



MAYBERRY

INVESTMENTS LIMITED

CHIEF EXECUTIVE OFFICER'S COMMENTARY ON FINANCIAL RESULTS

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011.

**Mayberry Profit
Before Tax
Increases By 176%.**

PERFORMANCE HIGHLIGHTS

Net profit for the nine months ended 30 September 2011 was \$277.6 million and was 102% higher than the corresponding period which yielded a net profit of \$137.3 million. This profit performance translates to earnings of \$0.23 per share for the period compared to earnings of \$0.11 per share for the corresponding period. Of significant note, profit before tax for the period was \$337.5 million which grew by \$215.3 million or 176%. Net interest income and other revenues totalled \$738 million for the period compared to \$500 million for the corresponding period, an increase of 48%. The Jamaican dollar exchange rate has shown signs of stability resulting in no further revaluation of the Jamaican currency which adversely impacted the performance in 2010. We recorded a reduction of \$185 million in net foreign exchange loss over the corresponding period 2010. In addition, net interest income grew by \$127 million or 61%, net trading gains

grew by \$43 million or 16%, over the corresponding period ended 30 September 2010. There were reductions in fees and commissions of \$74 million or 47%; net unrealised loss on our trading portfolio was \$29 million compared to an unrealised gain of \$2.4 million for the corresponding period. Other income also decreased by \$12.8 million.

Administrative expenses totalled \$395 million and increased by 2% over the corresponding period ended 30 September 2010. This is a result of tight control over our costs and managing our overheads whilst working towards improving our efficiency.

Performance for the Quarter

Our performance for the quarter was moderate when compared to 2010. In this quarter we recorded net profit of \$82.2 million compared to \$90.6 million for the corresponding quarter 2010. Our trading of bond instruments was reduced; we were cautious due to the uncertainties surrounding Europe and the volatile market conditions which currently exist. The reduction in volumes traded and prices resulted in a decline in trading gains of \$87 million or 79%. Our trading portfolio also recorded an unrealised revaluation loss of \$15.3 million for the quarter compared to revaluation gain of \$35.4 million for the corresponding period. These declines were endured due to the growth in our net interest income (\$65.5 million or 95%), fees and commissions (\$21.5 million or 68%) and dividend



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income (\$10.8 million or 48%). This demonstrates the diversification of our portfolios and revenues, resulting in a reduction in the level of volatility in our earnings, a strategy which we embarked on in recent years.

Expenses

Our provision for credit losses for the quarter was \$5 million compared to \$15.3 million for 2010, a reduction of \$10.3 million or 67%. Administrative expenses grew by 3% over the corresponding period and totalled \$131.3 million.

Share of Results of Associate

Year to date, our share of profit from Access was \$41 million compared to \$40.9 million for 2010. This is a creditable performance in light of the current economic environment. Access has plans in place to implement new growth strategies in the final quarter 2011 which should result in increased profits for the future. The market value of our 39% shareholdings in Access has grown to \$519,570,000 since our initial investment of \$38,360,000, made in 2006.

Balance Sheet

There has been a \$4.8 billion or 15.3% overall increase in our asset base over the corresponding period ended 30 September 2010. This was driven by increases in our investment securities of \$5 billion or 29%, funds under management of \$744 million or 9% and loans and receivables of \$613 million or 41%. The growth in our investment securities was provided by institutional funding.

Shareholders' Equity

Our shareholders' equity has increased from \$3 billion at September 2010 to \$3.7 billion at the end of the period. This growth resulted from the increased profitability as well as increase in the market value of our equity holdings

at the end of the period. The book value per share at the end of the period was \$3.08 compared to \$2.50 at the end of the corresponding period.


Regulatory Capital Requirements

Our capital base remains strong. Our capital to risk weighted asset ratio stood at 14% whereas the Financial Services Commission (FSC) stipulates a minimum of 10%. Our capital to total assets ratio was 7% whereas the FSC minimum 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 General Accident Insurance Company Limited issue which raised approximately \$417 million from its Initial Public Offer. The offer was oversubscribed by over 4.8 times which shows that there is a strong investor appetite for companies listed on the Junior Stock Exchange. To date we have been the lead broker for ten (10) companies out of the twelve (12) 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, making it a success. I also wish to thank our clients for their business over the past twenty-six years.


Gary Peart
Chief Executive Officer



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Consolidated Income Statement

FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2011

	<u>UNAUDITED</u> 3 Months Ended 30 September 2011	<u>UNAUDITED</u> 3 Months Ended 30 September 2010	<u>UNAUDITED</u> 9 Months Ended 30 September 2011	<u>UNAUDITED</u> 9 Months Ended 30 September 2010	<u>AUDITED</u> 12 Months Ended 31 December 2010
	\$'000	\$'000	\$'000	\$'000	\$'000
Interest income	347,301	349,190	977,325	1,181,906	1,536,409
Interest expense	(212,830)	(280,253)	(642,135)	(973,702)	(1,219,739)
Net interest income	134,471	68,937	335,190	208,204	316,670
Fees and commissions	53,132	31,546	82,368	156,080	173,335
Dividend income	33,345	22,570	51,469	50,582	63,367
Gain on sale of investments	23,739	110,838	304,907	262,199	333,060
Net foreign exchange loss	(12,118)	(7,292)	(13,344)	(198,498)	(235,097)
Unrealised (loss)/gain on investment revaluations	(15,340)	35,419	(28,743)	2,439	1,828
Other income	1,771	1,632	5,927	18,760	22,399
Net interest income and other operating revenue	219,000	263,650	737,774	499,766	675,562
Provision for credit losses	(5,001)	(15,343)	(28,101)	(12,346)	(9,500)
Depreciation and amortization	(5,752)	(6,658)	(18,518)	(20,915)	(28,173)
Administrative expenses	(131,333)	(127,473)	(394,651)	(385,191)	(519,010)
	76,914	114,176	296,504	81,314	118,879
Share of results of associate	14,640	13,718	41,043	40,893	57,377
Profit before taxation	91,554	127,894	337,547	122,207	176,256
Taxation (charge)/credit	(9,298)	(37,221)	(59,944)	15,139	(1,726)
Net Profit	82,256	90,673	277,603	137,346	174,530
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	\$0.07	\$0.08	\$0.23	\$0.11	\$0.15

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.



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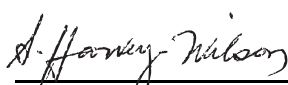
Consolidated Statement of Financial Position

AS AT 30 SEPTEMBER 2011

	(UNAUDITED) SEPTEMBER 2011 \$'000	(UNAUDITED) SEPTEMBER 2010 \$'000	AUDITED DECEMBER 2010 \$'000
ASSETS			
Cash resources	531,584	483,459	304,786
Investment securities	22,492,032	17,443,328	17,476,865
Reverse repurchase agreements	425,149	1,857,714	271,557
Capital management funds	9,143,565	8,398,842	7,964,134
Promissory notes	894,895	1,091,921	985,280
Interest receivable	194,311	181,303	194,006
Loans and other receivables	2,089,918	1,477,063	826,435
Deferred taxation	101,671	168,569	144,126
Investment property	8,432	8,432	8,432
Property, plant and equipment	87,555	103,426	101,750
Investment in associate	163,931	145,143	156,247
TOTAL ASSETS	36,133,042	31,359,200	28,433,618
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES			
Bank overdraft	503,502	117,877	17,610
Capital management funds obligation	9,143,565	8,398,842	7,964,134
Securities sold under repurchase agreements	19,011,102	16,968,577	14,986,006
Interest payable	281,426	222,705	222,304
Loans	2,449,671	1,161,533	1,669,064
Accounts payable	1,029,719	1,463,650	503,938
	32,418,985	28,333,184	25,363,056
STOCKHOLDERS' EQUITY			
Share capital	1,582,381	1,582,381	1,582,381
Fair value reserve	102,707	(379,378)	(329,534)
Other reserve	26,596	24,596	26,596
Retained earnings	2,002,373	1,798,417	1,791,119
	3,714,057	3,026,016	3,070,562
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	36,133,042	31,359,200	28,433,618

Approved for issue by the Board of Directors on 26 October 2011 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 2011

	<u>UNAUDITED</u>	<u>UNAUDITED</u>	<u>AUDITED</u>
	9 Months Ended 30 September 2011 \$'000	9 Months Ended 30 September 2010 \$'000	12 Months Ended 31 December 2010 \$'000
Profit for the period	277,603	137,346	174,530
Other Comprehensive Income for the period net of tax:			
Net unrealised gain on investments	461,984	67,709	73,071
Employee share option	-	6,000	8,000
Total comprehensive income	<u>739,587</u>	<u>211,055</u>	<u>255,601</u>



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Consolidated Statement of Changes in Equity

FOR THE 9 MONTHS ENDED 30 SEPTEMBER 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	-	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
Balance at 1 January 2011	1,582,381	(329,534)	26,596	1,791,119	3,070,562
Total comprehensive income	-	461,984		277,603	739,587
Realized fair value gains on equity instruments transferred to retained earnings		(29,743)		29,743	-
Dividends	-	-	-	(96,092)	(96,092)
Balance at 30 September 2011	1,582,381	102,707	26,596	2,002,373	3,714,057



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Consolidated Statement of Cash Flows

FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2011

	<u>Unaudited</u> 3 Months Ended 30 September 2011 \$'000	<u>Unaudited</u> 3 Months Ended 30 September 2010 \$'000	<u>Unaudited</u> 9 Months Ended 30 September 2011 \$'000	<u>Unaudited</u> 9 Months Ended 30 September 2010 \$'000	<u>Audited</u> 12 Months Ended 31 December 2010 \$'000
Profit for the period	91,554	127,894	337,547	122,207	176,256
Adjustment to reconcile profit for the period to net cash used in operating activities	(82,881)	(199,586)	(220,673)	(139,590)	(263,578)
Cash used in operating activities	<u>(518,874)</u>	<u>460,791</u>	<u>(275,558)</u>	<u>564,379</u>	<u>534,545</u>
Net cash (used in)/ provided by operating activities	<u>(510,201)</u>	<u>389,099</u>	<u>(158,684)</u>	<u>546,996</u>	<u>447,223</u>
Net cash used in investing activities	<u>(1,659)</u>	<u>-</u>	<u>(4,318)</u>	<u>(1,241)</u>	<u>(1,444)</u>
Net cash used in financing activities	<u>-</u>	<u>(501,343)</u>	<u>(96,092)</u>	<u>(597,435)</u>	<u>(597,435)</u>
Decrease in cash and cash equivalents	<u>(511,860)</u>	<u>(112,244)</u>	<u>(259,094)</u>	<u>(51,680)</u>	<u>(151,656)</u>
Effects of change in exchange rate on cash and cash equivalents	-	-	-	-	21,570
Cash and cash equivalents at beginning of period	<u>539,942</u>	<u>477,826</u>	<u>287,176</u>	<u>417,262</u>	<u>417,262</u>
Cash and cash equivalents at end of period	<u>28,082</u>	<u>365,582</u>	<u>28,082</u>	<u>365,582</u>	<u>287,176</u>