



# MAYBERRY

INVESTMENTS LIMITED

## CHIEF EXECUTIVE OFFICER'S COMMENTARY ON FINANCIAL RESULTS

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012.

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**Our profit for the nine month period was \$263.6 million which translates to earnings of \$0.22 per share.**

I am pleased to present our third quarter report for the period ended 30 September 2012. Our profit for the nine month period was \$263.6 million which translates to earnings of \$0.22 per share. Our strategy to diversify our revenues and to exercise more stringent risk management has proven to be successful for the company as we endure a more sustained level of performance.

The local climate continues to be impacted by the pending IMF Agreement and reductions in key macroeconomic indicators. These conditions impacted the performance of the Jamaica Stock Exchange which recorded a decline in the market indices and volumes being traded. The combined index at the end of the period was 88,677 points compared to 92,976 points for 2011. Nonetheless, we were able to achieve a stable profit performance when compared to 2011. We have recorded growth in net interest income (20%), fees and commissions (90%) and dividend income (43%); however, this was offset by the 62% decline in trading gains. Lower volumes were traded in this period compared to 2011. Our investment banking and advisory services performed well within our expectations. We expect an even better performance in the upcoming periods as companies take the necessary steps to list on the Exchange.

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INVESTMENTS LIMITED

## Summary of Profit Performance for the Quarter

Our profit before taxation for the quarter was \$114.1 million compared to \$82.2 million for 2011. This profit was achieved based on total revenues of \$310.8 million compared to \$219 million for 2011. This quarter we recorded a better result for trading gains on securities (136%), net foreign exchange gains (301%) revaluation from trading securities (143%), respectively, which improved over the corresponding quarter.

There was an increase of \$48 million in our operating expenses which was due to provisions of \$35 million being made for credit losses and impairment as well as increased staff costs of \$28 million, counterbalanced by net reductions of \$15 million in other operating expenses.

## Summary of Income Statement for the Nine Month Period

Description	30 September 2012 (\$'000)	30 September 2011 (\$'000)	Change (\$'000)	% Change
Net Interest Income and Other Revenues	792,780	737,774	55,006	7.4
Operating Expenses	544,094	441,270	102,824	23
Operating Profit	248,686	296,504	(47,818)	(16)
Share of result of associate	63,879	41,043	22,836	55.6
Profit before Taxation	312,565	337,547	(24,982)	(7.4)
Net Profit	263,553	277,603	(14,050)	(5)

Our provision for credit losses and impairment on investment was \$92.7 million for the nine month period compared to \$28.1 million for the corresponding period. We decided to increase our provisions after reviewing the collaterals in place, risks and other factors impacting the portfolios. Our overall provisions are sufficient to cover our exposure.

Our administrative expenses increased by 10% over the corresponding period and were driven by increased staff costs which resulted from salary adjustments at the start of the year.

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## Summary Statement of Financial Position as at 30 September 2012

Description	30 September 2012 (\$'000)	30 September 2012 (\$'000)	Change (\$'000)	% Change
Total Assets	21,351,438	26,989,477	(5,638,039)	(21%)
Total Liabilities	(17,704,990)	(23,275,420)	5,570,430	24%
Stockholders' Equity	3,646,448	3,714,057	(67,609)	(1.8%)

The overall reduction in our assets and liabilities is due to a reduction in our repos and institutional loan funding. We are committed to exiting the repo line of business and we have seen positive results from this initiative.

Our stockholders' equity was \$3.6 billion, a decrease of \$67.6 million when compared to the corresponding period. There was a significant reduction of \$285.8 million in the fair value reserves when compared to the prior period. This was driven mainly by the reduction in the market prices of equities on the Jamaica Stock Exchange

## 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 \$63.9 million compared to \$41 million for the corresponding period, an increase of approximately \$22.9 million. Access has a market value of \$592,080,000 at the end of the period and has grown by 711% over the amount invested of \$73 million.

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## **Funds Under Management**

Our off balance sheet funds under management is approximately \$11.6 billion. We continue to see growth in this area, resulting from our strategy to focus on asset management and portfolio products.

## **Regulatory Capital**

We continue to exceed the regulatory capital benchmarks of 14% and 50% for risk weighted capital and tier one capital, respectively.

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-seven years.

Gary Peart  
Chief Executive Office

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## INVESTMENTS LIMITED

### Consolidated Income Statement

FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2012

	<u>UNAUDITED</u>	<u>UNAUDITED</u>	<u>UNAUDITED</u>	<u>UNAUDITED</u>	<u>AUDITED</u>
	3 Months Ended 30 September 2012	3 Months Ended 30 September 2011	9 Months Ended 30 September 2012	9 Months Ended 30 September 2011	12 Months Ended 31 December 2011
	\$'000	\$'000	\$'000	\$'000	\$'000
Interest income	327,666	347,301	973,019	977,325	1,332,550
Interest expense	(185,989)	(212,830)	(570,311)	(642,135)	(858,379)
Net interest income	141,677	134,471	402,708	335,190	474,171
Fees and commissions	45,992	53,132	156,642	82,368	133,205
Dividend income	34,711	33,345	73,595	51,469	73,127
Gain on sale of investments	55,989	23,739	117,269	304,907	342,979
Net foreign exchange gain/(loss)	24,428	(12,118)	22,693	(13,344)	(22,667)
Unrealised gain on investment revaluations	6,617	(15,340)	13,598	(28,743)	(30,861)
Other income	1,389	1,771	6,275	5,927	8,443
Net interest income and other operating revenue	310,803	219,000	792,780	737,774	978,397
Provision for credit losses	(39,675)	(5,001)	(92,677)	(28,101)	(55,103)
Depreciation and amortization	(5,976)	(5,752)	(17,758)	(18,518)	(23,019)
Administrative expenses	(144,295)	(131,333)	(433,659)	(394,651)	(616,240)
	120,857	76,914	248,686	296,504	284,035
Share of results of associate	26,341	14,640	63,879	41,043	63,207
Profit before taxation	147,198	91,554	312,565	337,547	347,242
Taxation charge	(33,066)	(9,298)	(49,012)	(59,944)	(65,120)
<b>Net Profit</b>	<b>114,132</b>	<b>82,256</b>	<b>263,553</b>	<b>277,603</b>	<b>282,122</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>\$0.07</b>	<b>\$0.22</b>	<b>\$0.23</b>	<b>\$0.23</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 2011.

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## INVESTMENTS LIMITED

### Consolidated Statement of Financial Position

AS AT 30 SEPTEMBER 2012

	(UNAUDITED) SEPTEMBER <u>2012</u> \$'000	(UNAUDITED) SEPTEMBER <u>2011</u> \$'000	AUDITED DECEMBER <u>2011</u> \$'000
<b>ASSETS</b>			
Cash resources	1,011,193	531,584	570,114
Investment securities	15,779,874	22,492,032	19,959,318
Reverse repurchase agreements	1,022,926	425,149	746,556
Promissory notes	1,011,327	894,895	891,139
Interest receivable	189,000	194,311	238,386
Loans and other receivables	2,004,207	2,089,918	1,469,729
Deferred taxation	9,639	101,671	40,582
Investment property	8,432	8,432	8,432
Property, plant and equipment	80,919	87,555	94,213
Investment in associate	233,921	163,931	186,095
<b>TOTAL ASSETS</b>	<b>21,351,438</b>	<b>26,989,477</b>	<b>24,204,564</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
Bank overdraft	57,297	503,502	11,833
Securities sold under repurchase agreements	14,953,173	19,011,102	17,304,421
Interest payable	76,994	281,426	186,412
Loans	1,177,463	2,449,671	1,933,709
Accounts payable	1,440,063	1,029,719	1,065,526
	17,704,990	23,275,420	20,501,901
<b>STOCKHOLDERS' EQUITY</b>			
Share capital	1,582,381	1,582,381	1,582,381
Fair value reserve	(183,137)	102,707	47,923
Other reserve	527,939	527,939	527,939
Retained earnings	1,719,265	1,501,030	1,544,420
	3,646,448	3,714,057	3,702,663
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>21,351,438</b>	<b>26,989,477</b>	<b>24,204,564</b>

Approved for issue by the Board of Directors on 5 November 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 9 MONTHS ENDED 30 SEPTEMBER 2012

	<u>UNAUDITED</u>	<u>UNAUDITED</u>	<u>AUDITED</u>
	9 Months Ended 30 September 2012 \$'000	9 Months Ended 30 September 2011 \$'000	12 Months Ended 31 December 2011 \$'000
<b>Profit for the period</b>	263,553	277,603	282,122
Other Comprehensive Income for the period net of tax:			
Net unrealised gain on investments	(211,665)	461,984	446,071
<b>Total comprehensive income</b>	<u>51,888</u>	<u>739,587</u>	<u>728,193</u>

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INVESTMENTS LIMITED

## Consolidated Statement of Changes in Equity

FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2012

	Share Capital \$'000	Fair Value Reserve \$'000	Other Reserve \$'000	Retained Profits \$'000	Total \$'000
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)
<b>Balance at 30 September 2011</b>	<b>1,582,381</b>	<b>102,707</b>	<b>26,596</b>	<b>2,002,373</b>	<b>3,714,057</b>
Balance at 1 January 2012	1,582,381	47,923	527,939	1,544,420	3,702,663
Total comprehensive income	-	(211,665)		263,553	51,888
Realized fair value gains on equity instruments transferred to retained earnings		(19,395)		19,395	-
Dividends	-	-	-	(108,103)	(108,103)
<b>Balance at 30 September 2012</b>	<b>1,582,381</b>	<b>(183,137)</b>	<b>527,939</b>	<b>1,719,265</b>	<b>3,646,448</b>

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# MAYBERRY

INVESTMENTS LIMITED

## Consolidated Statement of Cash Flows

FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2012

	<u>Unaudited</u> 3 Months Ended 30 September 2012 \$'000	<u>Unaudited</u> 3 Months Ended 30 September 2011 \$'000	<u>Unaudited</u> 9 Months Ended 30 September 2012 \$'000	<u>Unaudited</u> 9 Months Ended 30 September 2011 \$'000	<u>Audited</u> 12 Months Ended 31 December 2011 \$'000
Profit for the period	147,198	91,554	312,565	337,547	347,242
Adjustment to reconcile profit for the period to net cash used in operating activities	(128,363)	(82,881)	(380,652)	(220,673)	(282,412)
Cash provided by/(used in) operating activities	193,017	(518,874)	576,264	(275,558)	290,236
Net cash provided by/(used in) operating activities	211,852	(510,201)	508,177	(158,684)	355,066
Net cash used in investing activities	(255)	(1,659)	(4,459)	(4,318)	19,485
Net cash used in financing activities	-	-	(108,103)	(96,092)	(96,092)
Increase/(decrease) in cash and cash equivalents	211,597	(511,860)	395,615	(259,094)	278,459
Effects of change in exchange rate on cash and cash equivalents	-	-	-	-	(7,354)
Cash and cash equivalents at beginning of period	742,299	539,942	558,281	287,176	287,176
Cash and cash equivalents at end of period	953,896	28,082	953,896	28,082	558,281

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# MAYBERRY

INVESTMENTS LIMITED

## Top Ten Shareholders and Connected Persons

30 September 2012

### Name

### Shareholdings

Bamboo Group Holdings I	461,326,811
Konrad Mark Berry	437,377,507
Mayberry Employee Share Scheme	47,888,432
Konrad Limited	18,178,253
Sun Asset Services Inc.	11,783,502
Mayberry Foundation	10,955,147
Trading A/C - Life of 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	47,888,432
Mayberry Foundation	10,955,147
Mayberry Managed Client Account	4,357,527
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 September 2012

<u>Directors</u>	<u>Shareholdings</u>	<u>Connected Persons</u>
Christopher Berry	-	461,326,811
Konrad Berry**	437,377,507	18,331,154
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	299,187	-
Gladstone "Tony" Lewars	Nil	-
 <u>Managers</u>		
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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