



**JAMAICA MONEY MARKET BROKERS LIMITED**

**Group Financial Statements**

**Unaudited Six Months Financial Results for period ended 30 September 2010**



Jamaica Money Market Brokers Limited

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# **JAMAICA MONEY MARKET BROKERS LIMITED**

**Unaudited Six Months Financial Results for the period ended 30 September 2010**

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## **Directors' Statement**

### **PERFORMANCE HIGHLIGHTS**

Net Profit of J\$454.7 million, grew by 25.2%

Earnings per Stock Unit of J\$0.31, up \$0.07

Net Interest Income up 37.6%

Operating Profit up 72.8%

Foreign Exchange Margins from Cambio Trading up 50.2%

The Directors are pleased to announce that the JMMB Group has posted a net profit of J\$454.7 million and earnings per share of J\$0.31 for the six months ended September 30, 2010. The second quarter results represent a 57.1% improvement over the first quarter and 25.2% improvement over the prior period.

JMMB's continued deliberate strategy of sharper and segmented management of the Group's investment portfolio and cost of funds resulted in Net Interest Income improving year-on-year from J\$769.7 million to J\$1.1 billion, an increase of 37.6%. Gains from cambio trading, gains from securities trading and other income (through diversified business lines, pensions and JMMB Insurance Brokers) also reflected increases of 50.2%, 12.8% and 34.9% respectively, underpinning management's continued commitment to building core revenues.

The efficiency ratio (administrative costs as a percentage of operating revenue) improved to 66.4% from 74.9% when compared to the corresponding period. We continue to tightly manage operating expenses which increased by 14.7% over the period.

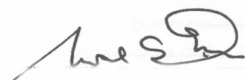
Associated Company contribution from the IBL Group was below prior year mainly due to the adverse impact on the loan portfolio arising from the continued fall-out in the Trinidadian economy. Having addressed the issues, we expect full recovery.

Notwithstanding, the overall impact of increased revenue and increased efficiencies from operations resulted in J\$594.3 million for 72.8% increase in operating profit.

### **Regulatory Capital Requirements**

The company continues to exceed its regulatory capital requirements. The Company's Capital to risk weighted assets ratio stood at 34% whereas the Financial Services Commission (FSC) benchmark stipulates a minimum of 14%. The Company's capital to total assets ratio was 9.5% whereas the FSC benchmark is 6%.

The Directors extend thanks to our clients and team members 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 September 2010

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Three Months Ended 30 Sep 10	Unaudited Three Months Ended 30 Sep 09	Unaudited Six Months Ended 30 Sep 10	Unaudited Six Months Ended 30 Sep 09
	\$'000	\$'000	\$'000	\$'000
<b>Net Interest Income and Other Revenue</b>				
Interest income	2,480,181	3,521,103	5,242,652	6,931,847
Interest expense	(1,903,098)	(2,975,155)	(4,183,823)	(6,162,179)
<b>Net interest income</b>	<b>577,083</b>	<b>545,948</b>	<b>1,058,829</b>	<b>769,668</b>
Fees and commission income	37,223	34,420	85,497	63,399
Gains on securities trading, net	352,533	124,309	535,952	475,241
Foreign exchange margins from cambio trading	44,208	28,942	78,736	52,418
<b>Operating revenue net of interest expense</b>	<b>1,011,047</b>	<b>733,619</b>	<b>1,759,014</b>	<b>1,360,726</b>
<b>Other Income</b>				
Dividends	6,493	3,623	10,478	8,043
	<b>1,017,540</b>	<b>737,242</b>	<b>1,769,492</b>	<b>1,368,769</b>
Operating Expenses	(652,970)	(543,367)	(1,175,162)	(1,024,909)
<b>Operating Profit</b>	<b>364,570</b>	<b>193,875</b>	<b>594,330</b>	<b>343,860</b>
Share of profits of associated company	6,655	11,532	8,443	22,250
<b>Profit before Taxation</b>	<b>371,225</b>	<b>205,407</b>	<b>602,773</b>	<b>366,110</b>
Taxation	(93,368)	(146)	(148,050)	(2,988)
<b>Profit for the period</b>	<b>277,857</b>	<b>205,261</b>	<b>454,723</b>	<b>363,122</b>
<b>Attributable to:</b>				
Equity holders of the parent	282,679	200,814	451,989	354,053
Non-controlling interest	(4,822)	4,447	2,734	9,069
	<b>277,857</b>	<b>205,261</b>	<b>454,723</b>	<b>363,122</b>
<b>Earnings per stock unit</b>	<b>\$0.19</b>	<b>\$0.14</b>	<b>\$0.31</b>	<b>\$0.24</b>

# Jamaica Money Market Brokers Limited

Consolidated Statement of Comprehensive Income

**Period ended 30 September 2010**

(Expressed in Jamaican dollars unless otherwise indicated)

	<u>Unaudited 30 Sep 10</u>	<u>Unaudited 30 Sep 09</u>
	\$'000	\$'000
<b>Profit for the period</b>	454,723	363,122
<b>Other comprehensive income:</b>		
Unrealised gains on available for sale investments	205,890	690,810
Foreign exchange translation differences	56,836	35,284
	<u>262,726</u>	<u>726,094</u>
<b>Total comprehensive income for period, net of tax</b>	<u><b>717,449</b></u>	<u><b>1,089,216</b></u>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the parent	714,715	1,080,147
Non-controlling interest	2,734	9,069
	<u><b>717,449</b></u>	<u><b>1,089,216</b></u>

# Jamaica Money Market Brokers Limited

## Consolidated Statement of Financial Position

**30 September 2010**

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited as at 30 Sep 10	Unaudited as at 30 Sep 09	Audited as at 31 March 10
	\$'000	\$'000	\$'000
<b>ASSETS</b>			
Cash and cash equivalents	3,341,988	1,982,596	3,643,532
Interest receivable	1,742,871	3,166,014	2,656,184
Income tax recoverable	1,440,739	882,072	1,277,889
Loans and notes receivable	3,718,783	3,429,035	3,639,894
Other receivables	2,706,761	2,761,529	2,647,397
Investments and resale agreements	108,493,731	110,502,259	107,361,075
Interest in associated companies	638,252	629,329	631,932
Deferred tax asset	24,859	17,610	26,150
Property, plant and equipment and intangible assets	1,094,222	1,069,663	1,091,317
	<b>123,202,206</b>	<b>124,440,107</b>	<b>122,975,370</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	379,622	379,622	379,622
Investment revaluation reserves	(619,330)	(861,990)	(825,220)
Cumulative translation reserves	48,134	7,386	(8,702)
Other reserve	13,672	-	13,672
Retained earnings	7,665,043	6,773,228	7,300,857
	7,487,141	6,298,246	6,860,229
Non-controlling interest	33,241	29,981	30,507
Total equity	<b>7,520,382</b>	<b>6,328,227</b>	<b>6,890,736</b>
<b>Liabilities</b>			
Interest payable	1,004,358	1,788,803	1,473,460
Income tax payable	418,460	597,753	593,576
Accounts payable	681,905	535,536	511,044
Repurchase agreements	109,857,888	103,098,430	102,844,985
Notes payable	397,007	1,087,236	648,650
Loans payable	-	8,087,250	7,043,932
Redeemable preference shares	2,690,085	2,690,085	2,690,085
Deferred tax liability	632,121	226,787	278,902
	<b>115,681,824</b>	<b>118,111,880</b>	<b>116,084,634</b>
	<b>123,202,206</b>	<b>124,440,107</b>	<b>122,975,370</b>

# Jamaica Money Market Brokers Limited

Consolidated Statement of Changes in Stockholders' Equity

Period ended 30 September 2010

(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>(1,552,800)</b>	<b>(27,898)</b>	<b>-</b>	<b>6,506,978</b>	<b>5,305,902</b>	<b>20,912</b>	<b>5,326,814</b>
Total comprehensive income for period	-	690,810	35,284	-	354,053	1,080,147	9,069	1,089,216
Dividends paid	-	-	-	-	(87,803)	(87,803)	-	(87,803)
<b>Balances at 30 September 2009 (Unaudited)</b>	<b>379,622</b>	<b>(861,990)</b>	<b>7,386</b>	<b>-</b>	<b>6,773,228</b>	<b>6,298,246</b>	<b>29,981</b>	<b>6,328,227</b>
<b>Balance at 31 March 2010 (Audited)</b>	<b>379,622</b>	<b>(825,220)</b>	<b>(8,702)</b>	<b>13,672</b>	<b>7,300,857</b>	<b>6,860,229</b>	<b>30,507</b>	<b>6,890,736</b>
Total comprehensive income for period	-	205,890	56,836	-	451,989	714,715	2,734	717,449
Dividends paid	-	-	-	-	(87,803)	(87,803)	-	(87,803)
<b>Balances at 30 September 2010 (Unaudited)</b>	<b>379,622</b>	<b>(619,330)</b>	<b>48,134</b>	<b>13,672</b>	<b>7,665,043</b>	<b>7,487,141</b>	<b>33,241</b>	<b>7,520,382</b>

# Jamaica Money Market Brokers Limited

## Consolidated Statement of Cash Flows

Period ended 30 September 2010

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited as at 30 Sep 10 \$'000	Unaudited as at 30 Sep 09 \$'000
<b>Cash Flows from Operating Activities</b>		
Profit for period	454,723	363,122
Adjustments for:		
Share of profit of associated company	(8,443)	(22,250)
Depreciation and amortisation	46,503	57,595
	492,783	398,467
Changes in operating assets and liabilities	7,565,225	12,340,515
<b>Net cash provided by operating activities</b>	<b>8,058,008</b>	<b>12,738,982</b>
 <b>Cash Flows from Investing Activities</b>		
Purchase of investment securities, net	(926,766)	(11,902,006)
Purchase of property, plant and equipment and computer software	(49,408)	(34,773)
<b>Net cash used in investing activities</b>	<b>(976,174)</b>	<b>(11,936,779)</b>
 <b>Cash Flows from Financing Activities</b>		
Notes payable	(251,643)	-
Loans payable	(7,043,932)	(1,162,061)
Dividends paid	(87,803)	(87,803)
<b>Net cash used in financing activities</b>	<b>(7,383,378)</b>	<b>(1,249,864)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(301,544)</b>	<b>(447,661)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>3,643,532</b>	<b>2,430,257</b>
<b>Cash and cash equivalents at end of period</b>	<b>3,341,988</b>	<b>1,982,596</b>



# Jamaica Money Market Brokers Limited

Notes to the Financial Statements

30 September 2010

(Expressed in Jamaican dollars unless otherwise indicated)

## Segment Reporting

	The Group				
	Period ended 30 September 2010				
	Jamaica \$'000	St. Lucia \$'000	Others \$'000	Eliminations \$'000	Total \$'000
External revenues	5,099,027	854,288	-	-	5,953,315
Intersegment revenue	537,620	-	-	(537,620)	-
Total segment revenue	5,636,647	854,288	-	(537,620)	5,953,315
Segment results	772,359	(178,029)	-	-	594,330
Share of profit of associated company					8,443
Profit before tax					602,773
Taxation					(148,050)
Profit for the period					454,723
Total segment assets	114,657,325	24,518,838	642,281	(16,616,238)	123,202,206
Total segment liabilities	103,734,175	27,401,956	538,691	(15,992,998)	115,681,824
Interest income	4,433,799	808,853	-	-	5,242,652
Operating expenses	1,083,761	91,401	-	-	1,175,162
Depreciation and amortisation	45,005	1,498	-	-	46,503
Capital expenditure	49,408	-	-	-	49,408

# Jamaica Money Market Brokers Limited

Notes to the Financial Statements

30 September 2010

(Expressed in Jamaican dollars unless otherwise indicated)

## Segment Reporting

	The Group				
	Period ended 30 September 2009				
	Jamaica \$'000	St. Lucia \$'000	Others \$'000	Eliminations \$'000	Total \$'000
Gross external revenues	6,646,242	884,706	-	-	7,530,948
Intersegment revenue	-	468,421	-	(468,421)	-
Total gross revenues	6,646,242	1,353,127	-	(468,421)	7,530,948
Segment results	466,648	(118,524)	(4,264)	-	343,860
Share of profits of associated company					22,250
Profit before tax					366,110
Taxation					(2,988)
Net profit					363,122
Segment assets	112,816,102	24,911,555	629,329	(13,916,879)	124,440,107
Segment liabilities	103,831,812	26,964,073	553,680	(13,237,685)	118,111,880
Other segment items -					
Interest income	6,125,161	806,686	-	-	6,931,847
Operating expenses	944,581	80,328	-	-	1,024,909
Depreciation and amortisation	55,907	1,688	-	-	57,595
Capital expenditure	34,773	-	-	-	34,773

# Jamaica Money Market Brokers Limited

Notes to the Financial Statements

30 September 2010

(Expressed in Jamaican dollars unless otherwise indicated)

## 1. Identification

Jamaica Money Market Brokers Limited (the “company”) is incorporated and domiciled in Jamaica. The registered office of the company is located at 6 Haughton Terrace, Kingston 10, Jamaica. It has three subsidiaries incorporated in Jamaica, and there are other subsidiaries incorporated outside of Jamaica. The operating subsidiaries are listed below. The company and its subsidiaries are collectively referred to as “Group”; the Group has interests in an associated company, as detailed below.

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

The principal activities of the company are securities brokering, dealing in money market instruments, operating a foreign exchange cambio and managing funds on behalf of clients. Information on the subsidiaries and the associated company is set out below:

Name of Subsidiary	% Shareholding Held by Parent/Subsidiary		Country of Incorporation	Principal Activities
	Parent	Subsidiary		
JMMB Securities Limited	100		Jamaica	Stock brokering
JMMB Insurance Brokers Limited	100		Jamaica	Insurance brokering
Jamaica Money Market Brokers (Trinidad and Tobago) Limited and its associated company,	100		Trinidad and Tobago	Investment holding company
Intercommercial Bank Limited * and its subsidiary, Intercommercial Trust and Merchant Bank Limited		50	Trinidad and Tobago	Commercial and Merchant Banking
JMMB International Limited and its subsidiaries	100		St. Lucia	Investment holding and management
JMMB Dominicana, SA		100	Dominican Republic	Investment holding and management
JMMB BDI AMERICA		80	Dominican Republic	Stock brokering
JMMB Real Estate Holdings Limited	100		Jamaica	Property rental and development
JMMB Holdings Limited	100		St. Lucia	Investment holding

\* Associated company

# Jamaica Money Market Brokers Limited

Notes to the Financial Statements

30 September 2010

(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 2010.

All amounts are stated in Jamaican dollars unless otherwise indicated.

### (b) Consolidation

#### (i) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit and loss account.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### (ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit and loss account; its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

# Jamaica Money Market Brokers Limited

## Notes to the Financial Statements

30 September 2010

(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 year 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 year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable and tax losses in respect of previous years.

##### (ii) Deferred taxation

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

#### (e) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, demand and call deposits with banks and very short-term balances with other brokers/dealers. Cash and cash equivalents are highly liquid financial assets that are readily convertible to known amounts of cash (that is, with original maturities of less than three months), which are subject to insignificant risk of changes in value, and are for the purpose of meeting short-term commitments. Cash and cash equivalents are carried at costs.

#### (f) Sale and repurchase agreements

Transactions involving purchases of securities under resale agreements ('resale agreements' or 'reverse repos') or sales of securities under repurchase agreements ('repurchase agreements' or 'repos') are accounted for as short-term collateralised lending and borrowing, respectively. Accordingly, securities sold under repurchase agreements remain on the balance sheet and are measured in accordance with their original measurement principles. The proceeds of sale are reported as liabilities and are carried at amortised cost. Securities purchased under resale agreements are reported not as purchases of the securities, but as receivables and are carried in the balance sheet at amortised cost. It is the policy of the group to obtain possession of collateral with a market value in excess of the principal amount loaned under resale agreements.

Interest earned on resale agreements and interest incurred on repurchase agreements is recognised as interest income and interest expense, respectively, over the life of each agreement using the effective interest method.

# Jamaica Money Market Brokers Limited

Notes to the Financial Statements

30 September 2010

(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.

### (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\$451,989,000 (2009 – J\$354,053,000) by the number of stock units in issue during the period, numbering 1,463,386,752.

### (j) Managed funds

The company acts as agent and earns fees for managing clients' funds on a non-recourse basis under a management agreement. At September 30, 2010, funds managed in this way amounted to J\$16,466,757,000 (2009 – J\$14,218,685,000).