

Barita

INVESTMENTS LIMITED

UNAUDITED FINANCIAL RESULTS FOR THE 3 MONTHS ENDED DECEMBER 31, 2010

Chairman's Statement

Barita posts \$44m profit before taxes

For the period ending December 31, 2010, Barita Investments Limited was significantly more profitable compared to prior year, with profit before tax of \$44 million compared to a loss of \$17 million in the previous period. The company's net profit position for the period amounted to \$32 million or earnings per share of \$0.07c per share.

The continuous reduction in interest rates is reflected in the 15% decline in our interest income revenues however prudent management of our liabilities has seen our net interest income increase by \$55million or 104% over prior year.

Continued improvement in our asset trading capabilities has seen our revenues to December 31 amounting to \$11million versus no prior year revenues. Operational costs to the end of the period reflect our continuing success in management of our costs, with our operating expenses for the period amounting to \$85 million versus prior year of \$90 million.

The minor revaluation of the Jamaican Dollar against both the USD and the Euro has resulted in currency losses of \$7million for the three month period ended December 31, 2010, this compares to a translation gain of \$4 million for the similar period last year.

Income Statement

There was a \$55 million or 104% increase in net interest income, and an \$11 million or 100% increase in asset trading income. Total revenues for the 3 months to December 31, 2010 were \$129 million, compared to \$72 million for the corresponding period last year. This reflected an increase of \$57 million or 79%.

Operating Expenses totaled \$85 million compared to \$90 million prior year. Reductions in staff costs and no increases in administration costs contributed to this decrease.

Balance Sheet

Our asset base showed a \$1.3 billion or 11% increase over prior year from \$11.7 billion to \$12.9 billion, while our liabilities also increased by \$967 million or 9%. These increases were primarily due to increases in Repo trading. Consequently, we recorded an increase in shareholders' equity of approximately \$300 million to \$1.4 billion.

Capital Adequacy

The Capital base of Barita Investments remains significantly above regulatory requirements. This is set out in the following key ratios:

	FSC Requirement	Barita's Achievement
Capital to Risk Weighted Asset	10%	39%
Capital to Total Asset	6%	9%
Capital Base to Tier 1 Capital	50%	100%

Outlook

We are confident of our ability to meet the numerous challenges ahead. Our strategic priorities and the opportunities being explored will help to mitigate against any potential negative impacts. We continue to aggressively manage our costs, and will strive to continue in our efficiency improvements and profitability of our organization.



Rita Humphries-Lewin
Chairman
February 1, 2011

CONSOLIDATED PROFIT & LOSS STATEMENT

FOR THE 3 MONTHS ENDED DECEMBER 31, 2010

	UNAUDITED 3 Months Ended Dec 31 2010 \$,000	UNAUDITED 3 Months Ended Dec 31 2009 \$,000
Net Interest Income and Other Revenue		
Interest Income	334,378	397,149
Interest cost of Repurchase Agreements	(226,522)	(343,808)
Net Interest Income	107,856	53,341
Fees and Commission Income	11,173	10,964
Foreign Exchange Trading and Translation Gains	(3,368)	6,036
Gain/Loss on Sale of Investment	11,690	63
Dividend Income	469	655
Other Income	1,227	1,394
Net Operating revenue	129,048	72,452
Operating Expenses		
Staff Costs	50,119	54,720
Administration	34,778	34,948
	84,897	89,668
Profit before Taxation	44,150	(17,216)
Taxation	(11,899)	4,132
Profit for the year	32,251	(13,083)
Other Comprehensive income		
Unrealised gains on available-for-sale investments, net of taxes	225,004	233,273
Gains recycled to profit or loss on disposal and maturity of available-for-sale investments	(11,690)	(84)
	213,313	233,189
Total Comprehensive income	245,564	220,105
Number of shares in Issue	445,002	445,002
Basic Earnings per Share	0.07	(0.03)

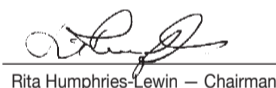
Basis of Preparation:

These consolidated financial statements have been prepared in accordance with the accounting policies set out in note 2 of the audited financial statements for the year ended 30 September 2010. The group has adopted IAS1 (revised) which is effective for accounting periods commencing January 1, 2009.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2010

	Unaudited DEC 2010 \$,000	Unaudited DEC 2009 \$,000
ASSETS		
Cash and bank balances	194,013	149,834
Securities purchased under resale agreements	1,243,945	2,320,305
Marketable securities	10,644,611	8,252,667
Receivables	355,241	365,597
Loan receivable	67,377	56,563
Interest receivables	285,379	392,109
Due from related parties	3,630	103
Property, plant and equipment	150,377	130,140
Investments	2	2
Deferred tax assets	0	14,692
Total assets	12,944,577	11,682,014
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Bank overdraft	47,021	57,099
Securities sold under repurchase agreements	10,980,303	9,989,439
Payables	57,541	290,432
Interest Payable	155,302	275,602
Redeemable Preference Shares	164,100	0
Convertible preference shares	3,460	
Due to related parties	0	599
Taxation	4,526	0
Deferred tax liabilities	168,156	0
Total Liabilities	11,580,409	10,613,170
Shareholders' Equity		
Stated capital	765,154	667,550
Treasury shares	(10,145)	(9,500)
Preference Shares	0	0
Capital reserve	1,103	1,103
Fair value reserve	240,100	184,156
Retained earnings	367,956	225,535
Total shareholders' equity	1,364,168	1,068,844
Total liabilities and shareholders' equity	12,944,577	11,682,014



Rita Humphries-Lewin – Chairman



Carl Domville – Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 3 MONTHS ENDED DECEMBER 31, 2010

	Stated Capital \$,000	Preference Shares	Treasury Shares \$,000	Capital Reserve \$,000	Fair Value Reserve \$,000	Retained Earnings \$,000	Total \$,000
Balance at 30 September 2009	667,550		(9,500)	1,103	(49,033)	238,619	848,739
Profit for the period						(13,083)	(13,083)
Other Comprehensive Income:							
Unrealised losses on available-for sale investments net of taxes					233,273		233,273
Gains recycled to the profit and loss account on disposal and maturity of available-for-sale investments					(84)		(84)
					233,189		233,189
					0		0
Total Comprehensive income					233,189	(13,083)	220,105
Balance at 31 December 2009	667,550		(9,500)	1,103	184,156	225,536	1,068,844
Balance at 30 September 2010	765,154		(10,145)	1,103	26,787	335,705	1,118,604
Profit for the period						32,251	32,251
Other Comprehensive Income:							
Unrealised losses on available-for sale investments net of taxes					225,004		225,004
Gains recycled to the profit and loss account on disposal and maturity of available-for-sale investments					(11,690)		(11,690)
					213,313		213,313
					0		0
Total Comprehensive Income				0	213,313	32,251	245,564
Balance as at 31 December 2010	765,154	0	(10,145)	1,103	240,100	367,956	1,364,168

CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT DECEMBER 31, 2010

	Unaudited 3 Months Ended December 31, 2010 \$,000	Unaudited 3 Months Ended December 31, 2009 \$,000
Cash Flows from Operating Activities		
Net Profit	32,251	(13,083)
Adjusted for:		
Depreciation	2,692	3,307
Effect of exchange gain/loss on foreign balances	7,181	(3,884)
Interest income	(334,378)	(397,149)
Interest expense	226,522	343,808
Income tax expense	11,899	(4,132)
Gain on the disposal of property, plant and equipment		
	(53,833)	(71,134)
Changes in operation assets and liabilities		
Marketable securities	(998,389)	(437,477)
Securities purchased under resale agreements	629,642	1,160,955
Securities sold under repurchase agreements	292,816	(840,002)
Receivables	81,496	(44,223)
Loans receivable	(7,953)	(17,068)
Payables	(29,085)	226,532
Due from related companies	2,863	4,981
	(28,612)	53,696
Interest received	210,156	397,149
Interest paid	(221,142)	(343,808)
Cash provided by operating activities	(10,986)	53,341
Cash Flows from Investing/financing Activities		
Interest paid on preference shares	(14,330)	
Purchase of property, plant and equipment	(3,415)	
Cash provided by investing/financing activities	(17,745)	0
Effect of exchange rate on cash and cash equivalents	(1,098)	210
Decrease/(increase) in net cash and cash equivalents	(112,274)	36,114
Net cash and cash equivalents at beginning of year	259,267	56,621
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	146,993	92,735