



MAYBERRY

INVESTMENTS LIMITED

Unaudited Financial Results

For the Third Quarter Ended 30 September, 2005

CHAIRMAN'S STATEMENT

On behalf of our Board of Directors I present our third quarter report to our shareholders for the period ended September 30th, 2005.

This quarter was a challenging one. Realised revenue (fees, dividend, gains from securities trading, net interest income and other income) for the quarter was \$168 million compared to \$48 million for the prior year, an increase of 250%, which was offset by unrealised mark to market losses of \$242 million.

During the third quarter, the All Jamaica Stock Exchange (JSE) index declined by 12% whereas, the year to date total decline to September 30th is 13%. Despite the fall off in all the indices, our outlook for JSE listed companies held in our portfolio is favourable. We have significant holdings in Lascelles DeMercado & Company, Cable & Wireless, National Commercial Bank, Desnoes & Geddes and Capital & Credit Merchant Bank, Pan Caribbean Financial Services, Life of Jamaica, Jamaica Producers Group and The Gleaner Company.

During the quarter we recognised twenty-six members of staff who have been with the company for between five and twenty years and had accumulated up to 260 years of service to the company. We wish to thank these employees for their hard work and dedication.

■ Performance Highlights

Our year to date net interest income and other operating revenues stood at \$374 million compared to \$600 million for the same period last year, a decrease of \$226 million or 37.7%. Our year to date net profit was \$117 million compared to \$325 million for the corresponding period in September 2004. This was due primarily to a negative movement in the unrealised mark to market losses of \$325 million year over year, which was partially offset by \$99 million increase in realised revenue.

Expenses

Our administrative expenses at September 30th, 2005 stood at \$341 million compared to \$238 million for the similar period for 2004. This was due to an increase in the staff complement and other overhead expenses (2005 - 106 employees: 2004 - 69 employees).

Our overall results include a \$20 million write off of Dyoll group shares. The Dyoll group shares began trading subsequent to September 30th 2005 and the relevant adjustments will be made in our 4th quarter results.

Assets and Liabilities

There has been a 1.6% overall increase in the asset base since December 2004. This was due in part to the increase in our loans and other receivables. Our overseas investments and loans due to overseas brokers were reduced.

We have made changes to our fixed income portfolio, which have improved our net interest income over the quarter ended June 30th. These changes have also strengthened our capital to risk weighted asset ratio, which was 58% at the end of June 2005 and is currently 73%. The FSC benchmark is 10%. The company has a capital base of \$2.6 billion as at September 30th, 2005 compared with \$962 million as at December 2004.

Mayberry Investments Limited began operations in 1985 and has consistently focused a large part of our investment activity in the stock market. Stocks have been a key part of our wealth building strategy. We are confident in the future of the stock market.

We wish to thank all of our employees, shareholders and clients for their continued support.

Christopher Berry
Chairman

STATEMENT OF REVENUES AND EXPENSES

FOR THE QUARTER ENDED 30 SEPTEMBER 2005

	UNAUDITED Quarter Ended 30 September 2005	UNAUDITED Year to Date 30 September 2005	UNAUDITED Quarter Ended 30 September 2004	UNAUDITED Year to Date 30 September 2004	AUDITED Year Ended 31 December 2004
	\$'000	\$'000	\$'000	\$'000	\$'000
Interest income	402,001	1,259,748	518,688	1,782,018	2,339,564
Interest expense	(354,999)	(1,091,893)	(449,858)	(1,572,965)	(1,946,650)
Net interest income	47,002	167,855	68,830	209,053	392,914
Fees	12,589	78,422	10,010	44,006	66,584
Dividend income	20,513	32,363	2,769	7,665	10,005
Gain on sale of investments	66,888	201,289	(33,668)	173,432	117,536
Unrealised (loss)/gain on investment revaluations	(241,951)	(164,874)	197,225	159,763	166,180
Other income	20,787	59,419	456	6,202	20,546
Net interest income and other operating revenue	(74,172)	374,474	245,622	600,121	773,765
Write off of Dyoll shares	-	(20,238)	-	-	-
Administrative expenses	(120,741)	(341,424)	(61,299)	(238,612)	(376,501)
Profit before taxation	(194,913)	12,812	184,323	361,509	397,264
Taxation credit/(charge) (Note 1)	76,422	104,347	(43,396)	(36,860)	(18,880)
Net (Loss)/Profit	(118,491)	117,159	140,927	324,649	378,384
Weighted Average Number of Shares in Issue	1,128,758,697	1,128,758,697	856,250,000	856,250,000	856,250,000
Earnings Per Share	(\$0.11)	\$0.10	\$0.16	\$0.38	\$0.44
Diluted Earnings Per Share	(\$0.10)	\$0.10	\$0.12	\$0.27	\$0.31



MAYBERRY INVESTMENTS LIMITED

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For the Third Quarter Ended 30 September, 2005 (Cont'd)


BALANCE SHEET

AS AT 30 SEPTEMBER 2005

	(UNAUDITED) SEPTEMBER 2005 \$'000	(UNAUDITED) SEPTEMBER 2004 \$'000	(AUDITED) DECEMBER 2004 \$'000
ASSETS			
Cash resources	120,034	56,084	37,230
Loans and other receivables	729,474	36,227	441,727
Interest receivable	451,314	507,869	604,376
Capital management funds	2,502,078	1,862,916	1,992,743
Investments - held for trade	1,836,299	3,922,631	4,595,533
- available for sale	2,055,109	-	-
Securities purchased under agreements to resell - held for trade	8,537,416	10,618,870	8,539,198
- available for sale	98,967	-	-
Promissory notes	208,661	104,214	111,848
Deferred taxation (Note 2)	9,994	-	-
Taxation recoverable	-	9,792	-
Property, plant and equipment	150,884	113,905	113,549
TOTAL ASSETS	16,700,230	17,232,508	16,436,204
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES			
Bank overdraft	2,535	-	22,145
Interest payable	273,087	286,413	338,640
Loans	1,867,053	3,385,595	2,725,829
Accounts payable	30,871	103,262	146,661
Securities sold under agreements to repurchase	9,416,811	10,618,870	10,177,552
Capital management fund obligation	2,502,078	1,862,916	1,992,743
Deferred taxation (Note 2)	-	81,402	70,566
	14,092,435	16,338,458	15,474,136
STOCKHOLDERS' EQUITY			
Share capital	120,115	85,625	85,625
Share premium	1,453,429	-	-
Available-for-sale investments reserve	61,872	-	14,286
Retained earnings	972,379	808,425	862,157
	2,607,795	894,050	962,068
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	16,700,230	17,232,508	16,436,204

Approved for issue by the Board of Directors on 14 November 2005 and signed on its behalf by:


Christopher Berry
Director


Konrad Berry
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2005

	Share Capital	Share Premium	Available for Sale Reserve	Retained Profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2004	85,625	-	-	483,773	569,398
Net Profit	-	-	-	378,384	378,384
Fair value gain on available for sale investments	-	-	21,429	-	21,429
Deferred tax charge on unrealised gain	-	-	(7,143)	-	(7,143)
Balance at 31 December 2004	85,625	-	14,286	862,157	962,068
Balance at 1 January 2005	85,625	-	14,286	862,157	962,068
Share premium	-	1,446,702	-	-	1,446,702
Bonus issue of shares	210	6,727	-	(6,937)	-
Issued share capital	34,280	-	-	-	34,280
Fair value gain on available for sale investments	-	-	71,374	-	71,374
Deferred tax charge on unrealised gain	-	-	(23,788)	-	(23,788)
Net profit	-	-	-	117,159	117,159
Balance at 30 September 2005	120,115	1,453,429	61,872	972,379	2,607,795

STATEMENT OF CASH FLOWS

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2005

	Unaudited Quarter Ended 30 September 2005 \$'000	Unaudited Year to Date 30 September 2005 \$'000	Audited Year Ended 31 December 2004 \$'000
(Loss)/profit for the period	(194,913)	12,812	397,264
Adjustment to reconcile (loss)/profit for the period to net cash used in operating activities	47,985	14,421	(125,241)
Cash provided by/(used in) operating activities	135,514	(1,358,293)	(527,486)
Net cash used in operating activities	(11,414)	(1,331,060)	(255,463)
Net cash used in investing activities	(20,015)	(47,506)	(24,999)
Net cash (used in)/provided by financing activities	(2,063)	1,480,980	-
(Decrease)/increase in cash and cash equivalents	(33,492)	102,414	(280,462)
Effects of change in exchange rate on cash and cash equivalents	-	-	(88)
Cash and cash equivalents at beginning of period	150,991	15,085	295,635
Cash and cash equivalents at end of period	117,499	117,499	15,085

SIGNIFICANT ACCOUNTING POLICIES

QUARTER ENDED 30 SEPTEMBER 2005

(a) Basis of Preparation

The 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 revaluation of available-for-sale securities and trading securities.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(b) Revenue Recognition

Interest income is recognized in the statement of revenues and expenses for all interest bearing instruments on the accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed investments and discount or premium on financial instruments.

(c) Taxation

Taxation on the profit or loss for the period comprises current and deferred tax. Current and deferred taxes are recognized as income tax expense or benefit in the income statement, except where they relate to items recorded in shareholders' equity, they are also charged or credited to shareholders' equity.

(i) Current Taxation

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

(ii) Deferred Income Taxes

Deferred tax liabilities are recognized for temporary differences between the carrying amounts of assets and liabilities in the financial statements and their amounts as measured for tax purposes, which result in taxable amounts in future periods. Deferred tax is provided on temporary differences, except where the timing of reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future. Deferred tax assets are recognized for temporary differences which will result in deductible amounts in future periods, but only to the extent where it is probable that sufficient taxable profits will be available against which these differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realized or the liability will be settled based on enacted rates.

Current and deferred tax assets and liabilities are offset when they arise from the same taxable entity and relate to the same Tax Authority and when the legal right of offset exists.

Deferred tax is charged or credited in the statement of revenues and expenses except where it relates to items charged or credited to equity, in which case deferred tax is also accounted for in equity.

(d) Earnings per Stock Unit

Earnings per stock unit is based on the net profit for the period divided by the weighted average number of stock units in issue during the period.

(e) Investments

The Company classifies its investment securities as trading and available-for-sale securities. Management determines the appropriate classification of investments at the time of purchase.

Trading securities are those which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit taking exists. They are initially recognized at cost, which includes transaction costs, and subsequently remeasured at fair value. All related realized and unrealized gains and losses are included in net trading income.



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Unaudited Financial Results

For the Third Quarter Ended 30 September, 2005 (Cont'd)

SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

QUARTER ENDED 30 SEPTEMBER 2005

(e) Investments (Cont'd)

Available-for-sale securities are those intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates, foreign exchange rates or market prices. They are initially recognized at cost, which include transaction costs, and subsequently remeasured at fair value based on quoted bid prices or amounts derived from cash flow models. Unrealized gain and losses arising from changes in fair value of available-for-sale securities are recognized in shareholders' equity. When the securities are disposed of or impaired, the related accumulated unrealized gains or losses included in shareholders' equity are transferred to the statement of revenues and expenses.

All purchases and sales of investment securities are recognized at settlement date.

Where investments are unquoted, the Company determines the fair valuation by using pricing models or discounted cash flow analysis. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimate, discounted using recent arm's length transactions or the market rates at balance sheet date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at balance sheet date.

(f) Re-purchase and Reverse Repurchase Transactions

Transactions involving purchase of securities under agreements to resell (reverse repurchase agreements ["reverse repos"]) or sale of securities under the agreements to repurchase (repurchase agreements ["repos"]) are accounted for as short-term collateralised financing. The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the life of the agreement using the effective yield method. It is the policy of the Company to obtain possession of collateral with a market value equal to or in excess of the principal amount loaned under resale agreements.

(g) Discretionary Investment Funds Under Management

The Company accepts funds from individuals to manage with complete discretion and without reference to the account holders, in accordance with the relevant guidelines issued by the Financial Services Commission, taking into account the investment objective and risk profile of the account holder. These assets and income arising thereon are excluded from the financials statements, as they are not assets of the Company.

(h) Comparative Figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2005

1 Taxation credit/(charge)

	UNAUDITED Quarter Ended Sep-05 \$'000	UNAUDITED Quarter Ended September 2004 \$'000	AUDITED December 2004 \$'000
Company profit tax @ 33 1/3%	-	-	-
Deferred tax (credit)/charge	(76,422)	43,396	18,880
	<u>(76,422)</u>	<u>43,396</u>	<u>18,880</u>

Reconciliation of applicable tax charge/(credit) to the effective tax charge/(credit) for the period

	UNAUDITED Quarter Ended September 2005 \$'000	UNAUDITED Quarter Ended September 2004 \$'000	AUDITED December 2004 \$'000
(Loss)/profit before taxation	(194,913)	184,324	397,264
Tax (credit)/charge calculated at 33 1/3%	(64,970)	61,441	132,420
Expenses not deductible for tax purposes	318	80	348
Income not subject to taxation	(22,595)	(24,960)	(117,926)
Net effect of other allowances and charges	10,825	6,835	4,038
Taxation (credit)/charge	<u>(76,422)</u>	<u>43,396</u>	<u>18,880</u>

2 Deferred Taxation

Deferred taxes are calculated on all temporary differences under the liability method using effective tax rate of 33 1/3%. The movement in the net deferred tax liability/(asset) is as follows:

	UNAUDITED Quarter Ended September 2005 \$'000	UNAUDITED Quarter Ended September 2004 \$'000	AUDITED December 2004 \$'000
Balance at beginning of period	95,499	38,006	44,543
Deferred tax (credit)/charge	(76,422)	43,396	18,880
Deferred tax (credited)/charged on available-for-sale investment reserves	(29,071)	-	7,143
At end of period	<u>(9,994)</u>	<u>81,402</u>	<u>70,566</u>

Net deferred tax liability comprise the following items:

	UNAUDITED September 2005 \$'000	UNAUDITED September 2004 \$'000	AUDITED December 2004 \$'000
Deferred income tax assets:			
Tax losses carried forward	64,113	59,621	93,808
Deferred tax charge on unrealised loss on investment revaluation	54,952	-	-
Interest payable	91,019	95,461	112,879
	<u>210,084</u>	<u>155,082</u>	<u>206,687</u>
Deferred income tax liabilities:			
Property, plant and equipment	18,736	13,957	13,265
Interest receivable	150,423	169,273	201,453
Deferred tax charged on available-for-sale investment reserves	30,931	-	7,143
Deferred tax charged on unrealised gain on investment revaluation	-	53,254	55,392
	<u>200,090</u>	<u>236,484</u>	<u>277,253</u>
Net deferred tax (asset)/liability	<u>(9,994)</u>	<u>81,402</u>	<u>70,566</u>