

# Barita

## INVESTMENTS LIMITED

### UNAUDITED FINANCIAL RESULTS FOR THE 3 MONTHS ENDED 31 DECEMBER 2014

#### CHAIRMAN'S STATEMENT

##### BARITA POSTS PROFIT BEFORE TAXES OF \$46 MILLION

For the quarter ending December 31, 2014, Barita Investments Limited continued the trend of profitability with a recorded profit before taxes of \$46 million from gross revenues of \$177 million.

The highlights of our operating performance for the financial year to date are as follows.

- Gross revenue from Interest Income was \$230 million, 15% below prior year, while related interest expense for the period was \$168 million; equal to the prior year position.
- In an environment where interest rates have decreased, our liability costs have been similarly reduced resulting in our interest expense decreasing to prior year levels. However, with our investment portfolio comprising of approximately fifty percent variable instruments, our interest income has decreased at a faster rate. This has resulted in a significant contraction in our margins resulting in a recorded net interest income of \$62 million, approximately 36% down from prior year.
- The decrease in interest income has been somewhat

compensated for by non-interest income revenues. Revenues for non interest income were above prior year at \$177million compared to \$165 million.

- Fees and Commissions income was 65% above prior year at \$38 million, with significant improvement coming from our subsidiary Barita Unit Trusts. Additionally trading gains were 600% above prior year at \$48 million.
- Staff Costs and Administrative Expenses contributed to a 16% increase in Operational costs when compared to the same period last year. Staff costs increased by 10% which was triggered primarily by additional human resources and remuneration adjustments. Administrative costs were 25% higher than last year, with the main contributors being financial support for our charity arm the Barita Education Foundation and client support expenses.
- The depreciation of the Jamaican Dollar against the USD, Euro and Sterling continued at a slightly slower pace. This resulted in translation gains of \$21 million down from \$29 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%	18%
Capital to Total Asset	6%	13%
Capital Base to Tier 1 Capital	50%	96%

##### Outlook

We are in the midst of a rapidly changing financial landscape that requires that we adjust our strategy to ensure that we continue to provide the best possible returns for all stakeholders.

We will continue to transition our business model to one more focused on increasing the offerings from our Unit Trust Funds, while maintaining our strength in the Fixed Income market.



Chairman  
January 28, 2014

#### CONSOLIDATED PROFIT & LOSS STATEMENT AS AT DECEMBER 31, 2014


	UNAUDITED 3 Months Ended 31-Dec-14 \$	UNAUDITED 3 Months Ended 31-Dec-13 \$
<b>Net Interest Income and Other Revenue</b>		
Interest Income	229,743	263,791
Interest cost of Repurchase Agreements	(167,733)	(167,034)
<b>Net Interest Income</b>	62,010	96,757
Fees and Commission Income	38,236	23,163
Foreign Exchange Trading and translation gains	24,696	35,158
Gain/Loss on Sale of Investment	48,086	8,104
Dividend Income	4,030	1,936
Other Income	(195)	(133)
<b>Net Operating Revenue</b>	176,862	164,984
<b>Operating Expenses</b>		
Staff Costs	62,774	56,923
Administration	56,522	45,536
	119,296	102,460
<b>Profit before Taxation</b>	57,566	62,524
Taxation	(11,937)	(5,125)
<b>NET PROFIT/(LOSS) FOR THE PERIOD</b>	45,629	57,399
Number of shares in Issue	445,877	445,877
Earnings per stock unit	0.10	0.13

##### 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 30 September 2014.

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2014

	UNAUDITED December 2014 \$,000	AUDITED September 2014 \$,000	UNAUDITED December 2013 \$,000
<b>ASSETS</b>			
Cash and bank balances	99,724	76,760	190,967
Securities purchased under resale agreements	1,661,250	1,506,259	1,492,629
Marketable securities	6,747,576	6,827,426	8,099,813
Pledged Assets	3,461,196	3,833,022	2,889,896
Receivables	360,670	510,995	466,934
Loan receivables	203,406	199,470	127,345
Interest receivables	162,713	252,898	189,174
Due from related parties	519	13,615	302
Property, plant and equipment	318,940	316,900	246,761
Investments in Associated Company	28,135	18,179	2
<b>Total Assets</b>	<b>13,044,130</b>	<b>13,555,524</b>	<b>13,703,822</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
Bank overdraft	879	3,167	20,974
Securities sold under repurchase agreements	10,903,439	11,523,418	12,095,537
Payables	61,969	75,263	86,320
Interest Payable	80,068	67,560	84,287
Due to related parties	2,479	-	701
Taxation		8,452	
Deferred tax liabilities	216,082	204,334	19,885
<b>Total Liabilities</b>	<b>11,264,915</b>	<b>11,882,194</b>	<b>12,307,703</b>
<b>Shareholders' Equity</b>			
Stated capital	755,639	754,994	754,994
Treasury shares	(10,145)	(10,979)	(10,145)
Capital reserve	69,798	69,799	28,505
Fair value reserve	107,373	57,916	(208,095)
Capital Redemption Reserve	220,127	220,127	
<b>Retained Earnings</b>	636,423	581,473	610,733
<b>Total Shareholders' Equity</b>	<b>1,779,215</b>	<b>1,673,330</b>	<b>1,175,992</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>13,044,130</b>	<b>13,555,524</b>	<b>13,483,695</b>



Rita Humphries-Lewin – Chairman



Carl Domville – Director

# Barita

## INVESTMENTS LIMITED

### UNAUDITED FINANCIAL RESULTS FOR THE 3 MONTHS ENDED 31 DECEMBER 2014 CONT'D.

#### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 3 MONTHS ENDED DECEMBER 31, 2014

	Stated Capital \$,000	Treasury Shares	Capital Reserve \$,000	Fair Value Reserve \$,000	Capital Redemption Reserve \$,000	Retained Earnings \$,000	Total \$,000
<b>Balance at 30 September 2013</b>	754,994	(10,145)	28,506	(113,601)	220,127	523,875	1,403,756
Profit for the period						57,399	
Other Comprehensive Income:							
Unrealised losses on available-for resale investments net of taxes				(56,584)			(56,584)
Gains recycled to the profit and loss account on disposal and maturity of available-for-sale investments				(8,451)			(8,451)
Revaluation surplus, net of taxes				(65,035)			(65,035)
Net profit						57,399	57,399
Total recognised income/(losses) to Dec 2013			-	(65,035)		57,399	(7,636)
Ordinary Dividends Paid							-
Convertible Preference Shares redeemed							-
<b>Balance at 31 December 2013</b>	754,994	(10,145)	28,506	(178,636)	220,127	581,274	1,396,120
<b>Balance at 30 September 2014</b>	754,994	(10,979)	69,799	57,916	220,127	581,473	1,673,330
Profit for the period						45,629	
Other Comprehensive Income:							
Unrealised gain on available-for resale investments net of taxes				4,129			4,129
Gains recycled to the profit and loss account on disposal and maturity of available-for-sale investments				45,328			45,328
Adjusting entries						10,799	
Revaluation surplus, net of taxes							-
Net profit				49,457		56,428	49,457
Total Comprehensive Income						56,428	105,885
Ordinary Dividends Paid							-
Sale of Treasury shares							-
<b>Balance at 31 December 2014</b>	754,994	(10,979)	69,799	107,373	220,127	637,901	1,779,215

#### STATEMENT OF COMPREHENSIVE INCOME FOR THE 3 MONTHS ENDED DECEMBER 31, 2014

	UNAUDITED 3 Months Ended Dec 31, 2014 \$,000	UNAUDITED 3 Months Ended Dec 31, 2013 \$,000
Profit for period	45,629	57,399
Unrealised gain on available-for resale investments net of taxes	4,129	(56,584)
<b>Total Comprehensive Income</b>	<b>49,758</b>	<b>815</b>

#### CONSOLIDATED STATEMENT OF CASH FLOWS AS AT DECEMBER 31, 2014

	UNAUDITED 3 Months Ended Dec 31, 2014 \$,000	UNAUDITED 3 Months Ended Dec 31, 2013 \$,000
<b>Cash Flows from Operating Activities</b>		
Net Profit	45,629	57,399
Adjusted for:		
Depreciation	4,028	3,938
Effect of exchange gain/loss on foreign balances	(21,414)	(29,488)
Interest income	(229,743)	(263,791)
Interest expense	167,733	167,034
Income tax expense	11,937	5,125
Gain on the disposal of property, plant and equipment	(21,830)	(59,783)
Changes in Operating assets and liabilities		
Marketable securities	79,850	(70,687)
Securities purchased under resale agreements	266,292	(323,258)
Securities sold under repurchase agreements	(607,471)	536,342
Receivables	240,510	(36,806)
Loans receivable	(3,936)	(9,802)
Payables	(9,998)	791
Due from related companies	15,574	6,605
	(19,179)	103,185
Interest received	174,559	181,169
Interest paid	(155,225)	(165,180)
Income tax paid	-	(5,125)
<b>Cash provided by Operating Activities</b>	<b>19,334</b>	<b>10,864</b>
<b>Cash Flows from Investing/Financing Activities</b>		
Proceeds from the disposal of property, plant and equipment		
Proceeds from sale of ordinary shares and irredeemable preference shares	-	-
Ordinary Dividends	-	-
Interest paid on preference shares	-	-
Purchase of property, plant and equipment	(11,997)	(198)
<b>Cash provided by investing/financing activities</b>	<b>(11,997)</b>	<b>(198)</b>
Effect of exchange rate on cash and cash equivalents	58,925	41,280
Decrease/(increase) in net cash and cash equivalents	25,253	95,348
Net cash and cash equivalents at beginning of year	73,593	74,644
<b>NET CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>98,846</b>	<b>169,992</b>