



**JAMAICA MONEY MARKET BROKERS LIMITED**

**Group Financial Statements**

**Unaudited Nine Months Financial Results for period ended 31 December 2012**



Jamaica Money Market Brokers Limited

**Contents**

Page

**Directors' Statement - Unaudited Nine Months Financial Results for period  
ended 31 December 2012**

**Financial Statements**

<b>Consolidated profit and loss account</b>	<b>1</b>
<b>Consolidated statement of comprehensive income</b>	<b>2</b>
<b>Consolidated statement of financial position</b>	<b>3</b>
<b>Consolidated statement of changes in stockholders' equity</b>	<b>4</b>
<b>Consolidated statement of cash flows</b>	<b>5</b>
<b>Notes to the financial statements</b>	<b>6 – 15</b>
<b>Top 10 Shareholders as at 31 December 2012 (Ordinary and Preference Shares)</b>	
<b>Directors and Senior Management Shareholdings as at 31 December 2012</b>	

# **JAMAICA MONEY MARKET BROKERS LIMITED**

**Unaudited Nine Months Financial Results for the period ended 31 December 2012**

---

## **Directors' Statement**

### **PERFORMANCE HIGHLIGHTS**

Net Profit of J\$3.19 billion, grew by 77.6%

Earnings per Stock Unit of J\$1.95, up J\$0.74

Net Interest Income up 34.1%

Profit before taxation of J\$3.67 billion, grew by 65.1%

Efficiency ratio 59.7%

The Directors are pleased to announce that the JMMB Group has posted a net profit of J\$3.19 billion and earnings per share of J\$1.95 for the nine month period ended 31 December 2012. These results which includes a one-off gain of J\$1.61 billion from acquisition of Capital & Credit Financial Group (CCFG) represent a or 77.6% improvement over the prior period.

For the nine month period, Net Interest Income (NII) showed positive growth year-over-year moving from J\$2.59 billion to J\$3.48 billion, an increase of J\$882.9 million or 34.1%. This increase was driven mainly by increase in portfolio from acquisition of CCFG which contributed J\$347.0 million or 13.4% and remaining J\$535.9 million or 20.7% from continued growth and effectively managing the investment portfolio and cost of funds. Other operating revenues, namely foreign exchange margins from cambio trading and commission income also reflected increases of 40.6% and 129.1% respectively which were driven largely by increased volume activity.

Operating expenses increased by J\$848.3 million or 38.9% to J\$3.03 billion compared to J\$2.18 billion for the prior year. This increase was mainly attributable to operating costs for CCFG which comprise J\$486.9 million or 57.4% and the remaining J\$361.4 million or 42.6% due mainly to performance incentive paid to staff in the third quarter, one-off integration costs, growth in subsidiaries in the regional markets, and normal inflationary increases.

Our associated company's performance, IBL Banking Group, continues on a positive trajectory contributing J\$64.3 million for the period, an increase of J\$46.1 million or 252.9%, having recovered from adverse impact in prior year on its loan portfolio. Our Dominican Republic subsidiary continues to produce strong results with profits improving by 449.4%% to J\$486.4 million.

The total asset base of the JMMB Group increased by J\$36.1 billion or 28.9% for the period, moving from J\$124.74 billion as at 31 March 2012 to J\$160.86 billion. Excluding the acquisition of the CCFG investment portfolio which amounted to J\$18.6 billion, the Group's investment portfolio increased by J\$4.9 billion or 4.4%. This growth highlights our clients continued confidence and support which is a critical driver of the Group's sustained growth and profitability.

### **Regulatory Capital Requirements**

The company continues to exceed its regulatory capital requirements. The company's capital to risk weighted assets ratio stood at 19.3% whereas the Financial Services Commission (FSC) benchmark stipulates a minimum of 10%. The company's capital to total assets ratio was 11.9% (2011 – 12.4%) whereas the FSC benchmark is 6%.

### **Corporate Social Responsibility (CSR) – Standing For All**

The JMMB Group's proud role in community development and nation building was fully activated during this quarter as the company kept an unwavering focus on social transformation in areas such as education, sports, health and cultural events. Charged by its mantra of the Power of One – One Team and One Love – JMMB remained dedicated to the advancement of all people of the region. For the third quarter, the Group contributed J\$6.65 million to CSR initiatives such as:

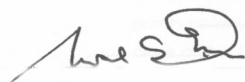
- In Jamaica, the company continued to champion the cause of children when it hosted the 11th Annual Pickney Love concert in December 2012, previously staged by the Capital and Credit Financial Group (CCFG) which it acquired last year. The family themed event delivered a thrilling entertainment package to raise funds for the Dare to Care Children's Home, a haven for children living with HIV/AIDs.
- Significant investments were also made in the areas of youth skills training and job creation through a J\$5 million contribution to the Youth Upliftment Through Employment (Y.U.T.E.) programme. The company's other trademark charity – the Community for the Upliftment of the Mentally Ill (CUMI) – also received support from the Group
- Additionally, JMMB offered brand sponsorships to several other groups and organisations to aid in their outreach and development initiatives. These include the Constant Spring Golf Club, Agency for Renewal, Jamaica Down Syndrome, UTech School of Advanced Management, Chin Yees Travel Service and Panache Entertainment.

The IBL Banking Group in Trinidad and Tobago, continued to invest in 'Mental Math' – an annual inter school math Olympiad for primary schools. In the Dominican Republic, a campaign to encourage financial literacy in children was activated in partnership with Junior Achievement, through its 'My Money Business' seminars.

### **General**

The JMMB Group continues to focus on its key strategic imperatives of restructuring and integrating CCFG, building core revenues across diversified business lines locally and through our regional territories in order to drive long term, sustainable growth and further enhance shareholders' value. The Group will continue to further strengthen its local and regional presence in Jamaica, Dominican Republic and Trinidad & Tobago as part of its strategic objective to become an integrated regional financial institution.

The Directors extend their sincere appreciation to our clients, team members and shareholders who continue to support and contribute to the success of the JMMB Group.



**Noel A. Lyon**  
Chairman



**Keith P. Duncan**  
Group Chief Executive Officer

# Jamaica Money Market Brokers Limited

Consolidated Profit and Loss Account

**Period ended 31 December 2012**

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Three Months Ended 31 Dec 12	Unaudited Three Months Ended 31 Dec 11	Unaudited Nine Months Ended 31 Dec 12	Unaudited Nine Months Ended 31 Dec 11
	\$'000	\$'000	\$'000	\$'000
<b>Net Interest Income and Other Revenue</b>				
Interest income	3,061,747	2,355,928	8,291,108	6,862,926
Interest expense	(1,766,275)	(1,390,880)	(4,815,000)	(4,269,739)
<b>Net interest income</b>	<b>1,295,472</b>	<b>965,048</b>	<b>3,476,108</b>	<b>2,593,187</b>
Fees and commission income	85,531	68,483	249,237	177,245
Gains on securities trading, net	477,883	324,879	1,111,080	1,506,700
Foreign exchange margins from cambio trading	105,165	35,830	227,423	99,277
<b>Operating revenue net of interest expense</b>	<b>1,964,051</b>	<b>1,394,240</b>	<b>5,063,848</b>	<b>4,376,409</b>
<b>Other Income</b>				
Dividends	5,567	2,733	15,307	8,837
	<b>1,969,618</b>	<b>1,396,973</b>	<b>5,079,155</b>	<b>4,385,246</b>
Operating Expenses	(1,148,043)	(839,009)	(3,029,728)	(2,181,438)
<b>Operating Profit</b>	<b>821,575</b>	<b>557,964</b>	<b>2,049,427</b>	<b>2,203,808</b>
Gain on acquisition of subsidiaries (Note 3)	-	-	1,612,198	-
Impairment loss on financial asset (Note 4)	(57,770)	-	(57,770)	-
Share of profits of associated company	21,801	10,002	64,307	18,224
<b>Profit before Taxation</b>	<b>785,606</b>	<b>567,966</b>	<b>3,668,162</b>	<b>2,222,032</b>
Taxation	(143,810)	(138,978)	(481,819)	(427,870)
<b>Profit for the period</b>	<b>641,796</b>	<b>428,988</b>	<b>3,186,343</b>	<b>1,794,162</b>
<b>Attributable to:</b>				
Equity holders of the parent	569,163	424,126	3,091,709	1,775,861
Non-controlling interest	72,633	4,862	94,634	18,301
	<b>641,796</b>	<b>428,988</b>	<b>3,186,343</b>	<b>1,794,162</b>
<b>Earnings per stock unit</b>	<b>\$0.35</b>	<b>\$0.29</b>	<b>\$1.95</b>	<b>\$1.21</b>

# Jamaica Money Market Brokers Limited

Consolidated Statement of Comprehensive Income

**Period ended 31 December 2012**

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Nine Months Ended 31 Dec 12	Unaudited Nine Months Ended 31 Dec 11
	\$'000	\$'000
<b>Profit for the period</b>	3,186,343	1,794,162
<b>Other comprehensive income:</b>		
Unrealised loss on available for sale investments	(994,097)	(5,503)
Foreign exchange translation differences	26,606	(44,866)
	(967,491)	(50,369)
<b>Total comprehensive income for period, net of tax</b>	<b>2,218,852</b>	<b>1,743,793</b>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the parent	2,124,218	1,728,365
Non-controlling interest	94,634	15,428
	<b>2,218,852</b>	<b>1,743,793</b>

# Jamaica Money Market Brokers Limited

## Consolidated Statement of Financial Position

31 December 2012

(Expressed in Jamaican dollars unless otherwise indicated)

	Note	Unaudited as at 31 Dec 12	Unaudited as at 31 Dec 11	Audited as at 31 March 12
		\$'000	\$'000	\$'000
<b>ASSETS</b>				
Cash and cash equivalents		8,389,027	3,689,815	4,157,234
Interest receivable		3,032,577	2,136,541	1,904,807
Income tax recoverable		1,715,699	1,421,438	1,423,097
Loans and notes receivable, net of provision		9,342,536	3,387,411	3,375,627
Other receivables		1,279,299	1,013,186	853,266
Investments and resale agreements		134,243,837	107,169,408	110,707,540
Investment properties		463,031	457,591	457,591
Interest in associated companies		772,840	649,370	665,737
Deferred tax asset		266,447	7,971	2,617
Property, plant and equipment and intangible assets		1,347,003	1,137,121	1,189,038
Customers' liability under acceptances, guarantees and letters of credit as per contra		12,620	-	-
		<b>160,864,916</b>	<b>121,069,852</b>	<b>124,736,554</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share Capital	5	1,843,994	379,622	379,622
Retained earnings reserve	6	8,222,323	-	8,222,323
Investment revaluation reserve		(591,492)	713,682	402,605
Cumulative translation reserve		18,714	(21,561)	(7,892)
Retained earnings		4,500,161	9,562,772	1,781,396
		13,993,700	10,634,515	10,778,054
Non-controlling interest		188,711	88,729	94,077
Total equity		<b>14,182,411</b>	<b>10,723,244</b>	<b>10,872,131</b>
<b>Liabilities</b>				
Customer deposits		6,734,965	-	-
Due to other banks		452,889	-	-
Interest payable		1,271,049	928,320	937,521
Income tax payable		813,366	322,457	805,763
Accounts payable		1,221,644	445,164	546,788
Repurchase agreements		131,897,321	103,621,524	107,591,924
Notes payable		-	-	-
Promissory notes and certificates of participation		1,010,943	553,308	470,688
Redeemable preference shares		2,759,346	2,924,994	2,759,346
Deferred tax liability		508,362	1,550,841	752,393
Liabilities under acceptances, guarantees and letters of credit as per contra		12,620	-	-
		<b>146,682,505</b>	<b>110,346,608</b>	<b>113,864,423</b>
		<b>160,864,916</b>	<b>121,069,852</b>	<b>124,736,554</b>

# Jamaica Money Market Brokers Limited

## Consolidated Statement of Changes in Stockholders' Equity

Period ended 31 December 2012

(Expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Retained Earnings Reserve	Investment Revaluation Reserve	Cumulative Translation Reserve	Other Reserve	Retained Earnings	Attributable to Equity holders of the Parent	Non- Controlling Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balances at 31 March 2011 (Audited)</b>	<b>379,622</b>	-	<b>719,185</b>	<b>20,432</b>	<b>13,672</b>	<b>8,212,255</b>	<b>9,345,166</b>	<b>57,165</b>	<b>9,402,331</b>
Profit for the period	-	-	-	-	-	1,775,861	1,775,861	18,301	1,794,162
Other comprehensive income for period	-	-	(5,503)	(41,993)	(13,672)	13,672	(47,496)	(2,873)	(50,369)
Paid in capital	-	-	-	-	-	-	-	16,136	16,136
Dividends paid	-	-	-	-	-	(439,016)	(439,016)	-	(439,016)
<b>Balances at 31 December 2011 (Unaudited)</b>	<b>379,622</b>	-	<b>713,682</b>	<b>(21,561)</b>	-	<b>9,562,772</b>	<b>10,634,515</b>	<b>88,729</b>	<b>10,723,244</b>
<b>Balances at 31 March 2012 (Audited)</b>	<b>379,622</b>	<b>8,222,323</b>	<b>402,605</b>	<b>(7,892)</b>	-	<b>1,781,396</b>	<b>10,778,054</b>	<b>94,077</b>	<b>10,872,131</b>
Profit for the period	-	-	-	-	-	3,091,709	3,091,709	94,634	3,186,343
Other comprehensive income for period	-	-	(994,097)	26,606	-	-	(967,491)	-	(967,491)
Issue of shares related to business combination (Note 5)	1,464,372	-	-	-	-	-	1,464,372	-	1,464,372
Dividends paid	-	-	-	-	-	(372,944)	(372,944)	-	(372,944)
<b>Balances at 31 December 2012 (Unaudited)</b>	<b>1,843,994</b>	<b>8,222,323</b>	<b>(591,492)</b>	<b>18,714</b>	-	<b>4,500,161</b>	<b>13,993,700</b>	<b>188,711</b>	<b>14,182,411</b>



# Jamaica Money Market Brokers Limited

## Consolidated Statement of Cash Flows

Period ended 31 December 2012

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Nine Months Ended 31 Dec 12	Unaudited Nine Months Ended 31 Dec 11
	\$'000	\$'000
<b>Cash Flows from Operating Activities</b>		
Profit for the period	3,186,343	1,794,162
Adjustments for:		
Share of profits of associated company	(64,307)	(18,224)
Gain on acquisition of subsidiaries <b>(Note 3)</b>	(1,612,198)	-
Unrealised gains on trading securities	(1,101)	-
Depreciation and amortisation	114,702	78,127
	<u>1,623,439</u>	<u>1,854,065</u>
Changes in operating assets and liabilities	8,673,007	7,436,591
<b>Net cash provided by operating activities</b>	<u><b>10,296,446</b></u>	<u><b>9,290,656</b></u>
<b>Cash Flows from Investing Activities</b>		
Net purchase of investment securities	(5,729,433)	(8,262,284)
Acquisition of subsidiaries net of cash acquired <b>(Note 3)</b>	(1,243,319)	-
Purchase of property, plant and equipment and computer software	(211,919)	(146,033)
<b>Net cash used in investing activities</b>	<u><b>(7,184,671)</b></u>	<u><b>(8,408,317)</b></u>
<b>Cash Flows from Financing Activities</b>		
Notes payable	-	(70,565)
Dividends paid	(372,944)	(439,016)
<b>Net cash used in financing activities</b>	<u><b>(372,944)</b></u>	<u><b>(509,581)</b></u>
<b>Net increase in cash and cash equivalents</b>	<b>2,738,831</b>	<b>372,758</b>
<b>Cash and cash equivalents at beginning of year</b>	<u><b>4,157,234</b></u>	<u><b>3,317,057</b></u>
<b>Cash and cash equivalents at end of period*</b>	<u><u><b>6,896,065</b></u></u>	<u><u><b>3,689,815</b></u></u>

\*Cash and cash equivalents at end of period exclude cash acquired from subsidiaries of \$1,492,962,000.

# Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 December 2012

(Expressed in Jamaican dollars unless otherwise indicated)

## Segment Reporting

	Nine months period ended 31 December 2012				
	Financial & Related Services	Banking & Related Services	Other	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	8,974,366	807,542	112,247	-	9,894,155
Intersegment revenue	358,557	36,517		(395,074)	-
Total segment revenue	9,332,923	844,059	112,247	(395,074)	9,894,155
Segment results	2,016,870	23,047	9,510	-	2,049,427
Gain on acquisition of subsidiaries					1,612,198
Impairment loss on financial asset					(57,770)
Share of associated company profit					64,307
Profit before tax					3,668,162
Taxation					(481,819)
Profit for the period					3,186,343
Total segment assets	162,105,404	19,682,577	1,041,509	(21,964,574)	160,864,916
Total segment liabilities	146,603,602	15,575,418	952,365	(16,448,880)	146,682,505
Interest income	7,656,771	622,909	11,428	-	8,291,108
Operating expenses	2,565,772	370,892	93,064	-	3,029,728
Depreciation and amortisation	93,831	19,784	1,087	-	114,702
Capital expenditure	189,198	22,721	-	-	211,919

# Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 December 2012

(Expressed in Jamaican dollars unless otherwise indicated)

## Segment Reporting

	Nine months period ended 31 December 2011				
	Financial & Related Services	Banking & Related Services	Other	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	8,591,706	-	63,279	-	8,654,985
Intersegment revenue	457,816	-	6,951	(464,767)	-
Total segment revenue	9,049,522	-	70,230	(464,767)	8,654,985
Segment results	2,193,408	-	10,400	-	2,203,808
Share of associated company profit					18,224
Profit before tax					2,222,032
Taxation					(427,870)
Profit for the period					1,794,162
Total segment assets	136,634,116	-	787,825	(16,352,089)	121,069,852
Total segment liabilities	125,418,314	-	753,446	(15,825,152)	110,346,608
Interest income	6,855,976	-	6,951	-	6,862,926
Operating expenses	2,130,159	-	51,279	-	2,181,438
Depreciation and amortisation	77,998	-	129	-	78,127
Capital expenditure	146,033	-	-	-	146,033

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 December 2012

(Expressed in Jamaican dollars unless otherwise indicated)

### 1. Identification

Jamaica Money Market Brokers Limited (the “company”) is incorporated and domiciled in Jamaica. The registered office of the company is located at 6 Haughton Terrace, Kingston 10, Jamaica. It has six subsidiaries incorporated in Jamaica, and there are other subsidiaries incorporated outside of Jamaica. The operating subsidiaries are listed below. The company and its subsidiaries are collectively referred to as “Group”; the Group has interests in an associated company, as detailed below.

The company is exempt from the provisions of the Money Lending Act.

The principal activities of the company are securities brokering, securities trading, merchant banking, dealing in money market instruments, operating a foreign exchange cambio and managing funds on behalf of clients. Information on the subsidiaries and the associated company is set out below:

Name of Subsidiary	% Shareholding Held by Parent/Subsidiary		Country of Incorporation	Principal Activities
	Parent	Subsidiary		
JMMB Securities Limited	100		Jamaica	Stock brokering
JMMB Insurance Brokers Limited	100		Jamaica	Insurance brokering
Jamaica Money Market Brokers (Trinidad and Tobago) Limited and its subsidiary and associated companies,	100		Trinidad and Tobago	Investment holding company
JMMB Investments (Trinidad and Tobago) Limited		100	Trinidad and Tobago	Securities brokering
Intercommercial Bank Limited * and its subsidiary, Intercommercial Trust and Merchant Bank Limited		50	Trinidad and Tobago	Commercial and Merchant Banking
JMMB International Limited and its subsidiaries	100		St. Lucia	Investment holding and management
JMMB Dominicana, SRL		100	Dominican Republic	Investment holding and management
JMMB Puesto de Bolsa, S.A.		80	Dominican Republic	Securities brokering
JMMB Real Estate Holdings Limited	100		Jamaica	Real estate holding
Capital & Credit Financial Group Limited	100		Jamaica	Investment holding
Capital & Credit Merchant Bank Limited and its subsidiaries		100	Jamaica	Merchant Banking
Capital & Credit Remittance Limited		100	Jamaica	Funds transfer
Capital & Credit Holdings Inc.		80	United States of America	Investment holding

\* Associated company

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

**31 December 2012**

(Expressed in Jamaican dollars unless otherwise indicated)

---

### 1. Identification (Continued)

Following the acquisition of 93.14% of the share capital of Capital & Credit Financial Group Limited (CCFG) on 29 June 2012, JMMB, pursuant to Section 209 (1) of the Companies Act 2004 of Jamaica, compulsorily acquired the remaining 6.86% shares on 11 August 2012.

Capital & Credit Merchant Bank Limited has two subsidiaries, Capital & Credit Securities Limited and Capital & Credit Fund Managers Limited. Both subsidiaries are incorporated and domiciled in Jamaica.

### 2. Summary of Significant Accounting Policies

#### (a) Basis of preparation

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets and financial assets at fair value through profit or loss, as well as investment properties.

There have been no changes in accounting policies since the most recent audited accounts as at 31 March 2012.

All amounts are stated in Jamaican dollars unless otherwise indicated.

#### (b) Consolidation

##### (i) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit and loss account.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 December 2012

(Expressed in Jamaican dollars unless otherwise indicated)

---

### 2. Summary of Significant Accounting Policies (Continued)

#### (b) Consolidation (continued)

##### (ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit and loss account; its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

#### (c) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's activities are organised into three main business segments:

- i) Financial and related services which include securities brokering, stock brokering, portfolio planning, funds management and investment advisory services.
- ii) Banking and related services which include taking deposits, granting loans and other credit facilities and foreign currency trading.
- iii) Other represents remittance and related services, insurance brokering, investment and real estate holding.

#### (d) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in other comprehensive income.

##### (i) Current taxation

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to income tax payable in respect of previous years.

##### (ii) Deferred taxation

Deferred income tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

# Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 December 2012

(Expressed in Jamaican dollars unless otherwise indicated)

---

## 2. Summary of Significant Accounting Policies (Continued)

### (e) Cash and cash equivalents

Cash comprises cash in hand, demand and call deposits with banks and very short-term balances with other brokers/dealers. Cash equivalents are highly liquid financial assets that are readily convertible to known amounts of cash (that is, with original maturities of less than three months), which are subject to insignificant risk of changes in value, and are used for the purpose of meeting short-term commitments. Cash and cash equivalents are carried at cost.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

### (f) Resale and repurchase agreements

Transactions involving purchases of securities under resale agreements ('resale agreements' or reverse repos) or sales of securities under repurchase agreements ('repurchase agreements' or 'repos) are accounted for as short-term collateralised lending and borrowing, respectively. Accordingly, securities sold under repurchase agreements remain on the statement of financial position and are measured in accordance with their original measurement principles. The proceeds of sale are reported as liabilities and are carried at amortised cost. Securities purchased under resale agreements are reported not as purchases of the securities, but as receivables and are carried in the statement of financial position at amortised cost. It is the policy of the Group to obtain possession of collateral with a market value in excess of the principal amount loaned under resale agreements.

Interest earned on resale agreements and interest incurred on repurchase agreements are recognised as interest income and interest expense, respectively, over the life of each agreement using the effective interest method.

### (g) Financial assets

The Group classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. Management determines the classification of its financial assets at initial recognition.

#### Investments

##### Available-for-sale financial assets

The Group's investments in equity securities and certain debt securities are classified as available-for-sale and are carried at fair value except for unquoted equity securities whose fair value cannot be reliably measured, which are carried at cost. Changes therein, other than impairment losses, and foreign exchange gains and losses on available-for-sale monetary items, are recognised in other comprehensive income and reflected in investment revaluation reserve in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit and loss account.

# Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 December 2012

(Expressed in Jamaican dollars unless otherwise indicated)

---

## 2. Summary of Significant Accounting Policies (Continued)

### (g) Financial assets (continued)

#### Investments at fair value through profit or loss

The Group carries some investment securities at fair value through profit or loss if they are held for trading or designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value and changes therein are recognised in profit or loss.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments, that are not quoted in an active market, and that the Group does not intend to sell immediately or in the near term.

Loans and receivables are measured at amortised cost using the effective interest method, except when the Group chooses to designate the loans and receivables at fair value through profit or loss.

#### Investment properties

Investment properties are held for rental yields and fair value gains. These properties are not occupied by the Group. Investment properties are treated as a long-term investment and are carried at fair value, representing open market value determined annually by the directors or by independent valuers. Changes in fair values are recognised in the profit or loss. Rental income from investment properties is recognised in the profit and loss on a straight line basis over the tenor of the lease.

### (h) Borrowings

Borrowings (other than repos) are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss account over the period of the borrowings using the effective interest method.

### (i) Earnings per stock unit

Earnings per stock unit ("EPS") is computed by dividing profit attributable to the equity holders of the parent of J\$3,091,709,000 (2011 – J\$1,775,861,000) by the weighted average number of stock units in issue during the period, numbering 1,581,567,000 (2011 – 1,463,386,752).

### (j) Managed funds

The company acts as agent and earns fees for managing clients' funds on a non-recourse basis under a management agreement. At 31 December 2012, funds managed in this way amounted to J\$21,292,302,000 (2011 – J\$18,463,336,000).

### (k) Comparative Information

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current period. In particular, segment report has been restated to reflect basis consistent with internal management reporting.



# Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 December 2012

(Expressed in Jamaican dollars unless otherwise indicated)

## 3. Business Combinations

### *Acquisition of Capital & Credit Financial Group Limited*

Following the acquisition of 93.14% of the share capital of Capital & Credit Financial Group Limited (CCFG) on 29 June 2012, JMMB, pursuant to Section 209 (1) of the Companies Act 2004 of Jamaica, commenced the compulsory acquisition of the remaining 6.86% shares not tendered by CCFG shareholders. There was no application to the court made by any minority shareholder on or before 26 July 2012, and JMMB concluded the acquisition of the remaining 6.86% minority shareholding on 11 August 2012, thereby becoming the owner of 100% of the shares of CCFG.

Valuations of acquired tangible and intangible assets are not finalised. Management has utilised provisions under IFRS 3 which allows the acquirer reasonable time to obtain information necessary to identify and measure identifiable assets acquired and liabilities assumed. Management expects that this assessment will be concluded by the financial year end. Details of the provisional purchase price allocation among net assets acquired and goodwill are as follows:

	30 June 2012	31 August 2012	Total
	\$'000	\$'000	\$'000
Purchase consideration			
Cash paid	2,548,211	188,070	2,736,281
Shares issued as consideration for equity in CCFG (Note 4)	1,363,859	100,514	1,464,373
Total consideration paid	(3,912,070)	(288,584)	(4,200,654)
Fair value of net assets acquired	5,779,225	430,597	6,209,822
Negative goodwill	1,867,155	142,013	2,009,168
Other professional fees relating to acquisition	(371,702)	(25,268)	(396,970)
Gain on acquisition of subsidiaries	1,495,453	116,745	1,612,198

# Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 December 2012

(Expressed in Jamaican dollars unless otherwise indicated)

## 3. Business Combinations (continued)

The assets and liabilities arising from the acquisition are as follows:

	Fair Value	Fair Value
	30 June 12	31 Aug 12
	\$'000	\$'000
Cash and cash equivalents	1,230,341	1,492,962
Investment and resale agreements	23,507,244	18,897,075
Loans and notes receivable, net of provisions	5,561,874	5,262,190
Property, plant and equipment and intangible assets	75,903	60,748
Income tax recoverable	92,645	96,119
Accounts receivable	927,824	899,648
Deferred tax assets	211,218	174,210
Deposits	(5,308,796)	(6,022,583)
Repurchase agreements	(18,429,178)	(13,195,731)
Loan participation	(535,706)	(551,438)
Due to other financial institutions	(709,482)	(474,605)
Accounts payable	(418,707)	(361,673)
Net assets	<u>6,205,180</u>	<u>6,276,922</u>
Net asset acquired June 2012 (93.14%)	5,779,225	-
Net asset acquired August 2012 (6.86%)	-	430,597
Non-controlling interest	425,955	-
	<u>6,205,180</u>	<u>430,597</u>
Cash consideration		2,736,281
Cash and cash equivalents acquired		<u>(1,492,962)</u>
Net cash outflow on acquisition		<u>1,243,319</u>

Loans and notes receivable are stated after IFRS provisions of J\$761,461,000.

Since the acquisition, the acquired business has contributed J\$629,227,000 in revenues and incurred operating expenses of J\$486,915,000 for the Group.

# Jamaica Money Market Brokers Limited

Notes to the Financial Statements

**31 December 2012**

(Expressed in Jamaican dollars unless otherwise indicated)

## 4. Impairment Loss on Financial Assets

The impairment charge was for a provision on certain of the Group's investments.

## 5. Share Capital

By ordinary resolution dated 19 June 2012, 155,691,624 ordinary shares were issued as part payment of the acquisition of Capital & Credit Financial Group Limited, see Note 3. These shares ranked pari passu with existing ordinary shares.

By ordinary resolution dated 19 June 2012, 11,474,154 ordinary shares were issued on 11 August 2012, as part payment for the acquisition of the minority shareholding in Capital & Credit Financial Group Limited. These shares ranked pari passu with existing ordinary shares.

	2012 Number of Shares 000	2011 Number of Shares 000
<b>Issued ordinary share capital:</b>		
Ordinary stock units in issue at 1 April 2012	1,463,386	1,463,386
Ordinary stock units issued in consideration for 93.14% equity in CCFG (Note 3)	155,692	-
<b>Ordinary stock units in issue at 30 June 2012</b>	<b>1,619,078</b>	<b>1,463,386</b>
Ordinary stock units issued in consideration for 6.86% equity in CCFG (Note 3)	11,474	-
<b>Ordinary stock units in issue at 31 December 2012</b>	<b>1,630,552</b>	<b>1,463,386</b>

## 6. Retained Earnings Reserve

In accordance with a board resolution, the company transferred 7% of its total assets to non-distributable retained earnings reserve. This reserve constitutes a part of the company's capital base in determining the capital adequacy ratio.