



**JAMAICA MONEY MARKET BROKERS LIMITED**

**Group Financial Statements**

**Unaudited Nine Months Financial Results for period ended 31 December 2011**



Jamaica Money Market Brokers Limited

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**Financial Statements**

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# **JAMAICA MONEY MARKET BROKERS LIMITED**

**Unaudited Nine Months Financial Results for the period ended 31 December 2011**

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## **Directors' Statement**

### **PERFORMANCE HIGHLIGHTS**

Net Profit of J\$1.79 billion, grew by 110%

Earnings per Stock Unit of J\$1.21, up \$0.64

Net Interest Income up 47.4%

Other Operating Revenue up 63.2%

Operating Profit up 119.7%

Efficiency ratio improved to 49.7% from 65%

The Directors extend sincere appreciation to the clients of the JMMB Group for their continued confidence and support. This support is a critical driver of the Group's sustained growth in profitability. For the nine months ended December 31, 2011, the JMMB Group posted a net profit of J\$1.79 billion and earnings per share of J\$1.21. Management is indeed pleased with the continued growth in profitability as the nine month results have exceeded prior period results by J\$939.9 million or 110%.

For the nine month period, Net Interest Income (NII) showed positive growth year-over-year moving from J\$1.76 billion to J\$2.59 billion, an increase of 47.4%. Management continued with a focused strategy of effectively managing the Group's investment portfolio and costs of funds given the environment of declining interest rates. Other operating revenues, namely gains from securities trading and other income also reflected increases of 78.7% and 32.8% respectively which were driven largely by increased volume activity.

Consistent with JMMB's strategic imperatives, performance management plays a critical role in sustained business growth. As such, given the strong performance of the company, an incentive of J\$64.4 million was paid to staff in the third quarter for their continued commitment to excellence. This reward, coupled with costs relating to legal and professional fees of J\$53.6 million in support of strategic initiatives, accounted for the 17.1% increase in operating expenses to J\$2.18 billion compared to J\$1.86 billion for the prior year.

However, despite this increase in expenses, our efficiency ratio (administrative costs as a percentage of operating revenue) improved to 49.7% from 65% when compared to the corresponding period as we continue to tightly manage the company's efficiency.

The operations in the Dominican Republic and Trinidad & Tobago continue to provide positive results.

The overall impact of increased revenue and increased efficiencies from operations resulted in net profit for the quarter of J\$428.9 million and year to date of J\$1.79 billion, an increase of 7.4% and 110% respectively.

### **Regulatory Capital Requirements**

The company continues to exceed its regulatory capital requirements. The company's capital to risk weighted assets ratio stood at 24.5% whereas the Financial Services Commission (FSC) benchmark stipulates a minimum of 14%. The company's capital to total assets ratio was 12.4% (2010 – 10.1%) whereas the FSC benchmark is 6%.

## Community Relations

### Standing for Jamaica: Corporate Social Responsibility

We continue with our commitment to nation building and the empowerment of people with outreach and development initiatives, which aligns to our values of love, openness, honesty, integrity and care. For the nine month period, Quarter 3, the Group maintained direct support in the areas of social transformation, sports, health, education and cultural events, contributing J\$35.25 million through the Joan Duncan (JD) Foundation. For the third quarter in particular:

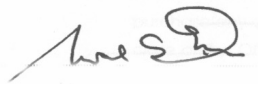
- The Group partnered with several organisations to drive support for social issues, including the Nomads World Aids Day Concert and the Jamaica Business Council on HIV/AIDS (JABCHA). Our support not only came in the form of funding but also through team members' participation in outreach activities.
- In recognition of the power of sport to building a nation, we remain firmly committed to supporting the development of sporting talent in Jamaica and as such, the Group recently partnered with the Amateur Swimming Association of Jamaica to refurbish and expand the existing control room at the National Stadium Pool. This was a much needed expansion as the control room is the hub for the collection and dissemination of information for all swim meets.
- In our continued thrust to create opportunities for our youth, support a spirit of enterprise, stimulate innovative thoughts and instil important entrepreneurial values and principles the Group supported, through funding and activities, the Business Lab's i3 Competition which is aimed at stirring creative and entrepreneurial instincts within defined categories for third and fourth formers islandwide.
- We continue to live our commitment to the **Youth Upliftment Through Employment (Y.U.T.E.)** programme, a transformational initiative designed to tackle underlying causes leading to crime and violence while giving residents from Kingston's inner-city communities renewed hope through skills training and employment opportunities. The Group has committed to fund J\$20 million over a 2-year period and has also employed Ten (10) Y.U.T.E. participants as part of the Y.U.T.E. Works stream of the initiative, which focuses on work experience.

### General

The JMMB Group continues on a strategic path to further enhance shareholder value and drive long term sustainable growth through building core revenues across diversified business lines both locally and throughout the region. We understand the growing needs of our clients and commit to catering to those needs through designing and providing germane financial solutions. While we pride ourselves on delivering exceptional client care, as a key strategic imperative, we are committed to continue to raise the bar and bring service delivery to an even higher level.

The Group will continue to further strengthen its local and regional presence in Jamaica, Dominican Republic and Trinidad & Tobago as part of its strategic objective to become an integrated regional financial institution.

The Directors extend sincere appreciation to our clients, team members and shareholders who continue to support and contribute to the great success of the Group.



**Noel A. Lyon**  
Chairman



**Keith P. Duncan**  
Group Chief Executive Officer

# Jamaica Money Market Brokers Limited

Consolidated Profit and Loss Account

**Period ended 31 December 2011**

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Three Months Ended 31 Dec 11	Unaudited Three Months Ended 31 Dec 10	Unaudited Nine Months Ended 31 Dec 11	Unaudited Nine Months Ended 31 Dec 10
	\$'000	\$'000	\$'000	\$'000
<b>Net Interest Income and Other Revenue</b>				
Interest income	2,355,928	2,297,568 *	6,862,926	6,942,003 *
Interest expense	(1,390,880)	(1,596,785) *	(4,269,739)	(5,182,391) *
<b>Net interest income</b>	<b>965,048</b>	<b>700,783</b>	<b>2,593,187</b>	<b>1,759,612</b>
Fees and commission income	68,483	48,003	177,245	133,500
Gains on securities trading, net	324,879	307,095	1,506,700	843,047
Foreign exchange margins from cambio trading	35,830	37,137	99,277	115,873
<b>Operating revenue net of interest expense</b>	<b>1,394,240</b>	<b>1,093,018</b>	<b>4,376,409</b>	<b>2,852,032</b>
<b>Other Income</b>				
Dividends	2,733	2,944	8,837	13,422
	<b>1,396,973</b>	<b>1,095,962</b>	<b>4,385,246</b>	<b>2,865,454</b>
Operating Expenses	(839,009)	(687,013)	(2,181,438)	(1,862,175)
<b>Operating Profit</b>	<b>557,964</b>	<b>408,949</b>	<b>2,203,808</b>	<b>1,003,279</b>
Share of profits of associated company	10,002	16,198	18,224	24,641
<b>Profit before Taxation</b>	<b>567,966</b>	<b>425,147</b>	<b>2,222,032</b>	<b>1,027,920</b>
Taxation	(138,978)	(25,587)	(427,870)	(173,637)
<b>Profit for the period</b>	<b>428,988</b>	<b>399,560</b>	<b>1,794,162</b>	<b>854,283</b>
<b>Attributable to:</b>				
Equity holders of the parent	424,126	381,177	1,775,861	833,166
Non-controlling interest	4,862	18,383	18,301	21,117
	<b>428,988</b>	<b>399,560</b>	<b>1,794,162</b>	<b>854,283</b>
<b>Earnings per stock unit</b>	<b>\$0.29</b>	<b>\$0.26</b>	<b>\$1.21</b>	<b>\$0.57</b>

\* Restated see note 2k

# Jamaica Money Market Brokers Limited

Consolidated Statement of Comprehensive Income

**Period ended 31 December 2011**

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Nine Months Ended 31 Dec 11	Unaudited Nine Months Ended 31 Dec 10
	\$'000	\$'000
<b>Profit for the period</b>	1,794,162	854,283
<b>Other comprehensive income:</b>		
Unrealised (loss)/gains on available for sale investments	(5,503)	704,619
Foreign exchange translation differences	(44,866)	48,588
	<u>(50,369)</u>	<u>753,207</u>
<b>Total comprehensive income for period, net of tax</b>	<b><u>1,743,793</u></b>	<b><u>1,607,490</u></b>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the parent	1,728,365	1,586,373
Non-controlling interest	15,428	21,117
	<b><u>1,743,793</u></b>	<b><u>1,607,490</u></b>

# Jamaica Money Market Brokers Limited

## Consolidated Statement of Financial Position

**31 December 2011**

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited as at 31 Dec 11	Unaudited as at 31 Dec 10	Audited as at 31 March 11
	\$'000	\$'000	\$'000
<b>ASSETS</b>			
Cash and cash equivalents	3,689,815	3,615,191	3,317,057
Interest receivable	2,136,541	2,015,791	1,760,130
Income tax recoverable	1,421,438	1,383,924	1,235,689
Loans and notes receivable	3,387,411	3,440,431	3,445,800
Other receivables	1,013,186	2,248,955	2,159,512
Investments and resale agreements	107,169,408	101,108,415	98,912,627
Investment properties	457,591	457,591	457,591
Interest in associated companies	649,370	649,723	643,137
Deferred tax asset	7,971	23,738	18,300
Property, plant and equipment and intangible assets	1,137,121	1,063,824	1,069,215
	<b>121,069,852</b>	<b>116,007,583</b>	<b>113,019,058</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	379,622	379,622	379,622
Investment revaluation reserve	713,682	(120,601)	719,185
Cumulative translation reserve	(21,561)	39,886	20,432
Other reserve	-	13,672	13,672
Retained earnings	9,562,772	7,929,149	8,212,255
	10,634,515	8,241,728	9,345,166
Non-controlling interest	88,729	51,624	57,165
Total equity	<b>10,723,244</b>	<b>8,293,352</b>	<b>9,402,331</b>
<b>Liabilities</b>			
Interest payable	928,320	965,163	922,493
Income tax payable	322,457	418,546	322,457
Accounts payable	445,164	341,274	596,897
Repurchase agreements	103,621,524	104,600,829	97,068,266
Notes payable	553,308	278,457	623,873
Redeemable preference shares	2,924,994	165,648	2,924,994
Deferred tax liability	1,550,841	944,314	1,157,747
	<b>110,346,608</b>	<b>107,714,231</b>	<b>103,616,727</b>
	<b>121,069,852</b>	<b>116,007,583</b>	<b>113,019,058</b>



# Jamaica Money Market Brokers Limited

## Consolidated Statement of Changes in Stockholders' Equity

Period ended 31 December 2011

(Expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Investment Revaluation Reserve	Cumulative Translation Reserve	Other Reserve	Retained Earnings	Attributable to equity holders of the Parent	Non- Controlling Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balances at 31 March 2010 (Audited)</b>	<b>379,622</b>	<b>(825,220)</b>	<b>(8,702)</b>	<b>13,672</b>	<b>7,300,857</b>	<b>6,860,229</b>	<b>30,507</b>	<b>6,890,736</b>
Profit for the period	-	-	-	-	833,166	833,166	21,117	854,283
Other comprehensive income for period	-	704,619	48,588	-	-	753,207	-	753,207
Total comprehensive income for period	-	704,619	48,588	-	833,166	1,586,373	21,117	1,607,490
Dividends paid	-	-	-	-	(204,874)	(204,874)	-	(204,874)
<b>Balances at 31 December 2010 (Unaudited)</b>	<b>379,622</b>	<b>(120,601)</b>	<b>39,886</b>	<b>13,672</b>	<b>7,929,149</b>	<b>8,241,728</b>	<b>51,624</b>	<b>8,293,352</b>
<b>Balance at 31 March 2011 (Audited)</b>	<b>379,622</b>	<b>719,185</b>	<b>20,432</b>	<b>13,672</b>	<b>8,212,255</b>	<b>9,345,166</b>	<b>57,165</b>	<b>9,402,331</b>
Profit for the period	-	-	-	-	1,775,861	1,775,861	18,301	1,794,162
Other comprehensive income for period	-	(5,503)	(41,993)	(13,672)	13,672	(47,496)	(2,873)	(50,369)
Total comprehensive income for period	-	(5,503)	(41,993)	(13,672)	1,789,533	1,728,365	15,428	1,743,793
Paid in capital	-	-	-	-	-	-	16,136	16,136
Dividends paid	-	-	-	-	(439,016)	(439,016)	-	(439,016)
<b>Balances at 31 December 2011 (Unaudited)</b>	<b>379,622</b>	<b>713,682</b>	<b>(21,561)</b>	<b>-</b>	<b>9,562,772</b>	<b>10,634,515</b>	<b>88,729</b>	<b>10,723,244</b>

# Jamaica Money Market Brokers Limited

## Consolidated Statement of Cash Flows

Period ended 31 December 2011

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Nine Months Ended 31 Dec 11 \$'000	Unaudited Nine Months Ended 31 Dec 10 \$'000
<b>Cash Flows from Operating Activities</b>		
Profit for period	1,794,162	854,283
Adjustments for:		
Share of profit of associated company	(18,224)	(24,641)
Depreciation and amortisation	78,127	75,089
	<u>1,854,065</u>	<u>904,731</u>
Changes in operating assets and liabilities	7,436,591	2,709,684
<b>Net cash provided by operating activities</b>	<u><b>9,290,656</b></u>	<u><b>3,614,415</b></u>
 <b>Cash Flows from Investing Activities</b>		
Purchase of investment securities, net	(8,262,284)	7,005,867
Purchase of property, plant and equipment and computer software	(146,033)	(505,187)
<b>Net cash (used in)/provided by investing activities</b>	<u><b>(8,408,317)</b></u>	<u><b>6,500,680</b></u>
 <b>Cash Flows from Financing Activities</b>		
Notes payable	(70,565)	(370,193)
Loans payable	-	(7,043,932)
Redeemable preference shares	-	(2,524,437)
Dividends paid	(439,016)	(204,874)
<b>Net cash used in financing activities</b>	<u><b>(509,581)</b></u>	<u><b>(10,143,436)</b></u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u><b>372,758</b></u>	<u><b>(28,341)</b></u>
<b>Cash and cash equivalents at beginning of year</b>	<u><b>3,317,057</b></u>	<u><b>3,643,532</b></u>
<b>Cash and cash equivalents at end of period</b>	<u><u><b>3,689,815</b></u></u>	<u><u><b>3,615,191</b></u></u>

# Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 December 2011

(Expressed in Jamaican dollars unless otherwise indicated)

## Segment Reporting

	The Group				
	Period ended 31 December 2011				
	Jamaica \$'000	St. Lucia \$'000	Others \$'000	Eliminations \$'000	Total \$'000
External revenues	6,802,629	1,852,356	-	-	8,654,985
Intersegment revenue	464,767	-	-	(464,767)	-
Total segment revenue	7,267,396	1,852,356	-	(464,767)	8,654,985
Segment results	1,760,443	443,365	-	-	2,203,808
Share of profit of associated company					18,224
Profit before tax					2,222,032
Taxation					(427,870)
Profit for the period					1,794,162
Total segment assets	115,417,763	21,350,796	653,382	(16,352,089)	121,069,852
Total segment liabilities	102,122,990	23,511,947	536,823	(15,825,152)	110,346,608
Interest income	5,401,278	1,461,648	-	-	6,862,926
Operating expenses	1,968,059	213,379	-	-	2,181,438
Depreciation and amortisation	72,295	5,832	-	-	78,127
Capital expenditure	134,797	11,236	-	-	146,033

# Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 December 2011

(Expressed in Jamaican dollars unless otherwise indicated)

## Segment Reporting

	The Group				
	Period ended 31 December 2010				
	Jamaica \$'000	St. Lucia \$'000	Others \$'000	Eliminations \$'000	Total \$'000
External revenues	6,751,061	1,296,784	-	-	8,047,845
Intersegment revenue	794,479		-	(794,479)	-
Total segment revenue	7,545,540	1,296,784	-	(794,479)	8,047,845
Segment results	1,264,190	(260,911)	-	-	1,003,279
Share of profits of associated company					24,641
Profit before tax					1,027,920
Taxation					(173,637)
Profit for the period					854,283
Total segment assets	109,164,984	24,357,530	653,720	(18,168,651)	116,007,583
Total segment liabilities	97,579,618	27,140,189	533,511	(17,539,087)	107,714,231
Interest income	5,696,791	1,245,212	-	-	6,942,003
Operating expenses	1,732,476	129,699	-	-	1,862,175
Depreciation and amortisation	71,376	3,713	-	-	75,089
Capital expenditure	505,187	-	-	-	505,187

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 December 2011

(Expressed in Jamaican dollars unless otherwise indicated)

### 1. Identification

Jamaica Money Market Brokers Limited (the “company”) is incorporated and domiciled in Jamaica. The registered office of the company is located at 6 Haughton Terrace, Kingston 10, Jamaica. It has 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 interests in an associated company, as detailed below.

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

The principal activities of the company are securities brokering, dealing in money market instruments, operating a foreign exchange cambio and managing funds on behalf of clients. Information on the subsidiaries and the associated company 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 associated company,	100		Trinidad and Tobago	Investment holding company
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, SA		100	Dominican Republic	Investment holding and management
JMMB BDI AMERICA		80	Dominican Republic	Stock brokering
JMMB Real Estate Holdings Limited	100		Jamaica	Property rental and development
JMMB Holdings Limited	100		St. Lucia	Investment holding

\* Associated company

# Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 December 2011

(Expressed in Jamaican dollars unless otherwise indicated)

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## 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.

There have been no changes in accounting policies since the most recent audited accounts as at 31 March 2011.

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.

#### (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.

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

31 December 2011

(Expressed in Jamaican dollars unless otherwise indicated)

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### 2. Summary of Significant Accounting Policies (Continued)

#### (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 format for segment reporting is based on geographical segments.

#### (d) Taxation

Taxation on the profit or loss for the period comprises current and deferred tax. Current and deferred taxes are recognised as income tax expense or benefit in the profit and loss account except, where they relate to items recorded in stockholders' equity, they are also charged or credited to stockholders' equity.

##### (i) Current taxation

Current tax is the expected taxation payable on the taxable income for the period, using tax rates enacted at the balance sheet date, and any adjustment to tax payable and tax losses in respect of previous years.

##### (ii) Deferred taxation

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

#### (e) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, demand and call deposits with banks and very short-term balances with other brokers/dealers. Cash and 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 for the purpose of meeting short-term commitments. Cash and cash equivalents are carried at costs.

#### (f) Sale 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 balance sheet 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 balance sheet 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.

# Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 December 2011

(Expressed in Jamaican dollars unless otherwise indicated)

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## 2. Summary of Significant Accounting Policies (Continued)

### (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 directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit and loss account.

##### 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 is not occupied by the Group. Investment properties are treated as a long-term investment and is 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.



# Jamaica Money Market Brokers Limited

Notes to the Financial Statements

31 December 2011

(Expressed in Jamaican dollars unless otherwise indicated)

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## 2. Summary of Significant Accounting Policies (Continued)

### (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\$1,775,861,000 (2010 – J\$833,166,000) by the number of stock units in issue during the period, numbering 1,463,386,752.

### (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 December 31, 2011, funds managed in this way amounted to J\$18,463,336,000 (2010 – J\$18,408,683,000).

### (k) Comparative Information

Interest income and interest expense amounting to J\$855,480,000 has been restated for prior period to eliminate inter-segment revenue. There is no impact on net interest income.