

Barita

INVESTMENTS LIMITED

UNAUDITED FINANCIAL RESULTS FOR THE 9 MONTHS ENDED JUNE 30, 2016.

CHAIRMAN'S STATEMENT

BARITA POSTS PROFITS BEFORE TAXES OF \$175 MILLION

For the quarter ending June 30, 2016, Barita Investments Limited maintained its recent performance trend, recording profit before taxes of \$175 million from gross revenues of \$649 million. This represents a 27% pre-tax profit margin.

With a focus on meeting the needs of our clients while navigating the challenges of our dynamic landscape, the highlights of our operating performance for the financial year to date are as follows:

- Gross revenue from interest income was \$879 million, 43% above prior year while the related interest expense for the period was \$653 million, 39% above the prior year position.
- The effective management of our fixed income investment portfolio has resulted in improved margins and higher net interest income revenue. This improvement in our margins resulted in net interest income of \$226 million, approximately 54% above prior year.
- The performance of our non-interest income revenue streams continue to reflect the changes in emphasis from interest income. Revenues from non interest income was \$423 million compared to \$471 million prior year. Despite the decline in revenue from Investment Trading of our proprietary funds of approximately \$133 million, gross revenues were slightly below prior year but due to improvement in fees and commission

income, our gross revenues for the nine months under review amounted to \$649 million compared to prior levels of \$618 million.

- Fees and Commission were 73% above prior year at \$220 million. Revenues from our Unit Trust operations increased by 64% due to the increase in our funds under management. We also recorded an increase in Equity Trading, posting \$20 million compared to \$7 million prior year.
- Dividend Income was flat compared to prior year.
- Operational costs for the 9 month period to June 30 2016 increased by 24% when compared to the same period last year. This was due to increased staff costs driven primarily by amortization of costs related to internal software development. Cost of living adjustments made in January of 2016 and incentive payments made in December 2015 also contributed to the increase in operational costs.
- Administrative costs increased by 22% year over year due primarily to the accounting for Asset Taxes of \$30 million paid during March 2016. Increases in Audit fees and increased advertising and promotional costs associated with the launch of a new Unit Trust Fund also contributed to the increase in administrative costs.
- The Jamaican Dollar depreciated by 5.45% to June of 2016. This resulted in translation gains of \$54 million year to date down from \$66 million prior 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%	17%
Capital to Total Asset	6%	12%
Capital Base to Tier 1 Capital	50%	96%

Outlook

We continue to work assiduously to improve our performance quarter over quarter in order to provide sustainable returns for our stakeholders.

We anticipate that our new product offerings and continued improvement in our IT infrastructure will continue to improve our competitiveness in the dynamic financial services industry.



Rita Humphries-Lewin
Chairman
August 3, 2016

CONSOLIDATED PROFIT & LOSS STATEMENT AS AT JUNE 30, 2016


	UNAUDITED 3 Months Ended June 30 2016 \$,000	UNAUDITED 3 Months Ended June 30 2015 \$,000	UNAUDITED 9 Months Ended June 30 2016 \$,000	UNAUDITED 9 Months Ended June 30 2015 \$,000
Net Interest Income and Other Revenue				
Interest Income	268,273	181,812	878,744	616,388
Interest cost of Repurchase Agreements	(245,865)	(149,814)	(653,210)	(469,063)
Net Interest Income	22,408	31,998	225,534	147,325
Fees and Commission Income	90,180	47,957	219,784	127,279
Foreign Exchange Trading and translation gains	37,078	27,000	62,246	68,726
Gain/Loss on Sale of Investment	75,516	83,194	129,289	262,462
Dividend Income	2,444	4,189	11,829	12,420
Other Income	117	82	301	317
Net Operating Revenue	227,743	194,420	648,983	618,529
Operating Expenses				
Staff Costs	83,105	65,389	249,362	195,940
Administration	69,712	68,068	224,635	184,734
	152,817	133,457	473,997	380,674
Profit before Taxation	74,926	60,963	174,986	237,855
Taxation	(19,052)	(18,649)	(53,689)	(66,013)
NET PROFIT/(LOSS) FOR THE PERIOD	55,874	42,314	121,297	171,842
Number of shares in Issue	445,877	445,877	445,877	445,877
Earnings per stock unit	0.13	0.09	0.27	0.39

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, 2015.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2016

	UNAUDITED JUNE 2016 \$,000	UNAUDITED JUNE 2015 \$,000	AUDITED SEPTEMBER 2015 \$,000
ASSETS			
Cash and bank balances	433,244	681,088	217,002
Securities purchased under resale agreements	2,655,633	2,013,139	2,296,371
Marketable securities	5,898,029	5,320,064	3,908,760
Pledged Assets	4,890,674	4,341,996	5,578,937
Receivables	624,921	632,535	344,468
Loan receivables	341,268	260,349	291,243
Interest receivables	173,913	156,733	205,408
Due from related parties	320	520	59,310
Property, plant and equipment	306,324	321,495	325,723
Investments	28,135	28,135	6,917
Deferred Assets	0	0	0
Total Assets	15,352,461	13,756,054	13,234,139
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Bank overdraft	30,949	694,414	22,502
Securities sold under repurchase agreements	11,932,963	10,628,633	10,861,027
Payables	819,963	124,464	136,457
Interest Payable	70,783	71,160	73,937
Due to related parties	983	15,588	33,572
Taxation	70,592	0	123,040
Deferred tax liabilities	131,344	285,298	130,973
Total Liabilities	13,057,577	11,819,557	11,381,508
Shareholders' Equity			
Stated capital	745,494	745,494	736,304
Capital reserve	69,798	69,798	69,799
Fair value reserve	358,383	169,653	17,077
Capital Redemption Reserve	220,127	220,127	220,127
Retained earnings	901,082	731,424	809,324
Total Shareholders' Equity	2,294,884	1,936,497	1,852,631
Total Liabilities and Shareholders' Equity	15,352,461	13,756,054	13,234,139



Rita Humphries-Lewin – Chairman



Carl Domville – Director

Barita

INVESTMENTS LIMITED

UNAUDITED FINANCIAL RESULTS FOR THE 9 MONTHS ENDED JUNE 30, 2016 CONT'D.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 9 MONTHS ENDED JUNE 30, 2016

	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 2014	754,994	(10,979)	69,799	57,916	220,127	581,473	1,673,330
Profit for the period						171,842	
Other Comprehensive Income:							
Unrealised gain on available-for resale investments net of taxes				(150,725)			(150,725)
Gains recycled to the profit and loss account on disposal and maturity of available-for-sale investments				262,462			262,462
Adjusting Entries	645	834				9,321	10,800
Total Comprehensive Income	645	834		111,737		9,321	122,537
Net profit						171,842	171,842
Ordinary Dividends Paid						(31,211)	(31,211)
Balance at 30 JUNE 2015	755,639	(10,145)	69,799	169,653	220,127	731,424	1,936,497
Balance at 30 September 2015	736,304	-	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	9,190	-				19,506	28,696
Total Comprehensive Income	9,190	-		341,306		19,506	370,002
Net Profit						121,298	121,298
Ordinary Dividends Paid						(49,046)	(49,046)
Balance at 30 JUNE 2016	745,494	-	69,799	358,383	220,127	901,082	2,294,885

STATEMENT OF COMPREHENSIVE INCOME FOR THE 9 MONTHS ENDED JUNE 30, 2016

	UNAUDITED 3 MONTHS ENDED JUNE 30 2016 \$,'000	UNAUDITED 3 MONTHS ENDED JUNE 30 2015 \$,'000	UNAUDITED 9 MONTHS ENDED JUNE 30 2016 \$,'000	UNAUDITED 9 MONTHS ENDED JUNE 30 2015 \$,'000
Profit for period	55,874	42,314	121,298	171,842
Unrealised gain on available-for resale investments net of taxes	(26,052)	(150,162)	212,017	(150,725)
Total Comprehensive Income	29,822	(107,848)	333,315	21,117

CONSOLIDATED STATEMENT OF CASH FLOWS AS AT JUNE 30, 2016

	UNAUDITED 9 MONTHS ENDED JUNE 30, 2016 \$,'000	UNAUDITED 9 MONTHS ENDED JUNE 30, 2015 \$,'000
Cash Flows from Operating Activities		
Net Profit	121,297	171,842
Adjusted for:		
Depreciation	32,900	11,936
Effect of exchange gain/loss on foreign balances	(51,404)	(58,228)
Interest income	(878,744)	(616,388)
Interest expense	653,210	469,063
Income tax expense	53,689	66,013
Gain on the disposal of property, plant and equipment	-	-
	(69,052)	44,238
Changes in operating assets and liabilities		
Marketable securities	(1,647,963)	1,619,099
Securities purchased under resale agreements	329,001	(1,015,854)
Securities sold under repurchase agreements	1,071,936	(894,785)
Receivables	(280,453)	(25,375)
Loans receivable	(50,025)	(60,879)
Payables	683,506	121,713
Due from related companies	26,401	13,095
	132,403	(242,986)
Interest received	910,239	629,483
Interest paid	(656,364)	(465,463)
Income tax paid	(105,766)	(75,973)
Cash provided by operating activities	148,109	88,047
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)	(31,211)
Interest paid on preference shares	-	-
Purchase of property, plant and equipment	(34,719)	(26,487)
Cash provided by investing/financing activities	(83,765)	(57,698)
Effect of exchange rate on cash and cash equivalents	80,100	81,481
Decrease/(increase) in net cash and cash equivalents	207,795	(86,919)
Net cash and cash equivalents at beginning of year	194,500	73,593
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	402,295	(13,326)