

# Barita

## INVESTMENTS LIMITED

### UNAUDITED FINANCIAL RESULTS FOR THE 9 MONTHS ENDED 30 JUNE 2010

#### CHAIRMAN'S STATEMENT

For the period ending June 30, 2010, Barita Investments Limited was operationally more profitable compared to prior year, with a profit (before tax & excluding currency translation) of \$83 million compared to \$15 million for the previous period.

With the interest rate regime consistently trending downwards, our interest income has understandably shrunk, however with prudent management of our interest liabilities, overall net interest income increased by \$81 million or 72% over prior year. In addition, Asset Trading showed improved revenues of \$79 million versus \$50 million for prior year.

Operational costs for the 9-month period to June 30, 2010 increased by 13% over June 2009, with 56% of this increase taking place in the first quarter of the year. This increase was influenced by the costs associated with Barita's Public Offer, and the temporary expansion of the IT Department to facilitate upgrades to the operating systems. Cost management exercises however, resulted in the 6-month period January to June 2010 contributing only a 2% increase in expenses. We continue to aggressively manage our costs, as we seek to improve the efficiency of our organization.

The revaluation of the Jamaican Dollar vis-à-vis both the USD and the Euro, has resulted in translation losses of \$58 million to June 30 versus a prior year currency gain of \$108 million.

#### Income Statement

Net interest income increased by \$81 million or 72%, asset trading increased by \$30 million or 61% and fees and commissions increased by \$7 million or 21%.

Total revenues for the 9 months to June 30, 2010 was \$275 million compared to \$344 million for the corresponding period last year, this reflected a decrease of \$69 million or 20%, due primarily to reductions in foreign exchange translation.

Operating Expenses totaled \$250 million compared to \$221 million prior year, primarily due to IPO expenses and IT department expansion which contributed to the majority of the \$29 million or 13% increase.

#### Balance Sheet

	June 2010 (000)	September 2009 (000)
Preference Shares	\$162,540	-
Ordinary Shares (445,001,824)	\$745,498	\$658,050
Preference Shares	\$ 13,620	-
Reserves (profit & revaluations)	\$454,453	\$190,689
Total Equity Value	\$1,213,571	\$848,739
Book value /share	\$2.73	\$1.91

Our asset base showed a \$200 million or 1% reduction from prior year from \$11.7 billion to \$11.5 billion, while our liabilities decreased by \$628 million or 6%. These reductions in liabilities were primarily due to a reduction in Repo trading. Consequently, we recorded an increase in shareholders' equity of approximately \$468 million to \$1.2 billion.

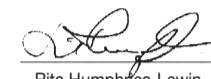
#### Capital Adequacy

The Capital base of Barita Investments Limited 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%	46%
Capital to Total Asset	6%	10%
Capital Base to Tier 1 Capital	50%	99%

#### Outlook

We are confident that strategies undertaken during this financial year will continue to preserve and increase shareholder value. Cost containment will continue to be one of our main areas of focus and we anticipate that new product offerings and improvement in our IT infrastructure will continue to improve our competitiveness in the challenging financial services industry.

  
Rita Humphries-Lewin  
Chairman  
August 3, 2010

#### CONSOLIDATED INCOME STATEMENT

FOR THE 9 MONTHS ENDED JUNE 2010

	UNAUDITED 3 Months Ended June 30 2010 \$,000	UNAUDITED 3 Months Ended June 30 2009 \$,000	UNAUDITED 9 Months Ended June 30 2010 \$,000	UNAUDITED 9 Months Ended June 30 2009 \$,000
<b>Net Interest Income and Other Revenue</b>				
Interest Income	280,446	442,777	1,048,440	1,279,670
Interest cost of Repurchase Agreements	(220,095)	(406,244)	(855,357)	(1,166,971)
<b>Net Interest Income</b>	<b>60,351</b>	<b>36,533</b>	<b>193,083</b>	<b>112,699</b>
Fees and Commission Income	12,111	8,565	40,462	33,041
Foreign Exchange Trading and Translation gains	(50,174)	10,835	(47,027)	118,694
Gain/Loss on Sale of Investment	31,617	23,261	79,528	49,679
Dividend Income	2,052	1,319	5,466	23,011
Other Income	424	3,456	3,567	7,241
<b>Net operating revenue</b>	<b>56,383</b>	<b>83,969</b>	<b>275,079</b>	<b>344,367</b>
<b>Operating Expenses</b>				
Staff Costs	39,081	42,381	136,860	128,436
Administration	36,176	30,862	114,056	92,974
	<b>75,257</b>	<b>73,243</b>	<b>250,916</b>	<b>221,410</b>
<b>Profit before Taxation</b>	<b>(18,874)</b>	<b>10,726</b>	<b>24,163</b>	<b>122,956</b>
Taxation	5,379	(2,236)	(4,236)	(27,277)
<b>NET PROFIT/(LOSS) FOR THE PERIOD</b>	<b>(13,496)</b>	<b>8,490</b>	<b>19,927</b>	<b>95,679</b>
Number of Shares in Issue	445,001,824	445,001,824	445,001,824	445,001,824
Earnings per stock unit	(\$0.03)	\$0.02	\$0.04	\$0.22

#### 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 2009. The group has adopted IAS1 (revised) which is effective for accounting periods commencing January 1, 2009.

#### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 9 MONTHS ENDED JUNE 2010

	UNAUDITED 9 Months Ended June 30 2010 \$,000	UNAUDITED 9 Months Ended June 30 2009 \$,000
Profit for period	19,927	95,679
Unrealised gain on available-for resale investments net of taxes	319,389	(6,959)
<b>Total comprehensive income</b>	<b>339,316</b>	<b>88,720</b>

#### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY


FOR THE 9 MONTHS ENDED JUNE 2010

	Stated Capital \$,000	Preference Shares \$,000	Treasury Shares \$,000	Capital Reserve \$,000	Fair Value Reserve \$,000	Retained Earnings \$,000	Total \$,000
Balance at 30 September 2008	62,850			87,244	(94,811)	660,777	716,060
Net income/(losses) recognized directly in equity							
Unrealised losses on available-for resale investments net of taxes					(6,959)		(6,959)
Gains recycled to the profit and loss account on disposal and maturity of available-for-sale investments					(49,679)		(49,679)
Revaluation surplus, net of taxes			0		(56,639)		(56,639)
Net profit						95,679	95,679
Total recognized income/(losses) to March 2009					(56,639)	95,679	39,041
Issue of Ordinary shares	85,700			(85,700)			0
Purchase of treasury shares			(9,500)				(9,500)
<b>Balance at 30 June 2009</b>	<b>148,550</b>		<b>(9,500)</b>	<b>1,544</b>	<b>(151,450)</b>	<b>756,456</b>	<b>745,600</b>
Balance at 30 September 2009	667,550		(9,500)	1,103	(49,033)	238,479	848,599
Net income/(losses) recognized directly in equity							
Unrealised gain on available-for resale investments net of taxes					319,389		319,389
Gains recycled to the profit and loss account on disposal and maturity of available-for-sale investments					(79,528)		(79,528)
Revaluation surplus, net of taxes				4,116			4,116
Net profit				4,116	239,861	19,927	243,977
Total recognized income/(losses) to March 2010				4,116	239,861	19,927	263,904
Issue of ordinary shares	87,448						87,448
Issue of preference shares		13,620					13,620
<b>Balance at 30 June 2010</b>	<b>754,998</b>	<b>13,620</b>	<b>(9,500)</b>	<b>5,219</b>	<b>190,828</b>	<b>258,406</b>	<b>1,213,572</b>

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

	Unaudited JUNE 2010 \$,000	Unaudited JUNE 2009 \$,000
<b>ASSETS</b>		
Cash and bank balances	73,433	167,727
Securities purchased under resale agreements	1,094,072	3,348,889
Marketable securities	9,506,856	7,103,669
Receivables	436,437	342,778
Loan receivable	64,624	68,819
Interest receivables	248,834	535,018
Due from related parties	103	5,149
Property, plant and equipment	142,920	133,048
Investments	2	2
Deferred tax assets	0	21,836
<b>Total assets</b>	<b>11,567,281</b>	<b>11,726,935</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
Bank overdraft	70,039	105,019
Securities sold under repurchase agreements	9,847,709	10,458,803
Payables	76,422	35,596
Interest Payable	150,854	381,917
Redeemable Preference Shares	162,540	0
Due to related parties	3,551	0
Taxation	0	0
Deferred tax liabilities	42,595	0
<b>Total Liabilities</b>	<b>10,353,709</b>	<b>10,981,335</b>
<b>Shareholders' Equity</b>		
Stated capital	754,998	62,850
Treasury shares	(9,500)	(9,500)
Preference Shares	13,620	0
Capital reserve	5,219	87,244
Fair value reserve	190,828	(151,450)
Retained earnings	258,406	756,456
<b>Total shareholders' equity</b>	<b>1,213,571</b>	<b>745,600</b>
<b>Total liabilities and shareholders' equity</b>	<b>11,567,281</b>	<b>11,726,935</b>

  
Rita Humphries-Lewin – Chairman

  
Carl Domville – Director

#### CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT 30, JUNE 2010

	Unaudited 9 Months Ended JUNE 30, 2010 \$,000	Unaudited 9 Months Ended JUNE 30, 2009 \$,000
<b>Cash Flows from Operating Activities</b>		
Net Profit	19,927	95,679
Adjusted for:		
Depreciation	10,433	7,911
Effect of exchange gain/loss on foreign balances	58,367	(100,083)
Interest income	(1,048,440)	(1,279,670)
Interest expense	855,357	1,166,971
Income tax expense	4,236	27,277
Gain on the disposal of property, plant and equipment		
	(100,121)	(81,915)
Changes in operation assets and liabilities		
Marketable securities	(1,974,724)	(415,555)
Securities purchased under resale agreements	2,453,941	163,561
Securities sold under repurchase agreements	(820,638)	211,016
Receivables	(115,063)	4,488
Loans receivable	(25,129)	105,900
Payables	23,548	(46,074)
Due from related companies	(4,279)	
	(462,343)	23,337
Interest received	1,325,263	1,109,840
Interest paid	(1,100,795)	(1,055,569)
Income tax paid	2,174	
Cash provided by operating activities	226,642	54,271
<b>Cash Flows from Investing/Financing Activities</b>		
Proceeds from the disposal of property, plant and equipment		
Proceeds from sale of ordinary shares and irredeemable preference shares	101,068	
Proceeds from sale of redeemable preference shares	162,540	
Purchase of property, plant and equipment	19,252	8,979
Cash provided by investing/financing activities	282,860	8,979
Effect of exchange rate on cash and cash equivalents	(76)	1,415
Decrease/(increase) in net cash and cash equivalents	(53,037)	6,087
Net cash and cash equivalents at beginning of year	56,430	56,621
<b>NET CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>3,393</b>	<b>62,708</b>