liability on that date. This will ensure there is no immediate impact to net assets on that date.

At 31 December 2018 operating lease commitments amounted to \$17m, which is not expected to be materially different to the anticipated position on 31 December 2018 or the amount which is expected to be disclosed at 31 December 2018. Assuming the company's lease commitments remain at this level, the effect of discounting those commitments is anticipated to result in right-of-use assets and lease liabilities of approximately \$17m being recognised on 1 January 2019. However, further work still needs to be carried out to determine whether and when extension and termination options are likely to be exercised, which will result in actual liability recognised being higher than this.

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. The adoption of this standard is not expected to have a significant impact on the company.

The company is assessing the impact that these standards and amendments to standards will have on the financial statements when they are adopted.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(b) 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 closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated using the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

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.

(c) Property, plant and equipment

Items of property, plant and equipment are recorded at historical 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 recognized 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 derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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. The expected useful lives of property, plant and equipment are as follows:

Leasehold improvements	4 and 10 years
Office equipment	4 years
Furniture and fixtures	10 years
Motor vehicles	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.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(d) 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 asset 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 an impairment are reviewed for possible reversal of the impairment at each reporting date.

(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 instrument in another entity.

Financial assets

(i) Classification

From 1 January 2018, the company classifies its financial assets in the following category, those measured at amortised cost.

The classification for debt instruments depends on the company's Business Model for managing those assets. It also requires the company to examine the contractual terms of the cash flows, i.e. whether those represent 'Solely Payments of Principal and Interest' (SPPI).

The Business Model test requires the company to assess the purpose for holding debt securities (hold to collect, hold to collect and sell or to trade). Substantially all the company's debt instruments are held to collect cash flows and accordingly meet the 'hold to collect' criteria.

All debt instruments passing the Business Model and SPPI test are classified at amortised cost.

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand and short term deposits with original maturity of three months or less.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(e) Financial instruments (cont'd)

Financial assets (cont'd)

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade-date - the date on which the company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

The company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

From 1 January 2018 the company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost.

(a) Debt instruments carried at amortised cost

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

- Stage 1 - This category comprises instruments which are performing in accordance with the contractual terms and conditions and display no deterioration in credit risk since initial recognition. This category also includes those financial instruments with low credit risk.
- Stage 2 - This category includes instruments which display a significant increase in credit risk (SICR) since initial recognition but have not yet defaulted.
- Stage 3 - This category includes instruments that are in default.

The above categories exclude purchased or originated credit-impaired (POCI) financial assets. A financial asset is considered credit-impaired on purchase or origination if there is evidence of impairment at the point of initial recognition (for instance, if it is acquired at a deep discount). POCI financial assets are not included in Stages 1, 2 or 3 and are instead shown as a separate category.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(e) Financial instruments (cont'd)

Financial assets (cont'd)

(ii) Recognition and measurement (cont'd)

(a) Debt instruments carried at amortised cost (cont'd)

Expected credit loss (ECL) is measured as follows:

- 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 that are POCI 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. The company utilized a probability-weighted assessment of the factors which it believes will have an impact on forward looking rates.

The formula for ECL is generally the 'Probability of Default' (PD) multiplied by the 'Exposure at Default' (EAD) multiplied by the 'Loss Given Default' (LGD). An adjustment is made to reflect the time value of money by considering the original effective interest rate on the individual instruments. The overall models involved the use of various PD, EAD and LGD tables which were then applied to individual instruments based on several pre-determined criteria, including type, original tenor, time to maturity, whether they are Stages 1, 2 or 3 and other indicators.

The process in arriving at the individual components of ECL and the forward-looking adjustments involved critical estimates and judgements. This is discussed further in Note 4.

(b) Trade receivables

The company applies the simplified approach for trade receivables as permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The company applies specific provisions for higher risk accounts using a risk-rating system based on certain factors, including financial condition of the customer. All other non-specific accounts were grouped together based on shared credit risk characteristics and aged using a 'provisions matrix'. Scaled loss rates were then calculated based on historical payment profiles. The loss rates were adjusted to incorporate forward-looking information and then applied to the different aging buckets as of the statement of financial position date.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(e) Financial instruments (cont'd)

Financial assets (cont'd)

(ii) Recognition and measurement (cont'd)

Financial assets under IAS 39 - up to 31 December 2017

The company has applied IFRS 9 retrospectively but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the company's previous accounting policy, IAS 39.

Financial liabilities

The company's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. At the reporting date, the following items were classified as financial liabilities: long term loans and trade payables.

(f) Borrowings

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in profit or loss over the period of the borrowings.

(g) Current and deferred income taxes

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.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(g) Current and deferred income taxes (cont'd)

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.

(h) Revenue recognition

Policy applicable after 1 January 2018.

From 1 January 2018, the company adopted IFRS 15, which resulted in adjustments to the amounts recognized in the financial statements. In accordance with the transitional provisions comparative figures have not been restated. As such, the modified retrospective transition approach has been utilised.

Commission income is recognized in the statement of comprehensive income on the effective commencement or renewal dates of the related policies. Commission is decreased by any cancellation of policies by principals and thus reversal of commission earned.

Interest Income

Interest income is recognized in the statement of comprehensive income using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instruments to its gross carrying amount.

When calculating the effective interest rate for financial instruments, the company estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

Policy applicable before 1 January 2018

Commission income is recognized in the statement of comprehensive income on the effective commencement or renewal dates of the related policies.

Interest income is recognised in the income statement for all interest bearing instruments on an accrual basis unless collectability is doubtful.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(i) Leases

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.

Leases of property, plant and equipment, where the company 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.

(j) 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.

(k) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:

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

(a) Critical judgements in applying the company's accounting policies

In the process of applying the company's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognized in the financial statements.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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

(b) Key sources of estimation uncertainty

The company makes estimates and assumptions concerning 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 of assets and liabilities within the next financial year are discussed below:

(i) Income taxes

Estimates are required in determining the provision for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain. The company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be 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.

(ii) 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 company 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.

(iii) 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 behaviour (e.g. the likelihood of customers defaulting and the resulting losses). A number of significant judgements are 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.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

5. FINANCIAL RISK MANAGEMENT:

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

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

In common with all other businesses, the company's activities expose it to a variety of risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks to minimize potential adverse effects on the financial performance of the company and the methods used to measure them.

There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(a) Principal financial instruments

The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Long term loans
- Investments
- Short term loan

(b) Financial instruments by category

Financial assets

	<u>Amortised cost</u>		<u>Available-for-sale</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Cash and cash equivalents	32,070,637	38,723,977	-	-
Investments	-	-	-	22,182,019
Receivables	<u>205,947,954</u>	<u>144,782,649</u>	-	-
Total financial assets	<u>238,018,591</u>	<u>183,506,626</u>	-	<u>22,182,019</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

5. FINANCIAL RISK MANAGEMENT: (CONT'D)

(b) Financial instruments by category (cont'd)

Financial liabilities

	Financial liabilities at amortised cost	
	2018	2017
	₤	₤
Payables	86,667,762	80,583,496
Long term loans	25,543,240	28,600,117
Short term loan	<u>12,242,505</u>	<u>437,676</u>
Total financial liabilities	<u>124,453,507</u>	<u>109,621,289</u>

(c) Financial instruments measured at fair value

There were no financial instruments measured at fair value subsequent to initial recognition.

(d) Financial risk factors

The Board of Directors has overall responsibility for the determination of the company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the company's Finance function. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investments of excess liquidity.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the company's competitiveness and flexibility. Further details regarding these policies are set out below:

(i) Market risk

Market risk arises from the company's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Financial risk factors (cont'd)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises from US dollar cash and bank balances, receivables, long term loan and payables. The company manages this risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The company further manages this risk by maximizing foreign currency earnings and holding net foreign currency assets.

Concentration of currency risk

The company is exposed to foreign currency risk in respect of the US dollars as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Long term investment	-	9,821,239
Receivables	132,867,689	90,262,414
Cash and bank balances	21,379,056	33,706,962
Short term investment	-	12,360,780
Long-term loan	(25,543,240)	(25,000,080)
Short-term loan	(12,242,505)	-
Payables	(19,356,663)	(22,700,487)
	<u>97,104,337</u>	<u>98,450,828</u>

Foreign currency sensitivity

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated cash and bank, accounts receivable, accounts payable and long and short-term loan balances, and adjusts their translation at the year-end for 4% (2017 - 4%) depreciation and a 2% (2017 - 1%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Financial risk factors (cont'd)

Currency risk (cont'd)

Foreign currency sensitivity (cont'd)

	% Change in Currency Rate <u>2018</u>	Effect on Profit before Tax 31 December <u>2018</u> \$	% Change in Currency Rate <u>2017</u>	Effect on Profit before Tax 31 December <u>2017</u> \$
Currency:				
USD	-4	3,884,173	-4	3,938,033
USD	<u>+2</u>	<u>(1,942,087)</u>	<u>+1</u>	<u>(1,969,017)</u>

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. As the company does not have a significant exposure, market price fluctuations are not expected to have a material effect on the net results or stockholders' equity.

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Floating rate instruments expose the company to cash flow interest rate risk, whereas fixed rate instruments expose the company to fair value interest rate risk. The company has long and short-term loans which are at fixed rates of interest.

The company is primarily exposed to fair value interest rate risk on its fixed rate borrowings. The company analyses its interest rate exposure arising from borrowings on an ongoing basis, taking into consideration the options of refinancing, renewal of existing positions and alternative financing.

Short term deposits and long and short-term loans are the only interest bearing assets and liabilities respectively, within the company. The company's short term deposits and short-term loans are due to mature and re-price respectively, within 3 months of the reporting date.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Financial risk factors (cont'd)

Price risk (cont'd)

Interest rate sensitivity

There is no significant exposure to interest rate risk on short-term deposits, as these deposits have a short term to maturity and are constantly reinvested at current market rates.

(ii) Credit risk

There is no significant exposure to interest rate risk on borrowings. A 1% increase /1% decrease (2017 - 1% increase/1% decrease) in interest rates on Jamaican dollar borrowings would result in Nil effect due to no JMD loans (2017 - \$36,000 decrease/\$36,000 increase) in profit before tax for the company.

A 0.5% increase/0.5% decrease (2017 - 0.5% increase/0.5% decrease) in interest rates on US dollar borrowings would result in a \$188,929 decrease/\$188,929 increase (2017 - \$125,000 decrease/\$125,000 increase) in profit before tax for the company.

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from trade receivables and cash and bank balances.

Trade receivables

Revenue transactions in respect of the company's primary operations are settled in cash. For its operations done on a credit basis, the company has policies in place to ensure that sales of insurance policies are made to customers with an appropriate credit history.

Cash and bank balances

Cash transactions are limited to high credit quality financial institutions. The company has policies that limit the amount of credit exposure to any one financial institution.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(ii) Credit risk (cont'd)

Maximum exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of trade and other receivables and cash and cash equivalents in the statement of financial position.

The aging of trade receivables is:

	<u>2018</u>	<u>2017</u>
	\$	\$
0 - 30 days	84,754,789	83,069,614
31 - 60 days	35,913,046	35,198,989
61 - 90 days	10,055,653	9,855,717
91 days and over	<u>12,928,697</u>	<u>12,671,636</u>
	<u>143,652,185</u>	<u>140,795,956</u>

(iii) Liquidity risk

Trade receivables that are past due but not impaired

As at 31 December 2018, trade receivables of \$42,522,270 (2017 - \$44,914,802) were past due but not impaired. These relate to independent customers for whom there is no recent history of default.

No provision for bad debts has been made for receivables that are past due as the company has the option of cancelling policies where premiums remain unpaid. The risk of default on payment of insurance premiums also resides with the insurance companies therefore a corresponding payable to the insurance companies for outstanding premiums (note 20) is reflected in the financial statements.

Liquidity risk is the risk that the company will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Financial risk factors (cont'd)

(iii) Liquidity risk (cont'd)

Liquidity risk management process

The company's liquidity risk management process, as carried out within the company and monitored by the Finance Department, includes:

- (i) Monitoring future cash flows and liquidity on a regular basis.
- (ii) Maintaining a portfolio of short term deposit balances that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- (iii) Maintaining committed lines of credit.
- (iv) Optimising cash returns on investments.

Cash flows of financial liabilities

The maturity profile of the company's financial liabilities, based on contractual undiscounted payments, is as follows:

	Within 1 Year \$	1 to 2 Years \$	2 to 5 Years \$	Total \$
31 December 2018				
Trade payables	86,667,762	-	-	86,667,762
Long term loans	-	27,842,132	-	27,842,132
Short term loan	<u>12,568,972</u>	<u>-</u>	<u>-</u>	<u>12,568,972</u>
Total financial liabilities (contractual maturity dates)	<u>99,236,734</u>	<u>27,842,132</u>	<u>-</u>	<u>127,078,866</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Financial risk factors (cont'd)

(iii) Liquidity risk (cont'd)

Cash flows of financial liabilities (cont'd)

	Within 1 Year \$	1 to 2 Years \$	2 to 5 Years \$	Total \$
31 December 2017				
Trade payables	80,583,496	-	-	80,583,496
Long term loans	1,245,501	28,750,092	344,605	30,340,198
Short term loan	<u>437,676</u>	<u>-</u>	<u>-</u>	<u>437,676</u>
Total financial liabilities (contractual maturity dates)	<u>82,266,673</u>	<u>28,750,092</u>	<u>344,605</u>	<u>111,361,370</u>

(e) Capital management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders. The Board of Directors monitors the return on capital, which the company defines as net operating income, excluding non-recurring items, divided by total stockholders' equity.

There are no particular strategies to determine the optimal capital structure. There is a minimum capital maintenance requirement to which the company is subject by the Financial Services Commission.

6. REVENUE:

This represents commission earned from premiums generated during the year.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

7.	OTHER OPERATING INCOME:	<u>2018</u>	<u>2017</u>
		₹	₹
	Agency fee	24,558,560	31,164,185
	Interest	2,418,911	4,795,227
	Foreign exchange translation	11,771,537	(1,849,485)
	Miscellaneous	<u>2,263,230</u>	<u>1,111,573</u>
		<u>41,012,238</u>	<u>35,221,500</u>
8.	FINANCE COSTS:	<u>2018</u>	<u>2017</u>
		₹	₹
	Loan interest	<u>2,054,763</u>	<u>3,139,665</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

9. EXPENSES BY NATURE:

Total administrative, selling and other expenses:

	<u>2018</u>	<u>2017</u>
	\$	\$
Directors' remuneration	12,509,160	11,371,963
Directors' fee	2,630,000	1,714,000
Rent	8,867,466	6,865,531
Printing and stationery	2,012,637	2,445,670
Repairs and maintenance	3,945,253	3,782,456
Telephone, cables and postage	4,120,179	3,234,552
Registration fee	14,461,704	8,906,864
Legal and professional fees	7,162,033	6,696,868
Auditors' remuneration	1,400,000	1,700,000
Security	2,761,586	1,319,731
Electricity	4,377,709	4,013,619
Insurance	3,742,482	4,324,759
Subscriptions and donations	586,988	583,534
Bank charges	6,512,277	2,107,493
Foreign travel and entertainment	4,037,687	3,922,323
Loss on disposal of property, plant and equipment	-	52,365
Operating lease	7,132,410	4,855,898
Staff costs (note 10)	265,337,922	222,354,791
Advertising and promotion	12,282,465	17,979,682
Depreciation	10,284,456	12,751,686
Other	<u>7,188,768</u>	<u>6,616,081</u>
	<u>381,353,182</u>	<u>327,599,866</u>

10. STAFF COSTS:

	<u>2018</u>	<u>2017</u>
	\$	\$
Salaries, wages and statutory contributions	103,802,567	89,789,541
Commission	134,496,927	106,762,787
Travel and accommodation	11,398,030	10,109,772
Staff training and welfare	4,575,700	5,991,392
Group health	9,160,013	8,456,852
Pension	<u>1,904,685</u>	<u>1,244,447</u>
	<u>265,337,922</u>	<u>222,354,791</u>

The company employed eighty-six (86) persons at the end of the year (2017 - 75).

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

11. TAXATION EXPENSE:

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

	<u>2018</u> \$	<u>2017</u> \$
Current taxation	10,945,321	18,220,219
Under provision prior year	-	292,484
Deferred taxation (note 13)	(706,553)	(1,533,071)
Tax charge in income statement	<u>10,238,768</u>	<u>16,979,632</u>

- (b) The tax on the profit before taxation differs from the theoretical amount that would arise using the applicable tax rate of 33 1/3%, as follows:

	<u>2018</u> \$	<u>2017</u> \$
Profit before taxation	<u>43,059,358</u>	<u>46,122,691</u>
Tax calculated at applicable tax rate	14,353,119	15,374,230
Adjusted for the effects of:		
Expenses not deducted for tax purposes	3,780,786	5,513,993
Net effect of other charges and allowances	(7,895,137)	(3,908,591)
Tax charge in income statement	<u>10,238,768</u>	<u>16,979,632</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

12. PROPERTY, PLANT AND EQUIPMENT:

	<u>Leasehold Improvements</u> ₤	<u>Office Equipment</u> ₤	<u>Furniture & Fixtures</u> ₤	<u>Motor Vehicles</u> ₤	<u>Total</u> ₤
At cost:					
1 January 2017	46,579,479	39,693,210	9,491,641	166,923	95,931,253
Disposal	-	(181,177)	-	-	(181,177)
Additions	<u>3,892,616</u>	<u>4,290,713</u>	<u>1,838,759</u>	<u>1,276,824</u>	<u>11,298,912</u>
31 December 2017	50,472,095	43,802,746	11,330,400	1,443,747	107,048,988
Additions	<u>1,000,000</u>	<u>2,875,854</u>	<u>639,924</u>	<u>164,807</u>	<u>4,680,585</u>
31 December 2018	<u>51,472,095</u>	<u>46,678,600</u>	<u>11,970,324</u>	<u>1,608,554</u>	<u>111,729,573</u>
Depreciation:					
1 January 2017	13,327,562	29,470,630	4,079,002	25,039	46,902,233
Eliminated on disposal	-	(128,812)	-	-	(128,812)
Charge for the year	<u>4,715,506</u>	<u>7,187,506</u>	<u>623,766</u>	<u>224,908</u>	<u>12,751,686</u>
31 December 2017	18,043,068	36,529,324	4,702,768	249,947	59,525,107
Charge for the year	<u>5,153,402</u>	<u>4,108,187</u>	<u>703,903</u>	<u>318,964</u>	<u>10,284,456</u>
31 December 2018	<u>23,196,470</u>	<u>40,637,511</u>	<u>5,406,671</u>	<u>568,911</u>	<u>69,809,563</u>
Net Book Value:					
31 December 2018	<u>28,275,625</u>	<u>6,041,089</u>	<u>6,563,653</u>	<u>1,039,643</u>	<u>41,920,010</u>
31 December 2017	<u>32,429,027</u>	<u>7,273,422</u>	<u>6,627,632</u>	<u>1,193,800</u>	<u>47,523,881</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

13. DEFERRED TAX:

Deferred tax is calculated in full on temporary differences under the liability method using a principal tax rate of 33 1/3%.

Deferred income tax assets and liabilities are offset where 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:

	<u>2018</u> \$	<u>2017</u> \$
Deferred tax asset	<u>7,354,934</u>	<u>6,648,381</u>

The movement on the deferred tax account is as follows:

Balance at start of year	6,648,381	5,115,310
Credit for the year (note 11 (a))	<u>706,553</u>	<u>1,533,071</u>
Balance at end of year	<u>7,354,934</u>	<u>6,648,381</u>

Deferred taxation is due to the following temporary differences:

	<u>2018</u> \$	<u>2017</u> \$
Decelerated capital allowance	<u>7,354,934</u>	<u>6,648,381</u>

Deferred taxation charged to profit or loss comprises the following temporary differences:

	<u>2018</u> \$	<u>2017</u> \$
Decelerated capital allowances	<u>7,354,934</u>	<u>6,648,381</u>
Asset at end of year	<u>7,354,934</u>	<u>6,648,381</u>

14. INVESTMENTS:

Long term investment

This represented Global Bond with maturity greater than 12 months, with weighted average interest rate of 8.3%.

The Global Bond was being used as security for a loan (see note 19)

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

14. INVESTMENTS (CONT'D):

Short term investment

This represented a local bond with maturity greater than 3 months, but less than 1 year with weighted average interest rate of 7.75%.

15. RECEIVABLES:

	<u>2018</u>	<u>2017</u>
	\$	\$
Trade receivables	143,652,185	140,795,956
Due from employees	2,651,478	4,024,381
Deposits	62,295,769	3,986,693
Prepayments	8,608,961	11,034,881
Other receivables	<u>743,419</u>	<u>284,111</u>
	<u>217,951,812</u>	<u>160,126,022</u>

16. CASH AND CASH EQUIVALENTS:

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

	<u>2018</u>	<u>2017</u>
	\$	\$
Cash and bank balances -		
Deposits and short-term investments	15,836,900	25,501,860
Foreign currency accounts	6,380,251	8,131,230
Local currency account	9,832,699	4,189,082
Cash in hand	<u>20,787</u>	<u>901,805</u>
	<u>32,070,637</u>	<u>38,723,977</u>

(a) Deposits and short term instruments are interest bearing.

(b) The weighted average effective interest rates on short term deposits at the year end were as follows:

	<u>2018</u>	<u>2017</u>
	%	%
Interest bearing - JA\$ account	2.78	3.47
- US\$ account	<u>1.25</u>	<u>3.04</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

17.	SHARE CAPITAL:		
		<u>2018</u>	<u>2017</u>
		\$	\$
	Authorised - 50,000,000 Ordinary shares of no par value		
	Issued and fully paid - 35,000,000 Ordinary shares of no par value	<u>48,765,008</u>	<u>48,765,008</u>
18.	CAPITAL RESERVE:		
	This represents unrealised gain on revaluation of equipment. The asset was previously leased and this reserve was created as a result of exercising an option under the lease term.		
19.	LONG TERM LOANS:		
		<u>2018</u>	<u>2017</u>
		\$	\$
	Credit Union Fund Management Company Shareholders' loan	-	3,600,037
		<u>25,543,240</u>	<u>25,000,080</u>
		25,543,240	28,600,117
	Less: Current portion	-	(1,245,501)
		<u>25,543,240</u>	<u>27,354,616</u>
	(i) The Credit Union Fund Management Company loan attracted an interest rate of 9% which was subject to change due to market conditions, was repayable over 5 years and was secured against a Global Bond held (see note 14). The loan was repaid during the year.		
	(ii) The shareholders' loan is denominated in foreign currency, attracts an interest rate of 7.5% per annum, is repayable over 3 years and is unsecured.		
20.	PAYABLES:		
		<u>2018</u>	<u>2017</u>
		\$	\$
	Trade payables	86,667,762	80,583,496
	Due to employees	22,003,445	25,384,506
	Other payables and accruals	<u>32,705,978</u>	<u>38,691,874</u>
		<u>141,377,185</u>	<u>144,659,876</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

21.	SHORT TERM LOAN:		
		<u>2018</u>	<u>2017</u>
		\$	\$
	Directors' loan	12,242,505	-
	JN Finance	<u>-</u>	<u>437,676</u>
		<u>12,242,505</u>	<u>437,676</u>

The directors' loan is denominated in foreign currency and attracts an interest rate of 8% per annum. It is repayable over 3 months and is unsecured.

22. RELATED PARTY TRANSACTIONS AND BALANCES:

The following were the transactions carried out with related parties during the year, and the year end balances.

		<u>2018</u>	<u>2017</u>
		\$	\$
(a)	Transactions:		
	Key management compensation	<u>16,471,269</u>	<u>14,932,912</u>
	Directors' remuneration		
	Fees	2,630,000	1,714,000
	Management remuneration (included above)	<u>12,509,160</u>	<u>11,371,963</u>
(b)	Year-end Balances:		
	Due to -		
	Shareholders (note 19)	25,543,240	25,000,080
	Directors (included in payables)	810,415	459,834
	Directors' loan (note 21)	<u>12,242,505</u>	<u>-</u>

The shareholders' loan is denominated in foreign currency, attracts interest at a rate of 7.5% per annum and is for a period of 3 years. The initial loan given to the company expired in 2016 and was renegotiated for an additional 3 years at the stated rate of interest.

23. LEASE COMMITMENTS:

Operating lease commitments, which are subjected to formal agreed terms at year end expire as follows:

		<u>2018</u>	<u>2017</u>
		\$	\$
	Within one year	6,147,744	7,329,342
	More than one year	<u>11,112,552</u>	<u>18,692,573</u>
		<u>17,260,296</u>	<u>26,021,915</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

24. DIVIDENDS:

During the year the company declared and paid a dividend of \$3,000,000 (2017 - \$3,000,000) relating to the previous year's results.

The amount was allocated to shareholders in proportion to their percentage shareholdings in the company.

25. CONTINGENCY:

Caribbean Assurance Brokers (CAB) has made a claim in writing to International Medical Group (IMG) for outstanding renewal and business commissions due to it by IMG. IMG proposed to pay US\$400,000 in settlement of this matter for commission payments, clients refunds and interest.

No provision has been made in these financial statements as it relates to the recoverability of the amount due from IMG.

26. NON-CASH TRANSACTION IN INVESTING ACTIVITIES:

	<u>2018</u>
	<u>\$</u>
Additions to property, plant and equipment	4,680,585
Less: Non-cash amount from lease assets	(925,236)
	<u>3,755,349</u>

27. CHANGES IN ACCOUNTING POLICIES:

This note explains the impact of adoption of IFRS 9 Financial Statements and IFRS 15 Revenue Recognition on the company's financial statements.

(a) Impact on financial statements

The company has adopted IFRS 9 and IFRS 15 for the financial year ended 31 December 2018 which resulted in a change in the company's accounting policies. As explained in note 3, IFRS 9 and IFRS 15 were generally adopted without restating comparative information. The reclassifications and adjustments arising from the new impairment rules are therefore not reflected in the statement of financial position at 31 December 2017, but are recognized in the opening statement of financial position on 1 January 2018.

(b) IFRS 9 'Financial Instruments'

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, de-recognition of financial instruments and impairment of financial assets.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

27. CHANGES IN ACCOUNTING POLICIES (CONT'D):

(b) IFRS 9 'Financial Instruments' (cont'd)

The adoption of IFRS 9, 'Financial Instruments', from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognized in the financial statements. The new accounting policies are set out in note 3 above. In accordance with transitional provisions in IFRS 9 and comparative figures have not been restated.

There was no impact on the company's retained earnings as at 1 January 2018.

(c) Impairment of financial assets:

Trade receivables

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. This resulted in no adjustment to the loss allowance on 1 January 2018.

28. SUBSEQUENT EVENT:

The company exercised its option in a lease/purchase agreement and entered into an agreement to purchase the property that it currently occupies for US\$1,153,000 on 16 October 2018. The transaction was not completed at the end of the reporting period.



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Chartered Accountants
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Kingston 5, Jamaica

**CARIBBEAN ASSURANCE BROKERS LIMITED
REPORT OF THE AUDITORS TO
FINANCIAL SERVICES COMMISSION**

In accordance with the twelfth schedule of the Insurance Regulations, 2001, we have examined the books of Caribbean Assurance Brokers Limited for the year ended 31 December 2018 (hereinafter referred to as the said date) and enclosed herewith is a copy of the audited accounts as at the said date.

We report and certify that, to the best of our knowledge and belief -

- (a) the books have been kept properly;
- (b) it is not the practice of the broker to debit clients with premiums without correspondingly crediting underwriters and insurance companies therewith;
- (c) monies received from underwriters and insurance companies for claims and returns have been duly paid to, or settled in account with clients;
- (d) at the said date -
 - (i) the total net realizable value of the broker's permissible assets exceeded its net indebtedness to insurance creditors;
 - (ii) the total realizable value of the broker's current assets exceeded its current liabilities;
 - (iii) the total net realizable value of the broker's assets exceeded its total liabilities by the amount specified in Regulation [for capital and bonding of brokers];
 - (iv) the errors and omissions and fidelity insurance policies conform to the requirements specified in Regulation [for capital and bonding of brokers];
- (e) that the funds received by Caribbean Assurance Brokers Limited from clients for onward transmission as premiums to insurers were at all times during the financial period maintained separately from other funds of the said broker, and have not been hypothecated or utilized in any way directly or indirectly, other than for limited investments in short-term deposits with commercial banks or for other investments approved in writing by the Commission.

Chartered Accountants

27 March 2019

13.4 Unaudited Financial Statements for the nine month period ended September 30, 2019

CARIBBEAN ASSURANCE BROKERS LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 2019

CARIBBEAN ASSURANCE BROKERS LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 2019

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COMPILATION REPORT

To the Members of
Caribbean Assurance Brokers Limited

We have compiled the financial statements of Caribbean Assurance Brokers Limited set out on pages 2 to 30, based on information provided by management.

These financial statements comprise the statement of financial position of Caribbean Assurance Brokers Limited as at 30 September 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the nine months then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), *Compilation Engagements*.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS). We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with IFRS.

Chartered Accountants

20 November 2019

CARIBBEAN ASSURANCE BROKERS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
NINE MONTHS ENDED 30 SEPTEMBER 2019

	<u>Note</u>	Unaudited 2019 \$	Audited 12 Months to 31/12/2018 \$
REVENUE	6	336,060,078	385,455,065
Other operating income	7	<u>31,149,497</u>	<u>41,012,238</u>
		<u>367,209,575</u>	<u>426,467,303</u>
Administrative and other expenses		(180,286,615)	(222,769,368)
Selling expenses		(110,286,609)	(158,583,814)
		<u>(290,573,224)</u>	<u>(381,353,182)</u>
OPERATING PROFIT		76,636,351	45,114,121
Finance costs	8	(5,289,240)	(2,054,763)
PROFIT BEFORE TAXATION		71,347,111	43,059,358
Taxation	11	(14,661,656)	(10,238,768)
NET PROFIT FOR THE PERIOD/YEAR		56,685,455	32,820,590
OTHER COMPREHENSIVE INCOME:			
Item that may not be reclassified to profit or loss			
Unrealised gain on revalued building/lease equipment		<u>47,499,134</u>	<u>925,236</u>
TOTAL COMPREHENSIVE INCOME		<u>104,184,589</u>	<u>33,745,826</u>

CARIBBEAN ASSURANCE BROKERS LIMITED


STATEMENT OF FINANCIAL POSITION

30 SEPTEMBER 2019

	Note	Unaudited 2019 ₤	Audited 31/12/2018 ₤
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	12	235,230,402	41,920,010
Deferred tax asset	13	<u>12,783,244</u>	<u>7,354,934</u>
		<u>248,013,646</u>	<u>49,274,944</u>
CURRENT ASSETS:			
Receivables	14	122,629,549	217,951,812
Taxation recoverable		2,574,315	9,256,756
Cash and cash equivalents	15	<u>265,960,630</u>	<u>32,070,637</u>
		<u>391,164,494</u>	<u>259,279,205</u>
		<u>639,178,140</u>	<u>308,554,149</u>
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	16	48,765,008	48,765,008
Retained earnings		132,886,430	79,700,975
Capital reserve	17	<u>48,424,370</u>	<u>925,236</u>
		<u>230,075,808</u>	<u>129,391,219</u>
NON-CURRENT LIABILITY:			
Long term loans	18	<u>113,155,007</u>	<u>25,543,240</u>
CURRENT LIABILITIES:			
Payables	19	278,201,303	141,377,185
Short term loan	20	937,563	12,242,505
Current portion of long term loans	18	6,271,574	-
Taxation		<u>10,536,885</u>	<u>-</u>
		<u>295,947,325</u>	<u>153,619,690</u>
		<u>639,178,140</u>	<u>308,554,149</u>

Approved for issue by the Board of Directors on 20 November 2019 and signed on its behalf by:


Raymond Walker - Director


Barrington Whyte - Director

CARIBBEAN ASSURANCE BROKERS LIMITED

STATEMENT OF CHANGES IN EQUITY

NINE MONTHS ENDED 30 SEPTEMBER 2019

	<u>Note</u>	<u>Share Capital</u> ₤	<u>Capital Reserve</u> ₤	<u>Retained Earnings</u> ₤	<u>Total</u> ₤
BALANCE AT 1 JANUARY 2018		<u>48,765,008</u>	<u>-</u>	<u>49,880,385</u>	<u>98,645,393</u>
TOTAL COMPREHENSIVE INCOME					
Net profit		<u>-</u>	<u>-</u>	<u>32,820,590</u>	<u>32,820,590</u>
Other comprehensive income		<u>-</u>	<u>925,236</u>	<u>-</u>	<u>925,236</u>
		<u>-</u>	<u>925,236</u>	<u>32,820,590</u>	<u>33,745,826</u>
TRANSACTION WITH OWNERS					
Dividends paid	23	<u>-</u>	<u>-</u>	<u>(3,000,000)</u>	<u>(3,000,000)</u>
		<u>-</u>	<u>925,236</u>	<u>29,820,590</u>	<u>30,745,826</u>
BALANCE AT 31 DECEMBER 2018		<u>48,765,008</u>	<u>925,236</u>	<u>79,700,975</u>	<u>129,391,219</u>
TOTAL COMPREHENSIVE INCOME					
Net profit		<u>-</u>	<u>-</u>	<u>56,685,455</u>	<u>56,685,455</u>
Other comprehensive income		<u>-</u>	<u>47,499,134</u>	<u>-</u>	<u>47,499,134</u>
		<u>-</u>	<u>47,499,134</u>	<u>56,685,455</u>	<u>104,184,589</u>
TRANSACTION WITH OWNERS					
Dividends paid	23	<u>-</u>	<u>-</u>	<u>(3,500,000)</u>	<u>(3,500,000)</u>
		<u>-</u>	<u>47,499,134</u>	<u>53,185,455</u>	<u>100,684,589</u>
BALANCE AT 30 SEPTEMBER 2019		<u>48,765,008</u>	<u>48,424,370</u>	<u>132,886,430</u>	<u>230,075,808</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

STATEMENT OF CASH FLOWS

NINE MONTHS ENDED 30 SEPTEMBER 2019

	Note	Unaudited 2019 \$	Audited 12 Months to 31/12/2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit		56,685,455	32,820,590
Items not affecting cash resources:			
Exchange gain on foreign balances		(565,336)	(3,584,526)
Depreciation		8,977,466	10,284,456
Loss on disposal of property, plant and equipment		77,036	-
Interest income		(1,889,640)	(2,418,911)
Interest expense		5,289,240	2,054,763
Taxation expense		<u>14,661,656</u>	<u>10,238,768</u>
		83,235,877	49,395,140
Changes in operating assets and liabilities:			
Receivables		95,322,263	(56,819,261)
Payables		<u>136,824,118</u>	<u>(2,745,848)</u>
		315,382,258	(10,169,969)
Taxation paid		<u>(2,870,640)</u>	<u>(23,063,295)</u>
Cash provided by/(used in) operating activities		<u>312,511,618</u>	<u>(33,233,264)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received		1,889,640	2,418,911
Short term and long term investments		-	22,957,919
Purchase of property, plant and equipment	24	<u>(154,865,760)</u>	<u>(3,755,349)</u>
Cash (used in)/provided by investing activities		<u>(152,976,120)</u>	<u>21,621,481</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest paid		(5,289,240)	(2,054,763)
Loan repayments		(17,583,442)	(8,009,807)
Loan proceeds		100,161,841	16,757,759
Dividends paid		<u>(3,500,000)</u>	<u>(3,000,000)</u>
Cash provided by financing activities		<u>73,789,159</u>	<u>3,693,189</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		233,324,657	(7,918,594)
Effects of exchange rate translation on cash and cash equivalents		<u>565,336</u>	<u>1,265,254</u>
Cash and cash equivalents at beginning of period/year		233,889,993	(6,653,340)
		<u>32,070,637</u>	<u>38,723,977</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR (Note 15)		<u>265,960,630</u>	<u>32,070,637</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2019

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

- (a) Caribbean Assurance Brokers Limited is a limited liability company incorporated and domiciled in Jamaica and is regulated by the Financial Services Commission of Jamaica. The registered office of the company is 94d Old Hope Road, Kingston 6, St. Andrew, Jamaica.
- (b) The principal activity of the company is to search the insurance market place for a company in which to place the insured's business for the lowest cost to the insured.

2. REPORTING CURRENCY:

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). These financial statements are presented in Jamaican dollars, which is considered the company'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. The policies have been consistently applied to all the years presented.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board, and have been prepared under the historical cost convention. They are also prepared in accordance with requirements of the Jamaican Companies Act.

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

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

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

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

New, revised and amended standards and interpretations that became effective during the period (cont'd)

IFRS 16, 'Leases', (effective for accounting periods beginning on or after 1 January 2019). The standard primarily addresses the accounting for leases by lessees. The complete version of IFRS 16 was issued in January 2016. The standard will result in almost all leases being recognised on the statement of financial position, as it removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short term and low-value leases. The accounting by lessors will not significantly change.

Adoption of IFRS 16 will result in the company recognizing right of use assets and lease liabilities for all contracts that are, or contain, a lease. For leases currently classified as operating leases, under current accounting requirements the company does not recognize related assets or liabilities, and instead spreads the lease payments on a straight-line basis over the lease term, disclosing in its annual financial statements the total commitment.

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 company's financial statements from the adoption of these standards.

(b) 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 closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated using the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(b) Foreign currency translation (cont'd)

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.

(c) Property, plant and equipment

Items of property, plant and equipment are recorded at historical 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 recognized 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 derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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. The expected useful lives of property, plant and equipment are as follows:

Building	40 years
Leasehold improvements	4 and 10 years
Office equipment	4 years
Furniture and fixtures	10 years
Motor vehicles	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.

(d) 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 asset 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 an impairment are reviewed for possible reversal of the impairment at each reporting date.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(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 instrument in another entity.

Financial assets

(i) Recognition and derecognition

Financial assets are initially recognised on the settlement date, which is the date that an asset is delivered to the company. This includes regular purchases of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

The company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains all or substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognised financial assets that is created or retained by the company is recognised as a separate asset or liability.

(ii) Classification

The company classifies all its of financial instruments at initial recognition based on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets recorded at FVPL, transaction costs are added to, or subtracted from, this amount.

The company classifies its financial assets as those measured at amortised cost.

(iii) Measurement category

Amortised cost

These assets arise principally from the provision of goods and services to customers (eg. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest (SPPI). They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(e) Financial instruments (cont'd)

Financial assets (cont'd)

(iii) Measurement category (cont'd)

Amortised cost (cont'd)

The company's financial assets measured at amortised cost comprise trade receivables and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents are carried in the statement of financial position at fair value. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand and short term deposits with original maturity of three months or less.

(iv) Impairment

The company applies the simplified approach for recognition of impairment provisions for trade receivables as permitted by IFRS 9, which requires expected lifetime credit losses to be recognized from initial recognition of the receivables. The company applies specific provisions for higher risk accounts using a risk-rating system based on certain factors, including financial condition of the customer. All other non-specific accounts were grouped together based on shared credit risk characteristics and aged using a 'provisions matrix'. Scaled loss rates were then calculated based on historical payment profiles. The loss rates were adjusted to incorporate forward-looking information and then applied to the different aging buckets as of the statement of financial position date.

Financial liabilities

The company's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. At the reporting date, the following items were classified as financial liabilities: long term loans and trade payables.

The company derecognizes a financial liability when its contractual obligations expire or are discharged or cancelled.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(f) **Borrowings**

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in profit or loss over the period of the borrowings.

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

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.

(h) **Revenue recognition**

Commission income is recognized in the statement of comprehensive income on the effective commencement or renewal dates of the related policies. Commission is decreased by any cancellation of policies by principals with a corresponding reversal of commission earned.

Interest Income

Interest income is recognized in the statement of comprehensive income using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instruments to its gross carrying amount.

When calculating the effective interest rate for financial instruments, the company estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(i) **Leases**

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.

Leases of property, plant and equipment, where the company 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.

(j) **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.

(k) **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:

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

(a) **Critical judgements in applying the company's accounting policies**

In the process of applying the company's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognized in the financial statements.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2019

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

(b) Key sources of estimation uncertainty

The company makes estimates and assumptions concerning 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 of assets and liabilities within the next financial year are discussed below:

(i) Income taxes

Estimates are required in determining the provision for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain. The company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be 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.

(ii) 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 company 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.

(iii) 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 behaviour (e.g. the likelihood of customers defaulting and the resulting losses). A number of significant judgements are 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.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2019

5. FINANCIAL RISK MANAGEMENT:

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

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

In common with all other businesses, the company's activities expose it to a variety of risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks to minimize potential adverse effects on the financial performance of the company and the methods used to measure them.

There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(a) Principal financial instruments

The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Long term loans
- Short term loan

(b) Financial instruments by category

Financial assets

	<u>Amortised cost</u>	
	<u>Unaudited</u> <u>2019</u>	<u>Audited</u> <u>31/12/2018</u>
	<u>\$</u>	<u>\$</u>
Cash and cash equivalents	265,960,630	32,070,637
Receivables	113,266,114	205,947,954
Total financial assets	<u>379,226,744</u>	<u>238,018,591</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2019

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(b) Financial instruments by category (cont'd)

Financial liabilities

	Financial liabilities at amortised cost	
	Unaudited 2019 \$	Audited 31/12/2018 \$
Payables	195,901,038	86,667,762
Long term loans	119,426,581	25,543,240
Short term loan	<u>937,563</u>	<u>12,242,505</u>
Total financial liabilities	<u>316,265,182</u>	<u>124,453,507</u>

(c) Financial instruments measured at fair value

There were no financial instruments measured at fair value subsequent to initial recognition.

(d) Financial risk factors

The Board of Directors has overall responsibility for the determination of the company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the company's Finance function. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investments of excess liquidity.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the company's competitiveness and flexibility. Further details regarding these policies are set out below:

(i) Market risk

Market risk arises from the company's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2019

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Financial risk factors (cont'd)

(i) Market risk (cont'd)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises from US dollar cash and bank balances, receivables, long term loan and payables. The company manages this risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The company further manages this risk by maximizing foreign currency earnings and holding net foreign currency assets.

Concentration of currency risk

The company is exposed to foreign currency risk in respect of the US dollars as follows:

	Unaudited 2019 \$	Audited 31/12/2018 \$
Receivables	35,258,229	132,867,689
Cash and bank balances	215,833,298	21,379,056
Long-term loan	(119,426,581)	(25,543,240)
Short-term loan	-	(12,242,505)
Payables	(140,262,393)	(19,356,663)
	(8,597,447)	97,104,337

Foreign currency sensitivity

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated cash and bank, accounts receivable, accounts payable and long and short-term loan balances, and adjusts their translation at the year-end for 6% (2018 - 4%) depreciation and a 4% (2018 - 2%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2019

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Financial risk factors (cont'd)

(i) Market risk (cont'd)

Currency risk (cont'd)

Foreign currency sensitivity (cont'd)

	% Change in Currency Rate 2019	Effect on Profit before Tax 30 September 2019 ₤	% Change in Currency Rate 2018	Effect on Profit before Tax 31 December 2018 ₤
Currency:				
USD	-6	(515,847)	-4	3,884,173
USD	+4	<u>343,898</u>	+2	<u>(1,942,087)</u>

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. As the company does not have a significant exposure, market price fluctuations are not expected to have a material effect on the net results or stockholders' equity.

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Floating rate instruments expose the company to cash flow interest rate risk, whereas fixed rate instruments expose the company to fair value interest rate risk. The company has long and short-term loans which are at fixed rates of interest.

The company is primarily exposed to fair value interest rate risk on its fixed rate borrowings. The company analyses its interest rate exposure arising from borrowings on an ongoing basis, taking into consideration the options of refinancing, renewal of existing positions and alternative financing.

Short term deposits and long and short-term loans are the only interest bearing assets and liabilities respectively, within the company. The company's short term deposits and short-term loans are due to mature and re-price respectively, within 3 months of the reporting date.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2019

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(i) Market risk (cont'd)

Price risk (cont'd)

Interest rate sensitivity

There is no significant exposure to interest rate risk on short-term deposits, as these deposits have a short term to maturity and are constantly reinvested at current market rates.

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from trade receivables and cash and bank balances.

A 1% increase/1% decrease (2018 - 1% increase/1% decrease) in interest rates on US dollar borrowings would result in a \$1,194,266 decrease/\$1,194,266 increase (2018 - \$377,858 decrease/\$377,858 increase) in profit before tax for the company.

Trade receivables

Revenue transactions in respect of the company's primary operations are settled in cash. For its operations done on a credit basis, the company has policies in place to ensure that sales of insurance policies are made to customers with an appropriate credit history.

Cash and bank balances

Cash transactions are limited to high credit quality financial institutions. The company has policies that limit the amount of credit exposure to any one financial institution.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2019

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(ii) Credit risk (cont'd)

Maximum exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of trade and other receivables and cash and cash equivalents in the statement of financial position.

The aging of trade receivables is:

	Unaudited 2019 \$	Audited 31/12/2018 \$
0 - 30 days	52,755,966	84,754,789
31 - 60 days	10,830,352	35,913,046
61 - 90 days	22,217,047	10,055,653
91 days and over	<u>15,178,067</u>	<u>12,928,697</u>
	<u>100,981,432</u>	<u>143,652,185</u>

(iii) Liquidity risk

Trade receivables that are past due but not impaired

As at 30 September 2019, trade receivables of \$37,395,114 (2018 - \$42,522,270) were past due but not impaired. These relate to independent customers for whom there is no recent history of default.

No provision for bad debts has been made for receivables that are past due as the company has the option of cancelling policies where premiums remain unpaid. The risk of default on payment of insurance premiums also resides with the insurance companies therefore a corresponding payable to the insurance companies for outstanding premiums (note 19) is reflected in the financial statements.

Liquidity risk is the risk that the company will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

CARIBBEAN ASSURANCE BROKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2019

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

(c) **Financial risk factors (cont'd)**

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

Liquidity risk management process

The company's liquidity risk management process, as carried out within the company and monitored by the Finance Department, includes:

- (i) Monitoring future cash flows and liquidity on a regular basis.
- (ii) Maintaining a portfolio of short term deposit balances that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- (iii) Maintaining committed lines of credit.
- (iv) Optimising cash returns on investments.

Cash flows of financial liabilities

The maturity profile of the company's financial liabilities, based on contractual undiscounted payments, is as follows:

	<u>Within 1</u> <u>Year</u> <u>₹</u>	<u>1 to 2</u> <u>Years</u> <u>₹</u>	<u>2 to 5</u> <u>Years</u> <u>₹</u>	<u>Total</u> <u>₹</u>
30 September 2019				
Trade payables	195,901,038	-	-	195,901,038
Long term loans	8,297,744	38,287,820	96,811,400	143,396,964
Short term loan	959,127	-	-	959,127
	<u>205,157,909</u>	<u>38,287,820</u>	<u>96,811,400</u>	<u>340,257,129</u>
Total financial liabilities (contractual maturity dates)				

CARIBBEAN ASSURANCE BROKERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2019

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

(c) **Financial risk factors (cont'd)**

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

Cash flows of financial liabilities (cont'd)

	<u>Within 1</u> <u>Year</u> <u>\$</u>	<u>1 to 2</u> <u>Years</u> <u>\$</u>	<u>2 to 5</u> <u>Years</u> <u>\$</u>	<u>Total</u> <u>\$</u>
31 December 2018				
Trade payables	86,667,762	-	-	86,667,762
Long term loans	-	27,842,132	-	27,842,132
Short term loan	<u>12,568,972</u>	<u>-</u>	<u>-</u>	<u>12,568,972</u>
Total financial liabilities (contractual maturity dates)	<u>99,236,734</u>	<u>27,842,132</u>	<u>-</u>	<u>127,078,866</u>

(d) **Capital management**

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders. The Board of Directors monitors the return on capital, which the company defines as net operating income, excluding non-recurring items, divided by total stockholders' equity.

There are no particular strategies to determine the optimal capital structure. There is a minimum capital maintenance requirement to which the company is subject by the Financial Services Commission.

6. **REVENUE:**

This represents commission earned from premiums generated during the year.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2019

7.	OTHER OPERATING INCOME:		
		Unaudited	Audited
		9 months to	12 months to
		<u>30/9/2019</u>	<u>31/12/2018</u>
		₹	₹
	Agency fee	24,469,087	24,558,560
	Interest	1,889,640	2,418,911
	Foreign exchange translation	(565,336)	11,771,537
	Miscellaneous	<u>5,356,106</u>	<u>2,263,230</u>
		<u>31,149,497</u>	<u>41,012,238</u>
8.	FINANCE COSTS:		
		Unaudited	Audited
		9 months to	12 months to
		<u>30/9/2019</u>	<u>31/12/2018</u>
		₹	₹
	Loan interest	<u>5,289,240</u>	<u>2,054,763</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2019

9. EXPENSES BY NATURE:

Total administrative, selling and other expenses:

	Unaudited 9 months to 30/9/2019 \$	Audited 12 months to 31/12/2018 \$
Directors' remuneration	9,850,963	12,509,160
Directors' fee	1,316,356	2,630,000
Rent	1,543,330	8,867,466
Printing and stationery	2,029,775	2,012,637
Repairs and maintenance	4,524,984	3,945,253
Telephone, cables and postage	2,409,860	4,120,179
Registration fee	11,539,033	14,461,704
Legal and professional fees	8,546,416	7,162,033
Auditors' remuneration	933,723	1,400,000
Security	2,796,570	2,761,586
Electricity	3,613,350	4,377,709
Insurance	4,375,691	3,742,482
Subscriptions and donations	707,979	586,988
Bank charges	8,864,431	6,512,277
Foreign travel and entertainment	3,196,516	4,037,687
Loss on disposal of property, plant and equipment	77,036	-
Operating lease	4,610,805	7,132,410
Staff costs (note 10)	201,143,402	265,337,922
Advertising and promotion	3,951,322	12,282,465
Depreciation	8,977,466	10,284,456
Other	5,564,216	7,188,768
	<u>290,573,224</u>	<u>381,353,182</u>

10. STAFF COSTS:

	Unaudited 9 months to 30/9/2019 \$	Audited 12 months to 31/12/2018 \$
Salaries, wages and statutory contributions	82,328,312	103,802,567
Commission	99,316,274	134,496,927
Travel and accommodation	6,509,235	11,398,030
Staff training and welfare	4,118,465	4,575,700
Group health	7,517,415	9,160,013
Pension	1,353,701	1,904,685
	<u>201,143,402</u>	<u>265,337,922</u>

The company employed eighty-six (86) persons at the end of the period (2017 - 86).

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2019

11. TAXATION EXPENSE:

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

	Unaudited 9 months to <u>30/9/2019</u> ₤	Audited 12 months to <u>31/12/2018</u> ₤
Current taxation	20,089,966	10,945,321
Deferred taxation (note 13)	(5,428,310)	(706,553)
Tax charge in income statement	<u>14,661,656</u>	<u>10,238,768</u>

- (b) The tax on the profit before taxation differs from the theoretical amount that would arise using the applicable tax rate of 33 1/3%, as follows:

	Unaudited 9 months to <u>30/9/2019</u> ₤	Audited 12 months to <u>31/12/2018</u> ₤
Profit before taxation	<u>71,347,111</u>	<u>43,059,358</u>
Tax calculated at applicable tax rate	23,783,370	14,353,119
Adjusted for the effects of:		
Expenses not deducted for tax purposes	2,035,947	3,780,786
Net effect of other charges and allowances	(11,157,661)	(7,895,137)
Tax charge in income statement	<u>14,661,656</u>	<u>10,238,768</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2019

12. PROPERTY, PLANT AND EQUIPMENT:

	Land & Building £	Leasehold Improvements £	Office Equipment £	Furniture & Fixtures £	Motor Vehicles £	Total £
At cost:						
1 January 2018	-	50,472,095	43,802,746	11,330,400	1,443,747	107,048,988
Additions	-	1,000,000	2,875,854	639,924	164,807	4,680,585
31 December 2018	-	51,472,095	46,678,600	11,970,324	1,608,554	111,729,573
Additions	177,500,866	-	1,183,767	1,026,567	-	179,711,200
Revaluation	47,499,134	-	-	-	-	47,499,134
Disposal	-	(51,472,095)	(459,848)	-	-	(51,931,943)
30 September 2019	225,000,000	-	47,402,519	12,996,891	1,608,554	287,007,964
Depreciation:						
1 January 2018	-	18,043,068	36,529,324	4,702,768	249,947	59,525,107
Charge for the year	-	5,153,402	4,108,187	703,903	318,964	10,284,456
31 December 2018	-	23,196,470	40,637,511	5,406,671	568,911	69,809,563
Charge for the period	3,013,007	3,430,184	1,707,983	585,009	241,283	8,977,466
Disposal	-	(26,626,654)	(382,813)	-	-	(27,009,467)
30 September 2019	3,013,007	-	41,962,681	5,991,680	810,194	51,777,562
Net Book Value:						
30 September 2019	221,986,993	-	5,439,838	7,005,211	798,360	235,230,402
31 December 2018	-	28,275,625	6,041,089	6,563,653	1,039,643	41,920,010

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2019

13. DEFERRED TAX:

Deferred tax is calculated in full on temporary differences under the liability method using a principal tax rate of 33 1/3%.

Deferred income tax assets and liabilities are offset where 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:

	Unaudited 2019 \$	Audited 31/12/2018 \$
Deferred tax asset	<u>12,783,244</u>	<u>7,354,934</u>

The movement on the deferred tax account is as follows:

Balance at start of year	7,354,934	6,648,381
Credit for the year (note 11 (a))	<u>5,428,310</u>	<u>706,553</u>
Balance at end of year	<u>12,783,244</u>	<u>7,354,934</u>

Deferred taxation is due to the following temporary differences:

	Unaudited 2019 \$	Audited 31/12/2018 \$
Decelerated capital allowance	<u>12,783,244</u>	<u>7,354,934</u>

Deferred taxation charged to profit or loss comprises the following temporary differences:

	Unaudited 2019 \$	Audited 31/12/2018 \$
Decelerated capital allowances	<u>12,783,244</u>	<u>7,354,934</u>
Asset at end of year	<u>12,783,244</u>	<u>7,354,934</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2019

14. RECEIVABLES:		
	Unaudited	Audited
	2019	31/12/2018
	<u>₡</u>	<u>₡</u>
Trade receivables	100,981,432	143,652,185
Due from employees	1,746,169	2,651,478
Deposits	12,284,682	62,295,769
Prepayments	6,885,841	8,608,961
Other receivables	<u>731,425</u>	<u>743,419</u>
	<u>122,629,549</u>	<u>217,951,812</u>

15. CASH AND CASH EQUIVALENTS:

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

	Unaudited	Audited
	2019	31/12/2018
	<u>₡</u>	<u>₡</u>
Cash and bank balances -		
Deposits and short-term investments	205,486,924	15,836,900
Foreign currency accounts	34,356,745	6,380,251
Local currency account	25,137,322	9,832,699
Cash in hand	<u>979,639</u>	<u>20,787</u>
	<u>265,960,630</u>	<u>32,070,637</u>

- (a) Deposits and short term instruments are interest bearing.
- (b) The weighted average effective interest rates on short term deposits at the year end were as follows:

	<u>2019</u>	<u>31/12/2018</u>
	<u>%</u>	<u>%</u>
Interest bearing - JA\$ account	2.78	2.78
- US\$ account	<u>1.25</u>	<u>1.25</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2019

16.	SHARE CAPITAL:	Unaudited	Audited
		2019	31/12/2018
		₡	₡
	Authorised -		
	50,000,000 Ordinary shares of no par value		
	Issued and fully paid -		
	35,000,000 Ordinary shares of no par value	<u>48,765,008</u>	<u>48,765,008</u>
17.	CAPITAL RESERVE:		
	This represents unrealised gain on revaluation of equipment. The asset was previously leased and this reserve was created as a result of exercising an option under the lease term.		
18.	LONG TERM LOANS:	Unaudited	Audited
		2019	31/12/2018
		₡	₡
	Bank of Nova Scotia loan	92,394,761	-
	Shareholders' loan	<u>27,031,820</u>	<u>25,543,240</u>
		119,426,581	25,543,240
	Less: Current portion	(6,271,574)	-
		<u>113,155,007</u>	<u>25,543,240</u>
	(i) The Bank of Nova Scotia loan attracts an interest rate of 5% and is repayable over 5 years. It is secured by first legal mortgage stamped for US\$700,000 or equivalent in JMD over commercial property located at 94D Old Hope Road, Kingston 6, registered at Volume 1286, Folio 396 and 397		
	(ii) The shareholders' loan is denominated in foreign currency, attracts an interest rate of 7% per annum, is repayable over 3 years and is unsecured.		
19.	PAYABLES:	Unaudited	Audited
		2019	31/12/2018
		₡	₡
	Trade payables	195,901,038	86,667,762
	Due to employees	38,759,004	22,003,445
	Other payables and accruals	<u>43,541,261</u>	<u>32,705,978</u>
		<u>278,201,303</u>	<u>141,377,185</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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20. SHORT TERM LOAN:

	Unaudited 2019 \$	Audited 31/12/2018 \$
Directors' loan	-	12,242,505
JN Finance	<u>937,563</u>	<u>-</u>
	<u>937,563</u>	<u>12,242,505</u>

The directors' loan was denominated in foreign currency and attracted an interest rate of 8% per annum. It was repayable over 3 months and was unsecured.

JN Finance loan is for a period of 6 months at interest rate of 2.3% for the period.

21. RELATED PARTY TRANSACTIONS AND BALANCES:

The following were the transactions carried out with related parties during the period/year, and the year end balances.

	Unaudited 2019 \$	Audited 31/12/2018 \$
(a) Transactions:		
Key management compensation	<u>10,180,963</u>	<u>16,471,269</u>
Directors' remuneration		
Fees	1,316,356	2,630,000
Management remuneration (included above)	<u>9,850,963</u>	<u>12,509,160</u>
(b) Year-end Balances:		
Due to -		
Shareholders (note 18)	27,031,820	25,543,240
Directors (included in payables)	326,506	810,415
Directors' loan (note 20)	<u>-</u>	<u>12,242,505</u>

The shareholders' loan is denominated in foreign currency, attracts interest at a rate of 7.5% per annum and is for a period of 3 years. The initial loan given to the company expired in 2016 and was renegotiated for an additional 3 years at the stated rate of interest.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2019

22. LEASE COMMITMENTS:

Operating lease commitments, which are subjected to formal agreed terms at year end expire as follows:

	Unaudited <u>2019</u> \$	Audited <u>31/12/2018</u> \$
Within one year	12,649,488	6,147,744
More than one year	<u>-</u>	<u>11,112,552</u>
	<u>12,649,488</u>	<u>17,260,296</u>

23. DIVIDENDS:

During the year the company declared and paid a dividend of \$3,500,000 (2018 - \$3,000,000) relating to the previous year's results.

The amount was allocated to shareholders in proportion to their percentage shareholdings in the company.

24. NON-CASH TRANSACTION IN INVESTING ACTIVITIES:

	Unaudited <u>2019</u> \$	Audited <u>31/12/2018</u> \$
Additions to property, plant and equipment	179,711,200	4,680,585
Less: Non-cash amount from lease assets	<u>(24,845,440)</u>	<u>(925,236)</u>
	<u>154,865,760</u>	<u>3,755,349</u>

13.5 Auditors' Consent



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

10 December 2019

The Board of Directors
Caribbean Assurance Brokers Limited
94D Old Hope Road
Kingston 6

Dear Sirs,

Re: Caribbean Assurance Brokers Limited - Prospectus 2020

With respect to the prospectus issued by Caribbean Assurance Brokers Limited ("the Company"), we hereby consent to the inclusion of the following reports and to the references to our name in the form and context in which they are included in the prospectus;

- (i) Our compilation report, dated 20 November 2019, on the statement of financial position of the company as at 30 September 2019 and the statement of profit or loss and other comprehensive income for the nine months ended 30 September 2019 which are included in Section 13 of the prospectus; and
- (ii) Our auditors' report, dated 27 March 2019, on the statement of financial position of the company as at 31 December 2018 and the statement of profit or loss and other comprehensive income for the year ended 31 December 2018 which are included in Section 13 of the prospectus; and
- (iii) Our report on the summary financial information, as set in Section 13 of the company's prospectus for the years ended 31 December 2014 through 31 December 2018.

We confirm that we have not withdrawn such consent before delivery of a copy of the prospectus to the Financial Services Commission for registration.

This letter should not be regarded as in any way updating the aforementioned reports or representing that we performed any procedures subsequent to the date of such reports.

Yours faithfully,

CHARTERED ACCOUNTANTS

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.

14. STATUTORY & GENERAL INFORMATION

The following statutory and general information is required to be set out in the Prospectus by section 41 and the Third Schedule to the Companies Act, 2004 (as amended). Additional information is also set out in this Section.

14.1 (a) The Company has no founders or management or deferred shares.

(b) The Articles of Incorporation of the Company fix no shareholding qualification for directors and none have been otherwise fixed by the Company in general meeting. The Articles of Incorporation contain the following provisions with respect to the remuneration of directors:

82. Subject to Article 123, the remuneration of the directors shall be such amount as the board of directors, or any appropriate committee of the board of directors, may determine. Such remuneration shall be deemed to accrue from day to day. The directors may also be paid all 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.
- 94(3). A director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of director for such period and on such terms (as to remuneration and otherwise) as the directors may determine and no director or intending director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any director is in any way interested, be liable to be avoided, nor shall any director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such director holding that office or of the fiduciary relationship thereby established.
- 94(5). Any director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a director; provided that nothing herein contained shall authorise a director or his firm to act as auditor to the Company.

96. The directors may give or award pensions, annuities, gratuities and superannuation or other allowances or benefits to any persons who are or have at any time been directors of or employed by or in the service of the Company, or any company which is a subsidiary of the Company and to the wives, widows, children and other relatives and dependants of any such persons, and may set up, establish, support and maintain pension, superannuation or other funds or schemes (whether contributory or non-contributory) for the benefit of such persons as are hereinbefore referred to or any of them or any class of them. Any director shall be entitled to receive and retain for his own benefit any such pension, annuity, gratuity, allowance or other benefit, and may vote as a director in respect of the exercise of any of the powers of this Article conferred upon the directors notwithstanding that he is or may be or become interested therein.
99. The directors, on behalf of the Company, may pay a gratuity or pension or allowance on retirement to any director who has held any other salaried office or place of profit with the Company or to his widow or dependents and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.
109. The Company may by ordinary resolution remove any director before the expiration of his period of office notwithstanding anything in these regulations or in any agreement between the Company and such director. Such removal shall be without prejudice to any claim such director may have for damages for breach of any contract of service between him and the Company.

(c) The names and addresses of the Directors of the Company are as follows:

Name	Address	Description
Raymond H. Walker , B.Sc., M.B.A., C.L.U.	1 Temple Mead Drive, Kingston 6	Insurance Executive
Rion B. Hall , J.P., M.B.A.	13 Montgomery Terrace, Kingston 9	Retired Banker
Norman Minott , LL.B. (Hons.)	3 Orange View Drive, Kingston 8	Attorney-at-law
Jennifer Rajpat , B.Sc., A.C.I.I., F.L.M.I., A.I.A.A., A.C.S.	226-11 129 th Avenue, Laurelton Gardens, Queens, NY 11413, USA	Insurance Executive
Barrington Whyte , B.A., M.B.A.	30 Topaz Crescent, P.O. Box 179, Red Hills	Business Executive

Tania Waldron Gooden , B.Sc., M.B.A.	Apartment #4, The Rockland Apartments, 7 Seaview Avenue Kingston 5	Business Executive
Janice P. Holness , B.Sc., J.D.	126 E 83 rd Street, Apt A5, New York, NY 10028, USA	Attorney-at-law
Carlton Barclay , M.B.A., F.C.C.A.	1D Norbrook Drive Kingston 8	Business Executive

14.2 (a) The minimum amount, which in the opinion of the Directors, must be raised by the Company from the issue of Shares by the Company in this IPO to enable the Company to provide for the matters set out in paragraph 2 of the Third Schedule to the Act is J\$60,000,000.00. The Company intends to apply the funds raised in the IPO to (i) pay IPO & Listing Expenses; (ii) expand its brokerage operations to other Caribbean territories; (iii) expand its solar photovoltaic system; and (iv) provide working capital. A portion of the proceeds of this IPO will be used to purchase additional solar panels and associated Inverters. The cost for purchasing these panels and Inverters is estimated to be \$12,750,000.00 (the total cost of the expansion of the solar photovoltaic system, including installation and commissioning costs, is estimated at J\$15,000,000.00).

(b) No amount is required or is intended to be obtained from any other external source or will be obtained from any other source to provide for the matters set out in subparagraph (a) above.

14.3 (a) The Application List (for subscription for Shares in the IPO) will open at 9:00 a.m. on February 18, 2020 and will close at 4:30 p.m. on March 3, 2020, subject to the right of the Company to close the Application List at any time if subscriptions and applications have been received for an amount in excess of the available Shares or to extend the closing date in the event of any natural disaster, market disruption or materially inclement weather conditions affecting Jamaica.

(b) The Subscription Price of J\$1.91 per Share is payable in full on application. No further sum will be payable by subscribers on allotment by the Company.

14.4 No Shares have been offered for subscription within the two years preceding the date of this Prospectus. The Company has not made any previous offer of Shares to the public.

14.5 The Company has not granted any option to any person to subscribe for any shares or debentures in the Company and the directors are not aware that any person intends to acquire Shares in this IPO with a view of making an offer for sale of such Shares. Accordingly, paragraph 4(2) of Part 1 of the Third Schedule to the Companies Act, 2004 is inapplicable.

14.6 The Table below shows (where applicable) the assets or liabilities required to be disclosed pursuant to paragraph 5 of Part 1 of the Third Schedule to the Companies Act, 2004.

Assets	Aggregate Amount
(i) Trade investments	Nil
(ii) Quoted investments (other than trade investments); and	Nil
(iii) Unquoted investments (other than trade investments)	Nil
Goodwill, patents, trade marks or part of that amount is shown as a separate item in or is otherwise ascertainable from the books of the Company, or from any contract for the sale or purchase of any property to be acquired by the Company or from any documents in the possession of the Company relating to the stamp duty payable in respect of any such contract or the conveyance of any such property, the said amount so shown or ascertained so far as it is shown or ascertainable and as so shown or ascertained, as the case may be	Nil
Bank loans and overdrafts (as at December 31, 2019)	US\$677,450.00
Net amount recommended for distribution of dividend after tax	Nil

The above information is provided as at December 31, 2019.

14.7 For the purposes of paragraphs 7 and 8 of Part 1 of the Third Schedule to the Companies Act, 2004, the Company intends to use a portion of the proceeds of this IPO to purchase additional solar panels and associated Inverters. The cost for purchasing these panels and Inverters is estimated to be \$12,750,000.00. However, the Company has not identified a vendor from whom the purchase will be made nor has it entered into a contract for the purchase of the solar panels. Accordingly paragraphs 7 and 8 do not apply. The net proceeds of the IPO will be used to (i) pay IPO & Listing Expenses; (ii) expand its brokerage operations to other Caribbean territories; (iii) expand the Company's solar photovoltaic system; and (iv) provide working capital for the Company.

14.8 (a) Within the two years preceding the date of this Prospectus no commission has been paid, nor will any be payable to anyone by the Company for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares or debentures of the Company, save that the Company will pay to Mayberry Investments Limited as Lead Broker, commission at the rate of 3% of the total subscription price of the Shares issued. Other securities dealers and investment advisors may be contracted by Mayberry as sub-brokers on such terms as Mayberry

may deem appropriate to distribute the Shares. If that were to occur Mayberry would be responsible for paying commissions to such sub-brokers.

44,362,500 Shares have been reserved as follows:

- 6,300,000 Shares for a select number of directors of the Company (“Company Reserved (Directors) Shares”)
- 5,775,000 Shares for a select number of staff members of the Company (“Company Reserved (Staff) Shares”)
- 27,037,500 Shares for a select number of long standing clients of the Company (“Key Partners Reserved Shares”)
- 5,250,000 Shares for clients of the Lead Broker (“Mayberry Client Reserved Shares”).

(b) The IPO & Listing Expenses (estimated at J\$9,500,000.00) will be borne by the Company and paid out of the IPO proceeds.

(c) No payment or benefit has been paid or given or will be paid or given to any of the Directors or any other person as promoter of the Company within the preceding two (2) years or at all.

14.9 The issue is not underwritten.

14.10 The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company within the last two (2) years immediately preceding the date of issue of this Prospectus and is, or may be, material, namely:

	Date	Counterparty	Description
(i)	December 20, 2019	Tania Waldron-Gooden	Mentor Agreement
(ii)	January 8, 2019	Bank of Nova Scotia Jamaica Limited	Mortgage granted by the Company to Bank of Nova Scotia Jamaica Limited over real property to secure a loan used to acquire the said property.

(iii)	November 29, 2018	The Bank of Nova Scotia Jamaica Limited	Commitment Letter extending a credit facility to the Company to finance a portion of the purchase price for real property.
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14.11 The following contracts are voluntarily disclosed even though they are not mandatorily required to be disclosed but may be material to the business prospects of the Company.

	Date	Counterparty	Description
(i)	August 11, 2017	Mayberry Investments Limited	Financial Advisory and Lead Brokerage Services Agreement.

14.12 The name and address of the auditors of the Company are:

BDO
26 Beechwood Avenue
Kingston 5

14.13 The Company has only one class of shares namely ordinary shares. See paragraph 14.23 below as to voting rights attaching to the ordinary shares.

14.14 The Company was incorporated on June 13, 2005 and commenced trading on November 1, 2005 after it was registered by the FSC as an insurance broker. The Company has been carrying on business since then and accordingly paragraph 15 of Part 1 of the Third Schedule of the Companies Act does not apply.

Director's Interest

14.15 Non-executive Directors will be entitled to be paid directors' fees for attending Board meetings and committee meetings. Such fees will be fixed by the Directors at the first Board meeting after the IPO and will not exceed customary levels for "small cap" companies in Jamaica. The Chairman being an executive will not be paid fees for attending Board or Committee meetings.

14.16 The Chairman, whenever he places business with the Company, is paid a commission on the basis of the business introduced by him to the Company. Tania Waldron-Gooden has been appointed Mentor of the Company. Under the Mentorship Agreement she will be paid an annual fee of J\$300,000.00 for her services. Norman Minott is a partner of the law firm, Myers Fletcher & Gordon. In the past the Company has retained Myers Fletcher & Gordon to provide legal services. In such circumstances Myers Fletcher & Gordon has been paid and will be paid fees for such services based on arm's length terms.

14.17 Except as stated above no payment or benefit has been made or given to any Director for services rendered by him personally to the Company and, except for director's fees stated above, the Company has not made any payment or granted any benefit to any Director to induce him to serve as a Director of the Company or to qualify him as a Director of the Company.

Taxation

14.18 Tax law is subject to continual change, at times on a retroactive basis. Prospective investors should consult with their own tax advisers concerning issues including but not limited to application of Jamaican income tax laws to them arising from an investment in the Shares; any consequences to them arising under the laws of any other taxing jurisdiction; the availability for income tax purposes of a tax credit or deduction for Jamaican taxes; the availability of double taxation relief; the consequences of receipt of interest and sale or redemption of the Shares.

14.19 The Company, being regulated by the FSC, would be classified under the Income Tax Act as a regulated company. All regulated companies pay income tax at 33 $\frac{1}{3}$ %. However, if the IPO is successful and the Company is listed on the Junior Market of the JSE it would enjoy the Junior Market tax benefit (see paragraph 14.20 below).

14.20 On December 14, 2016 Parliament promulgated the Income Tax (Amendment) Act, 2016. That Act which was expressly stated to come into operation retrospectively on April 1, 2016 repealed the then existing Seventh Schedule to the Income Tax Act and introduced a new Seventh Schedule entitled "Junior Market Companies". By the new Seventh Schedule, companies listed on the Junior Market ("Junior Market Companies") were granted a 10 year tax incentive as follows:

- (a) in respect of the first 5 years after listing = full exemption from income tax;
- (b) in respect of the next 5 years = exemption from 50% of the income tax otherwise payable.

The Company's intention is to secure a listing on the Junior Market and on doing so it would enjoy the above tax benefits. If the Company fails to remain listed on the JSE (whether Junior or Main Market) for a continuous period of at least 15 years or is suspended under the Rules of the JSE then it will become liable to repay all the income tax which was remitted during the period it enjoyed the tax incentive.

14.21 Under the current income tax law, dividends paid by the Company to the following persons will attract withholding tax as shown in the table below:

#	Category of Persons	Rate of withholding tax on dividends
1	Company resident in Jamaica for tax purpose which holds at least 25% of the voting shares of the Company	Zero
2	Registered pension funds in Jamaica	Zero
3	Persons (including corporate bodies) resident in a Caricom territory which is a party to the Double Taxation Relief (Taxes on Income) (Caribbean Community) Convention	Zero
4	All other persons resident in Jamaica for tax purposes	15%
5	Individuals resident outside Jamaica for tax purposes	25%
6	Corporate bodies resident outside Jamaica for tax purposes	33 $\frac{1}{3}$ %.

14.22 In the case of persons listed at #5 and #6 in the above table, if they are resident in a country which has a double taxation treaty with Jamaica then such treaty would typically reduce the rate of withholding tax. For instance, the USA/Jamaica Double Taxation Treaty reduces withholding tax on dividends payable to US residents (whether individuals or companies) to 15% and a similar rate applies to UK and Canadian residents under the treaties which Jamaica has with those territories.

Share Capital

14.23 The Company has issued one class of shares, namely ordinary shares (called “the Shares”). A holder of Shares has, on a show of hands, one vote irrespective of the number of Shares held, but on a poll he will have one vote for each Share registered in his name or for which he is appointed proxy. The holder of a Share may vote in person or by proxy and a proxy need not be a member of the Company. In the case of joint holders of Shares the vote of the senior holder who tenders a vote in person or by proxy shall be accepted to the exclusion of the other joint holders and for this purpose seniority shall be determined by the order in which the names of the joint holders appear in the Company’s register of members. On issue the ordinary Shares will be converted into stock units. The Shares all rank *pari passu* among themselves.

14.24 The Shares carry a right to receive dividends but no dividend may be paid unless recommended by the Directors and it is unlawful for dividends to be paid except out of current profits or distributable reserves. The Company’s Articles authorize the shareholders, by ordinary resolution, to declare a dividend but no dividends may be declared in excess of the amount recommended by the Directors. The Directors may pay interim dividends out of profits or distributable reserves. Under the Articles of the Company unclaimed dividends will not accrue interest against the Company and any dividend unclaimed after 12 years from the date when it was declared or became due for payment shall be forfeited and revert to the Company.

14.25 The Company may stop sending dividend cheques or warrants or cease other methods of payment if (i) at least four (4) consecutive payments have remained un-cashed or returned undelivered or the means of payment has failed; or (ii) if at least two (2) consecutive payments have remained un-cashed or returned un-delivered or the means of payment has failed and reasonable enquiries have failed to establish any new address or account for such member. In such case the un-paid dividends will be recorded in the books of the Company as a debt due to the missing shareholder and will be paid on request. The Company will resume sending dividends by cheques or other financial instruments or by other customary means, if the shareholder so requests.

IPO & Listing Expenses

14.26 The IPO & Listing Expenses are estimated to be in the region of J\$9,500,000.00. They will include the following: (i) Lead Broker's fees; (ii) legal fees; (iii) accountants' fees; (iv) Registrar's fees; (v) Prospectus filing fees payable to the Registrar of Companies; and (vi) JSE initial listing fees. All the foregoing fees (except the Prospectus filing fees) will attract general consumption tax.

Material Litigation

14.27 The Company is not involved in any litigation, arbitration or other legal proceedings in Jamaica or in any other jurisdiction and the Directors of the Company are not aware of any circumstance which would give rise to any such litigation, arbitration or other proceedings. In addition there are no governmental or administrative proceedings currently in train or threatened or pending involving the Company or any of its senior executives and the Company is not aware of an event or circumstance which could give rise to any such proceedings. The Company has, however, raised a dispute with Tax Administration Jamaica (see paragraph 14.46 for further information).

Audit Report Qualification

14.28 There are no qualifications in the accountants' report of the historical financial information.

Significant Change

14.29 There has been no significant change in the financial or trading position of the Company since December 31, 2018 being the latest date as of which the audited financial statements of the Company were prepared.

Other Matters Relating to Directors

14.30 None of the Directors has written service contracts with the Company. With the exception of the Chairman's interest in Virsag Limited discussed at paragraph 7.10 above and

paragraph 14.44 below and the fact that a Director (Norman Minott) is a Partner in Myers, Fletcher & Gordon which provides legal services to the Company, the Directors are not aware of any further actual or potential conflict of interest between the duties owed by the Directors of the Company and the private or business interests of any of the Directors. If the Company were to purchase goods or services from any company in which a Director has an interest, such purchase would be made in the ordinary course of business and on arm's length terms.

14.31 None of the Directors has during the last five (5) years:

- (i) been convicted in relation to an offence involving fraud;
- (ii) been associated with any bankruptcy, receivership or liquidation while acting in the capacity of a director or member of the management team of the relevant entity;
- (iii) been sanctioned or subject to disciplinary action by a professional body; or
- (iv) been disqualified by a court from acting as a director or member of the administration, management or supervisory body of a company or otherwise from acting in the management of the affairs of a company.

14.32 The Company has not made any loan or granted any guarantee for the benefit of any of the Directors. With the exception of Raymond Walker and Rion Hall, no director holds shares in the Company. Directors will, however, be at liberty to apply for Company Reserved (Directors) Shares. Norman Minott, a director of the Company, is married to Gail Minott, who is a shareholder of the Company. Mrs. Minott is also the Secretary of the Company.

14.33 Each Director will be paid director's fees at a level comparable to what is customarily paid to directors of small cap public companies in Jamaica. In addition, a Director is entitled to be reimbursed for reasonable travelling and hotel expenses (where applicable) incurred in attending meetings of the Board or Committee of the Board and otherwise performing the duties as non-executive Directors.

14.34 Under the Company's Articles, at the first annual general meeting after the IPO and at each subsequent annual general meeting, one-third of the Directors shall retire by rotation. The Directors who shall so retire are those who are longest in office but if they were appointed on the same day they may agree among themselves as to those who shall retire and failing agreement the Directors to retire shall be determined by drawing lots. The Company's Articles provide that the number of Directors shall not be more than twelve (12). A Director need not hold shares in the Company.

Money Laundering

14.35 In order to ensure compliance with the Proceeds of Crime Act and applicable money laundering regulations, Applications for Shares must be submitted through Mayberry or an authorised selling agent. Mayberry and the selling agents, being regulated financial institutions, maintain and administer Anti-Money Laundering Policies and Procedures approved by their

respective regulators (whether Bank of Jamaica or the FSC), accordingly Applicants will be vetted to ensure compliance with these policies and procedures.

14.36 Mayberry or any selling agent, may, in its absolute discretion, require verification of source of funds from any Applicant. Failure to provide the required information may result in the Application being rejected. Mayberry and each selling agent reserves the right, as part of their money laundering and Know-Your-Customer procedures, to request credit information in respect of any Applicant from any local credit bureau and by submitting an Application Form an Applicant shall be deemed to authorise Mayberry or such selling agent to request such credit report and to sign, if requested, any requisite consent form. By submitting an Application Form, the Applicant shall be deemed to represent and warrant to the Company that no part of the sum offered to purchase Shares in the IPO constitutes proceeds of crime or is otherwise tainted money.

Industry and Market Data

14.37 Where third party information has been used in this document, the source of such information has been identified. The Company confirms that such information has been accurately reproduced and, so far as it is aware has been able to ascertain, from information published by such third parties, that no facts have been omitted which would render the reproduced information inaccurate or misleading.

14.38 Unless otherwise stated, financial information in relation to the Company has been extracted without material adjustment from the historical accountant's report prepared by BDO.

Miscellaneous

14.39 Persons applying for Shares in this IPO who are allocated Shares may only rely on the information contained in this Prospectus and, to the fullest extent permitted by law, any liability for representations, warranties and conditions express or implied and whether statutory or otherwise (including without limitation pre-contractual representations but excluding fraudulent misrepresentations) are expressly excluded in relation to the Shares and the IPO.

14.40 In the event that the Company is required to publish any supplementary prospectus or amendment to this Prospectus, Applicants who have applied for Shares will have the right exercisable within two (2) Business Days after publication of the supplementary prospectus or amendment to withdraw their Application in whole or in part. References to publication of a supplementary prospectus or amendment means a public announcement in the Press regarding publication of the supplementary prospectus or amendment to this Prospectus on the websites of the JSE, Mayberry and the Company.

Overseas Investors

14.41 No person receiving a copy of the Prospectus and/or an Application Form in any territory outside Jamaica may treat the Application Form as constituting an invitation or offer to him nor should he in any event use such Application Form.

Conflict of Interest

14.42 The Company recognizes that conflicts of interest may arise in the ordinary conduct of its business. The Audit Committee is entrusted with the task of reviewing all instances that present a conflict of interest and making decisions on such matters on behalf of the Company without the involvement of the conflicted director or manager.

14.43 In addition, as a Jamaican company, the Company will be regulated by the Companies Act, 2004 (“the Act”). This Act recognizes that a director owes a fiduciary duty to the company on whose board he serves and that duty requires his undivided loyalty to the company. Section 193 of the Act sets out a regime which governs the conduct of a director of a company where he is faced with a conflict of interest in the context of a contract with another company in which he has an interest as a director, officer or shareholder. Such a director must:

- (a) at the first meeting at which the contract or arrangement is considered, disclose in writing to the company or request to be entered in the Minutes of the directors’ meeting, the nature and extent of his interest;
- (b) if the director is interested in the matter as a director of the other contracting company, then he cannot be present during the discussions on the contract and must therefore leave the meeting;
- (c) if he is interested only as an officer of the other company, then according to the section he may remain at the meeting and vote on the matter if he is not otherwise interested in the contract or arrangement beyond the fact that he is an officer of the other company. However, the Articles of the Company go beyond this and restrict such a director from participating in the meeting.

14.44 It means that any director of the Company who is also a director, officer or material shareholder in another company which proposes to enter into a contract with the Company will not be allowed to participate in the Board deliberations concerning the proposed contract. One potential conflict of interest situation is the fact that the Executive Chairman is also a 50% founding shareholder in Virsag Limited, a company which intends to secure an agreement (whether lease or licence) with the Company to occupy office space on the roof of the Old Hope Road Property. Virsag intends to operate as a Lloyd’s claims administrator.

14.45 In order to avoid possible conflict of interest and cross usage of resources between each company, the business operations of Virsag and the Company will be segregated from each other

and the space occupied by Virsag will be subject to security-control entry. Common services such as utilities, parking attendant services and the like will be shared pro rata according to square footage or on any other more equitable basis. It is not intended for the resources of one company to be utilised by the other and the terms of reference of the Audit Committee will include monitoring the operations of the Company to ensure that this policy is duly observed.

Dispute with Tax Authorities

14.46 Tax Administration Jamaica assessed the Company for PAYE and Education Tax in the amounts of J\$2,178,522.81 and J\$273,328.22 respectively, for the year ended December 31, 2013. The Company is not in agreement with the assessment. Accordingly the Company filed an objection with the TAJ in September of 2018 and is currently engaged in discussions with the TAJ with a view to resolving the matter. The Company has made a provision in its accounts for this potential liability as it believes that the matter will be resolved in its favor.

Matters Concerning Corporate Governance

14.47 Raymond Walker currently serves as Chairman and Chief Executive Officer of the Company. In the interest of good Corporate Governance and best practice, he intends to relinquish his office as Chief Executive Officer by the end of 2020, and remain as Chairman. Leading up to his resignation as CEO, the necessary steps will be taken to identify a suitable successor.

15. DOCUMENTS AVAILABLE FOR INSPECTION

During the period that the IPO remains open for subscription for Shares, the following documents will be available for inspection on any Business Day during the hours of 9:00 am to 4:30 pm, at the office of Patterson Mair Hamilton, Temple Court, 85 Hope Road, Kingston 6 in the Parish of Saint Andrew; namely:.

- (a) written consents of the Auditors, BDO;
- (b) written consents of the valuers, NAI Jamaica Langford and Brown
- (c) audited financial statements of the Company from years ended December 31, 2014 to December 31, 2018;
- (d) un-audited financial statements of the Company for the nine-month period ended September 30, 2019;
- (e) resolution of the Company to convert from a private to a public company passed on December 20, 2019 and to adopt new Articles of Incorporation;
- (f) the material contracts referred to in paragraphs 14.10 and 14.11 above;
- (g) the New Articles of Incorporation of the Company; and
- (h) a copy of the valuation report referred to in paragraph 8.31.

16. APPLICATION PROCEDURE

Applications

16.1 Applications for Shares shall be made on the original Application Form included at the end of this Prospectus. The Application Form must be completed in accordance with the instructions set out in this Section 16 (and on the Application Form) and be delivered or mailed to Mayberry Investments Limited, 1½ Oxford Road, Kingston 5, Jamaica, in the case of Mayberry Clients, or in the case of other Applicants, to their broker.

16.2 A Reserved Share Applicant may apply for Reserved Shares using the Application Form accompanying this Prospectus. The Reserved Share Applicant will need to check the relevant box for the relevant category of Reserved Shares for which they are eligible. If a Reserved Share Applicant applies for more than the number of Reserved Shares available in that category then the excess Shares applied for will be treated as an application for Shares in the public pool.

16.3 If subscriptions are received for fewer Reserved Shares than the block of 44,362,500 Shares so reserved, then the Reserved Shares not taken up will be added to the pool of Shares available to satisfy subscriptions or applications by the general public.

16.4 If needed, additional copies of this Prospectus containing an Application Form may be obtained from Mayberry's office or website (www.mayberryinv.com) or the website of the JSE (www.jamstockex.com).

16.5 In the event of multiple Application Forms being submitted by a Subscriber (whether as an individual or jointly with other Subscribers) the Company reserves the right to treat such applications as a single application or accept or reject multiple applications in its sole discretion.

16.6 The Company reserves the right to reject multiple applications and if multiple applications are received, only the first application in time may be processed. **An Application Form which is not part of a Prospectus should under no circumstances be used to apply for shares in this IPO. All potential investors are encouraged to read the Prospectus in full before deciding to invest in the Shares.**

Terms and Conditions of all Applications

16.7 All Applications for Shares are subject to the following terms and conditions:

- (a) neither the submission of an Application Form by a Subscriber nor its receipt by the Company or Mayberry or any other broker will result in a binding contract between the Subscriber and the Company or Mayberry. Only the allotment of Shares by the Company to a Subscriber (whether such Shares represent all or part of those specified by the Subscriber in his Application Form) will result in a binding contract under which the

Subscriber will be deemed to have agreed to accept and to pay for the number of Shares allotted to him at the Subscription Price, subject to these terms and conditions.

- (b) the Application List for the IPO will open at 9:00 a.m. on February 18, 2020 and will close at 4:30 p.m. on March 3, 2020 subject to the right of the Company to close the Application List at any time if applications have been received for the full amount of the Shares available for subscription and sale and subject also to the right of the Company to extend the closing beyond that date subject to section 48 of the Companies Act, 2004. In the event of an early closing or an extension of the closing notice will be posted on the website of the Jamaica Stock Exchange (www.jamstockex.com).
- (c) applications made must be for a minimum of 1,000 Shares. Applications for amounts in excess of 1,000 shares must be in multiples of 100 shares. Applications for amounts in other denominations will not be processed or accepted.

16.8 All Mayberry Clients must submit their Application Forms together with payment for the Shares in the form of either:

- (a) authorisation from the Subscriber on the Application Form, instructing Mayberry to make payment from cleared funds held with Mayberry in an investment account in the Subscriber's name; or
- (b) where applicable, proof of wire transfer crediting Mayberry's designated JMD Chequing Account at Citibank numbered 18559455, attached to the Application Form.

Absolutely no cash will be collected.

16.9 Clients of Mayberry Investments Limited must deliver their completed Application Forms to Mayberry Investments Limited at its office, the address of which is shown below.

Mayberry Investments Limited	1½ Oxford Road Kingston 5
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16.10 Subscribers who are clients of other brokers must submit their completed Application Forms to their respective brokers, along with payment for the specified number of Shares in the form of either:

- (a) authorisation from the Subscriber on the Application Form, instructing their broker to make payment from cleared funds held in an investment account in the Subscriber's name; or

- (b) payment to their broker in the form of RTGS transfer to an account designated by their broker, or any other means designated by their broker.

16.11 All brokers who receive Application Forms from their clients must:

- (a) make electronic payment to Mayberry on behalf of their clients by wire transfer, crediting Mayberry's designated JMD Chequing Account at Citibank numbered 18559455; and
- (b) send all Application Forms to the JCSD along with proof of payment that was made to Mayberry's designated Citibank Account referred to in (a) above (i.e. copy of payment confirmation with the relevant batches and batch number).

16.12 Mayberry, as receiving agent, reserves the right to reject incomplete applications, but is not obliged to do so if the Subscriber's intention is sufficiently clear.

16.13 Receipts will not be issued for sums received as payment for Shares. All Shares allotted or sold to successful Subscribers will be held in the JCSD and credited to an account in the JCSD in the name of the Subscriber within 21 days of the closing date of the Application List. Evidence of the Subscriber's holding of Shares will be provided by statements generated by the JCSD and mailed to the Subscriber at the address indicated on their Application Form. If any application is not accepted or is accepted for fewer than the number of Shares applied for, the subscription monies, or the balance thereof as the case may be, will be returned within 40 days following the issue of the Prospectus by crossed cheque sent through the post or, if instructed, held for collection at Mayberry's office. No interest is payable on such refunds.

16.14 Subscribers must be at least 18 years old. However, Subscribers who have not yet attained the age of eighteen (18) years may apply jointly with Subscribers who are at least eighteen (18) years of age.

16.15 The Company reserves the right to reject, in whole or in part, any Application and to allot or allocate less than the amount of Shares applied for by a Subscriber.

16.16 The Company also reserves the right to withdraw the IPO by notice published in at least one of the local daily newspapers and on the JSE website. The Company also reserves the right to reject any application if any of the conditions for application set out in this Prospectus is not met.

16.17 By submitting an Application a prospective investor shall be deemed to represent to the Company and the Directors and agree with him that:

- (a) he has read and understood or has had the opportunity to read and understand this Prospectus (including the terms and conditions in this Section 16) and to gather and review all additional information considered by him to be necessary to verify the accuracy of the information contained in this Prospectus;

- (b) he has not relied on the Company or any other persons connected with the Company in connection with his investigation of the accuracy of such information or his investment decision;
- (c) no person connected with the Company has made any representation concerning the Company or this Prospectus not contained in this Prospectus, on which the Subscriber has relied in submitting his Application Form;
- (d) he has made his own assessment of the Company, and the merits and risks of subscribing for or purchasing Shares, inclusive of taking advice (or waiving the need for such advice) in relation to the financial and legal implication of subscribing for or purchasing Shares and tax implications thereof;
- (e) he has accepted the terms and conditions set out in this Prospectus, including in any Appendix hereto;
- (f) the Directors may take all such further requisite action without further reference to him or other stockholders to secure the listing of the Company on the Junior Market of the JSE and the completion of all matters relating to the IPO; and
- (g) he will be deemed to have offered to purchase from the Company the number of Shares applied for in his Application Form (or such lesser number which may be allotted to him by the Directors) on the terms and subject to the conditions set forth herein and subject further to the Articles of Incorporation of the Company.

16.18 Successful Subscribers will be allotted Shares for credit to their account in the Jamaica Central Securities Depository specified in their Application Forms. Subscribers may refer to the confirmation instructions that will be posted on the website of the Jamaica Stock Exchange (www.jamstockex.com) after the Closing Date. Subscribers who wish to receive share certificates must make a specific request for such share certificate.

16.19 Save with respect to the fixed number of Reserved Shares available to Reserved Share Applicants and save as to the requirement for a minimum subscription of 1,000 Shares by a member of the public or a Reserved Share Applicant and that subscriptions in excess of 1,000 must be in multiples of 100 Shares, there is no restriction as to the number of Shares for which a Subscriber may apply for subject to provisions of any law or regulation which may impose conditions or restrictions on certain persons, such as approved superannuation funds as to their investment in shares and certain securities.

16.20 The Company will return cheques for the amounts refundable to Subscribers whose Application Forms are not accepted, or whose Application Forms are only accepted in part, to the Subscriber's address shown in the Application Form within 10 (ten) working days after the Closing Date (or the extended Closing Date, as the case may be). However, notwithstanding any extension of the Closing Date, the Company will return such cheques within 40 days from the issue of the Prospectus. If a Subscriber so indicates on his Application Form his refund cheque

will be sent to the JCSD for collection by him (or by the first-named joint Subscriber) stated in the Application Form. Any other persons purporting to collect a cheque on behalf of the Subscriber must be authorised in writing by the Subscriber(s) to do so. All refunds of amounts greater than the RTGS threshold of J\$1 Million, will be refunded via RTGS to the account of origin.

16.21 Within three (3) days after close of the Application List, the Company shall give notice to the JSE of the basis of allocation/allotment and the list of allottees and purchasers will be delivered to the JSE within ten (10) days after the allotment and allocation.

Basis of Allotment

16.22 Shares will be allotted to the general public on a “first come first served basis”. As regards Reserved Shares, the Directors reserve the right to allot Shares in a fair and equitable manner to achieve its objective of encouraging wide participation by Key Partners, directors, and staff. The Directors of the Company may, notwithstanding their intention to allot the Shares on the aforementioned basis, reserve the right to allot the Shares to Subscribers on a basis to be determined by them in their sole discretion.

16.23 Application Forms that meet the requirements set out in this Prospectus shall be accepted on a “first come first served basis”. All Applications will be time-stamped to indicate the date and time it was received. If Applications are received before the Application List opens at 9.00 a.m. on February 18, 2020 then such Applications will, for allotment purposes, be stamped as received at 9.00 a.m. on February 18, 2020 being the date of the opening of the Application List.

16.24 Valid subscriptions by a Reserved Share Applicant for Reserved Shares for which they are eligible will be satisfied from the block of Reserved Shares allocated for the particular category of Reserved Shares for which they are eligible and have completed a valid Application Form.

17. DIRECTORS' SIGNATURES

Signed on behalf of Caribbean Assurance Brokers Limited by its Directors on this 7th day of February, 2020

Signed: 
Raymond H. Walker


Signed: 
Barrington Whyte


Signed: 
Kion B. Hall

Signed: 
Carlton Barclay

Signed: 
Norman Minott

Signed: 
Tania Waldron-Gooden

Signed: 
Janice P. Holness (signed by Raymond H. Walker as attorney-in-fact on behalf of
Janice P. Holness)

Signed: 
Jennifer Rajpat (signed by Raymond H. Walker as attorney-in-fact on behalf of
Jennifer Rajpat)

Appendix 1

Application Form



PLEASE READ CAREFULLY BEFORE COMPLETING THIS FORM

To: CARIBBEAN ASSURANCE BROKERS LIMITED ("CAB") OR ("THE COMPANY")

Re: In respect of up to 52,500,000 Ordinary Shares at J\$1.91 each being offered made pursuant to the Prospectus dated February 07, 2020. 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.

I/We hereby apply for Ordinary shares in Caribbean Assurance Brokers Limited on and subject to the terms and conditions of the Invitation set out in the Prospectus at the price of J\$1.91 each, and I/we attach as my/our payment or I/we request my broker to make payment on my/our behalf from cleared funds held by them in my /our names in account numbered _____ with them. I/We hereby instruct my/our broker to debit my/our account with the sum of J\$ (inclusive of processing fees) for the purposes of my/our subscription of the Ordinary Shares as indicated above.

I/We agree to accept the same or any smaller number of 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 Caribbean Assurance Brokers Limited, by which I/we agree to be bound. I/We request you to sell and transfer to me/us the number of shares which may be allocated to me/us at the close of the said Invitation based on the terms and conditions governing applications, as set forth in the Prospectus. I/We hereby agree to accept the shares that may be allocated to me/us to be credited to an account in my/our name(s) in the Jamaica Central Securities Depository (JCSD). All fields are relevant and must be completed.

JCSD ACCOUNT NUMBER
 BROKER CODE
 ACCOUNT # WITH BROKER
 TAXPAYER REGISTRATION NUMBER

Company Reserved (Directors) Shares
 Company Reserved (Staff) Shares
 Key Partners Reserved Shares
 Mayberry Clients
 General Public

PRIMARY HOLDER DETAILS

PRIMARY HOLDER (EITHER COMPANY OR INDIVIDUAL)

DATE OF BIRTH
 PRIMARY MOBILE/CELL NUMBER
 WORK NUMBER
 GENDER

EMAIL ADDRESS — PLEASE PRINT

OCCUPATION

SIGNATURES:

PRIMARY HOLDER: _____ DATE SIGNATURE AFFIXED: _____

(COMPANIES - COMPANY SEAL OR STAMP REQUIRED):

JOINT HOLDER INFORMATION

FIRST NAMED JOINT HOLDER

OCCUPATION
 TAXPAYER REGISTRATION NUMBER
 SIGNATURE

SECOND NAMED JOINT HOLDER

OCCUPATION
 TAXPAYER REGISTRATION NUMBER
 SIGNATURE

THIRD NAMED JOINT HOLDER

OCCUPATION
 TAXPAYER REGISTRATION NUMBER
 SIGNATURE

ALL APPLICANTS MUST INDICATE THEIR TAXPAYER REGISTRATION NUMBER (TRN) OR OTHER EQUAL IDENTIFIER ON THE APPLICATION
ALL APPLICANTS ARE REQUIRED TO PAY J\$163.10 PROCESSING FEE PER APPLICATION SUBMITTED
THIS OFFER IS NOT MADE TO PERSONS RESIDENT OUTSIDE JAMAICA



1. **Clients of Mayberry Investments Limited** must deliver their completed application forms to Mayberry Investments Limited 1 ½ Oxford Road, Kingston 5
 - a. Clients of Mayberry must submit proof of payment for the specified number of shares they have applied for, in the form either:
 - i. Authorization from the subscriber on the Application form instructing Mayberry to make payment from cleared funds held in an investment account in the Subscriber's name.
 - ii. Proof of wire transfer crediting designated **JMD Chequing Account at Citibank numbered 18559455** attached to the application form, **no cash will be accepted.**
2. All Applications must be for a minimum of 1,000 shares with increments of 100 shares. Applications in other denominations will **not** be processed or accepted.
3. Other broker Applicants must submit their completed Application Form to their broker along with payment for the specified number of Shares they have applied for, in the form of either:
 - a. Authorization from the subscriber on the Application form instructing their broker to make payment from cleared funds held in an investment account in the Subscriber's name.
 - b. Payment to their broker in the form of RTGS transfer to an account designated by their broker, or any other means designated by their broker
4. All brokers must:
 - a) Make electronic payment to Mayberry on behalf of their clients by wire transfer, crediting designated **JMD Chequing Account at Citibank numbered 18559455**
 - b) Send applications to the JCSD along with proof of payment that was made to the designated Citibank Account i.e. Copy of payment confirmation with the relevant batches and batch number
5. If you are applying jointly with any other person, Joint Holder Information must be provided and each joint holder **must** sign the Application Form at the place indicated.
6. All Applications must be at least 18 years old and must attach a copy of their T.R.N. card or Jamaican Driver's Licence displaying the T.R.N. Applicants who have not yet attained the age of eighteen (18) years, may apply jointly with Applicants who are at least eighteen (18) years of age.
7. Share Certificates will not be issued unless specifically requested through your broker. Instead, the shares allotted to a successful applicant will be credited to his account at the Jamaica Central Securities Depository Limited ("JCSD"). If the applicant does not have a JCSD account, one will be created by your broker and the allotted shares deposited to that account.
8. All Applicants are deemed to have accepted the terms and conditions set out in the Prospectus and the Articles of Incorporation of the Company generally.
9. Requests for changes to your JCSD account information e.g. dividend mandate instructions, change of address, telephone numbers and email addresses etc. must be directed through your broker as customary.

THIS SECTION FOR USE BY BROKER ONLY

DATE APPLICATION RECEIVED: _____

TIME RECEIVED: _____

CONFIRMATION DETAIL OF TRANSFER TO SJIL

* MIL A/c #

PAYMENT METHOD FROM INVESTOR: _____ PAYMENT REC'D: _____

* MIL Transfer/Deposit slip #

CHEQUE / DEPOSIT/ WIRE #: _____

* RTGS / Wire #:

BROKER STAMP AND SIGNATURE:

ADVISOR: _____

BRANCH: _____

Appendix 2



15th January 2020

The Board of Directors of
Caribbean Assurance Brokers Limited
94D Old Hope Road
Kingston 6

Ladies and Gentlemen,

Re: Prospectus for an Offering of 52,500,000 Ordinary Shares in Caribbean Assurance Brokers Limited

With respect to the Prospectus for an offering of 52,500,000 ordinary shares in Caribbean Assurance Brokers Limited; we hereby consent to the inclusion in that Prospectus of the Executive Summary of our Valuation Report dated 24th August 2019, for the property located at 94D Old Hope Road, Kingston 6.

We further consent to 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 Registrar of Companies for registration.

This letter should not be regarded as in any way updating the aforementioned report or representing that we performed any valuation subsequent to the date of such report.

Yours faithfully,
NAI Jamaica Langford & Brown

A handwritten signature in blue ink, appearing to be 'G. Langford'.

Gordon Langford MRICS
RICS Registered Valuation Surveyor



31 Upper Waterloo Road
Kingston 10, Jamaica
Tel: 876-925-7861 Fax: 876-969-3198
www.NAIJamaica.com

EXECUTIVE SUMMARY

SUBJECT:	94D Old Hope Road, Kingston 6
REGISTERED OWNER:	Caribbean Assurance Brokers Limited
LEGAL DESCRIPTION:	Land registered at Volume 1286 Folios 396 & 397
INTEREST VALUED:	Fee Simple Absolute
BASIS of VALUE:	Market Value
CLIENT:	Raymond Walker
HIGHEST & BEST USE:	Professional Office Complex
CURRENCY:	Jamaican Dollars
MARKET VALUE:	J\$225,000,000
SPECIAL ASSUMPTION PRICE:	J\$180,000,000
LAND VALUE:	J\$63,000,000
VALUATION DATE:	24 th August 2019

Valuation: 94D Old Hope Road, Kingston 6. Page 1