



MAYBERRY

INVESTMENTS LIMITED

CHIEF EXECUTIVE OFFICER'S COMMENTARY ON FINANCIAL RESULTS

FOR THE SECOND QUARTER ENDED 30 JUNE 2014.

I am pleased to present our second quarter report for the period ended 30 June 2014. Net profit for the quarter was \$149 million and was 211% higher than the corresponding period. Whereas year to date we recorded profit of \$225.3 million which translates in earnings of \$0.19 per share.

Quarterly Profit Performance

The highlights of our operating performance are as follows.

Net profit for the quarter was \$149 million compared to \$48 million for the corresponding period.

Summary of Income Statement

Description	3 Months 30 June 2014 (\$'000)	3 Months 30 June 2013 (\$'000)	Change (\$ '000)	+/(-) % Change
Net Interest Income and Other Revenues	320,277	186,105	134,172	72
Operating Expenses	(223,757)	(176,159)	(47,598)	(27)
Operating Profit	96,250	9,946	86,304	868
Share of results of Associate	29,201	22,004	7,197	33
Profit before Taxation	125,721	31,950	93,771	293
Net Profit	149,156	47,958	101,198	211



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This quarter we recorded revenues of \$320 million; this was 72% higher than the corresponding quarter.

The increase in revenues was driven by net unrealized marked to market gains of approximately \$112 million, as compared to net unrealized loss of \$62 million in the corresponding period. Fees and commissions also increased by \$14 million or 81% and our trading gains increased by \$12.8 million or 23%. However, our net interest income declined by \$68 million, this was due to lower results from our Jamaican Dollar portfolios. The increase in local interest rates had a negative impact on our net interest income, coupled with the reduction in the yields from the portfolio, consequent to the National Debt Exchange. We have made adjustments to our portfolios strategies which will serve to improve the net interest income in the upcoming periods. Our team is committed and working diligently to meet our revenue targets for 2014.

Our expenses increased by 27% and resulted from increased marketing and professional fees.

We have rolled out a new marketing and advertising campaign which has increased our visibility and reached out to our clients and prospects. We are very optimistic about the returns to be generated from these activities.

Our share of profit from Access Financial Services Limited continues to be positive to our net position and has grown by 33% when compared to 2013.



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Year to Date Summary of Income Statement

Description	6 Months 30 June 2014 (\$'000)	6 Months 30 June 2013 (\$'000)	Change (\$'000)	+/(-) % Change
Net Interest Income and Other Revenues	559,005	509,667	49,338	9.7
Operating Expenses	(419,397)	(341,092)	(78,305)	(23)
Operating Profit	139,608	(168,929)	308,537	183
Share of results of Associate	60,376	46,267	14,109	30
Profit/(Loss) before Taxation	199,984	(122,662)	322,646	263
Net Profit/(Loss)	225,296	(19,692)	244,988	1,244

Net profit for the 6 months period was \$225.3 million and was better than the corresponding period which showed a net loss. During 2013 the loss \$337.3 million from the National Debt Exchange (NDX) impacted the overall performance.

Statement of Financial Position

Description	30 June 2014 (\$'000)	30 June 2013 (\$'000)	Change (\$'000)	+/(-) % Change
Total Assets	22,039,107	20,784,768	1,254,339	6
Total Liabilities	(18,380,649)	(17,097,333)	(1,283,316)	(7.5)
Stockholders' Equity	3,658,458	3,687,435	(28,977)	(0.8)

There was a \$1.2 billion increase in our total assets which was due in part to increase in funding from our counterparts.

Our stockholders' equity was \$3.6 billion, which translates to a book value of \$3.04 per share. At the end of June 2014 the All Jamaica Index was 78,303 points compared to 88,043 points for the corresponding period, a decline of 12%. This movement contributed to a fall in our fair value reserves of approximately \$192 million for the period. 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



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opportunity for investors to make sound investments in strong companies and position themselves for the market rebound.

Associate Company Investment

Recently there has been a lot of attention to the difficult situation regarding the dispute between Access's Board of Directors and its Chief Executive Officer. The Board of Access has given its assurance that the shareholders' and bondholders' investments are intact and all steps are being taken to ensure that Access' governance remain transparent, serving the interest of all parties. The management and staff continue to give their best effort to ensure that all stakeholders' interests are preserved.

Our investment continues to perform well as reflected in our results for the period. Our current shareholding in Access has a market value of \$1,449,803,000 and has grown phenomenally since our initial investments.

Employer of Choice Awards

Recently, we received two prestigious awards from the Jamaica Employers' Federation for Employer Satisfaction and our Internship Programme. Our team is still very excited about this achievement and is committed to making our Company the Employer of Choice in the Industry.

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 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-eight years.

Gary Peart
Chief Executive Officer



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Consolidated Income Statement

FOR THE 6 MONTHS ENDED 30 JUNE 2014

	UNAUDITED 3 Months Ended 30 June 2014	UNAUDITED 3 Months Ended 30 June 2013	UNAUDITED 6 Months Ended 30 June 2014	UNAUDITED 6 Months Ended 30 June 2013	AUDITED 12 Months Ended 31 December 2013
	\$'000	\$'000	\$'000	\$'000	\$'000
Net Interest Income and Other Revenues					
Interest income	262,821	259,521	532,299	521,448	1,021,716
Interest expense	(210,047)	(138,655)	(403,151)	(278,566)	(608,073)
Net interest income	52,774	120,866	129,148	242,882	413,643
Fees and commissions	31,161	17,183	55,555	36,665	111,780
Dividend income	20,420	22,178	49,061	56,295	92,604
Net gain on disposal of associate holding	-	-	-	59,985	59,985
Net trading gains	67,217	54,441	102,124	112,338	159,013
Net foreign exchange gain	33,786	30,373	81,191	70,509	139,027
Net unrealised gain/(loss) on investment revaluations	112,279	(62,270)	130,222	(73,577)	(90,415)
Other income	2,640	3,334	11,704	4,570	8,562
Net interest income and other operating revenue	320,277	186,105	559,005	509,667	894,199
Operating Expenses					
Salaries, statutory contributions and other staff costs	(90,633)	(77,070)	(174,546)	(152,591)	(339,463)
Provision for credit losses	(9,300)	(9,004)	(18,600)	(18,004)	6,406
Depreciation and amortization	(4,153)	(4,007)	(8,215)	(7,478)	(15,682)
Other operating expenses	(119,671)	(86,078)	(218,036)	(163,019)	(332,591)
	(223,757)	(176,159)	(419,397)	(341,092)	(681,330)
Operating profit before National Debt Exchange	96,520	9,946	139,608	168,575	212,869
Loss from National Debt Exchange	-	-	-	(337,504)	(337,504)
Operating profit/(loss)	96,520	9,946	139,608	(168,929)	(124,635)
Share of results of associate	29,201	22,004	60,376	46,267	102,643
Profit/(Loss) before taxation	125,721	31,950	199,984	(122,662)	(21,992)
Taxation credit	23,435	16,008	25,312	102,970	124,335
Net Profit/(Loss)	149,156	47,958	225,296	(19,692)	102,343
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	\$0.12	\$0.04	\$0.19	(\$0.02)	\$0.09

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 2013.



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Consolidated Statement of Financial Position

AS AT 30 JUNE 2014

	(UNAUDITED) <u>JUNE</u> <u>2014</u> \$'000	(UNAUDITED) <u>JUNE</u> <u>2013</u> \$'000	AUDITED <u>DECEMBER</u> <u>2013</u> \$'000
ASSETS			
Cash resources	1,689,638	1,554,012	709,493
Investment securities	14,063,413	13,930,383	15,608,995
Reverse repurchase agreements	793,297	384,159	387,701
Promissory notes	782,456	1,519,911	1,153,655
Interest receivable	212,600	202,900	246,551
Loans and other receivables	3,266,898	2,720,109	3,123,905
Deferred taxation	175,873	126,051	147,349
Other assets	629,632	8,432	272,055
Property, plant and equipment	102,651	100,319	107,865
Investment in associate	322,649	238,492	262,273
TOTAL ASSETS	<u>22,039,107</u>	<u>20,784,768</u>	<u>22,019,842</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES			
Bank overdraft	342,771	26,182	16,462
Securities sold under repurchase agreements	13,462,728	12,533,456	13,730,690
Interest payable	85,859	64,521	67,102
Loans	1,631,571	2,071,296	1,796,214
Accounts payable	2,857,720	2,401,878	2,639,155
	<u>18,380,649</u>	<u>17,097,333</u>	<u>18,249,623</u>
STOCKHOLDERS' EQUITY			
Share capital	1,582,381	1,582,381	1,582,381
Fair value reserve	(324,808)	(124,839)	(162,829)
Other reserve	77,939	527,939	527,939
Retained earnings	2,322,946	1,701,954	1,822,728
	<u>3,658,458</u>	<u>3,687,435</u>	<u>3,770,219</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>22,039,107</u>	<u>20,784,768</u>	<u>22,019,842</u>

Approved for issue by the Board of Directors on 12 August 2014 and signed on its behalf by:

Gary Peart
Chief Executive Officer

Sharon Harvey-Wilson
Chief Operating Officer

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Consolidated Statement of Comprehensive Income

FOR THE 6 MONTHS ENDED 30 JUNE 2014

	<u>UNAUDITED</u> 6 Months Ended 30 June 2014 \$'000	<u>UNAUDITED</u> 6 Months Ended 30 June 2013 \$'000	<u>AUDITED</u> 12 Months Ended 31 December 2013 \$'000
Profit for the period	225,296	(19,692)	102,343
Other Comprehensive Income for the period net of tax:			
Net unrealised (loss)/gain on investments	(192,919)	36,307	(2,944)
Total comprehensive income	<u>32,377</u>	<u>16,615</u>	<u>99,399</u>



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Consolidated Statement of Changes in Equity

FOR THE 6 MONTHS ENDED 30 JUNE 2014

	Share Capital	Fair Value Reserve	Other Reserve	Retained Profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
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
Balance at 1 January 2014	1,582,381	(162,829)	527,939	1,822,728	3,770,219
Total comprehensive income	-	(192,919)	-	225,296	32,377
Transfer from capital redemption reserve fund	-	-	(450,000)	450,000	-
Realised loss (net) transferred to retained earnings	-	30,940	-	(30,940)	-
Dividends	-	-	-	(144,138)	(144,138)
Balance at 30 June 2014	1,582,381	(324,808)	77,939	2,322,946	3,658,458



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Consolidated Statement of Cash Flows

FOR THE 6 MONTH ENDED 30 JUNE 2014

	Unaudited 3 Months Ended 30 June 2014 \$'000	Unaudited 3 Months Ended 30 June 2013 \$'000	Unaudited 6 Months Ended 30 June 2014 \$'000	Unaudited 6 Months Ended 30 June 2013 \$'000	Audited 12 Months Ended 31 December 2013 \$'000
Profit/(Loss) for the period	125,721	31,950	199,984	(122,662)	(21,992)
Adjustment to reconcile profit/(loss) for the period to net cash provided by/(used in) operating activities	(476,153)	(51,781)	(671,164)	(57,645)	(680,642)
Cash provided by/(used in) by operating activities	<u>791,704</u>	<u>399,657</u>	<u>1,629,734</u>	<u>(21,487)</u>	<u>(243,773)</u>
Net cash provided by/(used in) operating activities	<u>441,272</u>	<u>379,826</u>	<u>1,158,554</u>	<u>(201,794)</u>	<u>(946,407)</u>
Net cash (used in)/provided by investing activities	<u>(58,495)</u>	<u>(66,441)</u>	<u>(132,690)</u>	<u>(14,593)</u>	<u>80,018</u>
Net cash used in financing activities	<u>(372,027)</u>	<u>-</u>	<u>(372,027)</u>	<u>-</u>	<u>-</u>
Increase/(decrease) in cash and cash equivalents	<u>10,750</u>	<u>313,385</u>	<u>653,837</u>	<u>(216,387)</u>	<u>(866,389)</u>
Effects of change in exchange rate on cash and cash equivalents	-	-	-	-	(184,797)
Cash and cash equivalents at beginning of period	<u>1,336,118</u>	<u>1,214,445</u>	<u>693,031</u>	<u>1,744,217</u>	<u>1,744,217</u>
Cash and cash equivalents at end of period	<u>1,346,868</u>	<u>1,527,830</u>	<u>1,346,868</u>	<u>1,527,830</u>	<u>693,031</u>



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Top Ten Shareholders and Connected Persons

30 June 2014

Name

Shareholdings

Bamboo Group Holdings Limited	461,326,811
Konrad Mark Berry	437,377,507
Mayberry Employee Share Scheme	43,779,473
Gary Peart	24,566,665
Konrad Limited	18,178,253
Mayberry Foundation	10,955,147
Sharon Harvey-Wilson	10,730,858
Trading A/C - Sagicor Life Jamaica Ltd.	10,681,282
Christine Wong	8,103,167
Mayberry Investments Pension Scheme	6,274,960

Connected Persons

Konrad Limited	18,178,253
Apex Pharmacy	1,000,000
Mayberry Investments Limited Retirement Scheme	1,000,000
Mayberry Employee Share Scheme	43,779,473
Mayberry Foundation	10,955,147
Mayberry Managed Client Account	3,307,382
Mayberry Investments Limited Pension Scheme	6,274,960
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 2014

Shareholdings of Directors and Senior Management 30 June 2014

<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**	24,566,665	1,806,099
Sharon Harvey-Wilson	10,730,858	-
Sushil Jain	255,537	-
Gladstone "Tony" Lewars	87,000	-
 <u>Managers</u>		
Andrea HoSang**	1,098,601	
Kayree Berry-Teape**	2,688,064	
Wade Mars	1,000	

** Includes holdings in joint accounts



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