

JAMAICA MONEY MARKET BROKERS LIMITED

Unaudited group results for the quarter ended

June 30, 2004

Directors' Statement

We are pleased to report on the group's result for first quarter of the fiscal year ending March 31, 2005.

The group's profit before tax for the quarter ended June 30, 2004 was \$415.4 million, an increase of 144.5% over the corresponding period last year. However, profit after tax was \$215.4 million compared to last year's \$297.5 million as a result of provisions for deferred taxes.

Operating profit revealed a significant increase from \$10.7 million in the corresponding period last year to the current \$320.5 million.

Net interest income, the largest contributor to group revenue was \$359.7 million compared to negative \$16.5 million a year ago. This significant turnaround was primarily due to a more stable interest rate environment coupled with effective management of spreads. Share of profits of associated companies continued to make a healthy contribution to the group's profitability and was \$94.8 million compared to \$159.1 million last year.

The group's asset base increased from \$51.7 billion last year to \$58.9 billion in the current period, an increase of 13.9%. Total assets at the end of the period was however 3.7% lower than the position at March 31, 2004 due to normal market activities. Shareholders'

equity however, remained strong, and stood at \$3.5 billion at the end of the quarter notwithstanding usual market price fluctuations in our available-for-sale portfolio, which, based on IFRS accounting, resulted in the 13.8% reduction on comparing the end of quarter position with the \$4.0 billion at March 31, 2004

Having successfully launched the JMMB Securities Select Index Fund last year, the group will be expanding its menu of services in areas such as insurance brokerage and financial planning in the short term. The group will also be increasing its presence in Trinidad later this year.

We wish to take this opportunity to acknowledge our valued clients, dedicated team members, esteemed shareholders and other stakeholders for their loyalty and unwavering support over the years. We are pleased to report that we anticipate that the financial year ahead will be another strong one, in which the group will continue to successfully meet all challenges, build on past achievements and pursue activities that should generate sustainable growth in revenues and profitability.

Keith P. Duncan, Deputy Managing Director

Noel A. Lyon, Chairman

Unaudited Statement of Group Revenue and Expenses

Quarter Ended June 30, 2004

	Unaudited	Unaudited	Audited
	30-Jun-04	30-Jun-03	Thirteen months ended 31-Mar-04
	J\$ '000	J\$ '000	J\$ '000
Net Interest income and other operating revenue			
Interest income	1,962,079	1,856,116	9,257,999
Interest expense	(1,602,373)	(1,872,572)	(8,319,728)
Net interest income/(expense)	359,706	(16,456)	938,271
Gains on securities trading, net	191,219	183,272	857,126
Fees and commissions	20,586	34,140	146,058
Foreign exchange margins from cambio trading	4,357	21,672	49,074
	575,868	222,628	1,990,529
Administrative expenses	(255,392)	(211,951)	(1,001,663)
Operating profit	320,477	10,676	988,866
Other income			
Share of profits of associated companies	94,755	159,089	527,156
Other	211	115	2,582
Profit before income tax	415,443	169,881	1,518,604
Income Tax	(200,077)	127,625	28,551
Net profit for the period	215,365	297,505	1,547,155
Earnings per stock unit	\$0.15	\$0.20	\$1.06

Unaudited Group Balance Sheet

As at June 30, 2004

	Unaudited as at 30-Jun-04 J\$' 000	Unaudited as at 30-Jun-03 J\$' 000	Audited as at 31-Mar-04 J\$' 000
ASSETS			
Cash & cash equivalents	896,959	1,121,964	652,268
Resale agreements & investments	53,915,756	46,593,789	55,887,965
Interest and other receivables	2,861,198	2,536,042	3,400,938
Other assets	797,055	666,077	875,646
Deferred taxation	126,177	467,259	71,818
Property, plant and equipment	337,534	315,460	326,996
	58,934,679	51,700,592	61,215,631
LIABILITIES & SHAREHOLDERS' EQUITY			
Liabilities			
Repurchase agreements	54,230,582	47,732,677	55,102,420
Interest payable and other liabilities	1,243,971	1,559,667	2,101,102
	55,474,553	49,292,344	57,203,522
Shareholders' equity			
Retained earnings	3,038,764	1,951,210	2,969,738
Investment revaluation reserve	41,740	77,416	662,749
Share capital and premium	379,622	379,622	379,622
	3,460,126	2,408,248	4,012,109
	58,934,679	51,700,592	61,215,631

Unaudited Group Statement of Changes in Shareholders' Equity

Quarter ended June 30, 2004

	Share Capital J\$'000	Share Premium J\$'000	Retained profits J\$'000	Investment Revaluation Reserve J\$'000	Total J\$'000
Balances at February 28, 2003 as restated using IFRS (audited)	365,847	13,775	1,573,312	(91,398)	1,861,536
Balances at March 31, 2003 as restated using IFRS (unaudited)	365,847	13,775	1,653,705	(520,758)	1,512,569
Unrealized gain on available-for-sale portfolio, net of taxes	-	-	-	598,174	598,174
Net profit for quarter ended 30-Jun-03	-	-	297,505	-	297,505
Balances at June 30, 2003	365,847	13,775	1,951,210	77,416	2,408,248
Balances at March 2004 (audited)	365,847	13,775	2,969,738	662,749	4,012,109
Unrealized loss on available-for-sale portfolio, net of taxes	-	-	-	(621,009)	(621,009)
Net profit for quarter ended 30-Jun-04	-	-	215,365	-	215,365
Dividends paid	-	-	(146,339)	-	(146,339)
Balances at June 30, 2004	365,847	13,775	3,038,764	41,740	3,460,126

Profits retained in the financial statements of:

	2,004	2,003
	J\$'000	J\$'000
The Company	2,981,816	1,947,157
The subsidiaries	56,948	4,053
	3,038,764	1,951,210

Unaudited Statement of Group Cash Flows

Quarter ended June 30, 2004

	Unaudited 30-Jun-04 J\$'000	Unaudited 30-Jun-03 J\$'000
Cash flows from operating activities		
Net Profit for the period	215,365	297,505
Items not involving cash	107,414	66,414
	<u>322,779</u>	<u>363,919</u>
Cash flows from operating assets and liabilities	(280,923)	254,961
Net cash provided by operating activities	41,856	618,880
Net cash provided/(used) by investing activities	1,264,231	(2,392,461)
Net cash (used)/provided by financing activities	(1,061,396)	1,581,522
Net increase/(decrease) in cash & cash equivalents	244,691	(192,059)
Cash & cash equivalents at beginning of period	652,268	1,314,023
Cash & cash equivalents at end of period	896,959	1,121,964

Notes to the Financial Statements

Quarter ended June 30, 2004

1. 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 for the inclusion of trading and available for sale securities, which are stated at market value.

Accounting policies applied in these financial statements are consistent with those used in the audited financial statements for the period ended March 31, 2004.

These financial statements are presented in Jamaican dollars.

2. Significant Accounting Policies

(a) 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.

Investments held for trading are carried at fair value, with changes in fair value being recognized in the statement of group revenue and expenses. Where the group acquires instruments on the primary market, other than those, if any, for trading, they are classified as originated securities, and are measured at amortized cost less impairment losses. Where the group has the positive intent and ability to hold investments to maturity, they are classified as held-to-maturity investments and measured at amortized cost less impairment losses. Other investments are classified as available-for-sale and are stated at fair value, except where fair value cannot be reliably determined. Gains or losses arising from changes in fair value are included in investment revaluation reserve.

The fair value of investments is based on their quoted market bid price at the balance sheet date without any deduction for transaction costs. Where a quoted market price is not available, fair value is estimated using a generally accepted alternative such as discounted cash flow.

Investments are recognized or de-recognized by the company on the date of settlement.

(b) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of revenue and expenses except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

(i) Current income tax

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to income tax payable in respect of previous years.

(ii) Deferred income tax

Deferred income tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(c) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents comprise cash in hand, bank balances and very short-term balances with other broker / dealers.

(d) Earnings per stock unit

Earnings per stock unit (EPS) is computed by dividing net profit of \$215,365,000

(2003: \$297,505,000) by the number of stock units in issue during the period, numbering 1,463,386,752 (2003:1,463,386,752).

(e) Segment Reporting

A segment is a distinguishable component of the group that is engaged either in providing products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. At this time there are no material segments into which the group's business may be broken down.

(f) Seasonality of Revenue

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