



JAMAICA MONEY MARKET BROKERS LIMITED

Group Financial Statements

Unaudited Six Months Financial Results for period ended 30 September 2011



Jamaica Money Market Brokers Limited

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Financial Statements

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ended 30 September 2011**

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JAMAICA MONEY MARKET BROKERS LIMITED

Unaudited Six Months Financial Results for the period ended 30 September 2011

Directors' Statement

PERFORMANCE HIGHLIGHTS

Net Profit of J\$1.37 billion, grew by 200.2%

Earnings per Stock Unit of J\$0.92, up \$0.61

Dividend declared (including special dividend) of 20 cents
per share

Net Interest Income up 53.8%

Operating Profit up 176.9%

Efficiency ratio improved to 44.9% from 66.4%

The Directors are pleased to announce that the JMMB Group has posted a net profit of J\$1.37 billion and earnings per share of J\$0.92 for the six months ended September 30, 2011. Management is indeed pleased in the continued growth in profitability as the six month results have exceeded prior period results by J\$910.5 million or 200.2%.

Net Interest Income continues to show significant improvement year-on-year moving from J\$1.06 billion to J\$1.63 billion, an increase of 53.8% as management continue to effectively manage its investment portfolio and costs of funds given the environment of declining interest rates. Gains from securities trading and other income through diversified business lines also reflected increases of 120.5% and 27.2% respectively, underpinning management's continued commitment to building core revenues.

The efficiency ratio (administrative costs as a percentage of operating revenue) improved to 44.9% from 66.4% when compared to the corresponding period. We continue to grow revenue faster than expenses which increased by 12.6% over the period.

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 J\$1.65 billion or 176.9% increase in operating profit.

Regulatory Capital Requirements

The company continues to exceed its regulatory capital requirements. The Company's Capital to risk weighted assets ratio stood at 30% whereas the Financial Services Commission (FSC) benchmark stipulates a minimum of 14%. The Company's capital to total assets ratio was 11.5% (2010 – 9.5%) whereas the FSC benchmark is 6%.

Community Relations

Standing for Jamaica: Corporate Social Responsibility

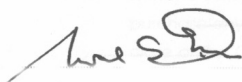
During the first half of the 2011/12 Financial Year, the Group continued to create and inspire positive change through the sponsorship and support of various corporate social responsibility initiatives at the community level, primarily through its branch network, as well as those aimed at national development. Through the Joan Duncan (JD) Foundation, contributions totalling over J\$16 million were made, benefiting the areas of education, health, sports, democratic governance and social outreach and transformation.

JMMB remained committed to the national endeavour **Youth Upliftment Through Employment (Y.U.T.E.)**, spearheaded by a Private Sector Organisation of Jamaica (PSOJ) led coalition. During the period, the Company contributed J\$9 million as part of our overall commitment of J\$20 million over a two-year period. In addition, ten (10) Y.U.T.E. participants are employed at the company as part of the Y.U.T.E. Works stream of the initiative, which focuses on providing participants with invaluable work experience.

General

With its commitment to drive long term sustainable growth and further enhance shareholder value, the JMMB Group continues to build core revenues across diversified business lines locally and through its regional territories. In focusing on the strategic imperatives for FY 2011-12, the Group continues to enhance client intimacy by designing and providing relevant financial solutions to its extensive client base of over 160,000, delivered with JMMB style of exceptional client care.

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 30 September 2011

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Three Months Ended 30 Sep 11	Unaudited Three Months Ended 30 Sep 10	Unaudited Six Months Ended 30 Sep 11	Unaudited Six Months Ended 30 Sep 10
	\$'000	\$'000	\$'000	\$'000
Net Interest Income and Other Revenue				
Interest income	2,336,707	2,256,113 *	4,506,998	4,644,435 *
Interest expense	(1,433,992)	(1,679,030) *	(2,878,859)	(3,585,606) *
Net interest income	902,715	577,083	1,628,139	1,058,829
Fees and commission income	61,702	37,223	108,762	85,497
Gains on securities trading, net	309,805	352,533	1,181,822	535,952
Foreign exchange margins from cambio trading	34,620	44,208	63,447	78,736
Operating revenue net of interest expense	1,308,842	1,011,047	2,982,170	1,759,014
Other Income				
Dividends	3,865	6,493	6,104	10,478
	1,312,707	1,017,540	2,988,274	1,769,492
Operating Expenses	(704,805)	(652,970)	(1,342,429)	(1,175,162)
Operating Profit	607,902	364,570	1,645,845	594,330
Share of profits of associated company	4,138	6,655	8,223	8,443
Profit before Taxation	612,040	371,225	1,654,068	602,773
Taxation	(197,512)	(93,368)	(288,892)	(148,050)
Profit for the period	414,528	277,857	1,365,176	454,723
Attributable to:				
Equity holders of the parent	407,191	282,679	1,351,737	451,989
Non-controlling interest	7,337	(4,822)	13,439	2,734
	414,528	277,857	1,365,176	454,723
Earnings per stock unit	\$0.28	\$0.19	\$0.92	\$0.31

* Restated see note 2k

Jamaica Money Market Brokers Limited

Consolidated Statement of Comprehensive Income

Period ended 30 September 2011

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Six Months Ended 30 Sep 11	Unaudited Six Months Ended 30 Sep 10
	\$'000	\$'000
Profit for the period	1,365,176	454,723
Other comprehensive income:		
Unrealised gains on available for sale investments	453,718	205,890
Foreign exchange translation differences	(26,636)	56,836
	<u>427,082</u>	<u>262,726</u>
Total comprehensive income for period, net of tax	<u>1,792,258</u>	<u>717,449</u>
Total comprehensive income attributable to:		
Equity holders of the parent	1,782,829	714,715
Non-controlling interest	9,429	2,734
	<u>1,792,258</u>	<u>717,449</u>

Jamaica Money Market Brokers Limited

Consolidated Statement of Financial Position

30 September 2011

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited as at 30 Sep 11	Unaudited as at 30 Sep 10	Audited as at 31 March 11
	\$'000	\$'000	\$'000
ASSETS			
Cash and cash equivalents	3,685,810	3,341,988	3,317,057
Interest receivable	1,726,468	1,742,871	1,760,130
Income tax recoverable	1,474,042	1,440,739	1,235,689
Loans and notes receivable	3,335,785	3,718,783	3,445,800
Other receivables	923,572	2,706,761	2,159,512
Investments and resale agreements	109,607,983	108,493,731	99,370,218
Interest in associated companies	656,383	638,252	643,137
Deferred tax asset	13,775	24,859	18,300
Property, plant and equipment and intangible assets	1,101,080	1,094,222	1,069,215
	122,524,898	123,202,206	113,019,058
EQUITY AND LIABILITIES			
Equity			
Share Capital	379,622	379,622	379,622
Investment revaluation reserve	1,172,903	(619,330)	719,185
Cumulative translation reserve	(2,194)	48,134	20,432
Other reserve	-	13,672	13,672
Retained earnings	9,431,325	7,665,043	8,212,255
	10,981,656	7,487,141	9,345,166
Non-controlling interest	82,730	33,241	57,165
Total equity	11,064,386	7,520,382	9,402,331
Liabilities			
Interest payable	955,971	1,004,358	922,493
Income tax payable	322,457	418,460	322,457
Accounts payable	452,181	681,905	596,897
Repurchase agreements	104,779,544	109,857,888	97,068,266
Notes payable	550,682	397,007	623,873
Redeemable preference shares	2,924,994	2,690,085	2,924,994
Deferred tax liability	1,474,683	632,121	1,157,747
	111,460,512	115,681,824	103,616,727
	122,524,898	123,202,206	113,019,058

Jamaica Money Market Brokers Limited

Consolidated Statement of Changes in Stockholders' Equity

Period ended 30 September 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
Balances at 31 March 2010 (Audited)	379,622	(825,220)	(8,702)	13,672	7,300,857	6,860,229	30,507	6,890,736
Profit for the period	-	-	-	-	451,989	451,989	2,734	454,723
Other comprehensive income for period	-	205,890	56,836	-	-	262,726	-	262,726
Total comprehensive income for period	-	205,890	56,836	-	451,989	714,715	2,734	717,449
Dividends paid	-	-	-	-	(87,803)	(87,803)	-	(87,803)
Balances at 30 September 2010 (Unaudited)	379,622	(619,330)	48,134	13,672	7,665,043	7,487,141	33,241	7,520,382
Balance at 31 March 2011 (Audited)	379,622	719,185	20,432	13,672	8,212,255	9,345,166	57,165	9,402,331
Profit for the period	-	-	-	-	1,351,737	1,351,737	13,439	1,365,176
Other comprehensive income for period	-	453,718	(22,626)	(13,672)	13,672	431,092	(4,010)	427,082
Total comprehensive income for period	-	453,718	(22,626)	(13,672)	1,365,409	1,782,829	9,429	1,792,258
Paid in capital	-	-	-	-	-	-	16,136	16,136
Dividends paid	-	-	-	-	(146,339)	(146,339)	-	(146,339)
Balances at 30 September 2011 (Unaudited)	379,622	1,172,903	(2,194)	-	9,431,325	10,981,656	82,730	11,064,386

Jamaica Money Market Brokers Limited

Consolidated Statement of Cash Flows

Period ended 30 September 2011

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Six Months Ended 30 Sep 11	Unaudited Six Months Ended 30 Sep 10
	\$'000	\$'000
Cash Flows from Operating Activities		
Profit for period	1,365,176	454,723
Adjustments for:		
Share of profit of associated company	(8,223)	(8,443)
Depreciation and amortisation	52,633	46,503
	1,409,586	492,783
Changes in operating assets and liabilities	9,069,869	7,565,225
Net cash provided by operating activities	10,479,455	8,058,008
Cash Flows from Investing Activities		
Purchase of investment securities, net	(9,806,673)	(926,766)
Purchase of property, plant and equipment and computer software	(84,499)	(49,408)
Net cash used in investing activities	(9,891,172)	(976,174)
Cash Flows from Financing Activities		
Notes payable	(73,191)	(251,643)
Loans payable	-	(7,043,932)
Dividends paid	(146,339)	(87,803)
Net cash used in financing activities	(219,530)	(7,383,378)
Net increase/(decrease) in cash and cash equivalents	368,753	(301,544)
Cash and cash equivalents at beginning of year	3,317,057	3,643,532
Cash and cash equivalents at end of period	3,685,810	3,341,988

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

30 September 2011

(Expressed in Jamaican dollars unless otherwise indicated)

Segment Reporting

	The Group				
	Period ended 30 September 2011				
	Jamaica \$'000	St. Lucia \$'000	Others \$'000	Eliminations \$'000	Total \$'000
External revenues	4,478,562	1,388,571	-	-	5,867,133
Intersegment revenue	313,297	-	-	(313,297)	-
Total segment revenue	4,791,859	1,388,571	-	(313,297)	5,867,133
Segment results	1,201,919	443,926	-	-	1,645,845
Share of profit of associated company					8,223
Profit before tax					1,654,068
Taxation					(288,892)
Profit for the period					1,365,176
Total segment assets	115,170,912	21,901,787	660,394	(15,208,195)	122,524,898
Total segment liabilities	101,898,704	23,705,736	536,823	(14,680,751)	111,460,512
Interest income	3,525,948	981,050	-	-	4,506,998
Operating expenses	1,236,429	106,000	-	-	1,342,429
Depreciation and amortisation	49,200	3,433	-	-	52,633
Capital expenditure	80,205	4,294	-	-	84,499

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

30 September 2011

(Expressed in Jamaican dollars unless otherwise indicated)

Segment Reporting

	The Group				
	Period ended 30 September 2010				
	Jamaica \$'000	St. Lucia \$'000	Others \$'000	Eliminations \$'000	Total \$'000
External revenues	4,500,810	854,288	-	-	5,355,098
Intersegment revenue	537,620	-	-	(537,620)	-
Total segment revenue	5,038,430	854,288	-	(537,620)	5,355,098
Segment results	772,359	(178,029)	-	-	594,330
Share of profit of associated company					8,443
Profit before tax					602,773
Taxation					(148,050)
Profit for the period					454,723
Total segment assets	114,657,325	24,518,838	642,281	(16,616,238)	123,202,206
Total segment liabilities	103,734,175	27,401,956	538,691	(15,992,998)	115,681,824
Interest income	3,835,582	808,853	-	-	4,644,435
Operating expenses	1,083,761	91,401	-	-	1,175,162
Depreciation and amortisation	45,005	1,498	-	-	46,503
Capital expenditure	49,408	-	-	-	49,408

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

30 September 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

30 September 2011

(Expressed in Jamaican dollars unless otherwise indicated)

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

30 September 2011

(Expressed in Jamaican dollars unless otherwise indicated)

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

30 September 2011

(Expressed in Jamaican dollars unless otherwise indicated)

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

30 September 2011

(Expressed in Jamaican dollars unless otherwise indicated)

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\$1,351,737,000 (2010 – J\$451,989,000) 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 September 30, 2011, funds managed in this way amounted to J\$18,254,405,000 (2010 – J\$16,466,757,000).

(k) **Comparative Information**

Interest income and interest expense amounting to J\$598,217,000 has been restated for prior period to eliminate inter-segment revenue. There is no impact on net interest income.