

Financial Results

For The Six Months Ended

March 31, 2022

(Unaudited)

Barita
Investments Limited

Making Money Work For You Since 1977





\$4.6B

Net Operating
Revenue



\$2.3B

Net profits



\$37.5B

Total Shareholder's
Equity



\$100.9B

Total Assets



40.7%

Efficiency Ratio



13.5%

Return on Average
Equity

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Chairman's Statement

Mark Myers, *Chairman*

Overview & Macroeconomic Backdrop

The Board of Directors of Barita Investments Limited ("Barita" or "the Group") is pleased to present the Group's unaudited financial statements for the first half of the financial year 2022 ("H1 FY 2022").

Jamaica's inflation outturn for March came in at 11.3%, which is well above the Bank of Jamaica's 4-6% inflation target band; consequently the Central Bank again hiked the policy rate to 4.50%, in addition to taking steps to reduce the amount of Jamaican dollar liquidity in the market as a means to reduce demand for the US dollar currency and in turn stave off local currency depreciation, which is seen as a significant source of local inflation. As a small island open economy, Jamaica is naturally susceptible to both the positive and negative outcomes from the global economy and by extension global financial markets. Elevated commodity prices resulting predominantly from the Ukrainian/Russian conflict, a re-emerging supply chain squeeze from China's zero tolerance policy approach to new COVID-19 cases, and the risks of a slowdown or recession in the United States ("US"), are all current developments that impact Jamaica to varying degrees. As we are well aware, Russia embarked on a military conflict against Ukraine in February 2022, which has resulted in an immediate impact on global financial and commodity prices, including oil, grains, and fertilizers, which are all critical imports to Jamaica. Between January and May 2022 oil prices as measured by WTI Crude, increased from US\$73 per barrel to US\$104 per barrel, which is a 37% increase over the period.

With commodity prices remaining elevated in the context of continued supply chain distortions and disruptions, inflation has been more persistent than transitory, and as a result Global central banks have become more hawkish than dovish in their pronouncements and actions to prevent this elevated level of inflation from becoming entrenched. Therefore, across both developed and emerging markets, there seems to be a Central Bank policy rate hiking cycle, with the US recently increasing its policy rate by 50 basis points (bps), to arrest the levels of inflation that are now being recorded. But, the challenge here is that economic growth has already started to slow, and to increase interest rates in a marginally declining economy runs the risks of stagflation. This is a major dilemma for the US economy and the European Central Bank as well, both of which could cause the global economy to capitulate into a recession, if a serious policy mistake is made.

Concomitantly, asset prices have responded to these negative developments even though the areas of opportunity in the markets remain slim given generally stretched equity valuations, and historically low bond yields. Therefore, this combination of an unfavourable macro backdrop and challenging asset valuations demand that stewards of capital become particularly vigilant and selective in their allocation decisions, since the downside risks are so elevated. This is the background against which our H1 FY 2022 performance must be interpreted.

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Capital Allocation into Alternative Investments

As we have noted, we continue to operate with extreme care in deploying capital, through a continued focus on governance and risk management. It is that approach that allowed us to detect the material market changes afoot as early as October 2021. This caused us to begin prioritizing liquidity across all the portfolios under our remit. This strategy served us particularly well in the March quarter when Jamaican dollar (J\$) liquidity in the local financial system declined in keeping with a shift in local monetary policy. The March quarter was also characterized by sharp declines in the prices of certain risk assets, to include emerging market and high yield fixed income instruments resulting from a commensurate rise in global interest rates. The current and expected states of the operating environment and by extension financial markets, which are still heavily influenced by the far reaching and varied effects of the pandemic, coupled with our commitment to long term investing have led us to implement a distinct investment strategy centred on funding alternative investments via our managed portfolios. This strategy we believe will effectively complement our continued allocations to traditional asset classes to which we are exposed by virtue of other areas of our core business.

The Company's focus on alternative investments is informed by several factors to include the 'frontier' nature of broad infrastructural development across our region, which require extensive private capital investment to achieve sustained economic growth and development. We also believe that the present state of the global financial cycle, which is characterised by elevated prices in traditional asset classes (by historical standards), volatile interest rates and rising inflation expectations, supports diversification into alternative assets which provide a natural hedge against certain market risks.

During the FY 2021, Barita set about undertaking the activities necessary to seed the Company's managed alternative investment platform which is held in a special purpose vehicle ("SPV"), MJR Real Estate Holdings Limited ("MJR"). Barita is the investment manager of the real estate portfolio with the ordinary shares of the SPV being held in trust by the JCSD Trust Services Limited and the board comprised of directors who are independent of Barita and the Group for corporate governance best practices.

MJR therefore represents the seed platform from which the Company will establish a suite of real estate funds and vehicles via which both Barita and the investing public can gain varying forms of exposure to the targeted asset classes in an efficient manner. The foundational steps in this regard involved the sourcing, evaluation, and selection of seed portfolio assets as well as the structuring of investment vehicles and the attendant seed funding thereto. The first area of focus for our alternative investment thrust was the launch of our real estate investment strategy which saw us deploying seed funding amounting to approximately \$9 billion throughout the year (~9% of Total Assets).

We expect to recover portions of Barita's seed funding over time through affording various types of investors the opportunity to participate in the real estate investment strategy via several avenues to include:

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i. Securitization:

Barita intends to offer direct and indirect exposure to the performance of the real estate portfolio to clients via securitization through unitized fund structures, being its Real Estate or Private Credit Funds. We also intend to offer debt instruments secured by and supported by the economics from these real estate holdings to suitable investors.

ii. Outright Sale:

Greenfield type projects undertaken by the real estate vehicle, being Residential or Commercial, will almost always culminate in the outright sale of the majority of the finished product which will allow for a substantial or the entire recovery of the initial capital invested. This will facilitate the return of seed funds to Barita.

iii. Joint Venture & Partnership Arrangements:

The real estate portfolio will likely benefit from specific co-investments/strategic partnerships at the single asset level which may provide a return of seed funds to Barita during the development phase of certain investments.

iv. Public Listing:

Barita may arrange an Initial Public Offering of segments of its portfolio of Real Estate Investments to facilitate full or partial divestiture of the strategy.

Barita expects to increase allocations to the alternative investment platform over the ensuing quarters with an expanded focus on infrastructure, private equity, and private credit. We also expect to similarly seed these distinct strategies with the ultimate objective of providing exposures to these various lanes of opportunity to our clients and the market in general.

As we look forward to the subsequent quarters of this financial year, we will continue to focus on prudent capital allocation as we continue to execute on initiatives aimed at creating and sustaining stakeholder value by challenging the status quo in the capital markets.

Operating Performance

Against the aforementioned backdrop of an uncertain operating environment, Barita registered net operating revenue of \$4.6 billion for the first half of FY 2022, representing a \$507 million (13%) increase versus the prior year period. The Group's revenue base for the first half of FY 2022 was comprised of:

Net Interest Income:

Net Interest Income: Net Interest Income (NII) reflected a \$287 million (39%) increase year-over-year ("YoY") to \$1.0 billion for the year to date (YTD) period. This increase was driven by our continued focus on expanding the Group's credit and fixed income portfolios as a general consequence of growth in our balance sheet. The growth in our asset base was complemented by the management of the cost of funds on our customer liabilities, which are primarily in the form of repurchase agreements. During the quarter, we experienced an across the board rise in interest rates which affected our cost of funds. We expect to see the attendant effects of this in our NII revenue line in ensuing quarters as interest rate conditions continue to adjust.

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Non-Interest Income:

Non-interest income reflected a modest year-over-year increase of 7% or \$220 million, to \$3.5 billion relative to \$3.3 billion in the comparable period in FY 2021 ("H1 FY 2021") albeit with a materially different composition. The increase in non-interest income was principally driven by an increase in fees and commission income, gain on investment activities and dividend income. The details of our non-interest income are as follows:

Gain on Investment Activities:

This business segment relates to gains on our proprietary trading portfolio, which closed the reporting period at \$922 million, 17% or \$131 million higher than the H1 FY 2021 result. This performance was against the backdrop of continued concerns about rising inflation and central banks globally and locally initiating policy rate increases, which continue to challenge returns on marketable securities. During the period the Investments Team was forced to pivot across asset classes to generate income tactically despite the marked decline experienced in traditional assets. As we previously mentioned the trading strategy during the period was also characterised by a focus on maintaining ample liquidity, which was informed by both a focus on risk management and anticipation of prospective opportunities given the present volatile state of financial markets.

Fees & Commission Income:

Fees and commission income rose by 33% to \$1.8 billion relative to the corresponding FY 2021 result of \$1.4 billion. This line item is comprised substantively of fees generated from our asset management and investment banking business lines. Key drivers therefore of the strong performance in this line has been increased corporate finance and advisory services activity, complemented by the effects of the continued growth in assets under management as well as performance linked fees on our alternative assets managed portfolio. The Group has continued its efforts to institutionalize continued growth in both assets under management and capital markets activity through investing in enhancing our endowments thereto. During the quarter we took steps to further bolster our sales architecture to include the appointment of Senior Vice President, Sales & Services, Dave Dixon and Vice President, Premium Wealth & Corporate Solutions, Sancia Thompson. We anticipate that these key additions will continue the development and transformation of the organization's business development capabilities and service delivery channels.

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

The Group registered foreign exchange trading and translation gains of \$756 million for H1 FY 2022, which is a \$380 million reduction or 33% relative to the corresponding period in FY 2021. The decrease was attributable to the effects of the volatility experienced in the local foreign exchange market during the period.

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Operating Expenses:

Non-Interest Expenses for H1 FY 2022 rose by 18% to \$1.7 billion versus \$1.5 billion for the corresponding FY 2021 period. The YoY rise in expenses is driven by increases in staff costs (by \$138 million or 23%) and administrative expenses (by \$170 million or 22%), while the Group's expected credit losses ("ECL") decreased to \$58 million relative to \$101 million in H1 FY 2021, due largely to changes in the company's overall portfolio mix coupled with the adjustment of risk assumptions underpinning the ECL calculations. The increase in operating expenses reflects our continued investment by the Group in our people, processes, technology and customer experience. Notwithstanding the rise in operating expenses, the Group's efficiency ratio remained fairly steady at 38% versus 36% for the corresponding FY 2021 period.

Net Profit:

Net Profit for H1 came in at \$2.3 billion, an 11% rise relative to the FY21 outturn of \$2.1 billion. The profit outturn translates to earnings per share of \$1.90 which was flat compared to comparable period in FY 2021, keeping pace with the increased number of shares outstanding after the most recent APO.

Balance Sheet Highlights

Assets:

Total Assets:

Barita's total assets stood at \$100.9 billion as at March 2022, representing a \$22.2 billion or 28% increase over March 2021. This increase is largely the result of a \$13.6 billion growth in pledged assets and \$5.5 billion in marketable securities.

Pledged Assets and Marketable Securities:

Pledged Assets and Marketable Securities, combined, grew by \$19.1 billion or 35% to \$74.1 billion to account for 73% of the Company's balance sheet as at March 2022. These lines 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 FY 2021, Barita invested ~\$2 billion to acquire a 20% stake in Derrimon Trading Company Limited.

Loans Receivables:

Barita's exposures to loan receivables increased by \$2.7 billion or 37% to \$10.0 billion. Barita's exposure to loans includes margin loans which are typically extended to our clients and fully secured by equities, bonds or repurchase agreements.

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Liabilities:

Total Liabilities:

To fund the increase in total assets, we grew our total liabilities YoY by 26% or \$13.2 billion to \$63.3 billion.

- **Repurchase Agreements:**

The Company's funding from Repurchase Agreements rose by \$8.8 billion or 20% to \$51.9 billion as at March 2022 which was 82% of the Company's liabilities as at March 2022.

Shareholders' Equity:

Shareholders' Equity: The equity base of the Group grew significantly YoY, rising by 31% or \$8.8 billion to close the period at \$37.5 billion. The outturn in shareholders' equity was largely a result of the following:

1. **A \$1.2 billion reduction in fair value reserve**
2. **The Company's September 2021 APO, which increased share capital by \$10.8 billion (partly offset by treasury share transactions); and**
3. **An increase in retained earnings, net of dividends declared during the period.**

The Company registered a Capital to Risk Weighted Asset Ratio of 52.4% as at September 2021, more than twice the industry average of 25% published by the Financial Services Commission as at December 2021. This is consistent with the Group's prudent capital management strategy which is particularly pertinent in the current economic climate.

Stress Testing of Capital

Our endowment of equity capital also affords us significant loss absorbing capacity which is critical to withstand the negative effects of volatile markets on asset prices which can be a significant source of stress for financial institutions. This is particularly relevant in current market conditions characterized by the confluence of rising benchmark interest rates globally and widening credit risks which have placed significant downward pressure on traditional fixed income asset prices. Management has consequently subjected the capital adequacy of Barita to robust stress testing to include measuring the impact of full Basel III adoption and the consolidation of certain off-balance sheet special purpose vehicles, being MJR and BFL, into Barita's on-book portfolio.

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The results of management's stress testing of the consolidation exercise revealed that the Capital to Risk Weighted Asset Ratio of 52.4% as at September 2021, was modestly reduced to approximately 52%. This is still more than twice the industry average. Furthermore, stressing for full Basel III implementation on a consolidated basis, resulted in a Capital to Risk-Weighted Asset Ratio of approximately 30% which remains robust.

In view of Barita's strength of equity capitalization combined with our significant underweight in high beta securities which carry above average levels of market risk, we anticipate any adverse movement in the fair value reserves of the Company in upcoming months to have minimal impact on our capital adequacy position.

Expected Re-Organization of the Group

The re-organization of the regulated financial services providers in the Cornerstone Group under a financial holding company pursuant to the requirements of the Banking Services Act provides opportunities for optimization in governance, controls, risk management, operational efficiencies, and investment oversight across the Cornerstone Group. We have placed particular focus over the last couple of years on governance, controls, and risk management which has in part informed the boards' continued retention of BDO and KPMG (two of the 'Big Five' accounting firms), providing critical global best-in-class oversight of our financial and operational risks as well as governance controls.

Ernst & Young has full remit for conducting the internal audit function across the Barita Group and we retained the services of PwC for advice and consultancy as it relates to the application to the BOJ for a financial holding company license. Our Group has therefore fully availed itself of world class external and internal audit as well as advisory services as we ensure that our business activities and structures together with our financial and operational controls matrices, reflect our will to continue to strengthen controls and risk management.

As we move forward towards the regulated entities being structured under a financial holding company, we will utilize one of the 'Big Five' external audit firms across both the banking and investment subsidiaries together with their proposed parent, the financial holding company.

Barita Foundation: Creating Opportunities and Changing Lives

Building the future is the bedrock of Barita and Cornerstone's vision, contributing to changing lives and impacting communities, thereby creating a better and brighter Jamaica. The Barita Foundation is determined to make a difference in the lives of Jamaicans, especially our youth, by working in three main areas: education and youth development, entrepreneurship, and health and wellbeing.

Our contribution to education builds on the strong legacy of early childhood support benefiting thousands of students, parents and teachers since 2008. In addition to financial literacy sessions aimed at exposing youth and women to ideas on saving, investing and creating sustainable livelihoods, tangible donations were also made. To create more equitable access to educational resources, over 300 tablets and laptops were donated through the National Education Trust ("NET") to be utilized by students and teachers in 10 schools across the island valued at \$10M.

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Twenty-two schools also received numeracy and literacy material useful in delivering foundational early childhood academic support as well as creating parental awareness. The Young Men's Christian Association YMCA were the recipients of a \$1.5M contribution towards their solar power system development. This will embolden their conservation efforts allowing for funds to be redirected into their Youth at-risk programmes.

The financial literacy thrust is an important element in realizing the objective of democratizing wealth among our grassroots and underserved communities. Barita, the brand for the people is further operationalized in the work of the Foundation in developing young enterprises. Partnerships have been key in pursuing a path of exposure and appreciation of developing ideas into action and providing business guidance and support in operating micro enterprises. Partnerships with youth organizations, educational institutions and notably the Jamaica Business Development Corporation have presented platforms for delivering on our entrepreneurship pillar.

Charitable giving forms a base of support that is integral to successfully impact lives. There are vibrant organizations that are working assiduously to serve displaced and vulnerable populations. A donation of \$300,000 was made to the Lupus Foundation of Jamaica intended to contribute to increased access to treatment and support services. The University Hospital of the West Indies ("UHWI") received US\$15,000 as a part of a wider private sector contribution initiative towards their expansion project. From an effort mobilized by the Zayne B Ellis Foundation, the UHWI Neonatal Unit was gifted \$100,000 towards purchasing lifesaving equipment. The Group and the Foundation also contributed approximately \$2.5M to a life-saving heart surgery of a minor during the period which is in keeping with our mantra of impacting and saving lives of ordinary Jamaicans.

Our frontline workers mean the world to us, and their hard work and commitment shown especially during the Covid-19 pandemic has inspired persons far and wide. It was therefore our pleasure to treat the nursing staff of the Sir John Golding Rehabilitation Centre at their staff appreciation ceremony in December 2021. The Jamaica Constabulary Force Specialized Operations Branch was also a recipient of a donation towards their staff social activity aimed at building moral and bringing cheer to their members during the Christmas holiday season.

The excitement for the road ahead is palpable as the Foundation's team prepares to change lives and positively impact communities.

Finally, as we indicated via a JSE notice, the Company has been very deliberate about its talent acquisition and succession planning strategy over the last couple of years. Consequently, several management changes have been implemented which are aimed at strengthening the organizational structure, risk management and governance, significantly bolstering executive leadership of the core business, and deepen sales and service capabilities. Accordingly, Mr. Dane Brodber has been installed as interim Chief Executive Officer replacing Mrs. Paula Barclay who demitted office as General Manager of Barita on May 6, 2022. Since May of 2019, when Mrs. Barclay became general manager, she has led Barita with aplomb and to success under her stewardship. We are therefore grateful for her sterling contribution and wish her the very best on her new journey.

Thank you, as always, for your continued commitment and support.


Mark Myers Chairman
May 15, 2022

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Profit & Loss Statement As At March 31, 2022

	UNAUDITED 3 Months Ended March 31, 2022 \$'000	UNAUDITED 3 Months Ended March 31, 2021 \$'000	UNAUDITED 6 Months Ended March 31, 2022 \$'000	UNAUDITED 6 Months Ended March 31, 2021 \$'000
Net interest income and other revenue				
Net interest income	555,028	373,265	1,027,720	740,640
Fees and commission income	1,302,898	897,857	1,808,427	1,363,480
Foreign exchange trading and translation gains	(28,720)	650,315	755,662	1,136,075
Gain on investment activities	621,258	121,446	922,044	790,809
Dividend income	21,934	180	22,315	629
Other income	8,606	8,661	16,521	13,579
Net operating revenue	2,481,003	2,051,724	4,552,689	4,045,211
Operating expenses				
Staff costs	420,587	313,505	731,264	592,695
Administration	584,464	451,986	949,214	779,402
Impairment/expected credit losses	5,392	28,375	58,419	101,094
	1,010,443	793,867	1,738,897	1,473,191
Operating profit	1,470,560	1,257,858	2,813,792	2,572,021
Share of results of associates	(225)	-	32,892	-
Profit before taxation	1,470,335	1,257,858	2,846,684	2,572,021
Taxation	(256,748)	(216,228)	(562,518)	(509,598)
NET PROFIT FOR THE PERIOD	1,213,587	1,041,630	2,284,165	2,062,422
Average number of shares	1,204,089	1,085,578	1,204,089	1,085,578
Earnings per stock unit	1.01	0.96	1.90	1.90

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Statement of Financial Position As At March 31, 2022

	Unaudited March 2022 \$'000	Unaudited March 2021 \$'000	Audited September 2021 \$'000
ASSETS			
Cash and bank balances	2,741,281	1,550,946	3,816,326
Securities purchased under resale agreements	1,097,227	3,306,340	8,872,136
Marketable securities	16,484,407	10,968,034	11,954,659
Pledged assets	57,639,694	44,003,501	50,293,982
Investment in associates	2,086,315	1,996,279	2,053,423
Interest receivables	865,920	576,449	663,268
Loan receivables	9,962,990	7,286,775	5,911,713
Receivables	3,514,269	3,426,460	1,081,304
Taxation recoverables	53,422	53,422	53,422
Due from related parties	2,504,786	2,758,989	2,518,556
Property, plant and equipment	1,261,444	1,033,973	1,224,416
Intangible assets	14,098	16,191	19,478
Investments	1,819,331	1,512,295	1,512,369
Right of use asset	240,077	245,787	233,974
Deferred tax asset	592,715	-	0
Total assets	100,877,974	78,735,442	90,209,025
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Bank overdraft	52,093	1,147	8,635
Securities sold under repurchase agreements	51,863,308	43,095,638	45,312,626
Notes payable	8,213,711	4,382,092	1,022,055
Interest payable	373,411	180,838	279,892
Lease liability	289,096	280,013	274,840
Payables	2,394,143	1,338,876	5,915,703
Due to related parties	5,680	335,978	144,013
Taxation	141,558	73,551	943,708
Deferred tax liabilities	-	384,476	61,237
Total Liabilities	63,332,998	50,072,609	53,962,709
Shareholders' Equity			
Share capital	33,135,904	24,146,554	33,135,904
Capital reserve	122,073	124,173	122,073
Fair value reserve	(1,270,899)	(58,061)	(256,512)
Capital redemption reserve	220,127	220,127	220,127
Stock option reserve	115,681	12,708	86,800
Retained earnings	5,222,089	4,217,334	2,937,924
Total shareholders' equity	37,544,974	28,662,834	36,246,316
Total liabilities and shareholders' equity	100,877,974	78,735,442	90,209,025

Mark Myers
Chairman

Carl Donville
Director

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Statement of Changes In Equity

For the Six Months Ended
March 31, 2022

	Share Capital \$'000	Capital Reserve \$'000	Fair Value Reserve \$'000	Capital Redemption Reserves \$'000	Stock Option Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 September 2020	24,146,554	111,466	25,054	220,127	-	2,977,479	27,480,680
TOTAL COMPREHENSIVE INCOME							
Net profit for the period						2,062,422	2,062,422
Other comprehensive income			(83,115)		12,707		(70,408)
Total comprehensive income for the period	-	-	(83,115)	-	12,707	2,062,422	1,992,014
TRANSACTIONS WITH OWNERS							
Ordinary dividends paid	-	-	-	-		(809,860)	(809,860)
Balance at 31 March 2021	24,146,554	111,466	-58,061	220,127	12,707.00	4,230,041	28,662,834
Balance at 30 September 2021	33,135,904	122,073	256,512	220,127	86,800	2,937,924	36,246,316
TOTAL COMPREHENSIVE INCOME							
Net profit for the period						2,284,165	2,284,165
Other comprehensive income		-	(1,014,387)		28,881	-	(985,507)
Total Comprehensive Income for the period	-	-	(1,014,387)	-	28,881	2,284,165	1,298,658
Balance at 31 March 2022	33,135,904	122,073	(1,270,899)	220,127	115,681	5,222,089	37,544,974

Financial Results

For The Six Months Ended March 31, 2022 (Unaudited)

Barita

\$4.6B
Net Operating
Revenue

\$2.3B
Net profits

\$37.5B
Total Shareholder's
Equity

\$100.9B
Total Assets

40.7%
Efficiency
Ratio

13.5%
Return on Average
Equity



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STATEMENT OF

Comprehensive Income

For the Six Months Ended
March 31, 2022

	UNAUDITED 3 Months Ended March 31, 2022 \$'000	UNAUDITED 3 Months Ended March 31, 2021 \$'000	UNAUDITED 6 Months Ended March 31, 2022 \$'000	UNAUDITED 6 Months Ended March 31, 2021 \$'000
Net Profit for period	1,213,587	1,041,630	2,284,165	2,062,422
Unrealised gains/(losses) on FVOCI securities -	(576,979)	(81,912)	(1,014,387)	(83,115)
Other reserves	14,402	12,707	28,882	12,707
Total comprehensive income	651,011	972,425	1,298,659	1,992,014

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For The Six Months Ended March 31, 2022 (Unaudited)

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CONSOLIDATED

Statement of Cash Flows

As At March 31, 2022

Cash Flows from Operating Activities

	Unaudited 6 Months Ended March 31, 2022	Unaudited 6 Months Ended March 31, 2021
	\$'000	\$'000
Net Profit for the Period	2,284,165	2,062,422
Adjusted for:		
Depreciation	66,028	52,099
Effect of exchange gain on foreign balances	(616,798)	(1,010,610)
Impairment/expected credit losses	58,419	101,094
FMV gains - equity	(566,084)	(41,993)
Interest income	(1,932,670)	(1,257,886)
Interest expense	904,950	517,245
Income tax expense	562,518	509,598
Lease interest expense	11,679	9,339
Right-of-use assets amortisation	20,361	(15,057)
Share of profit from associates	32,892	-
	<u>825,461</u>	<u>926,251</u>
Changes in operating assets and liabilities:		
Securities purchased under resale agreements	7,774,909	4,733,263
Securities sold under repurchase agreements	6,550,681	8,767,561
Notes Payable	7,191,656	4,381,481
Receivables, net	(2,180,329)	(304,622)
Loans receivable	(4,051,277)	(5,569,546)
Payables	(362,251)	(4,646,982)
Due from related parties	(124,563)	(717,720)
	<u>15,624,286</u>	<u>7,569,685</u>
Interest received	1,730,018	1,199,089
Interest paid	(811,431)	(454,950)
Income tax paid	(1,300,651)	(411,593)
Cash provided by operating activities	<u>15,242,222</u>	<u>7,902,231</u>
Cash flows from Investing/financing Activities		
Ordinary dividends paid	(3,220,546)	(2,638,067)
Marketable securities	(13,067,154)	(6,674,165)
Investment in associates	-	(1,996,279)
Purchase of property, plant and equipment	(97,677)	(270,643)
Cash provided by investing/financing activities	<u>(16,385,377)</u>	<u>(11,579,154)</u>
Effect of exchange rate on cash and cash equivalents	<u>24,652</u>	<u>(42,165)</u>
Decrease/(increase) in net cash and cash equivalents	(1,118,503)	(3,719,089)
Net cash and cash equivalents at beginning of year	<u>3,807,691</u>	<u>5,268,888</u>
Net cash and cash equivalents at end of period	<u>2,689,188</u>	<u>1,549,799</u>

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For The Six Months Ended March 31, 2022 (Unaudited)

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Notes to the Unaudited Financial Statements As At March 31, 2022

1. Identification

Barita Investments Limited (Barita or the company) is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is 15 St. Lucia Way, Kingston 5. The controlling party of the company is Cornerstone Financial Holdings Limited with a 74% ownership as at year end. The registered office of Cornerstone Financial Holdings is located at Suite I, Ground Floor, The Financial Services Centre, Bishop's Court Hill, Barbados.

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

2. Statement of compliance and basis of preparation

Interim Financial Reporting

The condensed consolidated interim financial statements (interim financial statements) for the quarter ended March 31, 2022, 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, 2021, 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.

3. Gains/(Losses) on Investment Activities

	Unaudited 3 Months to March 31, 2022	Unaudited 3 Months to March 31, 2021	Unaudited 6 Months to March 31, 2022	Unaudited 6 Months to March 31, 2021
Gains on sales of investments	(2,559)	92,465	355,960	748,816
Fair Market Value Gains on Equity Portfolio	623,817	28,982	566,084	41,993
	<u>621,258</u>	<u>121,446</u>	<u>922,044</u>	<u>790,809</u>

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3. Earning per Share

The Group's earnings per share is calculated by dividing the net profit attributable to ordinary shareholders of \$2,284,165,000 by the weighted average number of ordinary shares in issue during the period of 1,204.089,000 shares.

Financial Results

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Top Ten Largest Shareholders of Barita Investments Limited as at March 31, 2022

Shareholders	Total	Percentage
CORNERSTONE FINANCIAL HOLDINGS LTD.-BUYING A/C	907,921,653	74.3961%
FIRST CITIZENS INVESTMENT SERVICES LIMITED	90,795,154	7.4399%
RITA HUMPHRIES-LEWIN	26,319,240	2.1566%
CREDIT UNION FUND MANAGEMENT COMPANY LIMITED	17,129,999	1.4037%
BARITA FINANCE LIMITED	13,347,898	1.0937%
JN FUND MANAGERS LIMITED	11,863,336	0.9721%
CORNERSTONE GROUP EMPLOYEE SHARE TRUST	10,000,000	0.8194%
NATIONAL INSURANCE FUND	8,191,553	0.6712%
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 March 31, 2022

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	6,256,966	0	6,256,966
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

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Share Ownership by Senior Managers of Barita Investments Limited as at March 31, 2022

Shareholders	Total	Direct	Connected Parties
Jason Chambers	1,244,322	1,244,322	0
Paula Barclay	7,410	7,410	0
Anmarie Walker-Cato	7,069	7,069	0
Sonia Owens	100,000	100,000	0
Malindo Wallace	0	0	0
Ramon Small-Ferguson	156,481	156,481	0
Stephanie Murdock	0	0	0
Terise Kettle	40,676	40,676	0
Sara Ying Henriques	0	0	0
Junior Graham	0	0	0
Carolyn Kean	0	0	0
Ian Anderson	0	0	0
Percival Hurditt	0	0	0