

## **Directors' Statement – Unaudited Three Months Results Ended June 30, 2005**

The directors are pleased to announce the three-month results for the period ended June 30, 2005. For the quarter, the group achieved after-tax profit of J\$441.8 million, a 105.1% increase over the comparative prior year quarter.

This was driven by:

- Effective management of interest rate spreads;
- Growth in asset base from expanded business;
- Increased contribution from associated companies overseas; and
- Lower deferred tax provision.

In a declining interest rate market, the group produced strong results, with net interest income increasing by J\$154.6 million, or 38.7%, over the prior year's quarter. This contributed to operating revenue net of interest expense, increasing by J\$92.2 million, quarter over quarter. The increase in administrative expenses resulted from a deliberate strategy associated with our business development and expansion programme.

We continue to see significant benefits from our investments overseas, as share of profits from associated companies increased by 61.0% to J\$152.6 million.

Our overall profit performance resulted in Earnings Per Share (EPS) for the quarter increasing by 100.0% to J\$0.30.

The group's asset base of J\$68.2 billion grew by J\$4.9 billion for the quarter and when compared to the comparative period last year, there was an increase of J\$9.2 billion. Group equity registered a significant increase of 62.4% over the prior year comparative quarter and now stands at J\$5.7 billion.

We continue to be excited about the prospects for the future as we have launched several new products in recent months. The Directors wish to thank our clients for their loyalty and support, and the staff for their dedication and commitment to our clients.

Keith P. Duncan  
President and Chief Operating Officer

Archibald Campbell  
Deputy Chairman

**JAMAICA MONEY MARKET BROKERS LIMITED****Group Balance Sheet****As at June 30, 2005**

	<b>Unaudited 3 Months 30-Jun-05 J\$'000</b>	<b>Unaudited 3 Months 30-Jun-04 J\$'000</b>	<b>Audited as at 31-Mar-05 J\$'000</b>
<b>ASSETS</b>			
Cash and cash equivalents	985,328	896,959	614,173
Interest and other receivables	3,311,189	2,819,256	3,425,988
Resale agreements & investments	61,573,586	53,915,756	57,123,103
Membership share	15,000	15,000	15,000
Interest in associated companies	1,874,882	895,648	1,579,425
Deferred tax asset	-	126,177	54,511
Computer software	65,094	57,051	83,345
Property, plant and equipment	368,562	280,483	348,848
	<b>68,193,641</b>	<b>59,006,330</b>	<b>63,244,393</b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
Interest payable and other liabilities	1,193,047	1,243,971	1,392,752
Repurchase agreements	59,130,801	54,230,582	54,791,793
Deferred tax liability	14,707	-	-
Loan payable	262,441	-	259,933
Notes Payable	1,850,100	-	1,505,525
	<b>62,451,096</b>	<b>55,474,553</b>	<b>57,950,003</b>
<b>Stockholders' Equity</b>			
Share capital	365,847	365,847	365,847
Share premium	13,775	13,775	13,775
Investment revaluation reserve	529,927	41,740	403,818
Cumulative translation reserve	221,771	113,593	192,427
Retained earnings	4,606,036	2,996,822	4,311,022
	<b>5,737,356</b>	<b>3,531,777</b>	<b>5,286,889</b>
Minority interest	5,189	-	7,501
Total Equity	<b>5,742,545</b>	<b>3,531,777</b>	<b>5,294,390</b>
	<b>68,193,641</b>	<b>59,006,330</b>	<b>63,244,393</b>

**Jamaica Money Market Brokers Limited**  
**Statement of Group Revenue and Expenses**  
**June 30, 2005**

	Unaudited 3 months 30-Jun-05 J\$'000	Unaudited* 3 months 30-Jun-04 J\$'000	Audited 12 months 31-Mar-05 J\$'000
Interest income	1,918,515	2,001,898	7,693,067
Interest expense	(1,364,401)	(1,602,373)	(5,781,548)
<b>Net interest income</b>	<b>554,114</b>	<b>399,525</b>	<b>1,911,519</b>
Gains on securities trading, net	87,163	151,410	543,278
Fees and commissions	18,893	20,586	85,356
Foreign exchange margins from cambio trading	7,935	4,357	26,657
<b>Operating revenue net of interest expense</b>	<b>668,105</b>	<b>575,878</b>	<b>2,566,810</b>
Administrative expenses	(335,144)	(255,392)	(1,206,293)
<b>Operating profit</b>	<b>332,961</b>	<b>320,486</b>	<b>1,360,517</b>
<b>Other Income</b>			
Share of profits of associated companies	152,581	94,755	394,901
Other	590	211	9,759
<b>Profit before income tax</b>	<b>486,132</b>	<b>415,452</b>	<b>1,765,177</b>
Income Tax	(44,314)	(200,077)	(113,504)
<b>Profit for period</b>	<b>441,818</b>	<b>215,375</b>	<b>1,651,673</b>
<b>Attributable to:</b>			
Equity holders of the parent	441,353	215,375	1,648,481
Minority interest	465	-	3,192
<b>Profit for period</b>	<b>441,818</b>	<b>215,375</b>	<b>1,651,673</b>
<b>Earnings per stock unit</b>	<b>\$0.30</b>	<b>\$0.15</b>	<b>\$1.13</b>

\* Restated

**JAMAICA MONEY MARKET BROKERS LIMITED**  
**Statement of Group Cash Flows**  
**June 30, 2005**

	Unaudited 3 Months 30-Jun-05 J\$'000	Unaudited 3 Months 30-Jun-04 J\$'000	Audited 12 Months 31-Mar-05 J\$'000
Profit attributable to the group	441,818	215,365	1,651,673
Items not involving cash	(69,490)	107,414	(202,393)
	372,328	322,779	1,449,280
Cash flows from operating assets and liabilities	(223,128)	(280,923)	(675,192)
<b>Net cash (used)/provided by operating activities</b>	<b>149,200</b>	<b>41,856</b>	<b>774,088</b>
<b>Net cash (used)/provided from investing activities</b>	<b>(4,610,475)</b>	<b>1,264,231</b>	<b>(2,003,603)</b>
<b>Net cash provided/(used) from financing activities</b>	<b>4,832,430</b>	<b>(1,061,396)</b>	<b>1,107,978</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>371,155</b>	<b>244,691</b>	<b>(121,537)</b>
Cash and cash equivalents at the beginning of the period	614,173	652,268	735,710
<b>Cash and cash equivalents at end of period</b>	<b>985,328</b>	<b>896,959</b>	<b>614,173</b>

**Group Statement of Changes in Stockholders' Equity**  
**June 30, 2005**

	Share Capital J\$'000	Share Premium J\$'000	Investment revaluation reserve J\$'000	Cumulative translation reserve J\$'000	Retained Profits J\$'000	Total attributable to equity holders of the parent J\$'000	Minority interest J\$'000	Total J\$'000
<b>Balances at March 31, 2004 (audited)**</b>	<b>365,847</b>	<b>13,775</b>	<b>662,749</b>	<b>113,593</b>	<b>2,927,796</b>	<b>4,083,760</b>	-	<b>4,083,760</b>
Net unrealised gains and losses on available-for-sale portfolio, net of taxes	-	-	(621,009)	-	-	(621,009)	-	(621,009)
Profit for the period ended June 30, 2004	-	-	-	-	215,375	215,375	-	215,375
Foreign exchange translation differences	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	(146,339)	(146,339)	-	(146,339)
<b>Balances at June 30, 2004 (unaudited)</b>	<b>365,847</b>	<b>13,775</b>	<b>41,740</b>	<b>113,593</b>	<b>2,996,832</b>	<b>3,531,787</b>	-	<b>3,531,787</b>
<b>Balances at March 31, 2005 (audited)**</b>	<b>365,847</b>	<b>13,775</b>	<b>403,818</b>	<b>192,427</b>	<b>4,311,022</b>	<b>5,286,889</b>	<b>7,501</b>	<b>5,294,390</b>
Net unrealised gains and losses on available-for-sale portfolio, net of taxes	-	-	126,109	-	-	126,109	-	126,109
Profit for the period ended June 30, 2005	-	-	-	-	441,818	441,818	(2,312)	439,506
Foreign exchange translation differences	-	-	-	29,344	-	29,344	-	29,344
Dividends paid	-	-	-	-	(146,804)	(146,804)	-	(146,804)
<b>Balances at June 30, 2005 (unaudited)</b>	<b>365,847</b>	<b>13,775</b>	<b>529,927</b>	<b>221,771</b>	<b>4,606,036</b>	<b>5,737,356</b>	<b>5,189</b>	<b>5,742,545</b>

**Profits retained in the financial statements of:**

	<u>2005</u> J\$'000	<u>2004</u> J\$'000
The Company	4,546,181	2,903,733
The Subsidiaries	59,855	93,099
	<b>4,606,036</b>	<b>2,996,832</b>

\*\* Restated as per audited financial statements as at March 31, 2005

**Jamaica Money Market Brokers limited**  
**Group Financial Statements**  
**June 30, 2005**

**Notes to the Financial Statements**

**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, 2005.

These financial statements are presented in Jamaican dollars.

**2. Significant Accounting Policies**

**(a) Investments**

Investments are classified as trading, loans and receivables, 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 recognised 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 loans and receivables, and are measured at amortised 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 amortised cost less impairment losses. Other investments are classified as available-for-sale and are stated at fair value, with gains or losses arising from changes in fair value being 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 recognised or derecognised 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 realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

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

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.

**(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 attributable to equity holders of the parent of \$441,353,000 (2004: \$215,375,000) by the number of stock units in issue during the period, numbering 1,463,386,752 (2004:1,463,386,752).

**(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.

**3. Authorised share capital**

At the annual general meeting on July 28, 2005 the shareholders approved an increase in the authorized share capital by the creation of an additional 100 million ordinary shares of J\$0.25 each.

**4. Contingent Liability**

As was reported in the audited statements of March 31, 2005, the Commissioner, Taxpayer Audit and Assessment Department ("TAAD"), has written to the company advising that consideration received for the service of managing funds on behalf of clients, is subject to general Consumption Tax ("GCT"). However, in common with other licensed securities dealers providing this type of service in Jamaica, the company has not charged or paid GCT on the consideration received for this service. Counsel for the Jamaica Securities Dealers Association has written to the TAAD giving reasons why the consideration concerned is not the subject to GCT. Based on the foregoing, the amount of the liability, if any, in respect of the relevant periods has not yet been determined.