

Barita

INVESTMENTS LIMITED

UNAUDITED FINANCIAL RESULTS FOR THE 12 MONTHS ENDED SEPTEMBER 30, 2018.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Barita Investments Limited, we are pleased to present the Group's unaudited financial statements for the financial year ending September 30, 2018.

The Group is proud to report an 84.2% improvement in net profit to \$374.0 million, on the back of both higher net interest income and non-interest income streams. We recorded significant gains in most of our key revenue drivers, namely fee & commission income, foreign exchange gains, and dividend income. As it relates to the September 2018 quarter, we realised a 314.6% improvement in net profit to \$193.4 million when compared with the corresponding three-month period for 2017.

Net profit translates to an earning per share (EPS) of \$0.84 for the financial year, against the \$0.46 reported September 2017.

Barita's operating performance highlights for the financial year are as follows:

- Amid a 29.2% decline in interest related costs, net interest income increased year-on-year by 47.9% to \$424.4 million. Top line interest income fell 9.7%, or \$110.2 million, to \$1.0 billion for the year. For the September quarter, net interest income closed at \$117.4 million registering an increase of 70.9% relative to the corresponding quarter last year.
- Non-interest income added 6.4% or \$52.9 million to the figure of \$823.1 reported for the 2017 financial year.
- Fees and commission income, a segment which continues to benefit from growth in our managed funds, experienced a 10.8% increase to \$527.0 million. For the quarter, growth relative to September 2017 was 24.7% to \$162.6 million.
- As the Jamaican Dollar lost strength to its US counterpart during the year, the Group realised an increase in foreign exchange trading and translation gains, resulting in this segment closing the period at

\$187.9 million, an increase of \$142 million for the period. Of this amount, the foreign exchange trading (cambio) component accounted for \$61.7 million, 300% above prior year, while translation gains closed the year at \$126.2 million. For the quarter, these figures were \$24 million, and \$121 million, respectively.

The segment recorded an increase to \$145.0 million for the quarter.

- Dividend income on our equity portfolios also finished the year higher, registering growth of \$11.2 million to \$31.8 million.
- Gain on sale of investment closed the period lower, as the Group recorded a reduction of 47.4% to \$136.4 million.
- The Group incurred additional staff and administrative costs for the period; however due to asset impairment charges of \$100 million being realised in the prior financial year, total expenses for the current period reflected a 1.7% decline to \$764.8 million. Administrative expenses increased by 9.8% to \$370.6 million, reflecting increases in asset tax, Barita Education Foundation expenses and Bad Debt provisioning; while additional staff related expenses amounted to \$53.5 million, resulting from some staff restructuring activities which caused this expense category to close the year at \$394.1 million. Our operating expense to net revenue ratio was 59%, versus 70% reported for year-end 2017.

Balance sheet highlights for the Group as at September 30, 2018 are as follows:

- Total assets of \$19.0 billion versus \$17.2 billion as at June 2018, and \$15.8 billion as at the September 2017 year-end. The figure reported as at year end reflects a year-on-year change of 19.9% or \$3.1 billion. A \$2.0 billion change in pledged assets to \$9.9 billion was chiefly responsible for the increased asset position. Marketable securities followed with a 34.1% or \$848.1 million increase to \$3.3 billion.
- Total liabilities increased 20.4% to \$15.7 billion when compared with

September 2017, attributable mainly to a 19.6% increase in securities sold under repurchase agreements to \$14.3 billion.

- Shareholders' equity added 17.3% or \$480.0 million to close the reporting period at \$3.2 billion, relative to the prior financial year. Compared with June 2017, total shareholders' equity remained relatively unchanged.

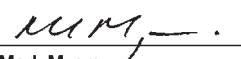
CAPITAL ADEQUACY

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 Asset | 10% | 17% |
| Capital to Total Asset | 6% | 17% |
| Capital Base to Tier 1 Capital | 50% | 96% |

OUTLOOK

We anticipate that the Jamaican economy will continue to be viable for investors in a landscape underpinned by local dollar volatility and interest rates at historic lows. As such we position ourselves to exploit as much of the opportunities to be derived as possible, while working tirelessly to satisfy the groups we serve. As always, we thank all our valued stakeholders for the commitment and support shown to us, and remain purposed in our mission to be the "premier investment services group in Jamaica and the Caribbean".


Mark Myers
 Chairman
 November 6, 2018

CONSOLIDATED PROFIT & LOSS STATEMENT AS AT: SEPTEMBER 30, 2018

| | UNAUDITED 3 Months Ended Sept. 30, 2018 \$,'000 | UNAUDITED 3 Months Ended Sept. 30, 2017 \$,'000 | UNAUDITED 12 Months Ended Sept. 30, 2018 \$,'000 | AUDITED 12 Months Ended Sept. 30, 2017 \$,'000 |
|--|--|--|---|---|
| Net Interest Income and Other Revenue | | | | |
| Interest Income | 285,736 | 652,807 | 1,024,054 | 1,134,309 |
| Interest cost of Repurchase Agreements | (168,294) | (584,103) | (599,657) | (847,438) |
| Net Interest Income | 117,442 | 68,704 | 424,397 | 286,871 |
| Fees and Commission Income | 162,644 | 130,397 | 527,026 | 475,726 |
| Foreign Exchange Trading and translation gains | 144,980 | 11,909 | 187,945 | 45,479 |
| Gain/Loss on Sale of Investment | 24,865 | 61,721 | 136,454 | 259,320 |
| Dividend Income | 16,810 | 4,098 | 31,779 | 20,590 |
| Other Income | (8,049) | 7,341 | (7,178) | 21,996 |
| Net operating revenue | 458,693 | 284,170 | 1,300,423 | 1,109,982 |
| Operating Expenses | | | | |
| Staff Costs | 123,019 | 88,204 | 394,143 | 340,584 |
| Administration | 100,245 | 89,147 | 370,646 | 337,504 |
| Impairment of Available -for-sale investment | - | 21,464 | - | 100,159 |
| | 223,264 | 198,815 | 764,789 | 778,247 |
| Profit before Taxation | 235,430 | 85,355 | 535,634 | 331,735 |
| Taxation | (42,026) | (38,711) | (161,669) | (128,715) |
| NET PROFIT/(LOSS) FOR THE PERIOD | 193,403 | 46,644 | 373,965 | 203,020 |
| Number of shares in Issue | 445,877 | 445,877 | 445,877 | 445,877 |
| Earnings per stock unit | 0.43 | 0.10 | 0.84 | 0.46 |

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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT: SEPTEMBER 30, 2018

| | UNAUDITED SEPTEMBER 2018 \$,'000 | AUDITED SEPTEMBER 2017 \$,'000 |
|---|---|---|
| ASSETS | | |
| Cash and bank balances | 376,239 | 429,123 |
| Securities purchased under resale agreements | 3,947,055 | 3,356,850 |
| Marketable securities | 3,334,281 | 2,486,220 |
| Pledged Assets | 9,883,136 | 7,901,516 |
| Receivables | 438,234 | 679,196 |
| Taxation recoverables | 6,701 | 3,614 |
| Loan receivables | 414,334 | 354,558 |
| Interest receivables | 213,746 | 200,609 |
| Due from related parties | 75,588 | 76,813 |
| Property, plant and equipment | 243,533 | 269,364 |
| Intangible assets | 9,090 | 34,192 |
| Investments | 55,000 | 55,000 |
| Deferred Assets | - | - |
| Total Assets | 18,996,937 | 15,847,055 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Liabilities | | |
| Bank overdraft | 311 | 15,339 |
| Securities sold under repurchase agreements | 14,314,319 | 11,969,626 |
| Payables | 933,796 | 563,923 |
| Interest Payable | 48,221 | 61,216 |
| Due to related parties | 11,648 | 5,776 |
| Taxation | 73,797 | 96,280 |
| Deferred tax liabilities | 358,983 | 358,983 |
| Total Liabilities | 15,741,075 | 13,071,143 |
| Shareholders' Equity | | |
| Stated capital | 740,427 | 736,304 |
| Capital reserve | 93,133 | 93,133 |
| Fair value reserve | 1,103,578 | 604,884 |
| Capital Redemption Reserve | 220,127 | 220,127 |
| Retained earnings | 1,098,597 | 1,121,464 |
| Total Shareholders' Equity | 3,255,862 | 2,775,912 |
| Total Liabilities and Shareholders' Equity | 18,996,937 | 15,847,055 |


 Mark Myers - Chairman


 Carl Domville - Director

Barita

INVESTMENTS LIMITED

UNAUDITED FINANCIAL RESULTS FOR THE 12 MONTHS ENDED SEPTEMBER 30, 2018 CONT'D.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 12 MONTHS ENDED SEPTEMBER 30, 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 | | | | | | 203,020 | |
| Other comprehensive Income: | | | | | | | |
| Unrealised losses on available-for resale investments net of taxes | | | | (31,205) | | | (31,205) |
| Gains recycled to the profit and loss account on disposal and maturity of available-for-sale investments | | | | 135,538 | | | 135,538 |
| Adjusting Entries | | | 23,334 | | | | 23,334 |
| Total Comprehensive Income | - | - | 23,334 | 104,333 | | - | 127,667 |
| Net profit | | | | | | 203,020 | 203,020 |
| Ordinary Dividends Paid | | | | | | (49,046) | (49,046) |
| Balance at 30 September 2017 | 736,304 | - | 93,133 | 604,884 | 220,127 | 1,121,464 | 2,775,912 |
| Balance at 30 September 2017 | 736,304 | | 93,133 | 604,884 | 220,127 | 1,121,464 | 2,775,912 |
| Profit for the period | | | | | | 373,965 | |
| Other comprehensive Income: | | | | | | | |
| Unrealised gain on available-for resale investments net of taxes | | | | 362,240 | | | 362,240 |
| Gains recycled to the profit and loss account on disposal and maturity of available-for-sale investments | | | | 136,454 | | | 136,454 |
| Adjusting entries | 4,123 | | | | | | 4,123 |
| Total Comprehensive Income | 4,123 | - | - | 498,694 | - | - | 502,817 |
| Net profit | | | | | | 373,965 | 373,965 |
| Ordinary Dividends Paid | | | | | | (396,832) | (396,832) |
| Balance at 30 September 2018 | 740,427 | - | 93,133 | 1,103,578 | 220,127 | 1,098,597 | 3,255,862 |

STATEMENT OF COMPREHENSIVE INCOME FOR THE 12 MONTHS ENDED SEPTEMBER 30, 2018

| | UNAUDITED 3 MONTHS ENDED SEPT 30, 2018 \$,'000 | UNAUDITED 3 MONTHS ENDED SEPT 30, 2017 \$,'000 | UNAUDITED 12 MONTHS ENDED SEPT 30, 2018 \$,'000 | AUDITED 12 MONTHS ENDED SEPT 30, 2017 \$,'000 |
|--|---|---|--|--|
| Profit for period | 193,403 | 46,644 | 373,965 | 203,020 |
| Unrealised gain on available-for resale investments net of taxes | (44,623) | (74,855) | 362,240 | (31,205) |
| Total Comprehensive Income | 148,780 | (28,211) | 736,205 | 171,815 |

CONSOLIDATED STATEMENT OF CASH FLOWS AS AT: SEPTEMBER 30, 2018

| | UNAUDITED 12 MONTHS ENDED SEPT. 30, 2018 \$,'000 | AUDITED 12 MONTHS ENDED SEPT. 30 2017 \$,'000 |
|---|---|--|
| Cash Flows from Operating Activities | | |
| Net Profit | 373,965 | 203,020 |
| Adjusted for: | | |
| Depreciation | 58,832 | 52,912 |
| Effect of exchange gain/loss on foreign balances | (126,161) | (21,729) |
| Impairment of available for sale investments | - | 92,805 |
| Interest income | (1,024,054) | (1,136,093) |
| Interest expense | 599,657 | 849,222 |
| Income tax expense | 161,669 | 128,715 |
| Gain on the disposal of property, plant and equipment | - | (4,417) |
| | 43,907 | 164,435 |
| Changes in operating assets and liabilities | | |
| Marketable securities | (2,179,211) | (212,016) |
| Securities purchased under resale agreements | (590,205) | (699,286) |
| Securities sold under repurchase agreements | 2,344,693 | 756,359 |
| Receivables | 237,875 | (82,172) |
| Loans receivable | (59,776) | (11,481) |
| Payables | 347,390 | 154,342 |
| Due from related companies | 7,097 | (39,479) |
| | 151,770 | 30,702 |
| Interest received | 1,010,917 | 1,139,862 |
| Interest paid | (612,652) | (861,035) |
| Income tax paid | (178,513) | (174,682) |
| Cash provided by operating activities | 371,522 | 134,847 |
| Cash Flows from Investing/financing Activities | | |
| Proceeds from the disposal of property, plant and equipment | - | 6,738 |
| Proceeds from sale of ordinary shares and irredeemable preference shares | - | - |
| Ordinary Dividends Paid | (396,830) | (49,046) |
| Interest paid on preference shares | - | - |
| Purchase of property, plant and equipment | (7,899) | (27,763) |
| Cash provided by investing/financing activities | (404,729) | (70,071) |
| Effect of exchange rate on cash and cash equivalents | (4,649) | 9,145 |
| Decrease/(increase) in net cash and cash equivalents | (37,856) | 73,921 |
| Net cash and cash equivalents at beginning of year | 413,784 | 339,863 |
| NET CASH AND CASH EQUIVALENTS AT END OF YEAR | 375,928 | 413,784 |