



JAMAICA MONEY MARKET BROKERS LIMITED

Group Financial Statements

Unaudited Six Months Financial Results for period ended 30 September 2013



Jamaica Money Market Brokers Limited

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ended 30 September 2013**

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JAMAICA MONEY MARKET BROKERS LIMITED

Unaudited Six Months Financial Results for the period ended 30 September 2013

Directors' Statement

PERFORMANCE HIGHLIGHTS

Net Profit of J\$1.60 billion

Earnings per Stock Unit of J\$0.89, (2012 - \$1.55)

Net Interest Income up 10.6%

Operating Revenue of J\$4.16 billion, grew by 33.8%

Efficiency ratio 56.3% (2012 – 60.5%)

The Directors are pleased to announce that the JMMB Group has posted a net profit of J\$1.60 billion and earnings per share of J\$0.89 for the six month period ended 30 September 2013. While there was a reduction in net profit over the prior period (2012 – J\$2.54 billion), excluding the one off gain from acquisition of CCFG of J\$1.61 billion, the Group's operating earnings reflected a positive increase of J\$669.5 million or 71.8%.

Notwithstanding JMMB's participation in the National Debt Exchange (NDX) and the resulting impact on the business in the prior year, Net Interest Income showed an increase year-over-year moving from J\$2.18 billion to J\$2.41 billion, an increase of 10.6%. This improvement was driven largely by increase in the portfolio coupled with effective management of the Group's investment and cost of funds. Other operating revenues, namely gains on securities trading reflected an increase of 108.4% as the Group took advantage of market opportunities through its regional presence. Other revenues also reflected increases of 48.9% which were driven largely by increased volume activity through the expanded Group.

Our operations in the Dominican Republic continues to produce strong results contributing J\$754.6 million to Group, driven mainly by growth in Net Interest Income and gains on securities trading. In Trinidad & Tobago, our associated company, Intercommercial Bank Limited (IBL), though impacted by a one off provisioning on its loan portfolio, recorded a profit for the quarter. The Group continues to strengthen and solidify regional diversification with the build out of the new business, JMMB Investments Trinidad & Tobago Limited which will open its doors to the public in January 2014.

As we pursue the strategic objective of continuously improving efficiency and garnering synergies from Group operations, operating revenues grew by 34.1% while operating expenses increased by 24.4% to J\$2.3 billion compared to J\$1.9 billion for the prior year. This increase was mainly attributable to operating costs for CCFG which comprise J\$235.9 million or 12.5% and the remaining J\$222.9 million or 11.8% due mainly to inflationary increase coupled with growth in subsidiaries in the regional markets.

Consequently, despite this increase in expenses, management continues to effectively manage its operations as the Group's efficiency ratio (administrative costs as a percentage of operating revenue) improved to 56.3% (2012 – 60.5%) at the end of the quarter.

The JMMB Group J\$750 million preference share offering to the Jamaican public which closed on 30 August 2013 was oversubscribed by 96% as JMMB raised a total of J\$1.47 billion. This overwhelming support highlights clients' confidence in the Group's strategic initiatives as this funding will be used to further execute on growth plans while strengthening an already strong capital base.

Regulatory Capital Requirements

The Company continues to exceed its regulatory capital requirements. The Company's capital to risk weighted assets ratio stood at 19.9% whereas the Financial Services Commission (FSC) benchmark stipulates a minimum of 14%. The Company's capital to total assets ratio was 12.8% (2012 – 12.5%) whereas the FSC benchmark is 6%.

Corporate Social Responsibility (CSR) – Standing For All

JMMB, throughout the region, has continued to fulfill its mandate of making an indelible impact on the communities which it serves. In Jamaica, through the efforts of the Joan Duncan Foundation, and in the Dominican Republic and Trinidad & Tobago (through its subsidiaries and associated company), financial support during the quarter was given to a number of charitable organisations and special projects.

Worthy initiatives that benefitted from corporate social responsibility activities in Jamaica, included: the Community for the Upliftment of the Mentally Ill (CUMI); the Youth Upliftment Through Employment (YUTE) programme; and various schools, health clinics and community centres. As part of our back to school initiative, the Foundation provided scholarships and grants to 27 recipients. Those recipients attend a combination of tertiary, secondary, primary and special needs education institutions.

In further support of nation-building and empowerment, the Joan Duncan Foundation embarked on a major sponsorship of the University of the West Indies (UWI) Mona School of Business & Management Venture Challenge Competition, which seeks to build a culture of entrepreneurship in the student body, with the ultimate goal being to impact the nation. Participants are involved in developing an idea for a new business, and go through the process of developing and presenting a complete business plan. The ideal goal being to start the businesses in the near-term.

Major CSR initiatives conducted by the IBL Group in Trinidad & Tobago, surrounded the donation of a bursary to be awarded to a student of the University of the West Indies, St. Augustine campus, who is majoring in the field of banking and finance. IBL also contributed funds to provide counselling services for the children of RAFFA House, to assist with their psychological development. RAFFA House is the children's home arm of T&T's Loveuntil Foundation, which operates a boys' home and a girls' home for children between the ages of 4 and 18 years.

In the Dominican Republic, JMMB Puesto de Bolsa continued to make financial donations towards the Niña Madeleas Foundation which supports orphan girls in that country.

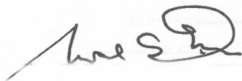
General

The JMMB Group continues to invest for the future with its key strategic imperative of building core revenues across diversified business lines locally and through our regional territories.

Having received the regulatory approval in the relevant jurisdictions for the acquisition of the remaining 50% shareholding of IBL, the transaction was concluded on October 3, 2013. As a result, IBL is now a 100% owned subsidiary of the JMMB Group – a key pillar in the strategic plans for integrated financial service offerings in Trinidad & Tobago.

While Jamaica continues to navigate through a tight IMF programme, the JMMB Group will continue to consolidate its recent acquisitions and roll-out its integrated financial service business model to the Jamaican market. Dominican Republic continues to be a strong growth market for the Group.

As the JMMB Group continues to focus on long term sustainable growth and further enhancing of shareholder value, the Directors extend sincere appreciation to our clients, team members and shareholders who continue to support and contribute to its success.



Noel A. Lyon
Chairman



Keith P. Duncan
Group Chief Executive Officer

Jamaica Money Market Brokers Limited

Consolidated Profit and Loss Account

Period ended 30 September 2013

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Three Months Ended 30 Sep 13	Unaudited Three Months Ended 30 Sep 12	Unaudited Six Months Ended 30 Sep 13	Unaudited Six Months Ended 30 Sep 12
	\$'000	\$'000	\$'000	\$'000
Net Interest Income and Other Revenue				
Interest income	2,929,133	2,876,942	5,808,405	5,229,361
Interest expense	(1,695,787)	(1,680,528)	(3,396,453)	(3,048,725)
Net interest income	1,233,346	1,196,414	2,411,952	2,180,636
Fees and commission income	120,084	97,533	223,599	163,706
Gains on securities trading, net	645,800	332,929	1,319,307	633,197
Foreign exchange margins from cambio trading	93,195	78,731	202,305	122,258
Operating revenue net of interest expense	2,092,425	1,705,607	4,157,163	3,099,797
Other Income				
Dividends	1,617	5,529	3,610	9,740
	2,094,042	1,711,136	4,160,773	3,109,537
Operating Expenses	(1,213,004)	(1,103,696)	(2,340,539)	(1,881,685)
Operating Profit	881,038	607,440	1,820,234	1,227,852
Gain on acquisition of subsidiaries	-	116,745	-	1,612,198
Share of profits of associated company	1,251	18,936	(24,289)	42,506
Profit before Taxation	882,289	743,121	1,795,945	2,882,556
Taxation	(112,692)	(164,117)	(194,142)	(338,009)
Profit for the period	769,597	579,004	1,601,803	2,544,547
Attributable to:				
Equity holders of the parent	696,874	563,530	1,450,406	2,522,545
Non-controlling interest	72,723	15,474	151,397	22,002
	769,597	579,004	1,601,803	2,544,547
Earnings per stock unit	\$0.43	\$0.35	\$0.89	\$1.55

Jamaica Money Market Brokers Limited

Consolidated Statement of Comprehensive Income

Period ended 30 September 2013

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Six Months Ended 30 Sep 13	Unaudited Six Months Ended 30 Sep 12
	\$'000	\$'000
Profit for the period	1,601,803	2,544,547
Other comprehensive income:		
Unrealised loss on available for sale investments	(2,215,373)	(282,454)
Foreign exchange translation differences	131,387	42,253
	<u>(2,083,986)</u>	<u>(240,201)</u>
Total comprehensive income for period, net of tax	<u>(482,183)</u>	<u>2,304,346</u>
Total comprehensive income attributable to:		
Equity holders of the parent	(172,349)	2,282,344
Non-controlling interest	(309,834)	22,002
	<u>(482,183)</u>	<u>2,304,346</u>

Jamaica Money Market Brokers Limited

Consolidated Statement of Financial Position

30 September 2013

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited as at 30 Sep 13	Unaudited as at 30 Sep 12	Audited as at 31 March 13
	\$'000	\$'000	\$'000
ASSETS			
Cash and cash equivalents	10,285,623	5,706,040	5,831,430
Interest receivable	2,604,189	2,463,581	2,220,864
Income tax recoverable	1,692,194	1,770,088	1,832,210
Loans and notes receivable, net of provision	11,691,153	9,268,616	10,227,126
Other receivables	1,376,071	1,718,009	918,692
Investments and resale agreements	141,340,046	133,195,008	142,303,857
Investment properties	457,591	531,037	457,591
Interest in associated companies	843,724	725,902	808,306
Deferred tax asset	190,881	171,494	447,951
Property, plant and equipment and intangible assets	1,931,503	1,294,867	1,768,658
Customers' liability under acceptances, guarantees and letters of credit as per contra	10,347	28,293	44,276
	172,423,322	156,872,935	166,860,961
EQUITY AND LIABILITIES			
Equity			
Share Capital	1,864,054	1,843,994	1,864,054
Retained earnings reserve	9,109,778	8,222,323	9,109,778
Investment revaluation reserve	(29,889)	120,151	1,724,253
Cumulative translation reserve	29,676	34,361	(101,711)
Retained earnings	5,547,405	4,142,968	4,096,999
	16,521,024	14,363,797	16,693,373
Non-controlling interest	209,669	116,488	519,503
Total equity	16,730,693	14,480,285	17,212,876
Liabilities			
Customer deposits	9,036,859	6,163,410	7,567,380
Due to other banks	321,795	472,518	378,560
Loan participations	5,721	946,802	341,082
Securities sold under agreements to repurchase	139,380,320	128,113,465	135,907,311
Redeemable preference shares	4,228,705	2,759,346	2,759,346
Interest payable	1,136,575	1,157,584	1,193,398
Income tax payable	27,067	811,623	11,546
Other payable	943,570	1,218,384	908,488
Deferred tax liability	601,670	721,225	536,698
Liabilities under acceptances, guarantees and letters of credit as per contra	10,347	28,293	44,276
	155,692,629	142,392,650	149,648,085
	172,423,322	156,872,935	166,860,961

Jamaica Money Market Brokers Limited

Consolidated Statement of Changes in Stockholders' Equity

Period ended 30 September 2013

(Expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Retained Earnings Reserve	Investment Revaluation Reserve	Cumulative Translation Reserve	Retained Earnings	Attributable to Equity holders of the Parent	Non- Controlling Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balances at 31 March 2012 (Audited)	379,622	8,222,323	402,605	(7,892)	1,781,396	10,778,054	94,077	10,872,131
Profit for the period	-	-	-	-	2,522,545	2,522,545	22,002	2,544,547
Other comprehensive income for period	-	-	(282,454)	42,253	-	(240,201)	-	(240,201)
Issue of shares related to business combination	1,464,372	-	-	-	-	1,464,272	-	1,464,372
Minority interests in acquired subsidiaries	-	-	-	-	-	-	409	409
Dividends paid	-	-	-	-	(160,973)	(160,973)	-	(160,973)
Balances at 30 September 2012 (Unaudited)	1,843,994	8,222,323	120,151	34,361	4,142,968	14,363,797	116,488	14,480,285
Balances at 31 March 2013 (Audited)	1,864,054	9,109,778	1,724,253	(101,711)	4,096,999	16,693,373	519,503	17,212,876
Profit for the period	-	-	-	-	1,450,406	1,450,406	151,397	1,601,803
Other comprehensive income for period	-	-	(1,754,142)	131,387	-	(1,622,755)	(461,231)	(2,083,986)
Balances at 30 September 2013 (Unaudited)	1,864,054	9,109,778	(29,889)	29,676	5,547,405	16,521,024	209,669	16,730,693

Jamaica Money Market Brokers Limited

Consolidated Statement of Cash Flows

Period ended 30 September 2013

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Six Months Ended 30 Sep 13 \$'000	Unaudited Six Months Ended 30 Sep 12 \$'000
Cash Flows from Operating Activities		
Profit for the period	1,601,803	2,544,547
Adjustments for:		
Share of loss/(profits) of associated company	24,289	(42,506)
Gain on acquisition of subsidiaries	-	(1,612,198)
Unrealised loss/(gains) on trading securities	28,655	(2,520)
Depreciation and amortisation	103,170	78,950
	1,757,917	966,273
Changes in operating assets and liabilities	2,641,762	6,550,461
Net cash provided by operating activities	4,399,679	7,516,734
Cash Flows from Investing Activities		
Net purchase of investment securities	(1,148,830)	(4,291,908)
Purchase of investment property	-	(73,446)
Acquisition of subsidiaries net of cash acquired	-	(1,243,319)
Purchase of property, plant and equipment and computer software	(266,015)	(124,031)
Net cash used in investing activities	(1,414,845)	(5,732,704)
Cash Flows from Financing Activities		
Proceeds from redeemable preference shares	1,469,359	-
Notes payable	-	(74,251)
Dividends paid	-	(160,973)
Net cash provided by/(used in) financing activities	1,469,359	(235,224)
Net increase in cash and cash equivalents	4,454,193	1,548,806
Cash and cash equivalents at beginning of year	5,831,430	4,157,234
Cash and cash equivalents at end of period	10,285,623	5,706,040

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

Period ended 30 September 2013

(Expressed in Jamaican dollars unless otherwise indicated)

Segment Reporting

	Six months period ended 30 September 2013				
	Financial & Related Services \$'000	Banking & Related Services \$'000	Other \$'000	Eliminations \$'000	Total \$'000
External revenues	6,586,792	928,929	41,505	-	7,557,226
Intersegment revenue	247,401	13,681	2,875	(263,957)	-
Total segment revenue	6,834,193	942,610	44,380	(263,957)	7,557,226
Segment results	1,691,908	124,918	3,408	-	1,820,234
Share of associated company loss					(24,289)
Profit before tax					1,795,945
Taxation					(194,142)
Profit for the period					1,601,803
Total segment assets	172,748,308	22,347,567	873,440	(23,545,993)	172,423,322
Total segment liabilities	152,642,476	17,176,212	806,272	(14,932,331)	155,692,629
Interest income	5,050,513	754,806	3,086	-	5,808,405
Operating expenses	1,903,494	398,952	38,093	-	2,340,539
Depreciation and amortisation	94,188	8,587	395	-	103,170
Capital expenditure	260,609	5,406	-	-	266,015

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

Period ended 30 September 2013

(Expressed in Jamaican dollars unless otherwise indicated)

Segment Reporting

	Six months period ended 30 September 2012				
	Financial & Related Services	Banking & Related Services	Other	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	5,725,636	366,799	65,827	-	6,158,262
Intersegment revenue	231,430	36,517		(267,947)	-
Total segment revenue	5,957,066	403,316	65,827	(267,947)	6,158,262
Segment results	1,217,387	467	9,998	-	1,227,852
Gain on acquisition of subsidiaries					1,612,198
Share of associated company profit					42,506
Profit before tax					2,882,556
Taxation					(338,009)
Profit for the period					2,544,547
Total segment assets	154,720,105	19,682,577	3,592,808	(21,122,555)	156,872,935
Total segment liabilities	141,700,055	14,966,839	1,210,947	(15,485,191)	142,392,650
Interest income	5,130,297	98,272	792	-	5,229,361
Operating expenses	1,678,752	152,959	49,974	-	1,881,685
Depreciation and amortisation	58,305	19,784	861	-	78,950
Capital expenditure	101,310	22,721	-	-	124,031

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

Period ended 30 September 2013

(Expressed in Jamaican dollars unless otherwise indicated)

1. Identification

Jamaica Money Market Brokers Limited (the “company” or “JMMB”) is incorporated and domiciled in Jamaica. The registered office of the company is located at 6 Haughton Terrace, Kingston 10, Jamaica. It has eight (2012 – three) 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 interest in associated companies, as detailed below.

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

The principal activities of the company and its subsidiaries 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 companies 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 and its subsidiaries	100		Jamaica	Investment holding
Capital & Credit Remittance Limited		100	Jamaica	Funds transfer
Capital & Credit Holdings Inc.		100	United States of America	Investment holding
JMMB Merchant Bank Limited, formerly Capital & Credit Merchant Bank Limited		100	Jamaica	Merchant Banking

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

Period ended 30 September 2013

(Expressed in Jamaican dollars unless otherwise indicated)

1. Identification (Continued)

Name of Subsidiary	% Shareholding Held by Parent/Subsidiary		Country of Incorporation	Principal Activities
	Parent	Subsidiary		
Capital & Credit Securities Limited	100		Jamaica	Investment holding
JMMB Fund Managers Limited, formerly Capital & Credit Fund Managers Limited	100		Jamaica	Fund management

* Associated company

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 2013.

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

Period ended 30 September 2013

(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

Period ended 30 September 2013

(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 is 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

Period ended 30 September 2013

(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 and 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\$1,450,406,000 (2012 – J\$2,522,545,000) by the weighted average number of stock units in issue during the period, numbering 1,630,552,530 (2012 – 1,624,815,453).

(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 30 September 2013, funds managed in this way amounted to J\$23,189,342,000 (2012 – J\$21,037,079,000).

(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.

3. Subsequent Event

On the 3 October 2013, the company acquired the remaining 50% of the share capital of Intercommercial Bank Limited (IBL) for US\$8,750,000, thereby IBL becoming a 100% subsidiary of the JMMB Group.