



JAMAICA MONEY MARKET BROKERS LIMITED

Group Financial Statements

Unaudited Three Months Financial Results for period ended 30 June 2013



Jamaica Money Market Brokers Limited

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ended 30 June 2013**

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JAMAICA MONEY MARKET BROKERS LIMITED

Unaudited Three Months Financial Results for the period ended 30 June 2013

Directors' Statement

PERFORMANCE HIGHLIGHTS

Net Profit of J\$832.2 million

Earnings per Stock Unit of J\$0.46, (2012 - \$1.39)

Net Interest Income up 19.8%

Operating Revenue of J\$2.07 billion, grew by 47.8%

Efficiency ratio 54.6%

The Directors are pleased to announce that the JMMB Group has posted a net profit of J\$832.2 million and earnings per share of J\$0.46 for the quarter ended 30 June 2013. While there was a reduction in net profit over the prior period (2012 – J\$2.04 billion), excluding the one off gain from acquisition of CCFG of J\$1.57 billion, the Group's operating earnings reflected a positive increase of J\$362.1 million or 77.0%.

Net Interest Income showed an increase year-over-year moving from J\$984.2 million to J\$1.2 billion, an increase of 19.8%. JMMB's continued strategy of segmented management of the Group's investment portfolio and cost of funds continue to yield positive results. Other operating revenues, namely gains on securities trading, foreign exchange margins from cambio trading and commission income also reflected increases of 124.3%, 150.7% and 56.4% respectively which were driven largely by increased volume activity through the expanded group and taking advantage of market opportunities in both Jamaica and the Dominican Republic.

As we pursue the strategic objective of continuously improving efficiency, operating revenues grew by 47.8% while operating expenses increased by J\$290.8 million or 34.8% to J\$1.1 billion compared to J\$836.7 million for the prior year. This increase was mainly attributable to operating costs for CCFG which comprise J\$238.1 million or 28.5% and the remaining J\$52.7 million or 6.3% due mainly to inflationary increase granted to staff at the start of the financial year coupled with growth in subsidiaries in the regional markets.

Consequently, despite this increase in expenses, management continues to effectively manage our efficiency ratio (administrative costs as a percentage of operating revenue) which improved to 54.6% (2012 – 59.8%) at the end of the quarter.

Given the impact from the National Debt Exchange (NDX) in the prior year, the strategy of regional diversification continues to bear fruit as the operations in the Dominican Republic contributed J\$390.9 million to Group. In Trinidad & Tobago, our associated company's contribution from the IBL Group reflected a loss of J\$25.5 million due mainly to additional provisioning on its loan portfolio. The Group continues to strengthen and solidify regional diversification with the build out of the new business, JMMB Investments Trinidad & Tobago.

The total asset base of the JMMB Group increased by J\$8.6 billion or 5.2% for the quarter, moving from J\$166.9 billion as at 31 March 2013 to J\$175.5 billion. This increase in assets was funded mainly by growth in customer deposits, retail and corporate clients investments.

Regulatory Capital Requirements

The company continues to exceed its regulatory capital requirements. The company's capital to risk weighted assets ratio stood at 17.3% whereas the Financial Services Commission (FSC) benchmark stipulates a minimum of 10%. The company's capital to total assets ratio was 11.3% (2012 – 13.3%) whereas the FSC benchmark is 6%.

Corporate Social Responsibility (CSR) – Standing For All

As a Caribbean corporate citizen, the JMMB Group remains committed to being an agent of positive change within society, making differences to lives and communities in areas such as education, sports, health and community development under the Joan Duncan Foundation.

In Jamaica, significant contributions was made to sports at the national level with the Jamaica Football Federation's (JFF) coaching education programme receiving J\$1 million, towards building the skills of coaches in order for them to develop technically-sound players at all levels of the game. Additional support was also provided to sporting development at the community level.

Support, through monetary contribution and team member participation, was also given in the area of education, as the JMMB team joined in highlighting the importance of literacy by reading to children at schools across the island in "Read Across Jamaica Day". Contributions were also made towards educational advancement and infrastructural development projects.

The Foundation remained dedicated to the Montego Bay-based Community for the Upliftment of the Mentally Ill (CUMI) initiative, by giving support to the sustenance of the day care centre's children programme, which caters to children of mentally ill persons. In championing community development, the JMMB team joined forces with the Forestry Department in the national Labour Day initiatives, with a major tree-planting exercise in the hills of St. Ann and Clarendon. The team also supported renovations to the May Pen Hospital and refreshed the B.B. Coke High School's library, home economics classroom and beautified the school's exterior.

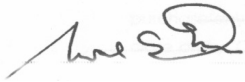
In the Dominican Republic, JMMB Puesto de Bolsa continued to make financial donations towards the Niña Madeleas Foundation, which supports orphan girls in that country.

Associated company IBL Bank, in Trinidad & Tobago, maintained its involvement in various community-related projects, including a major donation to RAFFA House, which is operated by the locally-incorporated NGO, Love Until Foundation, that provides shelter and services to children and youth who are homeless or at great risk.

General

The JMMB Group continues to focus on its key strategic imperatives of building core revenues across diversified business lines locally and through our regional territories in order to drive long term, sustainable growth and further enhance shareholders' value. The Group will continue to further strengthen its local and regional presence in Jamaica, Dominican Republic and Trinidad & Tobago in banking, insurance brokering and investments as part of its strategic objective of becoming a full-fledged integrated financial services institution.

The Directors extend their sincere appreciation to our clients, team members and shareholders who continue to support and contribute to the success of the JMMB 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 June 2013

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Three Months Ended 30 June 13	Unaudited Three Months Ended 30 June 12
	\$'000	\$'000
Net Interest Income and Other Revenue		
Interest income	2,879,272	2,352,419
Interest expense	(1,700,666)	(1,368,197)
Net interest income	1,178,606	984,222
Fees and commission income	103,515	66,173
Gains on securities trading, net	673,507	300,268
Foreign exchange margins from cambio trading	109,110	43,527
Operating revenue net of interest expense	2,064,738	1,394,190
Other Income		
Dividends	1,993	4,211
	2,066,731	1,398,401
Operating Expenses	(1,127,535)	(836,720) *
Operating Profit	939,196	561,681
Gain on acquisition of subsidiaries	-	1,570,735
Share of (loss)/profits of associated company (net of tax)	(25,540)	23,570
Profit before Taxation	913,656	2,155,986
Taxation	(81,450)	(115,161) *
Profit for the period	832,206	2,040,825
Attributable to:		
Equity holders of the parent	753,532	2,034,297
Non-controlling interest	78,674	6,528
	832,206	2,040,825
Earnings Per Stock Unit	\$0.46	\$1.39

* Reclassified to conform with current year presentation (See note 2K)

Jamaica Money Market Brokers Limited

Consolidated Statement of Comprehensive Income

Period ended 30 June 2013

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Three Months Ended 30 June 13	Unaudited Three Months Ended 30 June 12
	\$'000	\$'000
Profit for the period	832,206	2,040,825
Other comprehensive income:		
Unrealised gains/(loss) on available for sale investments	1,436,554	(139,377)
Foreign exchange translation differences	73,134	1,041
	<u>1,509,688</u>	<u>(138,336)</u>
Total comprehensive income for period, net of tax	<u>2,341,894</u>	<u>1,902,489</u>
Total comprehensive income attributable to:		
Equity holders of the parent	1,975,875	1,895,961
Non-controlling interest	366,019	6,528
	<u>2,341,894</u>	<u>1,902,489</u>

Jamaica Money Market Brokers Limited

Consolidated Statement of Financial Position

30 June 2013

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited as at 30 June 13	Unaudited as at 30 June 12	Audited as at 31 March 13
	\$'000	\$'000	\$'000
ASSETS			
Cash and cash equivalents	8,959,874	5,968,060	5,831,430
Interest receivable	2,412,752	2,857,815	2,220,864
Income tax recoverable	1,650,195	1,780,990	1,832,210
Loans and notes receivable, net of provision	11,998,613	9,294,344	10,227,126
Other receivables	1,208,279	1,422,502	918,692
Investments and resale agreements	145,999,034	130,020,224	142,303,857
Investment properties	457,591	531,037	457,591
Interest in associated companies	815,698	698,741	808,306
Deferred tax asset	166,852	213,929	447,951
Property, plant and equipment and intangible assets	1,835,287	1,277,389	1,768,658
Customers' liability under acceptances, guarantees and letters of credit as per contra	11,280	80,066	44,276
	175,515,455	154,145,097	166,860,961
EQUITY AND LIABILITIES			
Equity			
Share Capital	1,864,054	1,743,481	1,864,054
Retained earnings reserve	9,109,778	8,222,323	9,109,778
Investment revaluation reserve	2,873,462	263,228	1,724,253
Cumulative translation reserve	(28,577)	(6,851)	(101,711)
Retained earnings	4,850,531	3,654,720	4,096,999
	18,669,248	13,876,901	16,693,373
Non-controlling interest	885,522	547,153	519,503
Total equity	19,554,770	14,424,054	17,212,876
Liabilities			
Customer deposits	9,173,154	5,263,488	7,567,380
Due to other banks	337,885	709,351	378,560
Loan participations	367,102	1,011,656	341,082
Securities sold under agreements to repurchase	140,865,803	125,768,389	135,907,311
Redeemable preference shares	2,759,346	2,759,346	2,759,346
Interest payable	1,112,802	1,203,086	1,193,398
Income tax payable	16,716	808,754	11,546
Other payable	887,133	1,334,895	908,488
Deferred tax liability	429,464	782,012	536,698
Liabilities under acceptances, guarantees and letters of credit as per contra	11,280	80,066	44,276
	155,960,685	139,721,043	149,648,085
	175,515,455	154,145,097	166,860,961

Jamaica Money Market Brokers Limited

Consolidated Statement of Changes in Stockholders' Equity

Period ended 30 June 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	-	-	-	-	2,034,297	2,034,297	6,528	2,040,825
Other comprehensive income for period	-	-	(139,377)	1,041	-	(138,336)	-	(138,336)
Issue of shares related to business combination	1,363,859	-	-	-	-	1,363,859	-	1,363,859
Minority interests in acquired subsidiaries	-	-	-	-	-	-	446,548	446,548
Dividends paid	-	-	-	-	(160,973)	(160,973)	-	(160,973)
Balances at 30 June 2012 (Unaudited)	1,743,481	8,222,323	263,228	(6,851)	3,654,720	13,876,901	547,153	14,424,054
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	-	-	-	-	753,532	753,532	78,674	832,206
Other comprehensive income for period	-	-	1,149,209	73,134	-	1,222,343	287,345	1,509,688
Balances at 30 June 2013 (Unaudited)	1,864,054	9,109,778	2,873,462	(28,577)	4,850,531	18,669,248	885,522	19,554,770

Jamaica Money Market Brokers Limited

Consolidated Statement of Cash Flows

Period ended 30 June 2013

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Three Months Ended 30 June 13 \$'000	Unaudited Three Months Ended 30 June 12 \$'000
Cash Flows from Operating Activities		
Profit for the period	832,206	2,040,825
Adjustments for:		
Share of loss/(profits) of associated company	25,540	(23,570)
Gain on acquisition of subsidiaries	-	(1,570,735)
Unrealised loss/(gains) on trading securities	13,371	(5,604)
Depreciation and amortisation	51,182	28,191
	922,299	469,107
Changes in operating assets and liabilities	4,810,161	3,203,662
Net cash provided by operating activities	5,732,460	3,672,769
Cash Flows from Investing Activities		
Net purchase of investment securities	(2,486,205)	(138,336)
Acquisition of subsidiaries net of cash acquired	-	(1,521,995)
Purchase of property, plant and equipment and computer software	(117,811)	(40,639)
Net cash used in investing activities	(2,604,016)	(1,700,970)
Cash Flows from Financing Activities		
Dividends paid	-	(160,973)
Net cash used in financing activities	-	(160,973)
Net increase in cash and cash equivalents	3,128,444	1,810,826
Cash and cash equivalents at beginning of year	5,831,430	4,157,234
Cash and cash equivalents at end of period	8,959,874	5,968,060

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

Period ended 30 June 2013

(Expressed in Jamaican dollars unless otherwise indicated)

Segment Reporting

	Three months period ended 30 June 2013				
	Financial & Related Services	Banking & Related Services	Other	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	3,259,651	486,549	21,197	-	3,767,397
Intersegment revenue	116,741	20,844	-	(137,585)	-
Total segment revenue	3,376,392	507,393	21,197	(137,585)	3,767,397
Segment results	859,203	77,228	2,765	-	939,196
Share of associated company profit					(25,540)
Profit before tax					913,656
Taxation					(81,450)
Profit for the period					832,206
Total segment assets	172,633,634	22,831,520	790,091	(20,739,790)	175,515,455
Total segment liabilities	152,690,197	17,703,620	723,567	(15,156,699)	155,960,685
Interest income	2,493,541	384,317	1,414	-	2,879,272
Operating expenses	910,960	198,143	18,432	-	1,127,535
Depreciation and amortisation	46,434	4,551	197	-	51,182
Capital expenditure	114,413	3,398	-	-	117,811

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

Period ended 30 June 2013

(Expressed in Jamaican dollars unless otherwise indicated)

Segment Reporting

	Three months period ended 30 June 2012				
	Financial & Related Services	Banking & Related Services	Other	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	2,743,907	-	22,691	-	2,766,598
Intersegment revenue	140,025	-		(140,025)	-
Total segment revenue	2,883,932	-	22,691	(140,025)	2,766,598
Segment results	557,366	-	4,315	-	561,681
Gain on acquisition of subsidiaries					1,570,735
Share of associated company profit					23,570
Profit before tax					2,155,986
Taxation					(115,161)
Profit for the period					2,040,825
Total segment assets	156,030,565	19,537,775	3,425,899	(24,849,142)	154,145,097
Total segment liabilities	141,283,360	14,893,513	1,054,658	(17,510,488)	139,721,043
Interest income	2,349,867	-	2,552	-	2,352,419
Operating expenses	818,345	-	18,375	-	836,720
Depreciation and amortisation	27,824	-	367	-	28,191
Capital expenditure	40,639	-	-	-	40,639

Jamaica Money Market Brokers Limited

Notes to the Financial Statements

Period ended 30 June 2013

(Expressed in Jamaican dollars unless otherwise indicated)

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 June 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 June 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. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the Board of Directors. 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 June 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 are 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 June 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. These properties 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\$753,532,000 (2012 – J\$2,034,297,000) by the weighted average number of stock units in issue during the period, numbering 1,630,552,530 (2012 – 1,465,097,649).

(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 June 2013, funds managed in this way amounted to J\$23,242,771,000 (2012 – J\$19,306,543,000).

(k) Comparative Information

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current period. In particular, asset tax has been reclassified from taxation to operating expenses.