

Barita

INVESTMENTS LIMITED

UNAUDITED FINANCIAL RESULTS FOR THE 6 MONTHS ENDED MARCH 31, 2018.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Barita Investments Limited, we are pleased to present the Group's interim financial report for the six months ending March 31, 2018.

For the March 2018 quarter, we achieved growth in key revenue drivers; namely interest income, fees and commission income and cambio trading and translation gains. Net profit for the three months totalled \$88.1 million compared with \$42.5 million reported for the March 2017 quarter; and translates to an earning per share (EPS) of \$0.20. Net profits for the half-year however closed the period at \$49.4 million, as the impact of the strong performance in the March quarter was partially eroded, by a significantly weaker December 2017 quarter.

Our operating performance highlights for the period under review are as follows:

- Net interest income increased 29.7% to \$189.3 million for the six months under review, as related expenses declined 18.3% to \$322.4 million; offsetting a 5.3% decline in gross interest revenues. This area closed the quarter at \$108.5 million, to reflect a gain of 57.8% over the figure reported for the March quarter in 2017.
- Year-to-date non-interest income closed the period at \$300.8 million, a decline of 21.3% when compared with the corresponding six-month period for the 2016-17 financial year. The Group continued to feel the effects of the local currency strengthening against the U.S. dollar, and as a result, incurred translation losses of \$46.9 million year-to-date. These losses offset gains realised from cambio trading, leading to a foreign exchange trading and translation loss of \$25.9 million relative to the prior period's gain of \$20.6 million. For the quarter however, the Group realised a 79.7% growth in this revenue segment when compared with March 2017.

Notwithstanding the decline in year-to-date non-interest income, we remain committed in our push to grow revenues in

this area, so as to reduce our reliance on net interest income, and grow funds under management. Year-to-date non-interest income as a percentage of total income closed the period at 61.4%, compared to 72.41% for the corresponding period last year.

- Fees and commission income, a segment which continues to benefit from growth in our managed funds, experienced a 7.8% increase over the six-month period to \$239.9 million. For the quarter, growth was 4.6% to \$122.8 million.
- Gain on the sale of investments registered a decline of \$43.1 million to close the half-year at \$81.1 million. Dividend income also ended the period lower, registering a decline of \$7.9 million to close the six months at \$5.1 million.
- The Group recorded other income totalling just over half a million dollars, for the six months to March 2018.
- Total expenses fell 6.0% to \$370.5 million year-to-date, relative to \$394.1 million in the comparable period, as the Group finished accounting for asset impairment charges in the December quarter. Administration expenses increased by 11.4% to \$199.9 million, while staff expenses declined 2.3% to \$170.6 million. Our operating expense to total revenue ratio for the six months to March 2018 was 45.6%, versus 38.41% for March 2017.

The highlights of our balance sheet as at March 31, 2018 are as follows:

- Total assets closed the period at \$16.1 billion, a marginal change of 1.0%, relative to \$16.0 billion as at March 31, 2017, and 1.8%, relative to the figure reported as at September 30, 2017. The most significant increases were realised in pledged assets, a growth of \$1.4 billion to close the period at \$8.0 billion; and securities purchased under resale agreements which grew 11.6% to \$3.5 billion. Receivables as at March 2018 declined 34.3% to \$376.5 million.

- Liabilities rose 1.3% to \$13.3 billion, attributable mainly to a 3.2% increase in securities sold under repurchase agreements to \$12.0 billion.
- Shareholders' equity remained relatively unchanged at \$2.9 billion, when compared with March 2017. Compared with the September 2017 year-end, we recorded a growth of 3.0%.

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's Achievement
Capital to Risk Weighted Assets	10%	19%
Capital to Total Assets	6%	18%
Capital Base to Tier 1 Capital	50%	96%

OUTLOOK

The local financial market, while it has maintained stability, continues to experience changes that challenge us to keep innovating. In the context of a lower-interest rate environment and a local equities market appearing less robust than in 2017, we believe that opportunities still exist for growth, and continue to seek these opportunities in an effort to enhance value for you, our valued stakeholders.

We thank you for your unwavering commitment and support, and remain resolute in our mission to be the premier investment services group in Jamaica and the Caribbean.




Rita Humphries-Lewin
Chairman
April 30, 2018.

CONSOLIDATED PROFIT & LOSS STATEMENT AS AT MARCH 31, 2018

	UNAUDITED 3 Months Ended March 31, 2018 \$,000	UNAUDITED 3 Months Ended March 31, 2017 \$,000	UNAUDITED 6 Months Ended March 31, 2018 \$,000	UNAUDITED 6 Months Ended March 31, 2017 \$,000
Net Interest Income and Other Revenue				
Interest Income	256,791	270,171	511,743	540,441
Interest cost of Repurchase Agreements	(148,261)	(201,375)	(322,432)	(394,490)
Net Interest Income	108,530	68,796	189,311	145,951
Fees and Commission Income	122,764	117,341	239,875	222,521
Foreign Exchange Trading and Translation Gains	28,685	15,962	(25,910)	20,641
Gain/Loss on Sale of Investment	66,879	102,528	81,086	124,138
Dividend Income	2,987	9,847	5,121	13,043
Other Income	(821)	1,436	616	1,625
Net Operating Revenue	329,024	315,910	490,099	527,919
Operating Expenses				
Staff Costs	82,002	94,157	170,568	174,646
Administration	122,100	111,688	199,917	179,452
Impairment of Available -for-sale investment	-	20,000	-	40,000
	204,102	225,845	370,485	394,098
Profit before Taxation	124,922	90,065	119,614	133,821
Taxation	(36,786)	(47,532)	(70,243)	(75,696)
NET PROFIT/(LOSS) FOR THE PERIOD	88,136	42,533	49,371	58,125
Number of Shares in Issue	445,877	445,877	445,877	445,877
Earnings per stock unit	0.20	0.10	0.11	0.13

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2018

	UNAUDITED MARCH 2018 \$,000	UNAUDITED MARCH 2017 \$,000	AUDITED SEPTEMBER 2017 \$,000
ASSETS			
Cash and bank balances	691,311	534,031	429,123
Securities purchased under resale agreements	3,467,425	3,107,145	3,356,850
Marketable securities	2,598,222	4,191,218	2,486,220
Pledged Assets	8,021,951	6,616,969	7,901,516
Receivables	376,461	572,627	679,196
Taxation recoverables	2,664	-	3,614
Loan receivables	333,261	377,370	354,558
Interest receivables	205,338	220,101	200,609
Due from related parties	88,838	320	76,813
Property, plant and equipment	260,255	292,262	269,364
Intangible assets	29,203	-	34,192
Investments	55,000	55,000	55,000
Deferred Assets	-	-	-
Total Assets	16,129,929	15,967,043	15,847,055
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Bank overdraft	6,837	4,826	15,339
Securities sold under repurchase agreements	12,018,418	11,649,849	11,969,626
Payables	737,273	1,022,707	563,923
Interest payable	47,685	62,189	61,216
Due to related parties	25,725	743	5,776
Taxation	75,779	47,453	96,280
Deferred tax liabilities	358,984	316,533	358,983
Total Liabilities	13,270,701	13,104,300	13,071,143
Shareholders' Equity			
Stated capital	736,304	736,304	736,304
Capital reserve	93,133	69,799	93,133
Fair value reserve	772,593	859,945	604,884
Capital Redemption Reserve	220,127	220,127	220,127
Retained earnings	1,037,071	976,568	1,121,464
Total Shareholders' Equity	2,859,228	2,862,743	2,775,912
Total Liabilities and Shareholders' Equity	16,129,929	15,967,043	15,847,055


Rita Humphries-Lewin – Chairman


Carl Domville – Director

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, 2017.

Barita

INVESTMENTS LIMITED

UNAUDITED FINANCIAL RESULTS FOR THE 6 MONTHS ENDED MARCH 31, 2018 CONT'D.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS ENDED MARCH 31, 2018

	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 2016	736,304		69,799	500,551	220,127	967,490	2,494,271
Reclassification entries							
Profit for the period						58,125	
Other Comprehensive Income:							
Unrealised losses on available-for resale investments net of taxes				226,066			226,066
Gains recycled to the profit and loss account on disposal and maturity of available-for-sale investments				124,138			124,138
Adjusting Entries				9,190			9,190
Total Comprehensive Income	-	-	-	359,394	-	-	359,394
Net profit						58,125	58,125
Ordinary Dividends Paid						(49,046)	(49,046)
Balance at 31 March 2017	736,304	-	69,799	859,945	220,127	976,568	2,862,743
Balance at 30 September 2017	736,304		93,133	604,884	220,127	1,121,464	2,775,912
Profit for the period						49,371	
Other Comprehensive Income:							
Unrealised gain on available-for resale investments net of taxes				86,623			86,623
Gains recycled to the profit and loss account on disposal and maturity of available-for-sale investments				81,086			81,086
Adjusting entries							
Total Comprehensive Income	-	-	-	167,709	-	-	167,709
Net Profit						49,371	49,371
Ordinary Dividends Paid						(133,764)	(133,764)
Balance at 31 March 2018	736,304	-	93,133	772,593	220,127	1,037,071	2,859,228

STATEMENT OF COMPREHENSIVE INCOME FOR THE 6 MONTHS ENDED MARCH 31, 2018

	UNAUDITED 3 MONTHS ENDED MARCH 31, 2018 \$,'000	UNAUDITED 3 MONTHS ENDED MARCH 31, 2017 \$,'000	UNAUDITED 6 MONTHS ENDED MARCH 31, 2018 \$,'000	UNAUDITED 6 MONTHS ENDED MARCH 31, 2017 \$,'000
Profit for Period	88,136	42,533	49,371	58,125
Unrealised gain on available-for resale investments net of taxes	(117,013)	21,606	86,623	226,066
Total Comprehensive Income	(28,877)	64,139	135,994	284,191

CONSOLIDATED STATEMENT OF CASH FLOWS AS AT MARCH 31, 2018

	UNAUDITED 6 MONTHS ENDED MARCH 31, 2018 \$,'000	UNAUDITED 6 MONTHS ENDED MARCH 31, 2017 \$,'000
Cash Flows from Operating Activities		
Net Profit	49,371	58,125
Adjusted for:		
Depreciation	28,171	24,727
Effect of exchange gain/loss on foreign balances	46,943	(10,534)
Interest income	(511,743)	(540,441)
Interest expense	322,432	394,490
Income tax expense	70,243	75,696
Gain on the disposal of property, plant and equipment	-	-
	5,418	2,063
Changes in Operating Assets and Liabilities		
Marketable securities	(100,774)	(269,232)
Securities purchased under resale agreements	(110,575)	(421,506)
Securities sold under repurchase agreements	48,792	196,103
Receivables	303,685	(32,869)
Loans receivable	21,297	47,171
Payables	152,850	613,126
Due from related companies	7,924	31,746
	323,199	164,539
Interest received	507,014	506,722
Interest paid	(335,963)	(350,278)
Income tax paid	(77,605)	(82,725)
Cash provided by Operating Activities	93,446	73,719
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 Paid	(133,763)	(49,046)
Interest paid on preference shares	-	-
Purchase of property, plant and equipment	(14,073)	(20,963)
Cash provided by investing/financing activities	(147,836)	(70,009)
Effect of exchange rate on cash and cash equivalents	(3,536)	19,030
Decrease/(increase) in net cash and cash equivalents	270,690	189,342
Net cash and cash equivalents at beginning of year	413,784	339,863
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	684,474	529,205