

PROSPECTUS

FOR LISTING ON THE JAMAICA STOCK EXCHANGE



Invitation Opens Invitation Closes

December 28, 2020

January 11, 2021

(subject to the right of the Company to designate an earlier or later date as set out in this Prospectus)

For Listing on the Jamaica Stock Exchange



Registered Office – 7 Belmont Road, Kingston 5 www.alliancefinancialja.com | Email: info@alliancefinancialja.com

OFFER FOR SALE by PROSPECTUS by SELLING SHAREHOLDERS of 1,252,294,335 Ordinary Shares at the price of \$1.59 per Share.

At least 500,917,735 Shares in the Invitation, shall be made available for purchase by members of the general public.

Up to 751,376,600 Reserved Shares (as herein defined) are initially reserved for priority application by the Reserved Share Applicants (as described below).

A copy of this Prospectus was delivered to the Registrar of Companies pursuant to section 40(2) of the Companies Act, 2004 and was so registered on December 18, 2020. The Registrar of Companies accepts no responsibility whatsoever for the contents of the Prospectus.

A copy of this Prospectus was also delivered to the Financial Services Commission for the purposes of registration of the Company as an issuer pursuant to section 26(1) of the Securities Act and was so registered on December 21, 2020. The Financial Services Commission has neither approved the offered securities nor has the Commission passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence.

Dated the 16th of December, 2020

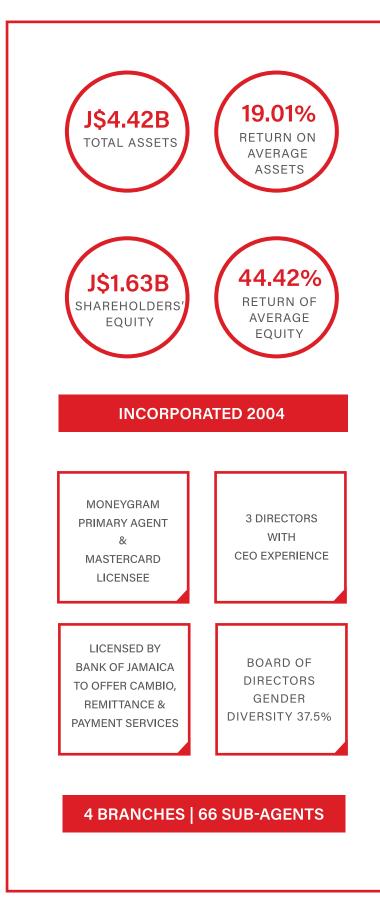
Arranger & Broker



LLIANCE

Alliance Financial Services Limited

At A Glance







J\$709.3M NET PROFIT AFTER TAX



48.38%



CONTENTS.

Page Number	
4	Important Notice Section 1
5	Invitation at a Glance Section 2
6	Summary of Key Information Section 3
8	Message from the Selling Shareholders to Prospective Investors Section 4
9	Definitions Section 5
12	Important Information about this Prospectus Section 6
15	Professional Advisors to the Invitation Section 7
17	The Invitation Section 8
21	Information About The Company Section 9
36	Directors & Management Section 10
43	Management Discussion & Analysis of Financial Condition & Results of Operations Section 11
59	Risk Factors Section 12
63	Statutory & General Information Section 13
66	Documents Available for Inspection Section 14
67	Selling Shareholders' Signatures
69	Auditor's Consent Section 16
72	Audited Financial Statement Section 17
107	How to Apply Section 18

Section 1 Important Notice

This Prospectus is issued by the Selling Shareholders to the public in Jamaica for use only in Jamaica and is not to be construed as making an invitation or offer to persons outside of Jamaica to purchase shares or other securities.

Unless stated otherwise, terms used in this Prospectus shall have the meanings attributed to them in Section 5 of this Prospectus.

The directors of the Selling Shareholders accept full responsibility, collectively and individually, for all the information in this Prospectus relating to the Company. The directors of the Selling Shareholders have taken all reasonable care to ensure that, to the best of their knowledge and belief, the information given herein is in accordance with the facts and does not omit anything that would make any statement in this Prospectus misleading or that is likely to otherwise materially affect its interpretation.

No person is authorised to provide information or to make any representation whatsoever in connection with this Prospectus, which is not contained in this Prospectus.

Prospective Applicants are advised to read this entire Prospectus carefully before making an investment decision about the transactions herein. Each recipient's attention is specifically drawn to the Risk Factors in Section 12 of this Prospectus and the disclaimers in this Prospectus.

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

Section 2 Invitation at a Glance

The Selling Shareholders invite the public to purchase up to 1,252,294,335 Shares subject to the terms and conditions of this Prospectus.

All Applications must be submitted electronically via:

- ^{i.} Jamaica Money Market Broker's Moneyline[™] platform by logging on to the website https://moneyline.jmmb.com/personal/login.php (See Part I of Appendix 1). JMMB clients who have a stockbrokerage (EMMA) account but do not have JMMB Moneyline access may self-register at http://bit.ly/MoneylineNew; or
- ii. The electronic application platform of the Applicant's stockbroker.

Interested Applicants who do not have a stockbrokerage account or do not have a JMMB account may call JMMB's Client Care Centre at 876-998-JMMB (5662), between the hours of 8:00 a.m. to 4:30 p.m. for assistance in opening a stockbrokerage account or a JMMB account. Interested Applicants may also open a JMMB account online at https://jm.jmmb.com/account-opening-personal.

The Invitation will open at 9:00 a.m. on the Opening Date. Applications submitted prior to the Opening Date will be received, but not processed until the Opening Date. The Invitation will close at 4:00 p.m. on the Closing Date. The Selling Shareholders reserve the right to: (a) close the Application List at any time without notice if Applications have been received for the full amount of the Shares offered; (b) suspend the acceptance of Applications at any time without prior notice after the opening of the Application List for such period as the Selling Shareholders shall determine; (c) withdraw the Invitation at any time without prior notice after the opening of the Application List and close the Application List without accepting any Applications, in which event any amounts paid by Applicants in respect of the Invitation Price shall be refunded in full to Applicants; and/or (d) extend the Closing Date, provided that such period does not extend beyond the expiration of 40 days after the publication of this Prospectus for the purposes of section 48 of the Companies Act, 2004. In the case of the extension of such period or an early closing, notice will be posted on the websites of the Jamaica Stock Exchange at www.jamstockex.com and JMMB Securities Limited at jm.jmmb.com.

Key Dates			
Publication of Prospectus	December 21, 2020		
Invitation Opens	December 28, 2020		
Invitation Closes	January 11, 2021 (subject to the right of the Company to designate an earlier or later date as set out in this Prospectus)		
Announcement of Basis of Allotment	January 19, 2021		
Refunds	Within 10 days after the Closing Date		
Listing of Shares on JSE	Within 3 to 4 weeks after the Closing Date		

The timetable above is indicative and will be implemented on a best efforts basis, with the Selling Shareholders reserving the right (in consultation with JMMB Securities Limited as Broker) to change the dates that the Invitation opens and closes based on market conditions and other relevant factors as determined by the Selling Shareholders subject always to statutory and regulatory obligations.

Section 3 Summary of Key Information

The following summary information is derived from and should be read in conjunction with, and is qualified in its entirety by, the full text of this Prospectus.

Company	Alliance Financial Services Limited
Selling Shareholders	Melwood Holdings Limited and Willo Capital Limited
Shares Subject to The Invitation	1,252,294,335 Shares available for purchase of which at least 500,917,735 be made available for purchase by members of the general public. Up to 751,376,600 Reserved Shares are initially reserved for priority application as follows: a) Up to 31,307,358 Alliance Employee Reserved Shares.
	b) Up to 344,380,342 Alliance Key Partner Reserved Shares.c) up to 375,688,300 Broker Reserved Shares.
Invitation Price	All Shares are priced at \$1.59 per Share.
Method of Application	All Applications must be submitted electronically via:
	i. Jamaica Money Market Broker's Moneyline [™] platform by logging on to the website https://moneyline.jmmb.com/personal/login.php (See Part I of Appendix 1). JMMB clients who have a stockbrokerage (EMMA) account but do not have JMMB Moneyline access may self-register at http://bit.ly/MoneylineNew; or
	ii. electronic application platform of the Applicant's stockbroker.
	Interested Applicants who do not have a stockbrokerage account or do not have a JMMB account may call JMMB's Client Care Centre at 876-998-JMMB (5662), between the hours of 8:00 a.m. to 4:30 p.m. for assistance in opening a stockbrokerage account or a JMMB account. Interested Applicants may also open a JMMB account online at https://jm.jmmb.com/account-opening-personal.
Method of Payment	Payment shall be by cleared funds held in a stock brokerage account with the Applicant's stockbroker (including) as set out at Appendix 1).
Minimum Application	Each Application for Shares must be for multiples of 100 Shares, subject to a minimum of 5,000 Shares.
Use of Proceeds	None of the net proceeds from the Invitation will be payable to the Company as all the shares that are the subject of the Invitation are being sold by the Selling Shareholders.
Intention to List	The Company has passed a resolution and intends to apply to the JSE for the listing on the Main Market of the JSE of all the Ordinary Shares and to make such application as soon as is conveniently possible following the Closing Date. However, these statements are not to be construed as a guarantee that any of the Ordinary Shares will be listed.

Basis of Allotment	Applications for Alliance Employee Reserved Shares, Alliance Key Partner Reserved Shares and Broker Reserved Shares will be allotted at the discretion of the Selling Shareholders. Applicants for Shares other than Reserved Shares will be allotted the number of shares applied for up to a mini- mum of 50,000 Shares (subject to the number of Applicants not exceeding 10,000) and pro-rata for amounts applied for above the minimum in the event this pool is oversubscribed.
	Multiple Applications by the same Applicant shall be treated as a single Application for the purpose of Allocation/Allotment. For this purpose, Applicants will be regarded as being the same where it is either the same individual or corporate Applicant or, in the case of joint Applicants, the joint holders identified are the same.
	A notice confirming the provisional basis of Allotment will be posted on the website of the Jamaica Stock Exchange at www.jamstockex.com within six (6) business days after the Closing Date.
Refund Payments	Refund payments to Applicants whose Applications are not accepted in whole or in part will be made within ten (10) days after the Closing Date.
Notification of Allotment	Within four (4) weeks of the Closing Date successful Applicants will be notified in writing (sent at the risk of the Applicant) by the Registrar on behalf of the Company of their final allotments. In the case of joint Applicants, such notice may be sent solely to the first-named joint Applicant) as stated in the Application. The Shares will be issued in electronic form.

Section 4 Message from the Selling Shareholders to Prospective Investors

The Selling Shareholders are pleased to invite you to share in the success and future growth of Alliance Financial Services Limited, as it continues to fulfil its goal of providing convenient remittance, cambio and card services to all Jamaicans.

The vision of the Company's founders at inception was to establish a business that would consistently offer superior and personalised financial services, while creating a long lasting and mutually beneficial relationship with its customers. Over the years, by committing to the core values of innovation, customer centricity and financial sustainability the Company has been living that vision, and its performance to date is testament to the business acumen and prudence of an experienced team of leaders and employees who are always striving to maintain the Company's success.

This success of the Company is demonstrated in a history of strong financial performance. During the period 2016 to 2019, the Company achieved a compound annual growth rate (CAGR) in revenues of 11.60%, while net profit after tax during the same period grew at a CAGR of 38.93%. The Company's return on average equity (ROAE) improved from 49.38% in 2016 to 54.80% in 2019. Due to the effects of the COVID-19 pandemic on business and tourism activity, the Company's revenues and profits declined by 12.15% and 9.38% respectively in FY2020 compared to FY2019. We consider the Company's FY2020 results to be exceptional given the circumstances under which it operated in FY2020 and underlines the strength of the Company's diversified cambio and remittance business model. We expect that the Company will return to its growth trajectory once the effects of the COVID-19 pandemic have abated and normalcy is restored to the global and Jamaican economy.

The Company recognises that there are further opportunities for the financial inclusion of a wider segment of Jamaicans who are currently unbanked. In this regard, the Company has introduced a pre-paid Mastercard, which will supplement its other products and services. The Company plans to continue expanding its delivery channels, products and services such that easy, fast and affordable access to funds, locally or from overseas, is available to all who have limited options today.

We are therefore excited about the future prospects for the Company. We believe the timing is right to expand the ownership of the Company and the Board of Directors of the Selling Shareholders duly passed resolutions to offer for sale the Shares that are the subject of this Invitation. We are inviting the customers, sub-agents, suppliers and employees of the Company along with the general public to participate in this IPO and benefit from the future growth and profitability of the Company that we believe will result from its current and future strategic initiatives.

the J. Chin

Melwood Holdings Limited Peter Chin - Director

Willo Capital Limited Robert Chin - Director

Section 5 Definitions

In this Prospectus, the following words and phrases shall, unless the context otherwise requires, be read and construed as having the following meanings:

Alliance Employee Reserved Shares	The 31,307,358 Shares in the Invitation that are initially reserved for priority application from, and Allotment to, permanent employees and directors of Alliance Financial Services Limited, Alliance Investment Management Limited and Alliance Finance Limited
Alliance Key Partner Reserved Shares	The 344,380,942 Shares in the Invitation that are initially reserved for priority application from, and allotment to, key vendors, sub-agents and customers of the Company along with their directors, employees and representatives that receive notification from or on behalf of the Selling Shareholders subsequent to the publication of this Prospectus that Shares have been reserved for Application by them
Allotment	The allocation and issuance of Shares to successful Applicants
Applicant	A person or entity who submits an Application and includes a Reserved Share Applicant
Application	the application to be made by all Applicants who wish to purchase Shares in this Invitation by following the steps set out in this Prospectus
Application List	The application list in respect of the Invitation.
Board of Directors	The board of directors of the Company
BOJ	The Bank of Jamaica
Broker Reserved Shares	The 375,688,300 Shares in the Invitation that are initially reserved for priority application from, to, the Broker JMMB Securities Limited, along with pension funds, collective investment schemes and discretionary portfolios managed by its affiliated company Jamaica Money Market Brokers Limited
Closing Date	The time of closing of the Invitation, being January 11, 2021 at 4:00 p.m., (subject to such early closure or extension as the Selling Shareholders may, in consultation with JMMB Securities Limited as Broker, determine)
Company	Alliance Financial Services Limited, a company incorporated under the laws of Jamaica with its registered office at 7 Belmont Road, Kingston 5
Director	A person who is a member of the Board of Directors
Invitation	The offer for sale of Shares made by the Selling Shareholders on the terms and conditions set out in this Prospectus.
Invitation Price	\$1.59 per Share
JSE	The Jamaica Stock Exchange

Opening Date	The time of opening of the Invitation, December 28, 2020
Ordinary Shares	The ordinary shares in the capital of the Company and includes an ordinary stock unit and <i>vice versa.</i>
Reserved Shares	Alliance Employee Reserved Shares, Alliance Key Partner Reserved Shares or Broker Reserved Shares
Reserved Share Applicants	Applicants who are eligible for Alliance Employee Reserved Shares, Alliance Key Partner Reserved Shares or Broker Reserved Shares
Selling Shareholders	Melwood Holdings Limited and Willo Capital Limited
Shares	Ordinary Shares subject to the Invitation that the Selling Shareholders have offered to sell

IMPORTANT INFORMATION ABOUT THIS PROSPECTUS

Section 6 Important Information About this Prospectus

Contents of Prospectus

This Prospectus has been reviewed and approved by the directors of the Selling Shareholders and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief:

- i. the information is true and accurate in all material respects and is not misleading in any material respect,
- ii. any opinions, predictions or intentions expressed herein on the part of the Selling Shareholders are honestly held or made and are not deliberately misleading in any material respect,
- iii. that insofar as reasonably possible, all proper inquiries have been made to ascertain and to verify the foregoing, and
- iv. this Prospectus does not contain any untrue statement of a material fact or fails to state a material fact necessary in order to make the statements herein, in the light of the circumstances under which they are made, not misleading.

This Prospectus contains summaries with respect to certain terms of certain documents that the directors of the Selling Shareholders believe to be accurate, but reference should be made to the actual documents (copies of which will be available to prospective investors for inspection as described at Section 14 of this Prospectus) for complete information with respect thereto, and all such summaries are qualified in their entirety by such complete information. Prospective Applicants should not rely on parts of information contained in this Prospectus to the exclusion of other parts of this Prospectus.

Review of Prospectus

In making an investment decision, investors are expected to make their own assessment of the Company and the terms of the Invitation herein, including the merits and risks involved.

Each prospective Applicant acknowledges and agrees:

- i. he/she has been afforded a meaningful opportunity to review, and has received, all additional information considered by him/her to be necessary to verify the accuracy of the information contained in this Prospectus,
- ii. he/she has not relied on the Selling Shareholders or the legal or other professional advisor to the Company in connection with its investigation of the accuracy of such information or its investment decision, and
- iii. no person has been authorised to give information or to make any representation concerning the Company or the Invitation or the Shares issued pursuant thereto or to provide information or to make any representation whatsoever in connection with this Prospectus other than as contained in this Prospectus and information given by duly authorised officers and employees of the Company in connection with the investors' verification of the information contained in this Prospectus and that, if given or made, such other information or representation should not be relied upon as having been authorised by the Company.

Change in Business

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

Representations

Neither the Financial Services Commission nor any Governmental agency or regulatory authority in Jamaica or elsewhere has made any determination on the accuracy or adequacy of this Prospectus.

No representation or warranty, expressed or implied, is made by any affiliated company of Alliance Financial Services Limited or by the legal or professional advisors to the Company as to the accuracy or completeness of the information set forth herein including, without limitation, information with respect to the Company and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation, whether as to the past or future.

Advice

Each prospective Applicant should consult with his/her own advisors as to the legal, tax, business, financial and related aspects of purchasing the Shares. The Selling Shareholders are not making any representation to any prospective Applicant regarding legal, tax, business, financial or related aspects concerning purchase of Shares notwithstanding the inclusion in this Prospectus of such information in respect thereof as the Selling Shareholders believe to be accurate, and prospective Applicants should not consider this Prospectus as a recommendation by the Selling Shareholders that they should purchase any Shares. Each prospective Applicant must make his/her own investigation and evaluation of the Company and this Prospectus.

Distribution

This Prospectus is intended for use in Jamaica only and is not to be construed as making an offer to persons outside of Jamaica to purchase any of the Shares. The distribution or publication of this Prospectus and the offering of the Shares outside of Jamaica is prohibited by law. The Company requires that anyone who receives this Prospectus inform himself/herself about and observe such restrictions. This Prospectus does not constitute, and may not be used for or in connection with, any offer to, or solicitation by, anyone in any jurisdiction other than Jamaica.

Forward Looking Statements

Except for the historical information concerning the Company contained in this Prospectus, certain matters discussed in this Prospectus, including, without limitation, the discussions of future plans and financial projections, contain forward looking statements. Forward-looking statements are statements that are not about historical facts and speak only as of the date they are made. These statements are made based on assumptions or predictions of the future which may not necessarily occur. Although the directors of the Selling Shareholders believe that in making any such statement their expectations are based on reasonable assumptions, any such statement may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Prospective Applicants are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. Future events or circumstances could cause actual results to differ materially from historical or anticipated results.

Forward-looking statements are typically identified by words such as "believe", "expect", "foresee", "forecast", "anticipate", "intend", "estimate", "goal", "plan" and "project" and similar expressions of future or conditional verbs such as "will", "may", "should", "could" or "would". When used in this Prospectus, such words and similar expressions, as they relate to the Company and its businesses or actual or intended business relationships, are intended to identify those forward looking statements. By their nature, forward looking statements require the maker to make assumptions and are subject to numerous inherent risks and uncertainties which give rise to the possibility that such predictions, forecasts, projections, expectations or conclusions as contained in such statements will not prove to be accurate, that the assumptions relied on may not be correct and that these forward-looking statements will not be achieved. Once this Prospectus has been signed by the Selling Shareholders, the Selling Shareholders do not undertake any obligation to update publicly or revise any of the forward-looking statements in light of new information or future events, including changes in the Company's financial or regulatory position, or to reflect the occurrence of unanticipated events. There are important factors that could cause actual results to differ materially from those in forward looking statements, certain of which are beyond the control of the Company and the Selling Shareholders. These factors include, without limitation, the following:

- i. economic, social and other conditions of Jamaica and any other jurisdiction on which the business of the Company may rely, including actual rates of growth of such economies, local, regional or global instability, interest rate changes or exchange rate volatility;
- ii. adverse climatic events and natural disasters;
- iii. unavailability of regulatory approval to launch new financial products, or unfavourable market receptiveness to new products;

- iv. changes in legislation or regulatory policy adversely affecting the revenues or expenses of the Company;
- v. any other factor(s) negatively impacting on the realisation of the assumptions on which the Company's financial projections are based;
- vi. other factors identified in this Prospectus; and
- vii. factors as yet unknown to the Company or the Selling Shareholders.

Prospective Applicants are cautioned that the foregoing list should not be construed as exhaustive. Prospective Applicants should carefully consider the foregoing factors, the other factors set out at Section 12 of this Prospectus and other uncertainties and potential events before making an investment decision.

Section 7 Professional Advisors to The Invitation



Arranger, Broker & Listing Agent JMMB Securities Limited 6 Haughton Terrace Kingston 10

Mr. Karl Townsend Chief Country Officer, Capital Markets Unit, Jamaica (876) 998-JMMB (5662) info@jmmb.com



Auditor KMPG Chartered Accountants P.O. Box 436, 6 Duke Street, Kingston



Legal Advisors to the Company Carter Lindo Suite 6, 80 Lady Musgrave Road Kingston 10



Legal Advisors to the Broker Harrison & Harrison Suite 1, 16 Hope Road Kingston 10



Selling Agents Jamaica Money Market Brokers Limited 6 Haughton Terrace Kingston 10



Registrar & Paying Agent Jamaican Central Securities Depository Limited 40 Harbour Street Kingston

THE INVITATION

Section 8 The Invitation

You are advised to read this entire Prospectus carefully before making an investment decision about this Invitation. Your specific attention is drawn to the Risk Factors in Section 12 of this Prospectus and the disclaimers and note on Forward-Looking Statements in Section 6 of this Prospectus.

The Selling Shareholders invite Applications to purchase up to 1,252,294,335 Shares subject to the terms and conditions of this Prospectus.

A total of 751,376,000 Shares are Reserved Shares for the Reserved Share Applicant(s).

The Shares that are the subject of the Invitation, which are all Ordinary Shares, are as follows:

	No. of Shares	Invitation Price per Share
Alliance Employee Reserved Shares	31,307,358	\$1.59
Alliance Key Partner Reserved Shares	344,380,942	\$1.59
Broker Reserved Shares	375,688,300	\$1.59
General Public	500,917,735	\$1.59

If any of the Reserved Shares are not purchased by the Reserved Share Applicants, they will first become available for purchase by another category of Reserved Shares and then to the general public in accordance with this Prospectus.

The Selling Shareholders have agreed to provide the Broker, JMMB Securities Limited, with reserved shares as they believe that the Broker has been a key partner of the Company.

The Application List will open at 9:00 a.m. on the Opening Date, December 28, 2020. The Invitation will close at 4:00 p.m. on the Closing Date subject to the right of the Selling Shareholders to: (a) close the Invitation at any time after it opens at 9.00 a.m. on the Opening Date once the Invitation is fully subscribed; (b) suspend the acceptance of Applications at any time without prior notice after the opening of the Application List for such period as the Selling Shareholders shall determine; (c) withdraw the Invitation at any time without prior notice after the opening of the Application List and close the Application List without accepting any Applications, in which event any amounts paid by Applicants in respect of the Invitation Price shall be refunded in full to Applicants; and/or (d) extend the period during which the Invitation will remain open for any reason, provided that such period does not extend beyond the expiration of 40 days after the publication of this Prospectus for the purposes of section 48 of the Companies Act, 2004. In the case of the extension of such period or an early closing, notice will be posted on the website of the JSE at www.jamstockex.com and JMMB Securities Limited at jm.jmmb.com.

Intention to List

Upon the closing of the Invitation, the Company intends to apply to list all the Ordinary Shares on the Main Market of the Jamaica Stock Exchange. The application to the JSE is dependent on (i) the Invitation raising at least \$1.5 billion and (ii) all the criteria for admission being met. This is not a guarantee that the Ordinary Shares will be listed.

The Selling Shareholders expect to receive the amount of J\$1,991,147,992.65 pursuant to this Invitation. If, however, the Invitation does not raise a minimum of \$1.5 billion within forty (40) days after the publication of this Prospectus the application for listing will not be made and all payments for the Shares received from Applicants will be returned to the Applicants. Further, if the required minimum is raised but the Company does not meet the criteria for listing on the JSE all payments for the Shares received from Applicants will be returned to the Applicants for the Applicants.

Use of Proceeds

None of the net proceeds from the Invitation will be payable to the Company as all the Shares that are the subject of the Invitation are being sold by the Selling Shareholders.

The Selling Shareholders intend to use the proceeds from the sale of the Shares to pay the expenses of the Invitation and otherwise for their own purposes. Details on expenses related to this Invitation, which will be paid equally by the Company and the Selling Shareholders, are contained in Section 13 of this Prospectus.

Application Procedures

Prospective Applicants who wish to purchase the Shares in the Invitation must follow the procedures set out at <u>Appendix 1 – How To Apply</u> or on the electronic application platform of the Applicant's stockbroker.

Terms & Conditions

The Invitation is subject to the following terms and conditions:

- 1. All Applicants (whether Applicants for Reserved Shares or members of the general public) must apply electronically as set out in this Prospectus. Applicants for Reserved Shares must apply by indicating the relevant reserve pool. Each duly completed application, accompanied/supported by payment, or evidence thereof, for the full amount payable, by an approved payment method must be submitted by 4:00 pm on the Closing Date.
- 2. All Applicants will be deemed to have agreed to the terms and conditions set out in this Prospectus, including those set out in this Section.
- 3. The Selling Shareholders in their sole discretion may accept (in whole or in part) or reject any Application even if an Application is received, validated and processed. The acceptance may be in respect of the whole or any part of an Application and, accordingly, the number of shares allocated to an Applicant may be reduced.
- 4. Neither the submission of an Application by an Applicant nor its receipt by the Selling Shareholders or JMMB Securities Limited will result in a binding contract between the Applicant and the Selling Shareholders. Only the Allotment of Shares by the Registrar, Jamaica Central Securities Depository (or such other persons as may be appointed by the Company from time to time to provide the services of registrar for the Company), on behalf of the Selling Shareholders to an Applicant (whether such Shares represent all or part of those specified by the Applicant in their Application) will result in a binding contract under which the Applicant will be deemed to have agreed to purchase the number of Shares at the Invitation Price, subject to the Articles of Incorporation and the terms and conditions set out in this Prospectus.
- 5. APPLICATIONS MAY BE SUBMITTED IN ADVANCE OF THE OPENING DATE. Early Applications will be received, but not processed until the Opening Date. All early Applications will be treated as having been received at the same time, being 9:00 a.m. on the Opening Date. Shares will be allocated after close of the Application List on the Closing Date.
- 6. Each Application must be for multiples of 100 Shares subject to a minimum of 5,000 Shares.
- 7. If the Invitation is oversubscribed, the Shares may be apportioned for Allotment among the Applicants by the Selling Shareholders, taking into account the factors described at sub-paragraph 8 below and any other factors that the Selling Shareholders consider relevant. Should the Invitation be oversubscribed, Applicants may by allotted fewer Shares than they applied for.
- 8. Applicants for Shares other than Reserved Shares will be allotted the number of shares applied for up a minimum of 50,000 Shares (subject to the number of Applicants not exceeding 10,000) and pro-rata for amounts applied for above the minimum in the event this pool is oversubscribed. Otherwise, applications for Reserved Shares will be allotted at the discretion of the Selling Shareholders.

In the event that any one category is under-subscribed:

- a. all Applicants in such category will be allocated 100% of the Shares for which such Applicant applied;
- b. unallocated Reserved Shares in any category will be allocated to Applicants in another category of Reserved Shares; and
- c. all remaining unallocated Shares will be allocated to the Applicants for Shares in the category of general public.

Multiple Applications by the same Applicant shall be treated as a single Application for the purpose of Allocation/ Allotment. For this purpose, Applicants will be regarded as being the same where it is either the same individual or corporate Applicant or, in the case of joint Applicants, the joint holders identified are the same.

- 9. In respect of each Application which is accepted in whole or in part by the Selling Shareholders, a letter of Allotment will be issued in the name of that Applicant (or in the joint names of joint Applicants) for the number of Shares allotted to the Applicant(s).
- 10. Amounts refundable to Applicants whose Applications are not accepted in whole or in part will be refunded based on the instructions given in their Application without interest on such amounts. The Selling Shareholders will effect such refunds and provide the letters of Allotment within 10 days after the Closing Date. No physical share certificates will be issued.
- 11. Each letter of Allotment and refund cheque that is sent will be sent at the Applicant's risk to the Applicant (or the firstnamed joint Applicant) stated in the Application.
- 12. Letters of Allotment are not transferable or assignable.
- 12. The Ordinary Shares shall be converted to ordinary stock units and it is the intention of the Company to have the Ordinary Shares listed on the JSE. This statement is not to be construed as a guarantee that the Ordinary Shares will be listed. The making of the application by the Company, and its success, is dependent on: (i) the Invitation raising at least \$1.5 billion and (ii) the criteria for listing set out in the JSE Rules being met.

INFORMATION ABOUT THE COMPANY

Section 9 Information About The Company

The Alliance Brand

In 1996, Peter and Robert Chin, the Founders, began establishing what would become several companies under the "Alliance" brand. In addition to Alliance Financial Services Limited, the companies that were established by the Founders and that currently operate under the "Alliance" brand include:

1 Alliance Investment Management Limited

The company, which was originally incorporated in 1996 as Alliance Capital Limited, is a licensed securities dealer that offers asset management, securities trading and financial advisory services.

2 Alliance Finance Limited

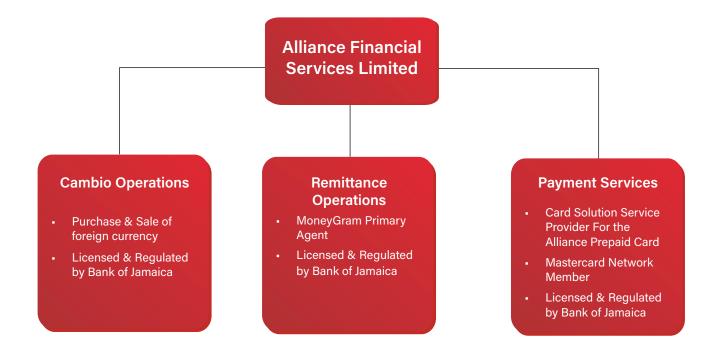
The company was formed in 2012 and provides insurance premium financing to corporate and retail customers through a working arrangement with several licensed insurance brokers. It also provides credit facilities to customers.

Although these companies may bear the Alliance name, none is a subsidiary or holding company of Alliance Financial Services Limited, which operates as a separate and distinct entity. As stated later in this section (Industry Review: Share Capital), Alliance Investment Management Limited owns 10% of the ordinary share capital of the Company. Any other financial and operational relationships that exist are disclosed in this Prospectus (at Sections 11 and 13).

Company Overview Alliance Financial Services Limited

In 2004, Alliance Financial Services Limited was incorporated to take over the cambio services business that was then being operated by Alliance Investment Management Limited. During that same year, Alliance Financial Services Limited was also issued with a licence by the BOJ to engage in remittance business and began its operations as a Primary Agent of MoneyGram Payment Systems, Inc. ("**MoneyGram**"), a major international money transfer service provider.

During its sixteen (16) years of operation, Alliance Financial Services Limited has grown to become a notable provider of cambio and remittance services in Jamaica. The Company has its head office at 7 Belmont Road and has four (4) branches strategically located across the island, the most recent of which was established in August 2019 at the Portmore Mall in St. Catherine. The other branches are located in Liguanea, Mandeville and May Pen.



Cambio Operations

Through its head office and four (4) retail locations island-wide, the Company trades all major currencies with its customers, including United States Dollars, Canadian Dollars, Euro, Pound Sterling and Cayman Island Dollars. The Company also issues cheques and drafts and provides wire transfer services to a diverse base of corporate and retail customers to facilitate the settlement of local and foreign commercial transactions for personal and business reasons.

The Company is one of the founding members of the Cambio Association of Jamaica with Director, Robert Chin, having provided executive leadership as the President of the Association for three (3) years. As a result of the Company's many years of experience in the Cambio industry, it has developed significant market presence, respect among industry peers and a high level of integrity and credibility that has allowed the Company to forge solid working relationships and partnerships to support its business activities.

The Company has recognised the importance of operating within a robust and risk-based compliance regime. That has been an important element used by the banking and trading partners of the Company in their consideration of doing business with the Company. The Company has, and intends to, continue to invest requisite resources to ensure that it achieves and maintains high compliance standards. As such, the Company expects to maintain its existing partnerships as well as foster new associations to ensure a sound compliance programme with regards to its processes and procedures for Know Your Customer (KYC), Anti Money Laundering (AML), Anti-Terrorist Financing (ATF) and Fraud detection and monitoring that are required by the business.

Over the period July 2015 to June 2020, the Company purchased and sold foreign exchange which represented 9.92% of the purchase and sale of foreign exchange by the overall cambio industry (based on foreign exchange purchase and sales data compiled from data extracted from the BOJ's website: http://www.boj.org.jm/foreign_exchange/fx_spot_market.php).

The Company derives its revenues for the cambio business from the rate differential between the buying and selling rate for foreign currencies. Being a trading market, the primary factor that creates a pricing mechanism for this line of business is the general market demand and supply.

The Company's cambio licence is renewable annually by the BOJ. The conditions for renewing the licence include an annual audit of the Company's operations including an assessment of the Company's ability to implement and maintain a strong risk-based compliance program and to operate within the established Know Your Customer (KYC), Anti-Money Laundering (AML), Anti-Terrorist Financing (ATF) and fraud detection and monitoring guidelines for the prevention and detection of money laundering and terrorist financing activities.

Remittance Operations

Alliance Financial Services Limited is a Primary Agent of MoneyGram in Jamaica and the Company estimates that, through its sub-agent network island wide it accounted for approximately 8.4% of all remittance inflows from remittance companies during the period April to September 2020.

In addition to its four (4) branches, the Company processes MoneyGram remittance transactions through its sixty-six (66) subagent network island-wide.

Alliance Financial Services Limited is a Primary Agent of MoneyGram in Jamaica. The Company estimates that it processes 30% of all MoneyGram inbound transactions that are processed in Jamaica.

The Company earns a commission from MoneyGram for all remittance transactions processed in Jamaica through its sub-agent network on a daily basis. The Company also earns a percentage of the foreign exchange profit realised on any transaction i.e. the conversion of foreign exchange sent by the overseas remitter to local currency to pay the recipient. As the remittance business is volume based, the greater the transaction level processed through the Company's network the greater the Company's revenues will be.

Alliance Financial Services Limited uses a strategic selection process to select and partner with sub-agents. The Company targets potential sub-agents that are centrally located in areas where commerce is vibrant, that can deliver the remittance services to the public in a safe, accessible and convenient environment and where the Company's remittance activities can add real value to the other business that the sub-agent operates. Additionally, all sub-agents must meet the requirements of the BOJ. They must be tax compliant and their directors and significant shareholders must meet the BOJ's "Fit and Proper Assessment" criteria.

The Company requires the sub-agents and all their employees to adhere to the guidance that it issues on compliance policies and procedures which are to be observed in the conduct of remittance transactions. Such guidance includes adopting "Know Your Customer" procedures and other anti-money laundering policies and procedures.

The Company is in discussions with several entities to expand its sub-agent network locations. It is anticipated that the network will increase from sixty-six (66) to over one hundred (100) locations by the end of the second quarter, 2021.

Sub-agents are paid a fee for each transaction processed through their respective location. This commission/fee is paid to the sub-agents on a monthly basis.

The Company continues to look at other opportunities in the remittance space as it is currently examining the possibility of partnering with other international remittance companies.

The Company's remittance licence is renewable annually by the BOJ. The conditions for renewing the licence include an annual audit of the Company's operations which includes reviewing each sub-agent location. The Company is required to implement a sound risk-based assessment in its compliance programme and is guided by the BOJ's operating directions governing remittance activities.

Payment Services

Alliance Financial Services Limited has made the Alliance Prepaid Mastercard available to its remittance customers in Jamaica. The Card allows remittance customers to load remittance proceeds to the Card. Since launching the Card over a year ago, the Company has issued in excess of 29,000 Cards and to date over \$1.0 billion has been loaded to the issued Cards.

Alliance Payment Services Limited (APSL) was authorised under the Electronic Retail Payment Services (ERPS) Guidelines issued in February 2013 by the BOJ to operate as a payment service provider. APSL was approved to operate under a proprietary owned brand ePay, through which a prepaid card solution was created. In 2017, APSL became a principal licensee of Mastercard and was able to leverage the Mastercard network to become an issuer of prepaid Mastercard in Jamaica with particular emphasis in supporting the Government of Jamaica's National Financial Inclusion Strategy which allowed all Jamaicans to have access to financial services.



From left to right: Robert Chin, Deputy CEO & Vice President | Dalton Fowles, Country Manager, Mastercard | Peter Chin, Chairman & CEO

In March 2020, the BOJ, in an attempt to strengthen the current financial system, issued the Fintech Regulatory Sandbox Guidelines to replace the ERPS. On March 9, 2020 the BOJ approved the Company to assume operation of the services which were previously offered by APSL. On June 18, 2020 Mastercard approved the Company's application to be a principal licensee for its Mastercard, Maestro and Cirrus brands. Consequent on these approvals the Company has commenced issuing pre-paid Mastercard. The transition of the card issuing platform and associated activities from APSL to the Company took effect on October 1, 2020.



From left to right: Peter Chin, CEO, Alliance Financial Services Limited | Oneil Grant, President, Jamaica Civil Service Association | Kavin Hewitt, CEO, ePayment Group

The Company has co-branding arrangements with entities including Community & Workers of Jamaica (CWJ) Co-operative Credit Union Limited. Most recently on November 16, 2020, the Company launched a co-branded prepaid Mastercard in association with the Jamaica Civil Service Association which has 26,000 members.

The Company earns a transaction fee with each use of the Card and, as such, the Company's revenues from the pre-paid Card will increase based on the number of cards issued and the usage rate.

Company Milestones

2004

The Company was formed and assumed the cambio business of Alliance Investment Management Limited

The Company became a Primary Agent for-MoneyGram in Jamaica

2014

The Company strengthened its branch network outside of Kingston by opening its third retail branch in May Pen

2019

The fourth retail branch of the Company was established in Portmore

2010

The Company's retail branch network began to expand with the opening of the Liguanea branch which would provide cambio and remittance services

2018

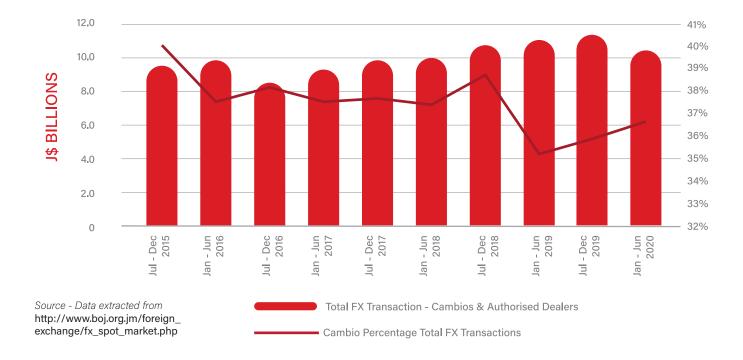
The Alliance Pre-paid Mastercard was launched in conjunction with Alliance Payment Services Limited

2020

BOJ authorised the Company to conduct the card services which were being offered by Alliance Payment Services Limited to the Company and the Company became a principal licensee of Mastercard

Industry Overview Cambio Industry

Cambios are an integral part of the foreign exchange market in Jamaica. According to data extracted from the website of the BOJ, http://www.boj.org.jm/foreign_exchange/fx_spot_market.php the Cambio industry has accounted for an average of 37.48% of all foreign exchange purchased and sold in Jamaica over the period July 2015 – June 2020.



Foreign Exchange Sales/Purchases

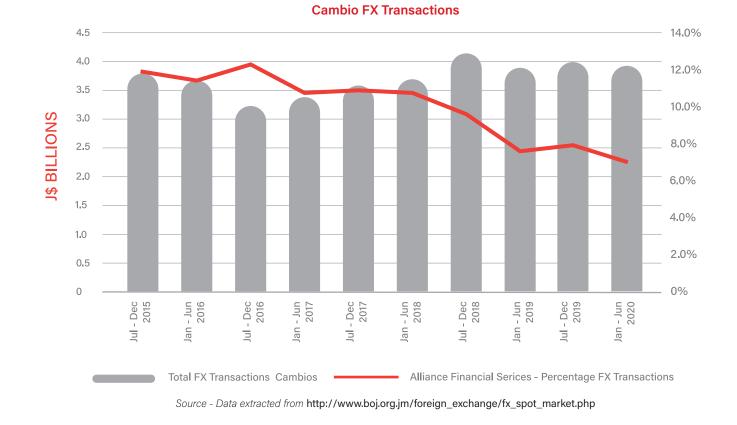
Over the years, the foreign exchange market in Jamaica has benefited from a number of channels that continue to support and sustain the flow of foreign currency namely:

- A vibrant tourism industry According to the Jamaica Tourist Board, tourist arrivals (stopovers and cruise passengers) in 2019 was 4.233 million (2018: 4.318 million);
- The continued support of returning residents to Jamaica; and
- The Overseas Employment Program into Canada and the USA.

Cambios are more accessible and suited to efficiently conduct the day to day transactions of persons from these sectors.

According to the BOJ, there are fifty-one (51) registered cambios in Jamaica, operating across 134 locations with only 7 of the registered cambios having 5 or more locations. Cambios are diverse in their set-up, ranging from small operations to large, near-bank institutions.

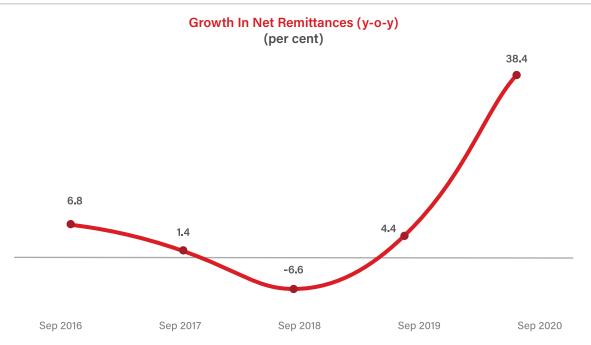
The Company is one of the larger cambios and providers of foreign currency exchange services by cambio market share. According to foreign exchange purchase and sales data from the BOJ (http://www.boj.org.jm/foreign_exchange/fx_spot_market.php), during the period July 2015 – June 2020, the Company averaged 9.92% of the of all foreign exchange purchased and sold by cambios.



Remittance Industry

According to its website (http://boj.org.jm/financial_sys/remittance.php), the BOJ has granted approval to six (6) companies, including Alliance Financial Services Limited, to engage in the operation of remittance businesses in Jamaica as Primary Agents. Those companies, together, offer remittance services through several international money transfer service providers, including MoneyGram.

The following remittance industry information is taken in its entirety from BOJ's Remittance Bulletin-September 2020 (http://boj.org.jm/uploads/pdf/rem_updates/rem_updates_sep2020.pdf):



Section 9

September 2020:

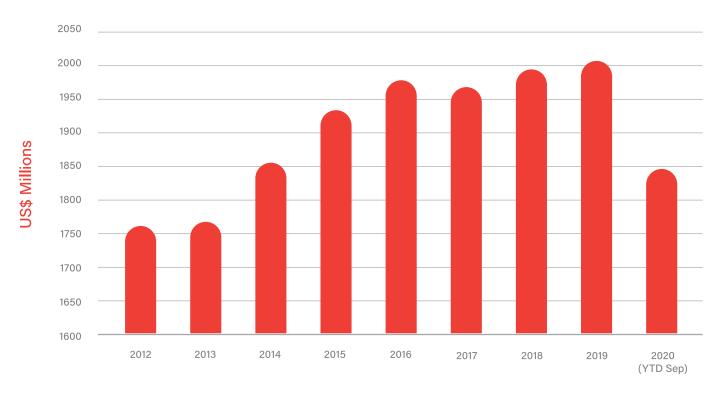
Net remittance inflows of US\$239.2 million increased by 38.4 per cent or US\$66.3 million relative to September 2019. This improvement is largely reflective of an increase in gross remittance inflows of 34.4 per cent or US\$66.5 million partly offset by an increase 0.9 per cent or US\$0.2 million in outflows. The increase in gross remittance inflows was driven by an increase of 39.5 per cent and 6.2 per cent in Remittance Companies and Other Remittances, respectively.

Sep 2019	Sep* 2020	Chg	% Chg	Apr - Sep 2019/20	Apr - Sep* 2020/21	Chg	% Chg
193.2	259.7	66.5	34.4	1223.3	1528.5	305.1	24.9
163.9	228.5	64.7	39.5	1027.8	1321.5	293.6	28.6
29.3	31.2	1.8	6.2	195.5	207.0	11.5	5.9
20.3	20.5	0.2	0.9	136.9	116.1	-20.8	-15.2
172.9	239.2	66.3	38.4	1086.4	1412.3	325.9	30.0
	193.2 163.9 29.3 20.3	193.2 259.7 163.9 228.5 29.3 31.2 20.3 20.5	193.2 259.7 66.5 163.9 228.5 64.7 29.3 31.2 1.8 20.3 20.5 0.2	193.2 259.7 66.5 34.4 163.9 228.5 64.7 39.5 29.3 31.2 1.8 6.2 20.3 20.5 0.2 0.9	2019/20 193.2 259.7 66.5 34.4 1223.3 163.9 228.5 64.7 39.5 1027.8 29.3 31.2 1.8 6.2 195.5 20.3 20.5 0.2 0.9 136.9	193.2 259.7 66.5 34.4 1223.3 1528.5 163.9 228.5 64.7 39.5 1027.8 1321.5 29.3 31.2 1.8 6.2 195.5 207.0 20.3 20.5 0.2 0.9 136.9 116.1	193.2 259.7 66.5 34.4 1223.3 1528.5 305.1 163.9 228.5 64.7 39.5 1027.8 1321.5 293.6 29.3 31.2 1.8 6.2 195.5 207.0 11.5 20.3 20.5 0.2 0.9 136.9 116.1 -20.8

* Provisional

** Growth relative to the corresponding period of the previous year

^ Flow through Remittance Companies

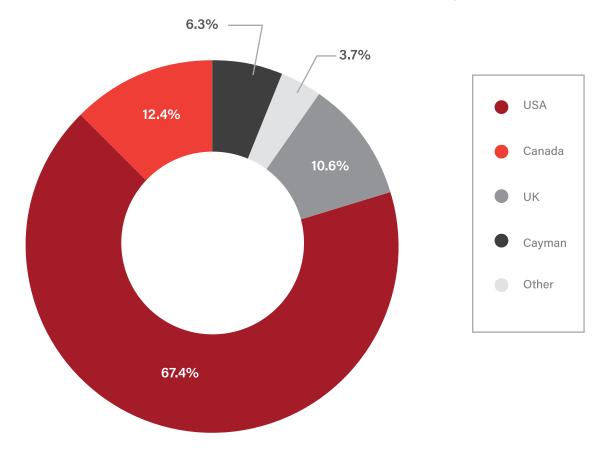


Jamaica's Historical Remittances (Calendar Year)

Remittance Companies Only

April to September 2020:

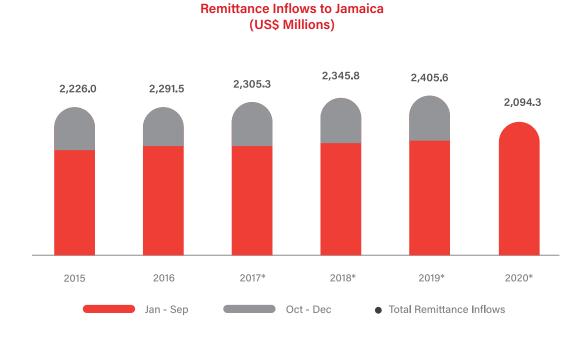
Net remittance inflows of US\$1412.3 million increased by 30.0 per cent or US\$325.9 million relative to the previous corresponding period. This improvement emanated from a 24.9 per cent or US\$305.1 million increase in remittance inflows, further driven by a decrease of 15.2 per cent or US\$20.8 million in outflows. The increase in inflows resulted from a growth of 28.6 per cent in Remittance Companies and an increase of 5.9 per cent in Other Remittances.



Share of Remittance Inflows from Source Countries - Sep 2020

Source of Remittance Inflows:

The largest source market of remittances flows to Jamaica for September 2020 was the USA, whose share increased to 67.4 per cent, from 64.8 per cent recorded for September 2019. Other source countries which contributed a notable share of remittances for the month were Canada at 12.0 per cent, followed by UK and the Cayman Islands at 10.6 per cent and 6.3 per cent, respectively.



Comparison with Other Countries:

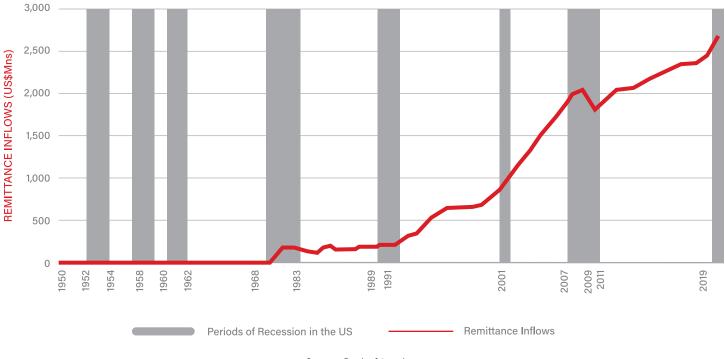
For the period, January to September 2020 Jamaica's growth rate in remittance inflows of 17.7 per cent was higher than that of Mexico which registered a growth rate of 11.2 per cent. Meanwhile, Guatemala registered a lower growth rate of roughly 4.0 per cent and inflows to El Salvador increased by 0.8 per cent.

Overall, the January to September 2020 period had remittance inflows totalling US\$2094.31 million.

Remittances play an important role in the Jamaican economy, contributing 15.3% of the island's Gross Domestic Product (GDP) in 2019 (2018: 16%) (Source: Bank of Jamaica Remittance Bulletin – September 2020).

The Company is of the view that MoneyGram is one of the major international remittance companies.

The Company estimates that its market share of the remittance market for remittance companies was 8.4% for the period April – September 2020 and 6.23% for the period April – September 2019.



Jamaica's Remittance Inflows from 1950 - 2019

Source -Bank of Jamaica

Though remittance inflows have traditionally been affected by the strength of its largest source market (the USA), inflows have never seen a sustained reduction over the long-term. Over the last 68 years, it was the 2008 global financial crisis that saw the largest year over year reductions in remittance inflows. However, during that time of the global financial crisis, Alliance Financial Services Limited, in fact, saw a growth in its own remittance business and was recognised by MoneyGram as the fastest growing MoneyGram agent in the Caribbean.

Share Capital

As of the date of this Prospectus, the capital structure of the Company was as follows:

	Authorised	Number Issued
Ordinary Shares	8,000,000,000	6,261,471,673
Preference Shares	6,614,100	-

By virtue of the provisions of the Companies Act, 2004, shares in the Company have no par value.

In anticipation of the Invitation and listing of the Shares on the JSE, the Company at Extraordinary General Meetings held on January 16, 2020 and December 9, 2020:

- i. converted the Company from a private to a public company and amended its Articles of Incorporation to comply with the requirements of the Rules of the JSE;
- ii. amended its Articles of Incorporation to make provision for the holding of electronic meetings and to effect other general amendments;
- iii. increased its authorised share capital from 1,000,000 ordinary shares to 8,000,000,000 ordinary shares;
- iv. resolved that its ordinary shares be converted to stock units on issue;
- v. authorised the listing of the ordinary stock units on the JSE;
- vi. appointed additional Directors of the Company; and
- vii. ratified all actions taken by the Board of Directors in pursuance of the Invitation and the listing of the shares on the JSE.

The current shareholding of Ordinary Shares of the Company prior to the Invitation is as follows:

Existing Shareholder	Issued Shares Before Increase of Authorized Share Capital	Percentage Ownership
Melwood Holdings Limited (a Selling Shareholder)	2,817,212,253	44.99%
Willo Capital Limited (a Selling Shareholder)	2,817,212,253	44.99%
Peter Chin	450,000	0.01%
Robert Chin	450,000	0.01%
Alliance Investment Management Limited	626,147,167	10%
TOTAL	6,261,471,673	100%

Upon the closing of the Invitation, on the assumption that all the Shares in the Invitation are fully subscribed, the shareholdings of Ordinary Shares will be:

Existing Shareholder	Issued Shares Before Increase of Authorized Share Capital	Percentage Ownership
Melwood Holdings Limited (a Selling Shareholder)	2,191,065,086	34.99%
Willo Capital Limited (a Selling Shareholder)	2,191,065,085	34.99%
Alliance Investment Management Limited	626,147,167	10%
Peter Chin	450,000	0.01%
Robert Chin	450,000	0.01%
Alliance Employee Reserved Shareholders	31,307,358	0.5%
Alliance Key Partner Reserved Shares	344,380,942	5.5%
Broker Reserved Shareholders	375,688,300	6%
General Public	500,917,735	8%
Total Issued Share Capital	6,261,471,673	100%
Authorized Unissued Shares	1,738,528,328	
Total Authorized Share Capital	8,000,000,000	

Staff

The Company directly employs fifty-eight (58) persons and receives personnel support through shared services with Alliance Investment Management Limited in areas including Accounting, Human Resources Management, Compliance and Treasury Management.

Material Contracts

In the two years preceding the date of this Prospectus, the material contracts (including contracts that are not in the ordinary course of business) that the Company has entered into are as follows:

Effective Date	Counterparty	Brief Description
PART A		
May 18, 2020	MoneyGram Payment Systems, Inc.	International Money Transfer Agreement pursuant to which the Company is authorised to conduct electronic transfer of money transactional services offered by MoneyGram.
June 18, 2020	Mastercard International Incorporated	Mastercard License Agreement pursuant to which the Company is principal licensee for Mastercard, Maestro and Cirrus.
October 1, 2020	E-Payment Group Limited	Contract to provide technology support for the card services provided by the Company.
PART B		
June 28, 2018 September 27, 2018	Alliance Investment Management Limited	Subordinated Loan Agreements in the sums of \$200,000,000 and \$50,000,000 respectively. Pursuant to these Agreements, all claims by the Company were made subordinate to claims of the clients of Alliance Investment Management Limited. The said loans, on which interest accrues at the rate of 1% per annum plus weighted average 6-months Treasury Bills, become due and payable on June 28, 2028 and September 27, 2028 respectively with the option to prepay after 5 years (or at an earlier date subject to the Company obtaining the prior written consent of the Financial Services Commission).
December 5, 2019	JMMB Securities Limited	Broker and Listing Agent Services for this Invitation.
September 27, 2019	JCSD Trustee Services Limited (on behalf of investors)	Trust Deed and Bond for \$1,350,000,000 7.25% Fixed Rate Unsecured 3-Year Bond maturing on September 27, 2022.
September 1, 2020	Alliance Finance Limited	Promissory Note for loan of US\$4,205,326.25, which accrues interest at a rate of 5.20% per annum that matures on September 1, 2021.

Licenses & Regulatory Framework

Cambio

The Company's cambio licence is renewable annually by BOJ. The current licence is in effect until April 1, 2021. It will continue to be renewable annually by the BOJ. Since assuming the cambio business and being licensed in 2004, the Company has consistently maintained its licence.

Remittance

The remittance licence held by the Company is subject to annual renewal by the BOJ. The current licence is in effect until 11 October 2021. The licence has been consistently renewed by the BOJ since its issue in 2004.

The Company operates its remittance business pursuant to an International Money Transfer Agreement which utilises the MoneyGram[®] proprietary international wire transfer technology at its retail branches and through its sub-agent network. It has been authorised to do so by MoneyGram since 2004 pursuant to the International Money Transfer Agreement with MoneyGram. The current term expires May 17, 2025 and automatically renews for one-year periods.

Payment Services

On March 9, 2020, the BOJ authorised the Company to conduct the card services which were being offered by Alliance Payment Services Limited to the Company. The Company then entered into a principal License Agreement with Mastercard and, effective October 1, 2020, acquired the card services portfolio of Alliance Payment Services Limited.

Litigation

The Company is not currently engaged in any material litigation nor is it aware of any pending material litigation.

Dividend Policy

If the Shares are admitted to listing on the Main Market of the JSE, the Board of Directors expects, and have resolved to, to distribute up to 80% of its annual after-tax earnings to its shareholders in the form of cash dividends, subject to the need of the Company for working capital to finance the continuing operations and internal growth of the Company and transfers to reserves consistent with the normal commercial requirements of businesses or regulatory requirements. In the 5 years preceding this Prospectus the Company has declared and paid the following dividends.

Dividends Paid and Dividend Pay-out Ratio FY2016 – FY2020 (J\$)							
FY 2016 FY 2017 FY 2018 FY 2019 FY 2020							
Net Profit After Tax	495,558,101	559,714,201	711,150,397	782,683,959	709,298,167		
Dividend Paid	203,711,943	36,500,000	368,743,043	517,171,967	637,779,885		
Dividend Payout Ratio	41.11%	6.52%	51.85%	66.08%	89.99%		

The low dividend pay-out ratio in FY2017 is attributed to the fact that the Company opted to retain more of its profits to facilitate the growth in the business.

Places of Operation

The Company operates at its head office location (7 Belmont Road, Kingston 5) pursuant to a sub-lease arrangement. Similarly, its four (4) branch locations (Liguanea, Mandeville, May Pen and Portmore) are subject to lease arrangements. The locations are as follows:

Property	Description
Head Office 7 Belmont Road Kingston 5	The Company has occupancy rights under a sub-lease with Alliance Investment Management Limited. The Company is charged lease payments each month under a shared services agreement between the two companies.
Liguanea Branch Shop #8, Liguanea Plaza 134 Old Hope Road Kingston 6	A 3-year lease with the registered owner that was renewed in August 2020. Rent was set at \$3,143,650.68 for the first year, increases by 5% annually and is payable monthly. companies.

Places of Operation Cont'd

Property	Description
Portmore Branch Shop 3B, Portmore Mall Portmore, St. Catherine	A Lease Agreement entered into with the proprietor in June 2019 for a term of 3 years with a first option of renewal. The initial annual lease agreed by the parties was \$8,460,000 payable monthly and subject to a discretionary increase of up to 10% after the first year.
Mandeville Branch 1 Manchester Road Mandeville	A Lease with the proprietor that was renewed commencing July 2020 for a term of 3 years with an option to renew. The annual rent is \$1,620,000 payable monthly.
May Pen 1-3 Manchester Avenue May Pen, Clarendon	A Lease with the proprietor for a term of 10 years expiring January 2024 with a first option to renew. The initial annual lease was \$600,000, payable monthly and subject to a discretionary increase of up to 10% after the first year.

All sub-agents are required to satisfy the Company of its occupancy rights at the respective locations as part of the Company's due diligence checks process.

Sub-Agents

The sub-agents are each licensed by the BOJ for renewable one-year periods. The Company enters into a Sub-Agent Agreement with each sub-agent and that Agreement is made subject to the sub-agent being duly licensed by the BOJ. The Company is responsible for the requisite training of the sub-agents; and monitors their compliance with the BOJ's regulations and MoneyGram standards.

Insurance Arrangements

The Company has obtained advice from its insurance brokers and is insured for all identified risks, including public liability, fire and allied perils.

Charges Registered Against the Company

As at November 30, 2020, the last practicable date prior to the publication of this Prospectus, no charges were registered against the Company.

Corporate Social Responsibility

Since its inception, the Company has always believed it has a responsibility to give back to society in the best way it can and in the most meaningful manner. Most of the Company's contribution has been through the sponsorship of sports competitions and development. The Company believes that through sports, particularly team sports, children and young people will learn the importance of teamwork, development of discipline and character building. The sponsorships have included:

- Kingston & St. Andrew Football Association (KSAFA) Under 20 & Under 17 Competitions
- All Island Primary & Preparatory Schools Tennis Competition
- Jamaica Tae Kwan Do team
- Charity Golf Tournaments

In addition, the Company:

- supported Burkes Basic School in the Swallowfield Area of Kingston
- provides academic scholarships at Munro College
- has raised over \$10 million for the Laws Street Trade Training Centre through its annual sponsored Alliance Buccaneer Memorial Golf Tournament

DIRECTORS & MANAGEMENT

Section 10 Directors & Management



Peter Chin Chairman & CEO

Peter Chin is Co-Founder, Chairman and CEO of Alliance Investment Management Limited, a licensed securities dealer since 1997. Prior to founding Alliance Investment Management Limited, Peter held senior positions at various institutions throughout his over forty (40) year career in the financial sector. He is a Past President of the Jamaica Securities Dealers Association and has served as a Director of several publicly listed Jamaica Stock Exchange companies as well as a Director of several private companies. Peter has an MBA in Finance and Investments from George Washington University, and a BSc in Management from the University of the West Indies. He is an avid golfer and is currently the President of the Jamaica Golf Association.



Robert Chin

Deputy Chairman & Vice President

Robert Chin is Co-Founder, Deputy Chairman, and Vice President of Alliance Investment Management Limited, a licensed securities dealer he founded with Peter Chin over 20 years ago. Robert began his investment career some thirty-five (35) years ago at Citibank in Jamaica. He then moved to New York, USA where he worked in the banking and finance industry for over 10 years prior to returning to Jamaica where he continued in banking for several years prior to teaming up to co-found Alliance Investment Management Limited. Robert serves on several Alliance company boards and is a Past President of the Cambio Association of Jamaica (CAJ). He currently serves as an executive member of the CAJ. Robert holds an MBA in Finance from Pace University New York and has an undergraduate degree in Economics from State University of New York. He is an accomplished athlete having represented Jamaica in field hockey, football and golf on multiple occasions.



Ro-Yen Chin Forbes

Director & Senior Manager - Trading

Ro-Yen Chin Forbes is currently the Senior Manager, Trading at Alliance Financial Services Limited and a Business Development and Marketing Consultant at Alliance Payment Services Limited. She has been employed to Alliance since 2008, and her responsibilities include management of foreign exchange trading, cash management & logistics and operations, and the development and execution of marketing initiatives for several Alliance companies. She was formerly the MoneyGram Remittance Officer, Fixed Income Trader and Assistant Manager Trading before being promoted to her current position in 2015. Ro-Yen graduated from Spelman College with a B.A. in Visual Arts & Economics. She has an MBA from Mona School of Business of the University of the West Indies with a distinction in Marketing and is a Certified Anti-Money Laundering Specialist and a member of the Association of Certified Anti-Money Laundering Specialists. Ro-Yen also represents the Company in various capacities such as the Vice President of the Cambio Association of Jamaica and has received a Nation Builders' award for contribution to the United Way of Jamaica.



Xandria Chin Non-Executive Director

Xandria Chin is currently the Senior Manager, AML Risk Assessment at Bank of Montreal, Toronto Canada, with responsibility for the management and implementation of the Bank's anti-money laundering (AML) programme risk assessment methodology, among other things. Prior to this role she was the Manager, AML Risk Assessment. Xandria has previously held roles in Toronto, Canada as Senior Consultant, Risk Consulting at KPMG LLP, and Trainer, Learning and Development at CI Investments. She was previously an Assistant Manager at Alliance Investment Management Limited. Xandria holds an MBA in International Business from the Ted Rogers School of Management, Ryerson University in Canada and a BSc. in Economics from University of the West Indies. She is a Certified Anti-Money Laundering Specialist and a member of the Association of Certified Anti-Money Laundering Specialists.



Independent Director

Wayne Wray is a business and financial consultant. His portfolio of experience and expertise spans several industries including executive leadership and management positions in the fields of Finance and Banking. Wayne has an M.BA in International Banking from George Washington University, Washington DC, USA. He is a Past Chairman of the Jamaica Institute of Bankers, as well as the Caribbean Association of Banks and has served in the capacity as Vice President of the Jamaica Bankers Association. Wayne is licensed by the Financial Services Commission as an investment advisor. In addition, he is the Mentor for several publicly-listed companies on the Junior Market of the Jamaica Stock Exchange. A Justice of the Peace, Wayne is committed to nation building, serving on the Board of Directors of several publicly-listed and privately-held companies as well as local community-service and charitable organisations.



Tracey Ann Long-Foster

Independent Director

Tracey Ann Long-Foster was admitted as an Attorney-at-Law to the Jamaican Bar in 1990. Tracey Ann was educated at the University of the West Indies and the Norman Manley Law School. She is a Partner at the law firm Hart Muirhead Fatta. Her primary areas of practice are real estate development, project financing, corporate and commercial law, company securities, probate and estate planning. Tracey Ann is a member of the Commercial Law and Continuing Legal Education sub-committees of the Jamaican Bar Association as well as an Associate Tutor at the Norman Manley Law School.



Athol Smith Independent Director

Athol Smith is the Founder and former Managing Director of Consumer Brands, which he started operating in 1992 and subsequently sold to the GraceKennedy Group in 2017. Prior to that, Athol was the General Manager for the GraceKennedy Merchandise Division and also held roles at the Bank of Jamaica and the Urban Development Corporation. Athol holds a BSc in Management Studies from the University of the West Indies and an MBA from Stanford University in the USA. He is a Director of Allied Insurance Brokers and current Chairman of Consumer Brands Limited.

Linroy Marshall

Independent Director

Linroy is a Chartered Accountant with over thirty-seven (37) years' experience, gained extensively in his role as Partner at KPMG Jamaica where he served up to his retirement in 2015, primarily serving clients in the financial services sector. He has also worked in KPMG USA, Eastern Caribbean and Trinidad. Linroy has contributed significantly to the Accountancy profession in Jamaica, having been a member of the Council of the Institute of Chartered Accountants of Jamaica (ICAJ) for sixteen (16) years in various capacities, including President for two (2) years and Chair of its Audit Practice Committee for almost a decade. He holds a BSc (Hons) in Management Studies and Master's Degree in Accounting from the University of the West Indies and completed the Uniform Examinations of the AICPA (as a registered student of the Colorado State Board of Accountancy) in 1988. He was a Fellow of the ICAJ at the time of retirement. Since 2015, Linroy has been Chairman of the Board of Jamaica Theological Seminary (in practice a Liberal Arts College).

Directors & Management Corporate Governance & Accountability

The Board has constituted the Audit Committee, as required by the JSE Main Market Rules, along with the Corporate Governance Committee. The members of the Audit Committee include a majority of independent Directors. The members of the Committees are as follows:

Audit	Corporate Governance
Linroy Marshall Chair	Tracey Ann Long-Foster Chair
Peter Chin	Athol Smith
Robert Chin	Ro-Yen Chin Forbes
Athol Smith	Xandria Chin
Wayne Wray	

Committee

Key Responsibilities:

1 Audit Committee

- Review of the Company's annual and quarterly financial statements and makes recommendations to the Board of Directors for approval
- Monitoring of the integrity of the Company's accounting and financial reporting processes and systems of internal controls over financial reporting, including review with management, independent auditors, and internal auditors
- Oversight of the Company's development of financial management policies and strategies; and cost management programme
- Review of annual budgets and management's financial plans
- Review of material contracts, especially relating to borrowing, raising capital and investments
- Review of recommendations on revenue growth opportunities and strategies for expense reduction and business process improvement
- Assisting the Board of Directors in its formulation of the Company's policies for risk management

2 Corporate Governance Committee:

- Recommend and review remuneration of Executive Management and Directors
- Develop, recommend and review corporate governance principles, applicable to the Board of Directors and Management
- Oversight of the structure and effectiveness of committees of the Board of Directors
- Recommendation appointments to the Board of Directors; Assess suitability of alternate Directors
- Oversigh of the Company's compliance with legal and regulatory requirements

Director's Fees and Emoluments

Each Director shall receive fees for attendance at each meeting of the Board of Directors of the Company and of its Committee(s). Fees are exclusive of reasonable expenses incurred in attending those meetings along with general meetings of the Company.

Senior Management Team

In addition to Peter Chin, Robert Chin and Ro-Yen Chin Forbes, the Company's Senior Management Team is comprised of the following team members:

Senior Management



Richard Graham

Senior Manager - Treasury

Richard joined the Alliance team in 2010. Prior to that, Richard held posts at a number of financial institutions in Securities Trading and Treasury Management. Richard has an MBA and a BSc in Economics from the University of the West Indies.



Mignonette Reynolds

AVP - Administration & Operations

Mignonette joined the team of the Alliance team in 1999 with over twenty (20) years' experience in commercial banking. Mignonette has had training and development in the areas of Banking, Securities and Compliance.



Raquel Gentles

AVP - Finance

Raquel joined the Alliance team in January 2020. Racquel has brought with her over twenty (20) years' experience in Accounting, Finance and Auditing. She is a Chartered Accountant and has an MBA from the Florida International University.

Directors' and Managers' Interest In Ordinary Shares

No senior managers hold any Ordinary Shares. The Directors' interests in the Ordinary Shares (including legal holdings) as at the date of this Prospectus are set out below:

Name of Director	Number of shares prior to Opening Date	Related Companies in which Director has a beneficial interest
Peter Chin	450,000	Alliance Investment Management Limited & Melwood Holdings Limited
Robert Chin	450,000	Alliance Investment Management Limited & Willo Capital Limited
Ro-Yen Chin-Forbes	Nil	Nil
Xandria Chin	Nil	Nil
Wayne Wray	Nil	Nil
Tracey-Ann Long-Foster	Nil	Nil
Athol Smith	Nil	Nil
Linroy Marshall	Nil	Nil

MANAGEMENT DISCUSSION & ANALYSIS OF FINANCIAL CONDITION & RESULTS OF OPERATIONS



KPMG Chartered Accountants P.O. Box 436 6 Duke Street Kingston Jamaica, W.I. +1 (876) 922 6640 firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT ON THE SUMMARY FINANCIAL **STATEMENTS**

To the Board of Directors ALLIANCE FINANCIAL SERVICES LIMITED

Opinion

The summary financial statements, which comprise the summary statement of financial position as at September 30, 2020, the summary statements of profit or loss and other comprehensive income, cash flows, and the dividends paid for the year then ended, are derived from the audited financial statements of Alliance Financial Services Limited for the year ended September 30, 2020.

In our opinion, the summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the criteria as developed by management.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements and our report thereon, therefore, is not a substitute for reading the audited financial statements and our report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated December 9, 2020.

Wilbert A. Spence Rochelle N. Stephenson



Page 2

INDEPENDENT AUDITORS' REPORT ON THE SUMMARY FINANCIAL STATEMENTS (CONTINUED)

To the Board of Directors ALLIANCE FINANCIAL SERVICES LIMITED

Other matter

The financial statements of the company as at and for year ended September 30, 2019 were audited by another auditor, who issued an unqualified opinion dated January 9, 2020.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements in accordance with the criteria as developed by management.

Auditors' Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), "*Engagements to Report on Summary Financial Statements*".

KPMG

Chartered Accountants Kingston, Jamaica

December 15, 2020

Presentation of Historical Financial Data

The following is a summary of the key financial data extracted from the audited financial statements of the Company for the years ended September 30, 2016 to 2020. A complete set of audited financial statements for the Company is set out at Section 17. The financial statements of the Company as at and for the years ended 2016 to 2019 were audited by Ventry Foo, Chartered Accountant. The financial statements of the Company as at and for the year ended 2020 were audited by KPMG, Chartered Accountants.

Alliance Financial Services Limited

Statement of Comprehensive Income Year Ended September 30, 2016 - 2020 (expressed in Jamaican Dollars unless otherwise indicated)

	Audited 2016	Audited 2017	Audited 2018	Audited 2019	Audited 2020
Operating Revenue	1,200,789,783	1,337,753,739	1,572,751,461	1,669,027,340	1,466,163,814
Operating Expenses				465,693,169	568,743,351
Operating Profit	543,096,473	759,958,608	1,037,969,043	1,203,334,171	897,420,463
Net Interest (Expense)/Income	8,017,437	9,916,482	7,744,436	(41,379,405)	(39,385,648)
Other Income	-	36,794,437	25,000,000	17,506,171	174,282,556
Profit Before Tax	551,113,910	806,669,527	1,070,713,479	1,179,460,937	1,032,317,371
Taxation Expense	(259,267,752)	(271,288,660)	(359,563,082)	(396,776,978)	(323,019,204)
Profit, being total comprehensive income for the year	291,846,158	535,380,867	711,150,397	782,683,959	709,298,167

Alliance Financial Services Limited

Statement of Financial Position

September 30, 2016 - 2020

(expressed in Jamaican Dollars unless otherwise indicated)

	Audited 2016	Audited 2017	Audited 2018	Audited 2019	Audited 2020
ASSETS					
Cash & Cash Equivalents	1,203,912,182	1,448,789,889	1,843,244,892	1,748,244,502	1,079,701,005
Trade Receivables	189,494,360	277,646,581	94,472,088	205,485,231	291,730,389
Due from related Company	3,763,617	50,948,773	335,022,036	310,385,950	423,998,584
Investments	150,940,741	187,405,007	236,243,581	221,493,750	1,974,371,220
Loans Receivables	73,049,679	74,156,237	81,345,536	87,896,763	92,949,582
Other Receivables	168,158,137	298,321,477	376,172,125	433,900,218	514,941,396
Property, Plant & Equipment	17,763,715	25,086,917	31,667,899	36,592,922	33,511,517
Long-term Investment	30,000,000	30,000,000	30,000,000	-	-
Investment Property	45,640,354	47,259,154	47,259,154	-	-
Right of Use Asset	-	-	-	-	8,028,090
Total Assets	1,882,722,785	2,439,614,035	3,075,427,311	3,043,999,336	4,419,231,783
LIABILITIES					
Bank Overdraft	19,179	1,367,505	13,880,206	1,741,199	-
Loans Payable	-	-	-	793,296,395	2,124,528,357
Trade & Other Payables	64,293,459	74,820,217	82,552,012	368,883,863	180,508,772
Other Payables	117,556,903	120,433,422	260,569,881	-	-
Short-Term Loans	585,191,905	998,098,229	981,976,416	-	-
Lease Liability	-	-	-	-	8,504,442
Due to related companies	455,156,945	-	116,075,290	17,432,614	189,182,049
Taxation Payable	230,627,902	279,637,304	324,875,460	301,635,227	270,387,227
Deferred Tax	-	-	-	-	13,350,011
Total Liabilities	1,452,846,293	1,474,356,677	1,779,929,265	1,482,989,298	2,786,640,858
SHAREHOLDERS' EQUITY					
Share Capital	1,000,000	1,000,000	1,000,000	1,000,000	1,062,605
Retained Earnings	428,876,492	964,257,358	1,294,498,046	1,560,010,038	1,631,528,320
Total Shareholders' Equity	429,876,492	965,257,358	1,295,498,046	1,561,010,038	1,632,590,925
Total Liabilities & Shareholders' Equity	1,882,722,785	2,439,614,035	3,075,427,311	3,043,999,336	4,419,231,783

Alliance Financial Services Limited

Statement of Cash Flows

Year Ended September 30 2019

(expressed in Jamaican Dollars unless otherwise indicated)

	Audited	Audited	Audited	Audited	Audited
	2016	2017	2018	2019	2020
CASH FLOWS FROM OPERATING ACTI	VITIES				
Net Profit	291,846,158	535,380,867	711,150,397	782,683,959	709,298,167
Adjustments for:					
Depreciation	5,904,753	10,006,039	10,871,219	14,738,425	11,662,780
Depreciation - Right of Use Asset	-	-	-	-	2,833,443
Gain on Disposal of property, plant & equipment	-	-	-	-	(3,700,000)
Net Interest Expense	-	-	-	41,379,405	39,385,648
Interest Expense on Lease Liabilities	-	-	-	-	661,812
Impairment losses on financial assets	-	-	-	(4,773,884)	10,732,388
Income Tax	167,773,207	49,009,402	33,071,490	396,776,978	323,019,204
	465,524,118	594,396,308	755,093,106	1,230,804,883	1,093,893,442
Changes in Operating Assets & _iabilities					
Accounts Receivables	68,729,101	(88,152,222)	183,174,494	(106,239,260)	(96,977,546)
Loans Receivable	(7,975,863)	(1,106,558)	(7,189,300)	(6,551,227)	(5,052,819)
Other Receivables	(98,261,989)	(130,163,340)	(77,850,649)	(57,728,093)	(81,041,178)
Due from related Companies	(3,763,617)	(47,185,156)	(284,073,263)	24,636,086	(113,612,634)
Trade & other payables	133,530,290	10,526,759	7,731,797	25,761,969	(188,375,093)
Other Payables	40,944,597	2,876,517	140,136,459	-	-
Due to related company	(132,358,072)	(418,656,945)	116,075,290	(98,642,676)	171,749,435
Cash provided/(used) by operations	466,368,565	(77,464,637)	833,097,934	1,012,041,682	780,583,607
let Interest (paid)/received)	-	-	-	(41,379,405)	(39,385,651)
ncome Tax Paid	-	-	-	(420,017,209)	(340,737,192)
Net cash provided by operating activities	466,368,565	(77,464,637)	833,097,934	550,645,068	400,460,764
CASH FLOWS FROM INVESTING					
Investments	25,670,675	(36,464,266)	(48,838,575)	44,749,832	(1,752,877,470)
Acquisition of property, plant & equipment	(23,627,424)	(17,760,495)	(17,452,201)	(19,663,448)	(18,101,376)
Disposal of property, plant & equipment	-	-	-	-	13,220,000
Transfer of fixed asset	-	431,254	-	-	-
Investment property	(101,000)	(1,618,800)	-	47,259,154	-
Net cash (used in) provided by	1,942,251	(55,412,307)	(66,290,776)	72,345,538	(1,757,758,846)
CASH FLOWS USED IN FINANCING					
Long term loans	-	-	-	-	1,350,000,000
Short term loans	(40,034,099)	412,906,325	(16,121,813)	(188,680,022)	(18,768,033)
Lease Payments	-	-	-	-	(3,018,903)
Dividends Paid	(203,711,943)	(36,500,000)	(368,743,043)	(517,171,967)	(637,779,885)
Proceeds from Share Issue	-	-	-	-	62,605
Net cash provided by/(used) financing activities	(243,746,042)	376,406,325	(384,864,856)	(705,851,989)	690,495,784
let decrease in cash & cash	224,564,774	243,529,381	381,942,302	(82,861,383)	(666,802,298)
quivalents Cash & cash equivalents at the start	1,014,248,867	1,203,893,003	1,447,422,384	1,829,364,686	1,746,503,303
of the year Cash & cash equivalents at the end	1,238,813,641	1,447,422,384	1,829,364,686	1,746,503,303	1,079,701,005
f the year Represented by:	· · ·				
Cash & bank balances	1,203,912,182	1,448,789,889	1,843,244,892	1,748,244,502	1,079,701,005
Bank overdraft	(19,179)	(1,367,505)	(13,880,206)	(1,741,199)	
		1,447,422,384	1,829,364,686	1,746,503,303	

Management Discussion & Analysis and Results of Operations

The management of the Company is responsible for the integrity and objectivity of the information contained in the Management Discussion and Analysis and Results of Operations ("MD&A").

The MD&A is prepared to enable prospective Applicants to assess the operations and financial performance of the Company for the financial year ended September 30, 2020 compared with four (4) prior financial years. It should be read in conjunction with the Company's audited financial statements.

The financial information disclosed in this MD&A is consistent with the Company's audited financial statements and related notes for the financial years ended September 30, 2020, September 30, 2019, September 30, 2018, September 30, 2017 and September 30, 2016. Unless otherwise indicated, all amounts expressed are in Jamaican dollars and have been derived from the Company's audited financial statements which are prepared in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

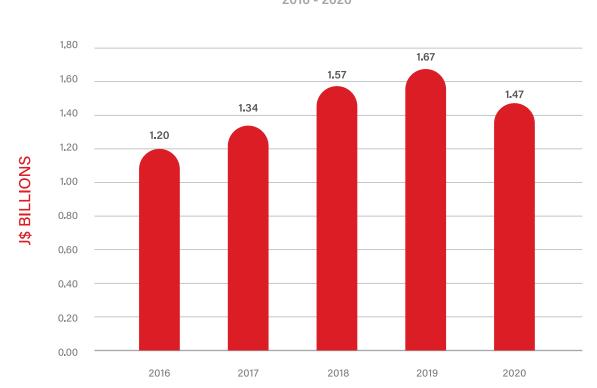
This MD&A may contain forward-looking statements, and prospective Applicants should therefore refer to the disclaimer on Forward-Looking Statements in Section 6 of this Prospectus when interpreting the information contained in this MD&A.

Summary of Results & Achievements

Operating Revenue

- i. the spread earned by the Company on cambio transactions, which is the buying and selling of foreign currencies on a daily basis. The purchase of foreign exchange from the Company originates primarily from the tourism industry, returning residents, workers on the overseas employment programme and from its remittance business; and
- ii. the fees earned for remittance transactions done through the Company's sub-agent network.

Over the past five (5) years, cambio activities contributed approximately two-thirds of the Company's revenues. Remittance proceeds are also sold through the cambio operations and the Company conducts a significant amount of foreign exchange trading with other cambios.





The Company reported total Operating Revenue of \$1.466 billion for the FY2020. This is a 12.15% decline when compared to the \$1.669 billion for FY2019. The reduction in overall revenue was directly related to the impact of the COVID-19 pandemic which adversely affected the Company's business for the second half of the FY2020 financial year due to the significant downtown in tourism. During the period April to September 2020, the Government of Jamaica and other governments around the world instituted several measures to mitigate the effects of the COVID-19 pandemic including the closure of national borders, stay-at-home orders and travel restrictions, which severely curtailed tourism and tourism related activity in Jamaica. This resulted in a decline in the Company's cambio operations in FY2020 compared to FY2019.

For the second half of FY2020, which coincides with the pandemic period, the Company has seen an increase in remittance transactions processed through its network, compared to the similar period in 2019. Overall, the Company's remittance business increased in FY2020 compared to FY2019.

The Company's remittance business continues to surpass expectations despite the effects of the COVID-19 pandemic. This validates the Company's diversified business model and demonstrates the resilience of both segments of the Company's business.

The Company launched its remittance "direct to card" Mastercard product in April 2020 and has seen a considerable amount of take-up and usage of the Card for remittance transactions. The Company has since implemented a number of enhancements to the Card. The Company is in discussions with a number of entities with a view to increasing its sub-agent network.



Between FY2016 and FY2019, the Company achieved a compound annual growth rate (CAGR) in revenues of 11.60%, while net profit after tax during the same period grew at a CAGR of 38.93%.

For FY 2017 and FY 2018 remittance activities throughout the Caribbean region, including Jamaica, were affected by a surge in consumer fraud transactions. This resulted in MoneyGram implementing more stringent and restrictive measures to cauterise the problem. This caused a decline in the Company's remittance volumes and profitability during that period. Remittance volumes, rebounded during the 2019 financial year and this increase in activity has continued into FY2020.

Strategic response to COVID-19

The global impact of the COVID-19 pandemic has put world economies under severe pressure. The effects in Jamaica are seen in tourism and other key sectors and it is projected that the impact on the Jamaican economy will continue for at least another calendar year. In response, we have seen seismic and strategic industry pivots worldwide. Locally, some industries have identified opportunities to remain viable.

Alliance Financial Services Limited has sought to capitalise on its unique position of being a Primary Agent for MoneyGram in Jamaica as well as a Principal Licensee of Mastercard. The Company has actively leveraged the use of innovation during this period of the pandemic to provide critical payment solutions to many Jamaicans. This move also furthers the national economic growth agenda, as it is clearly aligned with the Government of Jamaica's National Financial Inclusion Strategy (NFIS) (Source: http://www.boj.org.jm/financial_sys/national_financial_inclusion_strategy.php). The NFIS is geared at enabling all Jamaicans who were previously underserved and unbanked to gain access to financial services.

The remittance inflows in Jamaica have increased by 30% year over year for the period April to September 2020 based on BOJ's Remittance Bulletin-September 2020. The Company introduced a number of card solutions to support business products and services with an emphasis on remittances. Through the Alliance ePay Mastercard, customers can receive remittances directly to the prepaid card without visiting a physical location. The Company is a pioneer of this game changing "direct to card" benefit, which is the first for Jamaica. It allows customers the peace of mind to receive remittance virtually during this challenging period and is supported by a convenient app.

The Company is in discussion with multiple corporate partners to engage in co-branding arrangements which will use the Company's Mastercard platform to provide a number of profitable opportunities.

Operating Expenses

	Audited 2016	Audited 2017	Audited 2018	Audited 2019	Audited 2020
Operating Expenses	657,693,310	577,795,131	534,782,418	465,693,169	568,743,351
Operating Expenses/ Revenue	54.77%	43.19%	34.00%	27.90%	38.79%
Increase y-o-y		-13.83%	-8.04%	-14.84%	18.12%

Total operating expenses for FY2020 was \$568 million, which was a \$103M or 18.12% increase when compared with total operating expenses of \$465.7 million incurred in FY2019. The increase in operating expenses year over year was a reversal of the trend of a decline in operating expenses for the prior years. The major expense item that accounted for the increase in operating expenses in FY2020 was agents' disbursement fees, which increased by \$92.9M or 39.8% year over year. This increase is directly attributable to the increase in remittance transactions processed by the Company's sub-agents.

Total staff costs of \$102.9M declined by \$6.1M or 5.9% year over year. The Company has a shared services agreement with Alliance Investment Management Limited which includes staff costs. During the year the shared services agreement was reviewed resulting in a reduction in the amount for staff costs billed to the Company.



Operating Profit

The Company's operating profit margin increased from 45.23% in FY2016 to 72.10% in FY2019 and reduced to 61.21% in FY2020. The decline in FY2020 was due to the aforementioned decline in revenues and increase in operating expenses.

Other Income

Other Income for FY2020 includes amounts that were classified under Operating Revenue in prior years and non-recurring income. Recurring "Other Income" going forward is expected to be in the range of \$100M - \$110M.

Earnings Before Interest Taxes Depreciation & Amortization (EBITDA)						
	2019	2020				
EBITDA	1,218,072,596	911,916,866				
Interest Expense	49,770,234	162,211,810				
EBITDA/Interest Expense	24.47	5.62				

The Company's EBITDA was more than adequate to service its interest bearing obligations. The reduction in the EBITDA/Interest Expense coverage for FY2020 was due to the increase in interest expense associated with the bond of \$1.35B that the Company issued in FY2020.

Net Profits After Taxes ("NPAT")

NPAT grew at a Compound Annual Growth Rate (CAGR) of 38.93% between FY2016 – FY2019 from \$291.8M in FY2016 to \$782.7M in FY2019. The reduction in revenues and increases in operating expenses in FY2020 resulted in a 9.38% reduction in NPAT in FY2020 compared to FY2019.



Net Profits After Taxes 2019 - 2020

The Company's net profit margin has grown every year for the last 5 years and notwithstanding the decline in NPAT in FY2020, the Company's net profit margin also increased in FY2020 to 48.38%, relative to the net profit margin of 46.89% in FY2019. This was due to the \$73.8M or 18.59% reduction in taxation expense.

Cash & Cash Equivalents

This represents Jamaican dollar balances and United States dollars balances held with commercial banks. Cash is the Company's inventory and is used to facilitate both its remittance business and its cambio business. Cash and cash equivalents declined by \$669 million y-o-y as the Company invested excess normally used to operate its cambio business and paid dividends of \$637.8M. The dividend of \$637.8M reflects the distribution of surplus cash, as per proposed pre-IPO dividend.

Trade Receivables

Trade receivables represent end of month transactions with counterparties for cambio transactions and reimbursement due from MoneyGram and are generally settled within ten (10) days after the receivable is incurred. Trade receivable also includes amounts due from profit-sharing licensing agreements which is settled as per contractual arrangements. The provision for doubtful debt includes an amount of \$201M for a cambio related transaction in 2014 for which the Company has made full provision but continues to receive periodic payments from the counterparty.

Due From Related Companies

	FY 2020	FY 2019	
Alliance Investment Management Limited	\$250,422,259	\$250,000,000	This represents two subordinated loans to Alliance Investment Management Limited in 2018 for ten (10) years (with the right to prepay after five (5) years) at an interest rate equal to the 6-month Weighted Average Treasury Bill Yield plus 1%.
Other Related Parties	\$173,576,325	\$0	Advances to an entity related to the Directors.
Alliance Finance Limited	\$0	\$60,385,950	Short term loans with no fixed repayment date.

Investments

Investment comprises:

	FY 2020	FY 2019	
Preference Shares	\$30,000,000	\$30,000,000	This represents preference shares issued by Alliance Investment Management Limited and subscribed for by the Company. The preference shares are participating, cumulative and redeemable and carries a dividend yield of 50% of the average rate for Treasury Bills issued during the calendar year plus 0.003125% of the after- tax profits of Alliance Investment Management Limited.
Resale agreements	\$561,594,881	\$160,773,106	Short-term investments used to hold excess liquidity for interest income.
Promissory note	\$1,350,000,000	\$0	Investment in Alliance Investments (St. Lucia) Limited.
Interest earning deposits	\$32,776,339	\$30,720,644	Deposits held with commercial banks
Total	\$1,974,371,220	\$221,493,750	

Loans Receivables

This represents a loan arrangement with Alliance Finance Limited. The purpose of this facility is to provide liquidity support.

Other Receivables

This includes the following amounts:

	FY 2020	FY 2019		
Withholding tax recoverable	\$4,632,259	\$5,721,501	Withholding taxes paid on interest received from investments	
Commissions	\$44,805,547	\$27,613,459	Commissions earned in September 2020 but not due for payment until October 2020 (which have since been paid).	
Amounts due from directors	\$0	\$245,962,695	This amount represented advances to directors which were repaid in September 2020.	
Cross trade settlement	\$183,039,955	\$67,600,780	Trade receivable of \$183.04M (due to year-end falling mid-week) settled after the financial year end.	
Advance payment to Alliance Payment Services Limited	\$149,911,390	\$0	This relates to advances made to Mastercard on behalf of Alliance Payment Services Limited in relation to the acquisition of the Mastercard license and the related card business from Alliance Payment Services Limited.	
Interest receivable	\$7,578,069	\$79,068		
Other	\$124,974,176	\$86,922,715	\$96.6M of this amount represents reimbursement from MoneyGram for previous day's transactions (which were subsequently settled on October 1, 2020).	

Right of Use Assets

Right of Use Assets relate to the five (5) locations that the Company leases for its operations as set out at Section 9 (Places of Operation). The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Further details may be found at Notes 4(h)(i) and 12 of the Audited Financial Statement.

Loans Payables

- i. Corporate Loan This represents a 7.25% Fixed Rate Unsecured Bond of \$1,350,000,000 issued by the Company on September 27, 2019 maturing on September 27, 2022.
- ii. Alliance Finance Limited this is comprised of:
 - a). A short term note of \$579,137,640 which matures on September 1, 2021, with an interest rate of 5.20%, payable quarterly.
 - b). Other short term loans with interest rates ranging from 3.1% p.a. to 7.25% p.a. which are repayable on demand.

Trade & Other Payables

These are trade payables and other payables in the ordinary course of business.

Due to Related Companies

This includes amounts payable to Alliance Investment Management Limited as follows:

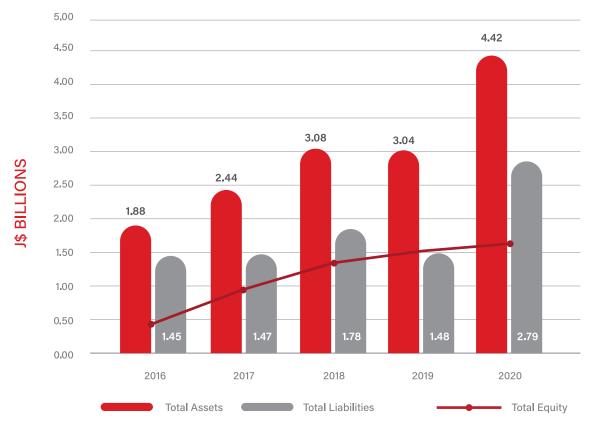
- Dividends declared but not yet paid for 2018-2020 of \$167M
- Shared services costs of \$22 million

Taxation Payable

This amount represents the actual balance due subsequent to the completion of the Company's audit (an estimated amount is paid quarterly).

Deferred Tax Liability

Deferred tax is provided for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Full details of the deferred tax may be found at Notes 4(I) and 16 of the Audited Financial Statements included at Section 17 of this Prospectus.



Historical Balance Sheet

Overall, the Company's balance sheet has remained strong and growing during the 5 years under review. During the 5 year period the Company's Total Assets have grown by a CAGR of 23.78% to \$4.42B due primarily to growth in Investments. Total Liabilities have grown by a CAGR of 17.68% to \$2.79B due primarily to the bond of \$1.35B the Company issued in FY2020. Total Shareholders' Equity has grown by a CAGR of 39.66% to \$1.63B due to retention of profits in the business. The Company's leverage as at FY2020 is very low as evidenced by Net Long Term Debt (excluding related party debt)/Shareholders Equity of 16.56%.



Return on Average Assets

Return on Average Assets increased from 16.84% in FY2016 to 25.58% in FY2019 and declined to 19.01% in FY2020. The decline in FY2020 was due to reduction in NPAT and the increase in Total Assets.

Shareholders' Equity



Return on Average Equity

Return on Average Equity (ROAE) was 44.42% in FY2020 down from the 54.80% in FY2019 and its peak of 76.75% in FY2017. The reduction in ROAE was due to a reduction in the Company's asset utilisation due to its inability to deploy its cash resources in its cambio business as a result of the downturn in tourism caused by the COVID-19 pandemic.

Cash Flows

	Audited 2016	Audited 2017	Audited 2018	Audited 2019	Audited 2020
Net Cash provided by operating activities	466,368,565	(77,464,637)	833,097,934	550,645,068	400,460,764
Net cash (used in) provided by investing activities	1,942,251	(55,412,307)	(66,290,776)	72,345,538	(1,757,758,846)
Net cash provided by/ (used) financing activities	(243,746,042)	376,406,325	(384,864,856)	(705,851,989)	690,495,784
Net decrease in cash & cash equivalents	224,564,774	243,529,381	381,942,302	(82,861,383)	(666,802,298)
Cash & cash equivalents at the beginning of the year	1,014,248,867	1,203,893,003	1,447,422,384	1,829,364,686	1,746,503,303
Cash & cash equivalents at the end of the year	1,238,813,641	1,447,422,384	1,829,364,686	1,746,503,303	1,079,701,005

The Company has generated positive cash flows from operations each year (except for FY2017) based primarily on its consistent strong annual net profits after tax. The negative cashflow from operations in FY2017 was due primarily to repayment of amounts due to related companies of \$419M. Net cash used in investing activities in FY2020 was due to the investment in Alliance Investments (St. Lucia) Limited and increase in repurchase agreements. Net cash provided by financing activities in FY2020 resulted from inflows from bond proceeds and cash outflows due to dividends paid. The Company continues to maintain significant cash balances which are used for its cambio trading and remittance business.

Future Growth Strategies

For the Financial Year 2020, the Company had a number of strategic plans that it intended to implement over the short and medium term that would build brand recognition and continue to create increased revenues and profits for the business.

The pandemic in March 2020 has caused the Company to reprioritise these strategies and focus on the impact of immediate revenue generation opportunities in the short term. Since March 2020, the remittance inflows into Jamaica continue to surpass expectations and the Company anticipates that this trend will continue into calendar year 2021. The Company's remittance business in terms of payout value has grown over 73.7% during the period April to September 2020, coinciding with the pandemic, compared to the similar period in the prior financial year. As a result, the Company has now embarked on several short term strategies to position itself to benefit from the significant growth in this segment of the business.

Remittance Services

- The Company is in the process of increasing its sub-agent network which will create a larger footprint across Jamaica. The Company currently has 70 active remittance locations (4 locations Company operated and 66 locations being independently owned and operated). The Company is in discussions with a number of potential partners with the intention to grow its subagent network to over 105 locations by the end of second quarter of FY2021. The Company is in the final stage of negotiations with a large retailer to use their islandwide branch network, to become a MoneyGram sub-agent subject to the BOJ and MoneyGram approval.
- The Company will be leveraging the technology from its Pre-Paid Mastercard platform to increase the adoption of the Alliance
 Pre-paid Mastercard with its remittance customers to provide them with the opportunity to have their remittances deposited
 directly to their pre-paid card which they can then use at any merchant that accepts Mastercard. To this end, the Company
 introduced during the pandemic period, remittance "direct to card" using the Alliance ePay prepaid Mastercard which allows
 recipients of MoneyGram transfers to receive these funds on their cards without visiting a physical remittance location.
- The growth of the remittance network and the use of technology will result in a greater availability of foreign exchange for the Company's cambio business.
- The Company continues to explore partnership arrangements with other international remittance companies.

Cambio Services

- The Company believes that the implementation of the growth strategies for the remittance business will generate a greater level of foreign exchange trading opportunities which will benefit the cambio operation, including during the time of the pandemic.
- The Company is also exploring possible acquisition strategies in the retail cambio space. As the softening of the cambio market persists into 2021, the Company believes that there may be opportunities available to strengthen and expand its presence in the retail/branch market in preparation for the rebound of the cambio market when tourism activities return to normalcy.

Payment Services

- The Company intends to use its prepaid card solution to support, enhance and compliment the remittance business.
- The Company's card services division will create a new revenue stream.
- The Company has a number of co-branding agreements in place that are already approved by the regulators. These include Community & Workers of Jamaica Co-operative Credit Union Limited (CWJ) and the Jamaica Civil Service Association. The Company is in discussion with a number of other entities for co-branding opportunities.
- The Company expects significant card usage for remittance transactions as well as for general financial services from its cobranding partners and for their clients to use the Mastercard network to conduct commercial transactions.

RISK FACTORS

Section 12 Risk Factors

The Company is faced with a number of risks in its normal business operations. In addition to other information set out in this Prospectus, investors should consider carefully the risks described below before purchase of the Shares. These risks are not the only ones facing investors, and the Company generally. Additional risks, not presently known to the Selling Shareholders, or that the Selling Shareholders may presently consider immaterial, may also impair the Company's operations. Holders of the Shares will also be subject to the inherent risks that arise from an investment in ordinary shares. You are encouraged to take advice from a licensed stockbroker, licensed investment adviser or other professional adviser.

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

Ownership Rights of Ordinary Shares & Trading on the JSE

Admission of the Shares to the Main Market of the JSE

After the Closing Date, the Company intends to make application to the JSE to admit the Ordinary Shares to the Main Market. However, the Company is not able to guarantee the success of the Invitation or the admission of the Ordinary Shares to the Main Market. The making of the application by the Company, and its success, is dependent on: (i) the Invitation raising at least \$1.5 billion and (ii) the criteria for listing set out in the JSE Rules being met. In the event that the Invitation fails to achieve the required minimum subscription prescribed for listing on the Jamaica Stock Exchange, then the Invitation will be withdrawn and the funds so subscribed will be refunded in full.

Stock Price Volatility

The trading price of the Ordinary Shares may fluctuate significantly after the Invitation and may continue to do so in the future. In addition, prices on the Main Market of the JSE may be particularly subject to volatility. In many cases, the fluctuations may be unrelated to the operating performance of the affected companies. As a result, the price of the Ordinary Shares could fluctuate in the future without regard to operating performance.

Issue of Additional Shares

The Company may issue additional Ordinary Shares. Such shares, once issued, may rank *pari passu* with the existing Ordinary Shares (including upon a winding up) and may be listed on the JSE or on any other stock exchange. Additional shares so issued could affect the market price of the Ordinary Shares.

Future Sales of Shares by Shareholders

The market price of the Ordinary Shares could decline as a result of sales of a large number of shares in the market or the perception that such sales could occur, or as a result of any sale of shares by any of the Company's existing shareholders from time to time.

Economic & Market Conditions Risks

Macro-economic Policies

The Government of Jamaica may from time to time affect macroeconomic conditions through fiscal and monetary policies or changes in regulations, which may have an adverse impact on the performance of the Company.

Economic Conditions in Relevant Countries

Weak or deteriorating economic conditions in Jamaica or in any of the countries from which customers send remittances could lead to generally weaker than expected economic growth, contracting Gross Domestic Product (GDP), reduced business confidence, higher levels of unemployment, rising inflation, potentially higher interest rates and falling property prices and, consequently, to a reduction in remittance.

Industry-Related Risks

De-Risking

Commencing in 2014, several overseas correspondent banks and local commercial banks took a decision to stop offering banking services to the cambio industry. This resulted from "de-risking" by these banks as they sought to limit the potential liability that could arise from Anti Money Laundering (AML) and Anti-Terrorist Financing (ATF) transactions by clients of cambios. The banks explained that if this were to happen they would be faced with potentially expensive fines which would far outweigh the income generated from the banking services provided to the cambios. If the remaining banks that continue to offer banking services to the cambio industry were to stop offering banking services to the cambio industry and the industry were unable to quickly find alternatives, this could have a material adverse effect on the revenues and results of operations of the Company.

Regulatory & Contractual Uncertainties

Both of the Company's business lines are operated pursuant to licences issued by the Bank of Jamaica. The Company's remittance business is critically dependent on the relationship with an international money transfer service provider. Should the Company's licences not be renewed or its relationship with a key international money transfer service provider be terminated, this would have a material adverse impact on the Company's operations and financial condition.

New Regulatory Rules or Standards

The Company may also become subject to new regulatory rules or standards that differ from those that are presently applicable. If such regulatory rules or standards become onerous from the point of view of the Company or its customers this could require the Company to recapitalise, or to change its business operations, and in any case, changes in such regulatory rules or standards may affect its long-term profitability.

Non-compliance by the Company with applicable laws, regulations and codes of conduct relevant to its businesses whether due to inadequate controls or otherwise, could lead to substantial monetary damages and/or fines, public reprimands, reputational damage, increased regulatory compliance requirements or other regulatory restrictions on the Company's business, the potential for prosecution in certain circumstances, or, in extreme cases, revocation of licences to operate and/or other severe penalties.

New Accounting Rules or Standards

The Company may become subject to new accounting rules or standards that differ from those that are presently applicable. Such new accounting rules or standards could require significant changes in the way the Company currently reports its financial position, operating results or cash flows. Such changes could be applied retrospectively. This is a risk that is common to companies that apply International Financial Reporting Standards (IFRS). In addition, the preparation of financial statements in accordance with IFRS requires the use of estimates. There is a risk that if the judgment exercised or the estimates or assumptions used subsequently turn out to be incorrect then this could result in an adverse impact on the Company's financial results.

Competition From New Entrants or Existing Participants

The Company may face competition by persons seeking to enter the market. While there are minimal capital requirements, potential entrants must satisfy fit and proper requirements set by the Bank of Jamaica for its directors and key shareholders and establish relationships with an international payment services provider and local sub-agents.

Liquidity Risk

In the event that the Company does not manage its liquidity and funding risk sufficiently, it may result in an inability to support normal business activity and/or a failure to meet regulatory requirements. Any material adverse change in market liquidity, the availability and cost of funding, in each case whether due to factors specific to the Company or to the market generally, could adversely impact the Company's ability to maintain the levels of liquidity required to meet regulatory requirements and sustain normal business activity. In addition, there is a risk that the Company could face sudden, unexpected and large net cash outflows which could also result in forced reductions in the Company's balance sheet in order to meet any obligations. Asset sales, balance sheet reductions and increased costs of funding could all adversely impact the operations, financial condition and prospects of the Company.

Risk of Hurricane, Fire & Other Acts Gods

Catastrophic events affecting Jamaica such as hurricane and earthquake could impact generally on economic activity in Jamaica and more specifically on the ability of the Company to process transactions.

COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a global pandemic. World economies have been impacted by its effects and various governments have adopted measures to mitigate the spread of the disease and its effects, including the closure of national borders, stay-at-home orders and travel restrictions. Locally, the pandemic's effects, together with the response measures implemented by governments and businesses, have resulted in, among other things, a severe curtailing in tourism and tourism related activity in Jamaica – which affects the business of the Company. It is projected that the impact on the Jamaican economy will continue to be felt until 2022. The Company has undertaken various initiatives and measures to manage and respond to the risks posed as a result of the pandemic. (See Section 11 (Strategic response to COVID–19) for further discussion on the Company's response to the pandemic).

Operational Risks

Human Factors, Internal Processes & External Events

The Company is exposed to many types of operational risks, including human errors, fraudulent and other criminal activities (both internal and external), the risk of breakdowns in processes, controls or procedures (or their inadequacy relative to the size and scope of the Company's business) and systems vulnerability, failure or non-availability. The Company's operations are particularly susceptible to the risk of money laundering. Operational risks also include:

- a. systemic risk (including the risk of accounting errors, failure to procure appropriate insurance coverage, and compliance failures);
- b. legal risk and reputation risk;
- c. employee errors, computer and manual systems failures, security failures;
- d. fire, floods and other losses to physical assets; and
- e. fraud or other criminal activity

Key Personnel

The Company's success depends upon its ability to attract, train and retain highly qualified staff while also controlling labour costs. The Company's customers expect a high level of customer service and product knowledge from its staff. To meet the needs and expectations of their customers, the Company must ensure the recruitment, training and retention of qualified staff while at the same time control labour costs. The Company's ability to control labour costs is subject to some external factors, such as the impact of legislation or regulations governing labour relations, minimum wage, or healthcare benefits.

Redemption & Refinance Risk for Issued Bond

As mentioned at Section 13 of this Prospectus, the Company issued a 7.25% Fixed Rate Unsecured Bond of \$1,350,000,000 on September 27, 2019, which matures on September 27, 2022 (subject to the terms for early repayment). The Company intends to repay the principal amounts due on the Bond on the maturity date from either operating profits from its business or a refinancing of the Bond. The Company's ability to refinance the Bond is dependent on its ability to access the capital markets, which may not be available or may be available at unfavourable terms and conditions. The Company's ability to redeem the Bond is dependent on a realisation of future profits which may be significantly less than projected. Any or both of these eventualities could have a material adverse effect on the Company.

Default Risk for Issued Bond

In accordance with the transaction documents for the 7.25% Fixed Rate Unsecured Bond of \$1,350,000,000 issued by the Company on September 27, 2019, the Company is subject to:

- a. certain negative covenants which include prohibition on payment of dividends if such dividend payments would impair the ability of the Company to pay principal and interest on the Bond or any of its other debt obligations; and
- b. certain financial covenants which include minimum debt service coverage ratio and maximum leverage ratios.

If the Company were to default on any of the Bond covenants or default on the payment of principal or interest on the Bond, it will give the Bondholders certain rights including taking legal proceedings against the Company and/or taking any one or more actions to enforce recovery of obligations due under the Bond.

Risk Management

The Company's goal in risk management is to ensure that it understands, measures, and monitors the various risks that arise and that it adheres strictly to the policies and procedures, which are established to address these potential risks. The Board of Directors of the Company is ultimately responsible for the overall risk management policies of the Company and risk oversight with a focus on the main risks facing the Company. The Board's Audit Committee will oversee the Company's policies and procedures relating to the financial statements and reporting process as well as the internal controls of the Company. It will also assist the Board of Directors in its formulation of the Company's policies of risk management. The Corporate Governance Committee will oversee risks related to compensation and have oversight of the Company's compliance with legal and regulatory requirements.

Section 13 Statutory & General Information

The following is statutory information required by section 41 and the Third Schedule of the Companies Act, 2004 to be set out:

- 1. The Company has no founders' shares or management shares or deferred shares.
- 2. The Articles of Incorporation of the Company do not fix any share qualification for a Director. Neither has the Company in a general meeting fixed any share qualification for Directors.
- 3. The Articles of Incorporation of the Company contain the following provisions on the remuneration of Directors:
 - a. The remuneration of the Directors shall from time to time be determined by the Company in General Meeting. Such remuneration shall be deemed to accrue from day to day. The Directors may also be paid all traveling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committees of the Directors or General Meetings of the Company or in connection with the business of the Company. (Article 86)
 - b. Any Director who serves on any committee or who devotes special attention to the business of the Company, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Directors may determine. (Article 87)
 - d. A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established. (Article 97(3))
 - d. (d) The Directors may establish or arrange any contributory or non-contributory pension or superannuation scheme for the benefit of, or pay a gratuity pension or emolument to any person who is or has been employed by or in the service of the Company, or any subsidiary of the Company, or of its holding company or to any person who is, or has been, a Director or other officer of the Company or any such subsidiary, or a subsidiary of its holding company and the widow, family or dependents of any such person. The Directors may also subscribe to any association or fund which they consider to be for the benefit of the Company or any such subsidiary or a subsidiary of its holding company or any such person as aforesaid, and make payments for or towards any hospital or scholastic expenses or any insurance of any such person or any approval required by law Provided that any Director shall be entitled to retain any benefit received by him hereunder, subject only, where the Act requires, to proper disclosure to the members and the approval of the Company in General Meeting. (Article 100)
 - e. A Managing Director shall receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may determine and it may be made a term of his appointment that he be paid a pension or gratuity on retirement from office. (Article 120)

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

Director	Description	Address
Peter Chin	Executive	7 Belmont Road, Kingston 5
Robert Chin	Executive	7 Belmont Road, Kingston 5
Ro-Yen Chin Forbes	Executive	7 Belmont Road, Kingston 5
Xandria Chin	Non-Executive	7 Belmont Road, Kingston 5
Wayne Wray	Independent	16 Herb McKenley Drive, Kingston 6
Tracey Ann Long-Foster	Independent	53 Knutsford Boulevard, Kingston 10
Athol Smith	Independent	39 Hagley Park Road, Kingston 10
Linroy Marshall	Independent	14 West Avenue, Kingston 10

- 5. The Shares are not being offered for subscription by the Company but are being offered by way of sale by the Selling Shareholders. As such, paragraph 2 of Part I of the Third Schedule to the Companies Act, 2004 does not apply and the Selling Shareholders have not fixed any minimum amount which must be raised from this Invitation to provide sums in respect of the matters there listed.
- 6. Application List for the Ordinary Shares will open at 9:00 a.m. on the Opening Date and will close at 4:00 p.m. on the Closing Date. The Selling Shareholders reserve the right to: (i) close the Application List at any time without prior notice if Applications have been received for the full amount of the Shares in the Invitation and the right to extend the Closing Date. If the Selling Shareholders close any Application List prior to the Closing Date, the Selling Shareholders will provide notice of such closure by posting a notice on the website of the JSE at www.jamstockex.com; (ii) suspend the acceptance of Applications at any time without prior notice after the opening of the Application List for such period as the Selling Shareholders shall determine; (iii) withdraw the Invitation at any time without prior notice after the opening of the Application List and close the Application List without accepting any Applications, in which event any amounts paid by Applicants in respect of the Invitation Price shall be refunded in full to Applicants; and/ or (iv) extend such closing beyond the Closing Date, provided that such period does not extend beyond the expiration of 40 days after the publication of this Prospectus for the purposes of section 48 of the Companies Act, 2004, with notice of such extension being posted on the website of the JSE at <u>www.jamstockex.com</u> as soon as reasonably practicable upon such extension being granted.
- 7. All Applicants will be required to pay in full, on Application, the Invitation Price per Share. No further sum will be payable on Allotment.
- 8. No previous invitations/offers with respect to shares in the Company have been made to the public. Save as set out at Section 9 (Share Capital) concerning the increase in the authorised share capital of the Company and allotment of Ordinary Shares made in contemplation of the Invitation, no Shares have been offered for subscription within the two years preceding the date of this Prospectus.
- 9. No person has been given any option to subscribe for any shares or debentures in the Company. Neither are the directors of the Selling Shareholders aware of any person who intends to acquire Shares in the Invitation with a view to offering them for sale.
- 10. a. As at September 30, 2020 the Company held the following investments:
 - i. Trade investments \$ Nil
 - ii. Quoted Investments (other than trade investments) J\$ Nil
 - iii. Unquoted Investments (other than trade investments) \$1,350,000,000.00
 - b. There is no amount for goodwill, patent, or trade marks shown in the financial statements of the Company and there is no contract for sale and purchase which would involve any goodwill, patent or trade marks.

- c. As at September 30, 2020, the Company has the following:
 - i. Amounts due to Alliance Finance Limited \$774,528,357
 - ii. The Company issued a 7.25% Fixed Rate Unsecured Bond of \$1,350,000,000.00 on September 27, 2019 maturing on September 27, 2022
- d. Apart from such amounts that have already been paid as dividend, and those amounts declared as stated in the financial statements of the Company, there are no amounts that have been recommended for distribution by way of dividend.
- 11. The Shares are not being offered for subscription by the Company but are being offered by way of a sale by the Selling Shareholders. Accordingly, paragraphs 7 and 8 of Part 1 of the Third Schedule of the Companies Act, 2004 are inapplicable to the Invitation.
- 12. In the past two years preceding the date of this Prospectus, JMMB Securities Limited was paid commission for procuring subscriptions for note interests in the \$1,350,000,000.00 7.25% Fixed Rate Unsecured 3-Year Bond issued by the Company, such commission being of 1.50% of the amount raised. Further, fees are to be paid to JMMB Securities Limited for services rendered in relation to the Invitation pursuant to an agreement dated December 5, 2019, which fees are included in the total amount of the expenses stated in the paragraph below.
- 13. The net proceeds from the Invitation will be paid to the Selling Shareholders. The costs associated with the Invitation will be borne equally by the Company and the Selling Shareholders, and it is estimated that such expenses will not exceed \$69,500,000.00 (inclusive of brokerage fees, underwriter fees, legal fees, auditors' fees, listing fees, registration fees, marketing expenses, Companies Registrars' fees, initial fees and GCT).
- 14. No amount or benefit has been paid or given to any promoter within the two years preceding the date of this Prospectus, and no amount or benefit is intended to be paid or given to any promoter.
- 15. Material Contracts entered into by the Company other than in the ordinary course of business in the two years preceding the date of this Prospectus are noted in Section 9 (Part B) of this Prospectus.
- 16. The name and address of the auditor of the Company is KPMG, Chartered Accountants, P.O. Box 436, 6 Duke Street, Kingston, Jamaica W.I.
- 17. KPMG has given and has not withdrawn their consent to the issue of this Prospectus with the inclusion of their report and the references to their name in the form and context in which they are included.
- 18. The Company has given its consent to the issue of this Prospectus and the inclusion of information on the Company and its historical performance and its name in the form and context in which they are included.
- 19. The Company was incorporated on January 30, 2004 as Alliance Remittance Services Limited. The Company effected a change of name to Alliance Financial Services Limited and was issued with a Certificate of Incorporation on Change of Name dated March 23, 2010.
- 20. The Invitation is not underwritten.
- 21. The proceeds of the Invitation will not be applied wholly or partly, directly nor indirectly, in the purchase of any business by the Company.
- 22. The proceeds of the Invitation will not be applied wholly or partly, directly nor indirectly in any manner resulting in the acquisition by the Company of shares in any other undertaking.
- 23. **Taxation.** Transfers of any ordinary share across the floor of the JSE are exempt from transfer tax and stamp duty in Jamaica. Dividends received by a shareholder of the Company may or may not be subject to tax in the country where the shareholder is resident. Each prospective shareholder should consult with an independent adviser as to the rate of taxes that is applicable to the shareholder.

Section 14 Documents Available for Inspection

From the date of publication of the Prospectus up to the Closing Date, the following documents will be available for inspection by appointment only on Mondays to Fridays (except public holidays) during the hours of 10:00 a.m. to 4:00 p.m. at the offices of the Company at 7 Belmont Road, Kingston 5:

- i The current prospectus
- ii. The Company's Articles of Incorporation and Certificate of Incorporation on Change of Name
- iii. resolution of the Company to convert from a private to a public company passed on January 16, 2020 and to revise its Articles of Incorporation
- iv. resolution of the Board of Directors of each of the Selling Shareholders passed on December 9, 2020 authorising the sale of shares and to pursue the listing of same on the Jamaica Stock Exchange
- v. resolution of the Board of the Directors of the Company passed on December 9, 2020 to authorise the listing on the Jamaica Stock Exchange of all of the Company's Ordinary Shares and to take all steps to pursue same
- vi. the written consent of the Auditor, KPMG
- vii. the material contracts referred to under Section 9 (Part B) of this Prospectus
- viii. the Audited Financial Statements of the Company for the years ended September 30, 2016 to 2020, respectively
- ix. Remittance Licence issued to the Company by Bank of Jamaica
- x. Cambio Licence issued to the Company by Bank of Jamaica
- xi. Approval to operate card (and other services) granted by the Bank of Jamaica

Section 15 Selling Shareholders' Signatures

This Prospectus is signed by and on behalf of the directors of the Selling Shareholders, Melwood Holdings Limited and Willo Capital Limited, and the directors of the Company, Alliance Financial Services Limited, by common directors Peter D. Chin and Robert G. Chin dated as of the 16th day of December, 2020.

Signed:

t. J. U.m "Et.

Peter D. Chin

Signed:

<u>, ((</u>

Robert G. Chin

AUDITOR'S CONSENT



KPMG Chartered Accountants P.O. Box 436 6 Duke Street Kingston Jamaica, W.I. +1 (876) 922 6640 firmmail@kpmg.com.jm

December 15, 2020

The Board of Directors Alliance Financial Services Limited 7 Belmont Road Kingston 5

Ladies and Gentlemen:

Prospectus for the public offer for sale of 1,252,294,335 ordinary shares in the capital of Alliance Financial Services Limited

With respect to the prospectus for the offer for sale of ordinary shares in Alliance Financial Services Limited ("the Company"), we hereby consent to the inclusion in the prospectus of:

- Our audit report dated December 15, 2020 on the summary financial statements which comprise the summary statements of financial position, profit or loss and other comprehensive income, cash flows, and dividends paid for the year ended September 30, 2020.
- Our audit report dated December 9, 2020, on the financial statements of Alliance Financial Services Limited ("the Company"), which comprise the statement of financial position as at September 30, 2020, 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; and
- References to our name in the form and context in which it is included in the prospectus.
- We confirm that we have not withdrawn such consent before delivery of a copy of the prospectus to the Financial Services Commission for registration.

Wilbert A. Spence Rochelle N. Stephenson Sandra A. Edwards



December 15, 2020

The Board of Directors Alliance Financial Services Limited

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

Yours faithfully,

KPMG

KMR:TM:mas

AUDITED FINANCIALS



KPMG Chartered Accountants P.O. Box 436 6 Duke Street Kingston Jamaica, W.I. +1 (876) 922-6640 firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of ALLIANCE FINANCIAL SERVICES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Alliance Financial Services Limited ("the company"), set out on pages 5 to 35, 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 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 *Auditor's 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.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of ALLIANCE FINANCIAL SERVICES LIMITED

Report on the Audit of the Financial Statements (Continued)

Other matter

The financial statements of the company as at and for year ended September 30, 2019 were audited by another auditor, who issued an unqualified opinion dated January 9, 2020.

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.

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.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of ALLIANCE FINANCIAL SERVICES LIMITED

Report on the Audit of the Financial Statements (Continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of ALLIANCE FINANCIAL SERVICES LIMITED

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.

KPMG

Chartered Accountants Kingston, Jamaica

December 9, 2020

Statement of Financial Position September 30, 2020

ASSETS	Notes	<u>2020</u>	<u>2019</u>
ASSETS			
Cash and cash equivalents	5	1,079,701,005	1,748,244,502
Trade receivables	6	291,730,389	205,485,231
Due from related companies	7	423,998,584	310,385,950
Investments	8	1,974,371,220	221,493,750
Loans receivable	9	92,949,582	87,896,763
Other receivables	10	514,941,396	433,900,218
Property, plant and equipment	11	33,511,517	36,592,922
Right-of-use assets	12	8,028,090	
Total assets		\$ <u>4,419,231,783</u>	<u>3,043,999,336</u>
LIABILITIES			
Bank overdraft	13	-	1,741,199
Loans payable	14	2,124,528,357	793,296,395
Trade and other payables	15	180,508,772	368,883,863
Lease liabilities	12	8,504,442	-
Due to related company	7	189,182,049	17,432,614
Taxation payable		270,387,227	301,635,227
Deferred tax liability	16	13,530,011	
Total liabilities		<u>2,786,640,858</u>	<u>1,482,989,298</u>
SHAREHOLDERS' EQUITY			
Share capital	17	1,062,605	1,000,000
Retained earnings		1,631,528,320	<u>1,560,010,038</u>
Total shareholders' equity		1,632,590,925	1,561,010,038
Total liabilities and shareholders' equity		\$ <u>4,419,231,783</u>	<u>3,043,999,336</u>

The financial statements on pages 5 to 35, were approved for issue by the Board of Directors on December 9, 2020 and signed on its behalf by:

lety Chino Director

cce

Peter D. Chin

Robert G. Chin

Director

Statement of Profit or Loss and Other Comprehensive Income Year ended September 30, 2020

	Notes	2020	<u>2019</u>
Operating revenue	18	1,466,163,814	1,669,027,340
Operating expenses	19	(<u>568,743,351</u>)	(465,693,169)
Operating profit		897,420,463	1,203,334,171
Net interest expense	20	(39,385,648)	(41,379,405)
Other income	21	174,282,556	17,506,171
Profit before income tax	22	1,032,317,371	1,179,460,937
Income tax	23	(<u>323,019,204</u>)	(<u>396,776,978</u>)
Profit, being total comprehensive income for the year		\$ <u>709,298,167</u>	<u> 782,683,959</u>

6

Statement of Changes in Equity Year ended September 30, 2020

	Share capital	Retained earnings	Total
Balances as at September 30, 2018	1,000,000	1,294,498,046	1,295,498,046
Profit, being the total comprehensive income for the year			
	-	782,683,959	782,683,959
Transaction with owners: Dividends paid (note 24)		(517,171,967)	(517,171,967)
Balances as at September 30, 2019	1,000,000	<u>1,560,010,038</u>	<u>1,561,010,038</u>
Profit, being the total comprehensive income for the year	-	709,298,167	709,298,167
Transaction with owners: Shares issued	62,605		62,605
Dividends paid (note 24)	-	(637,779,885)	(637,779,885)
• • •	62,605	71,518,282	71,580,887
Balances as at September 30, 2020	\$ <u>1,062,605</u>	<u>1,631,528,320</u>	1,632,590,925

Statement of Cash Flows Year ended September 30, 2020

	Notes	<u>2020</u>	<u>2019</u>
Cash flows from operating activities Profit for the year		709,298,167	782,683,959
Adjustments for:	11	11 ((2 790	1 4 729 425
Depreciation Depreciation - right-of-use assets	11 11	11,662,780 2,833,443	14,738,425
Gain on disposal of property, plant		2,000,110	
and equipment		(3,700,000)	-
Net interest expense	20	39,385,648	41,379,405
Interest expense on lease liabilities Impairment losses on financial assets	12 6	661,812 10,732,388	- (4,773,884)
Income tax	23	323,019,204	(4,773,884) <u>396,776,978</u>
		1,093,893,442	1,230,804,883
Changes in operating assets and liabilities Accounts receivables		(96,977,546)	(106.220.260)
Loans receivable		(5,052,819)	(106,239,260) (6,551,227)
Other receivable		(81,041,178)	(57,728,093)
Due from related company		(113,612,634)	24,636,086
Trade and other payables		(188,375,093)	25,761,969
Due to related company		171,749,435	(<u>98,642,676</u>)
Cash provided by operations		780,583,607	1,012,041,682
Net interest paid Income tax paid		(39,385,651) (<u>340,737,192</u>)	$(\begin{array}{c} 41,379,405)\\ (\underline{420,017,209})\end{array}$
Net cash provided by operating activities		400,460,764	550,645,068
Cash flows from investing activities			
Investments		(1,752,877,470)	44,749,832
Acquisition of property, plant and equipment		(18,101,376)	(19,663,448)
Disposal of property plant and equipment Investment property		13,220,000	47,259,154
Net cash (used in) /provided by investing	activities	(1,757,758,846)	72,345,538
Cash flows from financing activities		(1,757,750,040)	12,545,550
Long term loan		1,350,000,000	-
Short term loans		(18,768,033)	(188,680,022)
Lease payments		(3,018,903)	-
Dividends paid Proceeds from share issue	24	(637,779,885) 62,605	(517,171,967)
		02,005	
Net cash provided by/(used in) financing activities		690,495,784	(<u>705,851,989</u>)
Net decrease in cash and cash equivalents		(666,802,298)	(82,861,383)
Cash and cash equivalents at beginning of the year		1,746,503,303	1,829,364,686
Cash and cash equivalents at end of the year		\$ <u>1,079,701,005</u>	<u>1,746,503,303</u>
Represented by:			
Cash and cash equivalents	5	1,079,701,005	1,748,244,502
Bank overdraft	13		(<u>1,741,199</u>)
		\$ <u>1,079,701,005</u>	<u>1,746,503,303</u>

Notes to the Financial Statements Year ended September 30, 2020

1. Identification

Alliance Financial Services Limited ("the company") is incorporated and domiciled in Jamaica. The registered office of the company and its principal place of business are located at 7 Belmont Road, Kingston 5, Jamaica.

The company's principal activities are the provision of remittance and cambio services under licences/ arrangements with Bank of Jamaica and Money Gram International.

2. Statement of compliance and basis of preparation

(a) Statement of compliance:

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and the relevant provisions of the Jamaican Companies Act.

This is the first set of the company's annual financial statements in which IFRS 16 *Leases* has been applied. Changes to significant accounting policies are described in note 3.

At the date of authorisation of these financial statements, certain new and amended standards and interpretations have been issued which are not yet effective and have not been early-adopted by the company. The company has assessed them and determined that the following are relevant:

• 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 derecognised 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 derecognition 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 is assessing the impact that the amendments will have on its 2021 financial statements.

Notes to the Financial Statements (Continued) Year ended September 30, 2020

2. <u>Statement of compliance and basis of preparation (continued)</u>

- (a) Statement of compliance (continued):
 - Amendment to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* is effective for annual periods beginning on or after January 1, 2020, and provides the following 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."

The company does not expect the amendment to have a significant impact on its 2021 financial statements.

(b) Basis of measurement:

The financial statements are prepared on the historical cost basis.

(c) Functional and presentation currency:

The financial statements are presented in Jamaica dollars, which is the functional currency of the company, unless otherwise stated.

(d) Judgements and estimates:

The preparation of the financial statements in conformity with IFRS requires management to make judgements that affect the application of policies and the reported amounts of, and disclosures related to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Management is also required to make estimates, based on assumptions. Actual amounts could differ from those estimates.

The estimates, and the assumptions underlying them, are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which an 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.

The key source of estimation uncertainty and critical judgement made in applying accounting policies that has the most significant effect on amounts recognised in the financial statements, or which has a significant risk of material adjustment to the amounts in the financial statements in the next year, is as follows:

Notes to the Financial Statements (Continued) Year ended September 30, 2020

2. <u>Statement of compliance and basis of preparation (continued)</u>

(d) Judgements and estimates (continued):

Impairment of financial assets:

The measurement of the expected credit loss (ECL) allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are required in applying the accounting requirements for measuring ECL, such as:

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

Wherever necessary, the comparative figures are reclassified to conform to the current year's presentation.

3. Changes in significant accounting policies

The company initially applied IFRS 16 *Leases* from October 1, 2019. A number of other new standards are also effective from October 1, 2019 but they do not have a material effect on the company's financial statements.

The company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised at October 1, 2019. Accordingly, the comparative information presented for 2019 is not restated - i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed in note 4(i). Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

The company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the company:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Notes to the Financial Statements (Continued) Year ended September 30, 2020

3. Changes in significant accounting policies (continued)

Transition impact on the financial statements

(i) On transition to IFRS 16, the company recognised additional right-of-use assets and lease liabilities. The impact on transition is summarised below:

	October 1, <u>2019</u> \$
Right-of-use assets - property, plant and equipment	<u>10,861,533</u>
Lease liabilities	(<u>10,861,533</u>)

For the impact of IFRS 16 on profit or loss for the period, see note 12. For the details of accounting policies under IFRS 16 and IAS 17, see note 4 (i).

(ii) When measuring lease liabilities for leases that were classified as operating leases, the company discounted lease payments using its incremental borrowing rate at October 1, 2019. The weighted average rate applied is 6.75%.

	\$
Operating lease commitments at September 30, 2019	<u>2,494,961</u>
Discounted using the incremental borrowing rate at October 1, 2019	2,419,479
IFRS16 Lease liabilities recognised as at 1 October 2019 extension options reasonably certain to be exercised	8,442,054
Lease liabilities recognised at October 1, 2019	<u>10,861,533</u>

4. Significant accounting policies

(a) Cash and cash equivalents:

Cash comprises cash in hand, demand and call deposits with banks, and short-term balances with other broker/dealers. Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the acquisition date and are:

- readily convertible to known amounts of cash;
- subject to an insignificant risk of changes in value; and
- held for the purpose of meeting short-term cash commitments, rather than for investment or other purposes.

Bank overdrafts that form an integral part of the company's cash management for financing operations are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(b) Accounts receivable and prepaid expenses:

Accounts receivable and prepaid expenses are measured at amortised cost, less losses.

Notes to the Financial Statements (Continued) Year ended September 30, 2020

4. Significant accounting policies (continued)

(c) Resale and repurchase agreements:

Resale and repurchase agreements are accounted for as short-term collateralised lending and borrowing, respectively. Accordingly, securities sold under repurchase agreements remain on the statement of financial position and are measured in accordance with their original measurement principles.

The proceeds of sale are reported as liabilities and are carried at amortised cost. Securities purchased under resale agreements are reported not as purchases of the securities, but as receivables and are carried in the statement of financial position at amortised cost.

Interest earned on resale agreements and interest incurred on repurchase agreements are recognised, respectively, as interest income and interest expense over the life of each agreement using the effective interest method.

(d) Financial instruments:

Financial assets comprise cash and cash equivalents, accounts receivable, resale agreements, loans receivable, due from related company and other investment. Financial liabilities comprise accounts payable, other payable, due to related company, loans and lease liability.

(i) Classification and measurement of financial instruments:

Financial assets:

On initial recognition, a financial asset is classified as measured at: amortised cost or fair value through other comprehensive income (FVOCI) - debt investment or FVOCI - equity investment.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Debt instrument securities measured at amortised cost are initially measured at fair value plus incremental direct transaction costs and subsequently at their amoritised cost using effective using effective interest method.

Notes to the Financial Statements (Continued) Year ended September 30, 2020

- 4. Significant accounting policies (continued)
 - (d) Financial instruments (continued):
 - (i) Classification and measurement of financial instruments (continued):

Business model assessment:

The company makes an assessment of the objective of a business model in which an asset is held at a portfolio level, because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash follows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

The company's objective is to hold financial assets to collect contractual cash flows.

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

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. In making this assessment, the company considers the following:

Notes to the Financial Statements (Continued) Year ended September 30, 2020

4. <u>Significant accounting policies (continued)</u>

- (d) Financial instruments (continued):
 - (i) Classification and measurement of financial instruments (continued):

Business model assessment (continued):

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- leverage features;
- features that modify consideration of the time value of money such as periodic reset of interest rates;
- 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 parmount, 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.

Reclassifications:

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the company changes its business model for managing financial assets.

Financial liabilities:

The company classifies its financial liabilities as measured at amortised cost.

(ii) Derecognition of financial assets and financial liabilities:

Financial assets:

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or if it neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control over the transferred financial asset.

Notes to the Financial Statements (Continued) Year ended September 30, 2020

- 4. Significant accounting policies (continued)
 - (d) Financial instruments (continued):
 - (ii) Derecognition of financial assets and financial liabilities (continued):

On derecognition of a financial asset, the difference between the asset's carrying amount and the consideration received is recognised in profit or loss.

Financial liabilities:

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

- (e) Property, plant and equipment and depreciation:
 - (i) Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of replacing an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the asset will flow to the company and its cost can be reliably measured. The cost of day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.
 - (ii) Property, plant and equipment are depreciated on the straight-line method at annual rates to write down the assets to their estimated residual values over their expected useful lives. The depreciation rates are as follows:

Leasehold improvements	Shorter of asset's useful life and lease term
Motor vehicles	20%
Furniture and office equipment	331/3%
Computers	50%
Machinery and other equipment	331/3%
Right of use asset	over the lease term

(f) Accounts payable:

Accounts payable are accrued charges are measured at amortised cost.

(g) Impairment:

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

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

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk has not increased significantly since their initial recognition.

Notes to the Financial Statements (Continued) Year ended September 30, 2020

4. <u>Significant accounting policies (continued)</u>

(g) Impairment (continued):

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments.

Life-time ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

(i) Measurement of ECL

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).

The company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. The lifetime ECLs are determined by taking into consideration historical rates of default for each segment of aged receivables as well as the estimated impact of forward-looking information.

- (ii) Presentation of allowance for ECL in the statement of financial position as follows:
 - Financial assets measured at amortised cost as a deduction from the gross carrying amount of the assets.
- (iii) Write-off:

Financial assets are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss.

(h) Share capital:

The company classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the issuer's option, and any dividends are discretionary.

Notes to the Financial Statements (Continued) Year ended September 30, 2020

4. <u>Significant accounting policies (continued)</u>

(h) Share capital (continued):

Dividends thereon are recognised as distributions within equity. Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the stockholders, or if dividends are not discretionary. Dividends thereon are recognised as interest in profit or loss.

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

(i) Leases:

Policy applicable from October 1, 2019

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into on or after October 1, 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term.

In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the scheduled lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

Notes to the Financial Statements (Continued) Year ended September 30, 2020

4. <u>Significant accounting policies (continued)</u>

(i) Leases (continued):

As a lessee (continued)

The company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- (i) fixed payments, including in-substance fixed payments;
- (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (iii) amounts expected to be payable under a residual value guarantee; and
- (iv) the exercise price under a purchase option that the group is reasonably certain to exercise, lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the group is reasonably certain to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company presents right-of-use assets and lease liabilities separately in the statement of financial position.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and low-value assets. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

Notes to the Financial Statements (Continued) Year ended September 30, 2020

4. <u>Significant accounting policies (continued)</u>

(i) Leases (continued):

Policy applicable before October 1, 2019

Leases under which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on the straight-line basis over the period of the lease.

Assets held under other leases were classified as operating leases and were not recognised in the company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease.

- (j) Revenue recognition:
 - (i) Foreign exchange margin from cambio trading:

Profit from the sale of foreign currency is recognised at the point the currency is delivered to the customer and the customer has accepted the currency and collectability of receivable is reasonably assured.

(ii) Interest income:

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.

When calculating the effective interest rate for financial instruments, the company estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition of a financial asset.

The 'amortised cost' of a financial asset is the amount at which the financial asset is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Notes to the Financial Statements (Continued) Year ended September 30, 2020

- 4. <u>Significant accounting policies (continued)</u>
 - (j) Revenue recognition (continued):
 - (ii) Interest income (continued):

The effective interest rate of a financial asset is calculated on initial recognition of a financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI, includes interest on financial assets measured at amortised cost and interest on debt instruments measured at FVOCI.

(iii) Fee and commission income:

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The company recognises revenue when it transfers control over a service to a customer. Fee and commission income are recognised as the related services are performed.

Commission income from remittance transactions is recognised as earned, based on the value of remittances.

(k) Interest expense:

Interest expense is recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the amortised cost of the financial liability.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the issue of financial liability.

The 'amortised cost' of a financial liability is the amount at which the financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount.

The effective interest rate of a financial liability is calculated on initial recognition of a financial liability. In calculating interest expense, the effective interest rate is applied to the amortised cost of the liability.

Notes to the Financial Statements (Continued) Year ended September 30, 2020

4. <u>Significant accounting policies (continued)</u>

(1) Income tax:

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

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to income tax payable in respect of previous years.

Deferred income tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax 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 income 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 income tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Foreign currencies:

Foreign currency balances at the reporting date are translated at the rates of exchange ruling on that date. Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions. Gains and losses arising from fluctuations in exchange rates are included in profit or loss.

5. Cash and cash equivalents

	<u>2020</u>	<u>2019</u>
Current account	1,051,487,166	1,681,313,796
Saving account	994,875	690,140
Cash in hand	27,218,964	66,240,566
	\$ <u>1,079,701,005</u>	<u>1,748,244,502</u>

Included in cash resources is the Jamaican equivalent of US\$2,117,229 (US\$7,282,883).

6. <u>Trade receivables</u>

(a) Balance as at the end of the year was as follows:

	2020	2019
Agents' receivables	498,698,441	401,720,895
Less provision for doubtful debts	(206,968,052)	(<u>196,235,664</u>)
	\$ <u>291,730,389</u>	<u>205,485,231</u>

2020

Included in agents' receivables is US\$2,432,368 (2019: US\$513,587). The agents receivables as at September 30, 2020 includes \$281.7 million classified as current and \$10.1 million due within 90 days.

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Notes to the Financial Statements (Continued) Year ended September 30, 2020

6. <u>Trade receivables (continued)</u>

(b) The movement on the impairment allowance was a	s follows:	
	<u>2020</u>	<u>2019</u>
At beginning of the year	196,235,664	201,009,548
Impairment recognised during the year	10,732,388	(<u>4,773,884</u>)
At end of the year	\$ <u>206,968,052</u>	<u>196,235,664</u>
Due from/(to) related parties		
	<u>2020</u>	<u>2019</u>
Due from related companies:	250 122 250	250 000 000
Alliance Investment Management Limited	250,422,259	250,000,000
Other related party	173,576,325	-
Alliance Finance Limited		60,385,950
	\$ <u>423,998,584</u>	<u>310,385,950</u>
Due to related companies:		
Alliance Investment Management Limited	189,390,659	17,432,614
Other related party	(<u>208,610</u>)	
	\$ <u>189,182,049</u>	17,432,614

No allowance for impairment was recognised on balances due from related parties as the credit risk was considered low based on the short term nature of the receivables and the related entities' ability to repay the debt.

8. <u>Investments</u>

7.

Measured at amortised cost:-

	<u>2020</u>	<u>2019</u>
Preference shares (a)	30,000,000	30,000,000
Resale agreements (b)	561,594,881	160,773,106
Promissory note (c)	1,350,000,000	-
Interest earning deposits	32,776,339	30,720,644
	\$ <u>1,974,371,220</u>	<u>221,493,750</u>

- (a) This is redeemable cumulative participating preference shares held in Alliance Investment Management Limited.
- (b) The company purchases resale agreements from Alliance Investment Management Limited; this amount includes the Jamaican equivalent US\$2,982,728 (2019: US\$920,162). At the reporting date, securities obtained and held by the company as collateral under resale agreements had a fair value of \$575,546,946 (2019: \$175,125,972).
- (c) This represents the company's investment in promissory notes issued by Alliance Investment Management (St Lucia Limited), a related company. The maturity date of the investment is 30 September 2022 and the interest is payable at 7.5% per annum on semi-annual basis.

Notes to the Financial Statements (Continued) Year ended September 30, 2020

8. <u>Investments (continued)</u>

(d) The risk of impairment associated with resale agreements is extremely low as they are short term in nature and secured adequately by collateral. No impairment was recognised on preference shares and promissory notes based on the related companies' ability to repay the investments. No impairment is considered necessary for interest earning deposits which are maintained with a bank.

9. Loans receivable

Included in loans receivable is \$75,809,580 (2019: \$78,660,572) due from related parties.

10. Other receivables

	<u>2020</u>	<u>2019</u>
Withholding tax recoverable	4,632,259	5,721,501
Commissions	44,805,547	27,613,459
Cross trade settlement	183,039,955	67,600,780
Interest receivable	7,578,069	79,068
Due from directors	-	245,962,695
Advance payment to Alliance Payment Services Limited	149,911,390	-
Other	124,974,176	86,922,715
	\$ <u>514,941,396</u>	433,900,218

No impairment allowance has been recognised in respect of other receivables due to short term nature of receivables.

11. Property plant and equipment

Cost:	Leasehold improvement	Furniture fixtures & equipment	Customer equipment <u>& software</u>	Motor vehicles	<u>Total</u>
September 30, 2018 Additions	18,015,642 77,212	3,020,986 <u>51,616</u>	17,256,131 <u>806,228</u>	33,620,000 <u>18,805,604</u>	71,990,359 <u>19,663,448</u>
September 30, 2019 Additions Disposal	18,092,854	3,072,602 414,637	18,062,359 831,887	52,425,992 16,854,852 (<u>16,800,000</u>)	91,653,807 18,101,376) (<u>16,800,000</u>)
September 30, 2020	18,092,854	3,487,240	18,894,246	52,480,844	<u>95,955,183</u>
Depreciation: September 30, 2018 Charge for the year	7,803,037 <u>3,424,791</u>	2,981,761 <u>32,775</u>	16,863,584 795,661	12,674,078 10,485,198	40,322,460 <u>14,738,425</u>
September 30, 2019 Charge for the year Eliminated on disposal	11,227,828 2,799,564	3,014,536 53,591	17,659,245 562,600	23,159,276 8,247,027 (<u>7,280,000</u>)	55,060,885 11,662,780 (<u>7,280,000</u>)
September 31, 2020	14,027,391	3,068,127	18,221,845	24,126,303	59,443,666
Net book values: September 30, 2020	\$ <u>4,065,463</u>	419,113	672,400	<u>28,354,541</u>	<u>33,511,517</u>
September 30, 2019	\$ <u>6,865,026</u>	58,066	403,114	<u>29,266,716</u>	<u>36,592,922</u>

Notes to the Financial Statements (Continued) Year ended September 30, 2020

12. Leases

(a)	Right-of-use assets:	
		Leasehold land and buildings
	Balance as at October 1, 2019 Depreciation charge for the year	$10,861,533 \\ (2,833,443)$
	Balance at September 30, 2020	\$ <u>8,028,090</u>
(b)	Lease liabilities:	
	Maturity analysis – contractual undiscounted cash flows:	
		<u>\$</u>
	Less than one year One to five years	3,169,848 6,216,569
	Total undiscounted lease liabilities at September 30, 2020	9,386,817
	Less: future interest expense	(<u>881,975</u>)
		<u>8,504,442</u>
	Current portion	2,676,878
	Non-current portion	5,827,564
(c)	Amounts recognised in profit or loss:	<u>8,504,442</u>
	2020 - Leases under IFRS 16	<u>\$</u>
	Interest on lease liabilities	661,812
	Expenses relating to short-term and other leases	10,787,952
	Depreciation on right-of-use assets (note 22)	2,833,443
	2019 - Operating leases under IAS 17 Lease rental expenses	<u>14,751,194</u>
(d)	Amounts recognised in the statement of cash flows:	
	Total cash outflow for leases	3,018,903

(e) Extension options:

The lease value determined above includes leases with an option to renew. This option is exercisable by the company up to one year before the end of the non-cancellable contract period. The company assesses at the lease commencement date, whether it is reasonably certain to exercise the extension options. The company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Notes to the Financial Statements (Continued) Year ended September 30, 2020

13. Bank overdraft

	<u>2020</u>	<u>2019</u>
National Commercial Bank Jamaica Limited Sagicor Bank Jamaica Limited	-	19,179 <u>1,722,020</u>
	\$	1,741,199
Bank overdraft are due to the effect of unpresented cheques.		

14. Loans payable

<u> </u>	<u>2020</u>	<u>2019</u>
Corporate loan (a) Alliance Finance Limited (b)	1,350,000,000 	- <u>793,296,395</u>
	\$ <u>2,124,528,357</u>	<u>793,296,395</u>

- (a) The loan represents an unsecured fixed rate JMD bond with payment due within 24 months from the end of the reporting period and interest is payable at 7.25% per annum.
- (b) The loans are secured by guarantees, interest rates range from 3.10% to 7.25% per annum and repayments are due on demand.

15. Trade and other payables

	<u>2020</u>	<u>2019</u>
Trade payables	36,706,819	67,721,401
Other payables: Commissions Accruals	30,658,154 <u>113,143,799</u>	16,056,399 <u>285,106,063</u>
	<u>143,801,953</u>	301,162,462
	\$ <u>180,508,772</u>	<u>368,883,863</u>

16. Deferred tax liability

Deferred tax liability is attributable to the following:

		2020	
	At beginning	Recognised	At end
	<u>of year</u>	in income	<u>of year</u>
		[note 23(a)]	
	\$	\$	\$
ant and equipment	-	(4,066,641)	(4,066,641)
s payable	-	274,602	274,602
eivable	-	(2,526,020)	(2,526,020)
ge income		(7,211,952)	(<u>7,211,952</u>)
	-	(13, 530, 011)	(13, 530, 011)

Notes to the Financial Statements (Continued) Year ended September 30, 2020

17. Share capital

	<u>2020</u>	<u>2019</u>
Authorised:		
8,000,000,000 (2019: 1,000,000) Ordinary shares of no-p	oar value	
6,614,100 (2019: 6,614,100) Cumulative redeemable pre- no-par value		
Issued and fully paid: 6,261,471,673 (2019: 1,000,000) ordinary shares of		
no-par value	<u>\$1,062,605</u>	<u>1,000,000</u>

By ordinary resolution of the company passed on January 16, 2020, the authorised share capital of the company was increased by 7,999,000,000 ordinary shares of no-par value. The company issued 6,260,471,673 ordinary shares to existing shareholders at a price of \$0.00001 per share.

18. **Operating revenue**

Income represents the foreign exchange margins from cambio trading and commission income from remittance transactions.

Profit from the sale of foreign currency is recognised at the point the currency is delivered to the customer and the customer has accepted the currency and collectability of receivable is reasonably assured.

Commission income from remittance transactions are recognised as earned, based on the value of remittances.

19. **Operating expenses**

	<u>2020</u>	<u>2019</u>
Accounting fees	674,000	899,270
Audit fees	1,500,000	1,941,000
Advertising and promotion	15,260,997	24,457,243
Agents' disbursement fees	326,355,972	233,497,876
Bad debt	-	817,870
Bank charges	5,987,580	2,693,568
Depreciation	11,662,780	14,738,425
Depreciation lease asset	2,833,443	-
Directors' fees [note 22]	15,122,652	15,247,935
Insurance	236,804	639,614
Irrecoverable GCT expenses	23,048,439	15,314,541
Lease interest	2,610,092	-
Legal and professional fees	9,309,289	3,244,983
Office supplies	9,373,467	3,130,789
Printing and stationery	3,548,682	3,018,990
Rent	10,787,952	14,751,194
Repairs and maintenance	10,079,229	8,757,911
Salaries and payroll taxes	88,111,024	97,958,733
Staff welfare	14,757,533	11,015,801
Security services	6,718,090	6,261,160
Utilities	10,765,047	7,106,266
	\$ <u>568,743,351</u>	<u>465,693,169</u>

Notes to the Financial Statements (Continued) Year ended September 30, 2020

20. Net interest expense

	<u>2020</u>	<u>2019</u>
Interest income - investments Interest expense - loans	122,826,162 (<u>162,211,810</u>)	8,390,829 (<u>49,770,234</u>)
	\$(<u>39,385,648</u>)	(<u>41,379,405</u>)

21. Other income

Other income comprises of income from profit-sharing licensing agreement, revaluation gain or loss on foreign exchange and sundry income.

22. Profit before tax

The following are among the items charged/(credited) in arriving at profit before income tax:

	<u>2020</u> \$	<u>2019</u> \$
Directors' emoluments (note 19)	15,122,652	15,247,935
Auditor's remuneration	1,500,000	1,331,000
Depreciation (note 11)	11,662,780	14,738,425
Depreciation on lease asset (note 12(c)]	2,833,443	-
Revaluation gain on foreign exchange	(<u>48,410,309</u>)	(<u>12,558,601</u>)

23. Income tax

(a) The amount for income tax is computed at $33\frac{1}{3}\%$ of the profit before income tax, as adjusted for tax purposes, and is made up as follows:

	<u>2020</u>	<u>2019</u>
Current income tax: Provision for current year's charge	309,489,193	396,776,978
Deferred income tax: Origination and reversal of temporary		
differences (note 16)	13,530,011	
Total income tax charge	\$ <u>323,019,204</u>	<u>396,776,978</u>

(b) Reconciliation of applicable tax charge to effective tax charge:

	<u>2020</u> \$	<u>2019</u> \$
Profit before income tax "Expected" tax expense calculated at 33 ¹ / ₃ % of profit	<u>1,032,317,371</u>	<u>1,179,460,937</u>
before income tax	344,105,790	393,153,646
Expenses not deductible for tax purposes	2,038,464	5,306,882
Other charges and allowances	(36,655,061)	(1,683,550)
Temporary differences	13,530,011	
Actual income tax charge:- effective rate of 31.29% (2019:33.64%)	<u>323,019,204</u>	396,776,978

Notes to the Financial Statements (Continued) Year ended September 30, 2020

24. Dividends

	<u>2020</u>	<u>2019</u>
Declared and paid:		
Final dividends	\$ <u>637,779,885</u>	<u>517,171,967</u>

At the Board of Directors meetings held on September 23, 2020 and September 29, 2020 interim dividends in respect of 2020 amounting to \$637,779,885 (2019: At the directors' meetings held on September 29, 2019 and September 30, 2019 dividends of \$517,171,967 were declared and paid.

25. <u>Related parties</u>

(a) Definition of related party

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

- (i) A person or a close member of that person's family is related to the company if that person:
 - (1) has control or joint control over the company;
 - (2) has significant influence over the company; or
 - (3) is a member of the key management personnel of the company or of a parent of the company.
- (ii) An entity is related to the company, if any of the following conditions applies:
 - (1) 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).
 - (2) 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).
 - (3) Both entities are joint ventures of the same third party.
 - (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (5) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.
 - (6) The entity is controlled, or jointly controlled by a person identified in (A).
 - (7) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (8) The entity, or any member of a group of companies of which it is a part, provides key management personnel services to the company or to the parent of the company.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Notes to the Financial Statements (Continued) Year ended September 30, 2020

25. Related parties (continued)

(b) Identity of related parties

The company has related party relationships with its directors and senior management and entities under their common control or significant influence. The directors and senior management collectively comprise, and are referred to as, "key management personnel".

(c) The statement of financial position includes balances, arising in the ordinary course of business, with related parties, as follows:

	<u>2020</u>	<u>2019</u>
	\$	\$
Preference and ordinary shareholders:		
Other receivables – due from directors (note 10)	-	245,962,695
Investments (note 8)	1,941,594,881	190,773,106
Loans receivable (note 9)	75,809,580	78,660,572
Interest receivable	7,554,180	407,453
Companies under common control:		
Due from related companies (note 7)	423,998,584	310,385,950
Due to related companies (note 7)	189,182,049	17,432,614

(d) The statement of profit or loss and other comprehensive income includes the following income earned from, and expenses incurred in, transactions with related parties, in the ordinary course of business

	<u>2020</u> \$	<u>2019</u> \$
Interest income: Company under common control Other related company	122,494,575	16,235,580
Interest expense: Company under common control	63,799,688	9,914,652
Key management personnel compensation: Short-term employee benefits	_25,436,414	<u>24,164,593</u>

26. Financial instruments - risk management

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

- Credit risk;
- Liquidity risk; and
- Market risk

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

Notes to the Financial Statements (Continued) Year ended September 30, 2020

26. Financial instruments - risk management (continued)

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework.

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. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(a) Credit risk:

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from cash and cash equivalents; securities purchased under resale agreements and amounts due from customers and related parties.

The maximum exposure to credit risk is reflected in the statement of financial provisions at the reporting date.

The maximum exposure to credit risk is as follows:

	2020	<u>2019</u>
Financial assets		
Cash resources	1,079,701,005	1,748,244,502
Accounts receivable	291,730,389	205,485,231
Loans receivable	92,949,582	87,896,763
Other receivables	514,941,396	433,900,218
Due from related companies	423,998,584	310,385,950
Short term investments	1,974,371,220	221,493,750
Total financial assets	\$ <u>4,377,692,176</u>	<u>3,007,406,414</u>

Cash and cash equivalents and securities purchased under resale agreements:

Cash and cash equivalents are held in financial institutions which management regards as strong and there is no significant concentration. The strength of these financial institutions is constantly reviewed. No allowance for impairment ins necessary.

Accounts receivable:

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Accounts receivable mainly consist of balances due from agents. The company does not have any significant credit risk exposure to any single counter party or any company of counter parties having similar characteristics, geographically and by customer base.

The company does not require collateral in respect of trade and other receivables.

The company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. The lifetime ECLs are determined by taking into consideration historical rates of default for each segment of aged receivables as well as the estimated impact of forward-looking information.

Notes to the Financial Statements (Continued) Year ended September 30, 2020

26. Financial instrument- risk management (continued)

(b) Liquidity risk:

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. Liquidity risk may result from an inability to sell a financial asset at, or close to its fair value. Prudent liquidity risk management implies maintaining enough cash and the availability of funding through an adequate amount of committed credit facilities.

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

- Monitoring future cash flows and liquidity on a bi-weekly basis.
- Maintaining a portfolio of short-term deposit balances that can easily be liquidated as protection against any unforeseen interruption to cash flow.

The table below show the undiscounted cash flows of the company's financial liabilities on the basis of their earliest possible contractual maturity:

	2020							
		Contractual undiscounted cash flows						
	Total Less							
	carrying To		Total ca	sh	than		3-12	1-3
	amount		<u>outflov</u>	N	<u>3 months</u>		<u>months</u>	Years
	\$		\$		\$		\$	\$
Due to related								
companies	189,182	,049	189,182	,049	189,182,04	49	-	-
Trade and other	190 509	770	100 500	770	190 509 77	70		
payables	180,508	/	180,508	,	180,508,77		-	-
Loans payable	2,124,528	, ,	2,362,102		10,456,13		903,771,755	1,447,875,000
Lease liabilities	8,504	<u>,442</u>	8,504	<u>,442</u>	646,02	20	2,030,858	5,827,564
	<u>2,502,723</u>	<u>,620</u>	<u>2,740,298</u>	<u>,151</u>	<u>380,792,92</u>	<u>24</u>	<u>905,802,613</u>	<u>1,453,702,564</u>
						201	9	
				С	ontractual u		scounted cash	flows
		1	otal				Less	
		ca	carrying		Total cash		than	3-12
		an	amount		outflow		months	months
			\$		\$		\$	\$
Due to related cor	nnanies	17	,432,614	1	7,432,614	1	7,432,614	_
					8,883,863		8,883,863	-
Loans payable			,296,395		3,296,395		1,669,040	46,676,161
		<u>1,179</u>	<u>,612,872</u>	<u>1,17</u>	9,612,872	<u>39</u>	7,985,517	46,676,161

(c) Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market prices. These arise mainly from changes in interest rates and foreign exchange rates and will affect the company's income or the value of its holdings of financial instrument.

Notes to the Financial Statements (Continued) Year ended September 30, 2020

26. Financial instrument- risk management (continued)

(c) Market risk (continued):

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. The nature of the company's exposures to market risk and its objectives, policies and processes for managing these risks have not changed significantly over the prior year. For each of the major components of market risk the company has policies and procedures in place which detail how each risk is managed and monitored. The management of each of these major components of market risks and the exposure of the company at the reporting date to each major risk are addressed below.

(i) Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The company is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the United States dollar.

Derivative financial instruments arc not presently used to reduce exposure to fluctuations in foreign exchange rates.

Concentration of currency risk

The table below summaries the company's exposure to foreign exchange rate risk as at September 30, 2020:

	<u>2020</u>	<u>2019</u>
United States dollar (USD)	\$ <u>4,830,285</u>	<u>6,590,942</u>

Sensitivity to exchange rate movements:

Sensitivity is measured by computing the impact on certain results of a reasonably probable change in exchange rate.

A strengthening/weakening of the Jamaica dollar against the USD at year-end by the percentages shown would have (decreased)/increased profit for the year by the amounts shown below. The analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis was performed on the same basis as that for 2019.

	20	20	2019		
	4% strengthening J\$	6% weakening J\$	2% strengthening J\$	4% weakening J\$	
United States dollar	<u>27,352,938</u>	(<u>41,029,407</u>)	<u>17,821,907</u>	(<u>35,643,814</u>)	

Notes to the Financial Statements (Continued) Year ended September 30, 2020

26. Financial instrument- risk management (continued)

- (c) Market risk (continued):
 - (ii) Interest rate risk:

The company's interest rate risk arises from holding of deposits and repurchase agreements.

Interest rate sensitivity

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

(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 shareholders. The directors of the ultimate holding company seek to maintain a strong capital base to maintain shareholder and creditor confidence. The company defines capital as total shareholders' equity. There were no changes in the company's approach to capital management during the year.

27. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction at the measurement date. Market price is used to determine fair value where an active market exists, as it is the best evidence of fair value of a financial instrument.

The carrying amounts reflected in the financial statements for financial instruments such as cash and cash equivalents, trade receivables, due from related companies, short-term investments, loans receivable, other receivables, trade and other payables and due to related company, approximate their fair values due to their short-term nature. The investment in preference shares is not considered to be materially different from cost. The fair value of loans payable is assumed to approximate its carrying value, as no discount on settlement is anticipated.

28. Impact of COVID-19 pandemic

The World Health Organization declared the novel Coronavirus (COVID-19) outbreak a pandemic on March 11, 2020 and the Government of Jamaica declared the island a disaster area on March 13, 2020. The pandemic and the measures to control its human impact have resulted in disruptions to economic activity, business operations and asset prices. This could have significant negative financial effects on the company, depending on factors such as (i) the duration and spread of the outbreak, (ii) the restrictions and advisories from Government, (iii) the effects on the financial markets, and (iv) the effects on the economy overall, all of which are highly uncertain and cannot be estimated reliably.

Notes to the Financial Statements (Continued) Year ended September 30, 2020

28. Impact of COVID-19 pandemic (continued)

The company has performed various assessments and stress testing of its business plans under multiple scenarios, as part of its business continuity and contingency planning. As at the date of authorisation of the financial statements, the company experienced an approximate amount 10% decline in trading activity.

29. Subsequent event

On March 9, 2020, the Bank of Jamaica authorised the company to conduct the card services which were being offered by Alliance Payment Services Limited. Subsequently, the company entered into a principal license agreement with Mastercard on October 1, 2020 and acquired the card services portfolio of Alliance Payment Services Limited.



Section 18 Appendix

How To Apply Guide



Applications are submitted via JMMB's Moneyline[™] platform using an Equity Money Market Fund Account (EMMA[™]) by completing the steps below:

Step 1:

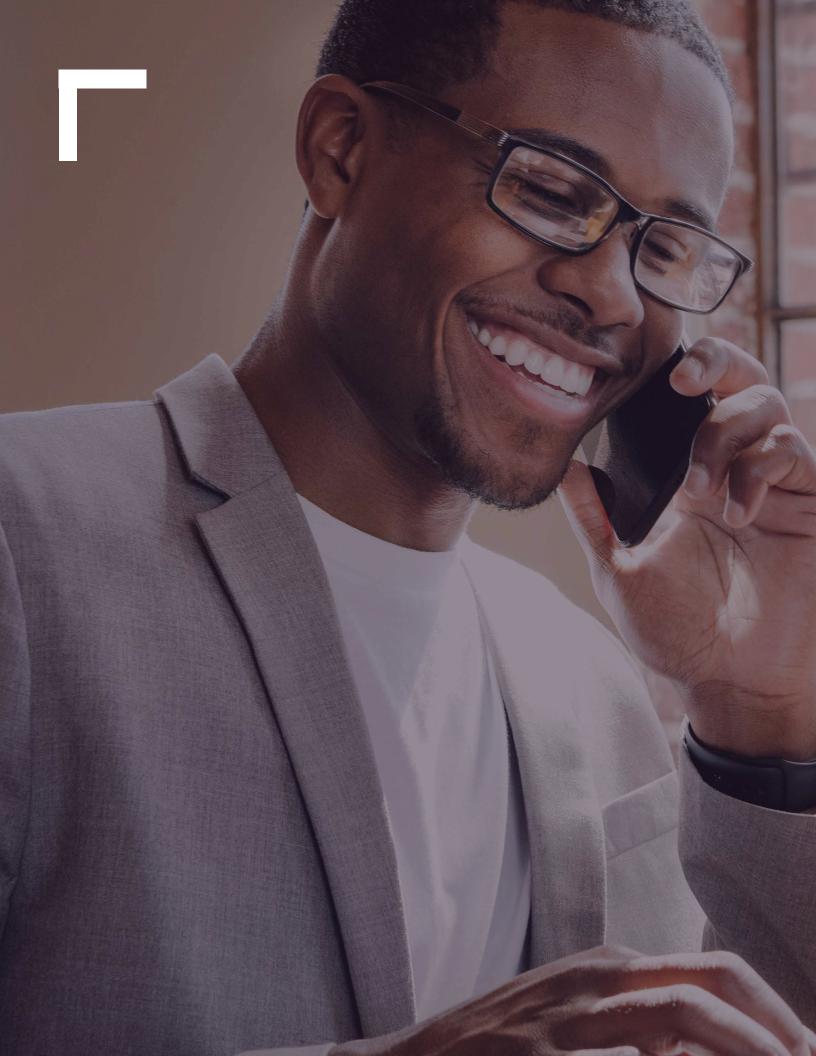
- a). From your browser, go to the JMMB Moneyline[™] website which can be accessed at <u>https://moneyline.jmmb.com/personal/;</u>
- b). Enter your username and password then select 'Login';
- c). Enter your security question then press 'Continue', to begin your Moneyline™ session;
- d). From the main menu select 'Transactions', then select 'New Transaction' from the drop-down menu;
- e). Select 'Buy Stocks' for the transaction type;
- f). Select the EMMA[™] account that you would like to make the purchase from. This EMMA[™] account must be funded with the payment for the full amount payable for the respective Preference Shares applied for, plus the JCSD flat fee of J\$172.50 per Application;
- g). Select 'IPO', and all available IPOs will be displayed. Choose Alliance Financial Services Limited IPO, then press 'Continue';
- h). You will be navigated to the 'Order Details' page, where you will be able to enter the quantity of Ordinary Shares you would like to purchase. The order type automatically defaults to the market price;
- i). You can also save a note to yourself about your transaction using the Personal Note section;
- j). Please confirm your agreement with the terms and conditions in the Alliance Financial Services Limited IPO Prospectus, by pressing 'Continue';
- k). If you have joint holders, a pop-up will appear to inform you that joint holders over the age of 18 years must indicate approval of this transaction to complete processing; and that instructions will be sent to joint account holders via email;
- I). You will be sent to the 'Order Summary' page, for review. You may then press the 'Back' button to revise the transaction; 'Continue' to approve the transaction; or 'Save and Add Another', if you would like to include additional stock purchases;
- m). Once you have selected 'Continue', enter your PIN, then select 'Process All Transactions'; and
- n). The status column for the Transaction Results will indicate that the transaction has been submitted.

Step 2: Joint Account Holder Approval Process

- a). As a joint account holder you do not need Moneyline[™] access to be able to approve the Alliance Financial Services Limited IPO Application. Joint account holders will receive an email with the link to approve the Application order and an access code;
- b). Enter the last three digits of your TRN and the access code in the form provided and click 'Submit';
- c). Review the Application order and confirm your agreement to the terms and conditions in the prospectus, by clicking the 'Approve Purchase' button; and
- d). You will be navigated to the confirmation page, stating that the Alliance Financial Services Limited IPO transaction was approved.

JMMB clients who have a stockbrokerage (EMMA) account but do not have JMMB Moneyline access may self-register at <u>http://bit.ly/MoneylineNew</u>.

Interested Applicants who do not have a stockbrokerage account or do not have a JMMB account may call JMMB's Client Care Centre at 876-998-JMMB (5662), between the hours of 8:00 a.m. to 4:30 p.m. for assistance in opening a stockbrokerage account or a JMMB account. Interested Applicants may also open a JMMB account online at https://jm.jmmb.com/account-opening-personal.





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