

Barita

INVESTMENTS LIMITED

UNAUDITED FINANCIAL RESULTS FOR THE FOR THE 12 MONTHS ENDED SEPTEMBER 30 2017.

CHAIRMAN'S STATEMENT

The Board of Directors of Barita Investments Limited presents unaudited financial statements for the quarter and financial year ending September 30, 2017.

The group realized a net profit of \$171.6 million for the financial year 2017 in an environment of declining interest rates.

Net Profit was however impacted by asset impairment charges assessed at \$100 million (including \$18M accrued interest charges reversed) during the twelve-month period. As a result, net profit for the year declined 17.2% to \$171.6 million; an earning per share of \$0.38 versus \$0.46 reported for the audited 2015/16 financial year. Without the impact of this impairment, the group would have realised a net profit of \$271.0 million or \$0.61 EPS, a growth of 30% year-on-year.

For the quarter ended September 30, 2017, the group realised a 61.7% increase in interest income to \$652.8 million.

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

- Net interest income declined by 20.5 % to \$291.0 million as a 32.9% increase in interest costs offset the 17.5% year-on-year growth in interest income.
- Non-interest Income however increased 22.4% to \$797.1 million, relative to the 2015/16 financial year. The group's push to reduce its reliance on interest income and grow funds under management continues to bear fruit, as the percentage of non-interest income to total revenues moved from 64.0% in 2016 to 73.3% in 2017. For the September quarter, the ratio reported was 75.8% for 2017, coming from 58.7% for the corresponding quarter in 2016.
- Continuing on the success of previous quarters, fee and commission income closed the year higher at \$470.1 million, reflecting a gain of 36.8% on the figure reported in 2016. This

area continues to benefit from an increase in funds under management.

- Foreign exchange trading and translation gains declined 59.3% to \$39.2 million, as the Jamaican Dollar continued along its path of strengthening against other major currencies during the period under review.
- Gain on the sale of investments climbed 40.5% to \$252.0 million as the group continued its strategic push to take advantage of capital gains, primarily on equity investments.
- Dividend income declined 19.4% to close the financial year at \$20.6 million. Other income however grew 130.3% to \$15.2 million, driven by gains from the sale of fixed assets.
- The group's asset impairment costs of \$81.5 million, coupled with a 5.1% increase in administration costs to \$340.9 million led to a 13.1% increase in total operating expenses to \$765.2 million. Staff costs remained relatively unchanged at \$342.8 million.
- As a result of the impairment charges to some of our financial assets, our cost to income ratio rose to 70.3% in 2017, from 66.5% reported in 2016. Without the aforementioned impairment, the ratio would have been 62.8% in 2017.

Balance Sheet highlights as at September 30, 2017 are as follows:

- Barita's total assets grew 9.7% to \$16.2 billion, relative to \$14.8 billion as at the September 2016 year end. The improved position was primarily as a result of the group recording a 180.2% growth in cash and bank balances to \$952.3 million, and a 24.8% growth in pledged assets to \$8.0 billion. Also, securities purchased under resale agreements rose 19.3% to \$3.2 billion. Marketable securities however declined 30.8% to \$2.6 billion.
- We incurred an increase in total liabilities of 5.8% to \$13.0 billion, which was attributable mainly to a 90.5% increase in

payables to \$780.4 million. Additionally, the group realized a 2.5% increase in securities sold under repurchase agreements to \$11.7 billion.

- Stockholder's equity improved by 29.3% to \$3.2 billion, as fair value reserves increased \$114.4% to \$1.1 billion. Retained earnings also closed the period at \$1.1 billion after a gain of 12.7% for the financial year.

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%	95%

OUTLOOK

Our outlook remains positive as the local economy continues to show signs of stability, and international economies continue to show steady improvement.

As always, we will continue to focus our attention on enhancing value for all our stakeholders, by taking advantage of strategic investment opportunities while committing to our mission of prudent money management.



Rita Humphries-Lewin
Chairman
November 10, 2017.

CONSOLIDATED PROFIT & LOSS STATEMENT AS AT SEPTEMBER 30, 2017

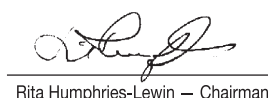
	UNAUDITED 3 Months Ended Sept 30 2017 \$,000	UNAUDITED 3 Months Ended Sept 30 2016 \$,000	UNAUDITED 12 Months Ended Sept 30 2017 \$,000	AUDITED 12 Months Ended Sept 30 2016 \$,000
Net Interest Income and Other Revenue				
Interest Income	652,807	403,777	1,485,300	1,264,418
Interest cost of Repurchase Agreements	(584,103)	(245,442)	(1,194,294)	(898,365)
Net Interest Income	68,704	158,335	291,006	366,053
Fees and Commission Income	130,397	126,585	470,071	343,553
Foreign Exchange Trading and translation gains	11,909	13,069	39,198	96,390
Gain/Loss on Sale of Investment	61,721	71,292	251,966	179,284
Dividend Income	4,098	13,725	20,590	25,554
Other Income	7,341	255	15,227	6,613
Net operating revenue	284,170	383,261	1,088,058	1,017,447
Operating Expenses				
Staff Costs	88,204	90,100	342,776	340,486
Administration	89,147	79,520	340,941	324,275
Impairment of Available -for-sale investment	21,464	21,036	81,464	4,692
Impairment of Investment in Associated Company	-	28,133	-	6,915
	198,815	218,789	765,181	676,368
Profit before Taxation	85,355	164,472	322,877	341,079
Taxation	(38,711)	(42,958)	(151,315)	(133,863)
NET PROFIT/(LOSS) FOR THE PERIOD	46,644	121,514	171,562	207,216
Number of Shares in Issue	445,877	445,877	445,877	445,877
Earnings per stock unit	0.10	0.27	0.38	0.46

BASIS OF PREPARATION

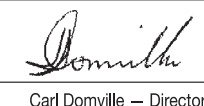
These consolidated financial statements have been prepared in accordance with the accounting policies set out in Note2 of the audited financial statements for the year ended September 30, 2016.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2017

	UNAUDITED SEPTEMBER 2017 \$,000	AUDITED SEPTEMBER 2016 \$,000
ASSETS		
Cash and bank balances	952,250	339,863
Securities purchased under resale agreements	3,203,374	2,685,639
Marketable securities	2,595,716	3,752,461
Pledged Assets	8,030,640	6,436,290
Receivables	506,032	539,758
Loan receivables	356,727	424,541
Interest receivables	208,222	186,382
Due from related parties	-	55,714
Property, plant and equipment	303,543	296,026
Investments	55,000	55,000
Deferred Assets	-	-
Total assets	16,211,504	14,771,674
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Bank overdraft	-	-
Securities sold under repurchase agreements	11,744,807	11,453,746
Payables	780,356	409,581
Interest Payable	61,216	17,977
Due to related parties	571	24,391
Taxation	83,771	55,175
Deferred tax liabilities	316,533	316,533
Total Liabilities	12,987,254	12,277,403
Shareholders' Equity		
Stated capital	736,304	736,304
Capital reserve	104,798	69,799
Fair value reserve	1,073,015	500,551
Capital Redemption Reserve	220,127	220,127
Retained earnings	1,090,006	967,490
Total Shareholders' Equity	3,224,250	2,494,271
Total Liabilities and Shareholders' Equity	16,211,504	14,771,674



Rita Humphries-Lewin – Chairman



Carl Donville – Director

Barita

INVESTMENTS LIMITED

UNAUDITED FINANCIAL RESULTS FOR THE 12 MONTHS ENDED SEPTEMBER 30 2017 CONT'D.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 12 MONTHS ENDED SEPTEMBER 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	-	69,799	17,077	220,127	809,324	1,852,631
Profit for the period						207,216	
Other comprehensive Income:							
Unrealised gain on available-for resale investments net of taxes				574,176			574,176
Gains recycled to the profit and loss account on disposal and maturity of available-for-sale investments				(90,702)			(90,702)
Adjusting entries						-	-
Total Comprehensive Income	-	-		483,474		-	483,474
Net profit						207,216	207,216
Ordinary Dividends Paid						(49,050)	(49,050)
Balance at 30 September 2016	736,304	-	69,799	500,551	220,127	967,490	2,494,271
Balance at 30 September 2016	736,304	-	69,799	500,551	220,127	967,490	2,494,271
Profit for the period						171,562	
Other comprehensive Income:							
Unrealised gain on available-for resale investments net of taxes				320,498			320,498
Gains recycled to the profit and loss account on disposal and maturity of available-for-sale investments				251,966			251,966
Adjusting entries - Revaluation of Buildings	-	-	34,999			-	34,999
Total Comprehensive Income	-	-	34,999	572,464		-	607,463
Net profit						171,562	171,562
Ordinary Dividends Paid						(49,046)	(49,046)
Balance at 30 September 2017	736,304	0	104,798	1,073,015	220,127	1,090,006	3,224,250

STATEMENT OF COMPREHENSIVE INCOME FOR THE 12 MONTHS ENDED SEPTEMBER 30 2017

	UNAUDITED 3 MONTHS ENDED SEPT 30 2017 \$,'000	UNAUDITED 3 MONTHS ENDED SEPT 30 2016 \$,'000	UNAUDITED 12 MONTHS ENDED SEPT 30 2017 \$,'000	AUDITED 12 MONTHS ENDED SEPT 30 2016 \$,'000
Profit for period	46,644	70,220	171,562	207,216
Unrealised gain on available-for resale investments net of taxes	(74,855)	162,160	320,498	574,176
Total Comprehensive Income	(28,211)	232,380	492,060	781,392

CONSOLIDATED STATEMENT OF CASH FLOWS AS AT SEPTEMBER 30 2017

	UNAUDITED 12 MONTHS ENDED SEPT 30, 2017 \$,'000	AUDITED 12 MONTHS ENDED SEPT 30, 2016 \$,'000
Cash Flows from Operating Activities		
Net Profit	171,562	207,216
Adjusted for:		
Depreciation	51,467	46,333
Effect of exchange gain/loss on foreign balances	(15,641)	(120,804)
Interest income	(1,485,300)	(1,264,418)
Interest expense	1,194,294	898,365
Income tax expense	151,315	133,863
Share of results in associated company		6,915
Impairment of available -of-sale investments		4,692
Gain on the disposal of property, plant and equipment	-	-
	67,697	(87,838)
Changes in operating assets and liabilities		
Marketable securities	134,859	(30,337)
Securities purchased under resale agreements	(462,708)	(323,294)
Securities sold under repurchase agreements	291,061	433,117
Receivables	33,726	11,168
Loans receivable	67,814	(133,298)
Payables	370,775	199,187
Due from related companies	31,894	(5,585)
	467,421	150,958
Interest received	1,463,460	1,265,155
Interest paid	(1,151,055)	(895,717)
Income tax paid	(168,159)	(230,716)
Cash provided by operating activities	144,246	138,722
Cash Flows from Investing/financing Activities		
Proceeds from the disposal of property, plant and equipment	3,535	-
Purchase of intangible assets	-	(168)
Ordinary Dividends	(49,046)	(49,046)
Treasury Shares Acquired	-	-
Purchase of property, plant and equipment	(27,520)	(16,468)
Cash provided by investing/financing activities	(73,031)	(65,682)
Effect of exchange rate on cash and cash equivalents	6,054	9,203
Decrease/(increase) in net cash and cash equivalents	612,387	145,363
Net cash and cash equivalents at beginning of year	339,863	194,500
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	952,250	339,863