



# MAYBERRY

## INVESTMENTS LIMITED

# Unaudited Financial Results

## For the 9 Months Ended 30 SEPTEMBER 2007

### CHAIRMAN'S STATEMENT

This quarter we posted an increase of 205% in our profit before taxation compared to the corresponding quarter ended 30 September 2006. Net profit for the quarter was \$93 million compared to \$50 million for the corresponding quarter, an increase of 86%. Earnings per share (EPS) also increased by \$0.08 bringing the total EPS to \$0.16, an increase of 76% over 2006 which recorded \$0.09 per share. This is a continuation of an improvement in our quarterly performance.

The Jamaica Stock Exchange (JSE) has not performed to our expectations however our other investments have performed ahead of expectations as well as commissions and fee income.

Although most market players are fearful that local interest rates will rise we feel that this is unlikely as the new Jamaica Labour Party led government has stated clearly that economic growth is their top priority.

#### ■ Mayberry Ranked Number 1 Broker

We continue to maintain our number 1 broker ranking by the Jamaica Stock Exchange. Mayberry was ranked 1st for the largest number of trades, 1st for the largest volume of shares traded and 1st for the highest dollar value of trades executed over the 9 months period ended 30 September 2007. This has been the first in recent times that any broker in this market has attained number 1 in all three categories. Once again we extend our appreciation to our customers for their continued support and for placing us in this position.

#### ■ Rights offer of Preference Shares

Over the last six months, Mayberry has experienced increased demand for its products including, in particular, its credit and related financing products. For this reason Preference Shares are being offered to shareholders on the Register of Members as at the close of business on October 19, 2007 (the "Record Date") in the proportion of one (1) Preference Share for every ten (10) ordinary stock units held as at the Record Date at the price of J\$3.00 per share, payable in full on application.

The Preference Shares will pay a fixed cumulative dividend of 12% per annum payable monthly on the 25th of each month and will be redeemable on September 25, 2010. The Company proposes to apply to the Jamaica Stock Exchange for the Preference Shares to be listed by way of Introduction. The offer will close on 6 November 2007.

#### ■ Employee Stock Option Plan

At the 20th Annual General Meeting of the Company held on July 31, 2006, the ordinary stockholders approved a resolution authorising the directors to set aside 30,000,000 ordinary shares for allocation and sale to directors, managers and staff pursuant to an Employee Stock Option Plan. The Trustees of the Plan, which is called the Mayberry Employees' Share Plan, currently hold 12,620,465 Mayberry stock units which were purchased in the market for purposes of implementing the Plan. On October 2, 2007, the Company issued 12,514,659 shares under the incentive stock options to members of staff. Under the Plan one-third of the shares, over which an employee is granted option, will vest annually over a 3-year period.

#### ■ PERFORMANCE HIGHLIGHTS

##### Statement of Revenues and Expenses

Our net profit for the 9 months period was \$187 million compared to \$107 million for the corresponding period, an increase of 76%; earnings per share were \$0.16 compared to \$0.09 for the corresponding period, an increase of 76%.

This quarter we posted an increase of 205% in our profit before taxation compared to the corresponding quarter ended 30 September 2006. Net profit for the quarter was \$93 million compared to \$50 million for the corresponding quarter.

Net interest income for the quarter was \$10.7million compared to \$72.6 million for the corresponding quarter. The reduction in net interest income was due to tighter liquidity conditions in the local market as well as increased interest costs on our overseas broker obligations. The reduction in net interest income was offset by increases in our fees and

commission and dividend income which increased by 116% and 96%, respectively, over the corresponding quarter. We recorded net trading loss of \$19.6 million for the quarter which resulted from the disposal of certain equity position as well as the redemption of certain bonds which were purchased at a premium.

We recorded substantial increase in our unrealised gains on investment revaluations. The unrealised gain recorded was approximately \$200 million.

Our operating expenses increased by 16% when compared to the corresponding 9 months. This increase is driven by increased staff costs and employee benefits.

We continue to record profits from our investment in Access Financial Services Ltd. (Access). Access has contributed \$8.5 million to our net profits compared to \$3.3 million for the corresponding period, an increase of 156%.

#### ■ BALANCE SHEET

##### Assets and Liabilities

There has been a \$569 million increase in our asset base over the comparative period which was due to increased funding from our institutional clients and client payable balances.

##### Regulatory Capital Requirements

Our capital base remains strong. Our capital to risk weighted asset ratio stood at 57% whereas the Financial Services Commission (FSC) benchmark stipulates a minimum of 14%. Our capital to total assets ratio was 13% whereas the FSC benchmark is 6%.

I wish to thank our management and staff for the hard work that they have put in this quarter. I also wish to thank our customers for their continued support over the past 22 years.

Christopher Berry  
CHAIRMAN

### STATEMENT OF REVENUES AND EXPENSES

#### FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2007

	UNAUDITED 3 Months Ended 30 September 2007 \$'000	UNAUDITED 3 Months Ended 30 September 2006 \$'000	UNAUDITED 9 Months Ended 30 September 2007 \$'000	UNAUDITED 9 Months Ended 30 September 2006 \$'000	AUDITED Year Ended 31 December 2006 \$'000
Interest income	550,303	689,077	1,627,099	1,779,373	2,361,389
Interest expense	(539,570)	(616,431)	(1,431,862)	(1,515,366)	(1,998,847)
Net interest income	10,733	72,646	195,237	264,007	362,542
Fees and commissions	18,307	8,479	56,691	36,997	102,672
Dividend income	14,029	7,168	53,994	34,303	43,412
Net trading (loss)/gains on investment	(19,687)	(15,056)	51,073	55,312	102,189
Unrealised gain on investment revaluations	210,429	48,418	171,745	223	65,364
Other income	2,856	(178)	6,896	1,326	2,009
Net interest income and other operating revenue	236,667	121,477	535,636	392,168	678,188
Net foreign exchange gain/(loss)	6,173	10,165	24,445	(39,360)	(9,476)
Administrative expenses	(117,425)	(93,072)	(320,744)	(276,044)	(393,832)
Share of result of associate	2,539	3,337	8,556	3,337	4,789
Profit before taxation	127,954	41,907	247,893	80,101	279,669
Taxation credit/(charge) (Note 1)	(34,021)	7,981	(60,872)	26,453	(18,466)
<b>Net Profit</b>	<b>93,933</b>	<b>49,888</b>	<b>187,021</b>	<b>106,554</b>	<b>261,203</b>
Weighted Average Number of Shares in Issue	1,201,149,291	1,201,149,291	1,201,149,291	1,201,149,291	1,201,149,291
Earnings Per Share	\$0.08	\$0.04	\$0.16	\$0.09	\$0.22



# MAYBERRY INVESTMENTS LIMITED

## Unaudited Financial Results

For the 9 Months Ended 30 September 2007 (Cont'd)

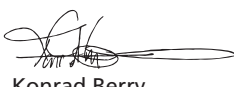
### BALANCE SHEET

AS AT 30 SEPTEMBER 2007

	(UNAUDITED) SEPTEMBER 2007 \$'000	(UNAUDITED) SEPTEMBER 2006 \$'000	AUDITED DECEMBER 2006 \$'000
<b>ASSETS</b>			
Cash resources	369,470	161,213	98,755
Government securities purchased under resale agreements	8,609,781	11,529,965	10,289,693
Investment securities	7,307,830	4,938,821	6,842,336
Capital management fund	2,781,602	2,823,438	2,989,905
Promissory notes	856,670	324,836	296,438
Interest receivable	354,726	520,943	505,373
Loans and other receivables	1,006,561	367,242	639,546
Deferred taxation	-	58,992	4,500
Property, plant and equipment	141,321	141,861	141,512
Investment in associate	51,705	42,481	43,149
<b>TOTAL ASSETS</b>	<b>21,479,666</b>	<b>20,909,792</b>	<b>21,851,207</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
Bank overdraft	92,188	42,511	208,750
Capital management fund obligation	2,781,602	2,823,438	2,989,905
Securities sold under repurchase agreements	12,909,127	13,393,819	13,621,648
Interest payable	250,967	270,444	239,129
Loans	2,274,333	1,693,621	1,146,738
Accounts payable	370,337	162,248	891,714
Deferred taxation	41,787	-	-
	18,720,341	18,386,081	19,097,884
<b>STOCKHOLDERS' EQUITY</b>			
Share capital	1,582,381	1,582,381	1,582,381
Fair value reserve	(94,516)	(108,575)	(33,612)
Retained earnings	1,271,460	1,049,905	1,204,554
	2,759,325	2,523,711	2,753,323
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>21,479,666</b>	<b>20,909,792</b>	<b>21,851,207</b>

Approved for issue by the Board of Directors on 30 October 2007 and signed on its behalf by:

  
Christopher Berry  
Director

  
Konrad Berry  
Director

### STATEMENT OF CHANGES IN EQUITY

FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2007

	Share Capital \$'000	Fair Value Reserve \$'000	Retained Profits \$'000	Total \$'000
Balance at 1 January 2006	1,582,381	53,732	943,351	2,579,464
Realized fair value losses transferred to consolidated statement of revenues and expenses	-	(23,616)	-	(23,616)
Unrealised losses on available for sale investments (net of taxes)	-	(138,691)	-	(138,691)
Net losses not recognized in consolidated statement of revenues and expenses	-	(162,307)	-	(162,307)
Net profit	-	-	106,554	106,554
<b>Balance at 30 September 2006</b>	<b>1,582,381</b>	<b>(108,575)</b>	<b>1,049,905</b>	<b>2,523,711</b>
Balance at 1 January 2007	1,582,381	(33,612)	1,204,554	2,753,323
Realized fair value gains transferred to consolidated statement of revenues and expenses	-	46,829	-	46,829
Unrealised losses on available for sale investments (net of taxes)	-	(107,733)	-	(107,733)
Net losses not recognized in consolidated statement of revenues and expenses	-	(60,904)	-	(60,904)
Dividend	-	-	(120,115)	(120,115)
Net profit	-	-	187,021	187,021
<b>Balance at 30 September 2007</b>	<b>1,582,381</b>	<b>(94,516)</b>	<b>1,271,460</b>	<b>2,759,325</b>

### STATEMENT OF CASH FLOWS

FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2007

	Unaudited 3 Months Ended 30 September 2007 \$'000	Unaudited 3 Months Ended 30 September 2006 \$'000	Unaudited 9 Months Ended 30 September 2007 \$'000	Unaudited 9 Months Ended 30 September 2006 \$'000	Audited Year Ended 31 December 2006 \$'000
Profit for the period	127,954	41,907	247,893	80,101	274,880
Adjustment to reconcile profit for the period to net cash used in operating activities	(223,360)	(292,204)	(372,998)	(888,000)	(487,208)
Cash provided by/(used in) operating activities	204,855	265,654	655,428	953,330	134,518
Net provided by/(used in) operating activities	109,449	15,357	530,323	145,431	(77,810)
Net cash used in investing activities	(2,934)	(40,248)	(143,046)	(41,802)	(45,217)
Increase/(decrease) in cash and cash equivalents	106,515	(24,891)	387,277	103,629	(123,027)
Effects of change in exchange rate on cash and cash equivalents	-	-	-	-	(2,041)
Cash and cash equivalents at beginning of period	170,767	143,593	(109,995)	15,073	15,073
Cash and cash equivalents at end of period	277,282	118,702	277,282	118,702	(109,995)



# MAYBERRY INVESTMENTS LIMITED

## Unaudited Financial Results

For the 9 Months Ended 30 September 2007 (Cont'd)

### SIGNIFICANT ACCOUNTING POLICIES

#### (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 fair value through profit and loss and available-for-sale securities. Management determines the appropriate classification of investments at the time of purchase.

Investment securities at fair value through profit and loss 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.

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 re-measured 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) Funds Under Discretionary 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.