

# Barita

## INVESTMENTS LIMITED

### UNAUDITED FINANCIAL RESULTS FOR THE 6 MONTHS ENDED MARCH 31, 2014.

#### Chairman's Statement

#### BARITA POSTS PROFITS BEFORE TAXES OF \$110 MILLION

For the period ending March 31, 2014, Barita Investments Limited continued the trend of profitability with a recorded profit before taxes of \$110 million from gross revenues of \$667 million.

The highlights of our operating performance for the financial year to date are as follows:

- Gross revenue from Interest Income was \$523 million, 4% below the prior year position, while the related interest expense for the period was \$338 million, up 15% when compared to prior year.
- The continued upward pressure on interest rates has resulted in liability costs increasing at a significantly faster rate than a possible increase in Interest Income. This created a significant contraction in our margins and led to recorded net interest income of \$185 million, approximately 25% down from prior year.
- Revenues from our non interest income streams were significantly above prior year at \$142 million, compared to a loss of \$30 million.

*The significant negative impact of the National Debt Exchange (NDX) on prior year results is evident in the year over year comparison.*

- The depreciation of the Jamaican Dollar against the USD, Euro and Sterling continued at a slightly slower pace and resulted in translation gains of \$63 million year to date.
- Effectiveness in our cost management exercises were successful with overall operational costs for the 6 month period to March 31, 2014, decreasing by 10% when compared to the same period last year. Staff costs increased by 9% compared to the same period last year, triggered primarily by additional human resources. While administrative costs were 25% lower than last year, the result of effective cost management strategies consistently employed.

We continue to aggressively manage our costs to ensure that as much as possible costs incurred result from value added activities.

#### Capital Adequacy

The Capital base of Barita Investments Limited remains in compliance with regulatory requirements. This is set out in the following key ratios:

	FSC Requirement	Barita Achievement
Capital to Risk Weighted Asset	10%	14%
Capital to Total Asset	6%	10%
Capital Base to Tier 1 Capital	50%	98%

#### Outlook

We continue to work assiduously to improve our performance quarter over quarter in order to provide sustainable returns for our stakeholders. As we continue to manage in this challenging environment, we persist in the active management of our costs, and the enhancement of our revenue streams.



Rita Humphries-Lewin  
Chairman  
April 22, 2014.

#### CONSOLIDATED PROFIT & LOSS STATEMENT AS AT MARCH 31, 2014


	UNAUDITED 3 Months Ended Mar 31 2014 \$,000	UNAUDITED 3 Months Ended Mar 31 2013 \$,000	UNAUDITED 6 Months Ended Mar 31 2014 \$,000	UNAUDITED 6 Months Ended Mar 31 2013 \$,000
<b>Net Interest Income and Other Revenue</b>				
Interest Income	259,844	244,620	523,635	545,936
Interest cost of Repurchase Agreements	(171,395)	(138,474)	(338,429)	(296,910)
<b>Net Interest Income</b>	<b>88,450</b>	<b>106,146</b>	<b>185,206</b>	<b>249,026</b>
Fees and Commission Income	17,844	19,420	41,007	37,817
Foreign Exchange Trading and translation gains	37,028	53,510	72,186	89,429
Gain/Loss on Sale of Investment	13,524	(199,216)	21,628	(173,250)
Dividend Income	4,990	10,586	6,926	15,756
Other Income	162	752	29	832
<b>Net Operating Revenue</b>	<b>161,999</b>	<b>(8,802)</b>	<b>326,983</b>	<b>219,610</b>
<b>Operating Expenses</b>				
Staff Costs	59,456	49,961	116,380	106,789
Administration	54,940	69,498	100,477	133,084
	<b>114,397</b>	<b>119,458</b>	<b>216,856</b>	<b>239,873</b>
<b>Profit before Taxation</b>	<b>47,602</b>	<b>(128,260)</b>	<b>110,126</b>	<b>(20,263)</b>
Taxation	476	30,409	(4,649)	-
<b>NET PROFIT/(LOSS) FOR THE PERIOD</b>	<b>48,078</b>	<b>(97,851)</b>	<b>105,477</b>	<b>(20,263)</b>
<b>Number of shares in Issue</b>	<b>445,877</b>	<b>445,877</b>	<b>445,877</b>	<b>445,877</b>
Earnings per stock unit	0.11	-0.22	0.24	-0.05

#### Basis of Preparation


These consolidated financial statements have been prepared in accordance with the accounting policies set out in note 2 of the audited financial statements for the year ended 30 September 2013.

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2014

	Unaudited MARCH 2014 \$,000	Unaudited MARCH 2013 \$,000	Audited SEPTEMBER 2013 \$,000
<b>ASSETS</b>			
Cash and bank balances	286,158	450,148	92,145
Securities purchased under resale agreements	1,074,164	874,760	1,169,371
Marketable securities	8,407,886	10,444,017	6,938,050
Pledged Assets	2,863,317	0	3,898,350
Receivables	444,943	423,017	430,128
Loan receivables	127,111	122,315	117,543
Interest receivables	266,698	145,446	271,796
Due from related parties	373	(1,928)	6,907
Property, plant and equipment	250,247	240,445	246,563
Investments	2	2	2
<b>Total Assets</b>	<b>13,720,899</b>	<b>12,698,220</b>	<b>13,170,855</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
Bank overdraft	42,903	15,182	17,501
Securities sold under repurchase agreements	11,983,176	11,056,920	11,643,482
Payables	99,210	173,248	64,734
Interest Payable	81,149	68,386	
Due to related parties	415	0	0
Taxation			14,249
Deferred tax liabilities	136,770	940	27,133
<b>Total Liabilities</b>	<b>12,343,622</b>	<b>11,314,674</b>	<b>11,767,099</b>
<b>Shareholders' Equity</b>			
Stated capital	754,994	755,639	754,994
Treasury shares	(10,145)	(10,145)	(10,145)
Capital reserve	28,505	28,505	28,506
Fair value reserve	(261,641)	(73,373)	(143,060)
Retained earnings	865,563	682,921	773,461
<b>Total Shareholders' Equity</b>	<b>1,377,277</b>	<b>1,383,547</b>	<b>1,403,756</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>13,720,899</b>	<b>12,698,220</b>	<b>13,170,855</b>



Rita Humphries-Lewin – Chairman



Carl Domville – Director

# Barita

## INVESTMENTS LIMITED

### UNAUDITED FINANCIAL RESULTS FOR THE 6 MONTHS ENDED MARCH 31, 2014 CONT'D.

#### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS ENDED MARCH 2014

	Stated Capital \$,000	Preference Shares	Treasury Shares \$,000	Capital Reserve \$,000	Fair Value Reserve \$,000	Retained Earnings \$,000	Total \$,000
Balance at 30 September 2012	765,154	0	(10,145)	28,506	163,845	754,013	1,701,373
Profit for the period						(20,263)	
<b>Other Comprehensive Income:</b>							
Unrealised losses on available-for resale investments net of taxes					(410,367)		(410,367)
Gains recycled to the profit and loss account on disposal and maturity of available-for-sale investments					173,149		173,149
Revaluation surplus, net of taxes				0			0
Net profit				0	(237,218)	(20,263)	(237,218)
Total recognised income/(losses) to March 2013				0	(237,218)	(20,263)	(257,481)
Convertible Preference Shares redeemed	(9,515)						(9,515)
Ordinary Dividends Paid						(50,830)	(50,830)
Purchase of treasury shares			(10,145)				
<b>Balance at 31 March 2013</b>	<b>755,639</b>	<b>0</b>	<b>(10,145)</b>	<b>28,506</b>	<b>(73,373)</b>	<b>682,920</b>	<b>1,383,547</b>
Balance at 30 September 2013	754,994	0	(10,145)	28,506	(143,060)	773,461	1,403,756
Profit for the period						105,477	
<b>Other Comprehensive Income:</b>							
Unrealised gain on available-for resale investments net of taxes					(97,239)		(97,239)
Gains recycled to the profit and loss account on disposal and maturity of available-for-sale investments					(21,341)		(21,341)
Revaluation surplus, net of taxes				0			0
Net profit				0	(118,581)	105,477	(118,581)
Total Comprehensive Income				0	(118,581)	105,477	(13,103)
Ordinary Dividends Paid						(13,376)	(13,376)
Sale of Treasury shares		0					0
<b>Balance at 31 March 2014</b>	<b>754,994</b>	<b>0</b>	<b>(10,145)</b>	<b>28,506</b>	<b>(261,641)</b>	<b>865,562</b>	<b>1,377,277</b>

#### STATEMENT OF COMPREHENSIVE INCOME FOR THE 6 MONTHS ENDED MARCH 31, 2014

	UNAUDITED 6 Months Ended Mar 31 2014 \$,000	UNAUDITED 6 Months Ended Mar 31 2013 \$,000
Profit for period	105,477	(20,263)
Unrealised gain on available- for resale investments net of taxes	(97,239)	(410,367)
<b>Total Comprehensive Income</b>	<b>8,238</b>	<b>(430,630)</b>

#### CONSOLIDATED STATEMENT OF CASH FLOWS AS AT MARCH 31, 2014

	UNAUDITED 6 Months Ended Mar 31, 2014 \$,000	UNAUDITED 6 Months Ended Mar 31, 2013 \$,000
<b>Cash Flows from Operating Activities</b>		
Net Profit	105,477	(20,263)
Adjusted for:		
Depreciation	7,712	7,278
Effect of exchange gain/loss on foreign balances	(62,788)	(80,924)
Interest income	(523,635)	(545,936)
Interest expense	338,429	296,910
Income tax expense	4,649	-
Gain on the disposal of property, plant and equipment		
	(130,156)	(342,935)
Changes in operating assets and liabilities		
Marketable securities	(445,490)	520,476
Securities purchased under resale agreements	95,207	433,689
Securities sold under repurchase agreements	431,981	(114,202)
Receivables	(14,815)	(4,263)
Loans receivable	(9,568)	(15,810)
Payables	20,227	(14,924)
Due from related companies	6,119	11,241
	83,660	816,207
Interest received	518,538	573,553
Interest paid	(339,712)	(320,811)
Income tax paid	(4,649)	(72,230)
Cash provided by operating activities	174,177	180,511
<b>Cash Flows from Investing/financing Activities</b>		
Proceeds from the disposal of property, plant and equipment		
Proceeds from sale of ordinary shares and irredeemable preference shares	-	(313,590)
Ordinary Dividends	(13,376)	(50,830)
Interest paid on preference shares	-	(12,087)
Purchase of property, plant and equipment	(3,684)	(20,353)
Cash provided by investing/financing activities	(17,060)	(396,860)
Effect of exchange rate on cash and cash equivalents	57,990	58,750
Decrease/(increase) in net cash and cash equivalents	168,611	315,674
Net cash and cash equivalents at beginning of year	74,644	119,293
<b>NET CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>243,255</b>	<b>434,967</b>