



# MAYBERRY

INVESTMENTS LIMITED

## CHIEF EXECUTIVE OFFICER'S COMMENTARY ON FINANCIAL RESULTS

FOR THE FIRST QUARTER ENDED 31 MARCH 2013.

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Mayberry's total revenues increased by 22% despite the challenges

I am pleased to present our first quarter report for the period ended 31 March 2013. This year we are focused on our goals as outlined in our strategic agenda for 2013. Much emphasis will be placed on increasing our profitability through our diverse product offerings as well as growing our intimacy with our customers. We will continue our work to improve our operational efficiency and our team's performance. The accountability and performance of each team member is important to us achieving our strategic goals, we will therefore work to align our objectives which will lead us to achieve overall improvement.

Our 28th year of operation has so far been filled with both challenges and rewards. Our normal operating profit for the quarter was \$158.4 million and exceeded the corresponding period 2012 by \$54 million or 52%. This was driven by a 22% increase in total revenues. As previously reported, we participated in the National Debt Exchange (NDX) in February 2013 and this resulted in us recording a loss of \$337 million on the transaction, as such we recorded a net loss of \$67.6 million for the quarter. We have activated plans to overcome this challenge and to improve our position. Our team is mobilized to achieve the mandate of growing our profits. Notwithstanding the impact of the NDX, we are happy that our regulatory capital continues to exceed the minimum requirement.

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## Quarterly Profit Performance

The highlights of our operating performance are as follows.

Operating loss before taxation was \$154.6 million compared to profits of \$121.3 million for the comparative period. Total revenue for the quarter was \$323.5 million and was 22% higher than the corresponding quarter ended 2012. The categories which contributed most to the increase were dividend income (129%), net trading gains (223%), and net foreign exchange gains (350%). This was counterbalanced by reductions in net interest income (5%), fees and commissions (72%) and net unrealized losses on investment securities (525%).

## Summary of Income Statement

Description	31 March 2013 (\$'000)	31 March 2012 (\$'000)	Change (\$'000)	Change %
Net Interest Income and Other Revenues	323,562	264,642	58,920	22
Operating Expenses	(165,134)	(160,208)	4,926	(3)
Operating (Loss)/ Profit	(178,875)	104,434	(283,309)	(271)
Share of result of associate	24,263	16,844	7,419	44
(Loss)/Profit before Taxation	(154,612)	121,278	(275,890)	(227)
Net (Loss)/Profit	(67,650)	113,242	(180,892)	(160)

We have managed to contain our costs and expect that this will continue throughout the year.

Our share of profit from Access Financial Services Limited continues to be positive to our net position and has grown by 44% when compared to 2012.

There was a \$4.1 billion reduction in our total assets which was due to our efforts in reducing our retail repos, hence the associated reduction in our total liabilities.

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Our stockholders' equity was \$3.4 billion, a reduction of \$146 million when compared to the corresponding period. This translates to a book value of \$2.85 per share. We recorded a decline in our fair value reserves of \$230 million which resulted from the general fall in market prices on the Jamaica Stock Exchange. We recognize that the stock market has been impacted by the current economic situation and as such many stocks are undervalued. This provides a great opportunity for investors to make sound investments in strong companies and position themselves for the market rebound.

## Statement of Financial Position

Description	31 March 2013 (\$'000)	31 March 2012 (\$'000)	Change (\$'000)	Change %
Total Assets	19,545,823	23,721,415	(4,175,592)	(18)
Total Liabilities	(16,116,973)	(20,146,792)	(4,029,819)	20
Stockholders' Equity	3,428,850	3,574,623	(145,773)	(4)

## Associate Company Investment

During the quarter we sold 12,073,214 units of shares in Access Financial Services Limited, for a total of \$69 million, which reduced our total shareholdings to 38%. Access continues to produce robust growth and our confidence in the Company remains high. Our current shareholding in Access has a market value of \$728,589,000 and has grown phenomenally since our initial investments.

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## Regulatory Capital

Our capital base remains in good standing. Our capital to risk weighted asset ratio complies with the established minimum and meets the benchmark set by the FSC. 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-eight years.

Gary Peart  
Chief Executive Office

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## Consolidated Income Statement

FOR THE 3 MONTHS ENDED 31 MARCH 2013

	<u>UNAUDITED</u>	<u>UNAUDITED</u>	<u>AUDITED</u>
	3 Months Ended 31 March 2013	3 Months Ended 31 March 2012	12 Months Ended 31 December 2012
	\$'000	\$'000	\$'000
<b>Net Interest Income and Other Revenues</b>			
Interest income	261,927	318,350	1,285,601
Interest expense	(139,911)	(191,137)	(759,784)
Net interest income	122,016	127,213	525,817
Fees and commissions	19,482	70,612	223,151
Dividend income	34,117	14,905	134,692
Net trading gains	117,882	36,443	168,351
Net foreign exchange gain	40,136	8,914	39,077
Unrealised (loss)/gain on investment revaluations	(11,307)	2,659	33,826
Other income	1,236	3,896	7,349
Net interest income and other operating revenue	323,562	264,642	1,132,263
<b>Operating Expenses</b>			
Salaries, statutory contributions and other staff costs	(75,521)	(76,465)	(371,744)
Provision for credit losses	(9,000)	(12,812)	(84,196)
Depreciation and amortization	(3,471)	(5,814)	(11,270)
Other operating expenses	(77,142)	(65,117)	(290,896)
	(165,134)	(160,208)	(758,106)
<b>Operating profit before National Debt Exchange</b>	158,428	104,434	374,157
Loss from National Debt Exchange	(337,303)	-	-
<b>Operating (loss)/profit</b>	(178,875)	104,434	374,157
Share of results of associate	24,263	16,844	99,946
<b>(Loss)/Profit before taxation</b>	(154,612)	121,278	474,103
Taxation credit/(charge)	86,962	(8,036)	(34,749)
<b>Net (Loss)/Profit</b>	<b>(67,650)</b>	<b>113,242</b>	<b>439,354</b>
<b>Number of Shares in Issue</b>	1,201,149,291	1,201,149,291	1,201,149,291
<b>(Loss)/Earnings Per Stock Unit</b>	<b>(\$0.06)</b>	<b>\$0.09</b>	<b>\$0.37</b>

### BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with the accounting policies as set out in note 2 audited financial statements for the year ended 31 December 2012.

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## Consolidated Statement of Financial Position

AS AT 31 MARCH 2013

	(UNAUDITED) <u>MARCH</u> <u>2013</u> \$'000	(UNAUDITED) <u>MARCH</u> <u>2012</u> \$'000	AUDITED <u>DECEMBER</u> <u>2012</u> \$'000
<b>ASSETS</b>			
Cash resources	1,271,481	804,197	1,755,104
Investment securities	13,756,905	19,221,690	13,970,172
Reverse repurchase agreements	372,000	797,467	422,048
Promissory notes	1,265,759	952,336	1,014,806
Interest receivable	150,535	205,795	262,617
Loans and other receivables	2,285,500	1,369,781	2,958,164
Deferred taxation	120,850	32,173	23,445
Investment property	8,432	8,432	8,432
Property, plant and equipment	97,873	90,766	93,206
Investment in associate	216,488	238,778	269,989
<b>TOTAL ASSETS</b>	<b><u>19,545,823</u></b>	<b><u>23,721,415</u></b>	<b><u>20,777,983</u></b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
Bank overdraft	57,036	73,224	10,887
Securities sold under repurchase agreements	12,325,697	17,268,680	13,657,717
Interest payable	67,268	213,281	68,802
Loans	1,940,678	1,536,386	1,493,120
Accounts payable	1,726,294	1,055,221	1,876,637
	<u>16,116,973</u>	<u>20,146,792</u>	<u>17,107,163</u>
<b>STOCKHOLDERS' EQUITY</b>			
Share capital	1,582,381	1,582,381	1,582,381
Fair value reserve	(325,815)	(92,593)	(142,005)
Other reserve	527,939	527,939	527,939
Retained earnings	1,644,345	1,556,896	1,702,505
	<u>3,428,850</u>	<u>3,574,623</u>	<u>3,670,820</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b><u>19,545,823</u></b>	<b><u>23,721,415</u></b>	<b><u>20,777,983</u></b>

Approved for issue by the Board of Directors on 7 May 2013 and signed on its behalf by:

Gary Peart  
Chief Executive Officer

Sharon Harvey-Wilson  
Chief Operating Officer

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# MAYBERRY

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## Consolidated Statement of Comprehensive Income

FOR THE 3 MONTHS ENDED 31 MARCH 2013

	<u>UNAUDITED</u> 3 Months Ended 31 March 2013 \$'000	<u>UNAUDITED</u> 3 Months Ended 31 March 2012 \$'000	<u>AUDITED</u> 12 Months Ended 31 December 2012 \$'000
(Loss)/Profit for the period	(67,750)	113,242	439,354
Other Comprehensive Income for the period net of tax:			
Unrealised (losses)/gains on financial instruments	(174,220)	(133,179)	(218,956)
<b>Total comprehensive income</b>	<u><u>(241,970)</u></u>	<u><u>(19,937)</u></u>	<u><u>220,398</u></u>

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## Consolidated Statement of Changes in Equity

FOR THE 3 MONTHS ENDED 31 MARCH 2013

	Share Capital	Fair Value Reserve	Other Reserve	Retained Profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2012	1,582,381	47,923	527,939	1,544,420	3,702,663
Realised losses (net) transferred to retained earnings	-	(7,337)	-	7,337	-
Total comprehensive income	-	(133,179)	-	113,242	(19,937)
Dividends	-	-	-	(108,103)	(108,103)
<b>Balance at 31 March 2012</b>	<b>1,582,381</b>	<b>(92,593)</b>	<b>527,939</b>	<b>1,556,896</b>	<b>3,574,623</b>
Balance at 1 January 2013	1,582,381	(142,005)	527,939	1,702,505	3,670,820
Realised profit (net) transferred to retained earnings	-	(9,590)	-	9,590	-
Total comprehensive income	-	(174,220)	-	(67,750)	(241,970)
Dividends	-	-	-	-	-
<b>Balance at 31 March 2013</b>	<b>1,582,381</b>	<b>(325,815)</b>	<b>527,939</b>	<b>1,644,345</b>	<b>3,428,850</b>

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## Consolidated Statement of Cash Flows

FOR THE 3 MONTHS ENDED 31 MARCH 2013

	<u>Unaudited</u> 3 Months Ended 31 March 2013 \$'000	<u>Unaudited</u> 3 Months Ended 31 March 2012 \$'000	<u>Audited</u> 12 Months Ended 31 December 2012 \$'000
(Loss)/Profit for the period	(154,612)	121,278	474,103
Adjustment to reconcile (loss)/profit for the period to net cash used in operating activities	(5,864)	(154,615)	(696,143)
Cash (used in)/provided by operating activities	(421,144)	352,338	1,758,216
Net cash (used in)/ provided by operating activities	<u>(581,620)</u>	<u>319,001</u>	<u>1,536,176</u>
Net cash provided by/ (used in) investing activities	<u>51,848</u>	<u>(38,206)</u>	<u>7,338</u>
Net cash used in financing activities	<u>-</u>	<u>(108,103)</u>	<u>(252,241)</u>
(Decrease)/Increase in cash and cash equivalents	<u>(529,772)</u>	<u>172,692</u>	<u>1,291,273</u>
Effects of change in exchange rate on cash and cash equivalents	-	-	(105,337)
Cash and cash equivalents at beginning of period	<u>1,744,217</u>	<u>558,281</u>	<u>558,281</u>
Cash and cash equivalents at end of period	<u>1,214,445</u>	<u>730,973</u>	<u>1,744,217</u>

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## Top Ten Shareholders and Connected Persons

31 MARCH 2013

<b><u>Directors</u></b>	<b><u>Shareholdings</u></b>	<b><u>Connected Persons</u></b>
Christopher Berry	-	461,326,811
Konrad Berry**	437,377,507	-
Erwin Angus	-	2,507,886
Benito Palomino	2,283,105	-
David McBean**	446,521	-
Gary Peart**	14,566,665	174,250
Sharon Harvey-Wilson	5,730,858	-
Sushil Jain	319,187	-
Gladstone "Tony" Lewars	Nil	-
<b><u>Managers</u></b>		
Andrea HoSang**	1,098,601	
Kayree Berry-Teape**	2,836,984	
David Thomas	456,989	
Wade Mars	10,000	
Bob Russell**	182,140	
Dino Hinds	66,992	
Tania Waldron-Gooden	2,000	

\*\* Includes holdings in joint accounts

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## Shareholdings of Directors and Senior Management

31 MARCH 2013

### Top Ten Shareholders and Connected Persons 31 March 2013

<u>Name</u>	<u>Shareholdings</u>
Bamboo Group Holdings	461,326,811
Konrad Mark Berry**	437,377,507
Mayberry Employee Share Scheme	50,069,252
Konrad Limited	18,178,253
Gary Peart	14,566,665
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
Sharon Harvey-Wilson	5,730,858

### Connected Persons

Mayberry Employee Share Scheme	50,069,252
Mayberry Managed Client Account	4,007,222
Mayberry Foundation	10,955,147
Konrad Limited	18,178,253
Mayberry Investments Limited Pension Scheme	4,966,913
Doris Berry	732,262
Est. Maurice Berry	10

\*\* Includes holdings in joint accounts

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