

Barita Investments Limited

**Financial Statements
30 September 2012**

Barita Investments Limited

Index

30 September 2012

Page

Independent Auditors' Report to the Members

Financial Statements

Consolidated statement of comprehensive income	1
Consolidated statement of financial position	2
Consolidated statement of changes in shareholders' equity	3
Consolidated statement of cash flows	4
Company statement of comprehensive income	5
Company statement of financial position	6
Company statement of changes in shareholders' equity	7
Company statement of cash flows	8
Notes to the financial statements	9– 62



Independent Auditors' Report

To the Members of
Barita Investments Limited

Report on the Consolidated and Company Stand Alone Financial Statements

We have audited the accompanying consolidated financial statements of Barita Investments Limited and its subsidiary (the Group), set out on pages 1 to 62, which comprise the consolidated statement of financial position as at 30 September 2012 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and the accompanying financial statements of Barita Investments Limited standing alone, which comprise the statement of financial position as at 30 September 2012 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and Company Stand Alone Financial Statements

Management is responsible for the preparation of consolidated and company stand alone financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and company stand alone financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated and company stand alone financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and company stand alone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and company stand alone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and company stand alone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated and company stand alone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and company stand alone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Barita Investments Limited
Independent Auditors' Report
Page 2

Opinion

In our opinion, the consolidated financial statements of Barita Investments Limited and its subsidiary, and the financial statements of Barita Investments Limited standing alone give a true and fair view of the financial position of the Group and the company as at 30 September 2012, and of their financial performance and cash flows for the year then ended, so far as concerns the members of Barita Investments Limited, in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

Report on Other Legal and Regulatory Requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying consolidated financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

A handwritten signature in black ink that reads "PricewaterhouseCooper".

Chartered Accountants
4 December 2012
Kingston, Jamaica

Barita Investments Limited

Consolidated Statement of Comprehensive Income

Year ended 30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2012 \$'000	2011 \$'000
Net Interest Income and Other Revenue			
Interest income		1,127,269	1,337,377
Interest expense		(673,985)	(888,745)
Net interest income		453,284	448,632
Fees and commission income		94,562	58,546
Dividend income		8,031	6,758
Foreign exchange trading and translation gains		46,632	12,019
Gain on sale of investments		203,959	207,852
Other		2,512	14,146
Net operating revenue		808,980	747,953
Operating Expenses			
Staff costs	7	(250,940)	(207,715)
Administration costs		(206,362)	(154,185)
Impairment of available-for-sale investment		(4,071)	(61,277)
	6	(461,373)	(423,177)
Profit before Taxation		347,607	324,776
Taxation	8	(92,644)	(105,697)
Profit for the Year		254,963	219,079
Other Comprehensive Income:			
Unrealised (losses)/gains on available- for- sale investments, net of taxes	8	(211,341)	507,806
Net gains recycled to profit or loss on disposal, maturity, and impairment of available -for- sale investments, net of taxes	8	(61,690)	(97,717)
Surplus on revaluation of property, plant and equipment, net of taxes	8	-	27,403
		(273,031)	437,492
Total Comprehensive Income		(18,068)	656,571
Basic and Diluted Earnings Per Share	15	\$0.57	\$0.49

Barita Investments Limited


Consolidated Statement of Financial Position


30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2012 \$'000	2011 \$'000
ASSETS			
Cash and bank balances	10	122,144	111,650
Securities purchased under resale agreements	11	1,308,449	1,465,705
Marketable securities	12	6,270,441	8,471,381
Pledged assets	13	5,102,514	4,029,643
Receivables	14	418,754	440,473
Loans receivable		106,505	73,753
Due from related parties	16	13,751	9,667
Property, plant and equipment	17	169,667	167,944
Intangible assets	18	50,425	35,503
Investments	19	2	2
Total assets		<u>13,562,652</u>	<u>14,805,721</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Bank overdraft	10	2,851	4,288
Securities sold under repurchase agreements		11,287,523	12,306,108
Payables	21	97,458	82,769
Due to related parties	16	582	1,576
Redeemable preference shares	22	206,507	205,968
Convertible preference shares	22	3,460	3,460
Taxation		90,714	113,377
Deferred tax liabilities	20	172,184	328,605
Total liabilities		<u>11,861,279</u>	<u>13,046,151</u>
Shareholders' Equity			
Share capital	22	765,154	765,154
Treasury shares	22	(10,145)	(10,145)
Capital reserve	23	28,506	28,506
Fair value reserve	24	163,845	436,876
Retained earnings		754,013	539,179
Total shareholders' equity		<u>1,701,373</u>	<u>1,759,570</u>
Total liabilities and shareholders' equity		<u>13,562,652</u>	<u>14,805,721</u>

Approved for issue by the Board of Directors on 4 December 2012 and signed on its behalf by:


 Rita Humphries-Lewin Director


 Carl Domville Director

Barita Investments Limited

Consolidated Statement of Changes in Shareholders' Equity

Year ended 30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital \$'000	Treasury Shares \$'000	Capital Reserve \$'000	Fair Value Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 September 2010	765,154	(10,145)	1,103	26,787	335,705	1,118,604
Total comprehensive income						
Profit for the year	-	-	-	-	219,079	219,079
Other comprehensive income	-	-	27,403	410,089	-	437,492
	-	-	27,403	410,089	219,079	656,571
Transactions with owners:						
Dividends paid	-	-	-	-	(15,605)	(15,605)
	-	-	-	-	(15,605)	(15,605)
Balance at 30 September 2011	765,154	(10,145)	28,506	436,876	539,179	1,759,570
Total comprehensive income						
Profit for the year	-	-	-	-	254,963	254,963
Other comprehensive income	-	-	-	(273,031)	-	(273,031)
	-	-	-	(273,031)	254,963	(18,068)
Transactions with owners:						
Dividends paid	-	-	-	-	(40,129)	(40,129)
	-	-	-	-	(40,129)	(40,129)
Balance at 30 September 2012	765,154	(10,145)	28,506	163,845	754,013	1,701,373

Barita Investments Limited

Consolidated Statement of Cash Flows

Year ended 30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2012 \$'000	2011 \$'000
Cash Flows from Operating Activities			
Net profit		254,963	219,079
Adjusted for:			
Depreciation and amortisation		15,114	11,795
Effect of exchange gain on foreign balances		(25,757)	(641)
Impairment of available-for-sale investments		4,071	61,277
Interest income		(1,127,269)	(1,337,377)
Interest expense		673,985	888,745
Taxation expense	8	92,644	105,697
		<u>(112,249)</u>	<u>(51,425)</u>
Changes in operating assets and liabilities:			
Marketable securities, net		837,711	(2,343,709)
Securities purchased under resale agreements, net		165,949	409,562
Securities sold under repurchase agreements, net		(1,127,866)	1,519,418
Receivables		21,719	(3,736)
Loans receivable, net		(32,752)	(14,329)
Payables		14,690	(8,383)
Due from related companies		(5,078)	2,995
		<u>(237,876)</u>	<u>(489,607)</u>
Interest received		1,134,136	1,325,124
Interest paid		(661,536)	(913,657)
Income tax paid		(127,829)	(4,526)
Cash provided by/(used in) operating activities		<u>106,895</u>	<u>(82,666)</u>
Cash Flows from Investing Activities			
Proceeds from the disposal of property, plant and equipment		-	3
Purchase of property, plant and equipment	17	(14,823)	(6,300)
Purchase of intangible asset		(16,936)	(20,414)
Cash used in investing activities		<u>(31,759)</u>	<u>(26,711)</u>
Cash Flows from Financing Activities			
Interest paid on preference shares		(25,229)	(27,017)
Dividends paid		(40,129)	(15,605)
Cash used in financing activities		<u>(65,358)</u>	<u>(42,622)</u>
Effect of exchange rate on cash and cash equivalents		2,153	94
Increase/(decrease) in net cash and cash equivalents		11,931	(151,905)
Net cash and cash equivalents at beginning of year		107,362	259,267
Net Cash and Cash Equivalents at End of Year	10	<u><u>119,293</u></u>	<u><u>107,362</u></u>

Barita Investments Limited

Company Statement of Comprehensive Income

Year ended 30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2012 \$'000	2011 \$'000
Net Interest Income and Other Revenue			
Interest income		1,131,258	1,347,120
Interest expense		(679,630)	(899,686)
Net interest income		451,628	447,434
Fees and commission income		34,912	16,321
Dividend income		8,031	6,758
Foreign exchange trading and translation gains		46,632	12,019
Gain on sale of investments		200,348	201,597
Other		694	14,719
Net operating revenue		742,245	698,848
Operating Expenses			
Staff costs	7	(224,684)	(188,968)
Administration costs		(190,771)	(140,326)
Impairment of available-for-sale investment		(4,071)	(61,277)
	6	(419,526)	(390,571)
Profit before Taxation		322,719	308,277
Taxation	8	(87,860)	(97,120)
Profit for the Year		234,859	211,157
Other Comprehensive Income:			
Unrealised (losses)/gains on available- for- sale investments net of taxes	8	(204,872)	497,267
Net gains recycled to profit or loss on disposal, maturity and impairment of available -for- sale investments, net of taxes	8	(61,690)	(93,546)
Surplus on revaluation of property, plant and equipment, net of taxes	8	-	27,403
		(266,562)	431,124
Total Comprehensive Income		(31,703)	642,281

Barita Investments Limited


Company Statement of Financial Position

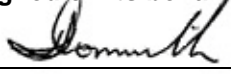
30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2012 \$'000	2011 \$'000
ASSETS			
Cash and bank balances	10	121,650	107,343
Securities purchased under resale agreements	11	1,308,449	1,465,705
Marketable securities	12	6,205,668	8,404,637
Pledged assets	13	5,102,514	4,029,643
Receivables	14	411,687	436,335
Loans receivable		174,544	156,378
Due from related parties	16	7,845	7,974
Property, plant and equipment	17	168,568	165,987
Intangible assets	18	50,425	35,503
Investment	19	2	2
Investment in subsidiary		85,700	85,700
Total assets		<u>13,637,052</u>	<u>14,895,207</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Bank overdraft	10	1,642	4,288
Securities sold under repurchase agreements		11,341,845	12,344,506
Payables	21	80,581	75,116
Due to related parties	16	582	1,478
Redeemable preference shares	22	299,970	299,970
Convertible preference shares	22	3,460	3,460
Taxation		82,132	109,201
Deferred tax liabilities	20	171,852	330,368
Total liabilities		<u>11,982,064</u>	<u>13,168,387</u>
Shareholders' Equity			
Share capital	22	765,154	765,154
Treasury shares	22	(9,500)	(9,500)
Capital reserve	23	90,361	90,361
Fair value reserve	24	165,157	431,719
Retained earnings		643,816	449,086
Total shareholders' equity		<u>1,654,988</u>	<u>1,726,820</u>
Total liabilities and shareholders' equity		<u>13,637,052</u>	<u>14,895,207</u>

Approved for issue by the Board of Directors on 4 December 2012 and signed on its behalf by:


 Rita Humphries-Lewin Director


 Carl Domville Director

Barita Investments Limited

Company Statement of Changes in Shareholders' Equity

Year ended 30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital \$'000	Treasury Shares \$'000	Capital Reserve \$'000	Fair Value Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 September 2010	765,154	(9,500)	62,958	27,998	253,534	1,100,144
Total Comprehensive income						
Profit for the year	-	-	-	-	211,157	211,157
Other comprehensive income	-	-	27,403	403,721	-	431,124
	-	-	27,403	403,721	211,157	642,281
Transactions with owners:						
Dividends paid	-	-	-	-	(15,605)	(15,605)
	-	-	-	-	(15,605)	(15,605)
Balance at 30 September 2011	765,154	(9,500)	90,361	431,719	449,086	1,726,820
Total comprehensive income						
Profit for the year	-	-	-	-	234,859	234,859
Other comprehensive income	-	-	-	(266,562)	-	(266,562)
	-	-	-	(266,562)	234,859	(31,703)
Transactions with owners:						
Dividends paid	-	-	-	-	(40,129)	(40,129)
	-	-	-	-	(40,129)	(40,129)
Balance at 30 September 2012	765,154	(9,500)	90,361	165,157	643,816	1,654,988

Barita Investments Limited

Company Statement of Cash Flows

Year ended 30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2012 \$'000	2011 \$'000
Cash Flows from Operating Activities			
Net profit		234,859	211,157
Adjusted for:			
Depreciation and amortisation		14,122	10,815
Effect of exchange gain on foreign balances		(25,757)	(641)
Impairment of available-for-sale investments		4,071	61,277
Interest income		(1,131,258)	(1,347,120)
Interest expense		679,630	899,686
Income tax expense	8	87,860	97,120
		<u>(136,473)</u>	<u>(67,706)</u>
Changes in operating assets and liabilities:			
Marketable securities, net		837,754	(2,349,183)
Securities purchased under resale agreements, net		165,949	409,562
Securities sold under repurchase agreements, net		(1,111,942)	1,503,654
Receivables		24,648	(9,854)
Loans receivable, net		(18,166)	39,615
Payables		5,464	(9,890)
Due from related companies		(767)	1,504
		<u>(233,533)</u>	<u>(482,298)</u>
Interest received		1,139,696	1,337,905
Interest paid		(667,181)	(910,495)
Taxation paid		(127,199)	-
Cash provided by/(used in) operating activities		<u>111,783</u>	<u>(54,888)</u>
Cash Flows from Investing Activities			
Proceeds from the disposal of property, plant and equipment		-	3
Purchase of property, plant and equipment	17	(14,689)	(6,278)
Purchase of intangible asset		(16,936)	(20,414)
Cash used in investing activities		<u>(31,625)</u>	<u>(26,689)</u>
Cash Flows from Financing Activities			
Interest paid on preference shares		(25,229)	(41,120)
Dividends paid		(40,129)	(15,605)
Cash used in financing activities		<u>(65,358)</u>	<u>(56,725)</u>
Effect of exchange rate on cash and cash equivalents		<u>2,153</u>	<u>94</u>
Increase/(decrease) in net cash and cash equivalents		16,953	(138,208)
Net cash and cash equivalents at beginning of year		<u>103,055</u>	<u>241,263</u>
Net Cash and Cash Equivalents at End of Year	10	<u><u>120,008</u></u>	<u><u>103,055</u></u>

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification, Regulation and Licence

Barita Investments Limited (Barita, the company) is a limited liability company incorporated and resident in Jamaica, with its registered office at 15 St. Lucia Way, Kingston 5.

The company is a licensed securities dealer and has primary dealer status from the Bank of Jamaica (BoJ). It is licensed under the Securities Act and is regulated by the Financial Services Commission (FSC).

The company's ordinary and preference shares are listed on the Jamaica Stock Exchange (JSE).

The principal activities of the company and its wholly owned subsidiary, Barita Unit Trusts Management Company Limited (collectively referred to as "the Group") are stocks and securities brokerage, money market activities, cambio operations, and funds management.

2. Significant Accounting Policies

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investment securities, and certain items of property, plant and equipment.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant for the financial statements are disclosed in Note 4.

Interpretations and amendments to published accounting standards effective in the current financial year

Certain amendments and interpretations to existing standards have been published that became effective during the current financial period. The Group has assessed the relevance of all such new interpretations and amendments and has concluded that the following is relevant to its operations:

- **IAS 1 (Revised), 'Presentation of Financial Statements'** (effective for annual periods beginning on or after 1 January 2011). The revised standard clarifies that an entity will present an analysis of other comprehensive income for each component of equity either in the statement of changes in equity or in the notes to the financial statements.
- **IAS 24 (Revised), 'Related party disclosures'** (effective for annual periods beginning on or after 1 January 2011). The revised standard clarifies and simplifies the definition of a related party and provides certain exemptions for government-related entities. The adoption of the revised standard did not have any impact on the financial statements.

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published accounting standards that are not effective in the current financial year (continued)

The Group has assessed the relevance of all other new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

- **IFRS 9, 'Financial instruments'**. (effective for annual periods beginning on or after 1 January 2015). The standard addresses the principles for the financial reporting of financial assets and financial liabilities to ensure that relevant and useful information is presented to users of financial statements. It replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The standard will eventually replace IAS 39 - Financial Instruments: Recognition and Measurement.

The standard is mandatory for accounting periods beginning on or after 1 January 2015, however earlier adoption is permitted. Management is assessing the impact of adoption of the standard on the Group.

- **IFRS 10, Consolidated Financial Statements** (effective for annual periods beginning on or after 1 January 2013). This standard replaces IAS 27, Consolidated and Separate Financial Statements and SIC-12, Consolidation-Special Purpose Entities. The standard requires an entity that is a parent to present consolidated financial statements. A limited exemption is available to some entities. The standard addresses certain instances of divergence in practice in applying IAS 27 and SIC-12, for example, entities varied in their application of the control concept in circumstances in which a reporting entity controls another entity but holds less than a majority of the voting rights of the entity, and in circumstances involving agency relationships. In addition, a perceived conflict of emphasis between IAS 27 and SIC-12 had led to inconsistent application of the concept of control. IAS 27 required the consolidation of entities that are controlled by a reporting entity, and it defined control as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. SIC-12, which interpreted the requirements of IAS 27 in the context of special purpose entities, placed greater emphasis on risks and rewards. The Group will apply the standard from 1 October 2013 but it is not expected to have any impact on the Group's financial statements.
- **IFRS 12, Disclosure of Interests in Other Entities** (effective for annual periods beginning on or after 1 January 2013). This standard applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. The standard requires an entity to disclose information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities; and the effects of those interests on its financial position, financial performance and cash flows. The Group will apply the standard from 1 October 2013 and it is not expected to have any significant impact on current disclosures.

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published accounting standards that are not effective in the current financial year (continued)

- **IFRS 13, Fair Value Measurement** (effective for annual periods beginning on or after 1 January 2013). The standard explains how to measure fair value for financial reporting. It defines fair value; sets out in a single IFRS a framework for measuring fair value; and requires disclosures about fair value measurements. This standard applies to those standards that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances. The Group will apply the standard from 1 October 2013 and it will result in expanded disclosure in the financial statements.

(b) Basis of consolidation

Subsidiaries, which are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies, are consolidated.

(i) ***Acquisitions from third parties***

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree's either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

(ii) ***Acquisitions involving entities under common control***

The predecessor method of accounting is used to account for acquisitions involving entities under common control, as such acquisitions are outside of the scope of IFRS 3. Under the predecessor method of accounting, the acquiring entity consolidates the results and net assets of the acquired entity either from the date of acquisition, or as if the acquisition had always taken place, and the current structure had always been in existence. In electing to utilise the latter option, the prior year's comparatives are restated.

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

(ii) *Acquisitions involving entities under common control (continued)*

In applying the predecessor method, the purchase consideration for the acquisition is eliminated against the book value of net assets acquired (adjusted for inconsistencies in accounting policies) with any resulting difference being dealt with as an adjustment to equity. There is no goodwill created, nor is there any negative goodwill recognised.

The Group has elected to treat all such acquisitions as if the acquisition had taken place in previous years.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The accounting policies of the subsidiary are consistent with those adopted by the Group.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

(d) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the company are measured using Jamaican dollars, which is the currency of the primary economic environment in which the company operates. The financial statements for the group and the company are presented in Jamaican dollars, which is also the company's functional currency.

Translations and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss for the year.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in the profit or loss for the year, and other changes in the carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve through other comprehensive income.

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(e) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets

The Group classifies its financial assets in the following categories: loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at cost, which is the cash given to originate the debt including any transaction costs and subsequently measured at amortised cost using the effective interest method. Loans and receivables on the statement of financial position include cash and bank balances, securities purchased under resale agreements, receivables, loans receivable, due from related companies and marketable securities.

Financial assets classified as loans and receivables either meet the definition of loans and receivables at the date of acquisition, or at the date of reclassification from another category (fair value through profit or loss or available-for-sale), under the provisions of IAS 39 (Amendment). Financial assets which have been reclassified to this category, meet the definition of loans and receivables as a result of the market for these securities having become inactive.

The Group has elected to reclassify all financial assets reclassified to loans and receivables, to available-for-sale, once the markets for these securities become active again.

Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. They are initially recognised at cost, which is the cash given to originate the security, inclusive of any transaction costs, and are subsequently measured at fair value. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in other comprehensive income. Purchases and sales of investments are recognised on the settlement date – the date on which an asset is delivered to or by the Group.

Financial assets are assessed periodically for objective evidence of impairment. A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the original effective interest rate. The recoverable amount for debt instruments carried at fair value is the present value of expected future cash flows discounted at the current market interest rate for a similar financial asset. If in a subsequent period, the impairment loss for debt securities carried at amortised cost or fair value decreases and that decrease can be related objectively to an event occurring after the impairment, the reversal of the impairment is recorded in the profit or loss for the year.

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(e) Financial instruments (continued)

Financial assets (continued)

In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value below cost is considered an indicator of impairment. Significant or prolonged are assessed based on market conditions and other indicators. If any such evidence exists for equity instruments, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment losses previously recognised in the profit or loss, is removed from equity and recognised in the profit or loss. Impairment losses recognised on the equity instruments are not reversed through the profit or loss for the year.

Financial liabilities

The Group's financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method. Financial liabilities include bank overdraft, securities sold under repurchase agreements, payables, due to related parties, redeemable preference shares and convertible preference shares.

(f) Interest income and expense

Interest income and expense are recognised in the statement of comprehensive income for all interest bearing instruments on an accrual basis using the effective interest method. Interest income includes coupons earned on fixed income investments and accrued discounts or premiums on treasury bills and other discounted instruments.

(g) Fees and commission income

Fees and commission income are recognised on an accrual basis when the service has been provided. Commission and fees arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

(h) Dividend income

Dividends are recognised when the right to receive payments is established.

(i) Gain or loss on sale of investment

Gain or loss on the disposal or maturity of investments, is determined by comparing sale proceeds with the carrying amount of the investment. The amount is recognised in profit or loss for the year.

When available-for-sale securities are disposed of, the related accumulated unrealised gains or losses included in shareholders' equity are recognised in profit or loss for the year.

(j) Income taxes

Taxation expense in the statement of comprehensive income comprises current and deferred income taxes.

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible.

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(j) Income taxes (continued)

Deferred income tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income or equity, in which case, deferred tax is also dealt with in other comprehensive income or equity.

(k) Property, plant and equipment

All property, plant and equipment are initially recorded at cost. Land and buildings are subsequently shown at market valuation based on triennial valuations by external independent valuers, less subsequent depreciation of buildings. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment.

Depreciation is calculated on the straight-line basis at annual rates to write off the carrying value of each asset over the period of its useful life. Land is not depreciated. The expected useful lives of the other property, plant and equipment are as follows:

Buildings	40 years
Office furniture, machines and equipment	10 years
Computer equipment	3 years
Motor vehicles	5 years

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount.

Revaluation gains on land and buildings are recorded net of tax in other comprehensive income. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining net operating revenue.

Repairs and maintenance expenses are charged to profit or loss when the expenditure is incurred.

(l) Receivables

Receivables are carried at anticipated realisable value less provision for impairment of these receivables. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowings.

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(m) Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase (repurchase agreements) and securities purchased under agreements to resell (reverse repurchase agreements) are treated as collateralised financing transactions. The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the life of the repurchase agreements using the effective yield method.

Securities purchased under agreements to resell and sold under agreements to repurchase are carried on the statement of financial position at amortised cost.

(n) Payables

Payables are initially recognised at fair value and are subsequently measured at amortised cost.

(o) Fiduciary activities

The Group commonly acts as a trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

(p) Employee benefits

The Group maintains a pension plan for its eligible employees and agents. The pension plan is a defined contribution plan, the assets of which are held in a separate trustee-administered fund. The plan is generally funded by basic employee contributions of 5% of pensionable salary and voluntary contributions up to a maximum of an additional 5%. This is matched by the Group. Once the Group contributions have been paid the Group has no further payment obligations. The Group's contributions to the plan are charged to profit or loss in the year to which they relate.

(q) Intangible assets

Separately acquired intangible assets are assessed annually for indicators of impairment and are carried at cost less any accumulated amortisation and impairment. The cost of separately acquired intangible assets comprises its purchase price, any directly attributable cost of preparing the asset for its intended use and professional fees directly attributed to acquiring the asset. Amortisation is calculated using the straight line method to allocate the cost of the assets over their estimated useful lives of three years.

(r) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost and comprise balances which mature within 90 days of the date of acquisition, including cash, short term investments and bank overdrafts.

(s) Related party balances and transactions

Parties are considered to be related if directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with the entity (this includes parents, subsidiaries and fellow subsidiaries), has significant influence over the entity or has joint control over the entity. Related party balances and transactions are recognised and disclosed for the following:

- (i) Enterprises and individuals owning directly or indirectly an interest in the voting power of the Group, significant influence over the Group's affairs and close members of the family of these individuals.
- (ii) Key management personnel, that is those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including directors and officers and close members of the families of these individuals

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The Board, through the Asset and Liability Management Committee, Treasury Department, Audit Committee and Risk Manager, manages and monitors risks as follows:

- (i) **Asset and Liability Management Committee**
This committee is responsible for monitoring the profile of the Group's assets and liabilities. This includes monitoring policies and procedures that are established to ensure that there is sufficient liquidity and that interest rate risk, currency risk and capital adequacy is also monitored.
- (ii) **Treasury Department**
This department is responsible for managing the Group's financial assets and liabilities. It is also primarily responsible for managing the funding and liquidity risks of the Group. It manages these risks by monitoring the statement of financial position and ensuring that business strategies are consistent with liquidity requirements; measuring the capital adequacy for regulatory and business requirements; and monitoring the composition of the assets and liabilities of the Group.
- (iii) **Audit Committee**
The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit, which is outsourced. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.
- (iv) **Risk Manager**
The Risk Manager inspects the Group's operations by reviewing new ventures and projects, new lines of business, and new and existing products for risk exposure. The Risk Manager also ensures compliance with regulations and policies. Periodic reports are prepared by the Risk Manager and presented to senior management and the Board of Directors.

The most important types of financial risk faced by the Group are credit risk, liquidity risk and market risk. Market risk includes currency risk and interest rate risk.

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk

The Group takes on exposure to credit risk, which is the risk that its clients or counterparties will cause a financial loss for the Group by failing to discharge their contractual obligations. Credit risk is a significant risk for the Group's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending and investment activities. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to any one borrower.

Credit review process

The Group has established a process involving regular analysis of the ability of borrowers and other counterparties to meet repayment obligations.

(i) Loans

In addition to assessments of earnings and cash flows, management assesses the existence of free and clear assets which are to be used as collateral in the event of default. Loans receivable are due within one year.

(ii) Investments and cash

The Group limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality, and Government of Jamaica and Bank of Jamaica securities. Accordingly, management does not expect any counterparty to fail to meet its obligations.

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of different types of collateral.

The main types of collateral obtained are as follows:

(i) For loans receivable - charges over financial instruments such as debt securities and equities, and hypothecation of securities sold under repurchase agreements.

(ii) For securities sold under repurchase agreements – cash or securities.

Management monitors the market value of collateral held and requests additional collateral in accordance with the underlying agreement when additional collateral is required.

Impairment

The main considerations for the impairment assessment for financial assets include the following:

(i) Whether any payments of principal or interest are overdue by more than 90 days;

(ii) Whether there are any known difficulties in the cash flows of counterparties or infringement of the original terms of the contract; and

(iii) Whether there is any significant or prolonged decline in the market value below cost.

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Impairment (continued)

Based on the foregoing considerations, financial assets that are individually impaired are as follows:

	2012	2011
	\$'000	\$'000
Investment securities (quoted equities)	<u>4,071</u>	<u>61,277</u>

Debt securities

The following table summarises the Group's and company's credit exposure for debt securities at their carrying amounts, as categorised by issuer:

	The Group		The Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Government of Jamaica and Bank of Jamaica	10,569,337	11,846,080	10,541,330	11,817,507
Financial institutions	1,371,467	1,461,057	1,371,467	1,461,057
Corporate	329,987	317,231	329,987	317,231
	<u>12,270,791</u>	<u>13,624,368</u>	<u>12,242,784</u>	<u>13,595,795</u>
Accrued interest	181,268	192,021	180,398	188,836
	<u>12,452,059</u>	<u>13,816,389</u>	<u>12,423,182</u>	<u>13,784,631</u>

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and is also unable to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay investors and fulfil commitments to lend.

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group and monitored by the Treasury Department, includes:

- (i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of collateral which could be used to secure funding if required.
- (ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- (iii) Maintaining committed lines of credit.
- (iv) Optimising cash returns on investments.
- (v) Monitoring statement of financial position liquidity ratios against internal and regulatory requirements. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities.
- (vi) Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for companies ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Financial assets and liabilities cash flows

The tables below present the undiscounted cash flows (both interest and principal cash flows) of the Group's and company's financial liabilities based on contractual rights and obligations as well as expected maturity and also shows the undiscounted cash flows of the Group's and company's financial assets based on expected maturity. The Group and company expect that many customers will not request repayment on the earliest date the Group and company could be required to pay.

	The Group						Total \$'000
	2012						
	Within 1 Month \$'000	Within 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	No specific maturity \$'000	
Financial Liabilities							
Bank overdraft	2,851	-	-	-	-	-	2,851
Securities sold under repurchase agreements	6,162,502	3,497,055	1,685,235	6,517	13,856	-	11,365,165
Payables	80,726	-	-	-	-	-	80,726
Due to related parties	582	-	-	-	-	-	582
Redeemable preference shares	-	218,549	-	-	-	-	218,549
Total financial liabilities (based on contractual maturity)	6,246,661	3,715,604	1,685,235	6,517	13,856	-	11,667,873
Total financial liabilities (based on expected maturity)	863,695	1,938,889	2,555,056	9,366,089	17,523	-	14,741,252
Total financial assets (based on expected maturity)	1,516,997	127,241	1,323,556	6,091,215	4,728,431	229,345	14,016,785

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

	The Group						Total \$'000
	2011						
	Within 1 Month \$'000	Within 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	No specific maturity \$'000	
Financial Liabilities							
Bank overdraft	4,288	-	-	-	-	-	4,288
Securities sold under repurchase agreements	5,983,500	4,220,115	2,150,820	-	-	-	12,354,435
Payables	75,281	-	-	-	-	-	75,281
Due to related parties	1,576	-	-	-	-	-	1,576
Redeemable preference shares	-	-	19,990	205,968	-	-	225,958
Convertible preference shares	-	-	889	-	-	-	889
Total financial liabilities (based on contractual maturity)	6,064,645	4,220,115	2,171,699	205,968	-	-	12,662,427
Total financial liabilities (based on expected maturity)	683,215	1,628,519	2,338,731	9,341,312	77,262	-	14,069,039
Total financial assets (based on expected maturity)	243,131	1,777,656	2,132,893	7,368,591	11,633,977	150,340	23,306,588

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

	The Company						Total \$'000
	2012						
	Within 1 Month \$'000	Within 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	No specific maturity \$'000	
Financial Liabilities							
Bank overdraft	1,642	-	-	-	-	-	1,642
Securities sold under repurchase agreements	6,216,824	3,497,055	1,685,235	6,517	13,856	-	11,419,487
Payables	64,271	-	-	-	-	-	64,271
Due to related parties	582	-	-	-	-	-	582
Redeemable preference shares	-	312,012	-	-	-	-	312,012
Total financial liabilities (based on contractual maturity)	6,283,319	3,809,067	1,685,235	6,517	13,856	-	11,797,994
Total financial liabilities (based on expected maturity)	846,031	1,938,889	2,555,056	9,366,089	17,523	-	14,723,588
Total financial assets (based on expected maturity)	1,386,221	127,241	1,315,260	6,081,878	4,719,781	193,450	13,823,831

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

	The Company						Total \$'000
	2011						
	Within 1 Month \$'000	Within 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	No specific maturity \$'000	
Financial Liabilities							
Bank overdraft	4,288	-	-	-	-	-	4,288
Securities sold under repurchase agreements	5,983,500	4,220,115	2,150,820	-	-	-	12,354,435
Payables	69,513	-	-	-	-	-	69,513
Due to related parties	1,478	-	-	-	-	-	1,478
Redeemable preference shares	-	-	29,397	299,970	-	-	329,367
Convertible preference shares	-	-	889	-	-	-	889
Total financial liabilities (based on contractual maturity)	6,058,779	4,220,115	2,181,106	299,970	-	-	12,759,970
Total financial liabilities (based on expected maturity)	673,629	1,628,302	2,338,731	9,341,312	77,262	-	14,059,236
Total financial assets (based on expected maturity)	200,434	1,773,088	2,128,523	7,353,405	11,620,864	115,354	23,191,668

Assets available to meet all of the liabilities include cash, securities purchased under resale agreements and marketable securities. The Group and company are also able to meet unexpected net cash outflows by selling securities.

The carrying amount for securities sold under repurchase agreement due within twelve months equals \$11,419,487,000 (2011 -\$12,354,435,000) for the Group and company.

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the Risk Manager in conjunction with the Treasury Manager, who carries out extensive research and monitors the price movement of financial assets on the local and international markets. Generally, the Group has a low to medium risk profile and invests primarily in Government of Jamaica securities. Market risk exposures are measured using sensitivity analysis.

(i) Currency risk

The Group incurs foreign currency risk on transactions that are denominated in a currency other than the Jamaican dollar.

The Group also has transactional currency exposure. Such exposure arises from having financial assets in currencies other than those in which financial liabilities are expected to settle. The Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign assets to address short term imbalances.

The main currencies giving rise to this risk are the Euro, United States dollar and British pound. The Group sets limits on the level of exposure by currency and in total for both overnight and intra-day positions which are monitored daily.

	The Group				
	Euro J\$'000	US\$ J\$'000	GBP J\$'000	Jamaican\$ J\$'000	Total J\$'000
	2012				
Financial Assets					
Cash and bank balances	2,934	84,494	52	34,664	122,144
Securities purchased under resale agreements	-	162,227	42,397	1,103,825	1,308,449
Marketable securities and pledged assets	191,453	3,396,329	-	7,785,173	11,372,955
Receivables	-	-	-	45,174	45,174
Loans receivable	-	-	-	106,505	106,505
Due from related parties	-	-	-	13,751	13,751
Total financial assets	194,387	3,643,050	42,449	9,089,092	12,968,978
Financial Liabilities					
Bank overdraft	-	-	-	2,851	2,851
Securities sold under repurchase agreements	-	2,803,491	133,459	8,350,573	11,287,523
Payables	-	-	-	80,726	80,726
Due to related parties	-	-	-	582	582
Redeemable preference shares	-	-	-	206,507	206,507
Convertible preference shares	-	-	-	3,460	3,460
Total financial liabilities	-	2,803,491	133,459	8,644,699	11,581,649
Net financial position	194,387	839,559	(91,010)	444,393	1,387,329

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued) (i) Currency risk (continued)

	The Group				
	Euro J\$'000	US\$ J\$'000	GBP J\$'000	Jamaican\$ J\$'000	Total J\$'000
	2011				
Financial Assets					
Cash and bank balances	3,206	9,601	2,954	95,889	111,650
Securities purchased under resale agreements	-	62,868	45,637	1,357,200	1,465,705
Marketable securities and pledged assets	197,779	3,346,968	-	8,956,277	12,501,024
Receivables	-	-	-	38,675	38,675
Loans receivable	-	-	-	73,753	73,753
Due from related parties	-	-	-	9,667	9,667
Total financial assets	200,985	3,419,437	48,591	10,531,461	14,200,474
Financial Liabilities					
Bank overdraft	-	-	-	4,288	4,288
Securities sold under repurchase agreements	-	2,687,237	124,908	9,493,963	12,306,108
Payables	-	-	-	75,281	75,281
Due to related parties	-	-	-	1,576	1,576
Redeemable preference shares	-	-	-	205,968	205,968
Convertible preference shares	-	-	-	3,460	3,460
Total financial liabilities	-	2,687,237	124,908	9,784,536	12,596,681
Net financial position	200,985	732,200	(76,317)	746,925	1,603,793

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

	The Company				
	Euro	US\$	GBP	Jamaican\$	Total
	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000
	2012				
Financial Assets					
Cash and bank balances	2,934	84,494	52	34,170	121,650
Securities purchased under resale agreements	-	162,227	42,397	1,103,825	1,308,449
Marketable securities and pledged assets	191,453	3,396,329	-	7,720,400	11,308,182
Receivables	-	-	-	41,987	41,987
Loans receivable	-	-	-	174,544	174,544
Due from related parties	-	-	-	7,845	7,845
Total financial assets	194,387	3,643,050	42,449	9,082,771	12,962,657
Financial Liabilities					
Bank overdraft	-	-	-	1,642	1,642
Securities sold under repurchase agreements	-	2,803,491	133,459	8,404,895	11,341,845
Payables	-	-	-	64,271	64,271
Due to related parties	-	-	-	582	582
Redeemable preference shares	-	-	-	299,970	299,970
Convertible preference shares	-	-	-	3,460	3,460
Total financial liabilities	-	2,803,491	133,459	8,774,820	11,711,770
Net financial position	194,387	839,559	(91,010)	307,951	1,250,887

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

	The Company				
	Euro	US\$	GBP	Jamaican\$	Total
	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000
	2011				
Financial Assets					
Cash and bank balances	3,206	9,586	2,954	91,597	107,343
Securities purchased under resale agreements	-	62,868	45,637	1,357,200	1,465,705
Marketable securities and pledged assets	197,779	3,346,968	-	8,889,533	12,434,280
Receivables	-	-	-	35,168	35,168
Loans receivable	-	-	-	156,378	156,378
Due from related parties	-	-	-	7,974	7,974
Total financial assets	200,985	3,419,412	48,591	10,537,850	14,206,848
Financial Liabilities					
Bank overdraft	-	-	-	4,288	4,288
Securities sold under repurchase agreements	-	2,687,237	124,908	9,532,361	12,344,506
Payables	-	-	-	69,513	69,513
Due to related parties	-	-	-	1,478	1,478
Redeemable preference shares	-	-	-	299,970	299,970
Convertible preference shares	-	-	-	3,460	3,460
Total financial liabilities	-	2,687,237	124,908	9,911,070	12,723,215
Net financial position	200,985	732,185	(76,317)	626,780	1,483,633

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity

The following tables indicate the currencies to which the Group and company had significant exposure on their monetary assets and liabilities and their forecast cash flows. The change in currency rate below represents management's assessment of a reasonably possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% devaluation and a 1% revaluation in the value of the Jamaican dollar (JMD) (2011 - 1% devaluation and 1% revaluation). The sensitivity analysis includes cash and bank balances, securities purchased under resale agreements, marketable securities and securities sold under repurchase agreements.

The Group and Company

	% Change in Currency Rate 2012	Effect on Profit before Tax 2012 \$'000	Effect on other components of Equity 2012 \$'000	% Change in Currency Rate 2011	Effect on Profit before Tax 2011 \$'000	Effect on other component of Equity 2011 \$'000
Currency:						
EURO (devaluation of JMD)	1	1,944	-	1	2,010	-
EURO (revaluation of JMD)	1	(1,944)	-	1	(2,010)	-
USD (devaluation of JMD)	1	8,396	-	1	7,322	-
USD (revaluation of JMD)	1	(8,396)	-	1	(7,322)	-
GBP (devaluation of JMD)	1	(910)	-	1	(763)	-
GBP (revaluation of JMD)	1	910	-	1	763	-

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires the Group to manage the maturities of interest bearing financial assets and interest bearing financial liabilities. The Board sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored daily by the Treasury Department.

The following tables summarise the Group's and company's exposure to interest rate risk. It includes financial instruments at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

	The Group						Total \$'000
	2012						
	Immediately rate sensitive \$'000	Within 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Non- rate sensitive \$'000	
Financial Assets							
Cash and bank balances	122,144	-	-	-	-	-	122,144
Securities purchased under resale agreements	1,051,488	251,032	5,929	-	-	-	1,308,449
Marketable securities and pledged assets	315,258	2,065,017	705,042	2,609,608	5,448,685	229,345	11,372,955
Receivables	-	-	-	-	-	45,174	45,174
Loans receivable Due from related parties	106,150	355	-	-	-	-	106,505
	-	-	-	-	-	13,751	13,751
Total financial assets	1,595,040	2,316,404	710,971	2,609,608	5,448,685	288,270	12,968,978
Financial Liabilities							
Bank overdraft	2,851	-	-	-	-	-	2,851
Securities sold under repurchase agreements	6,193,783	3,448,260	1,629,795	6,294	9,391	-	11,287,523
Payables	-	-	-	-	-	80,726	80,726
Due to related parties	-	-	-	-	-	582	582
Redeemable preference shares	-	206,507	-	-	-	-	206,507
Convertible preference shares	-	3,460	-	-	-	-	3,460
Total financial liabilities	6,196,634	3,658,227	1,629,795	6,294	9,391	81,308	11,581,649
Total interest repricing gap	(4,601,594)	(1,341,823)	(918,824)	2,603,314	5,439,294	206,962	1,387,329
Cumulative gap	(4,601,594)	(5,943,417)	(6,862,241)	(4,258,927)	1,180,367	1,387,329	

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group						Total \$'000
	Immediately rate sensitive \$'000	Within 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Non- rate sensitive \$'000	
Financial Assets							
Cash and bank balances	111,650	-	-	-	-	-	111,650
Securities purchased under resale agreements	1,090,635	291,384	83,686	-	-	-	1,465,705
Marketable securities and pledged assets	215,150	81,052	610,302	3,905,970	7,538,210	150,340	12,501,024
Receivables	-	-	-	-	-	38,675	38,675
Loans receivable Due from related parties	66,422	7,331	-	-	-	-	73,753
	-	-	-	-	-	9,667	9,667
Total financial assets	1,483,857	379,767	693,988	3,905,970	7,538,210	198,682	14,200,474
Financial Liabilities							
Bank overdraft	4,288	-	-	-	-	-	4,288
Securities sold under repurchase agreements	6,021,228	4,519,757	1,765,123	-	-	-	12,306,108
Payables	-	-	-	-	-	75,281	75,281
Due to related parties	-	-	-	-	-	1,576	1,576
Redeemable preference shares	-	-	-	205,968	-	-	205,968
Convertible preference shares	-	-	-	3,460	-	-	3,460
Total financial liabilities	6,025,516	4,519,757	1,765,123	209,428	-	76,857	12,596,681
Total interest repricing gap	(4,541,659)	(4,139,990)	(1,071,135)	3,696,542	7,538,210	121,825	1,603,793
Cumulative gap	(4,541,659)	(8,681,649)	(9,752,784)	(6,056,242)	1,481,968	1,603,793	

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						
	2012						
	Immediately rate sensitive \$'000	Within 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Non- rate sensitive \$'000	Total \$'000
Financial Assets							
Cash and bank balances	121,650	-	-	-	-	-	121,650
Securities purchased under resale agreements	1,051,488	251,032	5,929	-	-	-	1,308,449
Marketable securities and pledged assets	312,661	2,060,711	696,746	2,603,272	5,441,342	193,450	11,308,182
Receivables	-	-	-	-	-	41,987	41,987
Loans receivable Due from related parties	174,189	355	-	-	-	-	174,544
	-	-	-	-	-	7,845	7,845
Total financial assets	1,659,988	2,312,098	702,675	2,603,272	5,441,342	243,282	12,962,657
Financial Liabilities							
Bank overdraft	1,642	-	-	-	-	-	1,642
Securities sold under repurchase agreements	6,248,105	3,448,260	1,629,795	6,294	9,391	-	11,341,845
Payables	-	-	-	-	-	64,271	64,271
Due to related parties	-	-	-	-	-	582	582
Redeemable preference	-	299,970	-	-	-	-	299,970
Convertible preference shares	-	3,460	-	-	-	-	3,460
Total financial liabilities	6,249,747	3,751,690	1,629,795	6,294	9,391	64,853	11,711,770
Total interest repricing gap	(4,589,759)	(1,439,592)	(927,120)	2,596,978	5,431,951	178,429	1,250,887
Cumulative gap	(4,589,759)	(6,029,351)	(6,956,471)	(4,359,493)	1,072,458	1,250,887	

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						Total \$'000
	2011						
	Immediately rate sensitive \$'000	Within 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Non- rate sensitive \$'000	
Financial Assets							
Cash and bank balances	107,343	-	-	-	-	-	107,343
Securities purchased under resale agreements	1,090,635	291,384	83,686	-	-	-	1,465,705
Marketable securities and pledged assets	215,795	78,306	608,944	3,890,784	7,525,097	115,354	12,434,280
Receivables	-	-	-	-	-	35,168	35,168
Loans receivable Due from related parties	66,422	89,956	-	-	-	-	156,378
	-	-	-	-	-	7,974	7,974
Total financial assets	1,480,195	459,646	692,630	3,890,784	7,525,097	158,496	14,206,848
Financial Liabilities							
Bank overdraft	4,288	-	-	-	-	-	4,288
Securities sold under repurchase agreements	6,059,626	4,519,757	1,765,123	-	-	-	12,344,506
Payables	-	-	-	-	-	69,513	69,513
Due to related parties	-	-	-	-	-	1,478	1,478
Redeemable preference	-	-	-	299,970	-	-	299,970
Convertible preference shares	-	-	-	3,460	-	-	3,460
Total financial liabilities	6,063,914	4,519,757	1,765,123	303,430	-	70,991	12,723,215
Total interest repricing gap	(4,583,719)	(4,060,111)	(1,072,493)	3,587,354	7,525,097	87,505	1,483,633
Cumulative gap	(4,583,719)	(8,643,830)	(9,716,323)	(6,128,969)	1,396,128	1,483,633	

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Average effective yields by the earlier of the contractual repricing or maturity dates:

	The Group and Company					
	2012					
	Immediately rate sensitive	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Average
	%	%	%	%	%	%
Marketable securities denominated in Ja\$	11.26	14.00	10.24	9.40	12.29	10.50
Marketable securities denominated in US\$	-	-	6.75	8.40	9.08	8.64
Marketable securities denominated in EURO	-	-	-	8.00	-	8.00
Securities purchased under resale agreements-denominated in Ja\$	6.13	6.81	6.81	-	-	6.24
Securities purchased under resale agreements-denominated in US\$	3.70	3.87	-	-	-	3.76
Securities purchased under resale agreements-denominated in GBP	3.00	-	2.65	-	-	2.95
Bank overdraft	17.85	-	-	-	-	17.85
Securities sold under repurchase agreements- denominated in Ja\$	5.95	5.96	5.69	-	-	5.92
Securities sold under repurchase agreements- denominated in US\$	3.46	3.66	3.69	7.00	-	3.58
Securities sold under repurchase agreements- denominated in GBP	2.75	2.34	2.39	-	-	2.62
Redeemable preference shares	-	12.49	-	-	-	12.49
Convertible preference shares	-	9.87	-	-	-	9.87

Yields are based on book value and contractual interest rate adjusted for amortisation of premium and discounts.

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Average effective yields by the earlier of the contractual repricing or maturity dates:

	The Group and Company					
	2011					
	Immediately rate sensitive	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Average
	%	%	%	%	%	%
Marketable securities denominated in Ja\$	8.34	8.53	9.84	11.61	10.48	10.70
Marketable securities denominated in US\$	-	-	8.00	7.48	9.10	8.74
Marketable securities denominated in EURO	-	-	11.00	10.50	-	10.57
Securities purchased under resale agreements-denominated in Ja\$	6.44	6.62	6.64	-	-	6.48
Securities purchased under resale agreements-denominated in US\$	4.04	-	-	-	-	4.04
Securities purchased under resale agreements-denominated in GBP	3.23	2.85	2.65	-	-	3.12
Bank overdraft	22.25	-	-	-	-	22.25
Securities sold under repurchase agreements- denominated in Ja\$	6.16	6.26	5.93	-	-	6.16
Securities sold under repurchase agreements- denominated in US\$	3.61	3.72	3.90	-	-	3.72
Securities sold under repurchase agreements- denominated in GBP	2.77	2.37	2.43	-	-	2.65
Redeemable preference shares	-	-	-	8.33	-	8.33
Convertible preference shares	-	-	-	9.70	-	9.70

Yields are based on book value and contractual interest rate adjusted for amortisation of premium and discounts.

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity

The following table indicates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Group's and company's profit or loss and shareholders' equity.

The sensitivity of the profit or loss for the year is the effect of the assumed changes in interest rates on profit before taxation based on the floating rate non-trading financial assets and financial liabilities. The sensitivity of shareholders' equity is calculated by revaluing fixed rate available-for-sale financial assets for the effects of the assumed changes in interest rates. The change in the interest rates will impact the financial assets and liabilities differently. Consequently, individual analyses were performed. The effect on profit before taxation and other components of equity below is the total of the individual sensitivities done for each of the assets and liabilities.

	Effect on Profit before Taxation 2012 \$'000	Effect on Other Components of Equity 2012 \$'000	Effect on Profit before Taxation 2011 \$'000	Effect on Other Components of Equity 2011 \$'000
The Group				
Change in basis points:				
-100(2011 : -100)	(35,357)	437,292	(22,769)	283,610
+100(2011 : +100)	35,357	(398,829)	22,769	(261,521)
The Company				
Change in basis points:				
-100 (2011: -100)	(35,314)	437,292	(22,114)	282,832
+100 (2011: +100)	35,314	(398,829)	22,114	(260,788)

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(iii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in the market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group and the company are exposed to equity securities price risk because of certain equity and unit trust investments which they hold.

The table below summarises the impact of increases/decreases on the Group's and company's net other comprehensive income (before taxation) resulting from a reasonably possible change in market prices. There would be no impact on profit before taxation as the equities are classified as available-for-sale. The analysis is based on the assumption that the equity and unit trust prices had increased/decreased by 5% (2011 – 5%).

	Effect on Equity 2012 \$'000	Effect on Equity 2011 \$'000
	The Group	
Change in index:		
+5% (2011: + 5%)	11,467	7,517
-5% (2011: – 5%)	(11,467)	(7,517)
	The Company	
Change in index:		
+5% (2011: + 5%)	9,673	3,845
-5% (2011: – 5%)	(9,673)	(3,845)

(d) Capital management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of statements of financial position, are:

- (i) To comply with the capital requirements set by the regulators of the banking markets where the Group operates.
- (ii) To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders' and benefits for other stakeholders.
- (iii) To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored regularly by the Group's management, employing techniques based on the guidelines developed by the FSC. The required information is filed with the FSC on a monthly basis.

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(d) Capital management (continued)

The company and its subsidiary, BUTM, are both regulated by the FSC.

The FSC requires each bank or banking group to:

- (i) Hold the minimum level of the tier 1 capital as a percentage of total capital base.
- (ii) Maintain a ratio of total regulatory capital to the risk-weighted assets.

The Group's regulatory capital is managed by its Treasury Department and Risk Manager and is divided into two tiers:

- (i) Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill, if any, is deducted in arriving at Tier 1 capital; and
- (ii) Tier 2 capital: qualifying subordinated loan capital, collective impairment allowances and unrealised gains arising on the fair valuation of equity instruments held as available for sale.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees.

The tables below summarise the composition of regulatory capital and the ratios of the company and BUTM for the years ended 30 September. During those two years, the Group complied with all of the externally imposed capital requirements to which they are subject.

	Barita		BUTM	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Tier 1 capital	1,439,509	1,220,345	134,043	120,662
Tier 2 capital	93,821	93,821	-	-
Total regulatory capital	<u>1,533,420</u>	<u>1,314,166</u>	<u>134,043</u>	<u>120,662</u>

Barita	2012		2011	
	Actual	Required	Actual	Required
Regulatory Capital/Risk-weighted assets	18%	>10%	22%	>10%
Tier 1 Capital/Capital base	94%	>50%	93%	>50%

BUTM	2012		2011	
	Actual	Required	Actual	Required
Regulatory Capital/Risk-weighted assets	79%	>10%	79%	>10%
Tier 1 Capital/Capital base	100%	>50%	100%	>50%

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(e) Fair values of financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at year end. The quoted market price used for financial assets held by the Group is the current bid price.

The financial instruments that, subsequent to initial recognition, are measured at fair value are grouped into levels 1 to 3 based on the degree to which the fair value is observable, as follows:

- (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments;
- (ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- (iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

The following table presents the Group's and company's financial assets that are measured at fair value. There are no liabilities that are measured at fair value at the year end, and the Group had no instruments classified in Level 3 during the year. There were no transfers between levels during the year.

	The Group		
	2012		
	Level 1	Level 2	Total
At 30 September 2012	\$'000	\$'000	\$'000
Available-for-sale financial assets -			
Equity securities	222,698	6,647	229,345
Debt securities	-	11,117,909	11,117,909
	<u>222,698</u>	<u>11,124,556</u>	<u>11,347,254</u>
	2011		
	Level 1	Level 2	Total
At 30 September 2011	\$'000	\$'000	\$'000
Available-for-sale financial assets -			
Equity securities	137,692	12,648	150,340
Debt securities	-	12,350,684	12,350,684
	<u>137,692</u>	<u>12,363,332</u>	<u>12,501,024</u>

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(e) Fair values of financial instruments (continued)

	The Company		
	2012		
	Level 1 \$'000	Level 2 \$'000	Total \$000
At 30 September 2012			
Available-for-sale financial assets -			
Equity securities	193,450	-	193,450
Debt securities	-	11,089,031	11,089,031
	<u>193,450</u>	<u>11,089,031</u>	<u>11,282,481</u>
	2011		
	Level 1 \$'000	Level 2 \$'000	Total \$000
At 30 September 2011			
Available-for-sale financial assets -			
Equity securities	115,354	-	115,354
Debt securities	-	12,318,926	12,318,926
	<u>115,354</u>	<u>12,318,926</u>	<u>12,434,280</u>

The fair value of financial instruments that are traded in an active market for which there are no quoted market prices, is determined by using valuation techniques. When using valuation techniques, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at year end. The following methods and assumptions have been used:

- (i) Investments securities classified as available-for-sale are measured at fair value by reference to quoted market prices when available. If quoted prices are not available, then fair values estimated on the basis of pricing models or other recognised valuation techniques.
- (ii) The fair value of liquid assets and other assets maturing within three months is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short term elements of all other financial instruments.
- (iii) The fair value of variable rate financial instruments is assumed to approximate their carrying value.
- (iv) The fair value of securities sold under agreements to repurchase is assumed to approximate to their carrying amounts, due to the short term maturity on these instruments. The fair value of redeemable and convertible preference shares (classified as debt) was determined using the quoted price at 30 September to be \$223,795,000 (2011 - \$223,020,000) for the Group and \$318,817,000 (2011 - \$318,589,000) for the company.
- (v) Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment.

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has not made any judgements that would cause a significant impact on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Taxes

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Should the actual final outcome (on the judgemental areas) to differ by 10% from management's estimates, the Group would need to:

- Increase the income tax liability by \$11,689,000 and the deferred tax liability by \$1,253,000, if unfavourable; or
- Decrease the income tax liability by \$11,689,000 and the deferred tax liability by \$1,253,000, if favourable.

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

5. Segment Reporting

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Group is organised and managed in business segments based on its business activities which are all located in Jamaica. The designated segments are as follows:

- (a) Fixed income – this includes money market activities and securities broking
- (b) Funds management – this includes the administration of two unit trust funds
- (c) Other operations – this includes the operation of foreign exchange cambio, stock broking and any other income.

The Board of Directors assesses the performance of the operating segments based on a measure of adjusted profit before tax. The segment information provided to the Board of Directors for the reportable segments for the year ended 30 September 2012 is as follows:

	The Group			
	30 September 2012			
	Fixed Income \$'000	Funds Management \$'000	Other \$'000	Group \$'000
Total segment revenue	1,318,519	76,701	103,356	1,498,576
Inter-segment revenue	(7,308)	(7,923)	-	(15,231)
Total gross external revenue	1,311,211	68,778	103,356	1,483,345
Total expenses	(679,630)	(51,813)	-	(731,443)
Inter-segment expense	7,923	7,308	-	15,231
	(671,707)	(44,505)	-	(716,212)
Segment results	639,504	24,273	103,356	767,133
Unallocated expenses				(419,526)
Profit before tax				347,607
Taxation				(92,644)
Net profit				254,963
Segment assets	12,791,175	229,557	-	13,020,732
Inter-segment assets	(68,269)	(149,988)	-	(218,257)
Net segment assets	12,722,906	79,569	-	12,802,475
Unallocated assets				760,177
Total assets				13,562,652
Segment liabilities	11,645,275	95,269	-	11,740,544
Inter-segment liabilities	(147,785)	(68,269)	-	(216,054)
Net segment liabilities	11,497,490	27,000	-	11,524,490
Unallocated liabilities				336,789
Total liabilities				11,861,279

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

5. Segment Reporting (Continued)

	The Group			
	30 September 2011			
	Fixed Income \$'000	Funds Management \$'000	Other \$'000	Group \$'000
Total segment revenue	1,534,381	64,659	63,580	1,662,620
Inter-segment revenue	(13,103)	(12,891)	-	(25,994)
Total gross external revenue	1,521,278	51,768	63,580	1,636,626
Total expenses	(899,113)	(48,160)	-	(947,273)
Inter-segment expense	13,103	12,891	-	25,994
	(886,010)	(35,269)	-	(921,279)
Segment results				715,347
Unallocated expenses				(390,571)
Profit before tax				324,776
Taxation				(105,697)
Net profit				219,079
Segment assets	14,056,363	214,762	-	14,271,125
Inter-segment assets	(135,923)	(82,625)	-	(218,548)
Net segment assets	13,920,440	132,137	-	14,052,577
Unallocated assets				753,144
Total assets				14,805,721
Segment liabilities	12,647,936	94,100	-	12,742,036
Inter-segment liabilities	(177,938)	(38,398)	-	(216,336)
Net segment liabilities	12,469,998	55,702	-	12,525,700
Unallocated liabilities				520,451
Total liabilities				13,046,151

Revenue between segments is recorded on the basis outlined in Note 2 (f). The accounting policies used to record income, assets and liabilities is consistent for all segments. There was no change in the method used to determine reportable segments when compared to the previous year.

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

5. Segment Reporting (Continued)

Profit from the reportable segments is reconciled to the Group's profit before taxation as follows:

	<u>The Group</u>	
	2012	2011
	\$'000	\$'000
Profit from reportable segments	767,133	715,347
Unallocated costs -		
Operating expenses	<u>(419,526)</u>	<u>(390,571)</u>
	<u>347,607</u>	<u>324,776</u>

Reportable segments' assets are reconciled to the Group's total assets as follows:

	<u>The Group</u>	
	2012	2011
	\$'000	\$'000
Segment assets from reportable segments	12,802,475	14,052,577
Unallocated assets -		
Cash and bank balances	121,650	107,343
Receivables	411,687	436,335
Due from related parties	7,845	7,974
Property, plant and equipment	168,568	165,987
Intangible assets	50,425	35,503
Investments	<u>2</u>	<u>2</u>
	<u>13,562,652</u>	<u>14,805,721</u>

Reportable segments' liabilities are reconciled to the Group's total liabilities as follows:

	<u>The Group</u>	
	2012	2011
	\$'000	\$'000
Segment liabilities from reportable segments	11,524,490	12,525,700
Unallocated liabilities -		
Bank overdraft	1,642	4,288
Payables	80,581	75,116
Due to related parties	582	1,478
Taxation	82,132	109,201
Deferred tax liabilities	<u>171,852</u>	<u>330,368</u>
	<u>11,861,279</u>	<u>13,046,151</u>

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

6. Expense by Nature

	The Group		The Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Advertising and promotion	38,438	30,671	34,365	26,768
Asset tax	16,310	35	16,310	35
Auditors' remuneration -				
Current	7,145	7,201	5,680	5,801
Prior	(393)	-	(393)	-
Bank charges and interest	7,115	8,015	7,115	8,015
Depreciation and amortisation	15,114	11,795	14,122	10,815
Directors' fees	438	550	438	550
Impairment of available-for-sale investments	4,071	61,277	4,071	61,277
Insurance	8,888	7,955	8,408	7,555
Fund expenses	1,964	1,314	-	-
Office expenses	9,939	10,657	8,786	9,725
Professional fees	13,378	8,890	13,322	8,722
Registration and license fees	5,607	4,489	5,607	4,489
Rent	1,468	1,084	1,468	1,084
Repairs and maintenance	3,873	4,286	3,760	4,111
Security costs	5,479	5,686	5,479	5,686
Software maintenance	4,853	3,620	4,853	3,620
Staff costs (Note 7)	250,940	207,715	224,684	188,968
Utilities	21,670	18,556	19,667	16,357
Other expenses	45,076	29,381	41,784	26,993
	<u>461,373</u>	<u>423,177</u>	<u>419,526</u>	<u>390,571</u>

The increase in asset tax was due to a change in the basis used to derive the tax.

7. Staff Costs

	The Group		The Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Wages and salaries	181,448	150,512	158,309	134,154
Commissions	25,758	24,561	25,758	24,561
Statutory contributions	18,485	15,831	17,269	14,755
Pension costs	9,416	8,136	8,918	7,658
Other staff benefits	15,833	8,675	14,430	7,840
	<u>250,940</u>	<u>207,715</u>	<u>224,684</u>	<u>188,968</u>

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

8. Taxation Expense

- (a) Income tax is computed on the profit for the year, as adjusted for taxation purposes, and comprises income tax at 33 $\frac{1}{3}$ %:

	The Group		The Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Current year tax charge	116,893	114,454	111,850	109,203
Prior year over provision	(11,720)	-	(11,720)	-
Deferred income tax (Note 20)	(12,529)	(8,757)	(12,270)	(12,083)
	<u>92,644</u>	<u>105,697</u>	<u>87,860</u>	<u>97,120</u>

- (b) Reconciliation of applicable tax expense to effective tax charge.

The Group's taxation expense differs from the theoretical amount that would arise from the profit before tax using the applicable tax rate of the Group as follows:

	The Group		The Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Profit before taxation	<u>347,607</u>	<u>324,776</u>	<u>322,719</u>	<u>308,277</u>
Tax calculated at 33 $\frac{1}{3}$ %	115,869	108,259	107,573	102,759
Adjusted for the effects of:				
Income not subject to tax	(18,904)	(14,411)	(18,203)	(14,152)
Expenses not allowable for tax purposes	14,778	9,135	14,675	9,058
Prior year over provision	(11,720)	-	(11,720)	-
Other charges and allowances	(7,379)	2,714	(4,465)	(545)
Income tax expense	<u>92,644</u>	<u>105,697</u>	<u>87,860</u>	<u>97,120</u>

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

8. Taxation Expense (Continued)

(c) The gains recorded in other comprehensive income and the related tax charges are as follows:

	The Group					
	2012			2011		
	\$'000			\$'000		
	Before tax	Taxation	After tax	Before tax	Taxation	After tax
Unrealised gains/ (losses) on available-for-sale investments	(324,388)	113,047	(211,341)	769,863	(262,057)	507,806
Net gains recycled to profit or loss on disposal, maturity and impairment of available-for-sale investments	(92,535)	30,845	(61,690)	(146,575)	48,858	(97,717)
Surplus on revaluation of property, plant and equipment	-	-	-	38,877	(11,474)	27,403
	<u>(416,923)</u>	<u>143,892</u>	<u>(273,031)</u>	<u>662,165</u>	<u>(224,673)</u>	<u>437,492</u>
	The Company					
	2012			2011		
	\$'000			\$'000		
	Before tax	Taxation	After tax	Before tax	Taxation	After tax
Unrealised gains/ (losses) on available-for-sale investments	(320,273)	115,401	(204,872)	758,863	(261,596)	497,267
Net gains recycled to profit or loss on disposal, maturity and impairment of available-for-sale investments	(92,535)	30,845	(61,690)	(140,319)	46,773	(93,546)
Surplus on revaluation of property, plant and equipment	-	-	-	38,877	(11,474)	27,403
	<u>(412,808)</u>	<u>146,246</u>	<u>(266,562)</u>	<u>657,421</u>	<u>(226,297)</u>	<u>431,124</u>

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

9. Net Profit/Retained Earnings

The net profit and retained earnings of the Group are reflected in the accounts of the company and its subsidiary as follows:

	2012 \$'000	2011 \$'000
Net Profit		
Holding company	234,859	211,157
Subsidiary	20,104	7,922
	<u>254,963</u>	<u>219,079</u>
Retained Earnings		
Holding company	643,816	449,086
Subsidiary	110,197	90,093
	<u>754,013</u>	<u>539,179</u>

10. Cash and Cash Equivalents

	<u>The Group</u>		<u>The Company</u>	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Cash in hand	114	114	114	114
Cash at bank	122,030	111,536	121,536	107,229
	122,144	111,650	121,650	107,343
Bank overdrafts	(2,851)	(4,288)	(1,642)	(4,288)
	<u>119,293</u>	<u>107,362</u>	<u>120,008</u>	<u>103,055</u>

Cash at bank comprises mainly amounts held in current accounts, which attract interest at 0.05% – 3.5%.

The Group's overdraft facilities of \$30,000,000 (2011 - \$25,000,000) with FirstCaribbean International Bank Limited are secured by Government of Jamaica Investment Note with a face value of \$35,000,000 (2011 - \$35,000,000). The weighted average effective interest rate on the overdraft facilities is 17.85% (2011 – 17.85%).

11. Securities Purchased under Resale Agreements

The Group and company have entered into repurchase agreements collateralised by Government of Jamaica (GOJ) securities. These agreements may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. These agreements will mature within twelve months. Included in securities purchased under resale agreements is accrued interest for the Group and company of \$4,124,000, respectively (2011 - \$4,648,000).

All amounts are due within twelve months.

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

12. Marketable Securities

	The Group		The Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Available-for-sale -				
Quoted equities	222,698	137,692	193,450	115,354
Government of Jamaica (GOJ) bonds	10,631,654	11,841,432	10,604,347	11,812,859
Corporate bonds	304,987	317,231	304,987	317,231
Unit Trust Funds	6,647	12,648	-	-
	<u>11,165,986</u>	<u>12,309,003</u>	<u>11,102,784</u>	<u>12,245,444</u>
Accrued interest	<u>181,268</u>	<u>192,021</u>	<u>179,697</u>	<u>188,836</u>
	<u>11,347,254</u>	<u>12,501,024</u>	<u>11,282,481</u>	<u>12,434,280</u>
Loans and receivables -				
Corporate bond	25,000	-	25,000	-
Accrued interest	701	-	701	-
	<u>25,701</u>	<u>-</u>	<u>25,701</u>	<u>-</u>
	<u>11,372,955</u>	<u>12,501,024</u>	<u>11,308,182</u>	<u>12,434,280</u>
Less Pledged assets (Note 13)	<u>(5,102,514)</u>	<u>(4,029,643)</u>	<u>(5,102,514)</u>	<u>(4,029,643)</u>
	<u>6,270,441</u>	<u>8,471,381</u>	<u>6,205,668</u>	<u>8,404,637</u>

At 30 September 2012, the fair value of marketable securities disclosed as loans and receivable was \$24,536,000.

The current portion of marketable securities amounted to \$793,506,000 (2011 - \$716,840,000) for the Group and \$785,467,000 (2011 - \$712,737,000) for the company.

At 30 September, the Group and company held in trust marketable securities with face value of \$1,663,684,000 (2011 - \$1,608,617,000). These amounts were excluded from the statement of financial position as the Group did not have the legal right of ownership to these instruments.

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

13. Pledged Assets

Assets of the Group are pledged as collateral under repurchase agreements with customers and financial institutions. The Group also has investment securities that are pledged as security in relation to overdraft and other facilities with the Bank of Jamaica (BOJ) and other financial institutions.

	The Group and Company			
	Asset		Related Liability	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Investment securities:				
Pledged with customers	5,066,132	3,991,236	4,724,286	3,645,224
Pledged with BOJ and other financial institutions	36,382	38,407	1,642	4,288
	<u>5,102,514</u>	<u>4,029,643</u>	<u>4,725,928</u>	<u>3,649,512</u>

14. Receivables

	The Group		The Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Receivable from clients	27,265	21,145	27,265	21,127
Prepaid expenses	4,368	4,503	4,368	3,872
Withholding tax	369,212	397,295	365,332	397,295
Other	17,909	17,530	14,722	14,041
	<u>418,754</u>	<u>440,473</u>	<u>411,687</u>	<u>436,335</u>

Receivables collectible within twelve months amounted to \$45,174,000 (2011 - \$38,675,000) for the Group and \$41,987,000 (2011 - \$35,168,000) for the company.

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

15. Earnings per Share

(a) Basic

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares (Note 22).

	2012	2011
	\$'000	\$'000
Net profit attributable to ordinary shareholders	254,963	219,079
Weighted average number of ordinary shares in issue	443,416	443,416
Basic earnings per share	<u>\$0.57</u>	<u>\$0.49</u>

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. At 30 September 2012 and 2011, the company's convertible preference shares were anti-dilutive.

16. Related Party Transactions and Balances

Related parties are identified below, as companies with which there are common directors and/or common shareholders, and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including directors and officers and close members of the families of these individuals.

(a) The following transactions were carried out with related parties during the year:

	<u>The Group</u>		<u>The Company</u>	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Barita Unit Trusts Management Company Limited -				
Interest paid on investments	-	-	(7,923)	(13,103)
Rental income received	-	-	404	573
Interest received on loans	-	-	<u>7,308</u>	<u>12,891</u>
Barita Unit Trust Funds-				
Management fees	58,678	41,718	-	-
Interest paid on investments	(3,060)	(9,913)	(3,060)	(9,913)
Gain on disposal of investments	<u>552</u>	<u>6,255</u>	<u>-</u>	<u>-</u>
Barita Leasing Limited -				
Interest paid on investments	<u>(1,288)</u>	<u>(1,376)</u>	<u>(1,288)</u>	<u>(1,376)</u>
Directors -				
Interest paid on investments	<u>(3,057)</u>	<u>(443)</u>	<u>(3,057)</u>	<u>(443)</u>

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

16. Related Party Transactions and Balances (Continued)

(b) The balances at year end were as follows:

	The Group		The Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Receivables -				
Barita Unit Trusts Management Company Limited	-	-	230	388
Barita Unit Trust Money Market Fund	5,939	1,884	-	-
Barita Education Fund	7,438	7,438	7,438	7,438
Key management personnel	29	-	29	-
Other related parties	345	345	148	148
	<u>13,751</u>	<u>9,667</u>	<u>7,845</u>	<u>7,974</u>
Payables -				
Barita Leasing Limited	(576)	(1,472)	(576)	(1,472)
Barita Education Fund	(6)	(6)	(6)	(6)
Barita Unit Trust Capital Growth Fund	-	(98)	-	-
	<u>(582)</u>	<u>(1,576)</u>	<u>(582)</u>	<u>(1,478)</u>
Marketable securities -				
Barita Unit Trust Money Market Fund	6,647	6,000	-	-
Barita Unit Trust Capital Growth Fund	-	10,674	-	4,026
	<u>6,647</u>	<u>16,674</u>	<u>-</u>	<u>4,026</u>
Securities sold under repurchase agreement -				
Barita Leasing Limited	(21,790)	(20,825)	(21,790)	(20,825)
Barita Unit Trust Management Company Limited	-	-	(54,322)	(38,390)
Barita Unit Trust Money Market Fund	(138,292)	(200,588)	(138,292)	(200,588)
Barita Unit Trust Capital Growth Fund	(26,900)	(7,500)	(26,900)	(7,500)
Barita Group Pension Scheme	(9,020)	(10,427)	(9,020)	(10,427)
Key management personnel	(3,046)	(4,701)	(3,046)	(4,701)
Directors	(24,390)	(4,438)	(24,390)	(4,438)
	<u>(223,438)</u>	<u>(248,479)</u>	<u>(277,760)</u>	<u>(286,869)</u>

All amounts recorded in receivables, payables and securities sold under repurchase agreements are due within twelve months.

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

16. Related Party Transactions and Balances (Continued)

(b) The balances at year end were as follows:

	The Group		The Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Redeemable preference shares - Barita Unit Trusts Management Company Limited	-	-	(93,463)	(95,569)
Loans receivable Barita Unit Trusts Management Company	-	-	68,039	82,624

The loan receivable is secured by preference shares in the company. Redeemable preference shares and loans receivable are due within twelve months.

(c) Key management compensation

	The Group		The Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Salaries	84,396	69,844	74,607	61,825
Statutory deductions	7,176	5,794	6,897	5,794
Pension	3,851	3,246	3,851	3,246
Commission	15,174	16,799	15,174	16,799
	110,597	95,683	100,529	87,664
Directors' emoluments –				
Management remuneration (included in staff costs)	20,936	16,553	10,868	8,534
Directors' fees	438	550	438	550
	21,374	17,103	11,306	9,084

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

17. Property, Plant and Equipment

	The Group				
	Land & Buildings	Office Furniture, Machines & Equipment	Computer Equipment	Motor Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
	2012				
At Cost or Valuation -					
1 October 2011	147,104	27,998	28,099	14,551	217,752
Additions	-	7,221	3,737	3,865	14,823
At 30 September 2012	147,104	35,219	31,836	18,416	232,575
Depreciation -					
1 October 2011	1,248	16,311	21,207	11,042	49,808
Charge for the year	3,133	2,797	3,815	3,355	13,100
At 30 September 2012	4,381	19,108	25,022	14,397	62,908
Net Book Value -					
30 September 2012	142,723	16,111	6,814	4,019	169,667
	2011				
At Cost or Valuation -					
1 October 2010	114,818	26,963	23,371	14,551	179,703
Additions	526	1,046	4,728	-	6,300
Revaluation adjustment	31,760	-	-	-	31,760
Disposals	-	(11)	-	-	(11)
At 30 September 2011	147,104	27,998	28,099	14,551	217,752
Depreciation -					
1 October 2010	5,116	14,732	18,042	8,331	46,221
Charge for the year	3,249	1,587	3,165	2,711	10,712
Revaluation adjustment	(7,117)	-	-	-	(7,117)
Disposals	-	(8)	-	-	(8)
At 30 September 2011	1,248	16,311	21,207	11,042	49,808
Net Book Value -					
30 September 2011	145,856	11,687	6,892	3,509	167,944

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

17. Property, Plant and Equipment (Continued)

	The Company				
	Land & Buildings \$'000	Office Furniture, Machines and Equipment \$'000	Computer Equipment \$'000	Motor Vehicles \$'000	Total \$'000
	2012				
At Cost or Valuation -					
At 1 October 2011	146,026	27,195	24,781	10,626	208,628
Additions	-	7,087	3,737	3,865	14,689
At 30 September 2012	146,026	34,282	28,518	14,491	223,317
Depreciation -					
At 1 October 2011	254	15,822	18,206	8,359	42,641
Charge for the year	3,089	2,757	3,692	2,570	12,108
At 30 September 2012	3,343	18,579	21,898	10,929	54,749
Net Book Value -					
At 30 September 2012	142,683	15,703	6,620	3,562	168,568
	2011				
At Cost or Valuation -					
At 1 October 2010	113,740	26,182	20,053	10,626	170,601
Additions	526	1,024	4,728	-	6,278
Revaluation adjustment	31,760	-	-	-	31,760
Disposals	-	(11)	-	-	(11)
At 30 September 2011	146,026	27,195	24,781	10,626	208,628
Depreciation -					
At 1 October 2010	4,166	14,270	15,164	6,434	40,034
Charge for the year	3,205	1,560	3,042	1,925	9,732
Revaluation adjustment	(7,117)	-	-	-	(7,117)
Relieved on disposals	-	(8)	-	-	(8)
At 30 September 2011	254	15,822	18,206	8,359	42,641
Net Book Value -					
At 30 September 2011	145,772	11,373	6,575	2,267	165,987

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

17. Property, Plant and Equipment (Continued)

The Group's land and building was revalued as at September 2011 by D.C. Tavares & Finson Realty Limited, professionally qualified property appraisers. The valuations were done on the basis of open market value.

The historical cost of land and building is not available.

18. Intangible Assets

	The Group and Company		
	Computer Software \$'000	Software development work in progress \$'000	Total \$'000
	2012		
At Cost or Valuation -			
At 1 October 2011	13,313	30,994	44,307
Additions	765	16,171	16,936
At 30 September 2012	14,078	47,165	61,243
Amortisation -			
At 1 October 2011	8,804	-	8,804
Charge for the year	2,014	-	2,014
At 30 September 2012	10,818	-	10,818
Net Book Value -			
At 30 September 2012	3,260	47,165	50,425
	2011		
At Cost or Valuation -			
At 1 October 2010	9,070	14,823	23,893
Additions	4,243	16,171	20,414
At 30 September 2011	13,313	30,994	44,307
Amortisation -			
At 1 October 2010	7,721	-	7,721
Charge for the year	1,083	-	1,083
At 30 September 2011	8,804	-	8,804
Net Book Value -			
At 30 September 2011	4,509	30,994	35,503

Software development costs were capitalised as it is expected that economic benefits attributable to the use of the software will flow to the Group. This software is expected to replace the current investment management system used by the Group.

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

19. Investment

	2012 \$'000	2011 \$'000
Seat on the Jamaica Stock Exchange	<u>2</u>	<u>2</u>

This investment is carried at cost as the fair value of the stock exchange seat cannot be reliably determined.

20. Deferred Taxation

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 33 $\frac{1}{3}$ %.

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	<u>The Group</u>		<u>The Company</u>	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Deferred tax assets	-	(1,763)	-	-
Deferred tax liabilities	<u>185,786</u>	<u>330,368</u>	<u>193,225</u>	<u>330,368</u>
	<u>185,786</u>	<u>328,605</u>	<u>193,225</u>	<u>330,368</u>

The movement in deferred tax assets and liabilities during the period is as follows:

	<u>The Group</u>		<u>The Company</u>	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Net liabilities at beginning of year	328,605	112,689	330,368	116,154
Charged to profit or loss (Note 8)	(12,529)	(8,757)	(12,270)	(12,083)
(Credited)/charged to other comprehensive income (Note 8)	<u>(143,892)</u>	<u>224,673</u>	<u>(146,246)</u>	<u>226,297</u>
Net liabilities at end of year	<u>172,184</u>	<u>328,605</u>	<u>171,852</u>	<u>330,368</u>

Deferred income tax liabilities have not been established for the withholding tax that would be payable on the unappropriated profits of subsidiaries as the amounts are not subject to tax. Such un-appropriated profits totaled \$110,197,000 as at 30 September 2012 (2011 - \$90,093,000)(See Note 9).

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

20. Deferred Taxation (Continued)

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the period is as follows:

Deferred tax liabilities	The Group				
	Fair value gains	Accelerated depreciation	Interest receivable	Exchange gain	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 October 2010	13,268	26,549	57,211	71,423	168,451
(Credited)/charged to profit or loss	(29,446)	(9,065)	3,870	3,185	(31,456)
Charged to other comprehensive income	213,199	11,474	-	-	224,673
At 1 October 2011	197,021	28,958	61,081	74,608	361,668
(Credited)/charged to profit or loss	(13,710)	(3,028)	(2,653)	2,306	(17,085)
Credited to other comprehensive income	(143,892)	-	-	-	(143,892)
At 30 September 2012	39,419	25,930	58,428	76,914	200,691

Deferred tax assets	Taxes losses	Interest payable	Total
	\$'000	\$'000	\$'000
	At 1 October 2010	3,506	52,256
Charged to profit or loss	(3,506)	(19,193)	(22,699)
At 1 October 2011	-	33,063	33,063
Charged to profit or loss	-	(4,556)	(4,556)
At 30 September 2012	-	28,507	28,507

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

20. Deferred Taxation (Continued)

Deferred tax liabilities	The Company				
	Fair value gains	Accelerated depreciation	Interest receivable	Exchange gain	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 October 2010	13,998	27,262	56,951	71,423	169,634
Charged/(credited) to profit or loss	(29,446)	(9,703)	3,066	3,185	(32,898)
Charged to other comprehensive income	214,823	11,474	-	-	226,297
At 1 October 2011	199,375	29,033	60,017	74,608	363,033
(Credited)/ charged to profit or loss	(13,710)	(3,015)	(2,113)	2,306	(16,532)
Credited to other comprehensive income	(146,246)	-	-	-	(146,246)
At 30 September 2012	39,419	26,018	57,904	76,914	200,255

Deferred tax assets	Taxes losses	Interest payable	Total
At 1 October 2010	3,506	49,974	53,480
Charged to profit or loss	(3,506)	(17,309)	(20,815)
At 1 October 2011	-	32,665	32,665
Charged to profit or loss	-	(4,262)	(4,262)
At 30 September 2012	-	28,403	28,403

The amounts shown in the statement of financial position include the following:

	The Group		The Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Deferred tax liabilities to be settled after more than 12 months	(65,349)	(225,979)	(65,437)	(228,408)
Deferred tax assets to be recovered after more than 12 months	-	-	-	-

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

21. Payables

	The Group		The Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Client funds	32,772	31,019	31,122	31,018
Statutory liabilities	16,732	7,488	16,310	5,603
Other	47,954	44,262	33,149	38,495
	<u>97,458</u>	<u>82,769</u>	<u>80,581</u>	<u>75,116</u>

All amounts recorded as payables are due within twelve months.

22. Share Capital and Treasury Shares

	The Group		The Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Authorised ordinary shares 600,000,000 (2011 – 600,000,000)				
Authorised redeemable preference shares 100,000,000 (2011 – 100,000,000)				
Authorised convertible preference shares 100,000,000 (2011 – 100,000,000)				
(a) Issued and fully paid ordinary shares of no par value 445,001,824 (2011 – 445,001,824)	754,994	754,994	754,994	754,994
(b) Issued and fully paid preference shares:				
Series 'A' 2012 redeemable cumulative variable rate preference shares	299,970	299,970	299,970	299,970
Series 'B' 2012 convertible cumulative variable rate preference shares	13,620	13,620	13,620	13,620
	<u>1,068,584</u>	<u>1,068,584</u>	<u>1,068,584</u>	<u>1,068,584</u>
Less preference shares accounted for as liabilities under IFRS	<u>(303,430)</u>	<u>(303,430)</u>	<u>(303,430)</u>	<u>(303,430)</u>
	<u>765,154</u>	<u>765,154</u>	<u>765,154</u>	<u>765,154</u>
(c) Treasury shares	<u>(10,145)</u>	<u>(10,145)</u>	<u>(9,500)</u>	<u>(9,500)</u>

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

22. Share Capital and Treasury Shares (Continued)

The company has the following issued share capital:

- (i) 200,000,000 ordinary shares;
- (ii) 99,990,000 redeemable preference shares; and
- (iii) 4,540,000 convertible preference shares

The shares were listed on the JSE on 15 January 2010.

BUTM participated in the Barita's initial public offering by acquiring 598,000 ordinary shares and 45,290,000 redeemable preference shares. The ordinary shares acquired by BUTM are treated as treasury shares in the consolidated financial statements while the redeemable preference shares have been eliminated, as discussed below.

Redeemable preference shares

The significant terms and conditions of the redeemable preferences shares are as follows:

- (i) The right to cumulative dividends at a variable rate which was agreed at 16.5% in the first year.
- (ii) In the event of winding up or other return of capital, the right to be paid in priority to any holder of ordinary shares.
- (iii) No right to vote at any general meeting except in the event of a failure to pay two consecutive dividends payment period or on winding up of the company.
- (iv) Mandatory redemption of the shares at \$3 per share no later than three years after the date of issue.

In accordance with the provisions of IAS 32, these preference shares were classified as a liability as the terms of the preference shares resulted in the company incurring an unavoidable obligation of the company to pay cash. The dividends declared on the preference shares are dealt with in the profit and loss and are part of interest expense. The carrying value of the preference shares issued to BUTM of \$93,463,000 (2011- \$95,569,000) has been eliminated in the consolidated financial statements, resulting in the carrying value of the redeemable preference shares being \$206,507,000 (2011 -\$205,968,000) for the Group. The reduction in the carrying value of BUTM's holdings resulted from a sale to a third party.

Redeemable preference shares are due within twelve months.

Convertible preference shares

The significant terms and conditions of the convertible preference shares are similar to the redeemable preference shares with the exception of the following:

- (i) The right to cumulative dividends at a variable rate which was agreed at 12% in the first year.
- (ii) These shares are mandatorily converted into ordinary shares using a specified conversion formula, in November 2012.

Barita Investments Limited

Notes to the Financial Statements

30 September 2012

(expressed in Jamaican dollars unless otherwise indicated)

22. Share Capital and Treasury Shares (Continued)

In accordance with IAS 32, the convertible preference shares were deemed to be a hybrid financial instrument with both a debt and an equity component. Consistent with the requirement of the standard, the instrument was separated into its component parts to facilitate separate recognition. The value of the liability component and the equity component were determined at the date the preference shares were issued. The liability component of \$3,460,000 was determined by calculating the present value of the dividend payments using a market interest rate for a similar non-convertible bond as the discount factor. The residual amount of \$10,160,000, representing the equity component, was included in share capital.

Convertible preference share are due within twelve months.

23. Capital Reserve

This represents the unrealised surplus on revaluation of property, plant and equipment for the company, and unrealised surplus on revaluation of property, plant and equipment less consolidation adjustments to account for the acquisition of BUTM for the Group. The movement on the capital reserve is as follows:

	The Group		The Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
At 1 October	28,506	1,103	90,361	62,958
Revaluation surplus, net of taxes	-	27,403	-	27,403
30 September	<u>28,506</u>	<u>28,506</u>	<u>90,361</u>	<u>90,361</u>

24. Fair Value Reserve

This represents the unrealised surplus or deficit on the revaluation of available-for-sale investment securities.

25. Dividends

A dividend of \$0.09 per ordinary stock was paid on 27 January 2012.

Preference dividends were paid as follows:

Convertible preference shares

- Paid dividends of \$0.0987 on 5 December 2011
- Paid dividends of \$0.0987 on 19 June 2012
- Paid dividends of \$0.0985 on 6 December 2012

Redeemable preference shares

- Paid dividends of \$0.1249 on 5 December 2011
- Paid dividends of \$0.1249 on 19 June 2012
- Paid dividends of \$0.1221 on 6 December 2012

Preference dividends are recorded as part of interest expense.