

Barita

INVESTMENTS LIMITED

UNAUDITED FINANCIAL RESULTS FOR THE NINE MONTHS ENDING JUNE 30, 2017.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Barita Investments Limited, we are pleased to present quarterly financial statements for the nine months ending June 30, 2017.

The group continued its creditable performance over the nine-month period, recording a 23.80% increase in net operating revenue to \$803.42 million, and a 2.99% improvement in net profits to \$124.92 million relative to the corresponding period last year. The improved performance was largely due to a significant increase in our fees and commission income as well as an improvement in gains made on the sale of investments. The net profit translates to an earning per share of \$0.28.

For the quarter ended June 30, 2017, the group reported net operating revenue and net profit of \$275.50 million and \$66.79 million, respectively - improvements of 20.97% and 19.54%, respectively, when compared with the same quarter in 2016.

The highlights of our operating performance for the nine months are as follows:

- Net interest income declined by 1.64% to \$221.83 million as a 5.32% fall in gross revenues or interest income was partially offset by lower interest costs. The prior year's number for interest income was overstated, and adjustments were made in third quarter.
- Non-interest income for the nine months totalled \$581.59 million, a gain of 37.35% on the same period last year. Importantly, non-interest income as a percentage of total income increased from 65.25% last year to 72.39%. This is reflective of the reduction in reliance on interest income, and our continued effort to grow our non-interest revenue and funds under management.
- Fee and commission income grew significantly by 54.55% to \$339.67 million. This area continues to benefit from an increase in

funds under management and general improvements in the funds' performance.

- Foreign exchange trading and translation gains fell by 56.16%, as the Jamaican Dollar strengthened against other major currencies during the nine-month period.
- Gain on the sale of investments was noticeably higher than the same period last year at \$190.25 million, up 47.15%. This was due to strategic decisions made to take advantage of capital gains primarily on equity investments as they arose.
- Income from dividends paid amounted to \$16.50 million, up considerably by 39.42% on the same period last year. Similarly, other income grew significantly by 2,519.93% year-on-year, to \$7.89 million mainly due to gain on the sale of fixed assets.
- Our operating expenses increased by 19.39% to \$565.90 million relative to \$474.00 million in the comparative period. This was mainly due to the inclusion of impairment on \$60 million. Administration expenses increased by 12.01% to \$251.61 million, as a result of the group recording depreciation expenses for software development. Barita has however developed software to enhance its efficiency, which should result in improved earnings.
- Despite the increase in expenses, our cost to income ratio fell from 73.04% during the first nine months of last year to 70.44%.

The highlights of our balance sheet as at June 30, 2017 are as follows:

- Total assets grew 4.03% to \$15.97 billion relative to \$15.35 billion as at June 30, 2016, primarily as the group recorded a 75.71% increase in cash and bank balances to \$761.25 million and a 60.33% increase in pledged assets to \$7.84 billion. Securities purchased under resale agreements declined by 5.02% to \$2.52 billion.
- Liabilities declined marginally by 1.86% to \$12.81 billion,

attributable significantly to a 2.83% decline in securities sold under repurchase agreements, reflecting the changes in the repo business. Additionally, payables declined by 49.23% during the period.

- Stockholder value improved noticeably by 37.51% to \$3.16 billion, due mainly to a sizeable 203.07% increase in fair value reserve to \$1.09 billion.

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%	19%
Capital to Total Asset	6%	13%
Capital Base to Tier 1 Capital	50%	97%

OUTLOOK

The outlook remains positive as the local and international economies continue to show steady improvement.

We will continue to focus our attention on enhancing value for our shareholders through cost management and taking advantage of strategic investment opportunities.



Rita Humphries-Lewin
Chairman
August 3, 2017.

CONSOLIDATED PROFIT & LOSS STATEMENT AS AT JUNE 30, 2017


	UNAUDITED 3 Months Ended June 30 2017 \$,000	UNAUDITED 3 Months Ended June 30 2016 \$,000	UNAUDITED 9 Months Ended June 30 2017 \$,000	UNAUDITED 9 Months Ended June 30 2016 \$,000
Net Interest Income and Other Revenue				
Interest Income	291,581	268,273	832,022	878,744
Interest cost of Repurchase Agreements	(215,701)	(245,865)	(610,191)	(653,210)
Net Interest Income	75,880	22,408	221,831	225,534
Fees and Commission Income	117,153	90,180	339,674	219,784
Foreign Exchange Trading and translation gains	6,649	37,078	27,290	62,246
Gain/Loss on Sale of Investment	66,107	75,516	190,245	129,289
Dividend Income	3,449	2,444	16,492	11,829
Other Income	6,261	117	7,886	301
Net operating revenue	275,499	227,743	803,418	648,983
Operating Expenses				
Staff Costs	79,639	83,105	254,285	249,362
Administration	72,158	69,712	251,610	224,635
Impairment	20,000	-	60,000	-
	171,797	152,817	565,895	473,997
Profit before Taxation	103,702	74,926	237,523	174,986
Taxation	(36,908)	(19,052)	(112,604)	(53,689)
NET PROFIT/(LOSS) FOR THE PERIOD	66,794	55,874	124,919	121,297
Number of shares in Issue	445,877	445,877	445,877	445,877
Earnings per stock unit	0.15	0.13	0.28	0.27

BASIS OF PREPARATION


These consolidated financial statements have been prepared in accordance with the accounting policies set out in Note2 of the audited financial statements for the year ended September 30, 2016.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2017

	UNAUDITED JUNE 2017 \$,000	UNAUDITED JUNE 2016 \$,000	AUDITED SEPTEMBER 2016 \$,000
ASSETS			
Cash and bank balances	761,254	433,244	339,863
Securities purchased under resale agreements	2,522,192	2,655,633	2,685,639
Marketable securities	3,425,993	5,898,029	3,752,461
Pledged Assets	7,841,409	4,890,674	6,436,290
Receivables	505,081	624,921	539,758
Loan receivables	382,388	341,268	424,541
Interest receivables	197,980	173,913	186,382
Due from related parties	320	320	55,714
Property, plant and equipment	278,926	306,324	296,026
Investments	55,000	28,135	55,000
Deferred Assets	-	-	-
Total assets	15,970,543	15,352,461	14,771,674
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Bank overdraft	349,361	30,949	-
Securities sold under repurchase agreements	11,595,656	11,932,963	11,453,746
Payables	416,288	819,963	409,581
Interest Payable	71,390	70,783	17,977
Due to related parties	863	983	24,391
Taxation	64,711	70,592	55,175
Deferred tax liabilities	316,533	131,344	316,533
Total liabilities	12,814,802	13,057,577	12,277,403
Shareholders' Equity			
Stated capital	736,304	745,494	736,304
Capital reserve	69,799	69,798	69,799
Fair value reserve	1,086,149	358,383	500,551
Capital Redemption Reserve	220,127	220,127	220,127
Retained earnings	1,043,362	901,082	967,490
Total shareholders' equity	3,155,741	2,294,884	2,494,271
Total liabilities and shareholders' equity	15,970,543	15,352,461	14,771,674



Rita Humphries-Lewin – Chairman



Carl Domville – Director

Barita

INVESTMENTS LIMITED

UNAUDITED FINANCIAL RESULTS FOR THE NINE MONTHS ENDING JUNE 30, 2017 CONT'D.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 9 MONTHS ENDED JUNE 30, 2017

	STATED CAPITAL \$,000	TREASURY SHARES \$,000	CAPITAL RESERVE \$,000	FAIR VALUE RESERVE \$,000	CAPITAL REDEMPTION RESERVES \$,000	RETAINED EARNINGS \$,000	TOTAL \$,000
Balance at 30 September 2015	736,304	0	69,799	17,077	220,127	809,324	1,852,631
Profit for the period						121,298	
Other Comprehensive Income: Unrealised gain on available-for resale investments net of taxes				212,017			212,017
Gains recycled to the profit and loss account on disposal and maturity of available-for-sale investments				129,289			129,289
Adjusting entries						19,506	19,506
Total Comprehensive Income	-	-		341,306		19,506	360,812
Net profit						121,298	121,298
Ordinary Dividends Paid						(49,046)	(49,046)
Balance at 30 June 2016	736,304	-	69,799	358,383	220,127	901,082	2,285,695
Balance at 30 September 2016	736,304	0	69,799	500,551	220,127	967,490	2,494,271
Profit for the period						124,919	
Other Comprehensive Income: Unrealised gain on available-for resale investments net of taxes				395,353			395,353
Gains recycled to the profit and loss account on disposal and maturity of available-for-sale investments				190,245			190,245
Adjusting entries						-	-
Total Comprehensive Income				585,598			585,598
Net profit						124,919	124,919
Ordinary Dividends Paid						(49,046)	(49,046)
Balance at 30 June 2017	736,304	0	69,799	1,086,149	220,127	1,043,363	3,155,742

STATEMENT OF COMPREHENSIVE INCOME FOR THE 9 MONTHS ENDED JUNE 30, 2017

	UNAUDITED 3 MONTHS ENDED JUNE 30 2017 \$,000	UNAUDITED 3 MONTHS ENDED JUNE 30 2016 \$,000	UNAUDITED 9 MONTHS ENDED JUNE 30 2017 \$,000	UNAUDITED 9 MONTHS ENDED JUNE 30 2016 \$,000
Profit for period	66,794	55,874	124,919	121,297
Unrealised gain on available- for resale investments net of taxes	169,287	(26,052)	395,353	212,017
Total Comprehensive Income	236,081	29,822	520,272	333,314

CONSOLIDATED STATEMENT OF CASH FLOWS AS AT JUNE 30, 2017

	UNAUDITED 9 MONTHS ENDED JUNE 30, 2017 \$,000	UNAUDITED 9 MONTHS ENDED JUNE 30, 2016 \$,000
Cash Flows from Operating Activities		
Net Profit	124,919	121,297
Adjusted for:		
Depreciation	37,978	32,900
Effect of exchange gain/loss on foreign balances	(10,864)	(51,404)
Interest income	(832,022)	(878,744)
Interest expense	610,191	653,210
Income tax expense	112,604	53,689
Gain on the disposal of property, plant and equipment	-	-
	42,806	(69,052)
Changes in operating assets and liabilities		
Marketable securities	(493,053)	(1,647,963)
Securities purchased under resale agreements	163,447	329,001
Securities sold under repurchase agreements	141,910	1,071,936
Receivables	34,677	(280,453)
Loans receivable	42,153	(50,025)
Payables	6,707	683,506
Due from related companies	31,866	26,401
	(72,293)	132,403
Interest received	820,424	910,239
Interest paid	(556,778)	(656,364)
Income tax paid	(123,126)	(105,766)
Cash provided by operating activities	140,520	148,109
Cash Flows from Investing/financing Activities		
Proceeds from the disposal of property, plant and equipment	-	-
Proceeds from sale of ordinary shares and irredeemable preference shares	-	-
Ordinary Dividends	(49,046)	(49,046)
Interest paid on preference shares	-	-
Purchase of property, plant and equipment	(20,878)	(34,719)
Cash provided by investing/financing activities	(69,924)	(83,765)
Effect of exchange rate on cash and cash equivalents	30,921	80,100
Decrease/(increase) in net cash and cash equivalents	72,030	207,795
Net cash and cash equivalents at beginning of year	339,863	194,500
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	411,893	402,295