



MAYBERRY

INVESTMENTS LIMITED

CHIEF EXECUTIVE OFFICER'S COMMENTARY ON FINANCIAL RESULTS

FOR THE SECOND QUARTER ENDED 30 JUNE 2012.

Our profit for the six month period was \$149.4 million which translates to earnings of \$0.12 per share.

I am pleased to present our second quarter report for the period ended 30 June 2012. Our profit for the six month period was \$149.4 million which translates to earnings of \$0.12 per share. We have recorded growth in net interest income, fees and commissions and dividend income; however, this was offset by the decline in trading gains. Lower volumes were traded in this period compared to 2011; this was as a result of our decision to reduce risk due to the high volatility in the international markets. The local climate was impacted by the delays in the budget presentation as well as great anxiety over

the Government tax package and the pending IMF Agreement. This impacted the performance of the Jamaica Stock Exchange which recorded a decline in the market indices and also lower volumes being traded. Overall, we had a 24% decline in net profit for the period compared to 2011.

Quarterly Profit Performance

Our profit before taxation was \$44.1 million. This profit performance was achieved based on total revenues of \$217.3 million. There were increases recorded in net interest income (25%), fees and commissions (96%) and dividend income (103%). This was counterbalanced by the 85% reduction in net trading gains.

There was an increase of \$55 million in our operating expenses which was mainly due to additional provisions of \$30 million or 56%, being made for credit losses and impairment as well as increased staff costs of \$23 million or 18% which resulted from salary adjustments.

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Summary of Income Statement for the Six Month Period

Description	30 June 2012 (\$'000)	30 June 2011 (\$'000)	Change (\$'000)	% Change
Net Interest Income and Other Revenues	481,977	518,774	(36,797)	-7%
Operating Expenses	(354,148)	(299,204)	(54,944)	18%
Operating Profit	127,829	219,590	(91,761)	-42%
Share of result of associate	37,538	26,403	11,135	42%
Profit before Taxation	165,367	245,993	(80,626)	-33%
Net Profit	149,421	195,347	(45,926)	-24%

Our stockholders' equity was \$3.5 billion, an increase of \$231.28 million when compared to the corresponding period. There was a significant reduction of \$256 million in the fair value reserves when compared to the start of the year. This was driven mainly by the reduction in the market prices of equities on the Jamaica Stock Exchange. The All Jamaica Composite Index was 89,652 points at the end of the quarter compared to 102,179 points at the end of 2011.

Statement of Financial Position As At 30 June 2012

Description	30 June 2012 (\$'000)	30 June 2011 (\$'000)	Change (\$'000)	% Change
Total Assets	23,592,163	22,766,566	825,597	3.6
Total Liabilities	20,087,201	19,492,881	594,320	3.0
Stockholders' Equity	3,504,962	3,273,685	231,277	7.0

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Associate Company Investment

Our share of profit from Access continues to grow as a result of increased profit performance as well as our increased shareholdings. Share of profit for the period was \$37.5 million compared to \$26.4 million for the corresponding period, an increase of approximately \$11 million. Access has a market value of \$554,601,000 and has grown by 659% over the amount invested of \$73 million.

Funds Under Management

Our off balance sheet funds under management is approximately \$11.8 billion. We continue to see growth in this area and are a result of our strategy to focus on asset management and portfolio products.

Regulatory Capital

Our capital base remains in good standing and has met the benchmark of 14%. Over the past 2 years we have recorded a reduction in this capital ratio and this is due to the increase in the risk rating standard mandated by the FSC. Currently a 100% risk weighting is applied to the Government of Jamaica US denominated securities as well as net foreign currency holdings. Our tier one capital is 99% of the overall capital of the company and exceeds the minimum of 50% established by the FSC.

I wish to thank our management and staff for their dedication and hard work during the period and their contribution to the success achieved. I also wish to thank our clients for their business over the past twenty-six years.

Gary Peart
Chief Executive Office

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Consolidated Income Statement

FOR THE 6 MONTHS ENDED 30 JUNE 2012

	<u>UNAUDITED</u> 3 Months Ended 30 June 2012	<u>UNAUDITED</u> 3 Months Ended 30 June 2011	<u>UNAUDITED</u> 6 Months Ended 30 June 2012	<u>UNAUDITED</u> 6 Months Ended 30 June 2011	<u>AUDITED</u> 12 Months Ended 31 December 2011
	\$'000	\$'000	\$'000	\$'000	\$'000
Interest income	327,003	318,862	645,353	630,024	1,332,550
Interest expense	(193,185)	(212,281)	(384,322)	(429,305)	(858,379)
Net interest income	133,818	106,581	261,031	200,719	474,171
Fees and commissions	40,038	20,429	110,650	29,236	133,205
Dividend income	23,979	11,798	38,884	18,124	73,127
Gain on sale of investments	24,837	174,294	61,280	281,168	342,979
Net foreign exchange loss	(10,649)	(4,020)	(1,735)	(1,226)	(22,667)
Unrealised gain/(loss) on investment revaluations	4,322	(6,406)	6,981	(13,403)	(30,861)
Other income	990	1,942	4,886	4,156	8,443
Net interest income and other operating revenue	217,335	304,618	481,977	518,774	978,397
Provision for credit losses	(40,190)	(5,001)	(53,002)	(23,100)	(55,103)
Depreciation and amortization	(5,968)	(6,372)	(11,782)	(12,766)	(23,019)
Administrative expenses	(147,782)	(137,058)	(289,364)	(263,318)	(616,240)
	23,395	156,187	127,829	219,590	284,035
Share of results of associate	20,694	13,341	37,538	26,403	63,207
Profit before taxation	44,089	169,528	165,367	245,993	347,242
Taxation charge	(7,910)	(48,394)	(15,946)	(50,646)	(65,120)
Net Profit	36,179	121,134	149,421	195,347	282,122
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	\$0.03	\$0.10	\$0.12	\$0.16	\$0.23

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 2011.

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Consolidated Statement of Financial Position

AS AT 30 JUNE 2012

	(UNAUDITED) <u>JUNE</u> <u>2012</u> \$'000	(UNAUDITED) <u>JUNE</u> <u>2011</u> \$'000	AUDITED <u>DECEMBER</u> <u>2011</u> \$'000
ASSETS			
Cash resources	793,824	578,820	570,114
Investment securities	18,956,688	18,841,266	19,959,318
Reverse repurchase agreements	868,503	520,569	746,556
Promissory notes	935,542	988,598	891,139
Interest receivable	304,315	194,485	238,386
Loans and other receivables	1,386,789	1,314,294	1,469,729
Deferred taxation	43,848	79,164	40,582
Investment property	8,432	8,432	8,432
Property, plant and equipment	86,641	91,647	94,213
Investment in associate	207,581	149,291	186,095
TOTAL ASSETS	23,592,163	22,766,566	24,204,564
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES			
Bank overdraft	51,525	38,878	11,833
Securities sold under repurchase agreements	16,937,702	15,770,508	17,304,421
Interest payable	210,757	255,377	186,412
Loans	1,874,558	2,479,599	1,933,709
Accounts payable	1,012,659	948,519	1,065,526
	20,087,201	19,492,881	20,501,901
STOCKHOLDERS' EQUITY			
Share capital	1,582,381	1,582,381	1,582,381
Fair value reserve	(208,115)	(224,268)	47,923
Other reserve	527,939	527,939	527,939
Retained earnings	1,602,757	1,387,633	1,544,420
	3,504,962	3,273,685	3,702,663
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	23,592,163	22,766,566	24,204,564

Approved for issue by the Board of Directors on 25 July 2012 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 6 MONTHS ENDED 30 JUNE 2012

	<u>UNAUDITED</u> 6 Months Ended 30 June 2012 \$'000	<u>UNAUDITED</u> 6 Months Ended 30 June 2011 \$'000	<u>AUDITED</u> 12 Months Ended 31 December 2011 \$'000
Profit for the period	149,421	195,347	282,122
Other Comprehensive Income for the period net of tax:			
Net unrealised (loss)/gain on investments	(256,038)	105,268	446,071
Total comprehensive income	<u>(106,617)</u>	<u>300,615</u>	<u>728,193</u>

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Consolidated Statement of Changes in Equity

FOR THE 6 MONTHS ENDED 30 JUNE 2012

	Share Capital	Fair Value Reserve	Other Reserve	Retained Profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2011	1,582,381	(329,534)	527,939	1,289,776	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)
Balance at 30 June 2011	1,582,381	(224,266)	527,939	1,387,631	3,273,685
Balance at 1 January 2012	1,582,381	47,923	527,939	1,544,420	3,702,663
Total comprehensive income	-	(239,019)	-	149,421	(89,598)
Realised profit (net) transferred to retained earnings	-	(17,019)	-	17,019	-
Dividends	-	-	-	(108,103)	(108,103)
Balance at 30 June 2012	1,582,381	(208,115)	527,939	1,602,757	3,504,962

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Consolidated Statement of Cash Flows

FOR THE 6 MONTHS ENDED 30 JUNE 2012

	<u>Unaudited</u> 3 Months Ended 30 June 2012 \$'000	<u>Unaudited</u> 3 Months Ended 30 June 2011 \$'000	<u>Unaudited</u> 6 Months Ended 30 June 2012 \$'000	<u>Unaudited</u> 6 Months Ended 30 June 2011 \$'000	<u>Audited</u> 12 Months Ended 31 December 2011 \$'000
Profit for the period	44,089	169,528	165,367	245,993	347,242
Adjustment to reconcile profit/(loss) for the period to net cash used in operating activities	(97,674)	(18,518)	(252,289)	(137,792)	(282,412)
Cash (used in)/provided by operating activities	30,909	(204,387)	383,247	243,316	290,236
Net cash (used in)/provided by operating activities	(22,676)	(53,377)	296,325	351,517	355,066
Net cash provided by/(used in) investing activities	34,002	-	(4,204)	(2,659)	19,485
Net cash used in financing activities	-	(96,092)	(108,103)	(96,092)	(96,092)
Increase/(decrease) in cash and cash equivalents	11,326	(149,469)	184,018	252,766	278,459
Effects of change in exchange rate on cash and cash equivalents	-	-	-	-	(7,354)
Cash and cash equivalents at beginning of period	730,973	689,411	558,281	287,176	287,176
Cash and cash equivalents at end of period	742,299	539,942	742,299	539,942	558,281

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Top Ten Shareholders and Connected Persons

30 June 2012

Name

Shareholdings

Bamboo Group Holdings I	461,326,811
Konrad Mark Berry	437,377,507
Mayberry Employee Share Scheme	46,711,705
Konrad Limited	18,178,253
Sun Asset Services Inc.	11,783,502
Mayberry Foundation	10,955,147
Trading A/C - Sagicor Life Jamaica Ltd.	10,681,282
Christine Wong	8,103,167
Christopher Bicknell	5,749,463
Michael Campbell	5,000,000

Connected Persons

Konrad Limited	18,178,253
Mayberry Employee Share Scheme	46,711,705
Mayberry Foundation	10,955,147
Mayberry Managed Client Account	4,396,896
Mayberry Investments Limited Pension Scheme	2,366,913
Doris Berry	732,262
Est. Maurice Berry	10

** Includes holdings in joint accounts

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Shareholdings of Directors and Senior Management

30 June 2012

Directors

	<u>Shareholdings</u>	<u>Connected Persons</u>
Christopher Berry		461,326,811
Konrad Berry**	437,377,507	18,343,325
Erwin Angus	-	2,407,886
Benito Palomino	2,283,105	-
David McBean	446,521	-
Gary Peart**	4,566,665	1,706,099
Sharon Harvey-Wilson	730,858	-
Sushil Jain	279,187	-

Managers

Andrea HoSang**	1,098,601	-
Kayree Berry-Teape**	2,486,204	31,080
David Thomas	456,989	-
Wade Mars	10,000	-
Bob Russell**	182,140	-
Dennise Williams	52,904	
Dino Hinds	12,465	
Tania Waldron-Gooden	2,000	

** Includes holdings in joint accounts

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