



MAYBERRY

INVESTMENTS LIMITED

CHIEF EXECUTIVE OFFICER'S COMMENTARY ON FINANCIAL RESULTS

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014.

I am pleased to present our third quarter report for the nine month period ended 30 September 2014. Net profit for the period was \$278.9 million compared to \$60.5 million for the corresponding period and was 361% higher than the corresponding period. This translated in earnings of \$0.23 per share.

Quarterly Profit Performance

The highlights of our operating performance are as follows.

Net profit for the quarter was \$53.6 million compared to \$80.2 million for the corresponding quarter.

Summary of Income Statement

Description	3 Months 30 September 2014 (\$'000)	3 Months 30 September 2013 (\$'000)	Change (\$'000)	+ / (-)% Change
Net Interest Income and Other Revenues	202,734	168,074	34,660	21
Operating Expenses	(196,466)	(102,264)	(94,202)	92
Operating Profit	6,268	65,810	(59,542)	(90)
Share of results of Associate	33,181	31,501	1,680	5
Profit before Taxation	39,449	97,311	(57,862)	(59)
Net Profit	53,580	80,202	(26,622)	(33)



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This quarter we recorded revenues of \$202.7 million; this was 21% higher than the corresponding quarter.

The increase in revenues was driven by gains from our trading portfolios as well as dividend income. Net unrealized marked to market gains was approximately \$30.2 million, as compared to net unrealized loss of \$10.8 million in the corresponding period. Trading gains increased by \$51 million or 348%; dividend income increased by \$12 million or 116% over the corresponding period. However this was counterbalanced by decline in our net interest income which fell by \$51 million, which was due to lower results from our 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. There was also a reduction in net foreign exchange gains of \$13.9 million or 59%.

Operating expenses increased by 92% and was due to several items which included staff costs, computer expenses, marketing, public relations and professional fees.

Our share of profit from Access Financial Services Limited continues to be positive to our net position and has grown by 5% when compared to the corresponding period 2013.



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Year to Date Summary of Income Statement

Description	9 Months 30 September 2014 (\$'000)	9 Months 30 September 2013 (\$'000)	Change (\$'000)	+ / (-)% Change
Net Interest Income and Other Revenues	761,739	677,942	83,797	12
Operating Expenses	(615,863)	(443,557)	(172,306)	(39)
Operating Profit/(Loss)	145,876	(103,119)	248,995	241
Share of results of Associate	93,557	77,768	15,789	20
Profit/(Loss) before Taxation	239,433	(25,351)	264,784	1,045
Net Profit	278,876	60,510	218,366	361

Net profit for the 9 months period was \$278.9 million and increased by 361% over the corresponding period. During 2013 the loss of \$337.5 million from the National Debt Exchange (NDX) impacted the overall performance.

Statement of Financial Position

Description	30 September 2014 (\$'000)	30 September 2013 (\$'000)	Change (\$'000)	+ / (-)% Change
Total Assets	22,946,873	21,346,878	1,599,995	7
Total Liabilities	(19,340,428)	(17,624,455)	(1,715,973)	(10)
Stockholders' Equity	3,606,445	3,722,423	(115,978)	(3)

There was a \$1.6 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 September 2014 the All Jamaica Index was 79,483 points compared to 84,371 points for the corresponding period, a decline of 6%. This movement contributed to a fall in our fair



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value reserves of approximately \$260 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 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 reassured its shareholders and bondholders that their 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 \$1,127,624,000 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 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-nine years.

Gary Peart
Chief Executive Officer



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Consolidated Income Statement

FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2014

	<u>UNAUDITED</u> 3 Months Ended 30 September 2014 \$'000	<u>UNAUDITED</u> 3 Months Ended 30 September 2013 \$'000	<u>UNAUDITED</u> 9 Months Ended 30 September 2014 \$'000	<u>UNAUDITED</u> 9 Months Ended 30 September 2013 \$'000	<u>AUDITED</u> 12 Months Ended 31 December 2013 \$'000
Net Interest Income and Other Revenues					
Interest income	257,118	245,357	789,417	766,805	1,021,716
Interest expense	(213,425)	(150,505)	(616,576)	(429,071)	(608,073)
Net interest income	43,693	94,852	172,841	337,734	413,643
Fees and commissions	28,459	33,369	84,014	70,034	111,780
Dividend income	22,500	10,401	71,561	66,696	92,604
Net gain on disposal of associate holding	-	-	-	59,985	59,985
Net trading gains	65,626	14,655	167,750	127,194	159,013
Net unrealised gain/(loss) on investment revaluations	30,291	(10,786)	160,513	(84,363)	(90,415)
Net foreign exchange gain	9,794	23,667	90,985	94,176	139,027
Other income	2,371	1,916	14,075	6,486	8,562
Net interest income and other operating revenue	202,734	168,074	761,739	677,942	894,199
Operating Expenses					
Salaries, statutory contributions and other staff costs	(94,177)	(79,043)	(268,723)	(231,634)	(339,463)
Provision for credit losses	14,700	61,895	(3,900)	43,891	6,406
Depreciation and amortization	(4,393)	(4,213)	(12,608)	(11,691)	(15,682)
Other operating expenses	(112,596)	(80,903)	(330,632)	(244,123)	(332,591)
	(196,466)	(102,264)	(615,863)	(443,557)	(681,330)
Operating profit before National Debt Exchange	6,268	65,810	145,876	234,385	212,869
Loss from National Debt Exchange	-	-	-	(337,504)	(337,504)
Operating profit/(loss)	6,268	65,810	145,876	(103,119)	(124,635)
Share of results of associate	33,181	31,501	93,557	77,768	102,643
Profit/(loss) before taxation	39,449	97,311	239,433	(25,351)	(21,992)
Taxation (charge)/credit	14,131	(17,109)	39,443	85,861	124,335
Net Profit	53,580	80,202	278,876	60,510	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	\$0.04	\$0.07	\$0.23	\$0.05	\$0.09

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 2013.



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Consolidated Statement of Financial Position

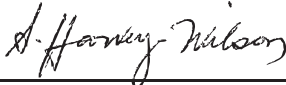
AS AT 30 SEPTEMBER 2014

	(UNAUDITED) SEPTEMBER <u>2014</u> \$'000	(UNAUDITED) SEPTEMBER <u>2013</u> \$'000	AUDITED DECEMBER <u>2013</u> \$'000
ASSETS			
Cash resources	823,547	1,495,699	709,493
Investment securities	15,352,090	14,440,661	15,608,995
Reverse repurchase agreements	1,094,843	287,562	387,701
Promissory notes	787,308	1,134,862	1,153,655
Interest receivable	222,561	189,194	246,551
Loans and other receivables	3,360,769	3,075,073	3,123,905
Deferred taxation	190,075	109,594	147,349
Other assets	689,632	270,143	272,055
Property, plant and equipment	109,416	106,692	107,865
Investment in associate	316,632	237,398	262,273
TOTAL ASSETS	<u>22,946,873</u>	<u>21,346,878</u>	<u>22,019,842</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES			
Bank overdraft	57,586	252,921	16,462
Securities sold under repurchase agreements	14,748,354	13,003,444	13,730,690
Interest payable	90,249	77,658	67,102
Loans	1,338,578	1,855,645	1,796,214
Accounts payable	3,105,661	2,434,787	2,639,155
	<u>19,340,428</u>	<u>17,624,455</u>	<u>18,249,623</u>
STOCKHOLDERS' EQUITY			
Share capital	1,582,381	1,582,381	1,582,381
Fair value reserve	(430,161)	(169,513)	(162,829)
Other reserve	77,939	527,939	527,939
Retained earnings	2,376,286	1,781,616	1,822,728
	<u>3,606,445</u>	<u>3,722,423</u>	<u>3,770,219</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>22,946,873</u>	<u>21,346,878</u>	<u>22,019,842</u>

Approved for issue by the Board of Directors on 14 November 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 9 MONTHS ENDED 30 SEPTEMBER 2014

	<u>UNAUDITED</u>	<u>UNAUDITED</u>	<u>AUDITED</u>
	9 Months Ended 30 September 2014 \$'000	9 Months Ended 30 September 2013 \$'000	12 Months Ended 31 December 2013 \$'000
Profit for the period	278,876	60,510	102,343
Other Comprehensive Income for the period net of tax:			
Items that will or maybe reclassified to statement of income			
Net unrealised loss on investments	(298,512)	(8,907)	(2,944)
Total Comprehensive Income Attributable to Stockholders	<u>(19,636)</u>	<u>51,603</u>	<u>99,399</u>



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Consolidated Statement of Changes in Equity

FOR THE 9 MONTHS ENDED 30 SEPTEMBER 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	-	(8,907)	-	60,510	51,603
Realized fair value gains on equity instruments transferred to retained earnings	-	(18,601)	-	18,601	-
Dividends	-	-	-	-	-
Balance at 30 September 2013	1,582,381	(169,513)	527,939	1,781,616	3,722,423
Balance at 1 January 2014	1,582,381	(162,829)	527,939	1,822,728	3,770,219
Total comprehensive income	-	(298,512)	-	278,876	(19,636)
Transfer from capital redemption reserve	-	-	(450,000)	450,000	-
Realized fair value losses on equity instruments transferred to retained earnings	-	31,180	-	(31,180)	-
Dividends	-	-	-	(144,138)	(144,138)
Balance at 30 September 2014	1,582,381	(430,161)	77,939	2,376,286	3,606,445



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Consolidated Statement of Cash Flows

FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2014

	<u>Unaudited</u> 3 Months Ended 30 September 2014 \$'000	<u>Unaudited</u> 3 Months Ended 30 September 2013 \$'000	<u>Unaudited</u> 9 Months Ended 30 September 2014 \$'000	<u>Unaudited</u> 9 Months Ended 30 September 2013 \$'000	<u>Audited</u> 12 Months Ended 31 December 2013 \$'000
Profit/(Loss) for the period	39,449	97,311	239,433	(25,351)	(21,992)
Adjustment to reconcile profit/(loss) for the period to net cash used in operating activities	(111,960)	(195,527)	(783,124)	(253,172)	(680,642)
Cash (used in)/provided by operating activities	<u>(437,238)</u>	<u>85,458</u>	<u>1,192,496</u>	<u>63,971</u>	<u>(243,773)</u>
Net cash (used in)/provided by operating activities	<u>(509,749)</u>	<u>(12,758)</u>	<u>648,805</u>	<u>(214,552)</u>	<u>(946,407)</u>
Net cash (used in)/provided by investing activities	<u>(71,158)</u>	<u>(272,294)</u>	<u>(203,848)</u>	<u>(286,887)</u>	<u>80,018</u>
Net cash used in financing activities	<u>-</u>	<u>-</u>	<u>(372,027)</u>	<u>-</u>	<u>-</u>
(Decrease)/increase in cash and cash equivalents	<u>(580,907)</u>	<u>(285,052)</u>	<u>72,930</u>	<u>(501,439)</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>1,346,868</u>	<u>1,527,830</u>	<u>693,031</u>	<u>1,744,217</u>	<u>1,744,217</u>
Cash and cash equivalents at end of period	<u>765,961</u>	<u>1,242,778</u>	<u>765,961</u>	<u>1,242,778</u>	<u>693,031</u>



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Top Ten Shareholders and Connected Persons

30 September 2014

Name

Bamboo Group Holdings Limited
Konrad Mark Berry
Mayberry Employee Share Scheme
Gary Peart
Konrad Limited
Mayberry Foundation
Sharon Harvey-Wilson
Trading A/C - Life of Jamaica Ltd.
Christine Wong
Mayberry Investments Pension Scheme

Shareholdings

461,326,811
437,377,507
43,779,473
24,566,665
18,178,253
10,955,147
10,730,858
10,681,282
8,103,167
6,274,960

Connected Persons

Mayberry Employee Share Scheme
Konrad Limited
Mayberry Foundation
Mayberry Investments Limited Pension Scheme
Mayberry Managed Client Account
Apex Pharmacy
Doris Berry
Est. Maurice Berry

43,779,473
18,178,253
10,955,147
6,274,960
3,307,382
1,000,000
732,262
10

** Includes holdings in joint accounts



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Shareholdings of Directors and Senior Management

30 September 2014

<u>Directors</u>	<u>Shareholdings</u>	<u>Connected Persons</u>
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**	24,740,915	
Sharon Harvey-Wilson	10,730,858	
Sushil Jain	255,537	
Gladstone "Tony" Lewars	87,000	
 <u>Managers</u>		
Andrea HoSang**	1,095,701	2,900
Kayree Berry-Teape**	2,656,984	31,080
Wade Mars	1,000	
Tania Waldron-Gooden	2,000	

** Includes holdings in joint accounts



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