



MAYBERRY

INVESTMENTS LIMITED

CHIEF EXECUTIVE OFFICER'S COMMENTARY ON FINANCIAL RESULTS

FOR THE SECOND QUARTER ENDED 30 JUNE 2013.

**Mayberry's Operating
Profit for the Six Month
Period up 32%.**

I am pleased to present our second quarter report for the period ended 30 June 2013.

Performance Highlights

The highlights of our operating performance for the quarter are as follows.

Net profit was \$48 million compared to profits of \$36 million for the comparative period. Total revenue for the quarter was \$186.1 million. During the quarter our revenue performance

were varied. We had growth in our gain on sale of investments (119%), net foreign exchange gains (385%) and other income (237%). These increases were counterbalanced by the 57% reduction in our fees and commissions and also a net unrealized mark to market loss of \$62.2 million from our trading portfolio. We are pleased to have sustained our diversification strategy which has allowed us to withstand the variability in these market cycles.

Our overall expenses for the quarter were \$176 million compared to \$194 million for the comparative period. We made fewer provisions this quarter as there is less deterioration in our credit portfolio. The increase in other operating expenses is driven by the new asset tax, imposed by the Government earlier this year.

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Summary of Income Statement for the Quarter

	3 Months Ended	3 Months Ended	Change	Change
	30 June 2013	30 June 2012	(\$'000)	%
Description	(\$'000)	(\$'000)		
Net Interest Income and Other Revenues	186,105	217,335	(31,230)	(14)
Operating Expenses	(176,159)	(193,940)	17,781	9
Operating Profit	9,946	23,395	(13,449)	(57)
Share of results of associate	22,004	20,694	1,310	6
Profit before Taxation	31,950	44,089	(12,139)	(27)
Net Profit	47,958	36,179	11,779	32

Year to date we have seen a 32% increase in our operating profit, before the impact of the loss recorded from the National Debt Exchange (NDX). As previously reported, we participated in the NDX in February 2013 and this resulted in us recording a loss of \$337 million on the transaction, which impacts our profit to date. We continue to take steps to overcome this challenge and to improve our position. Notwithstanding the impact of the NDX, we are happy that our regulatory capital continues to exceed the minimum requirement.

Year to Date Summary of Income Statement

Description	6 Months Ended	6 Months Ended	Change	Change
	30 June 2013	30 June 2012	(\$'000)	%
	(\$'000)	(\$'000)		
Net Interest Income and Other Revenues	509,667	481,977	27,690	6
Operating Expenses	(341,293)	(354,148)	12,855	(4)
Operating Profit	168,374	127,829	40,545	32
Share of results of associate	46,267	37,538	8,729	23
(Loss)/Profit before Taxation	(122,662)	165,367	(288,029)	(174)
Net (Loss)/Profit	(19,692)	149,421	(169,113)	(113)

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Our share of profit from Access Financial Services Limited continues to be positive to our net position and has grown by 23% when compared to 2012.

There was a \$2.8 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.

Our stockholders' equity was \$3.7 billion, an increase of \$182 million when compared to the corresponding period. This translates to a book value of \$3.07 per share. We recorded an improvement in our fair value reserves which resulted from the slight improvement in the market prices on the Jamaica Stock Exchange. We recognize that the stock market continues to be 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.

Summary Statement of Financial Position

Description	As at 30 June 2013	As at 30 June 2012	Change	Change
	(\$'000)	(\$'000)	(\$'000)	%
Total Assets	20,784,768	23,592,163	(2,807,395)	(12)
Total Liabilities	(17,097,333)	(20,087,201)	2,989,868	15
Stockholders' Equity	3,687,435	3,504,962	182,473	5

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Associate Company Investment

During the period 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 \$867,458,000 and has grown phenomenally since our initial investments.

Regulatory Capital

Our capital base remains in good standing. Our capital to risk weighted asset ratio complies with the established minimum 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 board of directors, 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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Consolidated Income Statement

FOR THE 6 MONTHS ENDED 30 JUNE 2013

	<u>UNAUDITED</u> 3 Months Ended 30 June 2013	<u>UNAUDITED</u> 3 Months Ended 30 June 2012	<u>UNAUDITED</u> 6 Months Ended 30 June 2013	<u>UNAUDITED</u> 6 Months Ended 30 June 2012	<u>AUDITED</u> 12 Months Ended 31 December 2012
	\$'000	\$'000	\$'000	\$'000	\$'000
Net Interest Income and Other Revenues					
Interest income	259,521	327,003	521,448	645,353	1,285,601
Interest expense	(138,655)	(193,185)	(278,566)	(384,322)	(759,784)
Net interest income	120,866	133,818	242,882	261,031	525,817
Fees and commissions	17,183	40,038	36,665	110,650	223,151
Dividend income	22,178	23,979	56,295	38,884	134,692
Gain on sale of investments	54,441	24,837	172,323	61,280	168,351
Net foreign exchange gain/(loss)	30,373	(10,649)	70,509	(1,735)	39,077
Net unrealised (loss)/gain on investment revaluations	(62,270)	4,322	(73,577)	6,981	33,826
Other income	3,334	990	4,570	4,886	7,349
Net interest income and other operating revenue	186,105	217,335	509,667	481,977	1,132,263
Operating Expenses					
Salaries, statutory contributions and other staff costs	(77,070)	(78,624)	(152,591)	(155,089)	(371,744)
Provision for credit losses	(9,004)	(40,190)	(18,004)	(53,002)	(84,196)
Depreciation and amortization	(4,007)	(5,968)	(7,478)	(11,782)	(11,270)
Other operating expenses	(86,078)	(69,158)	(163,220)	(134,275)	(290,896)
	(176,159)	(193,940)	(341,293)	(354,148)	(758,106)
Operating profit	9,946	23,395	168,374	127,829	374,157
Share of results of associate	22,004	20,694	46,267	37,538	99,946
Profit before National Debt Exchange	31,950	44,089	214,641	165,367	474,103
Loss from National Debt Exchange	-	-	(337,303)	-	-
Profit/(Loss) before taxation	31,950	44,089	(122,662)	165,367	474,103
Taxation credit/(charge)	16,008	(7,910)	102,970	(15,946)	(34,749)
Net Profit/(Loss)	47,958	36,179	(19,692)	149,421	439,354
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	\$0.04	\$0.03	(\$0.02)	\$0.12	\$0.37

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 2012.

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Consolidated Statement of Financial Position

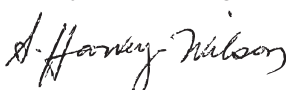
AS AT 30 JUNE 2013

	(UNAUDITED) <u>JUNE</u> <u>2013</u> \$'000	(UNAUDITED) <u>JUNE</u> <u>2012</u> \$'000	AUDITED <u>DECEMBER</u> <u>2012</u> \$'000
ASSETS			
Cash resources	1,554,012	793,824	1,755,104
Investment securities	13,930,383	18,956,688	13,970,172
Reverse repurchase agreements	384,159	868,503	422,048
Promissory notes	1,519,911	935,542	1,014,806
Interest receivable	202,900	304,315	262,617
Loans and other receivables	2,720,109	1,386,789	2,958,164
Deferred taxation	126,051	43,848	23,445
Investment property	8,432	8,432	8,432
Property, plant and equipment	100,319	86,641	93,206
Investment in associate	238,492	207,581	269,989
TOTAL ASSETS	<u>20,784,768</u>	<u>23,592,163</u>	<u>20,777,983</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES			
Bank overdraft	26,182	51,525	10,887
Securities sold under repurchase agreements	12,533,456	16,937,702	13,657,717
Interest payable	64,521	210,757	68,802
Loans	2,071,296	1,874,558	1,493,120
Accounts payable	2,401,878	1,012,659	1,876,637
	<u>17,097,333</u>	<u>20,087,201</u>	<u>17,107,163</u>
STOCKHOLDERS' EQUITY			
Share capital	1,582,381	1,582,381	1,582,381
Fair value reserve	(124,839)	(208,115)	(142,005)
Other reserve	527,939	527,939	527,939
Retained earnings	1,701,954	1,602,757	1,702,505
	<u>3,687,435</u>	<u>3,504,962</u>	<u>3,670,820</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>20,784,768</u>	<u>23,592,163</u>	<u>20,777,983</u>

Approved for issue by the Board of Directors on 26 July 2013 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 2013

	<u>UNAUDITED</u> 6 Months Ended 30 June 2013 \$'000	<u>UNAUDITED</u> 6 Months Ended 30 June 2012 \$'000	<u>AUDITED</u> 12 Months Ended 31 December 2012 \$'000
Profit for the period	(19,692)	149,421	439,354
Other Comprehensive Income for the period net of tax:			
Net unrealised gain/ (loss) on investments	36,307	(256,038)	(218,956)
Total comprehensive income	<u>16,615</u>	<u>(106,617)</u>	<u>220,398</u>

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Consolidated Statement of Changes in Equity

FOR THE 6 MONTHS ENDED 30 JUNE 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
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
Balance at 1 January 2013	1,582,381	(142,005)	527,939	1,702,505	3,670,820
Total comprehensive income	-	36,307	-	(19,692)	16,615
Realised profit (net) transferred to retained earnings	-	(19,141)	-	19,141	-
Dividends	-	-	-	-	-
Balance at 30 June 2013	1,582,381	(124,839)	527,939	1,701,954	3,687,435

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Consolidated Statement of Cash Flows

FOR THE 6 MONTH ENDED 30 JUNE 2013

	<u>Unaudited</u> 3 Months Ended 30 June 2013 \$'000	<u>Unaudited</u> 3 Months Ended 30 June 2012 \$'000	<u>Unaudited</u> 6 Months Ended 30 June 2013 \$'000	<u>Unaudited</u> 6 Months Ended 30 June 2012 \$'000	<u>Audited</u> 12 Months Ended 31 December 2012 \$'000
Profit/(Loss) for the period	31,950	44,089	(122,662)	165,367	474,103
Adjustment to reconcile profit/(loss) for the period to net cash used in operating activities	(51,781)	(97,674)	(57,645)	(252,289)	(696,143)
Cash provided by/(used in) by operating activities	<u>399,657</u>	<u>30,909</u>	<u>(21,487)</u>	<u>383,247</u>	<u>1,758,216</u>
Net cash provided by/(used in) operating activities	<u>379,826</u>	<u>(22,676)</u>	<u>(201,794)</u>	<u>296,325</u>	<u>1,536,176</u>
Net cash (used in)/provided by investing activities	<u>(66,441)</u>	<u>34,002</u>	<u>(14,593)</u>	<u>(4,204)</u>	<u>7,338</u>
Net cash used in financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(108,103)</u>	<u>(252,241)</u>
Increase/(decrease) in cash and cash equivalents	<u>313,385</u>	<u>11,326</u>	<u>(216,387)</u>	<u>184,018</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>1,214,445</u>	<u>730,973</u>	<u>1,744,217</u>	<u>558,281</u>	<u>558,281</u>
Cash and cash equivalents at end of period	<u>1,527,830</u>	<u>742,299</u>	<u>1,527,830</u>	<u>742,299</u>	<u>1,744,217</u>

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Top Ten Shareholders and Connected Persons

30 June 2013

<u>Name</u>	<u>Shareholdings</u>
Bamboo Group Holdings Limited	461,326,811
Konrad Mark Berry	437,377,507
Mayberry Employee Share Scheme	52,874,259
Konrad Limited	18,178,253
Gary Peart	14,566,665
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
Sharon Harvey-Wilson	5,730,858

Connected Persons

Konrad Limited	18,178,253
Apex Pharmacy	1,000,000
Mayberry Employee Share Scheme	52,874,259
Mayberry Foundation	10,955,147
Mayberry Managed Client Account	3,896,110
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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Shareholdings of Directors and Senior Management

30 June 2013

<u>Directors</u>	<u>Shareholdings</u>	<u>Connected Persons</u>
Christopher Berry	-	461,326,811
Konrad Berry**	437,377,507	152,901
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	299,187	-
Gladstone "Tony" Lewars	87,000	-
 <u>Managers</u>		
Andrea HoSang**	1,098,601	
Kayree Berry-Teape**	2,836,984	
David Thomas	456,989	
Wade Mars	1,000	
Bob Russell**	182,140	
Dino Hinds	66,992	
Tania Waldron-Gooden	2,000	

** Includes holdings in joint accounts

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