

JAMAICA MONEY MARKET BROKERS LIMITED

Results for the Nine-Month

Period Ended 30 November 2003

Commentary

The directors are pleased to present the unaudited results of Jamaica Money Market Brokers Limited (JMMB) group for the nine-month period ended November 30, 2003.

The Group recorded a net profit of J\$1.01 billion, an increase of J\$359.5 million or 55.2% over the corresponding period last year. This performance in after tax profit was primarily due to a strong outturn at our associated company (Caribbean Money Market Brokers Limited), Gains on Securities Trading, and a rebound in Net Interest Income, following the negative impact of the significant interest rate and foreign exchange volatility experienced earlier in the fiscal year.

Operating expenses grew 30.2% reflecting expansion in our infrastructure to facilitate the continued strong growth in our business. Notwithstanding the growth in expenses, operating expenses as a percentage of gross operating revenues fell from 10.7% to 9.1%. As a result of the foregoing, the operating profit for the nine-month period was J\$666.1 million compared to J\$620.8 million for the prior year.

Total assets at the end of the quarter was J\$58.8 billion, an increase of J\$11.3 billion or 23.8% over last year's J\$47.5 billion.

Shareholders' equity increased by J\$1.01 billion or 61.0% to J\$2.7 billion over the same period last year.

Looking forward, we will continue to pursue growth opportunities through establishing operations in, other Caribbean islands and in launching products that will continue to diversify our revenue base.

Notes to the interim financial statements

1. Accounting Policies

(a) Basis of preparation

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention as modified by the inclusion of trading and available for sale securities, which are stated at market value.

The Group adopted International Financial Reporting Standards as at March 1, 2003. The financial effect of adopting these standards is reported in the Statement of Changes in Equity.

Certain Originated Loans and Available for Sale securities were misclassified as Securities Held for Trading as at August 31, 2003. The statement of changes in equity and balance sheet have been restated to correct this misclassification resulting in an immaterial effect on the reported quarterly income.

(b) Investments

Investments are classified as Trading, Originated, Held to Maturity or Available for Sale, and are initially recorded at cost. Management at the time of purchase determines an appropriate classification based on intent and

ability to hold.

Originated Loans and Held to Maturity Investments are subsequently measured at amortised cost.

Available for Sale investments are subsequently measured at fair value. On adoption of IFRS, any difference between the carrying amount and the fair value of the investments was carried to the fair value reserves. Gains and losses that arise from a change in the fair value of these investments are recorded in the fair value reserves.

Trading securities are measured at market value. Gains or losses arising from changes in fair value are recorded in the profit and loss account.

(c) Deferred taxation

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements at current corporation tax rates.

(d) Employee benefits

Provision is made for the cost of vacation leave in respect of services rendered by employees up to the balance sheet date.

(e) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents comprise cash at bank and in hand and short term deposits with the Central Bank.

(f) Comparative information

Where necessary, comparative figures have been reclassified and or restated to conform to changes in the current year.

(g) Earnings per stock unit (EPS)

Earnings per stock unit (EPS) is based on the group net profit for the period divided by the weighted average number of 25 Jamaican cents stock units in issue during the period, numbering 1,463,386,752.

(h) Dividends

Dividends are recognized as a liability in the period that they are approved by the board of directors

(i) Segment reporting

The group is organized into two business segments which provide services that are subject to risks and returns dissimilar to each other:

- this incorporates brokering and dealing in money market instruments.
- Other - this incorporates operating foreign exchange cambios and managing funds on behalf of clients.

(j) Seasonality of Revenue

- Gain on Securities Trading is dependent on market conditions and may result in fluctuations in reported results from period to period.

Consolidated Balance Sheet

| | 30-Nov-03 J\$'000 | 28-Feb-03 J\$'000 | 30-Nov-02 J\$'000 |
|---------------------------------|----------------------|----------------------|----------------------|
| ASSETS | | | |
| Cash & cash equivalent | 939,862 | 1,588,541 | 601,461 |
| Resale agreements & investments | 52,050,934 | 45,013,049 | 44,195,932 |
| Interest and other receivables | 4,385,841 | 3,007,690 | 2,188,360 |

| | | | |
|--------------|-------------------|-------------------|-------------------|
| Other assets | 607,946 | 503,797 | 301,118 |
| Deferred tax | 446,449 | 429,309 | 4,707 |
| Fixed Assets | 324,021 | 298,216 | 245,901 |
| | <u>58,755,053</u> | <u>50,840,602</u> | <u>47,537,479</u> |

LIABILITIES & SHAREHOLDERS` EQUITY

| | | | |
|--|-------------------|-------------------|-------------------|
| Repurchase agreements | 53,094,764 | 47,234,208 | 44,716,949 |
| Interest payable and other liabilities | 2,899,939 | 1,752,578 | 1,160,842 |
| Proposed dividend | 87,806 | 0 | 0 |
| Retained earnings | 2,493,593 | 1,632,979 | 1,196,110 |
| Fair value (deficit) / reserves | (200,671) | (158,785) | 83,956 |
| Share capital | 379,622 | 379,622 | 379,622 |
| | <u>58,755,053</u> | <u>50,840,602</u> | <u>47,537,479</u> |

Consolidated Statement of Income

| | 9 Months ended 30-Nov-03 J\$'000 | 9 Months ended 30-Nov-02 J\$'000 | 6 Months ended 31-Aug-03 J\$'000 | 6 months ended 31-Aug-02 J\$'000 | Quarter ended 30-Nov-03 J\$'000 | Quarter ended 30-Nov-02 J\$'000 |
|--------------------------------|---|---|---|---|--|--|
| Revenues | | | | | | |
| Interest Income | 6,456,352 | 4,187,665 | 4,268,909 | 2,690,901 | 2,187,443 | 1,496,764 |
| Interest expense | (5,863,361) | (3,560,279) | (3,995,328) | (2,240,358) | (1,868,033) | (1,319,921) |
| | 592,991 | 627,386 | 273,581 | 450,543 | 319,410 | 176,843 |
| Gains on Securities | | | | | | |
| Trading | 585,010 | 361,619 | 373,130 | 424,473 | 211,880 | (62,854) |
| Other fees & trading income | 142,208 | 134,068 | 99,137 | 83,612 | 43,071 | 50,456 |
| | | | | | - | - |

| | | | | | | |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|------------------|
| | 1,320,209 | 1,123,073 | 745,848 | 958,628 | 574,361 | 164,445 |
| Operating expenses | | | | | | |
| - staff costs | (293,238) | (243,018) | (180,514) | (167,510) | (112,724) | (75,508) |
| - other | (360,846) | (259,264) | (234,591) | (165,802) | (126,255) | (93,462) |
| | (654,084) | (502,282) | (415,105) | (333,312) | (238,979) | (168,970) |
| Operating profit | 666,125 | 620,791 | 330,743 | 625,316 | 335,382 | (4,525) |
| Other income/ (expenses) | | | | | | |
| Share of profits of associated | 441,093 | 150,428 | 308,446 | 81,700 | 132,647 | 68,728 |
| Other | 684 | 2,239 | - | 136 | 30,684 | 2,103 |
| Profit before tax | 1,107,902 | 773,458 | 639,189 | 707,152 | 498,713 | 66,306 |
| Taxation | (96,570) | (121,602) | 89,503 | 28,675 | (186,073) | (150,277) |
| Profit after tax | 1,011,332 | 651,856 | 728,692 | 735,827 | 312,640 | (83,971) |
| EPS | \$0.69 | \$0.45 | \$0.50 | \$0.50 | \$0.21 | \$ (0.06) |

Note:

As a result of the adoption of International Financial Reporting Standards (IFRS), there have been significant changes in the accounting policies followed in these interim financial statements compared with those used in the audited financial statements for the year ended February 28, 2003 (which have been restated). Details of these changes are outlined in the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

| Share Premium | Share Premium | Retained Profits | Fair value Reserves/ (Deficit) | Total |
|---------------|---------------|------------------|--------------------------------|---------|
| J\$'000 | J\$'000 | J\$'000 | J\$'000 | J\$'000 |

Balances at Feb. 2003

| | | | | | |
|-------------------------------------|---------|--------|-----------|-----------|-----------|
| as previously reported | 365,847 | 13,775 | 1,489,729 | - | 1,869,351 |
| Effect of adopting IFRS | | | | | |
| IAS 39- Financial instruments: | | | | | |
| Recognition and measurement | - | - | (29,991) | (324,865) | (354,856) |
| IAS 12- Income taxes | - | - | 133,507 | 186,159 | 319,666 |
| IAS 10- Events after the | | | | | |
| balance sheet date | - | - | 114,970 | - | 114,970 |
| IAS 19- Employee Benefits | - | - | (14,758) | - | (14,758) |
| as stated, previous quarter | 365,847 | 13,775 | 1,693,457 | (138,706) | 1,934,373 |
| Effects of correction to | | | | | |
| portfolio classification | | | (60,478) | (20,079) | (81,831) |
| as restated | 365,847 | 13,775 | 1,632,979 | (158,785) | 1,852,542 |
| Net gains/(losses) not | | | | | |
| recognised in the profit and | | | | | |
| loss account: | | | | | |
| Dividend Proposed and paid | - | - | (150,718) | - | (150,718) |
| Fair Value adjustment | - | - | - | 140,447 | 140,447 |
| Share of fair value reserves | | | | | |
| of Associated Co. | - | - | - | (182,886) | (182,333) |
| Total | - | - | (150,718) | (41,886) | (192,604) |
| Net profit | - | - | 1,011,332 | - | 1,011,332 |
| Balance at November 30, 2003 | 365,847 | 13,775 | 2,493,593 | (200,671) | 2,671,270 |

STATEMENT OF CHANGES IN EQUITY

| | Share | Share | Retained | Fair value | |
|------------------------|---------|---------|----------|-------------------|-----------|
| | Capital | Premium | Profit | Reserve/(Deficit) | Total |
| | J\$'000 | J\$'000 | J\$'000 | J\$'000 | J\$'000 |
| Balances at Feb. 2002 | | | | | |
| as previously reported | 365,847 | 13,775 | 794,389 | - | 1,174,011 |

| | | | | | |
|---|---------|--------|-----------|-----------|-----------|
| Effect of adopting IFRS | | | | | |
| IAS 39- Financial instruments: | | | | | |
| Recognition and measurement | - | - | (172,650) | (249,876) | (422,526) |
| IAS 12- Income taxes | - | - | 82,083 | 56,221 | 138,304 |
| IAS 10- Events after the balance sheet date | - | - | 56,621 | - | 56,621 |
| IAS 19- Employee Benefits | - | - | (10,682) | - | (10,689) |
| Share of fair value reserves of Associated Co. | | | | 111,187 | 111,187 |
| as restated, previous quarter | 365,847 | 13,775 | 749,761 | (82,468) | 1,046,915 |
| Effects of correction to portfolio classification as restated | | | (6,673) | 38,915 | 32,242 |
| | 365,847 | 13,775 | 743,088 | (43,553) | 1,079,157 |
| Net gains/(losses) not recognised in the profit and loss account: | | | | | |
| Fair value adjustment | - | - | - | 176,940 | 176,940 |
| Deferred taxes | - | - | - | (54,577) | (54,577) |
| Dividend paid | - | - | (198,834) | - | (198,834) |
| Share of fair value reserves of Associated Co. | - | - | - | 5,146 | 5,146 |
| Total | - | - | (198,634) | 127,509 | (71,325) |
| Restated net profit | | | 651,856 | - | 651,856 |
| Balance at November 30, 2002 | 365,847 | 13,775 | 1,196,110 | 83,956 | 1,659,688 |

STATEMENT OF GROUP CASH FLOWS

| | |
|-----------|-----------|
| 30-Nov-03 | 30-Nov-02 |
| JP\$ '000 | JP\$ '000 |

| | | |
|---|-----------------------|-----------------------|
| Net Profit for the period | 1,043,743 | 651,856 |
| Items not involving cash | (15,865) | 26,981 |
| | <u>1,027,878</u> | <u>678,837</u> |
| | | |
| Cash flows from operating assets and liabilities | (1,592,595) | (5,441,725) |
| Net cash used by operating activities | <u>(564,717)</u> | <u>(4,762,888)</u> |
| | | |
| Cash flows from investing activities | (83,962) | (149,039) |
| Cash flows from financing activities | 0 | (117,180) |
| Net decrease in cash & cash equivalents | <u>(648,679)</u> | <u>(5,029,107)</u> |
| | | |
| Cash & cash equivalents at the beginning of the period | <u>1,588,541</u> | <u>5,630,568</u> |
| Cash & cash equivalents at the end of the period | <u>939,862</u> | <u>601,461</u> |
| | ===== | ===== |