

# Financial Results

For the Twelve Months ended  
**September 30, 2021**

(Unaudited)

**Barita**  
Investments Limited

**Making Money Work For You Since 1977**





**\$8.1B**

Net Operating  
Revenue



**\$4.1B**

Net profits



**\$36.5B**

Total Shareholder's  
Equity



**\$90.1B**

Total Assets



**37.9%**

Efficiency Ratio



**13.9%**

Return on Average  
Equity



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# Barita



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## Chairman's Statement

**Mark Myers, Chairman**

The Board of Directors of Barita Investments Limited ("Barita" or "the Group") is pleased to present the Group's unaudited financial statements for the Financial Year 2021 ("FY21").

FY 21 continued to challenge the Board, management and team of Barita due largely to the continued effects of the ongoing COVID-19 pandemic and the emergence of a number of new variants of the virus to include the Delta variant. The financial year was consequently set against the background of both local and international financial market volatility as governments and central banks globally continued to coordinate to rescue their respective economies from the downturn caused by the pandemic.

Despite the difficult operating environment, the Group produced Net Profits for the financial year of \$4.1 billion. The outturn for the year was the collective result of the tireless efforts of the teams at Barita and Cornerstone with critical and unwavering support provided by the Boards of Directors and shareholders of both companies. The transformational growth that the organization has undergone over the last three years has been enabled by the dedication and commitment of every single Barita team member. We are overwhelmed with gratitude for the enthusiasm and resilience of our team that has not only kept our morale high but has kept us moving forward towards our goals. Key also to our success has been the commitment of our strategic partners and the forward-thinking leaders across the region.

This was a pivotal year for Barita, as we made further tangible progress towards our ultimate objective of changing the lives of ordinary grass roots Jamaicans and Caribbean people through democratizing wealth and delivering an unparalleled customer experience. In line with the objectives set out in the prospectus for our September 2020 Additional Public Offer ("APO") much of the year was spent on advancing the Group's 'Digital First' agenda, further expanding our presence in the investment banking arena, extending our footprint across the island and establishing our alternative investment platform. Further, as we contemplate our future product profile and our ambitions in the region, Barita decided to return to the capital markets for funding and was able to complete another significant capital raise via an oversubscribed APO in September 2021 which raised an additional \$10.8 billion in permanent capital from over 3,000 subscribers. This latest capital raise is our fourth successful raise in the last three years and has left the organization stronger, safer and more capable to create differential value for our customers, shareholders, staff and the community.

Our accomplishments throughout the year were not without obstacles as during the capital raising process, we found ourselves having to clarify for the investing public details in relation to more frontier elements of our operations, to include our off-balance sheet strategies. Despite the growing pains which often accompany deep learning and innovation we are undeterred in our mission to continuously challenge the status quo through modernizing the approach to financial solutions while contributing to the deepening and expansion of the regional capital markets.



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Our pursuit of innovation is set against the sober backdrop of a sound risk and governance architecture. Throughout the year, Barita continued to cultivate its risk and governance culture through the continued execution of its Enterprise Risk Management and Governance Framework. With the oversight of the Board of Directors, and led by the Risk, Compliance and Corporate Governance functions this culture permeates the organization by ensuring active management and ownership by our first line of defence with a keen focus on the top risks relevant to the Group and its strategy.

In particular, our corporate governance framework, led by Michael Hylton, QC, has been strengthened through the implementation of various policies and procedures, introduction of new oversight committees, and targeted training for directors and managers. The improvement in the rating assigned by the Jamaica Stock Exchange's Corporate Governance Index is proof and confirmation of successful efforts to enhance governance consistent with the mandate from the Board.

Our successful APO further strengthened our risk capacity, pushing our capital to risk weighted assets ratio to 52% versus the regulatory minimum of 10% and the industry average of 22.3% (as at June 2021). The combination of our robust capital base, ample liquidity, and strong risk and governance framework makes Barita, fortified by the industry's top cadre of talent, uniquely positioned to realize its greatest possibilities; while maintaining the confidence of its clients, shareholders, regulators, and other stakeholders.

As we look towards a new financial year, Barita expects to undergo a major organizational change which will see us, subject to approval by the Bank of Jamaica ("BOJ"), being constituted under a formal financial holding company ("FHC"), licensed by the BOJ. The shareholders of Barita's parent company Cornerstone Financial Holdings Limited ("CFHL") are also the shareholders of Cornerstone United Holdings Jamaica Limited ("CUHJL"), the 100% parent company of Cornerstone Trust & Merchant Bank Limited ("CTMB") (formerly MF&G Trust & Finance Limited), a deposit-taking institution. Given that CUHJL and CFHL are affiliate companies by virtue of their common ownership, they will be seeking to organize their affairs under an FHC in accordance with the Banking Services Act.

Accordingly, steps are now in train with respect to the preparation of the requisite FHC application and effecting the required corporate restructuring in consultation with the BOJ. Expectations are that by the end of the next financial year the Cornerstone Group reorganization will be completed with Barita and its subsidiary, Barita Unit Trusts Management Company Limited, formally constituted under a licensed FHC along with CTMB. Given the impact that the reorganization is expected to have on our operations, Barita is embracing the process as an opportunity to improve our structure and to generally streamline our operations. As such, and in anticipation of this change, we will remain focused on strengthening our talent, risk management frameworks and deepening our relationships throughout the region consistent with our mantra of 'making money work' for our key stakeholders.



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## Operating Performance

Barita's Net Profit for FY21 was \$4.1 billion, a 49% or \$1.4 billion rise relative to the FY20 outturn of \$2.8 billion. Earnings for FY21 translated to an earnings per share ("EPS") of \$3.79 which is 14% above the corresponding result of \$3.33 in FY20.

Net operating revenue was \$8.1 billion for FY21, representing a \$3.0 billion (59%) rise versus the prior financial year. The Group's revenue base for FY21 comprised:

### Net Interest Income:

Net Interest Income (NII) reflected a \$651 million (74%) increase year-over-year ("YoY") to \$1.5 billion. This result emanated from our continued focus throughout the financial year on expanding the Group's credit and fixed income portfolios, coupled with a 32% YoY rise in repo liabilities. NII accounted for 19% of net operating revenue in FY21 compared to 17% in FY20.

### Non-Interest Income:

Non-interest income reflected year-over-year growth of 55% or \$2.3 billion, to \$6.6 billion relative to \$4.2 billion. The growth in non-interest income was driven primarily by improvements in fees and commission income, foreign exchange trading & translation gains and gains on investment activities. Non-interest income as a percentage of net operating revenues was 81% during the period:

#### Gain on Investment Activities:

This business segment relates to gains on our proprietary trading portfolio, which closed the reporting period at J\$1.6 billion, 16% above the FY20 result. The increase YoY is attributable to the increase in the company's trading capital and gradually improving local public and private markets throughout the year despite bouts of volatility in the local foreign currency and international fixed income markets underpinned by concerns about rising inflation and the potential for further economic damage from the rising Delta variant. This line constituted 19% of net operating revenue for FY21 relative to 27% for FY20

#### Fees & Commission Income:

Fees and commission income rose by 70% to \$3.1 billion relative to the corresponding FY20 result of \$1.8 billion. Fees & commissions income constituted 39% of net operating revenue for FY21 relative to 36% for FY20. This line item continues to show the results of strong performance from our investment banking and asset management business lines relative to the corresponding period in FY20. The Group has placed continued focus on growing its assets under management and capital markets activities through deepening of our client relationships and an increased offering of value-added investment and funding solutions. As was outlined in our September 2020 APO prospectus, the growth in investment

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banking and commitment fees has been the result of the business' deliberate focus on increased fundraising activity on behalf of our clients and the exponential expansion of the company's capital allocated to deal underwriting. Revenue from this business line rose by \$266 million or 48% YoY to \$816 million for FY21.

Barita has also seen substantial growth in its asset management business driven by a combination of factors to include the overhauling of its sales architecture, the addition of new products and increased activity in our structured finance division and fees generated from the expansion of our alternative investment platform. Revenue from our Asset Management & Structured Finance Business rose by 85% or \$997 million to J\$2.2 billion for FY 21. Much of the expansion in this business line over the last three years has been through the addition of off-balance sheet vehicles to the scope of assets under management which includes the seeding of our alternative investments' platform during the financial year.

Off-balance sheet activities and strategies are mainstream and well-known to investment banks globally. It is commonplace for many of these strategies to be executed through investment vehicles called special purpose vehicles (SPVs) which serve a number of purposes, including tax efficiency both for the financial firm and clients, return enhancement to clients through the transformation of cashflows, and the ring fencing of risks associated with certain investment exposures for the protection of investors. Barita's involvement in these arrangements take many different forms, including without limitation:

- unitized fund products;
- holding senior debt in other unconsolidated special purpose vehicles that is generally collateralized by:
  - private credit,
  - real estate, and
  - listed equities
- providing guarantees, loan commitments, and letters of undertaking on behalf of clients.



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## Foreign Exchange ("FX") Trading and Translation Gains

The Group's foreign exchange exposures are actively managed in an effort to safeguard shareholders' equity against the effects of currency risk. The scale of foreign exchange trading operations has also been expanded through a combination of greater customer engagement and increased transactional activity. Year-to-date, the local currency ("J\$") showed a depreciatory trend, closing September 2021 against the United States Dollar ("US\$") at J\$147.24:US\$1.00, a depreciation of 3.6% versus September 2020. FY 2021 was characterised by high volatility in the Jamaican dollar versus its international counterparts, which has allowed the Group to benefit by positioning its balance sheet appropriately. The Group registered foreign exchange trading and translation gains of \$1.8 billion for FY21 (23% of Revenue), which compares favourably to \$978 million (19% of Revenue) recorded in the corresponding FY20 period.

## Operating Expenses:

Non-Interest Expenses for FY21 rose by 53% to \$3.1 billion versus \$2.0 billion for the FY20 period. The YoY rise in expenses is driven by increases in staff costs (by \$424 million or 49%) and administrative expenses (by \$480 million or 43%), while the Group's expected credit losses ("ECL") rose to \$203 million relative to \$41 million. ECL will generally increase with balance sheet expansion but is also a function of changes in macroeconomic outlook that may influence risk in the credit portfolio. Operating expense increases reflect continued investment by the Group in the critical pillars of its transformational growth strategy. Notwithstanding the rise in operating expenses, the Group's efficiency ratio for FY21 was 38% versus 39% for the corresponding FY20 period.

## Balance Sheet Highlights

### Assets

#### Total Assets:

Barita's total assets stood at \$90.1 billion as at September 2021, representing a \$19.4 billion or 27% increase over September 2020. This increase is largely the result of a \$14.9 billion growth in pledged assets.

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## **Liquid Assets:**

The Company's 'Liquid Assets' as measured by Cash, Equivalents & Reverse Repurchase Agreements rose by \$888 million (4%) to \$21 billion as at September 2021. Liquid Assets represented 24% of Barita's Balance Sheet as at the period end down from 29% as at September 2020. The significant stock of Liquid Assets as at both yearends was the result of an overhang of cash due to the recency of significant capital raises.

## **Pledged Assets and Marketable Securities:**

Pledged Assets and Marketable Securities rose by \$14.8 billion or 31% to \$62.2 billion to comprise 69% of the Company's balance sheet as at September 2021. These lines combine to represent substantively the Company's investment portfolio, which is largely comprised of credit assets to include, local, regional & international government and corporate bonds.

## **Investment in Associates:**

During Q2 FY21, Barita invested approximately \$2 billion to acquire a 20% stake in Derrimon Trading Company Limited.

## **Loans Receivables:**

Barita's exposures to loan receivables rose by \$4.2 billion or 246% to \$5.9 billion. Barita's exposure to loans is comprised of margin loans which are typically extended to our clients and fully secured by equities, bonds or repurchase agreements. Through our investment banking business, we also provide loans to our clients which are typically intended to be:

- the subject of a refinancing via a capital market transaction;
- sold to a third party; and/or
- the subject of a securitization

## **Liabilities**

To fund the increase in total assets, the business experienced growth in our total liabilities YoY by 24% or \$10.4 billion to \$53.6 billion.

## **Repurchase Agreements:**

The Company's funding from Repurchase Agreements rose by \$11.0 billion or 32% to \$45.3 billion as at September 2021 which was 84% of the Company's liabilities as at September 2021.



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## Shareholders' Equity:

The equity base of the Group grew significantly YoY, rising by 33% or \$9.0 billion to close the period at \$36.5 billion. The growth in shareholders' equity was largely a result of the following:

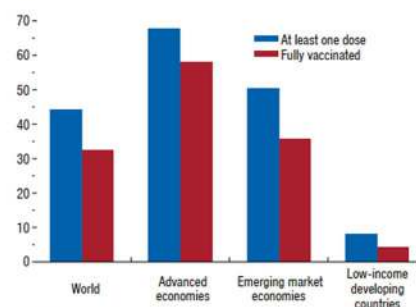
1. The injection of \$10.8 billion of additional equity in the Group via the September 2020 APO.
2. The effects of the creation of the Cornerstone Employee Share Trust and attendant transactions thereto which reduced share capital by \$1.5 billion; and
3. An increase in retained earnings, net of dividends declared during the period.

## COVID-19 Remains Dominant Factor Shaping Global Recovery

In its October 2021 World Economic Outlook, the International Monetary Fund (IMF) stated 5.9% as its expected economic growth rate for the year, down from 6% forecasted in July 2021, while maintaining 4.9% as the expected global growth rate for 2022.

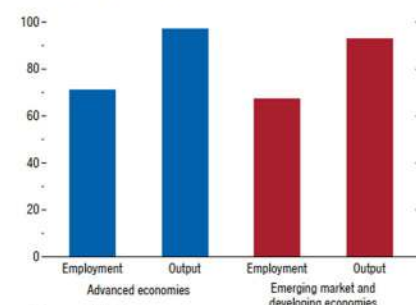
The outlook for advanced economies was revised downwards by 0.4% to 5.2%, while emerging market and developing economies growth expectations saw a 0.1% upward revision to 6.4%. In other words, emerging market and developing economies ("EM") would see a higher realised economic growth rate for 2021. However, the IMF expects the growth rate in EMs to taper towards 5.1% in 2022 and 4.5% in advanced economies. Within the EM space, emerging and developing Asia are expected to lead that growth in 2022, with India expected to have the highest growth rate of 8.5%, while Spain and the US expected to growth the fastest among advanced economies at 6.4% and 5.2% respectively, in 2022. The Latin America and Caribbean region is expected to grow to by 3% in 2022, with Brazil and Mexico at 1.5% and 4%, respectively, expected to be the leading economies in the region. For Jamaica, real GDP is expected to grow by 4.6% in 2021 and 2.7% in 2022.

Progress in vaccinations against COVID-19 remains highly unequal across the world.



Source: IMF

Almost all advanced economies and a large fraction of emerging market and developing economies are expected to regain or surpass their pre-pandemic output levels by the end of 2022. The recovery in employment is instead expected to lag that of output in a number of countries.



Source: IMF

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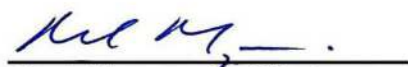
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The unequal access to vaccines, coupled with continued elevated levels of vaccine hesitancy, and the relatively weaker economic position of many emerging and low-income economies to sustain expansionary fiscal measures, combine to retard the pace of the economic recovery; but, also drive the wedge wider between those economies and their pace of recovery. As two preceding figures show, low income and EM economies significantly lag the advanced economies in terms of vaccination, which the IMF has termed 'The Great Vaccination Divide'.

A litany of other factors, combined, continue to exacerbate an already challenging macro backdrop; in particular, continued supply chain disruptions and the resultant inflationary pressures that are emerging globally. In this regard, the Bank of Jamaica, being still in the infancy of its inflation targeting programme, increased its policy rate from 0.5% to 1.5%, ostensibly to anchor inflation expectations, which had gone significantly above their 4% – 6% target band. The BOJ is also concerned about 'second order' demand effects, which the hike in the policy rate is expected to arrest. The US Federal Reserve, faced with actual higher inflation prints has opted not to increase its policy rate, but will instead begin to taper its asset purchases, and over in Europe Christine Lagarde has signalled unequivocally that the ECB is "very unlikely" to increase rates in 2022, even as inflationary pressures build there too.

In some respects, we are at a confounding juncture vis-à-vis inflation, one reminiscent of John Saxe's 'The blind men and the elephant': though each one was inclined to much learning, none could correctly label that which they couldn't see. So, therefore, whether economists label the current inflationary episodes as being 'transitory', 'episodic', or 'otherwise', our job is to anticipate and position in a risk-aware manner, such that we maximise value creation for our shareholders in whichever scenario materialises. In that regard, we continue to view financial markets within Jamaica and the region constructively from a capital allocation decision perspective given a broadly consistent and sustained commitment to macroeconomic stability and fiscal responsibility in most regional economies. However, since 2020 we have seen significant asset price inflation and that necessarily means we continue to deploy capital with extreme care and diligence given the significant uncertainty that persists in the operating environment. As we contemplate the immediate term for Barita, our focus will remain on further optimizing the organization's structures around risk management, governance and innovation.

We register anew our gratitude to the medical and other frontline personnel. We also reiterate our thanks and appreciation to our team members, who continue to deliver exceptional results and to our shareholders and key partners, who continue to support and believe in the business.

  
Mark Myers / Chairman

November 13, 2021



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## CONSOLIDATED

### Profit & Loss Statement

As At September 30, 2021

	UNAUDITED 3 Months Ended September 30, 2021 \$'000	UNAUDITED 3 Months Ended September 30, 2020 \$'000	UNAUDITED 12 Months Ended September 30, 2021 \$'000	AUDITED 12 Months Ended September 30, 2020 \$'000
<b>Net interest income and other revenue</b>				
Net interest income	380,245	46,044	1,533,253	882,589
Fees and commission income	407,794	450,170	3,127,241	1,843,627
Foreign exchange trading and translation gains	63,715	550,720	1,846,551	978,451
Gain on investment activities	569,194	251,364	1,574,132	1,359,727
Dividend income	178	472	1,055	8,678
Other income	6,268	42,913	32,832	45,514
<b>Net operating revenue</b>	<b>1,427,394</b>	<b>1,341,683</b>	<b>8,115,064</b>	<b>5,118,586</b>
<b>Operating expenses</b>				
Staff costs	353,403	304,427	1,283,313	859,211
Administration	227,947	376,998	1,592,665	1,112,233
Impairment/expected credit losses	65,103	27,563	202,788	41,278
	<b>646,453</b>	<b>708,988</b>	<b>3,078,767</b>	<b>2,012,722</b>
<b>Operating profit</b>	<b>780,941</b>	<b>632,695</b>	<b>5,036,297</b>	<b>3,105,864</b>
Share of results of associates	<b>15,338</b>	-	<b>57,144</b>	-
<b>Profit before taxation</b>	<b>796,280</b>	<b>632,695</b>	<b>5,093,441</b>	<b>3,105,864</b>
Taxation	(354,514)	122,449	(982,918)	(347,440)
<b>NET PROFIT FOR THE PERIOD</b>	<b>441,766</b>	<b>755,144</b>	<b>4,110,522</b>	<b>2,758,424</b>
<b>Average number of shares</b>	1,085,755	829,023	1,085,755	829,023
<b>Earnings per stock unit</b>	0.41	0.88	3.79	3.33

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## CONSOLIDATED

### Statement of Financial Position

As At September 30 2021

	<u>Unaudited</u> September 2021 \$'000	<u>Audited</u> September 2020 \$'000
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#### ASSETS

Cash and bank balances	3,692,572	5,277,608
Securities purchased under resale agreements	8,998,970	8,039,603
Marketable securities	11,881,347	11,964,315
Pledged assets	50,293,982	35,425,728
Investment in associates	2,053,423	-
Interest receivables	663,268	517,652
Loan receivables	5,945,596	1,717,229
Receivables	917,671	2,986,408
Taxation recoverables	53,422	183,299
Due from related parties	2,616,444	1,979,035
Property, plant and equipment	1,224,416	813,221
Intangible assets	19,478	18,399
Investments	1,512,369	1,512,128
Right of use asset	237,776	256,588
<b>Total assets</b>	<b>90,110,733</b>	<b>70,691,213</b>

#### LIABILITIES AND SHAREHOLDERS' EQUITY

##### Liabilities

Bank overdraft	2,035	8,720
Securities sold under repurchase agreements	45,296,210	34,328,077
Notes payables	1,182,898	611,947
Interest payable	279,892	118,542
Lease liability	280,015	282,298
Payables	5,560,470	6,970,314
Due to related parties	302,273	273,744
Taxation	685,797	-
Deferred tax liabilities	59,557	616,891
<b>Total Liabilities</b>	<b>53,649,147</b>	<b>43,210,533</b>

##### Shareholders' Equity

Share capital	33,133,946	24,146,554
Capital reserve	127,375	111,466
Fair value reserve	(88,546)	25,054
Capital redemption reserve	220,127	220,127
Retained earnings	3,068,684	2,977,479
<b>Total shareholders' equity</b>	<b>36,461,585</b>	<b>27,480,680</b>
<b>Total liabilities and shareholders' equity</b>	<b>90,110,733</b>	<b>70,691,213</b>

Mark Myers Chairman

Carl Dornville Director



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## CONSOLIDATED

### Statement of Changes In Equity

For the Twelve Months Ended  
September 30, 2021

	Share Capital \$'000	Capital Reserve \$'000	Fair Value Reserve \$'000	Capital Redemption Reserves \$'000	Retained Earnings \$'000	Total \$'000
<b>Balance at 30 September 2019</b>	<b>10,699,381</b>	<b>111,466</b>	<b>685,248</b>	<b>220,127</b>	<b>1,944,484</b>	<b>13,660,706</b>
<b>TOTAL COMPREHENSIVE INCOME</b>						
Net profit for the period					2,758,424	2,758,424
Other comprehensive income			(660,193)		89,206	(570,987)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(660,193)</b>	<b>-</b>	<b>2,847,630</b>	<b>2,187,437</b>
<b>TRANSACTIONS WITH OWNERS</b>						
Issue of shares	13,259,966	-	-	-	-	13,259,966
Paid-in capital	187,207				-	187,207
Ordinary dividends paid	-	-	-	-	-	-
Proposed dividend	-	-	-	-	(1,814,635)	(1,814,635)
<b>Balance at 30 September 2020</b>	<b>24,146,554</b>	<b>111,466</b>	<b>25,055</b>	<b>220,127</b>	<b>2,977,479</b>	<b>27,480,681</b>
<b>Balance at 30 September 2020</b>	<b>24,146,554</b>	<b>111,466</b>	<b>25,054</b>	<b>220,127</b>	<b>2,977,479</b>	<b>27,480,681</b>
<b>TOTAL COMPREHENSIVE INCOME</b>						
Net profit for the period					4,110,522	4,110,522
Other comprehensive income		15,909	(113,600)		11,089	(86,602)
<b>Total Comprehensive Income for the period</b>	<b>-</b>	<b>15,909</b>	<b>(113,600)</b>	<b>-</b>	<b>4,121,611</b>	<b>4,023,919</b>
<b>TRANSACTIONS WITH OWNERS</b>						
Issue of ordinary shares	10,520,398	-	-	-	-	10,520,398
Treasury shares	(1,534,277)	-	-	-	-	(1,534,277)
Paid-in capital	1,272	-	-	-	-	1,272
Ordinary dividends paid	-	-	-	-	(809,860)	(809,860)
Proposed dividend	-	-	-	-	(3,220,546)	(3,220,546)
<b>Balance at 30 September 2021</b>	<b>8,987,392</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,030,406)</b>	<b>4,956,986</b>
<b>OTHER RESERVES</b>						
Revaluation of properties	-	-	-	-	-	-
<b>Balance at 30 September 2021</b>	<b>33,133,946</b>	<b>127,375</b>	<b>(88,546)</b>	<b>220,127</b>	<b>3,068,684</b>	<b>36,461,585</b>

# Financial Results

For the Twelve Months ended September 30, 2021 (Unaudited)

# Barita

**\$8.1B**  
Net Operating  
Revenue

**\$4.1B**  
Net profits

**\$36.5B**  
Total Shareholder's  
Equity

**\$90.1B**  
Total Assets

**37.9%**  
Efficiency  
Ratio

**13.9%**  
Return on Average  
Equity



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## STATEMENT OF

### Comprehensive Income

For the Twelve Months Ended  
September 30, 2021

	UNAUDITED 3 Months Ended September 30, 2021 \$,000	UNAUDITED 3 Months Ended September 30, 2020 \$,000	UNAUDITED 12 Months Ended September 30, 2021 \$,000	UNAUDITED 12 Months Ended September 30, 2020 \$,000
Net Profit for period	441,766	755,144	4,110,522	2,758,424
Unrealised gains/(losses) on FVOCI securities -	21,008	41,970	(113,600)	(570,987)
Other reserves	(26,681)	-	26,997	-
<b>Total comprehensive income</b>	<b>436,093</b>	<b>797,114</b>	<b>4,023,919</b>	<b>2,187,437</b>



# Financial Results

For the Twelve Months ended September 30, 2021 (Unaudited)

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## CONSOLIDATED

### Statement of Cash Flows

As At September 30, 2021

	<b>Unaudited 12 Months Ended September 30, 2021</b>	<b>Audited 12 Months Ended September 30, 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash Flows from Operating Activities</b>		
Net Profit for the Period	4,110,522	2,758,424
Adjusted for:		
Depreciation	129,122	101,469
Effect of exchange gain on foreign balances	(1,587,050)	(247,182)
Impairment/expected credit losses	202,788	41,278
FMV gains - equity	(151,597)	(25,083)
Interest income	(2,901,602)	(1,765,000)
Interest expense	1,368,349	882,411
Income tax expense	982,918	347,440
Lease interest expense	21,505	15,948
Right-of-use assets amortisation	33,303	23,337
Fair value gains on investment property	(6,600)	(37,903)
	<u>2,201,659</u>	<u>2,095,139</u>
<b>Changes in operating assets and liabilities:</b>		
Marketable securities	(16,247,847)	(27,461,575)
Securities purchased under resale agreements	(959,367)	6,817,407
Securities sold under repurchase agreements	10,968,133	9,972,871
Notes Payable	570,951	611,947
Receivables, net	2,198,374	(2,237,891)
Loans receivable	(4,228,367)	(970,952)
Payables	(138,970)	4,375,622
Due from related parties	(608,880)	(360,961)
	<u>(6,244,314)</u>	<u>(7,158,393)</u>
Interest received	2,755,986	1,465,684
Interest paid	(1,207,000)	(821,417)
Income tax paid	(582,371)	(959,666)
<b>Cash provided by operating activities</b>	<b><u>(5,277,700)</u></b>	<b><u>(7,473,792)</u></b>
<b>Cash flows from Investing/financing Activities</b>		
Proceeds from sale of ordinary shares/rights issue	10,520,398	13,260,146
Treasury shares acquired/Paid In capital	(1,533,005)	-
Ordinary dividends paid	(2,638,067)	(877,090)
Investment in associates	(2,053,423)	-
Purchase of property, plant and equipment	(541,395)	(469,024)
<b>Cash provided by investing/financing activities</b>	<b><u>3,754,508</u></b>	<b><u>11,914,032</u></b>
<b>Effect of exchange rate on cash and cash equivalents</b>	<b><u>(55,158)</u></b>	<b><u>112,547</u></b>
Decrease/(increase) in net cash and cash equivalents	(1,578,350)	4,552,787
Net cash and cash equivalents at beginning of year	<u>5,268,888</u>	<u>716,101</u>
<b>Net cash and cash equivalents at end of period</b>	<b><u>3,690,538</u></b>	<b><u>5,268,888</u></b>

# Financial Results

For the Twelve Months ended September 30, 2021 (Unaudited)

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## Notes to the Unaudited Financial Statements

September 30, 2021

### 1. Statement of compliance and basis of preparation

#### Interim Financial Reporting

The condensed consolidated interim financial statements (interim financial statements) for the quarter ended September 30, 2021, have been prepared in accordance with IAS 34, 'Interim financial reporting'. The interim financial statements should be read in conjunction with the annual financial statements for the year ended September 30, 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). They are also prepared in accordance with requirements of the Jamaican Companies Act.

The Group will adopt the following standards and amendments to standards, which became effective during the current financial year:

#### Amendments to IAS 1, 'Presentation of Financial Statements' and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', (effective for accounting periods beginning on or after 1 January 2020).

These amendments and consequential amendments to other IFRSs result in the use of a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting. They clarify the explanation of the definition of material and also incorporate some of the guidance in IAS 1 about immaterial information. The adoption of these amendments is not expected to have a significant impact on the group.

The Group has assessed the impact of this amendment on the 2021 financial statements.

### 2. Gains/(Losses) on Investment Activities

	Unaudited 3 Months to September 30, 2021	Unaudited 3 Months to September 30, 2020	Unaudited 12 Months to September 30, 2021	Unaudited 12 Months to September 30, 2020
Gains on sales of investments	480,647	244,750	1,422,535	1,412,958
Fair Market Value Gains on Equity Portfolio	88,547	6,614	151,597	(53,232)
	<u>569,194</u>	<u>251,364</u>	<u>1,574,132</u>	<u>1,359,727</u>



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For the Twelve Months ended September 30, 2021 (Unaudited)

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## 3. Business Combination

On 23rd February 2021, the Group acquired 20.01% of the share capital of Derrimon Trading Company Limited , following the closing of an Additional Public Offer (APO) of shares. The principal activities of the company include the wholesale and bulk distribution of household and food items, and the retailing of those and other items through the operation of a chain of outlets and supermarkets. The company is listed on the Junior Market of the Jamaica Stock Exchange.

The following table summarizes the consideration paid, net assets acquired and goodwill, which have been determined provisionally subject to final determination of the fair value of assets acquired:

	\$'000
Purchase consideration: Cash paid	1,996,279
Fair Value of net assets acquired	(1,867,285)
Goodwill on acquisition	128,994

The Share of Results of Associates reflected in these interim statements includes estimates of the Group's proportionate share in the earnings of Derrimon for the period up to August 31,2021.

## 4. Earning per Share

The Group's earnings per share is calculated by dividing the net profit attributable to ordinary shareholders of \$4,110,522,000 by the weighted average number of ordinary shares in issue during the period of 1,085,755,000 shares.

# Financial Results

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## Top Ten Largest Shareholders of Barita Investments Limited as at September 30, 2021

Shareholders	Total	Percentage
CORNERSTONE FINANCIAL HOLDINGS LTD.-BUYING A/C	905,017,213	74.1581%
FIRST CITIZENS INVESTMENT SERVICES LIMITED	90,795,154	7.4399%
RITA HUMPHRIES-LEWIN	26,319,240	2.1566%
CREDIT UNION FUND MANAGEMENT COMPANY LIMITED	18,750,000	1.5364%
JN FUND MANAGERS LIMITED	13,463,490	1.1032%
CORNERSTONE GROUP EMPLOYEE SHARE TRUST	10,000,000	0.8194%
NATIONAL INSURANCE FUND	8,191,553	0.6712%
PIMENTO GROVE LIMITED	6,734,053	0.5518%
JCSD TRUSTEE SERVICES LIMITED A/C BARITA UNIT TRUST CAPITAL GROWTH FUND	6,420,126	0.5261%
KARL P. WRIGHT	6,397,000	0.5242%

## Share Ownership by Directors of Barita Investments Limited as at September 30, 2021

Shareholders	Total	Direct	Connected Parties
Mark Myers	2,316,302	2,316,302	0
Paul Simpson	0	0	0
Carl Domville	2,061,344	2,061,344	0
Duncan Stewart	614,131	456,070	158,061
Robert Drummond	480,000	480,000	0
James Godfrey	6,734,053	0	6,734,053
Phillip Lee	3,161,072	3,161,072	0
Jason Chambers	1,244,322	1,244,322	0
Byron St. Michael Hylton	187,500	187,500	0



# Financial Results

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## Share Ownership by Senior Managers of Barita Investments Limited as at September 30, 2021

Shareholders	Total	Direct	Connected Parties
Jason Chambers	1,244,322	1,244,322	0
Paula Barclay	26,410	26,410	0
Anmarie Walker-Cato	7,069	7,069	0
Sonia Owens	113,916	113,916	0
Malindo Wallace	0	0	0
Ramon Small-Ferguson	156,481	156,481	0
Stephanie Murdock	0	0	0
Judith Najair	3,062	2,062	1,000
Terise Kettle	40,676	40,676	0
Sara Ying Henriques	3,000	3,000	0
Junior Graham	50,000	0	50,000
Carolyn Kean	0	0	0
Ian Anderson	0	0	0
Percival Hurditt	0	0	0