

CHIEF EXECUTIVE OFFICER'S COMMENTARY ON FINANCIAL RESULTS

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019.

On behalf of the Board of Directors of Mayberry Group, I am pleased to present its Unaudited 3rd Quarter 2019 financial results for the months July to September 2019.

Operating Environment

For the period under review, Jamaica's annual point-to-point inflation was 3.4%, below the minimum target set by the Bank of Jamaica (BOJ) of 4%. The Central Bank also lowered its policy rate (the interest rate offered on overnight placements) by 25 basis points to 0.50% per annum, in this quarter. The Governor of the BOJ, in the bank's Quarterly Monetary Policy Report at the end of August, stated that the domestic activity in Jamaica remains below the economy's potential. Notwithstanding, inflation is expected to remain low and within the targets set.

The foreign exchange market for Q3 2019 continued to show two-way movement with both an appreciation and depreciation of the Jamaican Dollar against the US dollar. During this period, there was a high of J\$138.34 and a low of J\$131.72 to 1 USD, with a quarterly average of J\$136.30 to US\$1. The Net International Reserves continues to be adequate at US\$3.098 billion, indicating 22 weeks of reserves of goods and services imports.

Year-over-year, the Jamaica Stock Exchange (JSE) Main Market Index grew by 157,722 points or 44% to 516,042 points, when compared to September 2018. The JSE Junior Market grew by 138 points or 4% to 3,533 points, vis-à-vis September 2018.

PERFORMANCE HIGHLIGHTS



44%

**INCREASE IN NET PROFIT
ATTRIBUTABLE TO
SHAREHOLDERS**
(quarter over quarter)





Profit Performance for period ended September 30, 2019

SUMMARY OF CHANGES ON THE STATEMENT OF COMPREHENSIVE INCOME								
Description	Quarter ended 30 Sept 2019 (\$'000)	Quarter ended 30 Sept 2018 (\$'000)	Change (\$'000)	% Change	9 months ended 30 Sept 2019 (\$'000)	9 months ended 30 Sept 2018 (\$'000)	Change (\$'000)	% Change
Net Interest Income and Other Revenues	927,744	1,027,041	(99,297)	-9.7%	1,942,576	2,238,707	(296,130)	-13.2%
Operating Expenses	458,311	742,160	283,849	38.2%	1,333,582	1,422,995	89,412	6.3%
Profit before Taxation	469,433	284,881	184,552	64.8%	608,994	815,712	(206,718)	-25.3%
Net Profit	442,093	266,228	175,864	66.1%	539,263	741,166	(201,902)	-27.2%
Net Profit Attributable to Shareholders	322,360	223,913	98,447	44.0%	429,386	645,285	(215,899)	-33.5%
Other Comprehensive Income	(735,670)	4,051,318	(4,786,987)	-118.2%	5,196,480	6,112,762	(916,282)	-15.0%
Total Comprehensive Income	(293,577)	4,317,546	(4,611,123)	-106.8%	5,735,744	6,853,928	(1,118,184)	-16.3%
Earnings Per Share(EPS)	\$0.27	\$0.19	\$0.08	44.0%	\$0.36	\$0.54	-\$0.18	-33.5%

For the 3rd quarter in 2019, Mayberry Group recorded 44% increase in Profits attributable to shareholders. This amounted to \$322 million, compared to \$224 million for the corresponding quarter in 2018. Consequently, this resulted in an Earnings per share (EPS) of \$0.27 compared to \$0.19 for Q3 2018.

In particular, the lines of business that experienced significant growth during the quarter were as follows: -

- Dividend income of \$113.5 million increased by \$37.3 million or 49%. Dividend earned during the quarter resulted mainly from the holdings in Supreme Ventures Limited, JMMB Group Limited, Scotia Group Jamaica Limited, Blue Power Group Limited and Lasco Distributors Limited;
- Net Trading gains of \$26.8 million was recorded on the bond portfolio when compared to trading losses of \$1.96 million for Q3 of 2018.





These increases were, however, countered by the following decline in revenue quarter over quarter:

- Fees and Commission income of \$130.8 million decreased by \$57.9 million over the corresponding period in 2018, with a reduction in our Selling fees – Debt business of \$83 million but an uptick in Corporate Advisory fees of \$22 million.
- Net Foreign exchange gains decreased by 14.4% to \$116.6 million quarter-over-quarter. This was as a result of lower spreads, compared to \$136 million in the corresponding quarter of 2018;
- The unrealised gain from the revaluation of equities classified as Fair Value through Profit or Loss (FVPL), namely Lasco Financial Services Ltd., Blue Power Ltd., Caribbean Producers (Jamaica) Ltd., IronRock Insurance Ltd., Seprod Limited and Fontana Limited, amounted to J\$509.7 million for Q3 2019 vis-à-vis J\$595 million for Q3 2018.
- Total Comprehensive Income for Q3 of 2019 amounted to (\$293.5 million), compared to \$4 billion for the corresponding quarter of 2018. This was due to a decrease in the equity reserves for this period under review, influenced by price reductions for stocks held in the equity portfolio.
- Operating expenses for Q3 2019 decreased significantly by \$283.9 million when compared to \$742 million in Q3 2018. Savings were achieved from Management and Incentive fees - \$234 million, Legal and Professional fees of \$12 million and Motor Vehicle lease expenses of \$11 million. These were countered by increases in Consulting Fees of \$7 million and Sales & Marketing expenses of \$7.9 million.

Dividend paid by MIL – Q3 2019

Following the approval by the Board of Directors of Mayberry Investments Limited on Tuesday, June 18, 2019 of an ordinary dividend of \$0.25 per share, the company paid J\$300.3M on July 25, 2019, to its shareholders on record as at July 3, 2019.





Summary of Financial Position

Assets & Liabilities

SUMMARY OF CHANGES ON THE STATEMENT OF FINANCIAL POSITION								
Description	Quarter ended 30 Sept 2019 (\$'000)	Quarter ended 30 Sept 2018 (\$'000)	Change (\$'000)	% Change	Year-to-date 30 Sept 2019 (\$'000)	Year ended 31 Dec 2018 (\$'000)	Change (\$'000)	% Change
Total Assets	37,606,201	32,165,681	5,440,520	16.9%	37,606,201	30,371,608	7,234,593	23.8%
Total Liabilities	17,690,112	15,046,086	(2,644,026)	-17.6%	17,690,112	16,396,802	1,293,310	7.9%
Equity Attributable to Shareholders of Parent	14,997,841	15,449,777	(451,937)	-2.9%	14,997,841	10,854,841	4,143,000	38.2%
Total Equity	19,916,088	17,119,593	2,796,495	16.3%	19,916,088	13,974,806	5,941,282	42.5%
Net Book Value Per Share	\$12.49	\$12.86	-\$0.38	-2.9%	\$12.49	\$9.04	\$3.45	38.1%

The company's asset base stood at \$37.6 billion at the end of Q3 2019 and exceeded the corresponding quarter ended 30 September 2018, by \$5.4 billion or 16.9%. This growth was attributable to increases in Investment Securities of \$2.3 billion, Reverse Repurchase Agreements of \$1.8 billion and Loans & Other Receivables of \$1.6 billion.

Total Liabilities recorded were \$17.7 billion, a 17.6% increase over the prior corresponding period. This resulted mainly from an increase in the following: -

- Bank overdraft increased by J\$429 million;
- Securities sold under repurchase agreements increased by J\$177 million;
- Accounts Payable increased by J\$2.4 billion due to an increase in client account balances and a J\$2.2 billion debt security in issue;
- Interest Payable increased by J\$192 million.

Loans, conversely, decreased by J\$564 million.





Shareholders' Equity

Mayberry Group's Equity Attributable to the Shareholders of the Parent decreased by 2.9% or \$451.9 million, as a result of lower fair value reserves.

Fair value reserves closed at \$7.84 billion, down from \$8.86 billion for the comparative quarter in the prior year.

Retained Earnings increased by 11.5% to \$5.5 billion for the 3rd quarter ended September 30, 2019, from \$4.9 billion in the corresponding period.

Regulatory Indicators

Indicators	9 months ending Sept 30, 2019	Benchmark
Capital to Total Assets	19.2%	6%
Capital Base to Risk Weighted Assets	17.7%	10%
Repo Liabilities to Total Assets	12.8%	50%
1 Year Liquidity Gap	12.7%	25%
Dealer Core Earnings to Total Income	70.3%	50%

Our capital base remains compliant with our regulatory benchmarks.

As indicated in the table above, our capital to risk weighted asset ratio of 17.7% complies with the established minimum of 10% set by the Financial Services Commission (FSC). In addition, our tier one capital is 99% of the overall capital of the company and exceeds the regulatory minimum of 50% established by the FSC.

We wish to express our gratitude to all our Shareholders, Clients, Directors, Management and Staff for their contribution to the success achieved in this 3rd quarter of our thirty-fourth year of operations.

Gary Peart
Chief Executive Officer





CONSOLIDATED INCOME STATEMENT
FOR THE NINE MONTHS ENDED 30TH SEPTEMBER 2019

	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
	3 Months ended 30 Sept 2019	3 Months ended 30 Sept 2018	9 Months ended 30 Sept 2019	9 Months ended 30 Sept 2018	12 Months ended 31 December 2018
	\$'000	\$'000	\$'000	\$'000	\$'000
Net Interest Income and Other Revenues					
Interest income	205,631	202,858	615,680	559,312	729,047
Interest expense	(177,401)	(172,084)	(499,643)	(444,972)	(553,933)
Net Interest income	28,230	30,774	116,037	114,339	175,114
Fees and Commission Income	130,776	188,628	507,610	552,197	759,109
Dividend Income	113,548	76,236	298,485	309,528	364,287
Net Trading (Losses)/Gains	26,829	(1,958)	(37,112)	59,626	30,004
Net Foreign Exchange Gain	116,563	136,171	320,433	266,332	240,583
Unrealised gain on investment revaluation	509,764	595,097	729,831	931,108	265,013
Loan provision recovered/written back	-	-	-	-	-
Other income	2,035	2,093	7,293	5,576	6,772
	927,744	1,027,041	1,942,576	2,238,707	1,840,882
Operating Expenses					
Salaries, statutory contributions and staff costs	163,983	129,309	444,307	352,441	531,108
Provision for credit losses	6,000	107,500	21,000	143,500	151,000
Depreciation and amortisation	7,508	5,473	25,407	16,638	22,206
Other operating expenses	280,820	499,878	842,868	910,415	980,101
	458,311	742,160	1,333,582	1,422,995	1,684,415
Share of Profit in Associates					
Gain in disposal of associate holdings	-	-	-	-	-
Operating profit before asset tax	469,433	284,881	608,994	815,712	156,467
Asset tax	-	5	37,393	36,421	-
Profit before taxation	469,433	284,876	571,601	779,291	156,467
Taxation charge / (credit)	27,341	18,648	(32,337)	38,125	(50,673)
NET PROFIT	442,093	266,228	539,263	741,166	105,794
<i>Net Profit Attributable to:</i>					
- Mayberry Investments Ltd.	322,360	223,913	429,386	645,285	160,398
- Non Controlling Interests	119,733	42,315	109,877	95,881	(54,604)
OTHER COMPREHENSIVE INCOME					
Financial Reserve	(735,670)	4,051,318	5,196,480	6,112,762	3,602,692
Employee share option	-	-	-	-	-
Other Comprehensive Income(Net of Tax):	(735,670)	4,051,318	5,196,480	6,112,762	3,602,692
TOTAL COMPREHENSIVE INCOME	(293,577)	4,317,546	5,735,744	6,853,928	3,708,486
<i>Total Comprehensive Income Attributable to:</i>					
- Mayberry Investments Ltd.	(335,968)	3,303,449	4,442,785	5,596,052	3,461,289
- Non Controlling Interests	42,391	1,014,097	1,292,959	1,257,876	247,197
Number of shares in issue	1,201,149	1,201,149	1,201,149	1,201,149	1,201,149
Earnings per share	\$0.27	\$0.19	\$0.36	\$0.54	\$0.13

BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with the accounting policies as set out in note 2 of the audited financial statements for the year ended 31 December 2018



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2019

	(UNAUDITED) SEPTEMBER 2019 \$'000	(UNAUDITED) SEPTEMBER 2018 \$'000	(AUDITED) DECEMBER 2018 \$'000
ASSETS:			
Cash resources	1,758,445	1,943,820	1,330,836
Investment securities	26,152,782	23,820,192	20,582,142
Reverse repurchase agreements	4,126,872	2,345,000	1,747,163
Promissory notes	1,712,459	1,941,772	1,486,657
Interest receivable	116,164	137,846	77,180
Loans and other receivables	2,663,377	1,067,324	4,187,874
Taxation recoverable	(3,905)	-	2,441
Deferred taxation	66,974	82,162	66,974
Other Assets	803,380	712,977	742,977
Property, plant and equipment	151,739	114,588	112,622
Intangible asset	57,915	-	34,744
TOTAL ASSETS	37,606,201	32,165,681	30,371,608
LIABILITIES AND EQUITY:			
LIABILITIES :			
Bank overdraft	492,830	63,915	56,210
Securities sold under repurchase agreements	4,642,622	4,465,377	3,961,398
Interest payable	214,263	21,659	201,656
Loans	6,844,528	7,408,612	7,202,604
Accounts payable	5,398,543	2,990,053	4,912,636
Deferred taxation	97,326	96,469	62,298
TOTAL LIABILITIES	17,690,112	15,046,086	16,396,802
STOCKHOLDERS' EQUITY			
Ordinary Share capital	1,582,382	1,582,382	1,582,382
Preference Shares	135	135	135
Fair value and other reserves	7,840,855	8,860,858	4,804,924
Capital Redemption Reserve	51,343	51,343	51,343
Other reserves	26,596	26,596	26,596
Retained earnings	5,496,530	4,928,464	4,389,462
Equity Attributable to the Shareholders of the Parent	14,997,841	15,449,777	10,854,841
Non-Controlling Interests	4,918,248	1,669,816	3,119,965
TOTAL STOCKHOLDERS' EQUITY	19,916,088	17,119,593	13,974,806
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	37,606,201	32,165,679	30,371,608
Net Book Value per Stock Unit :	\$12.49	\$12.86	\$9.04
Approved by the Board of Directors for issue on October 29, 2019 and signed on its behalf by:			
Christopher Berry Chairman			
Gary Peart Chief Executive Officer/Director			



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30TH SEPTEMBER 2019

	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
	3 Months ended 30 Sept 2019	3 Months ended 30 Sept 2018	9 Months ended 30 Sept 2019	9 Months ended 30 Sept 2018	12 Months ended 31 December 2018
	\$'000	\$'000	\$'000	\$'000	\$'000
Profit for the period	442,093	266,228	539,263	741,166	105,794
Other Comprehensive Income for the period net of tax: Items that will or maybe classified to statement of income					
Unrealised gains/ (losses) on financial instruments	(735,670)	4,051,318	5,196,480	6,112,762	3,602,692
Total Comprehensive income	(293,577)	4,317,546	5,735,744	6,853,928	3,708,486
Total Comprehensive Income Attributable to:					
- <i>Mayberry Investments Ltd.</i>	(335,968)	3,303,449	4,442,785	5,596,052	3,461,289
- <i>Non Controlling Interests</i>	42,391	1,014,097	1,292,959	1,257,876	247,197





CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30TH SEPTEMBER 2019

	Share Capital	Share Premium	Preference Shares	Fair Value Reserve	Other Reserve	Retained Profits	Non Controlling Interests	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2018	120,115	1,462,266		3,172,356	77,939	4,524,560	-	9,357,236
Cost of disposal of investment in subsidiary (15%) booked to Retained Earnings						242,920		242,920
Preference Shares - 2018						665,373		665,373
Share of equity transferred to NCI			135			(1,669,816)	1,669,816	-
Realised profit(net) transferred to retained earnings				(424,260)		424,260		-
Net Profit						741,166		741,166
Other comprehensive income		-	-	6,112,762		-		6,112,762
Balance at 30 September 2018	120,115	1,462,266	135	8,860,858	77,939	4,928,464	1,669,816	17,119,593
Balance at 1 January 2019	120,115	1,462,266	135	4,804,924	77,939	4,389,462	3,119,965	13,974,806
Cost of disposal of investment in subsidiary (sold to Pan Caribbean)							1,226	1,226
Cost of disposal of investment in subsidiary							1,882	1,882
Cost of disposal of investment in subsidiary (sold to Manwei)							49,172	49,172
Realised net gain on disposal of subsidiary						471,979		471,979
Realised profit(net) transferred to retained earnings				(971,407)		971,407		-
Ordinary dividends paid						(318,721)		(318,721)
Change in ownership interest in subsidiary				(1,189,142)		(556,860)	1,746,002	-
Net Profit						539,263		539,263
Other comprehensive income		-	-	5,196,480				5,196,480
Balance at 30 September 2019	120,115	1,462,266	135	7,840,855	77,939	5,496,530	4,918,247	19,916,088



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30TH SEPTEMBER 2019

	Unaudited 9 Months ended 30 Sept 2019 \$'000	Unaudited 9 Months ended 30 Sept 2018 \$'000	Audited Year ended 31 December 2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	571,601	779,291	156,467
Adjustments to reconcile profit to net cash used in operating activities:			
Provision for credit losses	21,000	143,500	151,000
Depreciation and amortization	25,407	16,638	22,206
Interest Income	(624,479)	(571,483)	(729,047)
Interest Expense	499,326	444,901	553,933
Unrealised (gain) / loss on investment revaluation	(729,831)	(931,108)	(473,115)
Realized fair value losses transferred to retained earnings - IFRS 9	971,407	1,089,633	481,230
Gain on disposal of investment in associate	-	(665,372)	-
Unrealised foreign exchange gain	27,147	(17,311)	113,162
Income tax (charge)/credit	(32,337)	(38,125)	(50,673)
Adjusted Profit/Loss	729,240	250,563	225,163
Changes in operating assets and liabilities:			
Loans and other receivables	1,455,238	1,428,033	(1,722,519)
Investments	(109,764)	(2,517,379)	(2,222,409)
Due from subsidiary	-	12,269	12,269
Promissory notes	(246,802)	(941,311)	(493,696)
Taxation Recoverable	6,345	-	-
Securities purchased under resale agreements	(2,379,709)	1,574,483	2,172,321
Accounts payable	520,933	36,277	1,903,261
Securities sold under resale agreement	681,225	(2,548,293)	(3,052,272)
Loans	(358,076)	2,519,656	2,136,223
Cash used in Operating Activities	298,631	(185,703)	(1,041,658)
Interest received	585,495	536,787	755,017
Interest paid	(486,719)	(459,207)	(388,242)
Net cash provided by/(used in) operating activities	397,406	(108,123)	(674,883)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to property, plant and equipment	(64,524)	(10,720)	(14,321)
Purchase of intangible asset	(23,171)	-	(34,744)
Proceeds from disposal of investment in associate company	-	908,292	908,293
Net cash used in investing activities	(87,695)	897,572	859,228
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividend payment made to parent company	-	-	-
Ordinary dividend payment	(318,721)	-	-
Issue of preference shares	-	135	135
Net cash provided by financing activities	(318,721)	135	135
Net decrease) in cash and cash equivalents	(9,009)	789,584	184,479
Effects of exchange rate changes on cash and cash equivalent			(173)
Cash and cash equivalents at beginning of the period	1,274,627	1,090,320	1,090,320
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	1,265,618	1,879,904	1,274,627



TOP TEN SHAREHOLDERS AND CONNECTED PERSONS

30TH SEPTEMBER 2019

<u>Name</u>	<u>Shareholdings</u>
PWL BAMBOO HOLDINGS LIMITED	473,255,097
KONRAD BERRY	433,686,104
MAYBERRY EMPLOYEE SHARE SCHEME	34,597,853
VDWSD LTD	29,990,000
KONRAD LIMITED	28,607,890
GARY PEART	24,566,665
THE MAYBERRY FOUNDATION LTD	11,874,243
CHRISTINE WONG	8,103,167
MAYBERRY INVESTMENTS LTD. PENSION SCHEME	6,481,590
SAGICOR SELECT FUNDS LIMITED - CLASS B - FINANCIAL	4,263,601

Connected Persons

Apex Pharmacy	3,568,916
Mayberry Managed Client Account	3,380,082
Mayberry Individual Retirement Scheme	1,000,000
Doris Berry	732,262
A+ Plus Medical Centre	500,000
Mayberry Staff Investment Club	115,772
Est. Maurice Berry	10





SHAREHOLDINGS OF DIRECTORS AND SENIOR MANAGEMENT

30 SEPTEMBER 2019

<u>Directors</u>	<u>Shareholdings</u>	<u>Connected Persons</u>
Christopher Berry	-	481,086,797
Konrad Berry**	433,686,104	32,316,053
Gary Peart**	24,566,665	32,504,868
Erwin Angus	1,000,000	2,507,886
Gladstone Lewars **	1,431,500	
Tania Waldron-Gooden **	1,301,999	
Benito Palomino	525,564	
David McBean**	1,446,521	
<u>Managers</u>		
Kayree Berry-Teape**	2,860,749	31,080
Dianne Tomlinson-Smith	20,000	
Andrea HoSang**	1,498,600	
Kristen Raymore-Reynolds	100,000	
Dan H. Theoc	2,040	
Damian Whyllie	129,724	
Karen Mitchell	133,333	

** Includes holdings in joint accounts

