

Barita Investments Limited (the Company, BIL or Barita) Company Profile

Barita Investment Limited was founded by Rita Humphries-Lewin in 1977 and is currently the oldest remaining stock brokering company in Jamaica. Over the past 40 years, Barita has grown its business to include cambio and fixed income trading, stock brokerage, pool funds management, structured products, investment banking among other services. The firm is a member of the Jamaica Stock Exchange and a Cambio Dealer for the Bank of Jamaica. In August 2018, Cornerstone United Holdings Limited (CUHL), an investment holding company, acquired majority shares in Barita Investments Limited and now controls approximately 76.5% of the firm.

Barita currently serves its growing client base through its three locations but intends to widen its footprint both locally and regionally with the proceeds of this offer. The Company also intends to invest in the following:

	Technology
	Product Offering through new investment strategies and products
	increase the Company's investment banking underwriting capacity
	Provide for working capital needs.



52 Week High	J\$90.00
52 Week Low	J\$45.00
2019's % Gain/Loss	-24.68%
Current P/E (x)	19.68
Current P/B (x)	2.93
TTM Net Income (J\$B)	J\$2.29
TTM EPS (J\$)	J\$2.77
Market Capitalization (J\$B)	J\$44.96

*TTM - Trailing Twelve Month

Information as at August 25, 2020

Fair Value:
J\$76.08

Potential Upside:
46.30%

Directors



MARK MYERS



PHILLIP LEE



RITA HUMPHRIES-LEWIN



PAUL SIMPSON



CARL DOMVILLE



ROBERT DRUMMOND



JAMES GODFREY



JASON CHAMBERS



DUNCAN STEWART



MATTHEW HOGARTH



- 9-Months 2020 Net profit - \$2B
- Strong brand and 40 years of expertise
- Diversified product offering

Global Investment Research Unit

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Invitation Details

Barita Investments Limited (BIL) is inviting offers for the subscription of up to 173,733,220 new ordinary shares, with the ability to upsize by at maximum an additional 86,866,610 new ordinary shares. The new ordinary shares allotted to each investor pool and subscription price per new ordinary share for each investor pool is as follows; new, existing and key shareholders at an offer price of **J\$52.00**, Small Investors at **J\$49.00**, and Hotel Worker, Farmers and Civil Servants at **J\$49.75**.

The offer is scheduled to open in Jamaica on August 26, 2020 and close on September 16, 2020. If successful, BIL's total outstanding shares will amount to **1,098,736,483** after its Additional Public Offering (APO), or 1,185,603,093 if they utilize the right to upsize the offer. Additionally, for shares not taken up in any of the categories, all applicants in such categories will be allocated **100%** of the new ordinary shares for which the applicant applied. Unallocated new ordinary shares in the existing and key shareholder categories will be allocated to the non-reserved shareholder's pool. Upon issue, the shares will be converted into ordinary stock units ranking pari passu in all respects with the Company's Existing Ordinary Shares. The transaction is expected to raise **J\$9.00B** in new capital for the company or a maximum of J\$13.52B if the offer is upsized to the maximum amount. The proceeds net of fees will be used to upgrade its technology (**J\$1.09B**), increase its Investment banking underwriting capacity (**J\$1.50B**), seed new managed funds (**J\$1.80B**), expand their footprint (locally and regionally) (**J\$4.26B**) and improve working capital (**J\$0.20B**) and settle transaction fees related to this offer of (**J\$0.15B**).

Summary of the Terms of the Offer

Issuer	Barita Investments Limited			
Lead Broker	Barita Investments Limited			
Share subject of Invitation	Up to 173,733,220 New Ordinary Shares inclusive of 160,752,450 Reserved Shares subject to the right of the Directors of the Company (in consultation with the Arranger) to increase the number of New Ordinary Shares to be made the subject of the Invitation, provided that the Director shall have no obligation to make any such increase and in no event shall any increase in New Ordinary Shares be greater than 260,599,830 in number.			
Securities to be Issued	New Ordinary Shares of no par value in the capital of the Company and ranking pari passu with the Existing Ordinary Shares in issue. The Company intends to apply to have the New Ordinary Shares issued pursuant to the invitation herein listed on the Main Market of the JSE.			
Offer Opens	9:00 am on Wednesday, August 26, 2020			
Closing Date	4:00 pm on Wednesday September 16, 2020			
	Small Investors	Hotel Workers, Farmers and Civil Servants	Cornerstone Existing Shareholders, Barita Clients and Key Investors	Non-Reserved
Price	J\$49.00	J\$49.75	J\$52.00	J\$52.00
Share Allotment	4,591,838	9,045,228	147,115,384	12,980,770
Use of Proceeds	The use of proceeds is to enhance Barita's operating capacity and capabilities to accommodate this trend into the future. (1) To increase the Company's Investment Banking underwriting capacity (2) To upgrade the technology (hardware and software) to leading global standards (3) Seed new managed funds and expand product offering to suit a wider range of investor profiles (4) Footprint Expansion (local and regional) (5) Working capital needs to develop talent, branding and operating capacity to accommodate the existing growth trajectory and (6) Transaction Fees.			
Minimum Share Offering	Applicants must request a minimum of 300 New Ordinary Shares in their Application. Applications above this amount shall be in multiples of 100 New Ordinary Shares.			



Analyst's Opinion: Barita Investment Limited

Over the past forty years, BIL has built a solid reputation for excellence in the areas of Equities Trading, Fixed Income Securities, Foreign Currency Trading, Asset Management and Unit Trusts Fund Management. Over the years, BIL has successfully deployed capital to generate returns for its shareholders. Traditionally, the Company relied heavily on the interest income from repurchase agreements, dividend income, gains from securities trading and fees from Unit Trust management. However, over the last ten years, Jamaica has seen a significant decline in interest rates, which has influenced financial entities to lean more towards income from non-interest sources such as asset management, private wealth management, investment banking and trading activity.

After the acquisition by the Cornerstone United Holdings Limited (CUHL), BIL planted the seeds for its transformation by recruiting seasoned industry talents, re-engaged current staff and critically, successfully executed three capitalization events raising over J\$10B and significantly strengthening its balance sheets. As at June 30, 2020, Barita's Capital to Risk-Weighted Assets was reported at **48.10%**, well above the regulatory requirement of **10%** and leverage ratios which are significantly below its selected industry peer average.

Undoubtedly, the COVID-19 pandemic has disrupted financial markets locally and globally and is likely to pose significant challenges for businesses going forward. So far, however, BIL has responded well to the pandemic from a social and operational perspective. For the 9 months ended June 30, 2020 the Company posted record net profits of **J\$2.0B**, an amount which has so far surpassed the net profits posted for the entire FY 2019. For the quarter ended June 30, 2020, set on the backdrop of COVID-19 pandemic, the company recorded its highest quarterly net profit ever.

To boost its growth prospects, the Company intends to use the funds being raised through this APO to expand its reach local and regionally, upgrade its IT infrastructure, add further financial support to its investment banking business and fund other new products. Therefore, Barita provides investors with a growth opportunity within the financial services sector and as a result, we valued the Company with this in mind.

Based on our use of the price to earnings to growth (PEG) ratio, the stock is valued at **J\$76.08**. At the APO price of **J\$52.00**, the stock is being offered at a discount of **31.65%** while the shares at **J\$49.75** and **J\$49.00** are being offered at discounts of **34.61%** and **35.59%** respectively. At the time of our Analysis the stock closed at **J\$54.50¹** which also implies that this may be an opportunity to buy the stock at a discount to the market price. Based on our analysis we believe BIL's stock in this offer is a **BUY** at its offer prices for investors with a medium to long term time horizon.

¹ Close price of BIL on August 25, 2020 was J\$54.50 (JSE).

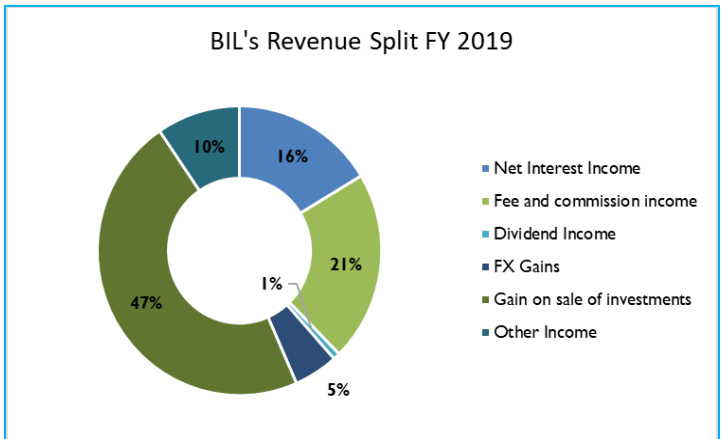
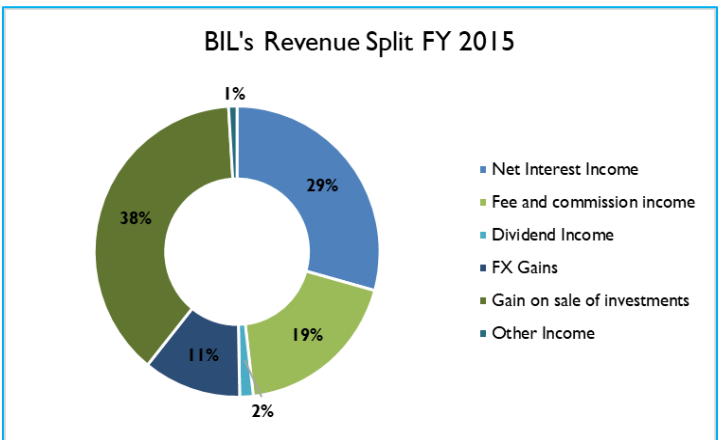
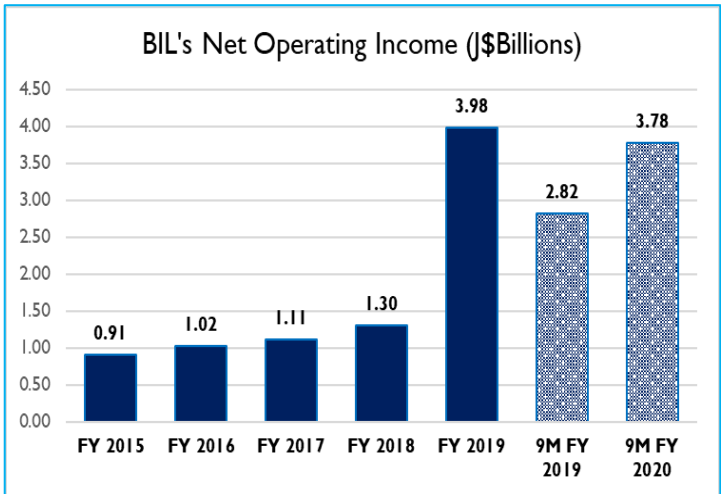


FINANCIAL ANALYSIS

Revenue & Profitability

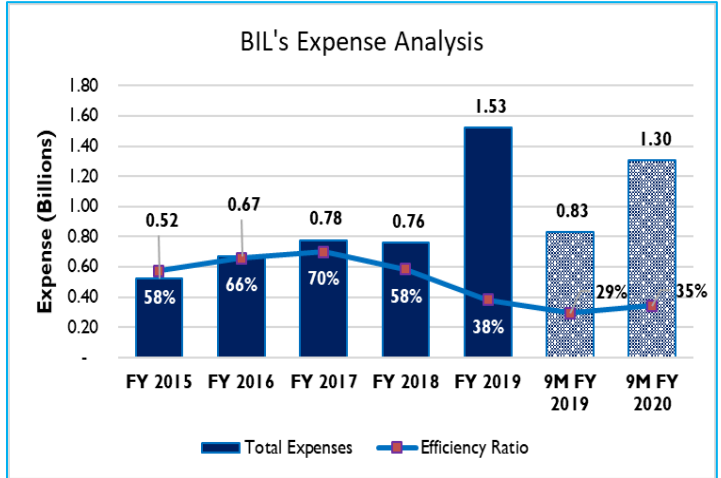
In August 2018, BIL was acquired by Cornerstone United Holdings Limited (CUHL). Since then, the company has delivered strong financial performances, including record-breaking revenue growth and profitability. In the first completed full financial year since the CUHL acquisition, BIL’s operating income rose to **J\$3.98B** and was **206%** above the income posted in FY 2018. Barita’s income is generated through its diversified products and services including cambio trading, fixed income trading, investment banking, stock brokerage, pooled funds management, structured products, retirement planning and wealth management. For the 9 months ending June 30, 2020, despite COVID-19 significantly disrupting financial markets, BIL generated operating income of **J\$3.78B**, **34%** above the operating income generated in the same period of the previous financial year.

Since the acquisition, BIL capacity to generate its income has increased. As the dynamics of the market continue to change, with low-interest rates and with repurchase agreements gaining less emphasis, BIL has sought to diversify its revenues and lean more towards non-interest income sources. To that end, the Company launched its investment banking unit in the first-year post CUHL’s acquisition and the segment generated over **J\$360M** in fee income. BIL also created its private wealth division, tailoring portfolios for corporate clients and high net worth clients. The Company has also had enormous growth in its fund management segment, moving from just **~J\$74.0B** under management in FY 2018 to **~J\$180.0B** in FY 2019.

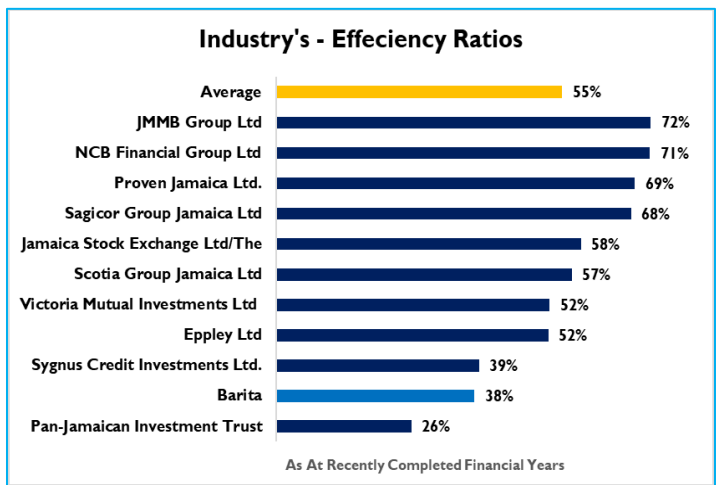


This growth was largely a result of the declining interest rate environment and the strategic drive by the Company to find new sources of income. As a consequence, Net Interest Income, which contributed as much as **29%** of Net Operating Income in FY 2015 contributed only **16%** in BIL's most recently completed financial year.

BIL's improved ability to dial-up non-interest income to protect profit margins or even increase margins, in good times is positive, as the more diverse the firm's income is, the better it can weather adverse economic conditions.



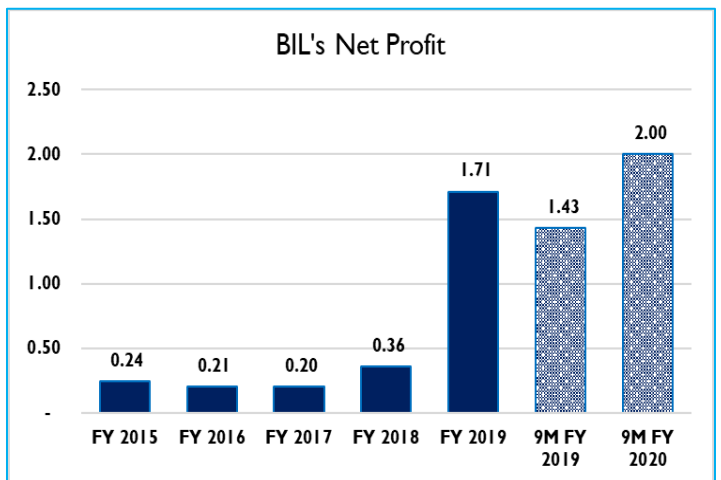
To drive the widening of its revenue streams, some of Barita's key strategic initiatives have been key talent acquisition and retention and significant activities geared at creating brand awareness. Consequently, BIL acquired personnel to fill certain key roles, implemented programs geared at staff engagement and kickstarted several marketing campaigns. Directly, as a result, personnel costs grew by **~44%**, while admin expenses rose by more than **135%** in the year after acquisition. This led to total expenses more than doubling to reach **J\$1.53B** in FY 2019.



The early indication, however, is that the strategic programmes are 'bearing fruit' with its operating efficiency improving to reach **38%** in FY 2019 from **58%** in the year prior. However, BIL's operating efficiency for the 9 months ending June 30, 2020 has shown some deterioration, increasing to **35%** but significantly below the pre-acquisition level.

When compared to its peers in the financial services sector, Barita ranks significantly below the industry average in terms of efficiency. Barita's efficiency ratio at **38%** is only second to last, above Pan-Jam's ratio of **26%**.

The knock-on effect of record-breaking income and operational improvement is that BIL has posted record-breaking profits. In FY 2019, the first full year, since the CUHL acquisition, BIL posted net profits of **J\$1.71B** (EPS: J\$2.42) up from the **J\$0.36B** (EPS: J\$0.56) posted in FY

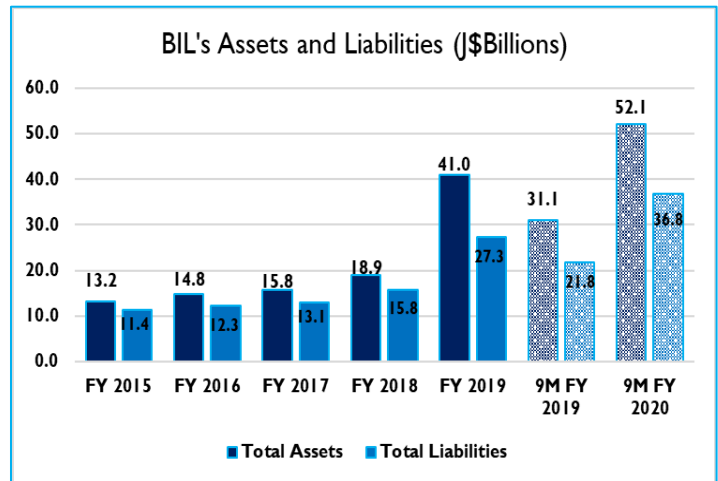


2018. For the 9 months ended June 30, 2020, BIL reported record net profits of **J\$2.0B** which were already above the profit posted for all of FY 2019.

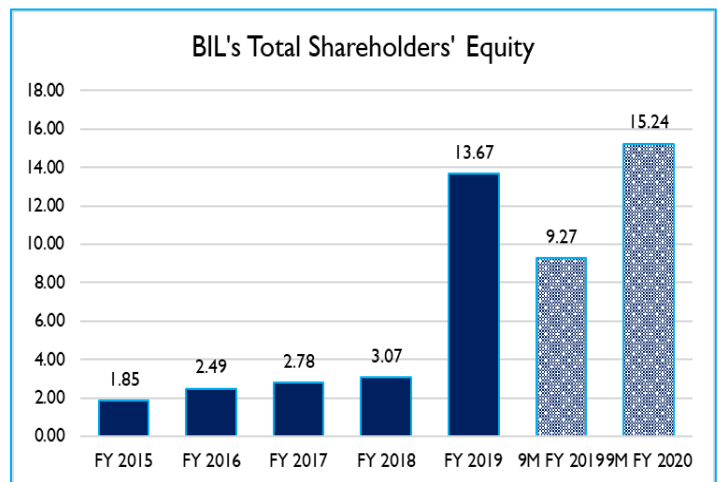
In the quarter ended June 2020, Barita posted net profits of **J\$0.99B**, the highest quarterly profits in the Company's history. Noteworthy, the performance during the quarter, was set within the context of the evolving COVID-19 pandemic, which is having a severe impact on financial markets but has created opportunities for the Company through its Treasury and Trading Unit, including crystalizing gains on securities it had in its portfolios.

BIL's Balance Sheet

BIL's on-balance sheet assets as at the end of June 2020 was **J\$52.1B**, having expanded by **27%** above the **J\$41.0B** it registered at the end of FY 2019. At the same time, the Company's liabilities moved from **J\$27.3B** to **J\$36.8B** led by its growth in securities sold under repurchase agreements.



In FY 2019, BIL conducted two successful rights issues raising **J\$9.9B** and a preference share offer raising **J\$1.0B** to support its balance sheet expansion. The capitalization events conducted in FY 2019 and record profits subsequently have resulted in the rapid expansion in shareholders' equity. At the end of FY 2019, BIL's shareholders' equity reached **J\$13.67B** and has increased further to reach **J\$15.24B** at the end of the 9 months ending June 30, 2020.

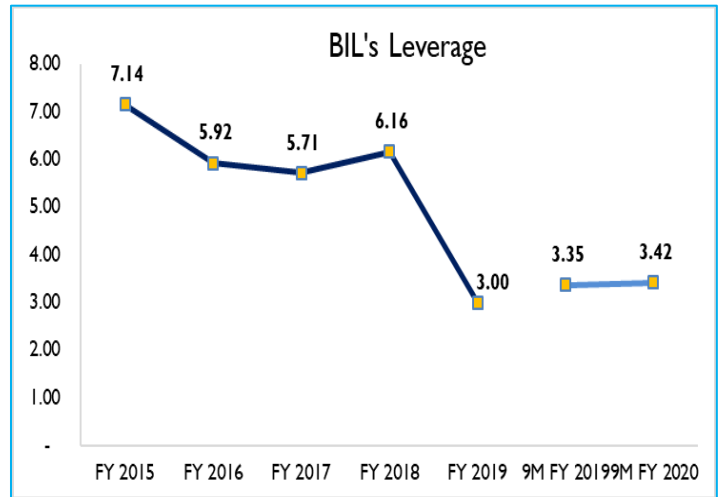


The Company's Capital to Risk-Weighted Assets Ratios as reported to the FSC as at the periods ended March 31, 2020 and June 30, 2020 were **41.1%** and **48.1%**, significantly above the regulatory minimum of **10.0%** and are indications of the Company's capacity to withstand shocks, especially in light of COVID-19.

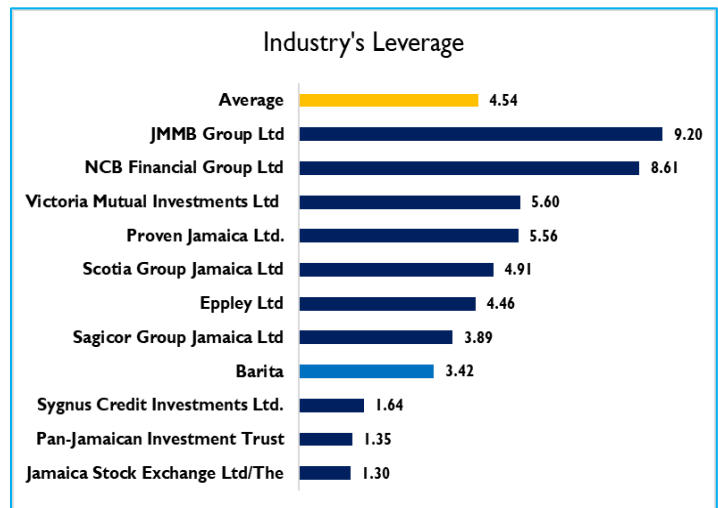
Capital to Risk Weighted Assets	Capital to Risk Weighted Assets
March 31, 2020	June 30, 2020
41.10%	48.10%

Solvency

Barita Investments Limited has maintained relatively low leverage ratios compared to its peers over the last years. BIL’s leverage ratio (Asset/Equity) which was **7.14X** in FY 2015 declined significantly to reach **3.42X** as at June 20, 2020. The rapid decline in leverage for the company was largely driven by the capitalization events in FY 2019 where the Company raised over **J\$10B** in equity capital. Typically, businesses with higher leverage are usually considered to be riskier. Barita’s lower leverage means the Company has lower fixed costs in its cost structure and is likely that its earnings will be less volatile than its higher levered industry peers. A comparison on BIL versus other financial services companies, listed on Jamaica Stock Exchange, shows that BIL ranks below the industry’s average of **4.54X**.



While higher leverage typically signals a higher risk in a company, the use of leverage is beneficial during times when the firm is earning profits, as those profits become amplified from an equity investor’s perspective. BIL’s leverage ratio, at **3.42X**, therefore indicates that the Company now has the capacity to take on additional debt before reaching the industry average which may be a further catalyst for its earnings growth.



Liquidity

BIL’s liquidity as measured by the current ratio could be described as satisfactory. The firm’s current ratio which stood at **1.14X** in FY 2015, averaged **1.21X** for the subsequent three years before increasing to **1.46X** in FY 2019, after the company completed its capitalization events. As COVID-19 evolves, one of the BIL’s strategy is to maintain a reservoir of highly liquid, unencumbered assets that can be readily sold or pledged to secure borrowings under stressed conditions to deal with the potential fallout from the crisis. At the end of the 9 months ending June 30, 2020, Barita’s current ratio deteriorated slightly to **1.30X** below the level it ended FY 2019.

POSITIVES



Strong Growth Potential

Since 2018, Barita has embarked on a massive talent acquisition drive, successfully raised over J\$10B in capital and delivered record profitability to its shareholders. With its current low leverage from its balance sheet strengthen activities and low-efficiency ratio indicates that the firm is in a good position to withstand shocks and provide a rare growth opportunity in the financial services sector.



Improving Leverage

Barita has been using equity funding to capitalize since acquisition. The equity events along with the company's record profitability, have led to significant improvements in the Company's leverage ratios. BIL's leverage which stood at 7.14X in FY 2015 was reported at 3.42X at the end of June 2020. BIL's low leverage relative to the industry peers indicates that the Company is relatively less risky than its peers.



Consistent Dividends

The Company provides a dividend yield of 2.24% as at August 2020 and has consistently paid dividends at least semi-annually. This presents an opportunity for investors to gain a higher total return, especially in the context of declining yields on fixed-income investments.



Diversification of Product Lines

Barita has managed to diversify its product lines over the last two years. BIL intends to use the proceeds from this APO to fund new products as well as expand the investment arm of the business. A more diversified income stream protects or increases profit margins in good times. The more diverse the firm's income is, the better it can weather adverse economic conditions.



Investment in Technology

Barita has over the last two years improved on its commitment to using technology and information to drive its service delivery and support the strategic requirements of the organization. Proceeds from this APO will also be geared at technological developments. The company also has a strong social media presence that seeks to engage with the younger and newer cohort of investors; ranking number one by followers with 80% engagement and over 70% leads converted

RISKS



Competitive Domestic Landscape

Barita operates in a competitive local environment characterized by several long-established and new entrants. However, continued income diversification and the new thrust to geographical expansion should minimize the impact of these competitive pressures.



Illiquidity of Stocks

Barita currently has a free float of ~11.13% which limits investor participation, increases risks by limiting investors ability to sell the stock if needs be to meet their target returns. The current APO should increase the free float available to common shareholders which is likely to improve on the stock's tradability.



Lack of Geographical Diversification

Barita currently only operates in Jamaica creating high geographical exposure to one country, Jamaica. Given that Jamaica is prone to natural disasters and other risk factors BIL's performance could potentially be affected. Notwithstanding, Barita has geared some of the proceeds to expand its geographical footprint which should be a mitigant to this risk.



Weak Macro-Economic Environment

The global economy is likely to contract in 2020 because due to COVID-19 has had on the economy. Locally, lower business and consumer confidence, as well as the growing unemployment, may lead to a lower pool of available funds for investment purposes. Within this context, BIL may find it more difficult to grow its revenues and profits. However, the drive by the Company to further diversify its revenues by segments and geography should help to cushion the fallout which may occur.



VALUATION ANALYSIS

BIL's Fair Value Estimate

To arrive at our fair value for BIL we used a Price/Earnings to Growth (PEG) valuation method.

I. Price/Earnings to Growth (PEG) Model

To arrive at the PEG ratio, we first calculated the Price to Earnings ratios for the companies in the financial services sector, listed on JSE. At an offer price of **J\$52.00** Barita's trailing P/E equates to **18.77X** while the industry average is **14.66X**. However, as the companies in the financial services sector are in multiple businesses with different risks, growth and return characteristics, a P/E comparison alone may not give an accurate picture of how relatively overvalued or undervalued each stock may be. A Company with a higher P/E may indicate higher future growth. A metric that addresses the impact of earnings growth on P/E is the P/E to Growth (PEG) ratio. This is calculated by dividing the P/E by expected growth.

Company	Price/ Earnings (X)
Eppley Ltd	17.44
JMMB Group Ltd	9.03
Pan-Jamaican Investment Trust	14.43
Sagicor Group Jamaica Ltd	18.74
NCB Financial Group Ltd	11.56
Scotia Group Jamaica Ltd	12.32
Victoria Mutual Investments Ltd	19.08
Industry Average P/E	14.66
Barita Investments Ltd	18.77

To estimate the growth for the companies within the sector, we average the annual growth of the companies included in the industry over the last five years. On a PEG basis, we observe that Barita is relatively undervalued with a PEG ratio of **0.16X** compared to the average ratio of **1.13X**.

To value the Barita shares using the average PEG method, we assume that Barita, with its lower leverage than its peers and its operational efficiency, is poised to grow at a faster pace than its peers. While over the last five years BIL grew its EPS annually on average by over **7.0X** more than its peers, we project BIL future growth in EPS at only **1.5X** the industry peer average.

If Barita grows at **1.5X** its peers' projected growth, its projected EPS growth equates to **24.37%**. When applied to the industry PEG of **1.13X** and trailing earnings of **J\$2.77** the stock is valued at **J\$76.08**.

Risks to Valuation

1. An increase in competition locally could lead to a reduction in growth or investment opportunities for the Company.
2. A greater global and local contraction than forecasted, with assets taking longer time (greater than 2 years) to recover, could lead to low growth in earnings within the financial sector for a long time.
3. Protracted weak consumer and business sentiments locally and regionally could lead to BIL having less investment banking deal opportunities and stifle one of the Company's growth area.
4. The investment in technology may not yield increased productivity within the planned timeline due to unforeseen issues with restructuring the business processes.

APPENDIX

JA\$- Sept Year End	2015	2016	2017	2018	2019	9M 2019	9M 2020
Revenues							
Interest Income	891,345	1,264,418	1,134,309	1,020,466	1,532,154	1,035,747	
Interest Expense	(626,043)	(898,365)	(847,438)	(598,178)	(881,155)	(598,845)	
Net Interest Income	265,302	366,053	286,871	422,288	650,999	436,902	836,545
Fee and commission income	170,896	343,553	475,726	505,210	847,372	721,603	1,393,457
Dividend Income	13,779	25,554	20,590	31,779	30,670	20,888	8,206
FX Gains	100,339	96,390	45,479	187,945	199,404	88,588	427,731
Gain on sale of investments	346,272	179,284	259,320	136,454	1,873,298	1,235,653	1,108,363
Other Income	8,685	6,613	21,996	20,987	378,031	312,186	2,601
Net Operating Income	905,273	1,017,447	1,109,982	1,304,663	3,979,774	2,815,820	3,776,903
Expenses							
Personnel costs	271,134	340,486	340,584	385,410	553,550	402,272	554,784
Administration	250,179	324,275	337,504	375,566	896,738	345,814	735,235
IFRS 9 provisioning							
Impairment of available for sale investments	-	4,692	100,159	-	75,162	80,725	13,715
Total Expenses	521,313	669,453	778,247	760,976	1,525,450	828,811	1,303,734
Operating Profit	383,960	347,994	331,735	543,687	2,454,324	1,987,009	2,473,169
Share of Results in associated company	(11,262)	(6,915)	-	-			
Profit before tax	372,698	341,079	331,735	543,687	2,454,324	1,987,009	2,473,169
Taxation	130,636	133,863	128,715	180,446	741,543	559,326	469,889
Net Profit	242,062	207,216	203,020	363,241	1,712,781	1,427,683	2,003,280

BALANCE SHEET EXTRACT							
JA\$- Sept Year End	2015	2016	2017	2018	2019	9M 2019	9M 2020
Assets							
Cash and Bank balances	217,002	339,863	429,123	333,685	787,920	1,281,934	2,572,419
Securities purchased under resale agreements	2,296,371	2,685,639	3,387,706	3,935,491	14,678,974	3,680,807	2,515,468
Marketable securities	3,908,760	3,938,843	2,526,849	3,503,728	11,042,562	10,325,910	4,900,903
Pledged assets	5,578,937	6,436,843	8,030,640	9,883,136	10,928,445	11,916,149	30,793,829
Interest receivables	-	-	-	-	-	286,189	643,246
Receivables	549,876	538,708	679,196	437,019	748,517	517,021	3,834,877
Taxation Recoverable	-	1,050	3,614	6,701		53,442	53,422
Loans receivable	291,243	424,541	354,558	403,064	751,846	1,817,095	2,074,291
Due from related parties	59,310	55,714	76,813	72,096	1,624,584	120,915	2,491,388
PP&E	226,367	228,078	269,364	243,533	353,275	313,785	666,606
Intangible assets	99,356	67,948	34,192	9,090	33,531	7,468	9,757
Investments	2	55,000	55,000	55,000	55,000	755,000	1,512,002
Investment in associated company	6,915	-					
Total Assets	13,234,139	14,772,227	15,847,055	18,882,543	41,004,654	31,075,715	52,068,208
Liabilities and shareholder's equity							
Liabilities							
Bank overdraft	22,502	-	15,339	311	71,819	3,440	112,646
Securities sold under repurchase agreements	10,861,027	11,471,723	12,030,842	14,362,540	24,092,810	19,539,035	30,736,447
Interest Payable						48,197	107,999
Payables	210,394	409,581	563,923	814,647	1,739,686	1,112,138	4,929,224
Due to related parties	33,572	24,391	5,776	8,348	77,711	12,082	577,407
Taxation Payable	123,040	55,175	96,280	44,612	730,500	163,673	94,771
Deferred tax liabilities	130,973	316,533	358,983	586,014	622,850	929,896	269,183
Total Liabilities	11,381,508	12,277,403	13,071,143	15,816,472	27,335,376	21,808,461	36,827,677
Shareholder's equity							
Share capital	736,304	736,304	736,304	740,427	10,699,381	5,547,318	10,880,310
Capital Reserve	69,799	69,799	93,133	93,133	111,466	120,632	111,466
Fair value reserve	17,077	500,551	604,884	910,697	685,248	832,410	72,291
Capital redemption reserve	220,127	220,127	220,127	220,127	220,127	220,127	220,127
Retained earnings	809,324	967,490	1,121,464	1,101,687	1,953,056	2,546,747	3,956,335
Total shareholder's equity	1,852,631	2,494,271	2,775,912	3,066,071	13,669,278	9,267,234	15,240,529
Total liabilities and shareholder's equity	13,234,139	14,771,674	15,847,055	18,882,543	41,004,654	31,075,695	52,068,206

BALANCE SHEET EXTRACT							
JAS- Sept Year End	2015	2016	2017	2018	2019	9M 2019	9M 2020
Cash Flows from Operating Activities							
Net Profit	242,062	207,216	203,020	363,241	1,712,781	1,427,683	2,003,280
Items not affecting cash resources:							
Depreciation and amortization	17,083	46,333	52,912	58,830	33,076	21,453	42,953
Effect of exchange gain on foreign balances	(73,189)	(120,804)	(21,729)	(125,336)	42,941	18,290	(262,983)
Impairment of available-for-sale investments		4,692	92,805	(150)		80,725	13,715
FMV gains/losses - equity						(1,031,751)	59,845
Unrealized gain on investment FVTPL					(120,832)		
Interest income	(891,345)	(1,264,418)	(1,136,093)	(1,021,945)	(1,532,154)	(1,035,747)	(1,472,478)
Interest expense	626,043	898,365	849,222	599,657	881,155	598,845	635,933
Share of results of investment in associated company	11,262	6,915					
Loss on disposal of property, plant and equipment	39		(4,417)	9,678	733		
Taxation expense	130,636	133,863	128,715	180,446	741,543	559,326	469,889
	62,591	(87,838)	164,435	64,421	1,759,243	638,824	1,490,154
Changes in operating assets and liabilities							
Investment securities including pledged assets, net	1,482,310	(30,337)	(212,016)	(1,986,497)	(8,929,521)	(7,592,150)	(6,327,363)
Securities purchased under resale agreements, net	(741,476)	(323,294)	(699,286)	(516,199)	(10,728,531)	254,684	1,476,000
Securities sold under resale agreements, net	(870,949)	433,117	756,359	2,048,852	10,448,911	5,224,716	6,702,532
Receivables	(38,881)	11,168	(82,172)	267,648	(305,109)	(296,320)	(3,139,782)
Loans receivable, net	(91,773)	(133,298)	(11,481)	(36,414)	(348,782)	(1,402,761)	(346,531)
Payables	152,132	199,187	154,342	(31,988)	27,805	297,491	2,835,871
Related companies	(12,123)	(5,585)	(39,479)	8,205	(1,484,235)	(45,084)	(367,108)
	(58,169)	63,120	30,702	(181,972)	(9,560,219)	(2,920,600)	2,323,773
Interest received	941,346	1,265,155	1,139,862	1,016,422	1,525,608	963,304	1,048,913
Interest paid	(642,673)	(895,717)	(861,035)	(612,652)	(870,481)	(598,869)	(586,828)
Income tax paid	(59,727)	(230,716)	(174,682)	(176,692)	(132,409)	(96,383)	(914,669)
Cash (used in)/provided by operating activities	180,777	201,842	134,847	45,106	(9,037,501)	(2,652,548)	1,871,189
Cash Flows from investing activities							
Purchase of property, plant and equipment	(8,545)	(16,468)	(27,763)	(3,879)	(122,199)		
Purchase of intangible asset	(17,400)	(168)		(13,697)	(30,794)		
Investment in preferred shares						(700,000)	(707)
Proceeds from disposal of property, plant and equipment			6,738		12,501	(90,084)	(332,509)
Cash used in investing activities	(25,945)	(16,636)	(21,025)	(17,576)	(140,492)	(790,084)	(333,216)
Cash Flows from financing activities							
Dividends paid	(31,211)	(49,050)	(49,046)	(114,117)	(399,216)	(413,270)	
Issued ordinary shares					9,142,186	3,995,539	
Treasury shares purchased	(7,711)				(183,232)	(188,648)	180,929
Issued preference shares					1,000,000	1,000,000	
Cash provided/ (used in) financing activities	(38,922)	(49,050)	(49,046)	(114,117)	9,559,738	4,393,621	180,929
Effect of exchange rate on cash and cash equivalents	4,997	9,207	9,145	6,177	982	(5,868)	24,772
Increase in net cash and equivalents	120,907	145,363	73,921	(80,410)	382,727	945,121	1,743,674
Cash and cash equivalents at beginning of year	73,593	194,500	339,863	413,784	333,374	333,374	716,101
Cash and cash equivalents at end of year	194,500	339,863	413,784	333,374	716,101	1,278,495	2,459,775

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