

# Financial Results

For the Nine Months Ended

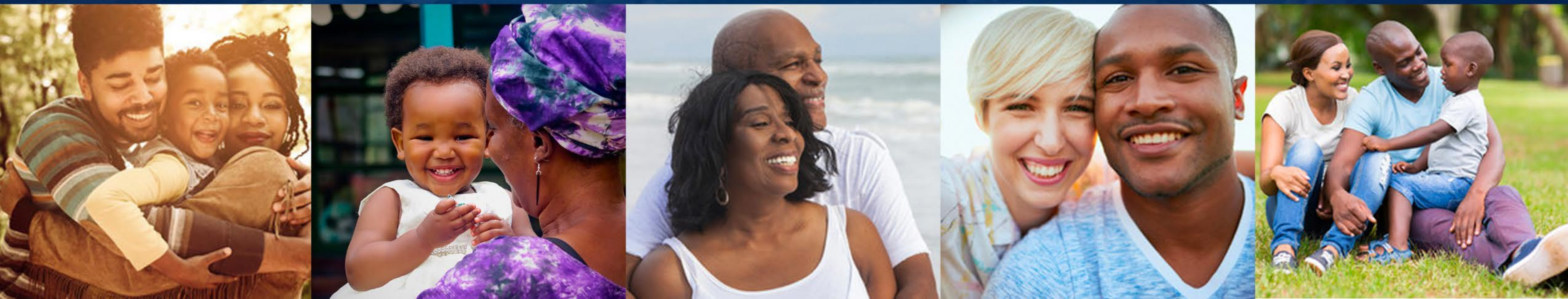
**June 30, 2019**

(Unaudited)

# Barita

Investments Limited

**Making Money Work For You Since 1977**





**\$2.8B**

Net Operating  
Revenue



**\$1.4B**

Net profits

---



**\$9.3B**

Total Shareholder's  
Equity



**\$31.1B**

Total Assets

---



**29.4%**

Efficiency Ratio



**25.8%**

Return on Average  
Equity

# Financial Results

For the Nine Months Ended June 30, 2019 (Unaudited)

**\$2.8B**  
Net Operating  
Revenue

**\$1.4B**  
Net profits

**\$9.3B**  
Total Shareholder's  
Equity

**\$31.1B**  
Total Assets

**29.4%**  
Efficiency  
Ratio

**25.8%**  
Return on Average  
Equity

# Barita



baritainvestments



@BaritaLimited



@baritainvestments



www.barita.com



makingmoney@barita.com



1-888-429-5333

## Chairman's Statement

Mark Myers, *Chairman*

The Board of Directors of Barita Investments Limited is pleased to present the Group's unaudited financial statements for the nine months ending June 30, 2019. For the quarter ended June 2019, the Group reported net profits of \$911.9 million, which represents a third consecutive quarter of record profits.

For the nine months ending June 2019, our focus on revenue growth and diversification has continued to bear fruit as the Group experienced a 690.7% increase in net profits to \$1.4 billion relative to the corresponding period ended June 2018.

The sharp improvement in profitability YoY was primarily attributable to continued growth in revenues through the addition of new business lines, coupled with improvement in our traditional revenue sources. Net profits for the nine months period ended June 2019 translated to earnings per share (EPS) of \$2.26, after considering the bonus element of the rights issue as per IAS 33, relative to \$0.30 per share for the nine months to June 2018. Without the bonus element, the EPS would have been \$2.64 per share compared to \$0.40 per share for the comparable prior period. This is based on weighted average outstanding shares of 540,028,793 and 445,876,824 for periods ended June 30, 2019 and June 30, 2018, respectively.

**During the June 2019 quarter, we focused on several initiatives towards enhancing customer experience and driving shareholder value. Specifically,**

1.

We have continued our thrust to strengthen our Sales, Portfolio Management, Research, and Investment Banking capabilities by adding to our human capital.

2.

Focus was placed on optimally deploying the capital that was raised at the end of the March 2019 quarter through our rights issue towards furthering our transformational growth efforts.

3.

We have enhanced our Marketing and Brand Awareness efforts with the objective of driving customer acquisition and engagement.

4.

We have continued our efforts towards adopting best practice risk management and governance throughout the Group.

# Financial Results

For the Nine Months Ended June 30, 2019 (Unaudited)

**\$2.8B**  
Net Operating  
Revenue

**\$1.4B**  
Net profits

**\$9.3B**  
Total Shareholder's  
Equity

**\$31.1B**  
Total Assets

**29.4%**  
Efficiency  
Ratio

**25.8%**  
Return on Average  
Equity

# Barita



baritainvestments



@BaritaLimited



@baritainvestments



www.barita.com



makingmoney@barita.com



1-888-429-5333

## Operating Performance

### Net Interest Income:

Net Interest Income registered a \$129.9 million (43.0%) increase YoY for Nine Months ended June 2019 to \$436.9 million due to a combination of increased portfolio size and improved Net Interest Margin management. The increase in our balance sheet size was driven principally by our equity raise at the end of the first quarter together with growth in repo liabilities.

### Non-Interest Income:

Non-interest income grew by 344.9% or \$1.8 billion, to \$2.4 billion relative to \$534.8 million reported for the nine months ending June 2018. The most significant drivers of this growth were gains on investment activities of \$1.1 billion, and fee income of \$721.6 million. Non-interest income as a percentage of net revenues, rose to 84.5% from 63.5% in the previous year which is consistent with our strategic objective of growing this revenue segment towards commanding a greater share of net revenues.

### *Gain on Investment Activities & Foreign Exchange Trading:*

This segment, which relates to the management of our cambio and proprietary trading portfolio, closed the period registering a 756.8% increase to \$1.3 billion when compared with \$154.6 million reported for the same period in the prior financial year. This was largely driven by fair value gains on investments (\$1.03 billion), gains on sale of investment (\$203.9 million) for the period, and foreign exchange trading income (\$88.6 million). Realized trading income therefore totalled \$310.8 million, representing a YoY growth of 227.8%. The key enablers to the growth in trading activity are the increased capitalization of the Group together with the positive year to date performance of the investments held by the company. When consideration is given to the continued deployment of the rights issue capital raise in the business together with the already significantly strengthened investment management talent within the company, we fully expect that realized trading income will dominate this line segment in the future. This is one of several strategic steps being undertaken to ensure robust management of the Group's market risk exposure in the near to medium term.

# Financial Results

For the Nine Months Ended June 30, 2019 (Unaudited)

# Barita

**\$2.8B**  
Net Operating  
Revenue

**\$1.4B**  
Net profits

**\$9.3B**  
Total Shareholder's  
Equity

**\$31.1B**  
Total Assets

**29.4%**  
Efficiency  
Ratio

**25.8%**  
Return on Average  
Equity



baritainvestments



@BaritaLimited



@baritainvestments



www.barita.com



makingmoney@barita.com



1-888-429-5333

## **Fees & Commission Income:**

The performance of fees and commission income rose by 98% to \$721.6 million year-to-date relative to the prior period's result of \$364.4 million. The fee revenues were principally driven by continued growth in the asset management business line and the effects of the introduction of the investment banking business line. The investment banking business, launched in December 2018, has generated fee income of \$331.3 million up to June 2019. Management is fully focused on future optimization of this revenue segment and we have backed this ambition through continued significant investments in human and financial capital required to catalyse fee-based growth.

## **FX Translation Losses:**

Our local currency has strengthened during our financial year-to-date, resulting in the Group incurring foreign exchange translation losses when compared to the gains recorded in the corresponding period last year. The Jamaican Dollar closed the period at J\$130.5 (the BOJ's mid-point weighted average buy and sell exchange rates) versus the US Dollar, leading the segment to close the period with a loss of \$18.3 million. We have however seen a reduction in the adverse effects of FX Translation losses on the Group's financial statements in the most recent quarter ended June 2019 due to an increase in the active management of the Group's foreign currency exposure.

## **Dividend Income:**

Dividend income closed the reporting period at \$20.5 million, a 36.9% growth over the prior year's figure of \$15 million. This reflects the year over year increase in the Group's proprietary equity holdings supported by the significant strengthening of our capital base.

## **Other Income:**

This line segment was reported at J\$312.2 million principally arising from the recovery of investment losses incurred by the company earlier in the year.

# Financial Results

For the Nine Months Ended June 30, 2019 (Unaudited)

# Barita

**\$2.8B**  
Net Operating  
Revenue

**\$1.4B**  
Net profits

**\$9.3B**  
Total Shareholder's  
Equity

**\$31.1B**  
Total Assets

**29.4%**  
Efficiency  
Ratio

**25.8%**  
Return on Average  
Equity



baritainvestments



@BaritaLimited



@baritainvestments



www.barita.com



makingmoney@barita.com



1-888-429-5333

## Operating Expenses:

Operating Expenses for the nine months stood at \$828.8 million, a \$287.3 million or 53.1% YoY increase. The increase was largely driven by strategic growth objectives, specifically an additional \$131.1 million in Staff Costs driven by talent acquisition in support of revenue growth and diversification efforts, which were more than offset by the resulting gains; and a related rise in administrative costs associated with increased Marketing efforts and facility improvements. Year-to-date administrative expenses increased 27.9% to \$345.8 million, relative to \$270.4 million in the prior year. The Group also recorded expected credit losses associated with the proprietary bond portfolio amounting to \$80.7 million. Our efficiency ratio closed the nine months period at 29.4%, relative to 64.3% for the comparable period in the prior financial year.

## Balance Sheet Highlights

### Total Assets:

Attributable largely to a \$10.7 billion growth in investment securities to \$25.9 billion and a 368.1% increase in loans receivable to \$1.8 billion, Barita's on-book asset base rose materially to \$31.1 billion versus \$17.2 billion as at June 2018, and \$18.7 billion as at the September 2018 year-end. This reflects a year-on-year change of 80.1% or \$13.9 billion funded by growth in the capital base of the company and repurchase agreement liabilities.

### Total Liabilities:

To fund the increase in total assets, this line increased by 56.4% or \$7.9 billion to \$21.8 billion when compared with June 2018, resulting mainly from a 58.7% increase in repo liabilities to \$19.5 billion.

### Shareholders' Equity:

The equity base of the Group grew significantly, rising by 187.4% or \$6.0 billion year-on-year to close the reporting period at \$9.3 billion. The growth in shareholders' equity is principally underpinned by:

# Financial Results

For the Nine Months Ended June 30, 2019 (Unaudited)

# Barita

**\$2.8B**  
Net Operating  
Revenue

**\$1.4B**  
Net profits

**\$9.3B**  
Total Shareholder's  
Equity

**\$31.1B**  
Total Assets

**29.4%**  
Efficiency  
Ratio

**25.8%**  
Return on Average  
Equity



baritainvestments



@BaritaLimited



@baritainvestments



www.barita.com



makingmoney@barita.com



1-888-429-5333

1.

The injection of \$4 billion in additional equity in the Group arising from the non-renounceable rights issue which was successfully closed earlier in the fiscal year;

2.

The issuance of \$1 billion in non-cumulative, non-redeemable preference shares during the third quarter. This qualifies as tier 1 capital for the Group; and

3.

\$1.38 billion growth in retained earnings reserve arising from current year profits.

## Outlook

During the June quarter local investment conditions remained accommodative and were characterised by a modest uptick in the rate of inflation, low interest rates, higher equity prices and increased capital market activity amongst local corporate entities. The Bank of Jamaica (“BOJ”) kept its policy rate unchanged during the quarter at 0.75%, citing increased inflation expectations and providing guidance that inflation will remain within the target policy range of 4-6% towards March 2020. The Jamaican Dollar continued to display two-way volatility versus the United States Dollar counterpart during the quarter, trading in an \$11.60 range between J\$125.59 and J\$137.19 to US\$1.00. The J\$ depreciated by 3.64% (\$4.60) to close the quarter at J\$131.07 as per the BOJ’s weighted average selling rate.

The external environment was largely influenced by a general tempering of expectation regarding the growth outlook in the United States. This comes as fears surrounding the potential effects of trade tensions between the US and China has led the US Federal Reserve (“the Fed”) to adopt a much more negative tone. Investors are now of the view that the Fed may move to actually lower benchmark interest rates throughout the rest of 2019.

We maintain a positive view on the prospects for deploying capital into various initiatives towards diversifying and growing our revenue base. In the near term we intend to place continued focus on the active management of all balance sheet exposures to market risk and the continued expansion of fee-based revenues from our asset management and investment banking divisions. We expect growth in these core revenue segments to be underpinned by continued investments in talent, product development, bolstering of our wealth advisory division, and capitalization of the business. We continue to remain focused on our mission to increase value to all our stakeholders.

Thank you, as always, for your continued commitment and support,

**Mark Myers** / Chairman

July 8, 2019

# Financial Results

For the Nine Months Ended June 30, 2019 (Unaudited)

**\$2.8B**  
Net Operating  
Revenue

**\$1.4B**  
Net Profit

**\$9.3B**  
Total Shareholder's  
Equity

**\$31.1B**  
Total Assets

**29.4%**  
Efficiency  
Ratio

**25.8%**  
Return on Average  
Equity

# Barita



baritainvestments



@BaritaLimited



@baritainvestments



www.barita.com



makingmoney@barita.com



1-888-429-5333

## CONSOLIDATED PROFIT & LOSS STATEMENT

AS AT JUNE 30, 2019

	UNAUDITED 3 MONTHS ENDED JUNE 30, 2019 \$'000	UNAUDITED 3 MONTHS ENDED JUNE 30, 2018 \$'000	UNAUDITED 9 MONTHS ENDED JUNE 30, 2019 \$'000	UNAUDITED 9 MONTHS ENDED JUNE 30, 2018 \$'000
<b>Net Interest Income and Other Revenue</b>				
Interest Income	439,829	226,575	1,035,747	738,318
Interest cost of Repurchase Agreements	(259,345)	(108,931)	(598,845)	(431,363)
<b>Net Interest Income</b>	<b>180,484</b>	<b>117,644</b>	<b>436,902</b>	<b>306,955</b>
Fees and Commission Income	307,605	124,507	721,603	364,382
Foreign exchange trading and translation gains/(losses)	226,705	68,874	88,588	42,964
Gain/(Loss) on investment activities (Note 2)	625,787	30,503	1,235,653	111,589
Dividend Income	1,073	9,847	20,888	14,968
Other Income	310,478	255	312,186	871
<b>Net operating revenue</b>	<b>1,652,132</b>	<b>351,631</b>	<b>2,815,820</b>	<b>841,730</b>
<b>Operating Expenses</b>				
Staff Costs	176,172	100,556	402,272	271,124
Administration	130,639	70,484	345,814	270,401
Impairment/Expected Credit Loss (ECL)	58,386	-	80,725	-
	<b>365,198</b>	<b>171,040</b>	<b>828,812</b>	<b>541,525</b>
<b>Profit before Taxation</b>	<b>1,286,934</b>	<b>180,591</b>	<b>1,987,008</b>	<b>300,205</b>
Taxation	(375,957)	(49,400)	(559,326)	(119,643)
<b>NET PROFIT/(LOSS) FOR THE PERIOD</b>	<b>910,977</b>	<b>131,191</b>	<b>1,427,683</b>	<b>180,562</b>
<b>Number of shares in Issue</b>	630,900	602,436	630,900	602,436
<b>Earnings per stock unit</b>	1.44	0.22	2.26	0.30

### 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, 2018.



# Financial Results

For the Nine Months Ended June 30, 2019 (Unaudited)

**\$2.8B**  
Net Operating  
Revenue

**\$1.4B**  
Net Profit

**\$9.3B**  
Total Shareholder's  
Equity

**\$31.1B**  
Total Assets

**29.4%**  
Efficiency  
Ratio

**25.8%**  
Return on Average  
Equity

Barita



baritainvestments



@BaritaLimited



@baritainvestments



www.barita.com



makingmoney@barita.com



1-888-429-5333

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

	UNAUDITED JUNE 2019 \$'000	UNAUDITED JUNE 2018 \$'000	RESTATED SEPTEMBER 2018 \$'000
<b>ASSETS</b>			
Cash and bank balances	1,281,934	526,174	333,685
Securities purchased under resale agreements	3,680,807	3,865,592	3,935,491
Marketable securities	10,325,910	3,312,919	3,289,982
Pledged Assets	11,916,149	8,073,504	9,883,136
Interest receivables	286,189	183,722	213,746
Loan receivables	1,817,095	388,160	414,334
Receivables	517,021	313,959	267,422
Taxation recoverables	53,422	2,664	6,701
Due from related parties	120,915	171,235	72,096
Property, plant and equipment	313,785	257,864	243,533
Intangible assets	7,468	19,522	9,090
Investments	755,000	55,000	55,000
<b>Total Assets</b>	<b>31,075,696</b>	<b>17,170,315</b>	<b>18,724,216</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
Bank overdraft	3,440	-	311
Securities sold under repurchase agreements	19,539,035	12,309,017	14,314,319
Interest Payable	48,197	40,668	48,221
Payables	1,112,138	1,057,138	814,647
Due to related parties	12,082	113,970	8,348
Taxation	163,673	66,390	44,612
Deferred tax liabilities	929,896	358,983	586,014
<b>Total Liabilities</b>	<b>21,808,461</b>	<b>13,946,166</b>	<b>15,816,472</b>
<b>Shareholders' Equity</b>			
Stated capital	5,547,318	736,304	740,427
Capital reserve	120,632	93,133	93,133
Fair value reserve	832,410	1,006,323	275,936
Capital Redemption Reserve	220,127	220,127	220,127
Retained earnings	2,546,747	1,168,262	1,578,121
<b>Total shareholders' equity</b>	<b>9,267,234</b>	<b>3,224,149</b>	<b>2,907,744</b>
<b>Total liabilities and shareholders' equity</b>	<b>31,075,696</b>	<b>17,170,315</b>	<b>18,724,216</b>

  
Mark Myers Chairman

  
Carl Domville Director

# Financial Results

For the Nine Months Ended June 30, 2019 (Unaudited)

# Barita

**\$2.8B**  
Net Operating  
Revenue

**\$1.4B**  
Net Profit

**\$9.3B**  
Total Shareholder's  
Equity

**\$31.1B**  
Total Assets

**29.4%**  
Efficiency  
Ratio

**25.8%**  
Return on Average  
Equity



baritainvestments



@BaritaLimited



@baritainvestments



www.barita.com



makingmoney@barita.com



1-888-429-5333

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 9 MONTHS ENDED JUNE 30, 2019

	Stated Capital	Capital Reserve	Fair Value Reserve	Capital Redemption Reserves	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 30 September 2017</b>	736,304	93,133	604,884	220,127	1,121,464	2,775,912
<b>TOTAL COMPREHENSIVE INCOME</b>						
Net profit for the period	-	-	-	-	180,562	180,562
Other comprehensive Income			401,439	-	-	401,439
<b>Total Comprehensive Income for the period</b>	-	-	401,439	-	180,562	582,001
<b>TRANSACTIONS WITH OWNERS</b>						
Ordinary Dividends Paid	-	-	-	-	(133,764)	(133,764)
<b>Balance at 30 June 2018</b>	<b>736,304</b>	<b>93,133</b>	<b>1,006,323</b>	<b>220,127</b>	<b>1,168,262</b>	<b>3,224,149</b>
<b>Balance at 30 September 2018</b>	<b>740,427</b>	<b>93,133</b>	<b>910,697</b>	<b>220,127</b>	<b>1,101,687</b>	<b>3,066,071</b>
Cumulative transition effect of IFRS 9 Adoption	-	-	(634,761)	-	476,434	(158,327)
<b>Balance at 30 September 2018 as restated</b>	<b>740,427</b>	<b>93,133</b>	<b>275,936</b>	<b>220,127</b>	<b>1,578,121</b>	<b>2,907,744</b>
<b>TOTAL COMPREHENSIVE INCOME</b>						
Net profit for the period					1,427,683	1,427,683
Other comprehensive Income			556,474			556,474
<b>Total Comprehensive Income for the period</b>			<b>556,474</b>	<b>-</b>	<b>1,427,683</b>	<b>1,984,157</b>
<b>TRANSACTIONS WITH OWNERS</b>						
Issue of Shares (Rights Issue)	3,995,539	-	-	-	-	3,995,539
Issue of Preference Shares	1,000,000	-	-	-	-	1,000,000
Purchase of own share	(188,648)				(45,786)	(234,434)
Ordinary Dividends paid to equity holders	-	-	-	-	(413,270)	(413,270)
	4,806,891	-	-	-	(459,056)	4,347,835
<b>OTHER RESERVES</b>						
Revaluation of properties	-	27,499	-	-	-	27,499
<b>Balance at 30 June 2019</b>	<b>5,547,318</b>	<b>120,632</b>	<b>832,410</b>	<b>220,127</b>	<b>2,546,748</b>	<b>9,267,234</b>

# Financial Results

For the Nine Months Ended June 30, 2019 (Unaudited)

# Barita

**\$2.8B**  
Net Operating  
Revenue

**\$1.4B**  
Net Profit

**\$9.3B**  
Total Shareholder's  
Equity

**\$31.1B**  
Total Assets

**29.4%**  
Efficiency  
Ratio

**25.8%**  
Return on Average  
Equity



baritainvestments



@BaritaLimited



@baritainvestments



www.barita.com



makingmoney@barita.com



1-888-429-5333

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE 9 MONTHS ENDED JUNE 30, 2019

	UNAUDITED 3 Months Ended June 30, 2019 \$'000	UNAUDITED 3 Months Ended June 30, 2018 \$'000	UNAUDITED 9 Months Ended June 30, 2019 \$'000	UNAUDITED 9 Months Ended June 30, 2018 \$'000
Profits for period	910,977	131,191	1,427,683	180,562
Unrealised gain on available- for resale investments net of taxes	556,474	406,863	556,474	401,439
<b>Total comprehensive income</b>	<b>1,467,451</b>	<b>538,054</b>	<b>1,984,157</b>	<b>582,001</b>

# Financial Results

For the Nine Months Ended June 30, 2019 (Unaudited)

**\$2.8B**  
Net Operating  
Revenue

**\$1.4B**  
Net Profit

**\$9.3B**  
Total Shareholder's  
Equity

**\$31.1B**  
Total Assets

**29.4%**  
Efficiency  
Ratio

**25.8%**  
Return on Average  
Equity

Barita



baritainvestments



@BaritaLimited



@baritainvestments



www.barita.com



makingmoney@barita.com



1-888-429-5333

## CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT JUNE 30, 2019

**UNAUDITED**  
9 MONTHS ENDED  
JUNE 30, 2019  
\$'000

**UNAUDITED**  
9 MONTHS ENDED  
JUNE 30, 2018  
\$'000

### Cash Flows from Operating Activities

<b>Net Profit</b>	1,427,683	180,562
<b>Adjusted for:</b>		
Depreciation	21,453	42,316
Effect of exchange gain/loss on foreign balances	18,290	(5,220)
Impairment/Expected Credit Losses (ECL)	80,725	-
FMV Gains/Losses - Equity	(1,031,751)	-
Interest income	(1,035,747)	(738,318)
Interest expense	598,845	431,363
Income tax expense	559,326	119,643
	<u>638,824</u>	<u>30,346</u>
<b>Changes in operating assets and liabilities:</b>		
Marketable securities	(7,592,150)	(581,566)
Securities purchased under resale agreements	254,684	(508,742)
Securities sold under repurchase agreements	5,224,716	339,391
Receivables	(296,320)	366,186
Loans receivable	(1,402,761)	(33,602)
Payables	297,491	463,325
Due from related companies	(45,084)	13,772
	<u>(2,920,602)</u>	<u>89,110</u>
Interest received	963,304	755,205
Interest paid	(598,869)	(451,911)
Income tax paid	(96,383)	(130,164)
<b>Cash provided by operating activities</b>	<b><u>(2,652,549)</u></b>	<b><u>262,240</u></b>
<b>Cash Flows from Investing/financing Activities</b>		
Proceeds from sale of preference shares	1,000,000	-
Proceeds from sale of ordinary shares/rights issue	3,995,539	-
Treasury shares acquired	(188,648)	-
Ordinary Dividends Paid	(413,270)	(133,763)
Investment in Preference Shares	(700,000)	-
Purchase of property, plant and equipment	(90,084)	(16,146)
<b>Cash provided by investing/financing activities</b>	<b><u>3,603,537</u></b>	<b><u>(149,909)</u></b>
<b>Effect of exchange rate on cash and cash equivalents</b>	<b><u>(5,868)</u></b>	<b><u>59</u></b>
Decrease/(increase) in net cash and cash equivalents	945,119	112,390
Net cash and cash equivalents at beginning of year	333,374	413,784
<b>NET CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>1,278,493</u></b>	<b><u>526,174</u></b>

# Financial Results

For the Nine Months Ended June 30, 2019 (Unaudited)

**\$2.8B**  
Net Operating  
Revenue

**\$1.4B**  
Net profits

**\$9.3B**  
Total Shareholder's  
Equity

**\$31.1B**  
Total Assets

**29.4%**  
Efficiency  
Ratio

**25.8%**  
Return on Average  
Equity

# Barita



baritainvestments



@BaritaLimited



@baritainvestments



www.barita.com



makingmoney@barita.com



1-888-429-5333

## Notes to the Unaudited Financial Statements June 30, 2019

### 1. Statement of compliance and basis of preparation

## Interim Financial Reporting

The condensed consolidated interim financial statements (interim financial statements) for the quarter ended June 30, 2019 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The interim financial statements should be read in conjunction with the annual financial statements for the year ended September 30, 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). They are also prepared in accordance with requirements of the Jamaican Companies Act.

The Group has adopted the following standards and amendments to standards, which became effective during the current financial year:

### IFRS 15, 'Revenue from Contracts with Customers'

Effective October 1, 2018 the Group adopted IFRS 15 'Revenue from contracts with Customers'. The standard introduces core principle that revenue must be recognized when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognized and any discounts or rebates on the contract price must generally be allocated to the separate elements. The Group has reviewed transactions which may be affected and concluded that there was no material impact on adoption of IFRS 15.

### IFRS 9, 'Financial Instruments'

Effective October 1, 2018, the Barita Group adopted IFRS 9, 'Financial Instruments', which replaced IAS 39. The Group has applied the new rules under the modified retrospective treatment allowed under the standard, with the practical expedients permitted. The modified retrospective treatment does not require the restatement of prior periods; therefore comparatives for the prior year were not restated and are therefore in accordance with IAS 39.

Under IFRS 9, financial assets are required to be classified into three measurement categories: (i) those to be measured subsequently at amortised cost, (ii) those to be measured subsequently at fair value through other comprehensive income (FVOCI) and (iii) those to be measured subsequently at fair value through profits or loss (FVTPL). Classification of debt instruments under IFRS 9 is driven by the entity's business model for managing the financial assets and the contractual characteristics of the financial assets. All equity instruments are measured at fair value under IFRS 9. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity is required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profits or loss in other comprehensive income.

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces a new impairment model for financial assets.

# Financial Results

For the Nine Months Ended June 30, 2019 (Unaudited)

**\$2.8B**  
Net Operating  
Revenue

**\$1.4B**  
Net profits

**\$9.3B**  
Total Shareholder's  
Equity

**\$31.1B**  
Total Assets

**29.4%**  
Efficiency  
Ratio

**25.8%**  
Return on Average  
Equity

# Barita



baritainvestments



@BaritaLimited



@baritainvestments



www.barita.com



makingmoney@barita.com



1-888-429-5333

## Notes to the Unaudited Financial Statements June 30, 2019 (Continued)

### Classification and Measurement

#### Debt Instruments

The standard introduces new requirements to determine the measurement basis of financial assets, involving the cash flow characteristics of assets and the business models under which they are managed. Based on these conditions for classification, the Group's debt instruments which were classified as available-for-sale were reclassified as measured at FVOCI. Certain debt instruments which were classified as loans and receivables were reclassified as measured at FVOCI and some were reclassified as measured at amortised cost.

#### Equity Instruments

The Group had previously classified its equity instruments as available-for-sale. With the adoption of IFRS 9, the Group has decided to measure all equity instruments at FVTPL. The change has resulted in the related fair value gains/(losses) being transferred from the Fair Value Reserves to Retained Earnings for instruments measured at FVTPL on October 1, 2018.

Equity investments that were previously carried as fair value through other comprehensive income (FVOCI) are now being fair valued through profits and loss (FVTPL), the amount of which totals \$1,031,750,875 as at June 30, 2019.

#### Financial Liabilities

There was no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profits or loss, and the Group does not have any such liabilities. The derecognition rules are unchanged from IAS 39 'Financial Instruments: Recognition and Measurement.

#### Impairment

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than incurred credit losses as previously required under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 'Revenue from Contracts with Customers', lease receivables, loan commitments and certain financial guarantee contracts. Impairment provision does not apply to financial assets classified as FVTPL.

#### Under IFRS 9, loss allowances will be measured on either of the following bases:

1. 12 month ECL: These are ECLs that result from possible default events within the 12 month after the reporting date; and
2. Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial asset

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition, and 12-month ECL applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However lifetime ECL measurement always applies for short-term receivables without significant financial components

The group determined that the application of IFRS 9 impairment requirements at June 30, 2019 resulted in impairment losses of \$ 80,725,270.

# Financial Results

For the Nine Months Ended June 30, 2019 (Unaudited)

# Barita

**\$2.8B**  
Net Operating  
Revenue

**\$1.4B**  
Net profits

**\$9.3B**  
Total Shareholder's  
Equity

**\$31.1B**  
Total Assets

**29.4%**  
Efficiency  
Ratio

**25.8%**  
Return on Average  
Equity



baritainvestments



@BaritaLimited



@baritainvestments



www.barita.com



makingmoney@barita.com



1-888-429-5333

## Notes to the Unaudited Financial Statements June 30, 2019 (Continued)

### 2. Gains/(Losses) on Investment Activities

	Unaudited 3 Months to June 30, 2019	Unaudited 3 Months to June 30, 2018	Unaudited 9 Months to June 30, 2019	Unaudited 9 Months to June 30, 2018
Gains/(Losses) on Sales of Investments	74,199	30,503	203,902	111,589
FMV Gains on Equity Portfolio	551,588	-	1,031,751	-
	<u>625,787</u>	<u>30,503</u>	<u>1,235,653</u>	<u>111,589</u>

**Gains/(Losses) on investment activities include \$1,031,751 related to equity investments under IFRS 9, which was adopted by the Group on October 1, 2018.**

### 3. Earning per Share

The Group's earnings per share is calculated by dividing the net profits attributable to ordinary shareholders of \$1,427,683,000 by the weighted average number of ordinary shares in issue during the period of 630,900,000 shares.

On January 17, 2019, at an extraordinary general meeting of the company, the shareholders approved an offer to the holders of ordinary shares/stock units in the capital of the company up to 262,280,484 ordinary shares in the form of a non-renounceable rights issue with effect from February 25, 2019. Holders of ordinary shares/stock units were allocated 10 additional shares for every seventeen shares owned at the offer price of \$15.5 per new ordinary shares. As a result of the rights issue, all prior period stock data presented in the interim results have been adjusted.

# Financial Results

For the Nine Months Ended June 30, 2019 (Unaudited)

# Barita

**\$2.8B**  
Net Operating  
Revenue

**\$1.4B**  
Net profits

**\$9.3B**  
Total Shareholder's  
Equity

**\$31.1B**  
Total Assets

**29.4%**  
Efficiency  
Ratio

**25.8%**  
Return on Average  
Equity



baritainvestments



@BaritaLimited



@baritainvestments



www.barita.com



makingmoney@barita.com



1-888-429-5333

## Notes to the Unaudited Financial Statements June 30, 2019 (Continued)

### 4. Effect of IFRS 9 Adoption

The Group's financial statements have been adjusted as at October 1, 2018 to reflect the cumulative retrospective impact of the initial adoption of IFRS 9 (see attached).

	Audited	Effects of IFRS 9	Restated
	September	September	September
	2018	2018	2018
	\$,000	\$,000	\$,000
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT:</b>			
<b>MARCH 31, 2019</b>			
<b>ASSETS</b>			
Cash and bank balances	333,685	-	333,685
Securities purchased under resale agreements	3,935,491	-	3,935,491
Marketable securities	3,289,982	-	3,289,982
Pledged Assets	9,883,136	-	9,883,136
Interest receivables	213,746	-	213,746
Loan receivables	403,064	11,270	414,334
Receivables	437,019	(169,597)	267,422
Taxation recoverables	6,701	-	6,701
Due from related parties	72,096	-	72,096
Property, plant and equipment	243,533	-	243,533
Intangible assets	9,090	-	9,090
Investments	55,000	-	55,000
<b>Total assets</b>	<b>18,882,543</b>	<b>(158,327)</b>	<b>18,724,216</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
Bank overdraft	311	-	311
Securities sold under repurchase agreements	14,314,319	-	14,314,319
Interest Payable	48,221	-	48,221
Payables	814,647	-	814,647
Due to related parties	8,348	-	8,348
Taxation	44,612	-	44,612
Deferred tax liabilities	586,014	-	586,014
<b>Total Liabilities</b>	<b>15,816,472</b>	<b>-</b>	<b>15,816,472</b>
<b>Shareholders' Equity</b>			
Stated capital	740,427	-	740,427
Capital reserve	93,133	-	93,133
Fair value reserve	910,697	(634,761)	275,936
Capital Redemption Reserve	220,127	-	220,127
Retained earnings	1,101,687	476,434	1,578,121
<b>Total shareholders' equity</b>	<b>3,066,071</b>	<b>(158,327)</b>	<b>2,907,744</b>
<b>Total liabilities and shareholders' equity</b>	<b>18,882,543</b>	<b>(158,327)</b>	<b>18,724,216</b>