

INTERIM REPORT

(NINE MONTHS)
30 SEPTEMBER 2021

INTERIM REPORT TO OUR STOCKHOLDERS

GraceKennedy (GK) Limited is pleased to present its financial results for the nine months ended September 30, 2021. For the third quarter of 2021, the GraceKennedy Group reported revenue of J$32.42 billion and profit before tax (PBT) of J$3.09 billion, compared to the corresponding period in 2020 which produced J$29.59 billion in revenue and J$2.79 billion in PBT.

For the nine-months ended September 30, 2021, the GraceKennedy Group recorded revenue of J$95.78 billion, representing an 11.2% or J$9.65 billion increase over the corresponding period of 2020. Profit before other income was J$5.88 billion, which is a 14.9% or J$762.78 million increase over the corresponding period of 2020. Profit before tax for the period was J$8.54 billion, which is 16.9% or J$1.23 billion higher compared to the same period last year, and net profit after tax was J$6.23 billion, an increase of J$1.30 billion or 26.34% over the corresponding period of 2020. Earnings per stock unit for the period was J$5.73 compared to J$4.47 for the same period in 2020.

Stockholders' equity increased by J$5.16 billion to J$65.07 billion over the nine-month period. The market has responded to the Group's strong performance with the GK stock price on the Jamaica Stock Exchange (JSE) appreciating by more than 50% since the start of the year. This is relative to a less than 2% increase in the overall JSE stock market index from December 31, 2020 to November 2, 2021.

Notwithstanding the Company's strong performance, the volatility of the foreign exchange rate in Jamaica has negatively impacted GK's business and created instability in the costing of products. Additionally, resulting from the rise in positive cases of COVID-19 during the summer months, a series of no movement days were instituted in Jamaica in August and September. This impacted our product and service delivery during that period and resulted in reduced transaction activity.

GK has strengthened initiatives to manage risks that continue to impact how we operate in all our markets, as a result of the COVID -19 pandemic. We remain focused on securing our international supply chain, broadening our digital reach, and sustaining momentum in improving operational efficiency and cost management.

Performance of Business Segments

Foods

GK's Jamaican food distribution business (GK Foods – Domestic), recorded an increase in PBT and revenue over prior year. This performance was led by continued growth in core products such as corned beef, soup, Tropical Rhythms' fruit and vegetable blends, and frankfurters, coupled with notable growth in our Caribbean Choice line, and sardines. Marketing efforts remained robust throughout the reporting period to drive consumer demand. Our '***Taste That Moves You'*** Tropical Rhythms refresh and Mackerel and Mighty Malt campaigns maintained high visibility through television and outdoor advertising, and social media. The Summer Olympics in Tokyo earned GK Foods significant brand visibility due to the winning performances of our three ambassadors, Jamaican sprinters Shelly-Ann Fraser Pryce and Briana Williams, and hurdler Hansle Parchment.

World Brands Services Limited (WBS) continued their rebound, recording double digit growth in revenue and a triple digit growth in PBT when compared with the same period in the prior year. This is attributed to several factors including an increase in distribution points and the addition of two van sales routes.

Consumer Brands Limited (CBL) also reported a strong performance for the nine-month period under review, surpassing both the prior year period revenue and PBT. This was supported by the launch of new products and the growth attributable to brands such as Downy, Pampers and Tide.

Hi-Lo Food Stores, our Jamaican supermarket chain, reported increased revenue over the prior year period and continues to record double digit growth in basket size when compared with 2020. The supermarket chain's results were negatively impacted by Jamaica's no movement days in August and September. During this period, Hi-Lo offered a grocery delivery service which has been receiving positive reviews.

GK's Manufacturing Division surpassed prior year results based on growth in both revenue and PBT. Dairy Industries Jamaica Limited (DIJL) recorded a particularly noteworthy performance, achieving significant growth in revenue and PBT over the prior year period, which is expected to continue. In the third quarter DIJL successfully launched a liquid yogurt smoothie product, ***Good2Grow***, which has been receiving positive reviews.

GK's International Foods business (GK Foods – International) continued to exceed both revenue and PBT targets for the first nine months of the year, with all business units surpassing PBT targets and showing growth over prior year. Grace Foods UK Limited recorded a strong performance, registering triple digit growth in revenue and PBT over the corresponding period of 2020. The Food service segment in the UK is also benefitting from relaxed COVID-19 restrictions in that market and recorded double digit growth over the prior year period. Grace Foods Canada exceeded revenue targets, reporting double digit growth in revenue year to date. GraceKennedy Foods (USA) LLC also had a strong nine months, bolstered by redoubled efforts to contain costs and increased distribution points. This company had an exceptional gain associated with a Paycheck Protection Program (PPP) loan, that was converted to a grant by the USA Government.

GK's Foods Division continues to be impacted by global supply chain challenges, including increased freight costs and delays in the supply of products. We are closely monitoring the situation and working to implement measures to mitigate any possible fallout for our business.

Financial Services

GraceKennedy Financial Group (GKFG) performed well over the nine-month period under review, reporting growth in revenue over the prior year period. In keeping with its financial inclusion strategy, GKFG continued expansion of its GKONE network in Jamaica, adding two new locations in Highgate, St. Mary and Albert Town, Trelawny, in Jamaica.

GK Capital Management Limited and GK Investments Limited recorded top-line and bottom-line line growth when compared to the prior year period. Both companies continued to improve upon gains made from increased stockbroking activity, and the recovery of the corporate finance market in Jamaica.

GK's Insurance segment ended the period under review with an increase in revenue over the prior year period. In July GraceKennedy General Insurance Company Limited (GKGI) launched its latest policy innovation, **GK Weather Protect** – a solution designed in conjunction with Jamaica's Ministry of Agriculture which offers disaster risk insurance for Jamaican farmers and fishers. GKGI, which celebrated

its 40th anniversary on September 1, reported growth in revenue attributed to focused relationship management and customer service.

Key Insurance Company Limited (Key) continues to show growth in revenue, particularly from its motor portfolio. This has translated into a modest profit being recorded, compared to losses prior to GK's acquisition of the business. Key will be focusing on building its brand through enhanced marketing to generate increased profitability.

GraceKennedy Money Services Limited (GKMS) exceeded its revenue and pre-tax profits, continuing to record growth when compared to the corresponding period of 2020. GKMS' remittance business saw an increase in both revenue and pre-tax profits over prior year in its main markets – Jamaica, Guyana and Trinidad and Tobago. Its bill payment business also exceeded pre-tax profits over the same period of the prior year. Bill Express Online in Jamaica continued to show strong performance, achieving a 21% increase in transactions over the prior year period.

Financial inclusion remains a key strategy for GK's commercial bank, First Global Bank Limited (FGB) which opened additional bank agents in the two new GKONE stores. FGB now operates 13 bank agents, five mini branches and eight traditional branches. The Bank recorded an increase in revenue over prior year attributed to an increased focus on its payments business and the convenience of its online banking platform.

Mergers & Acquisitions

On 31 July 2021, GK concluded our acquisition of Scotia Insurance Eastern Caribbean Limited, which offers creditor life insurance and operates within the territories of Anguilla, Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines. The company's name was subsequently changed to GK Life Insurance Eastern Caribbean Limited.

Digital Transformation

GK's digital transformation continues to make good progress. A pilot of the GKONE mobile app began in October 2021. The app will incorporate a number or remittance and bill payment features and is expected to be released before year-end.

The pilot of Hi-Lo Food Stores' e-commerce platform, Hi-Lo Online, is complete. The web store and mobile app are now live and will be launched digitally during November 2021. The new platform offers a convenient online grocery shopping experience with options for home delivery and curb-side pickup.

We Care

GK continues to demonstrate our ***'We Care'*** mantra through corporate social responsibility activities being executed by our Foundations and subsidiaries. In August and September GK Foods – Domestic executed a series of activities under its ***'Taste that Moves You to Care'*** theme, which recognised the sterling contribution of nurses to Jamaica's COVID-19 response. The initiative included donations of Grace products valued at over J$1.35 million to nurses working in Jamaica's public health sector. To mark their 40th anniversary in September GKGI equipped 10 early childhood institutions with much needed sanitation equipment ahead of the 2021/22 academic year.

In October the GraceKennedy Foundation (GKF) awarded scholarships valued at over J$24 million to 92 Jamaican tertiary students for the 2021/22 academic year. This followed the awarding of 25 bursaries valued at J$1.84 million by GKF to the children of GK staff in September through the annual Carlton Alexander Memorial Bursary programme. Through GKF, GraceKennedy has also established a Digital Institute to help meet the future IT needs of our organization, and to further contribute to the development of IT capacity in Jamaica. GK's Digital Institute will offer scholarships and employment opportunities for tertiary students studying digital technology, including ten summer internships at GK in 2022.

GK remains committed to the fight against the spread of COVID-19, and in this regard collaborated with the Private Sector Organization of Jamaica (PSOJ) under its Private Sector Vaccination Initiative (PSVI), to host two COVID-19 vaccination blitzes at our headquarters in Downtown Kingston, Jamaica. The first vaccination blitz on Tuesday, September 7, 2021 saw 570 participants receiving either their first or second COVID-19 vaccine dose. At the second blitz on Tuesday, November 2, over 760 people were vaccinated. The vaccination blitzes focused on GK team members and their guests. GK contractors, members of the Jamaica Constabulary Force attached to the Kingston Central Division and residents of Parade Gardens and Rae Town, the communities bordering GK's HQ in Jamaica, were also vaccinated.

Thanks to our outstanding team, GK remains committed to supporting the communities we serve around the world. As we remain true to our core principles of Honesty, Integrity and Trust, we look forward to our 100th anniversary in 2022 and emerging from this pandemic, stronger, together.



Gordon V. Shirley, OJ
Chairman



Donald G. Wehby, CD
Group Chief Executive Officer

November 11, 2021

GraceKennedy Limited

CONSOLIDATED INCOME STATEMENT
NINE MONTHS ENDED 30 SEPTEMBER 2021
(Unaudited)

	3 months to 9/30/2021 $'000	9 months to 9/30/2021 $'000	3 months to 9/30/2020 $'000	9 months to 9/30/2020 $'000
Revenue from products and services	31,275,213	92,355,966	28,504,398	82,879,185
Interest revenue	1,149,675	3,420,263	1,090,082	3,246,913
Revenues (Note 2)	32,424,888	95,776,229	29,594,480	86,126,098
Direct and operating expenses	(30,248,373)	(89,499,744)	(27,413,281)	(80,375,004)
Net impairment losses on financial assets	(162,481)	(392,404)	(127,798)	(629,790)
Expenses	(30,410,854)	(89,892,148)	(27,541,079)	(81,004,794)
Profit before other income	2,014,034	5,884,081	2,053,401	5,121,304
Other income	1,185,127	2,712,404	772,719	2,269,054
Profit from Operations	3,199,161	8,596,485	2,826,120	7,390,358
Interest income – non-financial services	157,484	433,576	127,852	351,313
Interest expense – non-financial services	(300,416)	(858,262)	(290,436)	(843,873)
Share of results of associates and joint ventures	38,715	368,294	122,759	409,684
Profit before Taxation	3,094,944	8,540,093	2,786,295	7,307,482
Taxation	(835,635)	(2,305,826)	(902,300)	(2,373,020)
Net Profit for the period	2,259,309	6,234,267	1,883,995	4,934,462
Profit attributable to:				
Owners of GraceKennedy Limited	2,090,387	5,677,684	1,678,144	4,424,534
Non-controlling interests	168,922	556,583	205,851	509,928
	2,259,309	6,234,267	1,883,995	4,934,462
Earnings per Stock Unit for profit attributable to the owners of the company during the period: (expressed in $ per stock unit):				
Basic	$2.11	$5.73	$1.69	$4.47
Diluted	$2.09	$5.69	$1.69	$4.45

GraceKennedy Limited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
NINE MONTHS ENDED 30 SEPTEMBER 2021
(Unaudited)

	3 months to 9/30/2021 $'000	9 months to 9/30/2021 $'000	3 months to 9/30/2020 $'000	9 months to 9/30/2020 $'000
Profit for the period	2,259,309	6,234,267	1,883,995	4,934,462
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Gains on revaluation of land and buildings	-	32,530	-	-
Changes in fair value of equity instruments at fair value through other comprehensive income	94,292	(2,513)	(129,971)	(352,292)
Remeasurements of post-employment benefit obligations	193,671	439,198	(37,218)	367,624
Share of other comprehensive income of associates and joint ventures	-	(5,461)	-	29,310
	287,963	463,754	(167,189)	44,642
Items that may be subsequently reclassified to profit or loss:				
Foreign currency translation adjustments	(244,207)	514,547	246,981	890,259
Changes in fair value of debt instruments at fair value through other comprehensive income	(94,071)	(194,262)	216,148	(158,423)
Share of other comprehensive income of associates and joint ventures	(24,688)	62,081	22,539	108,077
	(362,966)	382,366	485,668	839,913
Other comprehensive income for the period, net of tax	(75,003)	846,120	318,479	884,555
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,184,306	7,080,387	2,202,474	5,819,017
Total comprehensive income attributable to:				
Owners of GraceKennedy Limited	2,022,936	6,494,114	1,994,812	5,276,174
Non-controlling interests	161,370	586,273	207,662	542,843
	2,184,306	7,080,387	2,202,474	5,819,017

GraceKennedy Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 SEPTEMBER 2021
(Unaudited)

	September 30 2021 $'000	December 31 2020 $'000	September 30 2020 $'000
ASSETS			
Cash and deposits	27,129,058	24,331,106	22,719,287
Investment securities	38,184,465	33,513,948	32,592,592
Pledged assets	9,023,945	7,610,387	7,357,192
Receivables	22,172,492	16,871,439	19,605,866
Inventories	15,216,208	14,433,135	12,558,028
Loans receivable	32,809,758	31,250,331	31,804,705
Taxation recoverable	1,014,409	767,669	790,475
Investments in associates and joint ventures	4,356,538	4,118,824	3,989,875
Investment properties	699,000	925,734	968,150
Intangible assets	5,404,424	4,411,466	4,471,384
Fixed assets	25,692,858	25,560,044	24,143,096
Deferred tax assets	1,168,460	1,060,528	1,600,577
Pension plan asset	7,230,798	6,841,372	4,925,359
Assets classified as held for sale	-	-	302,791
Total Assets	190,102,413	171,695,983	167,829,377
LIABILITIES			
Deposits	43,993,115	41,611,220	39,978,781
Securities sold under agreements to repurchase	7,112,582	4,968,483	5,436,294
Bank and other loans	26,843,711	25,233,708	24,898,963
Payables	34,350,618	28,211,841	30,252,937
Taxation	1,023,211	1,077,285	1,287,534
Provisions	45,436	42,602	41,964
Deferred tax liabilities	1,784,454	1,822,238	1,404,855
Other post-employment obligations	6,431,739	5,949,279	5,042,398
Total Liabilities	121,584,866	108,916,656	108,343,726
EQUITY			
Capital & reserves attributable to the company's owners			
Share capital	331,226	305,493	347,426
Capital and fair value reserves	7,581,937	7,789,066	6,769,023
Retained earnings	48,547,035	44,096,867	41,853,040
Banking reserves	3,920,711	3,620,711	3,620,711
Other reserves	4,686,216	4,098,122	3,909,709
Equity attributable to owners of the company	65,067,125	59,910,259	56,499,909
Non-Controlling Interests	3,450,422	2,869,068	2,985,742
Total Equity	68,517,547	62,779,327	59,485,651
Total Equity and Liabilities	190,102,413	171,695,983	167,829,377

Approved for issue by the Board of Directors on 11 November 2021 and signed on its behalf by:

Gordon Shirley — Chairman

Donald Wehby — Group Chief Executive Officer

GraceKennedy Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
NINE MONTHS ENDED 30 SEPTEMBER 2021
(Unaudited)

	Attributable to owners of the company							Non-controlling interests	Total Equity
	No. of Shares '000	Share Capital $'000	Capital and Fair Value Reserve $'000	Retained Earnings $'000	Banking Reserves $'000	Other Reserves $'000	Total $'000	$'000	$'000
Balance at 1 January 2020	992,106	457,170	7,234,527	38,501,844	3,220,711	2,912,158	52,326,410	2,385,277	54,711,687
Profit for the period	-	-	-	4,424,534	-	-	4,424,534	509,928	4,934,462
Other comprehensive income for the period	-	-	(478,105)	367,624	-	962,121	851,640	32,915	884,555
Total comprehensive income for the period	-	-	(478,105)	4,792,158	-	962,121	5,276,174	542,843	5,819,017
Transactions with owners:									
Issue of shares	8	339	-	-	-	-	339	-	339
Sale of treasury shares	63	3,657	-	-	-	-	3,657	-	3,657
Purchase of treasury shares	(2,856)	(171,728)	-	-	-	-	(171,728)	-	(171,728)
Transfer of non-controlling interests	-	-	-	-	-	-	-	163,888	163,888
Share-based payments charged	-	-	-	-	-	129,995	129,995	-	129,995
Share-based payments exercised	-	-	-	-	-	(24,182)	(24,182)	(87)	(24,269)
Transfer of treasury shares to employees	976	57,988	12,561	-	-	(70,383)	166	(166)	-
Dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	(106,013)	(106,013)
Dividends paid	-	-	-	(1,040,922)	-	-	(1,040,922)	-	(1,040,922)
Total transactions with owners	(1,809)	(109,744)	12,561	(1,040,922)	-	35,430	(1,102,675)	57,622	(1,045,053)
Transfers between reserves:									
To capital reserves	-	-	40	(40)	-	-	-	-	-
To banking reserves	-	-	-	(400,000)	400,000	-	-	-	-
Balance at 30 September 2020	990,297	347,426	6,769,023	41,853,040	3,620,711	3,909,709	56,499,909	2,985,742	59,485,651
Balance at 1 January 2021	989,661	305,493	7,789,066	44,096,867	3,620,711	4,098,122	59,910,259	2,869,068	62,779,327
Profit for the period	-	-	-	5,677,684	-	-	5,677,684	556,583	6,234,267
Other comprehensive income for the period	-	-	(170,496)	439,198	-	547,728	816,430	29,690	846,120
Total comprehensive income for the period	-	-	(170,496)	6,116,882	-	547,728	6,494,114	586,273	7,080,387
Transactions with owners:									
Issue of shares	15	737	-	-	-	-	737	-	737
Purchase of treasury shares	(535)	(54,899)	-	-	-	-	(54,899)	-	(54,899)
Increase in non-controlling interests	-	-	-	-	-	-	-	83,216	83,216
Transfer of non-controlling interests	-	-	(61,880)	-	-	-	(61,880)	61,880	-
Share-based payments charged	-	-	-	-	-	174,924	174,924	-	174,924
Share-based payments exercised	-	-	-	-	-	(29,144)	(29,144)	(144)	(29,288)
Transfer of shares to employees	42	2,229	-	-	-	(2,229)	-	-	-
Transfer of treasury shares to employees	1,291	77,666	25,795	-	-	(103,185)	276	(276)	-
Dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	(149,595)	(149,595)
Dividends paid	-	-	-	(1,367,262)	-	-	(1,367,262)	-	(1,367,262)
Total transactions with owners	813	25,733	(36,085)	(1,367,262)	-	40,366	(1,337,248)	(4,919)	(1,342,167)
Transfers between reserves:									
From capital reserves	-	-	(548)	548	-	-	-	-	-
To banking reserves	-	-	-	(300,000)	300,000	-	-	-	-
Balance at 30 September 2021	990,474	331,226	7,581,937	48,547,035	3,920,711	4,686,216	65,067,125	3,450,422	68,517,547

GraceKennedy Limited

CONSOLIDATED STATEMENT OF CASH FLOWS
NINE MONTHS ENDED 30 SEPTEMBER 2021
(Unaudited)

	9/30/2021 $'000	9/30/2020 $'000
SOURCES/(USES) OF CASH:		
Operating Activities (Note 3)	10,890,432	9,719,748
Financing Activities		
Loans received	14,198,929	10,475,951
Loans repaid	(13,807,513)	(10,821,116)
Proceeds from issue of shares to non-controlling interests	83,216	-
Dividends paid by subsidiary to non-controlling interests	(149,595)	(106,013)
Purchase of treasury shares	(54,899)	(171,728)
Sale of treasury shares	-	3,657
Issue of shares	737	339
Exercise of share based payments	(29,288)	(24,269)
Interest paid – non financial services	(829,149)	(830,252)
Dividends	(1,367,262)	(1,040,922)
	(1,954,824)	(2,514,353)
Investing Activities		
Additions to fixed assets	(1,081,720)	(912,450)
Proceeds from disposal of fixed assets	21,309	32,181
Additions to investments	(11,213,224)	(5,562,855)
Cash (outflow)/inflow on acquisition of subsidiary	(267,088)	448,621
Cash outflow on purchase of interest in associates and joint ventures	-	(107,500)
Proceeds from sale of investments	6,135,268	6,337,576
Additions to intangibles	(889,282)	(271,570)
Interest received – non financial services	456,950	343,339
	(6,837,787)	307,342
Increase in cash and cash equivalents	2,097,821	7,512,737
Cash and cash equivalents at beginning of year	23,319,787	13,858,915
Exchange and translation gains on net foreign cash balances	328,635	478,317
CASH AND CASH EQUIVALENTS AT END OF PERIOD	25,746,243	21,849,969

GraceKennedy Limited

FINANCIAL INFORMATION BY OPERATING SEGMENT
NINE MONTHS ENDED 30 SEPTEMBER 2021
(Unaudited)

9 months to 30 September 2021	Food Trading $'000	Banking & Investments $'000	Insurance $'000	Money Services $'000	Consolidation Adjustments $'000	Group $'000
REVENUE						
External sales	75,146,483	4,961,789	8,451,935	7,216,022	-	95,776,229
Inter-segment sales	164,863	173,838	642,317	-	(981,018)	-
Total Revenue	75,311,346	5,135,627	9,094,252	7,216,022	(981,018)	95,776,229
RESULT						
Operating results	4,586,768	453,321	984,156	3,132,064	55,416	9,211,725
Unallocated expense	-	-	-	-	(615,240)	(615,240)
Profit from operations	-	-	-	-	-	8,596,485
Finance income	4,656	7,257	23,756	16,568	381,339	433,576
Finance expense	(488,313)	(44,088)	(5,739)	(101,334)	(218,788)	(858,262)
Share of associates and joint ventures	323,573	92,270	(47,549)	-	-	368,294
Profit before Taxation	4,426,684	508,760	954,624	3,047,298	(397,273)	8,540,093
Taxation						(2,305,826)
Net Profit for the period						6,234,267
Attributable to:						
Owners of GraceKennedy Limited						5,677,684
Non-controlling interests						556,583
						6,234,267

9 months to 30 September 2020	Food Trading $'000	Banking & Investments $'000	Insurance $'000	Money Services $'000	Consolidation Adjustments $'000	Group $'000
REVENUE						
External sales	67,904,746	4,676,512	7,068,938	6,475,902	-	86,126,098
Inter-segment sales	166,833	35,374	583,229	-	(785,436)	-
Total Revenue	68,071,579	4,711,886	7,652,167	6,475,902	(785,436)	86,126,098
RESULT						
Operating results	3,236,715	505,479	836,526	3,094,992	35,135	7,708,847
Unallocated expense	-	-	-	-	(318,489)	(318,489)
Profit from operations	-	-	-	-	-	7,390,358
Finance income	7,322	7,579	20,110	16,986	299,316	351,313
Finance expense	(575,980)	(53,594)	(6,710)	(96,625)	(110,964)	(843,873)
Share of associates and joint ventures	279,986	136,093	(6,395)	-	-	409,684
Profit before Taxation	2,948,043	595,557	843,531	3,015,353	(95,002)	7,307,482
Taxation						(2,373,020)
Net Profit for the period						4,934,462
Attributable to:						
Owners of GraceKennedy Limited						4,424,534
Non-controlling interests						509,928
						4,934,462

Notes

1. Accounting Policies

(a) Basis of preparation

This condensed consolidated interim financial report for the reporting period ended 30 September 2021 has been prepared in accordance with Accounting Standard IAS 34 'Interim Financial Reporting'.

These financial statements are presented in Jamaican dollars unless otherwise indicated.

The accounting policies followed in these interim financial statements are consistent with those of the previous financial year and corresponding interim reporting period.

(b) Segment reporting

The principal activities of the company, its subsidiaries, associates and joint ventures (the Group) are as follows:

- *Food Trading* – Merchandising of general goods and food products, both locally and internationally; processing and distribution of food products; and the operation of a chain of supermarkets.
- *Banking and Investment* – Commercial banking; stock brokerage; corporate finance; advisory services; and lease financing.
- *Insurance* – General insurance, health insurance and insurance brokerage.
- *Money Services* – Operation of money transfer services; cambio operations and bill payment services.

2. Revenues

Revenues for the Group can be disaggregated as follows:

	2021 $'000	2020 $'000
Timing of revenue recognition from contracts with customers		
Goods and services transferred at a point in time	85,367,415	77,131,288
Services transferred over time	86,911	91,634
Revenue from insurance contracts	6,901,640	5,656,263
Interest revenue	3,420,263	3,246,913
	95,776,229	86,126,098

3. Cash Flows from Operating Activities

Reconciliation of net profit to cash generated from operating activities:

	9/30/2021 $'000	9/30/2020 $'000
Net profit	6,234,267	4,934,462
Items not affecting cash:		
Depreciation	2,088,141	1,909,780
Amortisation	470,315	389,526
Impairment charge	-	4,967
Change in value of investments	(51,432)	216,099
Gain on disposal of fixed assets	(12)	(2,128)
Gain on disposal of investments	(31,783)	(5,167)
Share-based payments	174,924	129,995
Exchange gain on foreign balances	(373,509)	(394,472)
Interest income – non financial services	(433,576)	(351,313)
Interest income – financial services	(3,694,862)	(3,505,194)
Interest expense – non financial services	858,262	843,873
Interest expense – financial services	551,442	485,834
Taxation expense	2,305,826	2,373,020
Unremitted equity income in associates and joint ventures	(181,095)	(233,053)
Pension plan surplus	196,171	198,945
Other post-employment obligations	482,460	430,284
	8,595,539	7,425,458
Changes in working capital components:		
Inventories	(783,073)	757,127
Receivables	(5,299,224)	(2,168,792)
Loans receivable, net	(1,427,635)	(471,323)
Payables	5,478,154	2,671,711
Deposits	1,735,891	2,824,809
Securities sold under repurchase agreements	2,015,086	(2,823,253)
Provisions	2,834	4,184
	10,317,572	8,219,921
Interest received – financial services	3,632,463	3,404,604
Interest paid – financial services	(507,192)	(487,224)
Translation gains	196,974	433,345
Taxation paid	(2,749,385)	(1,850,898)
Net cash provided by operating activities	10,890,432	9,719,748

Reconciliation of movements of liabilities to cash flows arising from financing activities:
Amounts represent bank and other loans, excluding bank overdrafts

	9/30/2021 $'000	9/30/2020 $'000
At beginning of year	24,222,390	23,263,991
Lease liability to acquire right-of-use asset	615,047	326,511
On acquisition through business combination	-	18,950
Loans received	14,198,929	10,475,951
Loans repaid	(13,807,513)	(10,821,116)
Foreign exchange adjustments	175,809	744,608
Net interest movements	56,234	20,750
At end of period	25,460,896	24,029,645

4. Acquisition of additional shares in a subsidiary company

On 11 February 2021, the Group purchased an additional 124,508,000 shares in Key Insurance Company Limited, by way of a renounceable rights issue of two hundred and fifty-nine (259) additional ordinary shares for every five hundred (500) shares owned at a subscription price of $3.50 per share. As a result of some of the existing shareholders not exercising their rights, the Group purchased additional shares totaling 44,751,000 in excess of its existing proportionate share, resulting in an increase in the Group's shareholding from 65.2% to 73.2%.

5. Impact of Covid-19

As a result of the Covid-19 pandemic, the Group continues to be exposed to an elevated level of credit risk, liquidity risk, foreign currency risk, and price risk, with the most significant exposures relating to credit and price risk. The Group has also experienced an elevated level of supply chain risk during the period.

The nature and extent of the impact on the Group's financial position, results and cash flows continues to evolve given the rapid pace of change and the elevated level of uncertainty.

The Group continues to actively monitor and manage the identified risks through its Executive Management and Covid-19 Committees. In response to the specific financial risks identified, the Group has employed several measures, including robust monitoring of the loans receivable portfolio, managing investment portfolio positions, maintaining adequate safety stock levels and establishing alternative supplier relationships.

6. Business Combination

On 31 July 2021, the Group acquired 100% of the share capital of Scotia Insurance Eastern Caribbean Limited (the company), which is domiciled in St. Lucia and licensed to conduct ordinary long term insurance and personal accident insurance. The company currently conducts creditor life insurance business and operates within the territories of Anguilla, Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines.

The company subsequently changed its name to GK Life Insurance Eastern Caribbean Limited.

The purchase consideration comprised an initial cash payment amounting to $637,778,000 and contingent consideration amounting to $476,933,000. The contingent consideration is dependent on the relative achievement of a gross premium income target over a period ending 31 October 2022 and is payable once the target is satisfied.

The following table summarises the net cash outflow on acquisition:

	9/30/2021 $'000
Purchase consideration settled in cash	(637,778)
Cash and cash equivalents in business acquired	370,690
Cash outflow on acquisition	(267,088)

The fair value of the net assets acquired is currently under assessment.