INVESTMENTS

Building Wealth for our Investors

ANNUAL REPORT 2020

Mission

- To provide a wide variety of investors with the opportunity to own a diversified portfolio of investments, thereby spreading their investment risk.
- To deliver above average returns over the short to medium term, by seeking out undervalued assets that will deliver above average returns.
- Pooling management resources and investors' savings to maximize shareholder returns.

Contents

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the members of QWI Investments Limited (the "Company") will be held at The Jamaica Pegasus Hotel, 81 Knutsford Boulevard, Kingston 5, on the 30th day of March 2021 at 4:45 p.m. for the purpose of transacting the following business:

1. To receive and approve the Audited Financial Statements for the year ended 30 September 2020 and the reports of the Directors and the Auditors circulated herewith.

To consider and, if thought fit, pass the following resolution: -

Resolution No. 1

"THAT the Audited Financial Statements for the year ended 30 September 2020 and the reports of the Directors and the Auditors circulated with the Notice convening the meeting, be and are hereby received."

2. To consider person(s), if any, proposed for election and willing to be elected as Director(s) of the Company received between 16th March 2021 and 23rd March 2021.

To consider and, if thought fit, pass the following resolution: -

Resolution No. 2

"THAT any Notice(s) of person(s) proposed for election, and any Notice(s) of the willingness of such person(s) to be elected, as Director(s) of the Company between 16th March 2021 and 23rd March 2021 be considered."

3. To appoint Auditors and authorise the Directors to fix remuneration of the Auditors.

To consider and, if thought fit, pass the following resolution: -

Resolution No. 3

"THAT KPMG, Chartered Accountants, having signified their willingness to continue in office as Auditors, be and are hereby appointed Auditors of the Company to hold office until the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company."

4. To declare no dividend for the year ended 30 September 2020

To consider and, if thought fit, pass the following resolution: -

Resolution No. 4

"THAT no dividend be declared in respect of the year ended 30 September 2020."

5. To approve the remuneration of the Directors.

To consider, and if thought fit, pass the following resolution:-

Resolution No. 5

"THAT the amount shown in the Audited Financial Statements for the year ended 30 September 2020 as fees to the Directors for services as Directors, be and is hereby approved."

6. To approve share buyback.

As special business, to consider, and if thought fit, pass the following resolution as a Special Resolution:-

Resolution No. 6

"THAT the Company be and is hereby authorised to make Open Market Purchases of its own shares ("Shares") on such terms and in such manner as the Directors shall from time to time determine, provided that:

(a) the maximum price (exclusive of expenses) which may be paid for each of the Shares shall not exceed 85% of the Net Asset Value per share of the Company last published by the Company before the time of such purchase;

(b) this authority shall expire at the conclusion of the next Annual General Meeting of the Company, save that the Company may at any time prior to the expiry of such authority enter into a contract or contracts under which a

Notice of AGM Continued

purchase of Shares under such authority will or may be completed or executed wholly or partly after the expiration of such authority and the Company may purchase Shares in pursuance of any such contract or contracts as if the authority hereby conferred had not expired;

(c) any market purchases shall be carried out in accordance with and subject to the applicable Rules of the Jamaica Stock Exchange and any relevant laws of Jamaica;

(d) the Secretary of the Company shall – (i) cause a copy of this special resolution, along with a copy of the statutory declaration made by the Directors of the Company in accordance with Section 58 of the Companies Act, to be filed at the Companies Office of Jamaica pursuant to the provisions of the Companies Act including Section 139 thereof, and (ii) do such other acts and things as may be lawfully required to give effect to the foregoing; and

(e) the Registrar and Transfer Agent of the Company, or the Secretary of the Company, shall make the required entries in the Company's register of members to reflect the said purchase of Shares by the Company."

Dated the 22nd day of January 2021.

By Order of the Board

Cameron Burnet
Company Secretary

All individuals who attend the meeting will be required to wear masks and comply with all other Covid-19 precautions and protocols, including layout and seating. Hand sanitizer will be provided at convenient locations.

*Please see Proxy Form and notes thereto.

Any member of the Company entitled to attend and vote at this meeting may appoint a proxy to attend and vote in his/her stead. Such a proxy need not also be a member of the Company. Enclosed is a Proxy Form for your convenience, which must be lodged at the Company's Registered Office at 2 Bell Road, Kingston 11, Jamaica, not less than forty-eight (48) hours before the time appointed for holding the meeting. The Proxy Form shall bear the stamp duty of $100.00 before being signed. The stamp duty may be paid by adhesive stamp(s) to be cancelled by the person executing the Proxy.

The meeting will be live-streamed at http://jamaicanteas.com/agm

Notice of
Extraordinary General Meeting

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the members of QWI Investments Limited (the "Company") will be held at The Pegasus Hotel, 81 Knutsford Boulevard, Kingston 5, on the 30th day of March 2021 at 4:30 p.m. for the purpose of transacting the following business:

To approve, adopt, ratify, and confirm the resolutions passed or purportedly passed, and decisions taken or purportedly taken, at the meeting of members of the Company on the 17th day of June 2020, notwithstanding any defect or irregularity in the notice of or the convening or holding of the said meeting.

> Be it resolved:
>
> "THAT the following resolutions passed or purportedly passed, and decisions taken or purportedly taken, at the meeting of members of the Company on the 17th day of June 2020, be and are individually hereby approved, adopted, ratified, and confirmed by the Company, namely:
>
> 1. a) To receive and approve the Audited Financial Statements and the Reports of the Directors for the year ended 30 September 2019 together with the Auditor's Report therein.
>
>   b) Be it resolved:
>
>   "That the Audited Financial Statements, the Auditors Report and the Reports of the Directors for said period, be and is hereby approved."
>
> 2. To consider, and if thought fit, pass the following resolution:
>
>   "That the amount shown in the Audited Financial Statements for the year ended 30 September 2019 as the fees to the Directors for services as Directors, be and is hereby approved."
>
> 3. "That KPMG, Chartered Accountants, be reappointed as Auditors of the Company for the next financial year and that the Directors be authorised to fix their remuneration."
>
> 4. "To consider Notices of persons proposed for election as Director(s) of the Company received between 6 March 2020 and 13 March 2020."
>
> 5. To consider, and if thought fit, pass the following resolution:
>
>   "That no dividend be declared in respect of the period from the incorporation of the Company to 30 September 2019."
>
> 6. "To defer item 6 (concerning authorisation of share buybacks) of the Company's Notice of Annual General Meeting dated 29th January 2020 ("AGM Notice") to a subsequent meeting of the Company, which item 6 is hereby withdrawn from the AGM Notice."

Dated the 22nd day of January 2021.

By Order of the Board

Cameron Burnet
Company Secretary

All individuals who attend the meeting will be required to wear masks and comply with all other Covid-19 precautions and protocols, including layout and seating. Hand sanitizer will be provided at convenient locations.

*Please see Proxy Form and notes thereto.

Any member of the Company entitled to attend and vote at this meeting may appoint a proxy to attend and vote in his/her stead. Such a proxy need not also be a member of the Company. Enclosed is a Proxy Form for your convenience, which must be lodged at the Company's Registered Office at 2 Bell Road, Kingston 11, Jamaica, not less than forty-eight (48) hours before the time appointed for holding a meeting. The Proxy Form shall bear the stamp duty of $100.00 before being signed. The stamp duty may be paid by adhesive stamp(s) to be cancelled by the person executing the Proxy.

The meeting will be live-streamed at http://jamaicanteas.com/agm

Corporate Data

BANKERS:

Bank of Nova Scotia Ja. Ltd.
Scotiabank Centre
Cnr. Duke & Port Royal Streets
P.O. Box 709, Kingston

REGISTRAR & PAYING AGENT:

Jamaica Central Securities Depository
40 Harbour Street
Kingston

ATTORNEYS-AT-LAW:

Hart Muirhead Fatta
2nd Floor
The Victoria Mutual Building
53 Knutsford Boulevard
Kingston 5

AUDITORS:

KPMG
Chartered Accountants
6 Duke Street
Kingston

Shareholdings of Note

AS AT 30 SEPTEMBER 2020

10 Largest Primary Account Holders

Name	Units
KIW International Limited	245,000,005
Jamaican Teas Limited	236,661,533
NCB Capital Markets Ltd.A/C 2231	113,191,548
NCB Insurance Company Limited	34,244,877
MF&G Asset Management Ltd -NCB CM Unit Trust Scheme (JMD Caribbean Equity Portfolio)	23,103,433
JCSD Trustee Services Ltd. A/C - Barita Unit Trust Capital Growth Fund	20,259,783
Mayberry Jamaican Equities Limited	18,084,029
Amalgamated Distributors Ltd.	16,207,398
Development Bank of Jamaica Ltd. Pension Fund	14,520,669
David Anthony Stephens	13,500,000
Total Percentage of Shareholdings	**53.83%**

Directors and Connected Parties Shareholdings

Name	Position	Units
John Mahfood	Chief Executive Officer	3,123,825
John Jackson	Director	6,532,692
	Connected Party Holdings	3,021,994
	Combined Holdings	9,554,686
Cameron Burnet	Director	2,025,000
David Anthony Stephens	Director	13,500,000
Carl Carby	Director	NIL
	Connected Party Holdings	6,000,000
	Combined Holdings	6,000,000

Corporate Governance

QWI Investments Limited (QWI) was incorporated as an Investment and Management Company in 2018 and is a member of the Jamaican Teas Group.

Jamaican Teas Limited (JTL) administers the functions of QWI including the provision of accounting, company secretary, administration and compliance services.

The successful listing of QWI on the main market of the Jamaica Stock Exchange (JSE) in 2019 is wholly directed to Building Wealth for our Investors, guided by our Mission to deliver above average returns over the short to medium term, as we pool management resources and investors' savings to maximize shareholder returns.

The governance of the Company is structured around an organizational framework that manages and monitors our objectives, supported by a professional group of skilled personnel comprised of the Board of Directors, its Committees, advisors, employees and the Board of JTL.

BOARD OF DIRECTORS

The Board of Directors reinforces the structural pillars of the Company, actively and proactively engaging in investment decisions, in the best interest of its shareholders and stakeholders. The Directors' expertise encompasses General Management, Accounting, Legal, Finance and Investments.

The Corporate Governance framework seeks to:

- Ensure achievement of QWI's long-term strategic goals including that of its shareholders, stakeholders and employees
- Ensure that sound and fair business ethics are applied in all the Company's dealings
- Achieve compliance with all legal and regulatory requirements in the operations of the Company's business, according to the Code of Corporate Governance
- Provide active engagement socially in the local community
- Provide access to information, internal changes and other matters via strategic media placements and its corporate website

The Board comprises John Jackson, (Chairman), John Mahfood, Cameron Burnet, David Stephens, Malcolm McDonald and Carl Carby.

The Company's Directors were selected on the basis of their expertise in specific areas required by the Company, as shown below.

Areas of Expertise	John Jackson	Cameron Burnet	John Mahfood	Carl Carby	David Stephens	Malcolm McDonald
Finance & Accounting	•	•	•	•		
General Management	•		•	•	•	
Investment Experience	•	•	•	•	•	•
Public Company Experience	•		•	•	•	•
Independent				•	•	•

Board members meet at least five to six times per year to discuss the operations of the Company and when necessary, attend unscheduled meetings outside of the set timetable.

CORPORATE GOVERNANCE POLICY

The Company will adhere to Corporate Governance principles and standards for compliance with the Private Sector Organization of Jamaica's (PSOJ) Code of Conduct, in maintaining and evaluating the conduct of the Board of Directors and members of the Committees.

The Company's Code of Conduct holds Directors and Committee members accountable to high standards of professionalism, integrity and due diligence in their performance. Areas of conflict of interest, in accordance with the rules and regulatory requirements of the Jamaica Stock Exchange (JSE) and the Financial Services Commission (FSC), are clearly outlined and will be monitored continuously.

Our responsibility to our regulators and shareholders lies in ensuring access to the Company's website, timely dissemination of Quarterly and Annual Reports and any other information of import.

COMMITTEES

The Board of Directors is supported by two committees: - the Audit Committee and the Investment Committee.

The Audit Committee is comprised of four Directors, three of whom are independent. This Committee is chaired by Carl Carby with members Malcolm McDonald, David Stephens and Cameron Burnet. Carl Carby, David Stephens and Malcolm McDonald are independent members.

Their terms of reference entail the oversight of good fiscal discipline, financial reporting, timely disclosure, listing and reporting on compliance.

The Investment Committee manages the Company's portfolio of investments and has a complement of three directors, one of whom is independent. The Committee is chaired by John Jackson with members David Stephens and Cameron Burnet.

They are charged with the responsibility of formulating and recommending investment decisions that will generate dividend and capital return on investments from a diverse portfolio of securities and other instruments listed on the JSE and international exchanges.

The Board has appointed an independent licensed investment adviser to the Investment Committee, who will undertake investment management services on behalf of the Company.

The Audit Committee meets on a quarterly basis and the Investment Commitment on a weekly basis, unless more frequent meetings are required.

INDEPENDENT DIRECTORS

Independent Directors will be assessed on the independence of their character and judgement and whether their relationships or circumstances are likely to, or could seemingly, pose a conflict or affect their judgement.

The Board may determine whether a Director is independent, notwithstanding the existence of a relationship or circumstance, which may appear relevant to its determination, including whether the Director had been: -

- an employee of the Company within the last five (5) years or
- has had, within the last three (3) years, material business relations with the Company either
- directly as a partner, shareholder, director or senior employee of a body that had such a relationship with the Company.

PERFORMANCE EVALUATION AND ATTENDANCE

The Board of Directors and Committees will be evaluated on their individual performance, effectiveness and attendance at meetings.

During the period to September 2020, the number of meetings convened were seven (7) Board Meetings.

Directors/Members	Board Meetings
John Jackson	7
Carl Carby	7
John Mahfood	7
David Stephens	7
Cameron Burnet	7
Malcolm McDonald	4

COMPLIANCE

Since October 2019, the Company has been compliant with:

- The Securities Act and its insider trading regulations
- Regulations relating to the disclosure of transactions with any related party
- The Listing Rules of the Jamaica Stock Exchange
- Filing Annual Financial Statements for 2020 within the periods required by the Listing Rules of the JSC and with the FSC.

On 23 December 2020, KPMG, independent auditors of the Company, issued an unqualified audit opinion on the Company's 2020 Annual Financial Statements.

COMPENSATION OF DIRECTORS

The total fees paid to QWI's Directors in 2020 was $6. 24 million. These fees are subject to the approval of the shareholders at the Company's next Annual General Meeting.

In addition to an annual fee, each Director of QWI is entitled to participate in the Company's share option schemes, which are described in detail in Note 13 of the Company's 2020 Audited Financial Statements.

Under the stock option plan, each of the Directors may exercise options to buy 1 million QWI shares per annum (1.2 million shares by the Chairman) in whole, or in part, within five years of 31 July 2019. The price to be paid will be $2.70 per share, twice the initial price at which the shares were offered during the IPO.

The subscription price for the shares is payable in full at the time that the option is exercised. Each option will be deemed forfeited, if not exercised within five years of the date that it became available. A further amount of 10 million shares for future stock options has been reserved, in addition to the initial 31 million set out above.

COMPENSATION OF INVESTMENT COMMITTEE MEMBERS

The members of the Investment Committee are not entitled to any annual fees for their work but may receive certain compensation payments, arising from their participation in the Investment Incentive Plan (IPP) established by the Company. Under the IPP, the Investment Committee members are entitled to receive 10 percent of the Net Investment Return (NIR) of the Company in excess of the Hurdle Rate established by the Company's Directors where:

'NIR' is the total realised and unrealised gains of the Company less any finance costs incurred by the Company to fund the investments that produced the realised and unrealised gains; and 'Hurdle Rate' is the percentage change of the MSCI ACWI All Cap Index in United States dollars for the corresponding incentive period applied to the average of the Company's investments for such period.

Corporate Governance Continued

QWI Director, Cameron Burnet (left), in discussion with Al Johnson of KPMG, Auditors of the Company.

The MSCI ACWI All Cap Index is a composite index of 14,480 small, mid and large cap companies listed on 23 developed markets and 24 emerging markets around the world. The index is published by MSCI Inc. (MSCI).

MSCI is owned by Morgan Stanley Inc, one of the largest investment banks and fund managers in the U.S.A. All MSCI indices are published on a daily basis and are widely followed by investment managers around the world.

Chairman's Report

In September 2019, we invited investors to become part of our family and enjoyed great success as 4,700 investors joined QWI Investments Limited, entrusting us to deliver good returns on their investment.

The Initial Public Offer (IPO) was issued during a period that was very successful for the Company, with investment performance beating that of the JSE Composite market index. Subsequently, we faced major changes in the investments market as the world was challenged by the COVID-19 pandemic, an unprecedented development, which was highly negative for global economies, businesses, social life and investments.

THE LOCAL MARKET

In March, there was a great level of uncertainty as to the future of the economy and by extension businesses, leading investors to react defensively. The uncertainties resulted in a downturn in stocks and many other forms of investments, with prices falling sharply during the month. The effect was mostly seen in the precipitous decline of listed financial companies, as investors feared that the market slump and a potential increase in non-performing loans would depress profits.

By early April, the outlook began to improve, as some investors bought stocks at bargain basement prices and most markets started to rally from the March low. A few stocks rebounded strongly with some returning to pre-COVID-19 prices and beyond.

GLOBAL MARKETS

Markets globally also declined in March and started to rebound in April with US listed stock prices rising to new heights. The NASDAQ and NYSE hit record highs by year end and QWI benefitted from this rally.

As stated in our prospectus, in November 2019, we diversified our holdings by investing a portion of the IPO proceeds in stocks listed on the US exchanges, with a much smaller amount invested on the Trinidad & Tobago Exchange.

While the local market experienced some recovery, which was partially seen in our June and September results, our US investments performed very well with a total return in US Dollars of 18 percent from November 2019 to September 2020, and a total return of 31 percent between November 2019 and 31 December 2020.

John Jackson, Chairman of QWI (right), greets a shareholder after the Q&A session at the AGM.

Chairman's Report Continued

This positive trend is reflected in the increase in QWI's Net Asset Value (NAV) per share, which rose from $1.08 at the end of September 2020 to $1.15 at the end of December 2020, as the Company recorded a healthy profit in the December quarter.

Despite the general decline in many stock prices, your Directors are convinced that they will recover during 2021, barring any other major negative developments.

The performance of QWI's NAV per share has exceeded gains in the JSE combined index and for a second year was the best performing of similar funds listed on the local market.

In 2020, unfortunately, QWI's stock price did not keep pace with the increase in the NAV. However, on a positive note, the steep discount between the two provides a great investment opportunity for investors looking for gains ahead, as we expect the wide gap to narrow going forward.

At the end of September, our shareholders' equity stood at $1.5 billion dollars. The Company had investments in the Jamaican and Trinidad and Tobago (T&T) stock markets amounting to $1.23 billion and $398 million in US stocks.

STATE OF THE MARKETS

The US market currently trades at or close to historic highs. This market offers us great liquidity presently, with several opportunities to acquire stocks with the potential to be profitable. The JSE is recovering and looks promising going into 2021, as investors seem to be more comfortable with developments in the local and foreign economies, suggesting that we could be returning to more normal levels during the year.

The T&T market has been confined for some time with the price of oil fluctuating and placing constraints on the economy, which is heavily dependent on the income from petrochemical industries.

INVESTING

Investing is not always for the very short term, given that some developments may negatively affect values for limited periods, at the end of which stocks will return to their normal trends, as demonstrated by our US portfolio. Stocks in that market suffered sharp declines with many recovering and providing opportunities for positive gains. Even in our local market, we are seeing some stocks reaching record highs.

We feel that the 2020 downturn is a short term set back and an opportunity for investors to take advantage of stocks selling at an attractive discount to NAV.

Buy when investment values hit rock bottom is a good investment guide. Many investors tend to wait until stock markets give them clear signals to buy stocks, that is usually when companies report profits, or they see stock prices rising. That is not the best method, as they usually join the line late.

THE ECONOMY

The worst period in the global and local economies seems to have passed, with the sharp decline in the first half of 2020 receding as economies opened up substantially from the major disruptions in the first half of the year.

For Jamaica, the majority of the fallout impacted many service industries that do not adequately facilitate social distancing. Notably, the borders of Jamaica were closed from March to the end of June and that led to a sharp fall in the hospitality industry, an important foreign exchange earner which contributes around 10 percent of Jamaica's Gross Domestic Product (GDP). The sector has reopened with the promise of a relatively buoyant year for most of 2021. Many other areas seem to have bounced back, or are on the way to recovery.

Thanks to the support staff, the Investment Committee, our overseas broker, who provides able guidance on the US portfolios, and Cameron Burnet for his diligent contribution to the Group.

Directors' Report

The following highlights the operating performance for the year to September 2020 with comparisons for 2019.

	2020	2019
FINANCIAL RESULTS		
(Loss)/profit before taxation	(527, 481, 875)	330, 865,369
Taxation	133, 158,335	(82,264, 429)
(Loss)/profit for the year	(394,323,540)	248,601,210
Diluted Earnings per share	(0.28)	0.53
Net Asset Value	1.08	1.37
Shareholders' equity at year end	1,477,390,618	1,871,215,140
Total amount invested in equities	1,629, 020,577	1,363,147,675

The financial year began on a promising note following our successful Initial Public Offering (IPO) and listing on the main market of the Jamaica Stock Exchange (JSE) in September 2019.

The Company's first year of operation to September 2020 was turbulent, due to the unexpected downturn arising from the COVID-19 pandemic in March 2020. During the quarter to December 2019, the Jamaica Stock Exchange (JSE) index declined approximately 1.5 percent from 30 September 2019 but the S&P 500 and the *MSCI ACWI both increased by 8.5 percent.

In the second quarter, all equity markets dipped significantly with declines of 20 to 25 percent in the quarter to March 2020. QWI was not spared the effects of these downturns.

Fortunately, recovery began during our third quarter ended June and by the fourth quarter September 2020, the decline in our Net Asset Value (NAV) per share had been limited to 21 percent. By the end of December 2020, we narrowed the decline to 15 percent.

** See page 11 for definition*

DEVELOPMENTS POST YEAR END

The Company's immediate objective is to return the NAV per share to the levels we enjoyed prior to the advent of COVID-19 and thereafter, to grow your Company's capital over the long term.

FUTURE PROSPECTS

Your Directors have taken note of the depressed level of QWI's share price, which closed at 76 cents per share at the end of December 2020, compared with our unaudited NAV per share of $1.15.

Anyone purchasing QWI shares today at this price will participate in assets worth $1.15 per share, a discount of more than 34 percent. This point has not been lost on your Board, or on Jamaican Teas Limited, our largest shareholder, who has acquired additional shares in the Company. Their holdings have increased by 24 percent from 225 million shares, at the time of the IPO, to 279 million shares at the end of December 2020. Directors have also increased their shareholdings in the Company since September 2019.

There could be no better measure of confidence than of our founding shareholders in the future of QWI Investments Limited.

THE BOARD OF DIRECTORS

The Directors as at 30 September 2020 were:

John Jackson - Chairman

John Mahfood

Carl Carby

Cameron Burnet

David Stephens

Malcolm McDonald

Carl Carby will be retiring immediately following our upcoming Annual General Meeting (AGM) in March 2021 and we thank him for his services of almost two years to the Board.

The Directors welcomed Evan Thwaites, Chartered Insurer to the Board, on January 1, 2021. He is the Managing Director of IronRock Insurance and brings over 30 years' experience in management, insurance and the execution of strategic business plans to the Board.

The Company's Auditors, KPMG, Chartered Accountants, has expressed their willingness to continue and will offer themselves for reappointment. A resolution authorizing the Directors to fix their remuneration will be presented at the AGM.

The Directors wish to express appreciation to the staff, shareholders and other stakeholders for their support.

QWI Director, Carl Carby signs the attendance register for the AGM.

Board of Directors

John Jackson
Chairman

John Mahfood
Director

AREAS OF EXPERTISE

Accounting & Auditing	Accounting & Auditing
Investing & Finance	Mergers & Acquisition
General Management	Restructuring & Turnaround
Economic & Investment Analysis	Growth Strategy
Public Speaking & Commentary	Public Commentary

EDUCATION

Fellow Institute of Chartered Accountants of Jamaica	Certified Public Accountant, California
Southwest London College, UK	Fellow Institute of Chartered Accountants of Jamaica
Investment University, Oxford Club	

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Board of Directors Continued

Cameron Burnet **Director**	**Carl Carby** **Director**	**David Stephens** **Director**
AREAS OF EXPERTISE		
Accounting & Auditing Business Development Investment Management Business Valuation	Accounting Business & Management Investing Publishing	Entrepreneurship Executive Management Business Development Information Technology Investing & Investment Analysis
EDUCATION		
BSc. Geography, 1st class Honours, University of Newcastle upon Tyne, England Associate of Institute of Chartered Accountants of England and Wales Affiliate of Institute of Chartered Accountants of Jamaica	Cornwall College, Montego Bay, Jamaica Southwest London College, U.K.	BSc. Computer Science & Management, University of Technology

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Board of Directors Continued

Malcolm McDonald **Director**	**Evan Thwaites** **Director**

AREAS OF EXPERTISE

Commercial Law Banking Taxation Estate Planning Conveyancing	Insurance Investing Management Operations Strategic Planning

EDUCATION

College of Law, Guildford, England University of Houston, Bates School of Law, Texas 1966 admitted to the Bar in Jamaica 1972 admitted as a Solicitor of the Supreme Court, England Member, Jamaican Bar Association and the Law Society of England	Associate of the Chartered Insurance Institute (ACII) Management Training, U.S.A., U.K. and Germany Wolmer's Boys' School

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Board of Directors Continued

John Jackson

John, a Chartered Accountant, is the Chairman of the Board of QWI. He is highly regarded locally and internationally for his investment acumen and the financial website ICInsider.com

Known as the Investment Guru, he is widely acclaimed for nurturing investor education and building interest in the stock market and other investment options, through his brainchild, The INVESTMENT SERIES, a highly anticipated calendar event during the latter 1990s and early 2000s. Today, thousands of Jamaicans acknowledge the increased wealth they have enjoyed by following his prudent and scholarly advice.

John is also Chairman of Jamaican Teas and Jetcon Corporation, both of which are listed on the Junior Market of the Jamaica Stock Exchange. He has served as Chairman of KIW International since 2008. He is a former Chairman of Jamaica Deposit Insurance Corporation (JDIC), and a former Director of the Development Bank of Jamaica (DBJ). He is involved in other private entities and also has served on the boards of a number of other companies in the past, including Eagle Unit Trust, as Chairman of the Investment Committee, an entity now owned by Scotia Investments Limited.

He is a public speaker and commentator on a variety of subject matters. John Jackson brings his wide expertise and knowledge to the Board of QWI, including years of research, investment and economic experience.

John Mahfood

John is Chief Executive Officer of Jamaican Teas and has been integral to the decision-making and equity investment undertaken by the Jamaican Teas Group. He brings his penchant for diligence and probity to the Board.

He lives by the inspiration of his late father and co-founder, Adeeb J. Mahfood, a man of "honesty, integrity and hard work". This is the driving philosophy behind the growth and transition of Jamaican Teas from the acquisition of its predecessor, the Tetley Tea Company in 1996, to the Jamaican Teas Group, which has made a major impact in the market-place since listing on the Junior Market of the Jamaica Stock Exchange in 2010.

John is responsible for developing and implementing guidelines, internal controls and human resource procedures at Jamaican Teas and is experienced in local and international retail and trading.

He has received several awards including recognition as a Jamaica Observer Business Leader nominee. Under his leadership, Jamaican Teas has received local and international commendation including:

- Champion Exporter and Champion Manufacturer by the Jamaica Manufacturers' and Exporters' Associations.
- The conferment of the coveted HACCP (Hazard Analysis Critical Control Point) certification, the internationally recognized risk-based system for managing food safety
- OK Kosher Certification for the Company's Caribbean Dreams line of Herbal Teas and
- Recommended by third party SQF auditors for the globally recognized Safe Quality Food (SQF) certification.

Board of Directors Continued

Cameron Burnet

Cameron is Chief Financial Officer at the Jamaican Teas Group, having joined the Company in July 2017. He oversees the accounting and financial operations of the Group and its member companies.

He is a Chartered Accountant and has over 30 years' financial experience with other food processing and hotel groups in Jamaica and overseas, as well as with two well-known public accounting firms.

Cameron incorporated his first private investment company in Jamaica in 1987 and has since incorporated and managed several other private investment companies here and in the Eastern Caribbean. These investment companies have all been focused on equities listed on the JSE, and in the USA and Canada.

As a private investor, he has actively invested in companies listed on exchanges in Singapore, Australia and most of the leading exchanges in Europe, and brings this experience to the Board of QWI.

QWI Director, John Mahfood (left) and Broadcaster, Michael Sharpe.

Carl Carby

Carl is a Management Accountant with expertise in Finance, Investments and Management. He is the former Executive Chairman of Carlong Publishers (Caribbean) Limited and Chairman of Sangster's Book Stores.

Prior to Carlong Publishers, which he owns jointly with his wife, Shirley Carby, he served at Bahama Cement Company in Free Port, Grand Bahama, as Accountant and Cost Analyst. He was a Director and Financial Controller for the Caribbean Region at Colgate Palmolive Co. (Jamaica) Limited and Group Financial Controller at T. Geddes Grant (Neal & Massy Group).

In 2007, he was nominated jointly with his wife, Shirley, for the Jamaica Business Leader of the Year Award.

Carl was educated at Cornwall College and South West London College in the United Kingdom.

David Stephens

David is an entrepreneur and private investor with almost two decades experience in Executive Management, Business Development, and Information Technology.

He is currently based in the Cayman Islands where he operates his own business, Apex Perimeter Protection Ltd, a premier supplier of residential and commercial security and construction products throughout the Caribbean.

David recently founded Infinity Capital Partners Ltd, a private equity company that targets mid-size growth companies and real estate opportunities in the Caribbean. He is also a founding shareholder and Director of Appfinity Technologies Limited, a boutique software development company in Jamaica that has developed several in-house software products.

He is an avid investor with strong analytical skills. He has extensive knowledge of traditional investments such as local and international stocks, and non-traditional asset classes such as private equity, and real estate. He frequently performs investment analysis using both fundamental and technical indicators to inform investment decisions.

David was previously a director of KIW International Limited and chaired the Investment Committee. He is also a past board member of INSPORTS and the Agricultural Credit Board.

Board of Directors Continued

Malcolm McDonald

Malcolm is experienced in commercial law with over 53 years of practice in Jamaica, Houston, Texas and England. In 1996, he and Peter Millingen became founding partners of the acclaimed law firm of McDonald Millingen, pursuing a law practice mainly in banking, taxation, conveyancing and estate planning.

In the outstanding journey of his legal career, he was a partner in the former law firm of Ashenheim, Myers & McDonald; Judah, Desnoes & Co., and a litigation attorney in Manton & Hart.

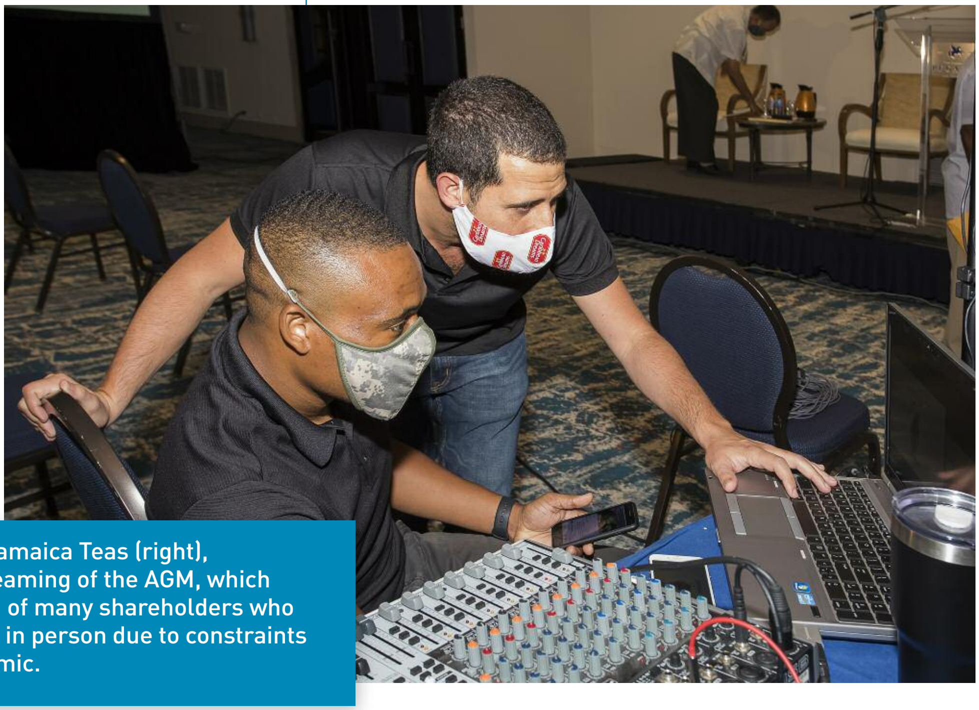
His expertise led him to serve on a number of Boards in varied sectors, including Jamaica Broilers Group from 1992 to 2014. He is highly regarded locally and internationally among his peers and brings to the Board of QWI astute legal skills garnered over years of commercial practice. He formerly served as an adjunct professor at the Norman Manley Law School in revenue law.

Evan Thwaites

Evan joined the Board post year end, on January 1, 2021. He is the Managing Director of IronRock Insurance with oversight of the company's operations and the execution of its strategic business plan.

He served as Managing Director at Globe Insurance Company of Jamaica Limited prior to its acquisition by Guardian Group. He was a consultant at Grace Kennedy Financial Services Limited and a Director of Jamaica International Insurance Company Limited, prior to forming IronRock.

Evan is a Chartered Insurer and Associate of the Chartered Insurance Institute (ACII), and attained training in management in the U.S.A., the United Kingdom and Germany. He is a graduate of Wolmer's Boys' School.



Jonathan Mahfood of Jamaica Teas (right), supervised the live streaming of the AGM, which facilitated participation of many shareholders who were not able to attend in person due to constraints of the COVID-19 pandemic.

Management Discussion and Analysis

The purpose of the Management Discussion and Analysis (MD&A) is to provide shareholders and the public with an understanding of the operational results of QWI Investments Limited (QWI), for the year ended 30 September 2020.

The MD&A also serves to clarify some of the information reported in the Company's Financial Statements, and to share our projection and plans.

COMPANY OPERATIONS

The year ended September 2020 marked the first full year of operations for QWI Investments Limited, and its first year as a listed entity on the main market of the Jamaica Stock Exchange (JSE).

The Company started the 2019 financial year with receipt of funds from its successful IPO. By March 2020, the country and the world faced the full brunt of the COVID-19 pandemic, resulting in negative returns.

Against this background, the Company incurred realized and unrealized losses on its investments of $490 million during the year, versus gains of $389 million in 2019. After administrative and other costs, there was a loss before taxation of $527 million for the year versus a pre-tax profit of $330 million in 2019. Due to the loss incurred, a tax credit of $133 million was applied and this reduced the loss for the year to $394 million versus a profit of $249 million in 2019.

QWI's Net Asset Value (NAV) per share at September 2020 was $1.08 (2019 - $1.37).

QWI's investment portfolio is managed by its Investment Committee comprised of John Jackson, Chairman, Cameron Burnet and David Stephens, who jointly manage the Company's investments and meet weekly to review the investment portfolios, in addition to a review with the Company's various licensed stockbrokers.

The management of the Company's operations is contracted to Jamaican Teas Limited (JTL). During the year, the principal operating expenses were management fees paid to JTL for the provision of accounting, administration and Company secretarial and compliance services to QWI, and finance costs incurred on funds borrowed for funding the purchase of shares.

No fees were paid for managing the Company's portfolio.

STATEMENT OF FINANCIAL POSITION

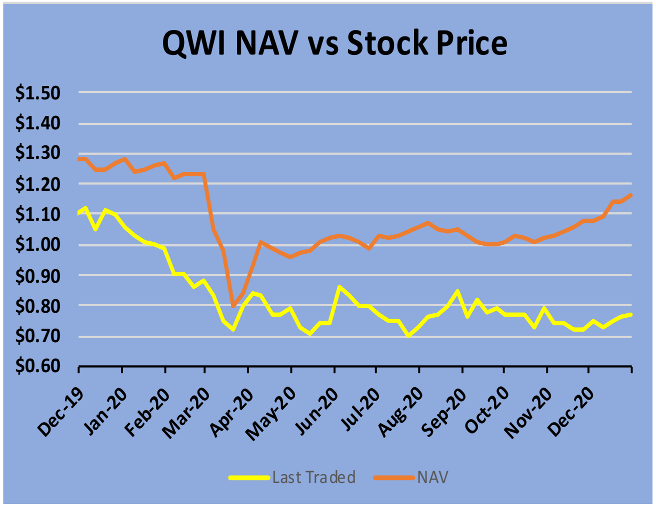
At the end of September 2020, the Company held $1.6 billion of investments, of which approximately 25 percent are held overseas in industries not represented on the JSE.

Shareholders' equity declined in the period from almost $1.87 billion to $1.47 billion at 30 September 2020. This was a direct result of the loss incurred for the year.

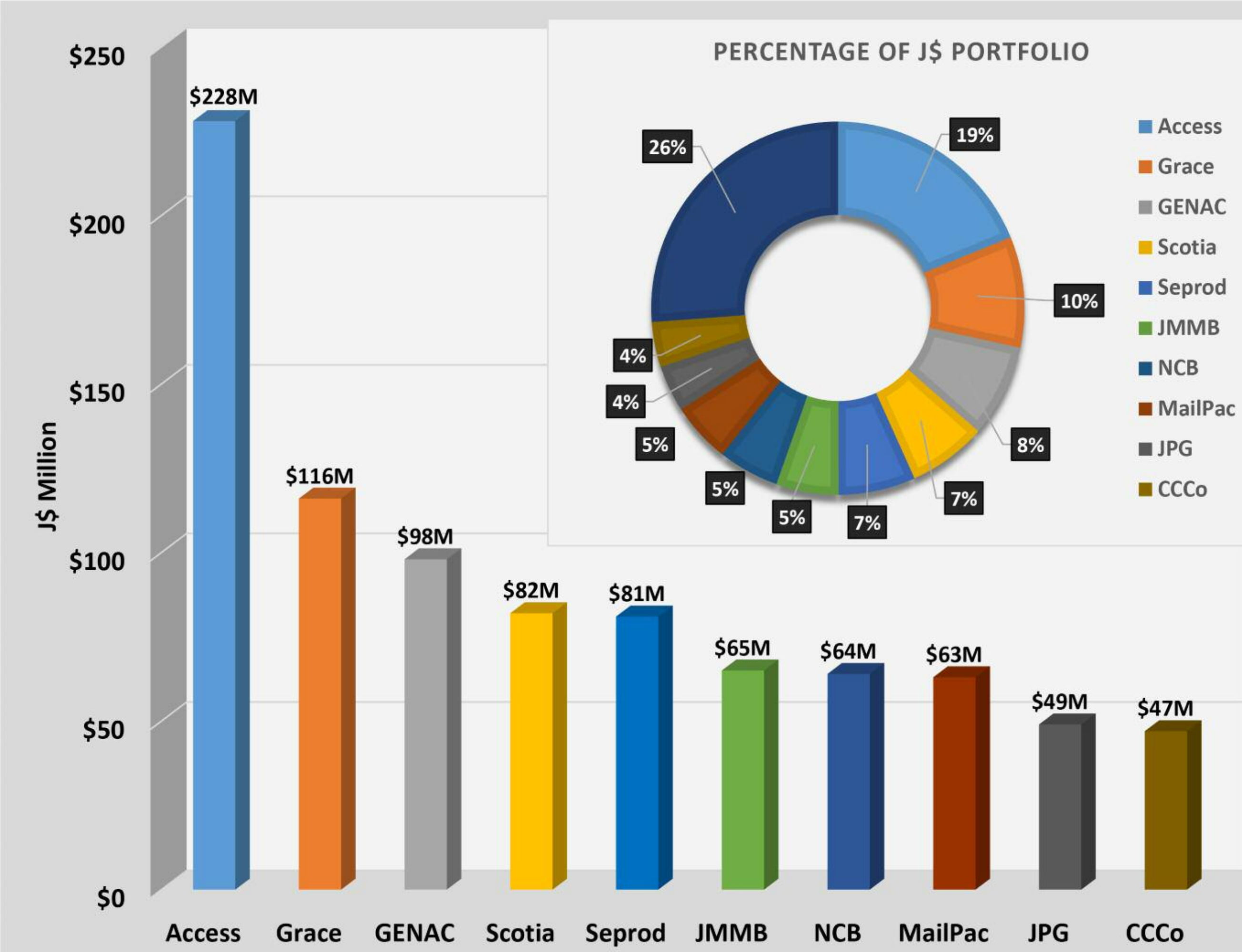
OUTLOOK

Since year end, the investment portfolio has moved to $1.8 billion as at 31 December 2020 and the NAV to $1.15, resulting in an estimated unaudited profit before tax of $116 million for the quarter.

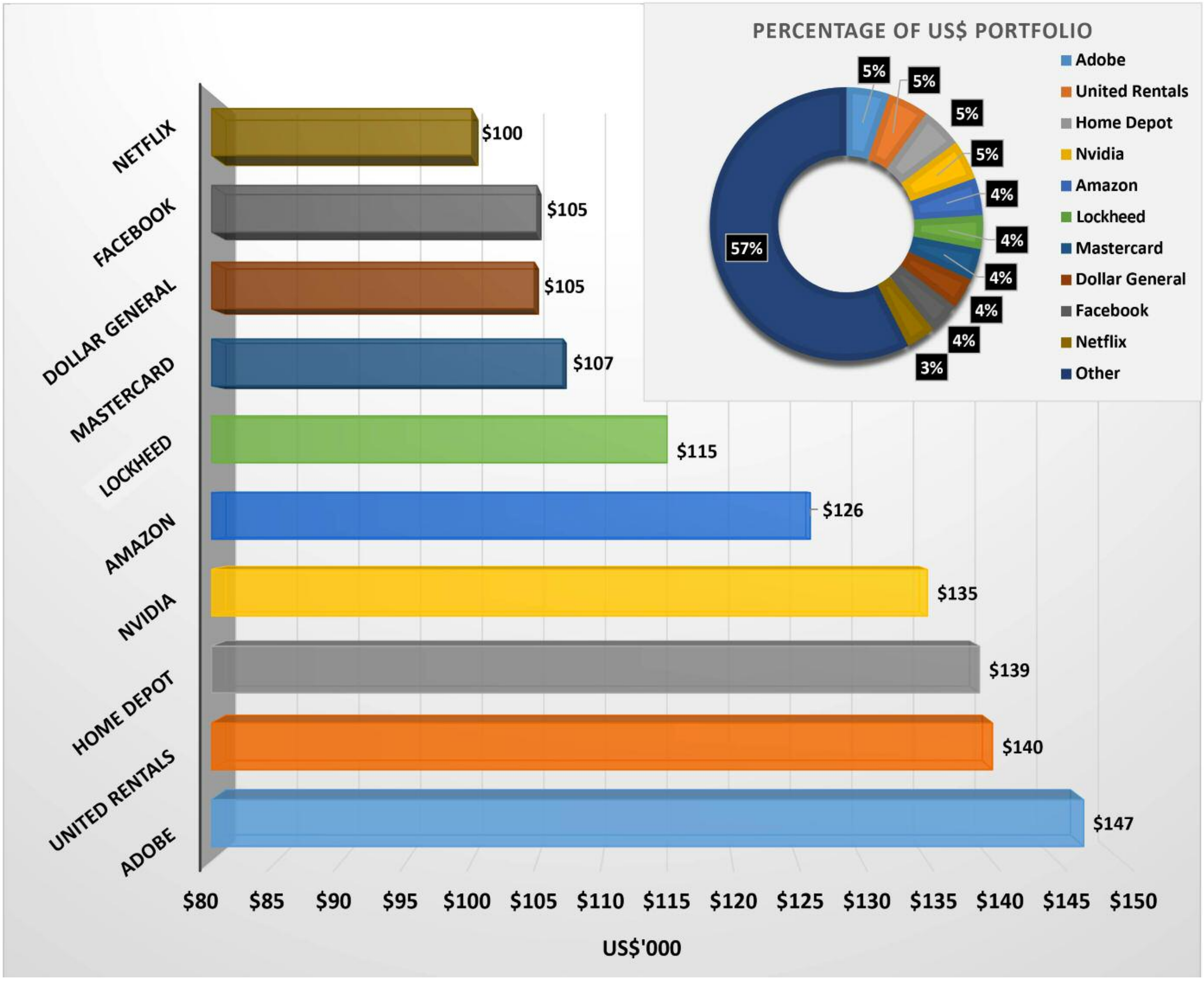
Following the end of the first quarter, indications are that markets are set to rise, which is expected to positively impact the Company's portfolios.



Top 10 Jamaican Investment Holdings



Top 10 US Investment Holdings




This is Life...
on my terms!
QWI
INVESTMENTS
Building Wealth for our Investors

Audited FINANCIAL STATEMENTS

KPMG
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INDEPENDENT AUDITORS' REPORT

To the Members of
QWI INVESTMENTS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of QWI Investments Limited ("the company"), set out on pages 33 to 57, which comprise the statement of financial position as at September 30, 2020, 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 September 30, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and 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 International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the Members of
QWI INVESTMENTS LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

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

Valuation of investments

The Key Audit Matter	*How the matter was addressed in our audit*
The company holds significant investments in equity securities listed on multiple stock exchanges. The company uses quoted mid or closing prices to value these investments. The valuation of these investments although based on observable market prices, suffers from increased volatility as a result of the spread of COVID-19. The pandemic has also resulted in a decline in trading activities for a number of listed shares. As a result, judgement may be required to determine whether the quoted prices used by management represents prices from an active market. See note 4 and note 20(e).	Our procedures in this area included the following: • Assessing and testing the design and implementation of the company's control over the determination and computation of fair values. • Challenging the reasonableness of prices used by the company by comparing to independent third-party information, including assessing whether prices used falls within the bid ask spread as required by IFRS 13 Fair Value Measurement. • Reperforming fair value calculations and assessing whether fair value was appropriately determined by considering the provisions of IFRS 13 Fair Value Measurement and reviewing the volume of trade for the securities held by the company at year end. • Assessing the adequacy of the disclosure, including the degree of estimation involved in determining fair values.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
QWI INVESTMENTS LIMITED

Report on the Audit of the Financial Statements (continued)

Other Information

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

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

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

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS 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.

Those charged with governance are responsible for overseeing the company's financial reporting process.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
QWI INVESTMENTS LIMITED

Report on the Audit of the Financial Statements (continued)

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.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 31 - 32 forms part of our auditors' report.

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 maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Rajan Trehan.

KPMG

Chartered Accountants
Kingston, Jamaica

December 23, 2020

Appendix to the Independent Auditors' Report

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism 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 (CONTINUED)

To the Members of
QWI INVESTMENTS LIMITED

Appendix to the Independent Auditors' Report (continued)

We communicate with those charged with governance 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.

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

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

Statement of Financial Position

Year ended September 30, 2020

	Notes	2020 $	2019 $
ASSETS			
Investments	4	1,629,020,577	1,363,147,675
Deferred taxation	12	54,819,710	-
Cash and cash equivalents	5	1,044,754	136,700
Accounts receivables	6	1,091,278	1,195,271,296
Total assets		1,685,976,319	2,558,555,671
LIABILITIES AND EQUITY			
Other liabilities	7	10,285,473	315,574,158
Due to related companies	8(a)	2,923,392	54,260,908
Short-term borrowing	9	-	2,000,000
Margin loan payable	10	195,376,836	184,274,851
Bank overdraft	11	-	49,714,743
Deferred taxation	12	-	81,515,871
Total liabilities		208,585,701	687,340,531
EQUITY			
Share capital	13	1,623,112,948	1,622,613,930
Accumulated (deficit)/surplus		(145,722,330)	248,601,210
Total equity		1,477,390,618	1,871,215,140
Total liabilities and equity		1,685,976,319	2,558,555,671

The financial statements on pages 33 to 57 were approved for issue by the Board of Directors on December 23, 2020 and signed on its behalf by:

Director
John Mahfood

Director
Cameron Burnet

The accompanying notes form an integral part of the financial statements.

Statement of Profit or Loss and Other Comprehensive Income

Year ended September 30, 2020

(with comparative period for the nine months ended September 30, 2019)

	Notes	2020 $	2019 $
(Losses)/gains from investment activities	14	(467,384,292)	394,492,778
Administrative expenses	15	(42,248,659)	(51,074,474)
		(509,632,951)	343,418,304
Interest income	16(a)	1,922,299	-
Finance costs	16(b)	(19,771,223)	(12,552,665)
(Loss)/profit before taxation		(527,481,875)	330,865,639
Taxation	17	133,158,335	(82,264,429)
(Loss)/profit for the year/period, being total comprehensive (loss)/income		(394,323,540)	248,601,210
Earnings per share:			
Basic earnings per ordinary stock unit	18	(0.29)	0.55
Diluted earnings per ordinary stock unit	18	(0.28)	0.53

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Equity

Year ended September 30, 2020

(with comparative period for the nine months ended September 30, 2019)

	Share capital (Note 13) $	Retained earnings $	Total $
Transactions with owners of the company:			
Issues of shares	1,659,000,000	-	1,659,000,000
Shares issuance cost	(36,386,070)	-	(36,386,070)
Comprehensive income:			
Profit for the period, being total comprehensive income for the period	-	248,601,210	248,601,210
Balance at September 30, 2019	1,622,613,930	248,601,210	1,871,215,140
Adjustment to share issuance cost	499,018	-	499,018
Comprehensive income:			
Loss for the year, being total comprehensive loss for the year	-	(394,323,540)	(394,323,540)
Balance at September 30, 2020	1,623,112,948	(145,722,330)	1,477,390,618

The accompanying notes form an integral part of the financial statements.

Statement of Cash Flows

Year ended September 30, 2020

(with comparative period for the nine months ended September 30, 2019)

	Notes	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
(Loss)/profit for the year/period		(394,323,540)	248,601,210
Adjustments for:			
Dividend income	14	(22,901,148)	(4,990,384)
Realised losses/(gains) on disposal of investments	14	122,187,942	(13,258,938)
Interest income	16(a)	(1,922,299)	-
Interest expense	16(b)	19,771,223	12,552,665
Taxation	17	(133,158,335)	82,264,429
Unrealised fair value losses/(gains) on securities at fair value through profit or loss	14	368,097,498	(376,243,456)
		(42,248,659)	(51,074,474)
Changes in operating assets and liabilities:			
Purchase of investments		(1,898,641,677)	(1,026,966,307)
Proceeds from sale of investments		1,142,483,335	53,321,026
Other liabilities		(304,483,024)	313,175,173
Due to related companies		(50,838,498)	54,260,908
Accounts receivables		1,194,180,018	(1,195,271,296)
		40,451,495	(1,852,554,970)
Tax paid		(3,177,246)	(748,558)
Dividend received		22,901,148	4,990,384
Interest received		1,922,299	-
Interest paid		(20,576,884)	(10,153,680)
Cash provided/(used) by operating activities		41,520,812	(1,858,466,824)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from share issue, net	13	-	1,622,613,930
Short-term borrowing, net	9	(2,000,000)	2,000,000
Margin loan payable		11,101,985	184,274,851
Bank overdraft	11	(49,714,743)	49,714,743
Net cash (used)/provided by financing activities		(40,612,758)	1,858,603,524
Increase in cash and cash equivalents		908,054	136,700
Cash and cash equivalent at beginning of the year		136,700	-
Cash and cash equivalent at end of the year		1,044,754	136,700

The accompanying notes form an integral part of the financial statements.

1. Identification and principal activities

QWI Investments Limited ("the company") is incorporated and is domiciled in Jamaica. The company was incorporated on December 18, 2018, and commenced operations on January 1, 2019. The company's registered office is at 2 Bell Road, Kingston, Jamaica W.I.

The company issued 66% of its ordinary shares to the public on September 9, 2019 and was listed on the Jamaica Stock Exchange on September 30, 2019. The company's remaining shares were held by Jamaican Teas Limited a company listed on the Jamaica Stock Exchange and one of its subsidiaries, KIW International Limited.

As at September 30, 2020 Jamaican Teas owned 236,661,533 shares (17.34%) in the company and KIW owned 245,000,005 shares (17.95%).

The company's principal activity is the holding of, investing, and trading in quoted securities. The company's affairs are administered by Jamaican Teas Limited, who has ultimate control over its operations. The company's income/losses for the year represents mainly dividend income and realised and unrealised gains/losses from investment activities.

The Board of Directors appoints an investment committee and delegates the management of the company's investments to the committee, who undertakes the investment decisions on an ongoing basis. Currently, members of the investment committee are also members of the Board; however, the Board may appoint non-board members to the committee as it sees fit. The investment committee members are paid fees pursuant to the company's investment incentive plan, at the rate of 10% of the net investment return of the company in excess of the hurdle rate which is based on MCSI world index.

2. Statement of compliance and basis of preparation

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the provisions of the Jamaican Companies Act.

New and amended standards that became effective during the year

Certain new and amended standards that were in issue came into effect during the current financial year. The adoption of those new standards and amendments did not have any impact on the amounts recognised or disclosured in the financial statements.

New and amended standards and interpretations issued but not yet effective:

At the date of authorisation of the financial statements, certain new and amended standards and interpretations have been issued which are not yet effective and which the company has not yet adopted. Those standards and interpretations which management considers may be relevant to its operations and their effective dates are indicated below:

- Amendment to IAS 1 – *Presentation of Financial Statements* and IAS 8 – *Accounting Policies,* Changes *in Accounting Estimates and Errors* is effective for annual reporting periods beginning on or after January 1, 2020, and provides a definition of 'material' to guide preparers of financial statements in making judgements about information to be included in financial statements.

  "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued):

New and amended standards and interpretations issued but not yet effective:

- Amendments to *References to Conceptual Framework in IFRS Standards* is effective retrospectively for annual reporting periods beginning on or after January 1, 2020. The revised framework covers all aspects of standard setting including the objective of financial reporting.

  The main change relates to how and when assets and liabilities are recognised and de-recognised in the financial statements.

  – New 'bundle of rights' approach to assets will mean that an entity may recognise a right to use an asset rather than the asset itself;

  – A liability will be recognised if a company has no practical ability to avoid it. This may bring liabilities on balance sheet earlier than at present.

  – A new control-based approach to de-recognition will allow an entity to derecognise an asset when it loses control over all or part of it; the focus will no longer be on the transfer of risks and rewards.

The company does not expect these amendments to have a significant impact on its financial statements.

(b) Basis of preparation and functional currency:

The financial statements are presented in Jamaica dollars (J$), which is the functional currency of the company. The Jamaica dollar is the functional currency, as it is the primary economic environment in which the company operates.

The financial statements have been prepared on the historical cost basis except for equity securities which are measured at fair value. The significant accounting policies stated in note 3 below conform in all material respects with IFRS.

(c) Use of estimates and judgements:

The preparation of the financial statements to conform to IFRS, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements that have a significant effect on the financial statements were made by management in the application of IFRS. There were no estimates with a significant risk of material adjustment in the next financial period.

3. Significant accounting policies

(a) Revenue recognition:

Dividend income is recognised when the right to receive payment is established on the record date of the dividend.

Interest income is recognised in profit or loss 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.

(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 Jamaica dollars using the closing rate as at the reporting date.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in profit or loss.

(c) Taxation:

Taxation on the profit or loss for the period comprises current and deferred tax charges. Taxation is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income.

Current tax is the expected tax payable on the income for the period, using tax rates enacted at the reporting date.

Deferred tax is computed by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. Significant accounting policies (continued)

(d) Financial instruments:

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include cash and cash equivalents, investments and accounts receivables. Similarly, financial liabilities include other liabilities, short-term borrowing and amounts due to related companies, bank overdraft and margin loan payable.

Recognition and initial measurement

The company recognises a financial instrument when it becomes a party to the contractual terms of the instrument. Financial assets and financial liabilities are initially recognised on the trade date.

At initial recognition, the company measures a financial asset or financial liability at its fair value, *plus or minus*; in the case of a financial asset or financial liability not at fair value through profit or loss transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

Financial assets

Classification and subsequent measurement

On initial recognition, the company classifies financial assets are measured at amortised cost or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL):

a) It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

b) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI').

All other financial assets of the company are measured at FVTPL.

3. Significant accounting policies (continued)

(d) Financial instruments (continued):

Financial assets (continued)

Classification and subsequent measurement (continued)

The classification of financial assets comprises the following captions:

- Investments
- Cash and cash equivalents
- Accounts receivables

Business model assessment

The business model reflects how the company manages the assets in order to generate cash flows. That is, whether the company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

Factors considered by the company in determining the business model for a group of assets include:

1. How the asset's performance is evaluated and reported to key management personnel;
2. How risks are assessed and managed; and
3. How managers are compensated.

The company has determined that it has two business models.

- *Held-to-collect business model*: This comprises, cash and cash equivalents and accounts receivables. These financial assets are held to collect contractual cash flows.
- *Other business model:* This comprises equity investments. These financial assets are managed and their performance is evaluated, on a fair value basis.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

3. Significant accounting policies (continued)

(d) Financial instruments (continued):

Financial assets (continued)

Assessment whether contractual cash flows are solely payments of principal and interest (continued)

In making this assessment, the company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described in the particular recognition methods disclosed in their individual policy statements associated with each item.

Derecognition

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired, or the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

Impairment losses of financial assets not measured at FVTPL, are recognised using the expected credit loss model for the entire lifetime of such financial assets on initial recognition, and at each subsequent reporting period, even in the absence of a credit event or if a loss has not yet been incurred, considering their measurement past events and current conditions, as well as reasonable and supportable forecasts affecting collectability. Impairment of financial assets is further detailed in note 3(o).

3. Significant accounting policies (continued)

(d) Financial instruments (continued):

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in the case of borrowing, plus directly attributable transaction costs. The company's financial liabilities, which include other liabilities, short-term borrowing, due to related companies, bank overdraft and margin loan facility which are recognised initially at fair value.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described in the particular recognition methods disclosed in their individual policy statements associated with each item.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from company of similar transactions such as in the company's trading activity.

(e) Investments:

Investments comprise quoted securities and are classified as FVTPL.

Gains and losses on equity securities at FVTPL are included in the 'Gains or losses from investment activities' caption in the statement of profit or loss. Gains or loss on securities trading are recognised when the company becomes a party to a contract to dispose of the securities, or, in the case of financial assets measured at fair value, upon re-measurement of those assets.

3. Significant accounting policies (continued)

(e) Investments (continued):

The realised gains from financial instruments at fair value through profit or loss (“FVTPL”) represents the difference between the carrying amount of the financial instrument at the beginning of the reporting period, or the transactions price if it was purchased in the current reporting period, and its settlement price.

The unrealised gain represents the difference between the carrying amount of a financial instrument at the beginning of the period, or the transaction price if it was purchased in the current period, and its carrying amount at the end of the reporting period.

(f) Derivatives:

Derivatives are financial instruments that derive their value from the price of the underlying items such as equities, interest rates, foreign exchange or other indices. Derivatives enable users to increase, reduce or alter exposure to credit or market risk. The company holds derivatives in the normal course of business for trading purposes. Derivatives are measured initially at fair value in the statement of financial position. Subsequent to initial recognition, derivatives are measured at fair value and changes in fair value are recognised immediately in profit or loss.

(g) Cash and cash equivalents:

Cash and cash equivalents comprise cash and bank balances and are measured at amortised cost.

(h) Accounts receivable:

Accounts receivable are measured at amortised costs, less impairment losses.

(i) Other liabilities:

Other liabilities are measured at amortised cost.

(j) Share capital:

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets. Transaction costs directly attributable to the issuance of shares are shown in equity as a deduction from the proceeds of the share issue.

3. Significant accounting policies (continued)

(k) Related parties:

A related party is a person or company that is related to the entity which is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity", that is, "the company").

(a) A person or a close member of that person's family is related to the company if that person:

- (i) has control or joint control over the company;
- (ii) has significant influence over the company; or
- (iii) is a member of the key management personnel of the company or of a parent of the company.

(b) An entity is related to the company if any of the following conditions applies:

- (i) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan established for the benefit of employees of either the company or an entity related to the company.
- (vi) The entity is controlled, or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the reporting entity or is a member of the key management personnel of the reporting entity (or of a parent of the entity).
- (viii) The entity or its parent is provided with key management personnel services by the management entity.

A related party transaction involves transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

The company's key related party relationships are with its shareholders and its directors.

(l) Borrowings:

Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost, with any difference between proceeds (net of transaction costs) and redemption value being recognised in profit or loss over the period of the borrowings using the effective interest method.

3. Significant accounting policies (continued)

(m) Determination of fair value:

Fair value is the price that would be received to sell an asset or to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the company has access at the date.

The company measures the fair value of an instrument using quoted price in an active market for that instrument. A market is regarded as active if transactions from the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The company measures instruments quoted in an active market at the mid-price, because this price provides a reasonable approximation of the exit price.

(n) Finance costs:

Finance costs comprise interest expense on borrowings calculated using the effective interest rate method.

(o) Impairment of financial assets:

The company recognises loss allowances for ECLs on financial assets measured at amortised cost.

The company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

The company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

3. Significant accounting policies (continued)

(o) Impairment of financial assets (continued):

The company considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(p) Dividends

Dividends on ordinary shares are recognised in equity in the period in which they are approved.

4. Investments

	2020 $	2019 $
Investment securities at FVTPL:		
Jamaican quoted equities	1,211,575,675	1,363,147,675
United States quoted equities (US$2,549,000)	337,813,592	-
United States quoted share options (US$428,000)	60,457,260	-
Trinidad and Tobago quoted equities (TT$945,000)	19,174,050	-
	1,629,020,577	1,363,147,675

5. Cash and cash equivalents

	2020 $	2019 $
Bank accounts	1,044,754	136,700

6. Accounts receivables

	2020 $	2019 $
Prepaid expenses	696,858	-
Due from brokers	210,506	1,195,271,296
Other receivables	183,914	-
	1,091,278	1,195,271,296

In the prior year, amount due from broker included $1,192,000,000 which represented proceeds from initial public offer of the company's ordinary shares due from a brokerage firm, NCB Capital Markets Limited.

7. Other liabilities

	2020 $	2019 $
Interest payable	1,593,324	2,398,985
Accruals	7,866,736	44,734,841
Due to brokers	620,153	267,013,715
Other payables	205,260	1,426,617
	10,285,473	315,574,158

Due to brokers represent investments purchase transactions through a brokerage firm awaiting settlement.

8. Related party balances and transactions

The following balances were held with related parties:

		2020 $	2019 $
(a)	Due to related companies:		
	Jamaican Teas Limited – Parent company	2,923,419	36,597,372
	KIW International Limited – Fellow subsidiary	(27)	17,663,536
		2,923,392	54,260,908
(b)	Short-term borrowing – Jamaican Teas Limited (note 9)	-	2,000,000

(c) The following transactions were carried out with related parties during the period:

	2020 $	2019 $
Investment committee fee – Directors	-	36,117,686
Management fees – Jamaican Teas Limited	18,666,055	5,563,158
Directors' fees	6,240,000	5,500,000
Interest expense - Jamaican Teas Limited	-	127,500

9. Short-term borrowings

	2020 $	2019 $
Demand loan	-	2,000,000

This loan was due to Jamaican Teas Limited and attracted interest at a rate of 8.5% per annum. The loan had no fixed repayment terms, was payable on demand and repaid during the year.

10. Margin loan payable

	2020 $	2019 $
Mayberry Investments Limited	155,409,996	184,274,851
Aegis Capital Corporation (US$283,000)	39,966,840	-
	195,376,836	184,274,851

Margin loan payable represents short-term debt facility provided by Mayberry Investments Limited and Aegis Capital Corp to the company to acquire securities held on its own account. The facility is collaterised by the securities held with the brokerage firms and bears interest at 9% and 6.31%, respectively.

11. Bank overdraft

	2020 $	2019 $
Bank of Nova Scotia Jamaica Limited	-	49,714,743

As at 30 September 2020, the Company's assets were charged in the sum of $118,007,982 in favour of Bank of Nova Scotia Jamaica Limited. The assets charged, comprised listed shares owned by the Company and were pledged to secure an overdraft facility of $50,000,000 at an interest rate of 8.5% per annum. No amounts were outstanding under this overdraft facility as at 30 September 2020.

12. Deferred taxation

Deferred tax liability is attributable to the following:

	Recognised in profit or loss [note 17(a)] $	Balance at 2019 $	Recognised in profit or loss [note 17(a)] $	Balance at 2020 $
Investments	(94,060,864)	(94,060,864)	92,024,376	(2,036,488)
Interest payable	599,746	599,746	(201,415)	398,331
Unused tax losses	11,945,247	11,945,247	44,512,620	56,457,867
	(81,515,871)	(81,515,871)	136,335,581	54,819,710

13. Share capital

	2020 $	2019 $
Authorised - Unlimited ordinary shares at no par value		
Issued and fully paid - 1,365,000,015 ordinary shares	1,659,000,000	1,659,000,000
Less: share issuance cost	(35,887,052)	(36,386,070)
	1,623,112,948	1,622,613,930

(a) On September 9, 2019, the company issued 900,000,000 of its ordinary shares at a total value of $1,192,000,000 to the public through an initial public offering. The remaining issued ordinary shares of 220,000,000 were held by Jamaican Teas Limited and 245,000,000 are held by KIW International Limited at no par value.

At September 30, 2020, 236,661,533 shares were held by Jamaican Teas Limited and 245,000,005 shares were held by KIW International Limited, a subsidiary of Jamaican Teas Limited.

Share issuance cost of $499,018 not incurred, was adjusted during the year.

13. Share capital (continued)

(b) On March 19, 2019, the directors approved the reservation of 31,000,000 of the company's shares as a stock option plan for members of its Board of Directors. Under the stock option plan, each director may exercise options to buy 1,000,000 of the company's shares per annum (1,200,000 million shares by the Chairman), in whole or in part within five years of July 31, 2019. The price to be paid will be $2.70.

The subscription price for the shares is payable in full at the time that the option is exercised. Each option will be deemed forfeited if not exercised within five years of the date that it became available.

A further amount of 10,000,000 shares for future stock options is to be reserved in addition to the initial 31,000,000 set out above.

As at September 30, 2020, no member of the Board of Directors exercised their option.

14. (Losses)/gains from investment activities

	2020 $	2019 $
Unrealised fair value (losses)/gains on investments, net	(368,097,498)	376,243,456
Realised (losses)/gains on sale of investments, net	(122,187,942)	13,258,938
Dividend income	22,901,148	4,990,384
	(467,384,292)	394,492,778

15. Administrative expenses

Profit before taxation is stated after charging:

	2020 $	2019 $
Postage and delivery	966,466	-
Insurance expense	882,861	-
Advertising expense	1,459,109	-
Commissions and fees	969,544	-
Jamaica Central Securities Depository Limited expenses	2,484,150	-
Investment committee fees	-	36,117,686
Management fees	18,666,055	5,563,158
Directors' fees	6,240,000	5,500,000
Audit fees	2,194,500	1,703,075
Irrecoverable General Consumption Tax	4,971,608	1,550,702
Legal expense	1,430,060	270,960
Printing expense	1,188,000	-
Other administrative expenses	796,306	368,893
	42,248,659	51,074,474

16. Finance costs/income

	2020	2019
	$	$
(a) Finance income:		
Bank of Nova Scotia deposits	214,495	-
NCB Capital Market deposits	1,707,804	-
	1,922,299	-
(b) Finance cost:		
Third party interest:		
Margin loan	19,621,178	11,594,978
Bank overdraft	150,045	830,187
	19,771,223	12,425,165
Related party interest:		
Demand loan	-	127,500
	19,771,223	12,552,665

17. Taxation

Taxation is based on profit for the year/period adjusted for tax purposes and it computed as follows:

	2020	2019
	$	$
(a) Current year/period tax expense:		
Income tax	3,177,246	748,558
Deferred taxation (note 12):		
Tax losses	(44,512,620)	(11,945,246)
Origination and reversal of temporary differences, net	(91,822,961)	93,461,117
	(136,335,581)	81,515,871
Total tax (credit)/expense recognised	(133,158,335)	82,264,429
(b) Reconciliation of effective tax rate:		
(Loss)/profit before taxation	(527,481,875)	330,865,639
Computed "expected" tax expense - @ 25%	(131,870,469)	82,716,409
Difference between profit for financial statements and tax reporting purposes on		
Effect of tax losses	(1,592,349)	20,446
Other disallowed expenses	304,483	(472,426)
Actual tax (credit)/charge	(133,158,335)	82,264,429

(c) As at the reporting date, subject to the agreement of The Commissioner, Tax Administration Jamaica, tax losses available for offset against future taxable profits was $225,831,469 (2019: $47,780,988). Tax losses may be carried forward indefinitely; however, the amount that can be utilised in any one year is restricted to 50% of the current year's taxable profits.

18. Earnings per share

(a) Basic earnings per ordinary stock unit

Basic earnings per share are calculated by dividing the net profit attributable to ordinary shareholders by a weighted average number of ordinary stock units outstanding.

	2020	2019
Net (loss)/profit attributable to shareholders ($)	(394,323,540)	248,601,210
Weighted average number of stock units in issue	1,365,000,015	453,888,889
Basic earnings per stock unit ($)	(0.29)	0.55

(b) Diluted earnings per ordinary stock unit

Diluted earnings per share are calculated by dividing the profit attributable to ordinary shareholders by a weighted average number of ordinary stock units outstanding after adjustment for the effects of all dilutive potential ordinary shares.

	2020	2019
Net (loss) profit attributable to shareholders ($)	(394,323,540)	248,601,210
Weighted average number of stock units in issue	1,406,000,015	467,555,556
Diluted earnings per stock unit ($)	(0.28)	0.53

19. Net asset value per share

	2020	2019
Net asset value ($)	1,477,390,618	1,871,215,140
Number of stock units in issue	1,365,000,015	1,365,000,015
Net asset value per stock unit ($)	1.08	1.37

20. Financial risk management

The company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors, has overall responsibility for the establishment and oversight of the company's risk management framework. The directors through committees have responsibility for monitoring the company's risk policies and reports to the Board of Directors on its activities.

The risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

20. Financial risk management (continued)

(a) Credit risk:

The company has exposure to credit risk, which is the risk that its counterparties will fail to discharge their contractual obligations causing the company to suffer a financial loss. Management carefully manages its exposure to credit risk.

Cash and cash equivalents and accounts receivables

Cash and cash equivalents and accounts receivables are held by financial institutions that are appropriately licensed and regulated, therefore, management does not expect any counterparty to fail to meet its obligations.

Maximum exposure to credit risk

The company's maximum exposure to credit risk at period end is represented by its respective carrying amount.

Impairment on cash and cash equivalents and accounts receivables have been measured at 12-month expected loss basis and reflects the short maturities of the exposures. The company considered that cash and cash equivalents and accounts receivables have low credit risk.

No impairment allowances was recognised under IFRS 9.

(b) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value.

The company's approach to managing liquidity risk is to ensure, as far as possible, that they will always have sufficient cash resources to meet financial obligations when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage of the company's reputation.

The contractual cash outflow for the company's liabilities is represented by their carrying amounts and require settlement within 12 months from the reporting date.

(c) Market risk:

Market risk is the risk that changes in market prices, such as interest rate and foreign exchange rates, will affect the company's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while optimising the return on risk.

- 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.

  At the reporting date, the company had no material financial asset that was subject to interest rate risk.

20. Financial risk management (continued)

(c) Market risk (continued):

- Interest rate risk (continued):

  At the reporting date, the carrying value of the company's fixed interest rate financial liabilities was $195,376,836 (2019: $235,989,594).

- Foreign currency risk:

  Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

  The company is exposed to foreign currency risk on transactions that are denominated in a currency other than its functional currency, the Jamaica dollar (J$). The main currency giving rise to this risk is the United States dollar (US$) and Trinidad and Tobago dollar. Presently, the company does not have any procedures in place to hedge against foreign currency risk.

  In respect of monetary assets and liabilities denominated in foreign currency, the company ensures that its net exposure is kept to an acceptable level by monitoring its daily positions against approved limits.

  Net *exposure to currency risk*

  At the reporting date, the company's net exposure to foreign currency risk was as follows:

	2020 US$'000	2020 TT$'000
Cash and cash equivalents	3	-
Investments	2,977	945
Margin loan	(283)	-
	2,697	945

Exchange rates as at September 30, 2020 was US$1: J$141 and TT$1: J$20.89.

Sensitivity analysis

A strengthening/weakening of the Jamaica dollar by the percentages shown against the following currencies at the reporting date would have increased/(decreased) loss for the year by the amounts shown below.

	2020 Effect on profit	
	2% Strengthening $	6% Weakening $
J$	8,000,998	(24,002,995)

The analysis assumes that all other variables, in particular interest rates, are held constant.

20. Financial risk management (continued)

(c) Market risk (continued):

- Equity price risk:

Equity price risk arises from equity securities held by the company as part of its investment portfolio. Management monitors equity securities in its investment portfolio based on market expectations. The primary goal of the company's investment strategy is to maximise investment returns.

A 7% (2019: 10%) increase in the market price at the reporting date would cause a decrease/increase in the company's losses/profits of $114,031,440 (2019: $136,314,767). A 12.5% (2019: 10%) decrease would cause an increase/decrease in the company's losses/profits of $203,627,572 (2019: $136,314,767).

(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 equity.

There are no particular strategies to determine the optimal capital structure. There are also no external capital maintenance requirements to which the company is subjected.

(e) Fair values:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. The company's equities are the only financial instrument that is carried at fair value.

Fair values of quoted equities and equity options are based on the mid or closing prices published by the respective Stock Exchanges.

The carrying values reflected in the financial statements for cash and cash equivalents, accounts receivables, other liabilities, due to related companies, bank overdraft and margin loan payable and short-term borrowing are assumed to approximate fair value due to their relatively short-term nature and are classified as level 2 instruments in the fair value hierarchy.

Determination of fair value and fair values hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy:

Level 1 - Quoted prices in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

20. Financial risk management (continued)

(e) Fair values (continued):

Determination of fair value and fair values hierarchy (continued)

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. This includes financial assets with fair values based on broker quotes.

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available.

The company considers relevant and observable market prices in its valuations where possible.

Equity investments including equity share options are classified as Level 1 instruments in the fair value hierarchy.

(f) Impact of COVID-19:

The World Health Organization declared the novel Coronavirus (COVID-19) outbreak a pandemic on March 11, 2020. The pandemic and the measures to control its human impact have resulted in disruptions to economic activity, business operations and asset prices across the world. The company has investments in shares listed on the Jamaica Stock Exchange, the Trinidad and Tobago Stock Exchange and the New York Stock Exchange. Investments are also held in companies across a variety of industries. Management has assessed that the company was adversely impacted by the pandemic through the decline in share prices on the stock markets and the cessation of dividend payments by some investee companies. In response to the pandemic, management has adopted several measures specifically around financial risk management. These measures include:

i. Gathering information about the industries within which the company holds investments and the impact the pandemic is having on each industry.
ii. Reorganised the investment portfolio to reduce investment in industries assessed as being volatile to the pandemic.
iii. Diversifying the company's investment portfolio to invest in listed equities outside of Jamaica across thriving industries.
iv. Continuous monitoring of the performance of investee companies.

Form of Proxy
QWI INVESTMENTS LIMITED

Place
$100.00
stamp
here

I/We……

…… of

……

being a member or members of QWI Investments Limited hereby appoint………………………………………

……of

……

……or

failing him/her ………………………………………………………………………………………………

of ………

as my/our proxy to vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held at The Jamaica Pegasus Hotel, 81 Knutsford Boulevard, Kingston 5, on the 30th day of March, 2021 at 4:45 p.m. and at any adjournment thereof.

Signed this ……………………………day of………………………………………… 20……………………

…………………………………………………… Signature

…………………………………………………… Signature

NOTE: To be valid:

1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.
2) If executed by a corporation, this proxy must be sealed. A corporate shareholder may appoint a representative in accordance with Article 73 of the Company's Articles of Association, instead of appointing a proxy.
3) This Form of Proxy must be received by the Registrar of the Company, 2 Bell Road, Kingston 11, not less than 48 hours before the time of the meeting.
4) This Form of Proxy should bear stamp duty of $100.00. Adhesive stamps are to be cancelled by the person signing the proxy.

Form of Proxy
QWI INVESTMENTS LIMITED

Place
$100.00
stamp
here

I/We……

………………………...................................………..……………......………………………….........……… of

....

being a member or members of QWI Investments Limited hereby appoint.…...……

....of

....

....or

failing him/her ....

of ....

as my/our proxy to vote for me/us on my/our behalf, at the Extraordinary General Meeting of the Company to be held at The Jamaica Pegasus Hotel, 81 Knutsford Boulevard, Kingston 5, on the 30th day of March, 2021 at 4:30 p.m. and at any adjournment thereof.

Signed this ....day of………...................……………………….... 20..........................

………………………………………………….............. Signature

……………………………………………………….... Signature

NOTE: To be valid:

1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.
2) If executed by a corporation, this proxy must be sealed. A corporate shareholder may appoint a representative in accordance with Article 73 of the Company's Articles of Association, instead of appointing a proxy.
3) This Form of Proxy must be received by the Registrar of the Company, 2 Bell Road, Kingston 11, not less than 48 hours before the time of the meeting.
4) This Form of Proxy should bear stamp duty of $100.00. Adhesive stamps are to be cancelled by the person signing the proxy.

This is Life...
on my terms!

QWI
INVESTMENTS

Building Wealth for our Investors

QWI INVESTMENTS

Building Wealth for our Investors

2 Bell Road, Kingston 11
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F: 876-764-8015

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