



**JAMAICA MONEY MARKET BROKERS LIMITED**

**Group Financial Statements**

**Unaudited Three Months Financial Results for period ended 30 June 2011**



Jamaica Money Market Brokers Limited

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# **JAMAICA MONEY MARKET BROKERS LIMITED**

## **Unaudited Three Months Financial Results for the period ended 30 June 2011**

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### **Directors' Statement**

#### **PERFORMANCE HIGHLIGHTS**

Net Profit of J\$950.6 million, grew by 437.5%

Earnings per Stock Unit of J\$0.65, up \$0.53

Dividend of 10 cents per share

Net Interest Income up 50.6%

Operating Profit up 351.8%

Gains on securities trading, net up 375.4%

Efficiency ratio improved to 38.1% from 69.4%

The Directors are pleased to announce that the JMMB Group has posted a net profit of J\$950.6 million and earnings per share of J\$0.65 for the quarter ended June 30, 2011. The Group profits continue to show strong quarter over quarter growth, with the quarter results representing a J\$773.8 million or 437.5% improvement over the prior period.

Net Interest Income showed a significant increase year-on-year moving from J\$481.7 million to J\$725.4 million, an increase of 50.6%. 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 reflected increase of 375.4%, which was driven largely by the Group taking advantage of a market opportunity and improving macroeconomic conditions which drove the recovery in asset prices in the bond market.

Operating expenses increased by 22.1% to J\$637.6 million compared to J\$522.2 million for the prior year. This increase was mainly attributable to growth in subsidiaries in the regional markets, inflationary increases granted to staff at the start of financial year and incentives accruing to staff as a result of the Group's performance.

However, despite this increase in expenses, our efficiency ratio (administrative costs as a percentage of operating revenue) improved to 38.1% from 69.4% when compared to the corresponding period as we continue to tightly manage the company's efficiency.

#### **Regulatory Capital Requirements**

The company continues to exceed its regulatory capital requirements. The Company's Capital to risk weighted assets ratio stood at 34.3% whereas the Financial Services Commission (FSC) benchmark stipulates a minimum of 14%. The Company's capital to total assets ratio was 11.5% (2010 – 8.9%) whereas the FSC benchmark is 6%.

## Community Relations

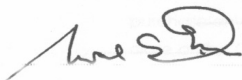
For the quarter, we continued to live our commitment to Corporate Social Responsibility in our operations, funding and activities. The Group maintained direct support of national and community development, primarily in the areas of social transformation, health, education and sports initiatives, contributing over J\$12 million through the Joan Duncan (JD) Foundation.

- We continue to support the Committee for the Upliftment of the Mentally Ill (CUMI) programme, based in Montego Bay, which is designed to improve the lives of some of the most vulnerable in our society – the mentally ill and the homeless.
- Of significant note is our commitment to the national endeavour Youth Upliftment Through Employment (Y.U.T.E.) spearheaded by a Private Sector Organisation of Jamaica (PSOJ) led coalition. We contributed an additional J\$9 million towards fulfilling our overall commitment of J\$20 million over a 2-year period. Ten (10) Y.U.T.E. participants have also been employed at the company as part of the Y.U.T.E. Works stream of the initiative, which focuses on work experience.
- The Group was also delighted to honour the memory and legacy of our founder Joan Duncan, channelling the endowment of J\$80 million at the University of Technology (UTECH) to launch the Joan Duncan School of Entrepreneurship, Ethics and Leadership (JDSEEL).
  - The proceeds of the endowment will be used to engage in activities that advance the principles for which she stood and lived true to, as well as help to advance teaching and research in entrepreneurship, ethics and transformational leadership.

## 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 shareholder value. This is in tandem with our commitment to continue to enhance client intimacy by providing relevant financial solutions to our extensive client base of over 160,000, delivered with JMMB style of exceptional client care. The Group will continue to further strengthen its local and regional presence by pursuing potential acquisition targets in Jamaica, Dominican Republic and Trinidad & Tobago as part of its strategic objective to become a full-service regional financial institution.

The Directors extend sincere appreciation to our clients, team members and shareholders who continue to support and contribute to the 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 June 2011**

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Three Months Ended 30 June 11	Unaudited Three Months Ended 30 June 10
	\$'000	\$'000
<b>Net Interest Income and Other Revenue</b>		
Interest income	2,170,291	2,388,322 *
Interest expense	(1,444,867)	(1,906,576) *
<b>Net interest income</b>	<b>725,424</b>	<b>481,746</b>
Fees and commission income	47,060	48,274
Gains on securities trading, net	872,017	183,419
Foreign exchange margins from cambio trading	28,827	34,528
<b>Operating revenue net of interest expense</b>	<b>1,673,328</b>	<b>747,967</b>
<b>Other Income</b>		
Dividends	2,239	3,985
	<b>1,675,567</b>	<b>751,952</b>
Operating Expenses	(637,624)	(522,192)
<b>Operating Profit</b>	<b>1,037,943</b>	<b>229,760</b>
Share of profits of associated company (net of tax)	4,085	1,788
<b>Profit before Taxation</b>	<b>1,042,028</b>	<b>231,548</b>
Taxation	(91,380)	(54,682)
<b>Profit for the period</b>	<b>950,648</b>	<b>176,866</b>
<b>Attributable to:</b>		
Equity holders of the parent	944,546	169,310
Non-controlling interest	6,102	7,556
	<b>950,648</b>	<b>176,866</b>
<b>Earnings Per Stock Unit</b>	<b>\$0.65</b>	<b>\$0.12</b>

\* Restated see note 2k

# Jamaica Money Market Brokers Limited

Consolidated Statement of Comprehensive Income

**Period ended 30 June 2011**

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Three Months Ended 30 June 11	Unaudited Three Months Ended 30 June 10
	\$'000	\$'000
<b>Profit for the period</b>	950,648	176,866
<b>Other comprehensive income:</b>		
Unrealised gains on available for sale investments	828,725	161,572
Foreign exchange translation differences	(20,053)	62,708
	<u>808,672</u>	<u>224,280</u>
<b>Total comprehensive income for period, net of tax</b>	<b><u>1,759,320</u></b>	<b><u>401,146</u></b>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the parent	1,757,228	393,590
Non-controlling interest	2,092	7,556
	<b><u>1,759,320</u></b>	<b><u>401,146</u></b>

# Jamaica Money Market Brokers Limited

## Consolidated Statement of Financial Position

30 June 2011

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited as at 30 June 11	Unaudited as at 30 June 10	Audited as at 31 March 11
	\$'000	\$'000	\$'000
<b>ASSETS</b>			
Cash and cash equivalents	3,149,723	2,913,505	3,317,057
Interest receivable	2,281,247	1,988,390	1,760,130
Income tax recoverable	1,169,219	1,301,028	1,235,689
Loans and notes receivable	3,151,966	3,830,676	3,445,800
Other receivables	2,301,818	2,592,277	2,159,512
Investments and resale agreements	106,478,552	103,966,480	99,370,218
Interest in associated companies	647,392	609,358	643,137
Deferred tax asset	12,044	26,810	18,300
Property, plant and equipment and intangible assets	1,099,604	1,094,004	1,069,215
	<b>120,291,565</b>	<b>118,322,528</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	1,547,910	(663,648)	719,185
Cumulative translation reserve	4,389	54,006	20,432
Other reserve	-	13,672	13,672
Retained earnings	9,024,134	7,470,167	8,212,255
	10,956,055	7,253,819	9,345,166
Non-controlling interest	75,393	38,063	57,165
Total equity	<b>11,031,448</b>	<b>7,291,882</b>	<b>9,402,331</b>
<b>Liabilities</b>			
Interest payable	958,283	1,157,980	922,493
Income tax payable	322,457	554,158	322,457
Accounts payable	461,069	315,156	596,897
Repurchase agreements	102,565,847	101,770,711	97,068,266
Notes payable	548,210	508,193	623,873
Loans payable	-	3,664,536	-
Redeemable preference shares	2,924,994	2,690,085	2,924,994
Deferred tax liability	1,479,257	369,827	1,157,747
	<b>109,260,117</b>	<b>111,030,646</b>	<b>103,616,727</b>
	<b>120,291,565</b>	<b>118,322,528</b>	<b>113,019,058</b>

# Jamaica Money Market Brokers Limited

Consolidated Statement of Changes in Stockholders' Equity

Period ended 30 June 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 2009 (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	-	-	-	-	169,310	169,310	7,556	176,866
Other comprehensive income for period	-	161,572	62,708	-	-	224,280	-	224,280
<b>Balances at 30 June 2010 (Unaudited)</b>	<b>379,622</b>	<b>(663,648)</b>	<b>54,006</b>	<b>13,672</b>	<b>7,470,167</b>	<b>7,253,819</b>	<b>38,063</b>	<b>7,291,882</b>
<b>Balances 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	-	-	-	-	944,546	944,546	6,102	950,648
Paid in capital	-	-	-	-	-	-	16,136	16,136
Other comprehensive income for period	-	828,725	(16,043)	(13,672)	13,672	812,682	(4,010)	808,672
Dividends paid	-	-	-	-	(146,339)	(146,339)	-	(146,339)
<b>Balances at 30 June 2011 (Unaudited)</b>	<b>379,622</b>	<b>1,547,910</b>	<b>4,389</b>	<b>-</b>	<b>9,024,134</b>	<b>10,956,055</b>	<b>75,393</b>	<b>11,031,448</b>



# Jamaica Money Market Brokers Limited

## Consolidated Statement of Cash Flows

Period ended 30 June 2011

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Three Months Ended 30 June 11 \$'000	Unaudited Three Months Ended 30 June 10 \$'000
<b>Cash Flows from Operating Activities</b>		
Profit for the period	950,648	176,866
Adjustments for:		
Unrealised (gains)/losses on trading securities	(12,014)	11,397
Share of profits of associated company	4,085	(1,788)
Depreciation and amortisation	26,924	21,288
Foreign currency translation losses	7,682	297,955
	977,325	505,718
Changes in operating assets and liabilities	5,442,000	(1,248,084)
<b>Net cash provided by /(used in) operating activities</b>	<b>6,419,325</b>	<b>(742,366)</b>
<b>Cash Flows from Investing Activities</b>		
Net (purchase)/proceeds of investment securities	(6,307,344)	3,556,167
Purchase of property, plant and equipment and computer software	(57,313)	(23,975)
<b>Net cash (used in)/provided by investing activities</b>	<b>(6,364,657)</b>	<b>3,532,192</b>
<b>Cash Flows from Financing Activities</b>		
Loans payable	-	(3,379,396)
Notes payable	(75,663)	(140,457)
Dividends paid	(146,339)	-
<b>Net cash used in financing activities</b>	<b>(222,002)</b>	<b>(3,519,853)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(167,334)</b>	<b>(730,027)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>3,317,057</b>	<b>3,643,532</b>
<b>Cash and cash equivalents at end of period</b>	<b>3,149,723</b>	<b>2,913,505</b>

# Jamaica Money Market Brokers Limited

Notes to the Financial Statements

30 June 2011

(Expressed in Jamaican dollars unless otherwise indicated)

## Segment Reporting

	The Group				
	Three months period ended 30 June 2011				
	Jamaica \$'000	St. Lucia \$'000	Others \$'000	Eliminations \$'000	Total \$'000
External revenues	1,948,057	1,172,377	-	-	3,120,434
Intersegment revenue	175,602	-	-	(175,602)	-
Total segment revenue	2,123,659	1,172,377	-	(175,602)	3,120,434
Segment results	355,398	682,545	-	-	1,037,943
Share of associated company profit					4,085
Profit before tax					1,042,028
Taxation					(91,380)
Profit for the period					950,648
Total segment assets	112,680,113	23,697,181	651,373	(16,737,102)	120,291,565
Total segment liabilities	99,652,648	25,181,502	532,835	(16,106,868)	109,260,117
Interest income	1,667,269	503,022	-	-	2,170,291
Operating expenses	587,433	50,191	-	-	637,624
Depreciation and amortisation	25,382	1,542	-	-	26,924
Capital expenditure	57,313	-	-	-	57,313

# Jamaica Money Market Brokers Limited

Notes to the Financial Statements

30 June 2011

(Expressed in Jamaican dollars unless otherwise indicated)

## Segment Reporting

	The Group				
	Three months period ended 30 June 2010				
	Jamaica \$'000	St. Lucia \$'000	Others \$'000	Eliminations \$'000	Total \$'000
External revenues	2,230,572	427,956	-	-	2,658,528
Intersegment revenue	237,765	-	-	(237,765)	-
Total segment revenue	2,468,337	427,956	-	(237,765)	2,658,528
Segment results	319,418	(89,658)	-	-	229,760
Share of associated company profit					1,788
Profit before tax					231,548
Taxation					(54,682)
Profit for the period					176,866
Total segment assets	111,942,759	23,666,779	613,379	(17,900,389)	118,322,528
Total segment liabilities	101,836,495	25,952,833	537,496	(17,296,178)	111,030,646
Interest income	1,983,295	405,027	-	-	2,388,322
Operating expenses	482,444	39,748	-	-	522,192
Depreciation and amortisation	20,587	701	-	-	21,288
Capital expenditure	23,975	-	-	-	23,975

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

30 June 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 June 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

30 June 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

30 June 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

30 June 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\$944,546,000 (2010 – J\$169,310,000) 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 June 30, 2011, funds managed in this way amounted to J\$17,789,774,000 (2010 – J\$15,522,275,000).

(k) **Comparative Information**

Interest income and interest expense amounting to J\$374,149,000 has been restated for prior period to eliminate inter-segment revenue. There is no impact on net interest income.