



MAYBERRY

INVESTMENTS LIMITED

CHIEF EXECUTIVE OFFICER'S COMMENTARY ON FINANCIAL RESULTS

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010.

**Mayberry returns a
solid third quarter
performance**

PERFORMANCE HIGHLIGHTS

Net profit for the nine months ended 30 September 2010 was \$137.3 million which translates in earnings of \$0.11 per share. Net interest income grew by \$48.3 million or 30%, fees and commissions grew by \$123.9 million or 385%, net trading gains grew by \$216.6 million or 475%, over the corresponding period ended 30 September 2009. The growth in revenues was negated by the increase in net foreign exchange loss of \$374 million or 213% over the corresponding period ended 30 September 2009.

Administrative expenses totalled \$385 million and increased by 15% over the corresponding period ended 30 September 2009.

Performance for the Quarter

We continue to record significant growth in our fee based income as well as net trading gains. We are pleased with the level of growth achieved so far which is in line with our strategy to diversify and grow our revenue streams. The growth in fees and commission resulted from the execution of more fee based transactions and advisory services and the growth in net trading gains resulted from more transactions being completed as compared to the corresponding period.

In this quarter we recorded net profit of \$90.7 million. Our revenue performance was remarkable; we recorded \$232.6 million in overall revenues for the quarter, reflecting a 99% increase over the corresponding period. Net interest income grew by \$20.9 million or 43%, fees and commission increased by \$18.8 million or 148%, dividend income increased by \$18 million or 395%, trading gains improved by \$73.3 million or 195%, unrealised marked to market gains increased by \$29.5 million or 501%. The Jamaican dollar has shown signs of stability against its major trading counterparts which resulted in less foreign exchange loss being recorded this quarter as compared to the earlier quarters in 2010. Foreign exchange loss was \$7.3 million compared to a foreign exchange gain of \$21.2 million for the corresponding quarter.



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Share of Results of Associates

Year to date, our share of profit from Access was \$40.9 million; this has increased by \$25 million or 156% over the corresponding period. Our share of profit for the quarter was \$13.7 million, reflecting a 186% increase over the corresponding quarter. Access continues to expand its operations and has sustained a profitable growth trajectory. The market value of our 39% shareholding in Access has grown to \$591,843,000 since our initial investment of \$38,360,000, made in 2006

Expenses

Administrative expenses totalled \$127 million for the quarter compared to \$101 million for the corresponding period.

Balance Sheet

There has been a \$7.6 billion or 32% overall increase in our asset base over the corresponding period ended 30 September 2009. This was driven by increases in our investment securities of \$2.7 billion or 18%, reverse repurchase agreements \$1.6 billion or 704% and our funds under management of \$3.7 billion or 77%. The growth in our investment securities was provided by institutional funding.

During the quarter our 12% Cumulative Preference Shares were redeemed and the stock was delisted from the Jamaica Stock Exchange.

Regulatory Capital Requirements

Our capital base remains strong. Our capital to risk weighted asset ratio stood at 19% whereas the Financial Services Commission (FSC) benchmark stipulates a minimum of 14%. Our capital to total assets ratio was 7% whereas the FSC benchmark is 6%.

Exercise of Lasco Stock Options

As part of our contract with the Lasco Companies, we entered an Option Agreement for the purchase of stock units at an exercise price of \$2.50 per share. We took this step as a mark of our confidence in the long term investment value that Lasco brings through its products and services. We exercised all stock options on 5 October 2010 and the stocks remain a part of our portfolio holdings.



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Junior Stock Exchange Listings

We are proud to have been the lead broker for Lasco Distributors Limited, Lasco Financial Services Limited and Lasco Manufacturing Limited, in their Initial Public Offer of Shares. These offers were oversubscribed by approximately 341% - Lasco Distributors Limited; 318% - Lasco Manufacturing Limited and 141% - Lasco Financial Services Limited, for their respective public pool of shares. These companies raised in aggregate, approximately \$416 million in capital which is now available to expand their operations. The listings of these entities have brought the total number of companies listed on the Junior Stock Exchange to six. Again, we take this opportunity to encourage other unlisted small and medium sized companies to consider listing on Jamaica's Junior Stock Exchange as there are significant benefits to companies and shareholders from being listed.

I wish to thank our management and staff for the hard work that they have put in during this period, making it a success.

I also wish to thank our clients for their business over the past twenty-five years.

Gary Peart
Chief Executive Officer



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Consolidated Income Statement

FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2010

	<u>UNAUDITED</u> 3 Months Ended 30 September 2010	<u>UNAUDITED</u> 3 Months Ended 30 September 2009	<u>UNAUDITED</u> 9 Months Ended 30 September 2010	<u>UNAUDITED</u> 9 Months Ended 30 September 2009	<u>AUDITED</u> 12 Months Ended 31 December 2009
	\$'000	\$'000	\$'000	\$'000	\$'000
Interest income	349,190	491,609	1,181,906	1,724,092	2,093,929
Interest expense	<u>(280,253)</u>	<u>(443,555)</u>	<u>(973,702)</u>	<u>(1,564,235)</u>	<u>(1,835,713)</u>
Net interest income	68,937	48,054	208,204	159,857	258,216
Fees and commissions	31,546	12,717	156,080	32,185	47,987
Dividend income	22,570	4,562	50,582	73,999	101,965
Gain on sale of investments	110,838	37,510	262,199	45,622	24,281
Net foreign exchange (loss)/gain	(7,292)	21,186	(198,498)	175,890	268,294
Unrealised gain on investment revaluations	35,419	5,889	2,439	8,736	7,342
Loan provision recovered/written back	-	-	-	19,000	-
Other income	<u>1,632</u>	<u>2,415</u>	<u>18,760</u>	<u>12,067</u>	<u>15,731</u>
Net interest income and other operating revenue	263,650	132,333	499,766	527,356	723,816
Provision for credit losses	(15,343)	(9,018)	(12,346)	(27,041)	(62,075)
Depreciation and amortization	(6,658)	(6,601)	(20,915)	(19,796)	(27,445)
Administrative expenses	<u>(127,473)</u>	<u>(101,332)</u>	<u>(385,191)</u>	<u>(334,624)</u>	<u>(452,988)</u>
	114,176	15,382	81,314	145,895	181,308
Share of results of associate	<u>13,718</u>	<u>4,795</u>	<u>40,893</u>	<u>15,974</u>	<u>29,927</u>
Profit before taxation	127,894	20,177	122,207	161,869	211,235
Taxation (charge)/credit	<u>(37,221)</u>	<u>(2,728)</u>	<u>15,139</u>	<u>7,527</u>	<u>34,238</u>
Net Profit	<u>90,673</u>	<u>17,449</u>	<u>137,346</u>	<u>169,396</u>	<u>245,473</u>
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 Stock Unit	<u>\$0.08</u>	<u>\$0.01</u>	<u>\$0.11</u>	<u>\$0.14</u>	<u>\$0.20</u>

BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with the accounting policies as set out in note 2 audited financial statements for the year ended 31 December 2009.



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Consolidated Statement of Financial Position

AS AT 30 SEPTEMBER 2010

	(UNAUDITED) SEPTEMBER 2010 \$'000	(UNAUDITED) SEPTEMBER 2009 \$'000	AUDITED DECEMBER 2009 \$'000
ASSETS			
Cash resources	483,459	273,523	433,304
Investment securities	17,443,328	14,715,783	17,426,658
Reverse repurchase agreements	1,857,714	231,270	16,045
Capital management funds	8,398,842	4,743,786	4,687,130
Promissory notes	1,091,921	1,078,877	988,906
Interest receivable	181,303	337,392	454,340
Loans and other receivables	1,477,063	1,922,613	1,067,920
Deferred taxation	168,569	291,466	168,772
Investment property	8,432	8,432	8,432
Property, plant and equipment	103,426	106,802	122,999
Investment in associate	145,143	90,296	104,250
TOTAL ASSETS	31,359,200	23,800,240	25,478,756
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES			
Bank overdraft	117,877	168,826	16,042
Capital management funds obligation	8,398,842	4,743,786	4,687,130
Securities sold under repurchase agreements	16,968,577	12,713,567	14,461,154
Interest payable	222,705	263,241	315,873
Loans	1,161,533	2,547,745	2,337,289
Accounts payable	1,463,650	401,065	248,872
Redeemable preference shares	-	501,343	501,343
	28,333,184	21,339,573	22,567,703
STOCKHOLDERS' EQUITY			
Share capital	1,582,381	1,582,381	1,582,381
Fair value reserve	(379,378)	(898,693)	(525,634)
Other reserve	24,596	17,346	18,596
Retained earnings	1,798,417	1,759,633	1,835,710
	3,026,016	2,460,667	2,911,053
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	31,359,200	23,800,240	25,478,756

Approved for issue by the Board of Directors on 2 November 2010 and signed on its behalf by:

Gary Peart
Chief Executive Officer

Sharon Harvey-Wilson
Director - Finance, Administration & Compliance



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Consolidated Statement of Comprehensive Income

FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2010

	<u>UNAUDITED</u> 9 Months Ended 30 September 2010 \$'000	<u>UNAUDITED</u> 9 Months Ended 30 September 2009 \$'000	<u>AUDITED</u> 12 Months Ended 31 December 2009 \$'000
Profit for the period	137,346	169,396	245,473
Other Comprehensive Income for the period net of tax:			
Unrealised gains/(losses) on financial instruments	67,709	(128,612)	199,990
Realized fair value losses transferred to consolidated income statement	-	56,058	100,515
Employee share option	6,000	6,750	8,000
Total comprehensive income	<u>211,055</u>	<u>103,592</u>	<u>553,978</u>



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Consolidated Statement of Changes in Equity

FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2010

	Share Capital	Fair Value Reserve	Other Reserve	Retained Profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2009	1,582,381	(826,139)	10,596	1,686,329	2,453,167
Total comprehensive income	-	(72,554)	6,750	169,396	103,592
Realized fair value losses on equity instruments transferred to retained earnings	-	-	-	-	-
Dividends	-	-	-	(96,092)	(96,092)
Balance at 30 September 2009	1,582,381	(898,693)	17,346	1,759,633	2,460,667
Balance at 1 January 2010	1,582,381	(525,634)	18,596	1,835,710	2,911,053
Total comprehensive income	-	67,709	6,000	137,346	211,055
Realized fair value losses on equity instruments transferred to retained earnings	-	78,547	-	(78,547)	-
Dividends	-	-	-	(96,092)	(96,092)
Balance at 30 September 2010	1,582,381	(379,378)	24,596	1,798,417	3,026,016



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Consolidated Statement of Cash Flows

FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2010

	Unaudited 3 Months Ended 30 September 2010 \$'000	Unaudited 3 Months Ended 30 September 2009 \$'000	Unaudited 9 Months Ended 30 September 2010 \$'000	Unaudited 9 Months Ended 30 September 2009 \$'000	Audited 12 Months Ended 31 December 2009 \$'000
Profit for the period	127,894	20,177	122,207	161,869	211,235
Adjustment to reconcile profit for the period to net cash used in operating activities	(199,586)	(229,345)	(139,590)	(665,183)	(298,872)
Cash provided by/(used in) operating activities	460,791	(106,355)	564,379	(268,645)	(265,275)
Net cash (used in)/ provided by operating activities	<u>389,099</u>	<u>(315,523)</u>	<u>546,996</u>	<u>(771,959)</u>	<u>(352,912)</u>
Net cash provided by/(used in) investing activities	-	-	(1,241)	319	(23,618)
Net cash used in financing activities	<u>(501,343)</u>	<u>-</u>	<u>(597,435)</u>	<u>(96,092)</u>	<u>(96,092)</u>
Decrease in cash and cash equivalents	<u>(112,244)</u>	<u>(315,523)</u>	<u>(51,680)</u>	<u>(867,732)</u>	<u>(472,622)</u>
Effects of change in exchange rate on cash and cash equivalents	-	-	-	-	(82,545)
Cash and cash equivalents at beginning of period	477,826	420,220	417,262	972,429	972,429
Cash and cash equivalents at end of period	<u>365,582</u>	<u>104,697</u>	<u>365,582</u>	<u>104,697</u>	<u>417,262</u>