# Financial Results

## For The Six Months Ended
## March 31, 2023
(Unaudited)

Barita
Investments Limited

**Making Money Work For You Since 1977**

**$5.5B**
Net Operating Revenue

**$2.6B**
Net Profits

**$36.1B**
Total Shareholder's Equity

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**$120.1B**
Total Assets

**39.4%**
Efficiency Ratio

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**14.7%**
Return on Average Equity

**3.27**
Leverage

Barita........Making Money Work For You Since 1977

# 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 6-month period ended March 31, 2023.

Our results continue to reinforce our confidence in allocating capital to specific alternative assets such as real estate, private credit and private equity, which has again proven sturdy against elevated market volatility and a deteriorating economic cycle. The unprecedented series of challenges which started with the COVID-19 pandemic and was followed more recently by the Eastern European conflict, rising inflation, the near unanimous policy response of rising interest rates, and the corresponding heightened asset volatility. These ongoing challenges impacted 'typical' line items such as net interest income and fees and commission income. However, the diversification benefits of our deliberate alternative investment strategy; which was conceived, decided and executed based on our 2019 market outlook, through capital commitments and strategic negotiations were sufficient to offset downturns in our traditional income sources.

Our 2019 outlook and deliberate decision to allocate capital to alternative investments was complemented by our decision to serially build our capital base between 2019 and 2021 by $34.5 billion to provide the stable funding to support these investments and, along with our similarly deliberate investments in our risk management, compliance and governance frameworks, fortify our defences against probable bouts of systemic stress. Our capital base represents approximately 28% of the Securities Dealer industry and its strength is illustrated through the capital adequacy ratio of 34.4% which is well above the industry average of 24.1% as at December 2022 and more than 2 times the early warning threshold and 3 times minimum regulatory requirements. This ample buffer is further reinforced by the management and staff's prudence, sound judgement and integrity in managing the affairs of the business through these unprecedented times. These factors, along with the frameworks built and maintained by the top talent we have onboarded across our three lines of defence, gives the board the confidence that Barita has the solid foundation necessary to navigate these turbulent times and benefit from its strategy and the opportunities to come, while keeping its clients' investments safe and contributing to the stability of the financial system.

Presently, we also continue to build the capacity of our core business by focusing on executing our strategies to build the necessary foundational platforms to maximize the efficiency and effectiveness of our operations. We have bolstered our technology platforms with extensive security enhancements, continued the phased implementation of our core operating system and continued the implementation of our enterprise data warehouse system. Our Barita Online interface has also been enhanced to drive easier communication and servicing of our clients, allowing for queries to be gathered, streamlined and channeled to resolution, as well as providing the ability for our customers to update KYC (know your customer) information.

Importantly, during the second quarter, our affiliate, Cornerstone United Holdings Jamaica Limited, received a no-objection letter from the Bank of Jamaica ("BOJ") to reorganize as a Financial Group. The reorganization will see a Financial Group comprised of a new Financial Holding Company ("FHC"), with Barita and its sister company, Cornerstone Trust and Merchant Bank ("CTMB") as its direct subsidiaries. The reorganization provides the platform for Barita to even further boost the efficiency of its operations, better serve our customers through strategically offering them a wider range of services to manage their financial affairs, and optimize our risk management framework and the use of our capital resources.

## Operating Performance

The first half of FY 2023 reflects the positive impact of the company's deliberate exposure to alternative investments. This exposure was particularly critical towards the end of the March quarter when significant market volatility arose because of banking turmoil in the US and in Europe. The lingering concerns about financial instability on account of the banking disruptions have compounded the uncertainty about the likely course of global central bank policy decisions to tackle persistently high inflation and ongoing geo-political tensions. Despite this backdrop, Barita was still able to increase its net operating revenues by 22%, and net profit by 13%, even as we continue to invest significantly in upgrading our core systems. Net profit for the six months to March of FY 2023 was $2.6 billion, a 13% increase over the corresponding period of FY 2022. Correspondingly, the resulting earnings per share was $2.16, 14% above the corresponding FY 2022 figure.

Barita's net operating revenue of $5.5 billion for the six months to March was up 22% or $980 million relative to the prior year. The Group's six months revenue outturn comprised the following:

### Net Interest Income (NII):

NII reflected a $667 million (65%) decrease year-over-year ("YoY") to $360 million. Market conditions were influenced by the BOJ's restrictive policy measures to contain elevated inflation, and as a consequence interest rates on funding liabilities remain elevated across the sector. Although the BOJ remains on a conditional pause to its interest rate hiking cycle, and local inflation has come down to 6.2% in March, interest rates may not necessarily be meaningfully reduced over the near term as local economic growth remains relatively strong, which can itself be inflationary. Consequently, NII could remain constrained in the near term. That means we will continue to focus on growing the Group's alternative investments, credit and fixed-income portfolios to support NII.

## Non-Interest Income:

Non-interest income reflected a robust year-over-year increase of 47% or $1.6 billion, to $5.2 billion relative to $3.5 billion in the same FY 2022 period. The increase in non-interest income was principally driven by a boost in gain on investment activities, which offset the YoY reduction in foreign excahnge transalation gains and relatively flat fees & commission income. The details of our non-interest income are as follows:

### *Gain on Investments*:

Revenue from this line item rose by $2.3 billion or 254% to $3.2 billion relative to the comparable period in FY 2022. The revenue in this line item was composed of $3.5 billion from our alternative investments exposures which was offset by declines in the traditional proprietary trading portfolio which fell by $269 million. The revenue contribution from alternative investments in this line is allocated $3.2 billion to real estate ($1.7 billion in Q1 FY 2023 to December 2022 and $1.5 billion in Q2 FY 2023 to March 2023) which are derived from our exposure to the Barita Real Estate Portfolio Fund and $388 million to private credit/equity exposures derived from our exposure to private credit assets and equity options. Notably, the revenue attributable to the Barita Real Estate Portfolio Fund was largely related to appreciation in the values of the underlying property portfolio held by the fund.

This composition of the outturn experienced in this line is consistent with our guidance in Q1 that given our current strategy with respect to traditional proprietary trading, which emphasizes maintaining ample liquidity to take advantage of potential mispricing of securities, our alternative investment is geared towards providing revenue diversification against the negative effects of price declines in traditional assets.

### *Fees & Commission Income:*

This line decreased by 1% to $1.8 billion (FY 2022: $1.8 billion). These revenues continue to be comprised substantially of fees generated from asset management and investment banking. Performance fees related to the management of the real estate holding vehicle, MJR Real Estate Holdings, accounted for $992 billion of the fee revenues generated. Growing assets under management and capital market activity remains a key focus, supported by robust liquidity management. Total assets under management increased by 4.9% YoY to $336 billion.

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

The Group's FX trading and translation gains declined to $58 million in the period, attributable to continued volatility experienced in the local FX market during the period.

**Operating Expenses:**

Non-Interest Expenses for the first six months of FY 2023 rose by 25% to $2.2 billion (FY 2022: $1.7 billion). The YoY rise in expenses is driven primarily by increases in administration costs by $518 million or 55% due to lower head office charges in the prior period, and Staff costs also increased by $111 million or 15%, while the Group's expected credit losses ("ECL") experienced a recovery of $128 million, relative to a charge of $58 million in FY 2022, with the reversal of provisioning on certain loans closed during the period. The group's efficiency ratio increased marginally to 39% for the 6 months period relative to 38% in the corresponding period in FY 2022.

## Balance Sheet Highlights

In the first six months of FY 2023 the company's total assets increased by $10.4 billion to $120.1 billion (Sep 2022: 109.7 billion), funded primarily by increases in retained earnings, repurchase agreements and other debt facilities. Total shareholders' equity showed a net increase of $3.9 billion to $36.1 billion as a result of the retained earnings and fair value reserve changes. Capital levels remain robust under current and more severe market conditions. Key balance sheet line items are discussed in brief below:

**Assets:**

***Total Assets:***

Barita's total assets stood at $120.1 billion at the March quarter's end, representing a $10.4 billion or 9% increase over the balance of $109.7 billion as recorded in the September 2022 audited financial statements. This increase is largely the result of a $13.2 billion growth in the securities portfolio, while total loans declined by 40% or $4.3 billion.

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

Pledged assets and marketable securities, combined, grew by $13.5 billion or 16% during the quarter, moving to $99.4 billion to account for 83% of the Company's balance sheet. These lines represent substantially the Company's securities portfolio, which is largely comprised of credit assets to include local, regional & international government and corporate bonds.

***Loans:***
Barita's exposures to loans decreased by $4.3 billion or 40% to $6.3 billion. Barita's loans are largely comprised of secured credit facilities, including margin loans, which are extended to our clients.

## Liabilities

***Total Liabilities:***
To partially fund the increase in total assets, we grew our total liabilities during the 6 months to March by $6.4 billion (8%) to $84.0 billion.

- ***Repurchase Agreements (repos):***
  The Company's funding from repos rose by $7.1 billion or 12% to $66.8 billion and was 80% of the Company's liabilities at the end of the six months period to March.
- ***Secured investment notes:***
  Funding from these notes decreased by $3.0 billion to $8.2 billion and represented 10% of the company's total liabilities.
- ***Other Debt Facilities:***
  Other debt facilities amounted to $5.3billion or 6% of the Company's liabilities and include bonds issued and margin loans.

## Shareholder's Equity

A partial rebound in the values of assets that comprise the portion of our investment portfolio not measured at fair value through profit & loss caused a $1.1 billion improvement in our fair value reserve during the six month period. Along with a $2.6 billion increase in retained earnings, this largely comprised the 12% or $3.9 billion increase in shareholders' equity, which closed the period at $36.1 billion. Our capital levels remain resilient with capital adequacy of 34.4% compared to the FSC's early warning level of 14.0%.

# Investment Strategy & Capital Management: Our Outlook

Our investment strategy and capital management remain largely unchanged from the FY 2023 first quarter, as our performance results demonstrate, with our alternative investments contributing a significant proportion to the revenue outturn. Gains related to our real estate holdings are expected to remain a material component of the net operating revenues of the Company over the medium to long term. As we progress our local and international partnerships, the nature of the economics emanating from the real estate holdings will evolve from current revaluation gains towards realized cash-based revenues following the financing, development, and sale of the various real estate development projects over the next three to seven years.

During the March quarter, however, we paid particular interest to the macroeconomic backdrop, particularly in the US and in Europe where significant volatility emerged from a banking turmoil. That turmoil emanated from the failure of Silicon Valley Bank, which specialized in providing financial services to technology startup companies, and Signature Bank that had a fair amount of crypto currency exposure. In Europe Credit Suisse, after many years of troubled operations, were taken over by UBS. Having learned the lessons from the last financial crisis in 2007-2009, both the US and European Central Banks and Treasury were quick to act by providing a liquidity backstop as well as providing assurance to depositors that their monies were safe.

While the policy measures staved off a 'bank run', there are still lingering concerns about the safety of regional banks in the US, in particular their risk management practices. As a consequence, tightening of credit conditions in the US have intensified which is on top of the US Federal Reserve's continued interest rate hikes, whose effects operate with a time-varying lag. And, in a global context, the IMF has further revised its 2023 growth expectations downward, with the advanced economies expected to lead most of that downshift in economic growth. Therefore, the confluence of these data points tell the story that the probability of a recession, particularly in the US is intensifying.


*Source: Goldman Sachs/Barita*

The latest Bloomberg forecaster survey shows a median projection of a 65% probability of a recession in 12 months, and this compares to the last update which showed a median forecast of 60% probability.

Locally, the Central Bank is forecasting real GDP growth at an average rate of 1.9% over the March 2023 to December 2024 quarters. In this context, GDP growth over the medium term (FY2024/25-FY2027/28) is anticipated to average 1.0 %. The projected growth in the economy largely reflects the normalization of economic activity, partly offset by weaker external demand. Of critical note, is that even as local inflation is now at 6.2%, marginally above the upper limit of the Central Bank's target band, with the normalization of economic growth, the economy is likely inching closer to economic potential, which is itself inflationary. The upshot, therefore, is that the BOJ might have limited policy space to reduce rates, even as inflation reverts to its 4%-6% target. Consequently, our NII growth is likely to remain constrained, possibly up to our financial year end and that further underscores our resolve to maintain our alternative investments strategy, as well as developing and deepening our trading capabilities to take advantage of the opportunities that typically arise amidst heightened market volatility in an economic slowdown.

## Risk, Compliance & Governance

### Governance and Compliance

Barita, CTMB and Cornerstone continue to further strengthen their Governance and Compliance programmes to protect the business, customers and shareholders and maintain adherence with laws, regulations, guidance notes, policies and standards of sound governance.

Since 2015, the Cornerstone Board and shareholders have established a governance framework and ethos which ensure that our senior officers maintain the highest levels of prudence, integrity, and ethical standards in operating Cornerstone and its future portfolio companies. The Board has instituted various reinforcement mechanisms, including training of its directors and senior officers, to ensure the maintenance of these best practice standards, which has been a catalyst for our success over the years.

Under the company's Anti-Money Laundering/Countering the Financing of Terrorism and Proliferation ("AML/CFTP") framework the Board is provided with a quarterly compliance report which details the company's adherence with regulatory and statutory obligations/requirements. The Board is also updated on the status of the company's Compliance Programme to ensure full awareness of the money laundering and terrorist financing risks faced by the institution and the effectiveness of the implemented measures to address these risks. We recently enhanced our AML/CFTP Policy to reflect changes in the Proceeds of Crime Act and Regulations in 2019 and stronger internal controls to mitigate possible risks. Our Board remains confident in the institutional framework that ensures that appropriate steps are taken to address any emerging compliance issues. Additional assurance came from independent examinations/audits in which no significant issues were identified during the financial year. Further refinement of the Compliance framework was undertaken by the Board and Management to include:

1. the development of the entity's regulatory library;
2. the development of AML/CFTP Risk Assessment;
3. strengthening of policies and procedures regarding AML/CFTP;
4. facilitating independent testing of our compliance programme and adequately addressing any gap identified; and
5. training of all team members and directors based on key responsibilities and functions on the Proceeds of Crime Act, Jamaica Stock Exchange Rules, and 'Know Your Client' requirements.

### Risk Management

Our investment strategy and business operations are supported by robust governance, risk management and internal controls within our operations. Our capital and liquidity risk architecture is built on a robust limit structure which is supported by frequent and proactive stress testing and risk reporting. The limit framework is designed in a "fit for purpose" manner that intricately identifies, measures and assesses key risks. Our risk framework is underpinned by the Three Lines of Defence model under which a culture of accountability and governance is permeated throughout all levels of the organisation. In crafting our policies and procedures, we engaged leading audit firms KPMG and Ernst & Young ("EY") to ensure that our frameworks are robust and comprehensive. Barita's enterprise risk management framework is supported by a periodic enterprise-wide risk assessment process where management proactively and continuously identifies risk drivers and identifies key opportunities to improve our risk posture.

Significant emphasis is also placed on independent checkpoints throughout operational and governance processes. The internal controls and internal governance tone is echoed top-down, from the Board of Directors to senior management, internal management committees and all facets of the operations. All employees are subject to the standards outlined in our Code of Conduct. Additionally, Barita has been deliberate in recruiting strong, experienced individuals in key leadership and governance roles.

A key foundation of a resilient and robust company that transcends multiple generations is effective and strong internal controls and risk discipline. This is core to our strategy and will continue to be a key pillar of focus as we build the value of the business while ensuring the safety of all key stakeholders.

## Investing in the Human Capital of our People

During the quarter our Foundation continued to execute on its mandate of supporting the development of the core elements of human capital to improve the individual and collective outcomes of the most vulnerable in our society.

### Education & Youth Development

On January 21, hundreds of teachers converged at the Jamaica Conference Centre, Kingston, to participate in the inaugural Global Education Teachers Summit ("GET Summit"). The Barita Foundation sponsored sixty (60) teachers, hailing from the early childhood sector. Teachers attended the one-day event designed to equip them with evidence-based strategies and skills that will meet the needs of the changing classroom. Future evaluations will determine the success of this exposure to best practices and master teaching techniques and tools.

The Foundation supported the building of For the Fundamentals' second "Cawna Library" in New Providence Heights, Montego Bay in March. The sustainably developed library was constructed using recycled refrigerators and stocked with donated books and other learning supplies. The library serves as a safe space for residents of the Providence community, Norwood and Flankers in Montego Bay. Children and adults are able to borrow and read books while nurturing healthy relationships through a number of planned initiatives throughout the year.

Financial literacy sessions remain a consistent source of connection to the youth with whom the Foundation engages. Beneficiaries of these sessions include high school students, youth parents, entrepreneurs among others.

### Entrepreneurship

The Foundation partnered with FHI360 and USAID to implement its first youth crime prevention project, “Making Ends Meet” (“MEM”). The two-phased intervention started in August 2022 with participants benefitting from social & parenting skills sessions. In phase two, participants received training in the areas of, entrepreneurship, cosmetology and food preparation. This was done in partnership with Excelsior Community College and saw the participants receiving certificates in their respective training areas. These certificates will enhance their employability and qualifications to pursue further training. The project closed in March 2023 with twenty-two beneficiaries successfully completing the intervention and being evaluated as having made positive changes at the end of the project, a 100% success rate. The beneficiaries have been empowered to start or grow their own businesses, with prospects for funding support.

### Health and Well-Being

Barita Foundation partnered with PALS Jamaica to host this year's Peace Day concert. This marked a pivotal point in PALS celebrations for 2023. The event was hosted at Calabar Primary School located in Downtown Kingston with approximately 1200 students participating in the day's activities. The day featured performances by the children and invited guests as well as speeches by the Minister of Education, Youth & Information and the Minister of National Security, encouraging attendees to practice resolving conflicts peacefully. Recent sponsorships include mental health breaks for critical frontline workers, youth leaders and local athletes attending events and competitions locally and overseas. Further support extended to academia involving sponsorships and participation in expos and lectures, including gender, environment and food security.

## Closing Remarks

The Group maintains its focus on its mandate of creating value for all stakeholders through continuously challenging the status quo in the context of prudent risk management. Post the acquisition of Barita by Cornerstone, management under the guidance of the Board have pursued a strategy centred around expanding and diversifying the company's business lines and by extension its revenue base. We have also taken great care in enhancing the company's customer experience through optimizing our service channels, improving our branches and enhancing our technology.

Barita has built its capacity to both grow and be resilient through significantly expanding its capital base through a series of capital raises. This robust capital base has enabled an investment strategy that has seen the company diversify its exposures away from a singular focus on traditional assets, which is typical in the securities dealing space, into alternative asset classes such as real estate and private credit/equity. As we have demonstrated, this investment strategy, which has been complemented by the maintenance of an ample stock of liquidity, has been a resilient source of earnings for the Group as we have reported in recent quarters.

While we anticipate that present market conditions may persist into the near term, we are cautiously optimistic about the prospect of an eventual inflection leading to a resurgence of business and financial market activity. In the intervening period we will continue to focus our attention on building the base of the business via advancing our technology overhaul, optimizing our liquidity position and continuing our diversification efforts. We appreciate the efforts of the team at Barita who have applied their talents towards the service of our stakeholders. We would also like to thank our shareholders, whose unwavering confidence and trust in us has enabled our successes to date.

**Mark Myers** Chairman

**May 12, 2023**

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## Profit & Loss Statement
## As At March 31 2023

| | UNAUDITED 3 Months Ended March 31, 2023 $'000 | UNAUDITED 3 Months Ended March 31, 2022 $'000 | UNAUDITED 6 Months Ended March 31, 2023 $'000 | AUDITED 6 Months Ended March 31, 2022 $'000 |
|---|---|---|---|---|
| **Net interest income and other revenue** | | | | |
| **Net interest income** | **139,477** | **555,028** | **360,228** | **1,027,720** |
| Fees and commission income | 1,136,311 | 1,302,898 | 1,797,152 | 1,808,427 |
| Foreign exchange trading and translation gains/(losses (Note 3) | 17,829 | (28,720) | 58,239 | 755,662 |
| Gain on investment activities | 1,791,086 | 621,258 | 3,260,733 | 922,044 |
| Other income | 27,304 | 14,019 | 55,840 | 22,315 |
| **Net operating revenue** | **3,112,008** | **2,481,003** | **5,532,192** | **4,552,689** |
| **Operating expenses** | | | | |
| Staff costs | 482,100 | 420,337 | 842,580 | 731,264 |
| Administration | 782,218 | 584,714 | 1,466,940 | 949,214 |
| Impairment/expected credit losses | (165,541) | 5,392 | (128,077) | 58,419 |
| | **1,098,777** | **1,010,443** | **2,181,444** | **1,738,897** |
| **Operating profit** | **2,013,231** | **1,470,560** | **3,350,748** | **2,813,792** |
| Share of results of associates | **20,772** | **(225)** | **50,250** | **32,892** |
| **Profit before taxation** | **2,034,003** | **1,470,335** | **3,400,999** | **2,846,684** |
| Taxation | (525,763) | (256,748) | (822,702) | (562,518) |
| **NET PROFIT FOR THE PERIOD** | **1,508,240** | **1,213,587** | **2,578,297** | **2,284,165** |
| **Average number of shares** | 1,196,356 | 1,204,089 | 1,196,356 | 1,204,089 |
| **Earnings per stock unit** | 1.87 | 1.01 | 2.16 | 1.90 |

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## Statement of Financial Position
## As At March 31 2023

| | Unaudited March 2023 $'000 | Unaudited March 2022 $'000 | Audited September 2022 $'000 |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and bank balances | 1,963,293 | 2,741,281 | 1,027,765 |
| Securities purchased under resale agreements | 1,497,393 | 1,097,227 | 2,608,878 |
| Marketable securities | 24,555,876 | 18,248,738 | 24,285,629 |
| Pledged assets | 74,849,097 | 57,639,694 | 61,603,598 |
| Investment in Associates | 2,236,946 | 2,086,315 | 2,186,695 |
| Interest receivable | 1,274,871 | 865,920 | |
| Loans | 6,331,361 | 9,962,990 | 10,606,593 |
| Receivables | 3,849,774 | 3,514,269 | 3,101,644 |
| Taxation recoverable | 728,142 | 53,422 | 479,552 |
| Due from related parties | 1,238,647 | 2,504,786 | 938,835 |
| Property, plant and equipment | 1,169,237 | 1,261,444 | 1,207,854 |
| Intangible assets | 16,579 | 14,098 | 14,777 |
| Investments | 55,000 | 55,000 | 55,000 |
| Right of use asset | 211,740 | 240,077 | 231,882 |
| Deferred tax asset | 94,132 | 592,715 | 1,351,993 |
| **Total assets** | **120,072,086** | **100,877,974** | **109,700,695** |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | |
| **Liabilities** | | | |
| Bank overdraft | 76,379 | 52,093 | 11,587 |
| Securities sold under repurchase agreements | 67,696,645 | 52,231,122 | 59,653,515 |
| Secured investment notes | 8,230,365 | 3,834,228 | 11,204,694 |
| Other debt facilities | 5,345,858 | 4,385,079 | 671,610 |
| Lease liability | 265,608 | 289,096 | 287,207 |
| Payables | 1,206,172 | 2,394,144 | 2,599,844 |
| Dividend payable | - | - | 3,026,563 |
| Due to related parties | 1,144,026 | 5,680 | 62,197 |
| Taxation | - | 141,558 | - |
| **Total Liabilities** | **83,965,052** | **63,332,999** | **77,517,217** |
| **Shareholders' Equity** | | | |
| Share capital | 32,697,198 | 33,135,904 | 32,389,351 |
| Capital reserve | 148,655 | 122,073 | 148,655 |
| Fair value reserve | (2,935,059) | (1,270,899) | (4,068,759) |
| Capital redemption reserve | 220,127 | 220,127 | 220,127 |
| Stock option reserve | 106,557 | 115,681 | 186,284 |
| Retained earnings | 5,869,556 | 5,222,089 | 3,307,820 |
| **Total shareholders' equity** | **36,107,034** | **37,544,974** | **32,183,478** |
| **Total liabilities and shareholders' equity** | **120,072,086** | **100,877,974** | **109,700,695** |

Mark Myers — Chairman        Carl Domville — Director

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## Statement of Changes In Equity For the Six Months Ended As At March 31 2023

| | Share Capital $'000 | Capital Reserve $'000 | Fair Value Reserve $'000 | Capital Redemption Reserves $'000 | Stock Option Reseve $'000 | Retained Earnings $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| **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** |
| **TRANSACTIONS WITH OWNERS** | | | | | | | |
| **Balance at 31 March 2022** | **33,135,904** | **122,073** | **(1,270,899)** | **220,127** | **115,681** | **5,222,089** | **37,544,974** |
| **Balance at 30 September 2022** | **32,389,351** | **148,655** | **(4,068,759)** | **220,127** | **186,284** | **3,307,820** | **32,183,478** |
| **TOTAL COMPREHENSIVE INCOME** | | | | | | | |
| Net profit for the period | | | | | | 2,578,297 | 2,578,297 |
| Other comprehensive income | | | 1,133,700 | | (79,727) | (16,561) | 1,037,412 |
| **Total Comprehensive Income for the period** | | **-** | **1,133,700** | **-** | **(79,727)** | **2,561,736** | **3,615,709** |
| **TRANSACTIONS WITH OWNERS** | | | | | | | |
| Paid-in capital | 307,847 | - | - | - | - | - | 307,847 |
| | **307,847** | **-** | **-** | **-** | **-** | **-** | **307,847** |
| **Balance at 31 March 2023** | **32,697,198** | **148,655** | **(2,935,059)** | **220,127** | **106,557** | **5,869,556** | **36,107,034** |

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## Comphrensive Income For the Six Months Ended As At March 31 2023

| | UNAUDITED 3 Months Ended March 31, 2023 $,000 | UNAUDITED 3 Months Ended March 31, 2022 $,000 | UNAUDITED 6 Months Ended March 31, 2023 $,000 | UNAUDITED 6 Months Ended March 31, 2022 $,000 |
|---|---|---|---|---|
| Net Profit for period | 1,508,240 | 1,213,587 | 2,578,297 | 2,284,165 |
| Unrealised gains/(losses) on FVOCI securities - | 17,541 | (576,979) | 1,133,700 | (1,014,387) |
| Other reserves | 3,128 | 14,402 | (96,287) | 28,881 |
| **Total comprehensive income** | **1,528,909** | **651,011** | **3,615,709** | **1,298,659** |

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## Statement of Cash Flows
## As At March 31 2023

| | Unaudited<br>6 Months Ended<br>March 31, 2023<br>$'000 | Unaudited<br>6 Months Ended<br>March 31, 2022<br>$'000 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| **Net Profit for the Period** | 2,578,297 | 2,284,165 |
| **Adjusted for:** | | |
| Depreciation and amortisation | 64,722 | 66,028 |
| Effect of exchange gain/loss on foreign balances | 112,112 | (616,798) |
| Unrealised gain on investment FVTPL | (3,368,613) | (566,084) |
| Interest income | (2,822,884) | (1,932,670) |
| Interest expense | 2,462,656 | 904,950 |
| Income tax expense | 822,702 | 562,518 |
| Lease liability interest expense | 7,695 | 11,679 |
| Right-of-use assets amortisation | 21,039 | 20,361 |
| Share of profit from associates | (50,250) | (32,892) |
| Stock Option Expense | 76,603 | 43,504 |
| | (95,922) | 814,860 |
| **Changes in operating assets and liabilities:** | | |
| Securities purchased under resale agreements | 1,111,485 | 7,774,909 |
| Securities sold under repurchase agreements | 7,789,895 | 6,550,681 |
| Secured investment notes | (3,007,455) | 2,951,004 |
| Receivables | 261,143 | (2,180,329) |
| Loans | 4,275,232 | (4,051,277) |
| Payables | (1,415,271) | (362,251) |
| Due from related companies | 782,017 | (124,563) |
| | 9,701,124 | 11,373,033 |
| Interest received | 2,591,345 | 1,730,018 |
| Interest paid | (2,147,836) | (811,431) |
| Lease payment | (31,006) | (26,952) |
| Income tax paid | 84,821 | (1,300,651) |
| **Cash provided by operating activities** | **10,198,448** | **10,964,017** |
| **Cash Flows from Investing Activities** | | |
| Marketable securities | (11,253,931) | (13,029,601) |
| Purchase of property, plant and equipment, intangible | (7,765) | (97,677) |
| **Cash provided by investing activities** | **(11,261,696)** | **(13,127,277)** |
| **Cash Flows from Financing Activities** | | |
| Ordinary dividends paid | (3,026,563) | (3,220,546) |
| Proceeds from other debt facilities | 4,645,787 | 4,240,652 |
| Treasury shares acquired/sold | 307,847 | - |
| **Cash provided by investing/financing activities** | **1,927,072** | **1,020,105** |
| **Effect of exchange rate on cash and cash equivalents** | **6,912** | **24,652** |
| Decrease/(increase) in net cash and cash equivalents | 870,736 | (1,118,503) |
| Net cash and cash equivalents at beginning of year | 1,016,178 | 3,807,691 |
| **Net cash and cash equivalents at end of period** | **1,886,914** | **2,689,188** |

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# Notes to the Unaudited Financial Statements

## As At March 31, 2023

### 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 74.5% 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, 2023, 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, 2022, 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 has adopted the following standards and amendments, 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 2022).** These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendments also classify what IAS 1 means when it refers to the 'settlement' of a liability. The adoption of these amendments is not expected to have a significant impact on the group.

**Amendment to IAS 16, 'Property, plant and equipment' (effective for accounting periods beginning on or after 1 January 2022). T**his amendment prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognise such sales proceeds and related cost in profit or loss. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The group is currently assessing the impact of this amendment.

**Amendments to IFRS 3, 'Business combinations' (effective for accounting periods beginning on or after 1 January 2022).** Minor amendments were made to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date. The adoption of these amendments is not expected to have a significant impact on the group.

**Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' (effective for accounting periods beginning on or after 1 January 2022).** This amendment specifies which costs a company includes when assessing whether a contract will be loss making. It clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. The group is currently assessing the impact of this amendment.

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

| | Unaudited 3 Months to March 31, 2023 | Unaudited 3 Months to March 31, 2022 | Unaudited 6 Months to March 31, 2023 | Unaudited 6 Months to March 31, 2022 |
|---|---|---|---|---|
| Gains on sales of investments | (25) | (2,559) | (107,880) | 355,960 |
| Fair Market Value Gains on Equity Portfolio | 1,791,111 | 623,817 | 3,368,613 | 566,084 |
| | 1,791,086 | 621,258 | 3,260,733 | 922,044 |

## 4. Business Combination

The share of results of Associates reflected in these interim statements included estimates in the earnings of associate company for the period up to December 31, 2022.

## 5. Earning per Share

The Group's earnings per share is calculated by dividing the net profit attributable to ordinary shareholders of $2,578,297,000 by the weighted average number of ordinary shares in issue during the period of 1,196,356,000 shares.

## Top Ten Largest Shareholders of Barita Investments Limited as at March 31, 2023

| SHAREHOLDERS | TOTAL | PERCENTAGE |
|---|---|---|
| CORNERSTONE FINANCIAL HOLDINGS LTD.-BUYING A/C | 916,356,621 | 75.0873% |
| FIRST CITIZENS INVESTMENT SERVICES LIMITED | 90,795,154 | 7.4399% |
| RITA HUMPHRIES-LEWIN | 26,319,240 | 2.1566% |
| CREDIT UNION FUND MANAGEMENT COMPANY LIMITED | 17,127,519 | 1.4034% |
| CORNERSTONE GROUP EMPLOYEE SHARE TRUST | 15,504,936 | 1.2705% |
| TWEEDSIDE HOLDINGS LIMITED | 14,073,348 | 1.1532% |
| NATIONAL INSURANCE FUND | 8,191,553 | 0.6712% |
| TREVOR HEAVEN HOLDINGS LIMITED | 7,787,075 | 0.6381% |
| JCSD TRUSTEE SERVICES LIMITED A/C BARITA UNIT TRUST CAPITAL GROWTH FUND | 6,420,126 | 0.5261% |
| KARL P. WRIGHT | 6,292,000 | 0.5156% |

## Share Ownership by Directors of Barita Investments Limited as at March 31, 2023

| DIRECTORS | TOTAL | DIRECT | CONNECTED PARTIES |
|---|---|---|---|
| MARK MYERS | 2,316,302 | 2,316,302 | 0 |
| PAUL SIMPSON | 0 | 0 | 0 |
| CARL DOMVILLE | 2,061,344 | 2,316,302 | 0 |
| DUNCAN STEWART | 614,131 | 456,070 | 158,061 |
| ROBERT DRUMMOND | 423,560 | 423,560 | 0 |
| JAMES GODFREY | 6,000,000 | 0 | 6,000,000 |
| 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 |

## Share Ownership by Senior Managers of Barita Investments Limited as at March 31, 2023

| SENIOR MANAGERS | TOTAL | DIRECT | CONNECTED PARTIES |
|---|---|---|---|
| JASON CHAMBERS | 1,244,322 | 1,244,322 | 0 |
| DANE BRODBER | 356,322 | 356,322 | 0 |
| ANMARIE WALKER-CATO | 47,395 | 47,395 | 0 |
| SONIA OWENS | 70,000 | 70,000 | 0 |
| MALINDO WALLACE | 408,589 | 408,589 | 0 |
| RAMON SMALL-FERGUSON | 715,886 | 715,886 | 0 |
| TERISE KETTLE | 40,676 | 40,676 | 0 |
| SARA YING HENRIQUES | 0 | 0 | 0 |
| DAVE DIXON | 0 | 0 | 0 |
| IAN ANDERSON | 0 | 0 | 0 |
| CAROLYN KEAN | 0 | 0 | 0 |
| PERCIVAL HURDITT | 0 | 0 | 0 |
| SANCIA THOMPSON | 0 | 0 | 0 |
| GEOFFERY ROMANS | 0 | 0 | 0 |