

Q3

# FINANCIAL

# STATEMENTS

SEPTEMBER 2022



**FirstRock**  
REAL ESTATE

# Interim Unaudited Report to Shareholders

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022



**\$5,091,196M** (USD)

NET PROFITS ATTRIBUTABLE TO SHAREHOLDERS

**\$60.72M** (USD)

TOTAL ASSETS



**17.5%**

ANNUALIZED ROE

**\$37.44M** (USD)

SHAREHOLDERS' EQUITY



## INTERIM UNAUDITED REPORT TO SHAREHOLDERS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

The Board of Directors of FirstRock Real Estate Investments Group ("FREI") is pleased to present the financial statements of the Group. The information herein, represents the unaudited consolidated financial statements for the nine months ended September 30, 2022.

### Financial Performance

FirstRock Real Estate Investments Group posted solid results for its third quarter ended September 30, 2022. The Group delivered on another profitable quarter which saw a significant increase in the asset base, when compared to the comparative period in 2021.

Net Profit attributable to Ordinary Shareholders for the three months ended September 30, 2022 totalled US\$ 516,018 which yielded an Earnings Per Share (EPS) of US\$ 0.002. Net Profit attributable to Ordinary Shareholders for the nine months ended September 30, 2022 totalled US\$ 5,091,196 which yielded an Earnings Per Share (EPS) of US\$ 0.018.

The results were driven primarily by gains in the Group's real sector and financial assets and property income, which have been achieved through the prudent management of the balance sheet.

### Financial Position

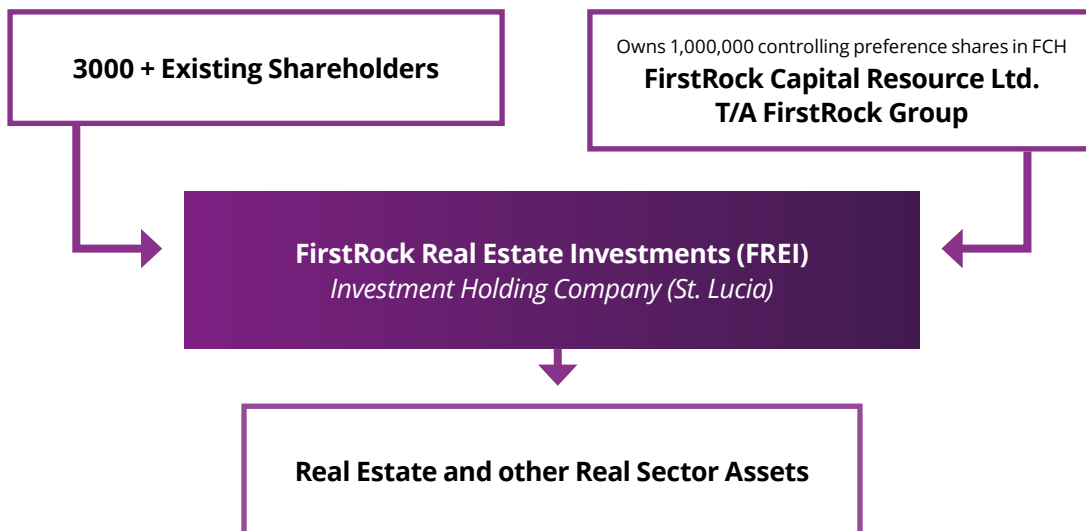
Total assets of the FREI Group at the end of the quarter stood at US\$ 60.72 Million, with Shareholders' Equity of US\$ 37.44 Million. The FREI Group's liabilities stood at US\$ 23.29 Million as at September 30, 2022, yielding a debt to equity ratio of 62%, which is relatively low for a real estate firm. The Group intends to increase its leverage in line with international industry standards.

The company has two clear business strategies, Real Estate and Real Sector Investments, which are pursued via its five subsidiaries;

- i. **FirstRock USA LLC**, a limited liability company incorporated in and under the laws of the State of Florida, USA and holds real estate and investment assets.
- ii. **FirstRock Capital Latam, Sociedad Anónima**, a corporation incorporated in and under the laws of Costa Rica and holds real estate assets and investment assets.
- iii. **FirstRock Capital Cayman Limited**, a limited liability company incorporated in and under the laws of the Cayman Islands and holds real estate and investment assets.
- iv. **FCH Jamaica Developers Limited**, a limited liability company incorporated in and under the laws of Jamaica to execute real estate developments.
- v. **FCH Jamaica Assets Limited**, a limited liability company incorporated in and under the laws of Jamaica and holds real estate and investment assets.

# Corporate Structure

FirstRock Real Estate Investments (FREI) is incorporated in St Lucia, listed on the JSE and is managed by FirstRock Capital Resource Ltd (FCR).



## OUTLOOK

The Group has continued its strong performance in 2022 with total assets continuing to climb steadily towards the target of US\$ 100 million in five years.

During the quarter the company commenced its Share Buy-Back Program announced in March of this year. A total of 220,000 units of FIRSTROCKJMD and 900,000 units of FIRSTROCKUSD have been purchased thus far, with the stock prices increasing by 20% and 75% respectively. The Group will aggressively continue this program over the next couple months to unlock further shareholder value.

The Board of FirstRock Real Estate Investments thanks its Shareholders for the continued confidence being reposed in us and wants to assure them that every effort is being made to unlock additional value in their investment. We would also like to commend the dedicated team within FirstRock Group; the Board of FirstRock Real Estate Investments remains supportive of your efforts in managing our affairs.

**Norman Reid J.P.**  
Chairman

# Unaudited Consolidated Statement of Financial Position

30 SEPTEMBER 2022

	GROUP US\$ UNAUDITED 30 Sep 22 USD	GROUP US\$ UNAUDITED 30 Sep 21 USD	GROUP US\$ AUDITED 31 Dec 21 USD
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Investment in Associate	-	-	1,746,429
Investment Property	29,501,384	16,221,233	20,572,185
Deferred tax asset	113,623	-	113,623
Development in progress	414,655	233,249	233,249
Property, plant & equipment	38,957	66,854	65,129
Investments at amortized cost, net of provision for credit losses	3,527,959	5,649,538	4,492,257
Investments at fair value through profit or loss	5,111,572	1,489,852	476,775
	<b>38,708,150</b>	<b>23,660,726</b>	<b>27,699,646</b>
<b>Current assets</b>			
Development in progress	16,434,222	10,992,803	12,304,168
Property acquisition deposits	-	24,957	24,958
Current portion of investments at amortized cost	2,566,611	1,304,479	1,421,249
Due from related parties	60,115	13,984	225,896
Other Assets	1,348,514	499,922	730,676
Investment Property held for sale	-	3,451,001	1,988,000
Cash and Cash Equivalents	1,607,050	987,863	646,915
	22,016,513	17,275,008	17,341,863
<b>Total Assets</b>	<b>60,724,663</b>	<b>40,935,734</b>	<b>45,041,510</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the company</b>			
Share Capital	27,672,552	27,738,653	27,738,653
Foreign exchange translation	69,850	247,984	44,249
Retained Earnings	9,695,020	3,683,858	4,603,825
<b>Total Shareholders' Equity</b>	<b>37,437,422</b>	<b>31,670,495</b>	<b>32,386,726</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Corporate Bond Payable	4,528,621	4,641,573	4,450,088
Long Term Loans	8,959,453	3,090,503	3,001,057
Deferred tax liability	-	75,278	-
	<b>13,488,074</b>	<b>7,807,354</b>	<b>7,451,145</b>
<b>Current liabilities</b>			
Corporation Tax Payable	-	-	729
Due to related parties	901,488	(386,795)	-
Current portion of long term loans	5,523,887	1,328,995	2,330,298
Other Liabilities	3,373,791	515,684	2,872,611
	9,799,167	1,457,884	5,203,638
<b>Total Liabilities</b>	<b>23,287,241</b>	<b>9,265,238</b>	<b>12,654,783</b>
<b>Total Equity and Liabilities</b>	<b>60,724,663</b>	<b>40,935,733</b>	<b>45,041,509</b>



NORMAN REID, CHAIRMAN



DOUGLAS HALSALL, DIRECTOR

# Profit and Loss Account

NINE-MONTHS ENDED 30 SEPTEMBER 2022

	QTR ACTUAL FREI UNAUDITED QUARTER- ENDED 30 Sep 2022 US\$	PRIOR YR QTR FREI UNAUDITED QUARTER- ENDED 30 SEPT 2021 US\$	YTD ACTUAL FREI UNAUDITED NINE-MONTHS- ENDED 30 SEPT 2022 US\$	PRIOR YR YTD FREI UNAUDITED NINE-MONTHS- ENDED 30 SEPT 2021 US\$	PRIOR YR ENDED FREI AUDITED TWELVE MONTHS ENDED 31 Dec 21 US\$
<b>INCOME</b>					
Rental Income	165,672	83,657	506,578	253,664	380,686
Realized and Unrealized Gain/(Loss) on investment properties	565,705	1,450,570	5,749,892	3,014,079	4,776,174
<b>Property Income</b>	<b>731,377</b>	<b>1,534,227</b>	<b>6,256,470</b>	<b>3,267,743</b>	<b>5,156,860</b>
Interest Income from financial assets at amortized cost	172,902	162,326	386,091	728,263	361,156
Dividend Income from financial assets at fair value through profit or loss	4,152	6,502	65,962	33,355	183,524
Realized and Unrealized Gain/(Loss) on financial instruments	374,439	97,900	3,078,961	149,895	203,230
Foreign Exchange Gain/(Loss)	60,259	(29,200)	96,595	(294,932)	(358,581)
Gain/(Loss) on Acquisition/Disposal of Subsidiary	-	-	-	553,000	
<b>Investment Income</b>	<b>611,752</b>	<b>237,528</b>	<b>3,627,609</b>	<b>1,169,581</b>	<b>389,329</b>
Interest Expense	(155,095)	(129,544)	(418,781)	(229,440)	(279,110)
<b>Net Investment Income</b>	<b>456,657</b>	<b>107,985</b>	<b>3,208,827</b>	<b>940,140</b>	<b>110,219</b>
Negative Goodwill on acquisition of subsidiary	-	-	-	-	
Other Income	65	26,248	(14,303)	104,083	33,152
	65	26,248	(14,303)	104,083	33,152
<b>Net Operating Income</b>	<b>1,188,100</b>	<b>1,668,460</b>	<b>9,450,994</b>	<b>4,311,965</b>	<b>5,300,231</b>
<b>EXPENSES</b>					
Depreciation & amortization expense	23,963	13,490	76,511	54,995	53,270
Expected credit losses	5,706	300,027	222,720	192,759	367,736
Performance based fee	-	36,815	1,522,554	152,475	358,120
Administrative & General Expenses	639,681	595,646	2,540,391	2,010,330	2,462,636
<b>Total Expenses</b>	<b>669,350</b>	<b>945,978</b>	<b>4,362,175</b>	<b>2,410,558</b>	<b>3,241,762</b>
<b>Operating Profit</b>	<b>518,750</b>	<b>722,482</b>	<b>5,088,818</b>	<b>1,901,407</b>	<b>2,058,469</b>
<b>Share of Profit from Investment in Associate</b>	<b>-</b>	<b>-</b>	<b>18,969</b>	<b>-</b>	<b>-</b>
<b>Profit before Taxation</b>	<b>518,750</b>	<b>722,482</b>	<b>5,107,787</b>	<b>1,901,407</b>	<b>2,058,469</b>
Taxation	(2,732)	(21,600)	(16,591)	2,581	162,931
<b>Net Profit from continuing operations</b>	<b>516,018</b>	<b>700,882</b>	<b>5,091,196</b>	<b>1,903,988</b>	<b>2,221,400</b>
<b>Discontinued Operations</b>					
<b>Profit from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>803,072</b>
<b>Net profit</b>	<b>516,018</b>	<b>700,882</b>	<b>5,091,196</b>	<b>1,903,988</b>	<b>3,024,472</b>
<b>Net Profit is attributable to:</b>					
Shareholders of the parent	516,018	700,882	5,091,196	1,875,199	2,995,684
Non-controlling interest	-	-	-	28,788	28,788
	516,018	700,882	5,091,196	1,903,988	3,024,472
<b>EARNINGS PER STOCK UNIT</b>	<b>0.002</b>	<b>0.0025</b>	<b>0.018</b>	<b>0.0066</b>	<b>0.01</b>

FIRSTROCK REAL ESTATE INVESTMENTS GROUP

**Profit and Loss Account Statement of Comprehensive Income**

NINE-MONTHS ENDED 30 SEPTEMBER 2022

	QTR ACTUAL FREI UNAUDITED QUARTER- ENDED 30 Sep 2022 US\$	PRIOR YR QTR FREI UNAUDITED QUARTER- ENDED 30 SEPT 2021 US\$	YTD ACTUAL FREI UNAUDITED NINE-MONTHS- ENDED 30 SEPT 2022 US\$	PRIOR YR YTD FREI UNAUDITED NINE-MONTHS- ENDED 30 SEPT 2021 US\$	PRIOR YR ENDED FREI AUDITED TWELVE MONTHS ENDED 31 Dec 21 US\$
<b>Net profit</b>	<b>516,018</b>	<b>700,882</b>	<b>5,091,196</b>	<b>1,903,988</b>	<b>3,024,472</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>Items that may be subsequently reclassified to profit or loss</b>					
Currency translation gains	(494)	14,800	25,601	205,886	2,151
<b>Total Comprehensive Income</b>	<b>515,524</b>	<b>715,682</b>	<b>5,116,797</b>	<b>2,109,873</b>	<b>3,026,622</b>
<b>Total comprehensive income attributable to:</b>					
Shareholders of the parent	515,524	715,682	5,116,797	2,081,085	2,997,834
Non-controlling interest	-	-	-	28,788	28,788
	<b>515,524</b>	<b>715,682</b>	<b>5,116,797</b>	<b>2,109,873</b>	<b>3,026,622</b>

# Statement of Cash Flows

NINE-MONTHS ENDED 30 SEPTEMBER 2022

	Sep 22 NINE-MONTHS- ENDED Unaudited US\$	Sep 21 NINE-MONTHS- ENDED Unaudited US\$	Dec 21 TWELVE-MONTHS ENDED Audited US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net profit	5,091,196	1,875,199	2,995,685
Adjustment for:			
Depreciation and Amortization	76,511	54,995	53,270
Net Credit Impaired losses	222,720	192,759	367,736
Foreign Exchange Gain/ (Loss)	(96,595)	294,932	358,581
Net gain from fair value adjustment on investment properties	(5,077,856)	(3,039,246)	(4,180,446)
Net gain from fair value adjustment on financial instruments	(3,087,355)	292,384	238,088
Interest Income from investment securities	(386,091)	(728,263)	(361,156)
Interest Expense	418,781	229,440	279,110
Taxation expense	(729)	(47,358)	(46,629)
Operating cash flow before movements in working capital	(2,839,420)	(875,158)	(295,761)
Changes in:			
Other receivables	(617,837)	(8,997)	(239,751)
Dividend Payable	-	(343,230)	-
Other liabilities	501,182	158,151	2,318,436
Deferred tax liability	-	(77,512)	(152,790)
Lease Liability	-	-	(146,588)
Deferred tax asset	-	-	(113,623)
Resale agreements	-	(764,404)	-
Related company	1,067,269	(707,180)	(532,297)
Interest Received	373,223	586,904	723,775
Interest paid	(418,781)	(229,440)	(279,110)
Due from Property Manager	-	-	-
Net cash provided/(used in) by operating activities	(1,934,364)	(2,260,866)	1,282,291
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
(Acquisition) / Disposal of PPE	(50,339)	103,058	106,508
Investment in Associate	1,746,429	-	(1,746,429)
Goodwill & other intangibles	-	341,395	341,395
Investment Securities	(1,816,161)	3,157,690	3,554,831
Development in progress	(4,311,460)	(1,711,247)	(4,037,417)
Property Acquisition deposits	24,958	1,573,567	1,573,566
Investment Property	(1,863,343)	2,673,121	1,941,173
Property Inventory	-	(8,500,000)	(8,500,000)
Cash used in investing activities	(6,269,916)	(2,362,417)	(6,766,373)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Loans payable	9,151,985	(380,554)	531,303
Corporate Bond Payable	78,533	4,641,573	4,450,088
Issue of preference shares	-	-	-
Shares repurchased	(66,101)	-	-
Issue of ordinary shares net of transaction cost	-	-	-
Non controlling interest	-	(48,469)	(48,469)
Dividends Paid	-	(171,315)	(371,834)
Net cash provided by financing activities	9,164,417	4,041,235	4,561,088
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENT</b>	<b>960,137</b>	<b>(582,048)</b>	<b>(922,994)</b>
Effects of exchange rate differences on cash			-
Cash and cash equivalents at beginning of year	646,916	1,569,910	1,569,910
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>1,607,053</b>	<b>987,862</b>	<b>646,916</b>



# Statement of Changes In Shareholders' Equity

NINE-MONTHS ENDED 30 SEPTEMBER 2022

	Share capital	Non Controlling Interest	Foreign exchange translation	Retained earnings	Total
	US\$	US\$	US\$	US\$	US\$
<b>Period ended September 30, 2022</b>					
Balance at 31 December 2021	27,738,654	-	44,249	4,603,825	32,386,727
Total Comprehensive Income for the period		-	25,601	5,091,196	5,116,797
Issue of Shares net of Transaction Cost					-
Repurchase of issued shares	(66,101)				(66,101)
Dividend paid					-
Acquisition/ (Disposal) of subsidiary with non-controlling interest					-
<b>Balance at 30 September 2022</b>	<b>27,672,553</b>	<b>-</b>	<b>69,850</b>	<b>9,695,020</b>	<b>37,437,423</b>
<b>Period ended September 30, 2021</b>					
Balance at 31 December 2020	27,738,654	48,469	42,098	1,979,974	29,809,195
Total Comprehensive Income for the period		28,788	205,886	1,875,199	2,109,874
Issue of Share					-
Transaction Cost - Issue of Share					-
Dividend paid				(171,315)	(171,315)
Acquisition/ (Disposal) of subsidiary with non-controlling interest		(77,257)			(77,257)
<b>Balance at 30 September 2021</b>	<b>27,738,654</b>	<b>-</b>	<b>247,984</b>	<b>3,683,858</b>	<b>31,670,496</b>

# Notes to the Financial Statements

30 SEPTEMBER 2022

## 1. Incorporation and Principal Activities

FirstRock Real Estate Investments Group (the company) is an International Business Company (IBC) duly incorporated under the laws of Saint Lucia on 4 October 2017. The registered office of the company is located at Bourbon House, Bourbon Street, Castries, Saint Lucia. Its main operations are located at Suite 6, 14 Canberra Crescent, Kingston 6, Saint Andrew, Jamaica.

On 7 June 2022, the company changed its name from FirstRock Capital Holdings Limited to FirstRock Real Estate Investments Limited.

The main activities of the company are holding investments and controlling the operations of its subsidiaries. The company's core focus is real estate investments. The company's primary aim is to provide its shareholders with a tax-efficient vehicle, offering an enhanced level of income, above average dividend yield and preservation of capital through the diversification of assets.

The company's subsidiaries, which together with the company are referred to as "the Group" are as follows:

Subsidiaries	Principal Activities	Incorporated in	Proportion of Capital
FirstRock USA, LLC	Property Investment	USA	100%
FirstRock Capital LATAM, Sociedad Anónima	Property Investment	Costa Rica	100%
FirstRock Capital Cayman Ltd.	Property Investment	Cayman	100%
FCH Jamaica Developers Ltd	Real Estate Development	Jamaica	100%
FCH Jamaica Assets Ltd	Property Investment	Jamaica	100%

## 2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these condensed consolidated interim financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Basis of preparation

#### Interim financial reporting

The condensed consolidated interim financial statements for the nine months ended September 30, 2022 have been prepared in accordance with IAS 34, 'Interim Financial Reporting'. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2021, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

The condensed consolidated interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through profit or loss.

# Notes to the Financial Statements

30 SEPTEMBER 2022

## 2. Significant Accounting Policies (Continued)

### (b) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date control ceases. Condensed consolidated interim financial statements are prepared using uniform accounting policies for like transactions.

Inter-company transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated, except where there are indications of impairment.

### (c) Revenue recognition

#### (i) Interest income

Interest income on financial assets at amortized is recognized in the income statement for all interest-bearing instruments on an accrual basis using the effective yield method based on the actual purchase price.

#### (ii) Dividend income

Dividends are received from financial assets measured at fair value through profit or loss (FVPL). Dividends are recognized in the condensed consolidated interim income statement when the right to receive payment is established.

#### (iii) Rental income

Revenue comprises the invoiced value of rental and maintenance charges. Rental income from operating leases is recognized on a straight-line basis over the lease term. The Group currently does not provide incentives to its tenants.

The Group assesses the individual elements of the lease agreements and assesses whether these individual elements are separate performance obligations. Where the contracts include multiple performance obligations, and/or lease and non-lease components, the transaction price is allocated to each performance obligation (lease and non-lease component) based on the stand-alone selling prices. These selling prices are predominantly fixed price per the agreements where the tenant pays the fixed amount based on a payment schedule.

Revenue is measured at the transaction price agreed under the contract. The Group currently does not have arrangements that include deferred payment terms.

A receivable is recognized when services are provided as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

# Notes to the Financial Statements

30 SEPTEMBER 2022

## 2. Significant Accounting Policies (Continued)

### (d) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the condensed consolidated interim financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The condensed consolidated interim financial statements are presented in US dollars, which is the company's functional currency. The company has determined that the US dollar is its functional currency as its strategy is to contract with multinational entities (mainly US based), at rates consistent with rates charged in the US and therefore considers the US economy to be the primary economy to which it is exposed and the economy that determines the pricing of its goods and services. The largest portion of the company's revenues, expenses and cash flows are denominated in United States dollars.

#### (ii) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate. Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in profit or loss.

#### (iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each condensed consolidated interim statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each condensed consolidated interim statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognized in other comprehensive income.

### (e) Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment property is carried at fair value.

Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

# Notes to the Financial Statements

30 SEPTEMBER 2022

## 2. Significant Accounting Policies (Continued)

Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment properties under construction for which the fair value cannot be determined reliably, but for which the Group expects the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier.

Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions. Fair value may also be determined using recent comparable sales, with appropriate adjustments for size, location, condition etc, as appropriate. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the cost of the replacement is included in the carrying amount of the property, and the fair value is reassessed.

Changes in fair values are recognized in profit or loss. Investment properties are derecognized when they have been disposed of. Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in profit or loss within net gain/(loss) from fair value adjustment on investment property. If an investment property becomes owner occupied, it is reclassified as property, plant and equipment. Its fair value as at the date of reclassification becomes its cost for subsequent accounting purposes. Where an investment property undergoes a change in use, such as commencement of development with a view to sell, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

### (f) Investments and other financial assets and liabilities

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity in another entity.

#### Financial assets

The Group's financial assets comprise loans receivable, and investments at FVPL and at amortized cost, trade and other receivables, due from related parties and cash and cash equivalents balances.

#### Financial liabilities

The Group's financial liabilities comprise loans, preference shares, trade payables and other liabilities due to related parties. They are initially measured at fair value and are subsequently measured at amortized cost using the effective interest method.

# Notes to the Financial Statements

30 SEPTEMBER 2022

## 2. Significant Accounting Policies (Continued)

### *Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at FVPL; and
- those to be measured at amortized cost.

For assets measured at fair value through profit or loss, gains and losses will be recorded in profit or loss. For investments in equity instruments that are not held for trading, the Group has made an irrevocable election at the time of initial recognition to account for them at FVPL. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

### *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognized on the trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

### *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

### *Debt instruments*

The Group classifies its debt instruments at amortized cost. These are assets that are held for collection of contractual cash flows where those cash flows represent SPPI and are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss. Impairment losses are presented separately and form part of profit or loss.

### *Equity instruments*

The Group subsequently measures all equity investments at fair value. These fair value gains and losses are recognized in net change in fair value of financial instruments at fair value through profit or loss. Any gain or loss arising on derecognition is recognized directly in profit or loss.

### *Impairment*

The Group assesses on a forward-looking basis the ECL associated with its debt instruments and loans receivable carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The ECL in relation to trade receivables is immaterial.

Debt investments and other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. The impairment charge for debt investments was assessed and is recorded in profit or loss.

# Notes to the Financial Statements

30 SEPTEMBER 2022

## 2. Significant Accounting Policies (Continued)

### (g) Trade and other receivables

Trade receivables are recognized initially at fair value and subsequently are measured at amortized cost using the effective interest method, less impairment provision. The Group holds the trade receivables with the objective to collect the contractual cash flows.

### (h) Cash and cash equivalents

Cash and cash equivalents include cash at bank. Cash and cash equivalents are carried at cost which is assumed to approximate fair value due to the short-term nature of these items.

### (i) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. If such subsequent cost relates to a replaced part, the carrying amount of the replaced part is derecognized. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives at annual rates, as follows:

Billboards	10%
Right of Use Asset	Life of lease
Leasehold improvements	Life of lease
Furniture, fixtures & equipment	10%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the income statement.

### (j) Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

# Notes to the Financial Statements

30 SEPTEMBER 2022

## 2. Significant Accounting Policies (Continued)

### (k) Management fees

A management fee of one point eight per cent (1.8%) of the total asset value of the Group based on the Group's audited financials will be paid quarterly to the Group's management company FirstRock Capital Resource Limited.

The fee is to be paid in arrears, based on the quarterly unaudited financial statements of the Group, subject to the 'claw-back' provision.

### (l) Operating expenses

Expenses include management, legal, marketing, professional, property maintenance and other fees. They are recognized in profit or loss in the period in which they are incurred on an accrual basis.

### (m) Income taxes and deferred taxes

Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in other comprehensive income or equity - in which case, the tax is also recognized in other comprehensive income or equity.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the date of the condensed consolidated interim statement of financial position in the countries where the Group operates. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the condensed consolidated interim financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the condensed consolidated interim statement of financial position and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.



# Notes to the Financial Statements

30 SEPTEMBER 2022

### 3. Earnings per Share

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the period.

Net profit attributable to shareholders (USD\$)	5,091,196
Weighted average number of ordinary shares in issue	285,900,874
Basic earnings per share (USD per share)	<u>0.018</u>

The Group has no dilutive potential ordinary shares. The diluted earnings per share are the same as the basic earnings per share.

### 4. Dividends

No dividends were declared or paid during the period.

# Notes to the Financial Statements

30 SEPTEMBER 2022

## Aggregate Top Ten Shareholders

AS AT SEPTEMBER 30, 2022

	Shareholder	Unit Holdings	% Holdings
1	David Chin and Joyce Chin	19,350,000	6.77
2	JCSD Trustee Services Limited - Sigma Equity	15,400,000	5.38
3	NMIA Airports Limited	14,259,000	4.99
4	Airport Authority of Jamaica	14,259,000	4.99
5	Sagicor Pooled Equity Fund	10,846,000	3.79
6	MF&G Asset Management Limited - Jamaica Investment Fund	10,400,000	3.64
7	National Insurance Fund	10,000,000	3.50
8	TJBK Investments Limited	10,000,000	3.50
9	Ryan Kwesi Reid	5,370,000	1.88
10	Barita Investments Limited-Long A/C (Trading)	4,916,549	1.72
	<b>AGGREGATE ISSUED SHARE CAPITAL</b>	<b>286,025,318</b>	

**Notes to the Financial Statements**

30 SEPTEMBER 2022

**(Combined Holdings) Directors Ownership**

AS AT SEPTEMBER 30, 2022

Name of Director	Connected Parties	Combined Shareholdings
Norman Reid	Pauline Reid*	14,000
	Ryan-Kwesi Reid	5,370,000
Douglas Halsall	Gloria Marjorie	Nil
	Stacey Peart*	924,000
	Advanced Integrated Systems Limited	Nil
	Qmall Limited	Nil
	Health Administration Systems Limited	3,852,000
York Page Seaton	Claudette Seaton*	4,779,158
	Y.P. Seaton Associates Limited	Nil
Alton Morgan	Peggy Myers-Morgan	Nil
	Dionne Morgan	Nil
	Nicholas Morgan	Nil
	Legisperitus Limited	Nil
Michael Anthony Banbury		2,785,169
Natalie E.G. Augustin (Company Secretary)		Nil

\*Joint ownership with director