



# MAYBERRY

INVESTMENTS LIMITED

## CHIEF EXECUTIVE OFFICER'S COMMENTARY ON FINANCIAL RESULTS

FOR THE SECOND QUARTER ENDED 30 JUNE 2011.

**Mayberry achieved Net Profit Growth of 318% over the corresponding 6 months period ended June 2010.**

As we embark on our twenty sixth year in business I am pleased to present our results for the period ended 30 June 2011.

### PERFORMANCE HIGHLIGHTS

Net profit for the six months ended 30 June 2011 was \$195 million which translates in earnings of \$0.16 per share. The increased profit performance was fuelled by the growth in overall revenues of \$280 million or 117% over the corresponding period ended 30 June 2010. Total net interest income and operating revenue was \$518.8 million compared to \$239 million for the corresponding period. Net trading gain grew by \$129.8 million or 86% and net interest income grew by \$61.4 million or 44%. There was significant improvement in the level of foreign exchange revaluation losses recorded. The United States dollar exchange rate has shown signs of stability resulting in no further revaluation of the Jamaican currency which

significantly impacted the performance in 2010. We recorded a reduction of \$190 million in net foreign exchange loss over the corresponding period 2010. We recorded improvements in the net unrealised loss on investment revaluations over the corresponding period. There were reductions in the fees and commissions of \$95.3 million or 76.5% and dividend income of \$9.9 million or 35%.

Administrative expenses totalled \$263 million and increased by 2% over the corresponding period ended 30 June 2010. Our provision for credit losses was \$23 million and represents the charge for the period. There is adequate collateral in place to cover outstanding balances.

In this quarter we recorded a net profit of \$121 million; our result for the quarter was better than the corresponding period which reflected a net loss of \$10.9 million. Total net interest income and operating revenue was \$304.6 million compared to \$70.5 million for the corresponding period. This reflects an increase of \$234 million or 332% and was due mainly to increases noted in net interest income, gain on sale of investments and the reduction in net foreign exchange loss.

Administrative expenses totalled \$137 million for the quarter compared to \$127 million for the corresponding period.



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## Share of Results of Associate

Our share of profit from Access was \$13.3 million for the quarter, reflecting an 11.7% increase over the corresponding quarter. During the period we received \$33.3 million in dividend income which now brings the total dividend to \$38.7 million, received since we first invested. The market value of our 39% shareholdings in Access has grown to \$540,000,000 since our initial investment of \$38,360,000, made in 2006. Access continues to expand its operations and continues to make a positive contribution to Jamaica's small and medium enterprises.

## Balance Sheet

There has been a \$1.7 billion or 5.8% overall increase in our asset base over the corresponding period ended 30 June 2010. This was driven by increases in our investment securities of \$732 million or 4% and funds under management of \$903 million or 12%. The growth in our investment securities was provided by institutional funding.

## Regulatory Capital Requirements

Our capital base remains in good standing. Our capital to risk weighted asset ratio stood at 14.75% whereas the Financial Services Commission (FSC) benchmark stipulates a minimum of 14%. Our capital to total assets ratio was 7.81% whereas the FSC benchmark is 6%.

## Junior Stock Exchange Listings

We continue to perform well with the listings of companies on the Junior Stock Exchange. We are proud to have been the lead broker for the Honey Bun (1982) Limited issue which raised approximately \$51 million from its Initial Public Offer. The offer was oversubscribed by over 6 times which shows that there is a strong investor appetite for companies listed on the Junior Stock Exchange. We recently concluded the Initial Public Offer for CPJ Caribbean Producers (Jamaica) Limited. This offer has attracted the largest value of subscriptions on the Junior Stock Exchange to date and was also oversubscribed by approximately 4.7 times. We received applications for \$2.4 billion whilst the offer made was for \$420 million. The offer opened and closed on 8 July 2011 and the company was listed on 20 July 2011.

To date we have been the lead broker for nine (9) companies out of the eleven (11) Junior Stock Exchange listings. We are proud to lead the pathway for growing the Junior Stock Exchange whilst making a vital contribution to the development of the equities market in Jamaica. 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 their dedication and hard work during this period. I also wish to thank our clients for their business over the past twenty-six years.

Gary Peart  
Chief Executive Officer



# MAYBERRY

## INVESTMENTS LIMITED

### Consolidated Income Statement

FOR THE 6 MONTHS ENDED 30 JUNE 2011

	<u>UNAUDITED</u> 3 Months Ended 30 June 2011	<u>UNAUDITED</u> 3 Months Ended 30 June 2010	<u>UNAUDITED</u> 6 Months Ended 30 June 2011	<u>UNAUDITED</u> 6 Months Ended 30 June 2010	<u>AUDITED</u> 12 Months Ended 31 December 2010
	\$'000	\$'000	\$'000	\$'000	\$'000
Interest income	318,862	378,730	630,024	832,716	1,536,409
Interest expense	(212,281)	(323,851)	(429,305)	(693,449)	(1,219,739)
Net interest income	106,581	54,879	200,719	139,267	316,670
Fees and commissions	20,429	60,225	29,236	124,534	173,335
Dividend income	11,798	22,511	18,124	28,012	63,367
Gain on sale of investments	174,294	50,482	281,168	151,361	333,060
Net foreign exchange (loss)/gain	(4,020)	(95,491)	(1,226)	(191,206)	(235,097)
Unrealised (loss)/gain on investment revaluations	(6,406)	(24,702)	(13,403)	(32,980)	1,828
Loan provision recovered/written back	-	-	-	2,997	-
Other income	1,942	2,614	4,156	17,128	22,399
Net interest income and other operating revenue	304,618	70,518	518,774	239,113	675,562
Provision for credit losses	(5,001)	(3,753)	(23,100)	-	(9,500)
Depreciation and amortization	(6,372)	(6,566)	(12,766)	(14,257)	(28,173)
Administrative expenses	(137,058)	(126,994)	(263,318)	(257,718)	(519,010)
	156,187	(66,795)	219,590	(32,862)	118,879
Share of results of associate	13,341	11,904	26,403	27,175	57,377
Profit/(loss) before taxation	169,528	(54,891)	245,993	(5,687)	176,256
Taxation (charge)/credit	(48,394)	43,968	(50,646)	52,360	(1,726)
<b>Net Profit/(Loss)</b>	<b>121,134</b>	<b>(10,923)</b>	<b>195,347</b>	<b>46,673</b>	<b>174,530</b>
<b>Number of Shares in Issue</b>	1,201,149,291	1,201,149,291	1,201,149,291	1,201,149,291	1,201,149,291
<b>Earnings Per Stock Unit</b>	<b>\$0.10</b>	<b>(\$0.01)</b>	<b>\$0.16</b>	<b>\$0.04</b>	<b>\$0.15</b>

#### BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with the accounting policies as set out in note 2 of the audited financial statements for the year ended 31 December 2010.



### Consolidated Statement of Financial Position

AS AT 30 JUNE 2011

	(UNAUDITED) <u>JUNE</u> <u>2011</u> \$'000	(UNAUDITED) <u>JUNE</u> <u>2010</u> \$'000	AUDITED <u>DECEMBER</u> <u>2010</u> \$'000
<b>ASSETS</b>			
Cash resources	578,820	557,215	304,786
Investment securities	18,841,266	18,109,482	17,476,865
Reverse repurchase agreements	520,569	646,606	271,557
Capital management funds	8,609,332	7,678,010	7,964,134
Promissory notes	988,598	911,718	985,280
Interest receivable	194,485	249,097	194,006
Loans and other receivables	1,314,294	1,066,557	826,435
Deferred taxation	79,164	195,113	144,126
Investment property	8,432	8,432	8,432
Property, plant and equipment	91,647	110,216	101,750
Investment in associate	149,291	131,425	156,247
<b>TOTAL ASSETS</b>	<b><u>31,375,898</u></b>	<b><u>29,663,871</u></b>	<b><u>28,433,618</u></b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
Bank overdraft	38,878	79,388	17,610
Capital management funds obligation	8,609,332	7,678,010	7,964,134
Securities sold under repurchase agreements	15,770,508	15,709,839	14,986,006
Interest payable	255,377	204,170	222,304
Loans	2,479,599	1,736,152	1,669,064
Accounts payable	948,519	719,980	503,938
Redeemable preference shares	-	501,343	-
	<u>28,102,213</u>	<u>26,628,882</u>	<u>25,363,056</u>
<b>STOCKHOLDERS' EQUITY</b>			
Share capital	1,582,381	1,582,381	1,582,381
Fair value reserve	(224,268)	(337,902)	(329,534)
Other reserve	26,596	22,596	26,596
Retained earnings	1,888,976	1,767,914	1,791,119
	<u>3,273,685</u>	<u>3,034,989</u>	<u>3,070,562</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b><u>31,375,898</u></b>	<b><u>29,663,871</u></b>	<b><u>28,433,618</u></b>

Approved for issue by the Board of Directors on 25 July 2011 and signed on its behalf by:

Gary Peart  
Chief Executive Officer

Sharon Harvey-Wilson  
Director - Finance, Administration & Compliance



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INVESTMENTS LIMITED

## Consolidated Statement of Comprehensive Income

FOR THE 6 MONTHS ENDED 30 JUNE 2011

	<u>UNAUDITED</u> 6 Months Ended 30 June 2011 \$'000	<u>UNAUDITED</u> 6 Months Ended 30 June 2010 \$'000	<u>AUDITED</u> 12 Months Ended 31 December 2010 \$'000
<b>Profit for the period</b>	195,347	46,673	174,530
Other Comprehensive Income for the period net of tax:			
Net unrealised gain on investments	105,268	169,355	73,071
Employee share option	-	4,000	8,000
<b>Total comprehensive income</b>	<u>300,615</u>	<u>220,028</u>	<u>255,601</u>



# MAYBERRY

INVESTMENTS LIMITED

## Consolidated Statement of Changes in Equity

FOR THE 6 MONTHS ENDED 30 JUNE 2011

	Share Capital	Fair Value Reserve	Other Reserve	Retained Profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2010	1,582,381	(525,634)	18,596	1,835,710	2,911,053
Total comprehensive income	-	169,355	4,000	46,673	220,028
Realised loss (net) transferred to retained earnings	-	18,377	-	(18,377)	-
Dividends	-	-	-	(96,092)	(96,092)
<b>Balance at 30 June 2010</b>	<b>1,582,381</b>	<b>(337,902)</b>	<b>22,596</b>	<b>1,767,914</b>	<b>3,034,989</b>
Balance at 1 January 2011	1,582,381	(329,534)	26,596	1,791,119	3,070,562
Total comprehensive income	-	103,868	-	195,347	299,215
Realised loss (net) transferred to retained earnings	-	1,400	-	(1,400)	-
Dividends	-	-	-	(96,092)	(96,092)
<b>Balance at 30 June 2011</b>	<b>1,582,381</b>	<b>(224,266)</b>	<b>26,596</b>	<b>1,888,974</b>	<b>3,273,685</b>



# MAYBERRY

INVESTMENTS LIMITED

## Consolidated Statement of Cash Flows

FOR THE 6 MONTHS ENDED 30 JUNE 2011

	<b>Unaudited</b> 3 Months Ended 30 June 2011 \$'000	<b>Unaudited</b> 3 Months Ended 30 June 2010 \$'000	<b>Unaudited</b> 6 Months Ended 30 June 2011 \$'000	<b>Unaudited</b> 6 Months Ended 30 June 2010 \$'000	<b>Audited</b> 12 Months Ended 31 December 2010 \$'000
Profit/(loss) for the period	169,528	(54,891)	245,993	(5,688)	176,256
Adjustment to reconcile profit/(loss) for the period to net cash used in operating activities	(18,518)	77,107	(137,792)	59,997	(263,578)
Cash (used in)/provided by operating activities	(204,387)	(382,883)	243,316	103,588	534,545
Net cash (used in)/provided by operating activities	(53,377)	(360,667)	351,517	157,897	447,223
Net cash used in investing activities	-	(1,017)	(2,659)	(1,241)	(1,444)
Net cash used in financing activities	(96,092)	-	(96,092)	(96,092)	(597,435)
(Decrease)/increase in cash and cash equivalents	(149,469)	(361,684)	252,766	60,564	(151,656)
Effects of change in exchange rate on cash and cash equivalents	-	-	-	-	21,570
Cash and cash equivalents at beginning of period	689,411	839,510	287,176	417,262	417,262
Cash and cash equivalents at end of period	539,942	477,826	539,942	477,826	287,176