

# Barita

## INVESTMENTS LIMITED

### UNAUDITED FINANCIAL RESULTS FOR THE 6 MONTHS ENDED MARCH 31, 2016.

#### CHAIRMAN'S STATEMENT

For the six-months ending March 31, 2016, Barita Investments Limited recorded profit before taxes of \$100 million from gross revenues of \$421 million. This represents a 24% pre-tax profit margin.

Gross revenue from interest income was \$610 million, 40% above the previous year's position; while the related interest expense for the period was \$407 million, 28% above the prior year. We also continued to effectively manage our fixed income investment portfolio which resulted in improved margins and higher net interest income revenue. This improvement in our margins resulted in net interest income of \$203 million, approximately 76% above prior year.

The performance of the non interest income revenues streams continues to reflect the changes in emphasis from interest income. Revenues from non interest income was \$218 million compared to \$308 million for the corresponding period last year. Although this reflects a 30% reduction from prior year due to reductions in our trading gains, there were positive performances in revenue areas such as:

- Fees and commissions income - This area was 64% above prior year at \$130 million.
- Unit Trust operations - Unit Trusts posted a 55% increase with \$110 million versus \$71 million prior year.

- Equity- This line of business posted \$14 million compared to \$4 million prior year.
- Dividend income was 14% above the prior year's amount of \$8 million.

Of note, Trading gains were significantly lower at \$50 million as the trading environment was less vibrant than expected.

Due to regulations, Asset tax must be accounted for fully at the time of payment which led to administrative costs increasing by 33% year over year. Asset tax amounted to \$30 million dollars which was paid during March 2016.

Operational costs for the 6-month period to March 31, 2016 increased by 30% when compared to the same period last year. This was due to increased staff costs driven primarily by amortization of costs related to internal software development, cost of living adjustments for staff made in January 2016 and incentive payments made in December 2015.

The depreciation of the Jamaican Dollar vis-à-vis the USD, Euro and the Sterling continued at a slower pace than was experienced in the previous year. This has resulted in a reduction in year to date translation gains from \$34 million to \$19 million.

#### 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%	16%
Capital to Total Asset	6%	12%
Capital Base to Tier 1 Capital	50%	96%

#### Outlook

Our goal as a Company is to continue to increase shareholder value through prudent money management.

With strategy at the fore, we will capitalise on the opportunities that exist in the market, allowing us to maximise returns for all stakeholders.



**Rita Humphries-Lewin**  
Chairman  
April 27, 2016

#### CONSOLIDATED PROFIT & LOSS STATEMENT AS AT MARCH 31, 2016


	UNAUDITED 3 Months Ended March 31 2016 \$,000	UNAUDITED 3 Months Ended March 31 2015 \$,000	UNAUDITED 6 Months Ended March 31 2016 \$,000	UNAUDITED 6 Months Ended March 31 2015 \$,000
<b>Net Interest Income and Other Revenue</b>				
Interest Income	343,374	204,425	610,471	434,576
Interest cost of Repurchase Agreements	(215,525)	(151,108)	(407,345)	(319,249)
<b>Net Interest Income</b>	<b>127,849</b>	<b>53,317</b>	<b>203,126</b>	<b>115,327</b>
Fees and Commission Income	66,864	41,086	129,604	79,322
Foreign Exchange Trading and Translation gains	10,534	17,029	25,168	41,726
Gain/Loss on Sale of Investment	33,202	131,182	53,773	179,268
Dividend Income	3,348	4,202	9,385	8,231
Other Income	79	431	184	235
<b>Net Operating Revenue</b>	<b>241,876</b>	<b>247,247</b>	<b>421,240</b>	<b>424,109</b>
<b>Operating Expenses</b>				
Staff Costs	82,735	68,194	166,257	130,551
Administration	98,438	59,727	154,923	116,666
	<b>181,173</b>	<b>127,921</b>	<b>321,180</b>	<b>247,218</b>
<b>Profit before Taxation</b>	<b>60,703</b>	<b>119,326</b>	<b>100,060</b>	<b>176,892</b>
Taxation	(22,948)	(35,428)	(34,637)	(47,364)
<b>NET PROFIT/(LOSS) FOR THE PERIOD</b>	<b>37,755</b>	<b>83,898</b>	<b>65,423</b>	<b>129,528</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	0.08	0.19	0.15	0.29

#### 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 September 30, 2015.

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2016

	UNAUDITED MARCH 2016 \$,000	UNAUDITED MARCH 2015 \$,000	AUDITED SEPTEMBER 2015 \$,000
<b>ASSETS</b>			
Cash and bank balances	236,628	621,257	217,002
Securities purchased under resale agreements	3,310,130	1,307,658	2,296,371
Marketable securities	4,064,302	6,273,105	3,908,760
Pledged Assets	5,925,148	4,052,295	5,578,937
Receivables	676,499	296,945	344,468
Loan receivables	324,428	251,407	291,243
Interest receivables	274,675	220,321	205,408
Due from related parties	199	519	59,310
Property, plant and equipment	306,213	318,801	325,723
Investments	28,135	28,135	6,917
Deferred Assets	0	0	0
<b>Total Assets</b>	<b>15,146,357</b>	<b>13,370,444</b>	<b>13,234,139</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
Bank overdraft	445	402,389	22,502
Securities sold under repurchase agreements	12,480,143	10,529,896	10,861,027
Payables	224,394	93,116	136,457
Interest Payable	92,139	64,847	73,937
Due to related parties	1,103	(18,168)	33,572
Taxation	27,244	0	123,040
Deferred tax liabilities	131,344	337,211	130,973
<b>Total Liabilities</b>	<b>12,956,812</b>	<b>11,409,292</b>	<b>11,381,508</b>
<b>Shareholders' Equity</b>			
Stated capital	745,494	745,494	736,304
Capital reserve	69,798	69,798	69,799
Fair value reserve	308,919	236,622	17,077
Capital Redemption Reserve	220,127	220,127	220,127
Retained earnings	845,207	689,110	809,324
<b>Total Shareholders' Equity</b>	<b>2,189,545</b>	<b>1,961,152</b>	<b>1,852,631</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>15,146,357</b>	<b>13,370,444</b>	<b>13,234,139</b>



Rita Humphries-Lewin — Chairman



Carl Domville — Director

# Barita

## INVESTMENTS LIMITED

### UNAUDITED FINANCIAL RESULTS FOR THE 6 MONTHS ENDED MARCH 31, 2016 CONT'D.

#### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS ENDED MARCH 31, 2016

	STATED CAPITAL \$'000	TREASURY SHARES \$'000	CAPITAL RESERVE \$'000	FAIR VALUE RESERVE \$'000	CAPITAL REDEMPTION RESERVES \$'000	RETAINED EARNINGS \$'000	TOTAL \$'000
<b>Balance at 30 September 2014</b>	<b>754,994</b>	<b>(10,979)</b>	<b>69,799</b>	<b>57,916</b>	<b>220,127</b>	<b>598,473</b>	<b>1,690,330</b>
Profit for the period						129,528	
<b>Other Comprehensive Income:</b>							
Unrealised gain on available-for resale investments net of taxes				(563)			(563)
Gains recycled to the profit and loss account on disposal and maturity of available-for-sale investments				179,269			179,269
Adjusting Entries (Audit 2013-2014 entries)	645	834				(7,679)	(6,200)
Revaluation surplus, net of taxes	645	834		178,706		(7,679)	172,506
Total Comprehensive Income						129,528	129,528
Net profit							
<b>Ordinary Dividends Paid</b>						(31,211)	(31,211)
<b>Balance at 31 March 2015</b>	<b>755,639</b>	<b>(10,145)</b>	<b>69,799</b>	<b>236,622</b>	<b>220,127</b>	<b>689,111</b>	<b>1,961,153</b>
<b>Balance at 30 September 2015</b>	<b>736,304</b>	<b>0</b>	<b>69,799</b>	<b>17,077</b>	<b>220,127</b>	<b>809,324</b>	<b>1,852,631</b>
<b>Profit for the period</b>						65,423	
Unrealised gain on available-for resale investments net of taxes				238,069			238,069
Gains recycled to the profit and loss account on disposal and maturity of available-for-sale investments				53,773			53,773
Adjusting Entries	9,190	0				19,506	28,696
Revaluation surplus, net of taxes	9,190	0		291,842		19,506	320,538
Total Comprehensive Income							
Net Profit						65,423	65,423
Ordinary Dividends Paid						(49,046)	(49,046)
<b>Balance at 31 March 2016</b>	<b>745,494</b>	<b>0</b>	<b>69,799</b>	<b>308,919</b>	<b>220,127</b>	<b>845,207</b>	<b>2,189,546</b>

#### STATEMENT OF COMPREHENSIVE INCOME FOR THE 6 MONTHS ENDED MARCH 31 2016

	UNAUDITED 3 MONTHS ENDED MARCH 31 2016 \$'000	UNAUDITED 3 MONTHS ENDED MARCH 31 2015 \$'000	UNAUDITED 6 MONTHS ENDED MARCH 31 2016 \$'000	UNAUDITED 6 MONTHS ENDED MARCH 31 2015 \$'000
Profit for period	37,755	83,898	65,423	129,528
Unrealised gain on available-for resale investments net of taxes	60,292	(4,692)	238,069	(563)
<b>Total Comprehensive Income</b>	<b>98,047</b>	<b>79,206</b>	<b>303,492</b>	<b>128,965</b>

#### CONSOLIDATED STATEMENT OF CASH FLOWS AS AT MARCH 31, 2016

	UNAUDITED 6 MONTHS ENDED MARCH 31, 2016 \$'000	UNAUDITED 6 MONTHS ENDED MARCH 31, 2015 \$'000
<b>Cash Flows from Operating Activities</b>		
<b>Net Profit</b>	<b>65,423</b>	<b>129,528</b>
<b>Adjusted for:</b>		
Depreciation	20,839	7,979
Effect of exchange gain/loss on foreign balances	(18,533)	(34,494)
Interest income	(610,471)	(434,576)
Interest expense	407,345	319,249
Income tax expense	34,637	47,364
Gain on the disposal of property, plant and equipment	-	-
	<b>(100,760)</b>	<b>35,050</b>
<b>Changes in Operating Assets and Liabilities</b>		
Marketable securities	136,300	733,027
Securities purchased under resale agreements	(1,359,970)	(20,672)
Securities sold under repurchase agreements	1,619,116	(993,522)
Receivables	(401,298)	246,627
Loans receivable	(33,185)	(51,937)
Payables	(7,488)	142,278
Due from related companies	19,510	(5,072)
	<b>(27,015)</b>	<b>50,729</b>
Interest received	669,582	447,671
Interest paid	(389,143)	(321,961)
Income tax paid	(40,681)	(64,731)
<b>Cash provided by Operating activities</b>	<b>239,758</b>	<b>60,979</b>
<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	-	-
Ordinary Dividends	(49,046)	(31,211)
Interest paid on preference shares	-	-
Purchase of property, plant and equipment	(22,547)	(19,837)
<b>Cash provided by investing/financing activities</b>	<b>(71,593)</b>	<b>(51,048)</b>
<b>Effect of exchange rate on cash and cash equivalents</b>	<b>1,293</b>	<b>49,564</b>
(Decrease)/ Increase in net cash and cash equivalents	41,683	145,275
Net cash and cash equivalents at beginning of year	194,500	73,593
<b>NET CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>236,183</b>	<b>218,868</b>