



**JAMAICA MONEY MARKET BROKERS LIMITED**

**Group Financial Statements**

**Unaudited Three Months Financial Results for period ended 30 June 2014**



Jamaica Money Market Brokers Limited

## Contents

Page

**Directors' Statement - Unaudited Three Months Financial Results for period  
ended 30 June 2014**

**Financial Statements**

<b>Consolidated profit and loss account</b>	<b>1</b>
<b>Consolidated statement of comprehensive income</b>	<b>2</b>
<b>Consolidated statement of financial position</b>	<b>3</b>
<b>Consolidated statement of changes in stockholders' equity</b>	<b>4</b>
<b>Consolidated statement of cash flows</b>	<b>5</b>
<b>Notes to the financial statements</b>	<b>6 – 14</b>
<b>Top 10 Shareholders as at 30 June 2014 (Ordinary and Preference Shares)</b>	
<b>Directors and Senior Management Shareholdings as at 30 June 2014</b>	

# **JAMAICA MONEY MARKET BROKERS LIMITED**

**Unaudited Three Months Financial Results for the period ended 30 June 2014**

---

## **Directors' Statement**

### **PERFORMANCE HIGHLIGHTS**

Net Profit of J\$578.9 million

Earnings per Stock Unit of J\$0.34, (2013 - J\$0.46)

Net Interest Income up 9.5%

Operating Revenue of J\$2.40 billion, grew by 16.1%

Efficiency ratio 71.6%

The Directors are pleased to announce that the JMMB Group has posted a net profit of J\$578.9 million and earnings per share of J\$0.34 for the quarter ended 30 June 2014. With three acquisitions in two years, it is notable that operating revenues continue to grow, with an increase of 16.1% over prior quarter while the Group steadily works on integration and consolidation of new entities.

The Group's Net Interest Income (NII) showed positive growth year-over-year moving from J\$1.18 billion to J\$1.29 billion, an increase of J\$111.6 million or 9.5%. This increase was driven mainly by expanded business lines through acquisition of Intercommercial Bank Limited (IBL) which was completed in October 2013, coupled with effectively managing the Group's investment portfolio and cost of funds.

Other operating revenues, namely gains on securities trading, foreign exchange margins from cambio trading and commission income also reflected increases of 12.4%, 95.5% and 32.1% respectively which were driven largely by increased volume activity and taking advantage of market opportunities.

Our operations in the Dominican Republic continue to produce positive results contributing J\$104 million for the quarter.

In Trinidad and Tobago, the Group obtained regulatory approval for the acquisition of 100% equity stake of AIC Securities Limited for TT\$5.36 million (J\$92.7 million), which was concluded on 30 April 2014. Our operations in Trinidad and Tobago are now poised to provide a full range of services to our clients.

The expansion of the Group through acquisition of IBL in the third quarter of 2013/14 has resulted in operating expenses moving to J\$1.72 billion compared to J\$1.13 billion for the prior year. IBL contributed J\$322.9 million or 28.6%, while the remaining J\$272 million or 24.1% was due mainly to integration costs, growth in subsidiaries in the regional markets, and normal inflationary increases.

Consequently, the Group's efficiency ratio (administrative costs as a percentage of operating revenue) stood at 71.6% (2013 - 4.6%) at the end of the quarter. Management is cognisant of the increase in operating costs and is taking the necessary steps to garner deeper synergies from our recent acquisitions. This is being done through the build out of our Group's integrated financial services business model; targeted operational efficiency projects; and growing revenue faster than expenses. The Group's efficiency ratio is therefore expected to improve over the medium term as these projects and initiatives take full effect.

The total asset base of the JMMB Group increased by J\$8.7 billion or 4.2% for the period, moving from J\$206.7 billion as at 31 March 2014 to J\$215.4 billion. This increase in assets was mainly funded by client deposits, long-term subordinated debt and repurchase agreements.

### **Regulatory Capital Requirements**

The company continues to exceed its regulatory capital requirements. The company's capital to risk weighted assets ratio stood at 15.2% whereas the Financial Services Commission (FSC) benchmark stipulates a minimum of 10%. The company's capital to total assets ratio was 11.9% (2013 – 11.3%) whereas the FSC benchmark is 6%.

### **Corporate Social Responsibility**

For the first quarter of the 2014/15 financial year, the JMMB Group continued to affirm its dedication to nation building in the three jurisdictions in which it operates with focused initiatives primarily in the areas of: education, sports, entrepreneurship and community outreach with an underpinning principle of transformation development.

In Jamaica, the Joan Duncan Foundation which oversees corporate social responsibility focused on: education, sports and community outreach. In this vein, ongoing financial contribution has been given to the Jamaica Football Federation (JFF) to support the advancement of training and empowerment of the coaches in order to build the technical competencies of local players. In addition, a cadre of football coaches was among the first set of JFF coaches to receive transformational leadership training as part of the ongoing initiative. A significant investment has been made by the Foundation in support of the educational development of "at risk youth" through the Violence Prevention Alliance (VPA) programme and Child Resiliency Programme (CRP); which provide individualised and highly effective literacy and numeracy interventions. The Foundation, in extending its reach across the island, also partnered with team members in the various branches to support a range of community-level programmes.

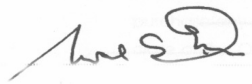
JMMB's corporate social responsibility efforts in Trinidad and Tobago (TT) have been focused on youth development at the community level, with an emphasis on learning and health and wellness. Taking a similar approach as its Jamaican counterpart, the TT subsidiaries utilised its branch network to widen its reach as a responsible corporate citizen. Each branch continues to contribute to its communities as team members lend their time and talent supported by financial support from the company to respective children's homes.

While in Dominican Republic, JMMB Puesto de Bolsa continues to provide financial support to the Madelaes Foundation in support of the welfare of orphaned girls. In addition, financial contributions are made to enhance education and entrepreneurship through two major projects. These include: contribution to FUNDARAS, an organisation that provides training in assertive communication and debate to schools and universities to develop their critical thinking skills; and sponsorship and coaching of an entrepreneurship competition at Universidad Nacional Pedro Henriquez Ureña (UNPHU) Emprende.

**General**

The Group continues to expand and transform and its business model, while building core revenues, consolidating acquisitions and driving synergies across diversified business lines locally and through our regional territories. Given the phased approach to the acquisitions as building blocks of the expanded business model, the JMMB Group will roll-out its integrated financial services business model to its markets - first in Jamaica, with Trinidad and Tobago following and then in the Dominican Republic.

As an indigenous Caribbean financial services group, the JMMB Group will continue to focus on long term sustainable growth and further enhancement of shareholder value. The Directors extend sincere appreciation to our clients, team members and shareholders who continue to support and contribute to its success.



**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 2014

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Three Months Ended 30 June 14	Unaudited Three Months Ended 30 June 13
	\$'000	\$'000
<b>Net Interest Income and Other Revenue</b>		
Interest income	3,314,436	2,879,272
Interest expense	(2,024,242)	(1,700,666)
<b>Net interest income</b>	<b>1,290,194</b>	<b>1,178,606</b>
Fees and commission income	136,745	103,515
Gains on securities trading, net	757,262	673,507
Foreign exchange margins from cambio trading	213,360	109,110
<b>Operating revenue net of interest expense</b>	<b>2,397,561</b>	<b>2,064,738</b>
<b>Other Income</b>		
Dividends	3,433	1,993
	<b>2,400,994</b>	<b>2,066,731</b>
Operating Expenses	(1,719,657)	(1,127,535)
<b>Operating Profit</b>	<b>681,337</b>	<b>939,196</b>
Gain on acquisition of subsidiaries (Note 3)	9,679	-
Share of loss of associated company (net of tax)	-	(25,540)
<b>Profit before Taxation</b>	<b>691,016</b>	<b>913,656</b>
Taxation	(112,153)	(81,450)
<b>Profit for the period</b>	<b>578,863</b>	<b>832,206</b>
<b>Attributable to:</b>		
Equity holders of the parent	558,007	753,532
Non-controlling interest	20,856	78,674
	<b>578,863</b>	<b>832,206</b>
<b>Earnings Per Stock Unit</b>	<b>\$0.34</b>	<b>\$0.46</b>

# Jamaica Money Market Brokers Limited

Consolidated Statement of Comprehensive Income

**Period ended 30 June 2014**

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Three Months Ended 30 June 14	Unaudited Three Months Ended 30 June 13
	\$'000	\$'000
<b>Profit for the period</b>	578,863	832,206
<b>Other comprehensive income:</b>		
<b>Items that may be subsequently reclassified to profit or loss:</b>		
Unrealised gains on available for sale investments	311,238	1,436,554
Foreign exchange translation differences	67,434	73,134
	<u>378,672</u>	<u>1,509,688</u>
<b>Total comprehensive income for period, net of tax</b>	<u><b>957,535</b></u>	<u><b>2,341,894</b></u>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the parent	917,380	1,975,875
Non-controlling interest	40,155	366,019
	<u><b>957,535</b></u>	<u><b>2,341,894</b></u>

# Jamaica Money Market Brokers Limited

## Consolidated Statement of Financial Position

30 June 2014

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited as at 30 Jun 14	Unaudited as at 30 Jun 13	Audited as at 31 March 14
	\$'000	\$'000	\$'000
<b>ASSETS</b>			
Cash and cash equivalents	28,412,036	8,959,874	23,326,420
Interest receivable	2,662,248	2,412,752	2,619,996
Income tax recoverable	2,117,305	1,650,195	2,043,597
Loans and notes receivable, net of provision	28,049,454	11,998,613	26,551,175
Other receivables	1,051,456	1,208,279	1,927,206
Investments and resale agreements	149,209,221	145,999,034	146,430,712
Investment properties	457,591	457,591	457,591
Interest in associated companies	-	815,698	-
Deferred tax asset	132,507	166,852	150,384
Property, plant and equipment and intangible assets	2,913,292	1,835,287	2,846,811
Customers' liability under acceptances, guarantees and letters of credit as per contra	361,477	11,280	352,227
	<b>215,366,587</b>	<b>175,515,455</b>	<b>206,706,119</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	1,864,054	1,864,054	1,864,054
Retained earnings reserve	9,605,055	9,109,778	9,605,055
Investment revaluation reserve	928,336	2,873,462	636,397
Cumulative translation reserve	123,667	(28,577)	56,233
Retained earnings	6,454,502	4,850,531	6,173,689
	18,975,614	18,669,248	18,335,428
Non-controlling interest	393,707	885,522	353,552
Total equity	<b>19,369,321</b>	<b>19,554,770</b>	<b>18,688,980</b>
<b>Liabilities</b>			
Customer deposits	37,482,167	9,173,154	35,887,750
Due to other banks	269,095	337,885	283,386
Loan participations	18,799	367,102	-
Loan payable	1,401,600	-	-
Securities sold under agreements to repurchase	148,265,909	140,865,803	143,302,425
Redeemable preference shares	4,228,705	2,759,346	4,228,705
Interest payable	1,314,780	1,112,802	1,182,974
Income tax payable	72,376	16,716	83,671
Other payable	1,793,752	887,133	2,068,641
Deferred tax liability	788,606	429,464	627,360
Liabilities under acceptances, guarantees and letters of credit as per contra	361,477	11,280	352,227
	<b>195,997,266</b>	<b>155,960,685</b>	<b>188,017,139</b>
	<b>215,366,587</b>	<b>175,515,455</b>	<b>206,706,119</b>



# Jamaica Money Market Brokers Limited

Consolidated Statement of Changes in Stockholders' Equity

Period ended 30 June 2014

(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
<b>Balances at 31 March 2013 (Audited)</b>	<b>1,864,054</b>	<b>9,109,778</b>	<b>1,724,253</b>	<b>(101,711)</b>	<b>4,096,999</b>	<b>16,693,373</b>	<b>519,503</b>	<b>17,212,876</b>
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
<b>Balances at 30 June 2013 (Unaudited)</b>	<b>1,864,054</b>	<b>9,109,778</b>	<b>2,873,462</b>	<b>(28,577)</b>	<b>4,850,531</b>	<b>18,669,248</b>	<b>885,522</b>	<b>19,554,770</b>
<b>Balances at 31 March 2014 (Audited)</b>	<b>1,864,054</b>	<b>9,605,055</b>	<b>636,397</b>	<b>56,233</b>	<b>6,173,689</b>	<b>18,335,428</b>	<b>353,552</b>	<b>18,688,980</b>
Profit for the period	-	-	-	-	558,007	558,007	20,856	578,863
Other comprehensive income for period	-	-	291,939	67,434	-	359,373	19,299	378,672
Dividends paid	-	-	-	-	(277,194)	(277,194)	-	(277,194)
<b>Balances at 30 June 2014 (Unaudited)</b>	<b>1,864,054</b>	<b>9,605,055</b>	<b>928,336</b>	<b>123,667</b>	<b>6,454,502</b>	<b>18,975,614</b>	<b>393,707</b>	<b>19,369,321</b>

# Jamaica Money Market Brokers Limited

## Consolidated Statement of Cash Flows

Period ended 30 June 2014

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Three Months Ended 30 Jun 14 \$'000	Unaudited Three Months Ended 30 Jun 13 \$'000
<b>Cash Flows from Operating Activities</b>		
Profit for the period	578,863	832,206
Adjustments for:		
Share of loss of associated company	-	25,540
Gain on acquisition of subsidiaries (Note 3)	(9,679)	-
Unrealised loss on trading securities	19,756	13,371
Depreciation and amortisation	102,778	51,182
	691,718	922,299
Changes in operating assets and liabilities	5,748,176	4,810,161
<b>Net cash provided by operating activities</b>	<b>6,439,894</b>	<b>5,732,460</b>
<b>Cash Flows from Investing Activities</b>		
Net purchase of investment securities	(2,302,359)	(2,486,205)
Acquisition of subsidiaries net of cash acquired (Note 3)	(14,862)	-
Purchase of property, plant and equipment and computer software	(161,463)	(117,811)
<b>Net cash used in investing activities</b>	<b>(2,478,684)</b>	<b>(2,604,016)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issue of subordinated debt	1,401,600	-
Dividends paid	(277,194)	-
<b>Net cash provided by financing activities</b>	<b>1,124,406</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>5,085,616</b>	<b>3,128,444</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>23,326,420</b>	<b>5,831,430</b>
<b>Cash and cash equivalents at end of period</b>	<b>28,412,036</b>	<b>8,959,874</b>

# Jamaica Money Market Brokers Limited

Notes to the Financial Statements

Period ended 30 June 2014

(Expressed in Jamaican dollars unless otherwise indicated)

## Segment Reporting

	Three months period ended 30 June 2014				
	Financial & Related Services \$'000	Banking & Related Services \$'000	Other \$'000	Eliminations \$'000	Total \$'000
External revenues	3,505,129	898,713	21,394	-	4,425,236
Intersegment revenue	108,219	49,759	2,410	(160,388)	-
Total segment revenue	3,613,348	948,472	23,804	(160,388)	4,425,236
Segment results	627,879	53,425	33	-	681,337
Gain on acquisition of subsidiary					9,679
Profit before tax					691,016
Taxation					(112,153)
Profit for the period					578,863
Total segment assets	182,494,773	59,466,378	901,169	(27,495,733)	215,366,587
Total segment liabilities	164,263,757	49,900,881	836,189	(19,003,561)	195,997,266
Interest income	2,631,360	682,957	119	-	3,314,436
Operating expenses	1,126,348	569,538	23,771	-	1,719,657
Depreciation and amortisation	72,868	29,465	445	-	102,778
Capital expenditure	133,384	28,079	-	-	161,463

# Jamaica Money Market Brokers Limited

Notes to the Financial Statements

Period ended 30 June 2014

(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 2014

(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 eight 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 company is exempt from the provisions of the Money Lending Act.

The principal activities of the company 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 subsidiaries:	100		Trinidad and Tobago	Investment holding company
JMMB Investments (Trinidad and Tobago) Limited and its subsidiary:		100	Trinidad and Tobago	Securities brokering
AIC Securities Limited		100	Trinidad and Tobago	Stock brokering
Intercommercial Bank Limited and its subsidiary:		100	Trinidad and Tobago	Commercial Banking
Intercommercial Trust and Merchant Bank Limited		100	Trinidad and Tobago	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
Capital & Credit Securities Limited	100		Jamaica	Investment holding
JMMB Fund Managers Limited	100		Jamaica	Fund management

# Jamaica Money Market Brokers Limited

Notes to the Financial Statements

**Period ended 30 June 2014**

(Expressed in Jamaican dollars unless otherwise indicated)

---

## 1. Identification (Continued)

On 30 April 2014, JMMB Investments (Trinidad and Tobago) Limited, a 100% owned subsidiary, acquired 100% equity of AIC Securities Limited for TT\$5.36 million (J\$92.7 million) (Note 3).

## 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 2014.

All amounts are stated in Jamaican dollars unless otherwise indicated.

### (b) Basis of consolidation

The consolidated financial statements include the assets, liabilities and results of operations of the company and its subsidiaries presented as a single economic entity.

Subsidiaries are all entities over which the company 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 or convertible are considered when assessing whether the company controls another entity. Subsidiaries are consolidated from the date on which control is attained by the Group. They are no longer consolidated from the date that control ceases.

Intra-group 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. Accounting policies of subsidiaries are consistent with those of the Group.

# Jamaica Money Market Brokers Limited

Notes to the Financial Statements

Period ended 30 June 2014

(Expressed in Jamaican dollars unless otherwise indicated)

---

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

### (b) Basis of consolidation (continued)

The Group uses the acquisition method of accounting for business combinations. The cost of acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling 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 recognized directly in the consolidated statement of revenue and expenses.

#### (i) Non-controlling interest

Non-controlling interest (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

#### (ii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest (NCI) and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value

#### (iii) Associates

Associates are all entities over which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on the equity basis, from the date that significant influence commences until the date that influence ceases. When the Group's share of losses in an associate exceeds its interest in the associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

# Jamaica Money Market Brokers Limited

Notes to the Financial Statements

Period ended 30 June 2014

(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. 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.

### (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 2014

(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 is 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 2014

(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 and 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\$558,007,000 (2013 – J\$753,532,000) by the weighted average number of stock units in issue during the period, numbering 1,630,552,530 (2013 – 1,630,552,530).

### (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 2014, funds managed in this way amounted to J\$29,609,590,000 (2013 – J\$23,242,771,000).

### (k) Comparative Information

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current period. In particular, segment report has been restated to reflect basis consistent with internal management reporting.

# Jamaica Money Market Brokers Limited

Notes to the Financial Statements

Period ended 30 June 2014

(Expressed in Jamaican dollars unless otherwise indicated)

### 3. Business Combinations

#### *Acquisition of AIC Securities Limited (AIC)*

On 30 April 2014, JMMB Investments (Trinidad and Tobago) Limited, a 100% owned subsidiary, acquired 100% equity of AIC Securities Limited for TT\$5.36 million (J\$92.7 million).

Valuations of acquired tangible and intangible assets are not finalised. Management has utilised provisions under IFRS 3 which allows the acquirer reasonable time to obtain information necessary to identify and measure identifiable assets acquired and liabilities assumed. Management expects that this assessment will be concluded by the financial year end. Details of the provisional purchase price allocation among net assets acquired and goodwill are as follows:

	<b>\$'000</b>
Purchase consideration – cash paid	92,708
Fair value of net assets acquired	<u>(102,387)</u>
Negative goodwill	<u>(9,679)</u>

The assets and liabilities arising from the acquisition are as follows:

	<b>Fair Value</b>
	<b>\$'000</b>
Cash and cash equivalents	77,846
Investment and resale agreements	97,478
Property, plant and equipment and intangible assets	7,796
Income tax recoverable	23
Accounts receivable	33,811
Taxation payable	(17)
Accounts payable	<u>(114,550)</u>
Net assets	<u>102,387</u>
Cash consideration	(92,708)
Cash and cash equivalents acquired	<u>77,846</u>
Net cash outflow on acquisition	<u>(14,862)</u>

The acquired business did not contribute any revenues to the Group for the period ended 30 June 2014.