

# CHIEF EXECUTIVE OFFICER'S COMMENTARY ON FINANCIAL RESULTS

FOR THE FIRST QUARTER ENDED 31 MARCH 2018.

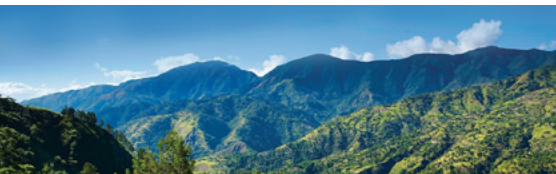
- **Net Book Value per share increases to \$8.41; 30% over corresponding period in 2017 and 8% over 4th quarter 2017**
- **Total Comprehensive Income increased by 44% or \$228M**

I wish to present our first quarter (Q1) results for the three-month period ended March 31, 2018.

For this quarter, the J\$ and US\$ fixed income money markets had moderate to strong liquidity positions as the Bank of Jamaica (BOJ) remained active in lending support to deposit-taking institutions while also issuing Certificates of Deposit to mop up excess liquidity.

For Q1 2018, the JSE Main Market grew by 6,151 points or 2.13% from 288,382 points to 294,533 points. The JSE Junior Market, on

the other hand, grew by 226 points or 8.29% to end March 2018 at 2958 points. Transaction numbers, values and volumes have also been on the rise indicating that both markets have more active participants, as well as more shares are changing hands on the secondary market.



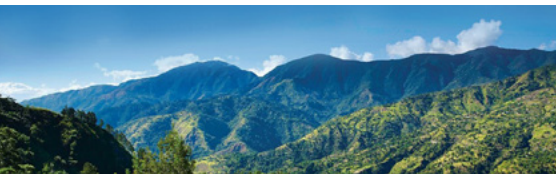


High levels of liquidity coupled with low interest rates continue to provide a perfect climate for a vibrant stock exchange. This creates momentum for positive stock performance which we believe will persist in the foreseeable future.

**The results for the 1st quarter 2018 represent the consolidation of Mayberry Investments Ltd. (MIL) and 90% of Mayberry Jamaican Equities Ltd (MJEL), formerly Mayberry West Indies Ltd. This follows on the issuance of a 10% dividend in specie of MJEL's shares to the shareholders of MIL in February 2018, a total of 120,114,929 shares.**

**The highlights of our Operating performance for 1st quarter 2018 are as follows: -**

Net Book Value per share increased to \$8.41, representing a 30% increase over the corresponding period in 2017. This increase, over 1st quarter in the prior year, was attributable to the 393 times improvement in our Net Profit as well as the increase in the Fair value reserves of \$845 million which resulted from the general increase in the market prices of securities in our portfolio. This further contributed to the increase in our stockholders' equity which moved from J\$7.76 billion at the end of March 2017 to J\$10.1 billion at the end of Q1 2018.





SUMMARY OF CHANGES ON THE STATEMENT OF COMPREHENSIVE INCOME				
Description	Quarter ended 31 March 2018 (\$'000)	Quarter ended 31 March 2017 (\$'000)	Change (\$'000)	% Change
Net Interest Income and Other Revenues	585,292	132,346	452,946	342.2%
Operating Expenses	315,501	110,079	(205,422)	-186.6%
Share of Profit/losses in Associate Companies	0	18,237	(18,237)	-100.0%
Profit before Taxation	269,791	40,504	229,287	566.1%
Net Profit	239,398	607	238,791	39317.3%
Other Comprehensive Income	508,921	519,462	(10,540)	-2.0%
Total Comprehensive Income	748,319	520,069	228,250	43.9%
Earnings Per Share(EPS)	\$ 0.20	\$ 0.00	\$ 0.20	39307.5%

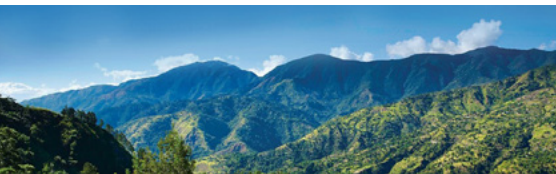
## Profit Performance for the Quarter ended March 31, 2018

Mayberry Investments Limited reported an after-tax profit of J\$239 million for the quarter ended March 31, 2018, resulting in Earnings per share (EPS) of \$0.20 and representing a 393 times increase over the same period in 2017.

For Q1 2018, total comprehensive income amounted to \$748 million, compared to \$520 million for the corresponding quarter of 2017; an increase of \$228 million or 44%. This was due to the increase in the prices of some stocks held in our equity portfolio as well as the Net Profit increase reported above. Our revenue performance for this quarter was very positive and driven by a 134 times increase in Net Trading Gains, an increase of \$80.5 million in Dividend Income and a rise in Fees and Commission Income of 207%, when compared to the corresponding quarter in 2017.

Of note, Corporate Advisory Fees and Debt Selling Fees accounted for \$153.59 million or an increase of 7 times over the 1st quarter of 2017. This was the result of raising over \$6 billion in debt and equity in this quarter. These fees contributed 23% to the overall total operating income of \$585 million.

The growth in Net Trading Gains was as a result of the revaluation gains earned from the equity investments in the four (4) former associates, namely Lasco Financial Services Ltd., Blue Power Ltd., Caribbean Producers (Jamaica) Ltd. and IronRock Insurance Ltd. In the corresponding quarter 2017, these entities were Associated companies and as such, the market value of the





equity investments were not recorded in our books. Following on a change in their status at December 2017, the investment in these entities are now being measured at fair value through profit and loss.

Net foreign exchange gains amounted to \$50.53 million, an uptick of \$28.9 million or 134%. Conversely, we had an Unrealized loss on investment revaluation of \$17.9M, a decrease of \$21 million or 6.5 times less than the comparative period in 2017.

Operating expenses increased by \$205M or 186.6% when compared to Q1 2017, primarily due to a write-back of provision of impairment of bonds of \$105 million in the prior year, which reduced the operating expenditure for the 1st quarter of 2017.

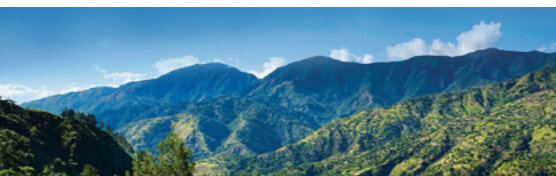
SUMMARY OF CHANGES ON THE STATEMENT OF FINANCIAL POSITION				
Description	Quarter ended 31 March 2018 (\$'000)	Quarter ended 31 March 2017 (\$'000)	Change (\$'000)	% Change
Total Assets	23,749,053	21,505,229	2,243,824	10.4%
Total Liabilities	13,641,953	13,741,261	99,308	0.7%
Stockholders' Equity	10,107,101	7,763,968	2,343,133	30.2%
Net Book Value Per Share	\$ 8.41	\$ 6.46	\$ 1.95	30.2%

## Summary of Financial Position

Total assets amounted to \$23.75 billion for 1st quarter 2018 compared to \$21.5 billion for the comparative quarter in 2017. This represents a 10% increase in our asset base mainly due to increases in our Reverse repurchase agreements and Promissory notes, with our clients.

## Listing of Mayberry Jamaican Equities Limited – MJEL (formerly Mayberry West Indies Limited)

The Board of Mayberry Jamaican Equities Ltd. (formerly “*Mayberry West Indies Limited*”) passed a resolution in 2017, authorizing the parent company to list MJEL on the Jamaica Stock Exchange, before the end of the 1st quarter of 2018. This has been re-scheduled to 2nd quarter 2018.





As a first step to initiate the listing process, a dividend in specie of 10% was issued to the shareholders of Mayberry Investments Limited on February 28, 2018. This means that 120,114,921 shares in MJEL were issued to all shareholders of Mayberry Investments Ltd. at this date.

At March 31, 2018, the Net Book value per share of Mayberry Jamaican Equities Ltd. (formerly “*Mayberry West Indies Limited*”) was J\$7.96.

## Regulatory Capital

Our capital base remains in good standing. The capital to risk weighted asset ratio exceeds the minimum benchmark prescribed by the Financial Services Commission(FSC) at 13.89% (2017: 15.22%), compared to the minimum regulatory requirement of 10%.

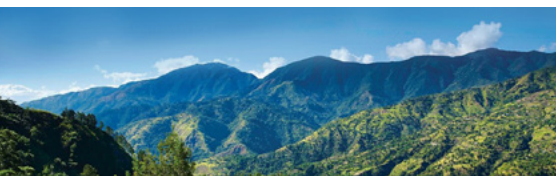
Additionally, our tier one capital is 99% (2017: 99%) of the overall capital of the company or \$1.77 billion and exceeds the regulatory minimum of 50% established by the Financial Services Commission (FSC).

Let me express my gratitude to our Shareholders for their continued support and our Board of Directors, Management and Staff for their contribution to the success and positive results of the 1st quarter for 2018.



Gary Peart

Chief Executive Officer





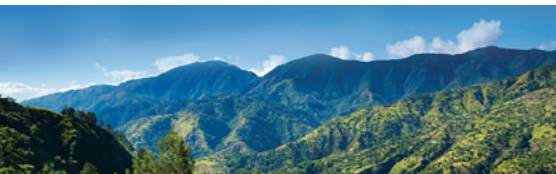
## CONSOLIDATED INCOME STATEMENT

AS AT 31 MARCH 2018

	UNAUDITED	UNAUDITED	AUDITED
	3 Months ended 31 March 2018	3 Months ended 31 March 2017	12 Months ended 31 December 2017
	\$'000	\$'000	\$'000
<b>Net Interest Income and Other Revenues</b>			
Interest income	171,178	184,499	736,607
Interest expense	(136,047)	(163,688)	(635,513)
Net Interest income	<b>35,131</b>	20,811	101,094
Fees and Commission Income	211,431	68,854	508,427
Dividend Income	94,333	13,814	154,942
Net Trading Gains/(Losses)	209,957	1,558	195,147
Net Foreign Exchange Gain/(Loss)	50,531	21,624	86,958
Unrealised (loss)/gain on investment revaluation	(17,902)	3,229	70,021
Loan provision written back			1,166,280
Other income	1,812	2,456	7,171
	<b>585,292</b>	<b>132,346</b>	<b>2,290,040</b>
<b>Operating Expenses</b>			
Salaries, statutory contributions and staff costs	111,962	99,803	447,933
Provision for credit losses	7,500	7,500	7,963
Provision /(write back) for Impairment - Investments	-	(105,337)	697,689
Depreciation and amortisation	5,680	6,734	22,758
Other operating expenses	190,359	101,380	735,919
	<b>315,501</b>	<b>110,079</b>	<b>1,912,262</b>
Share of Profit in Associates	-	18,237	134,471
Gain in disposal of associate holdings			
<b>Operating (loss)/profit before asset tax</b>	<b>269,791</b>	<b>40,504</b>	<b>512,249</b>
Asset tax	36,416	33,435	33,435
(Loss)/Profit before taxation	<b>233,375</b>	<b>7,069</b>	<b>478,814</b>
Taxation charge/(credit)	(6,023)	6,462	11,548
<b>NET PROFIT</b>	<b>239,398</b>	<b>607</b>	<b>467,266</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Financial Reserve	508,921	519,462	1,984,687
Employee share option	-	-	-
Other Comprehensive Income(Net of Tax):	<b>508,921</b>	<b>519,462</b>	<b>1,984,687</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>748,319</b>	<b>520,069</b>	<b>2,451,953</b>
<b>Number of shares in issue</b>	1,201,149	1,201,149	1,201,149
<b>Earnings per share</b>	\$ 0.20	\$ 0.00	\$ 0.39

### 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 2017.





## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

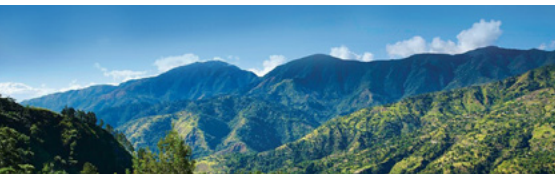
	(UNAUDITED) <u>MARCH</u> <u>2018</u> SOFP	(AUDITED) <u>DECEMBER</u> <u>2017</u> \$'000
<b>ASSETS:</b>		
Cash resources	693,347	1,099,888
Investment securities	15,684,173	14,665,891
Reverse repurchase agreements	3,446,687	3,919,483
Promissory notes	1,599,071	1,143,961
Interest receivable	127,855	103,149
Loan and Other Receivables	1,286,190	2,465,356
Deferred taxation	82,161	82,161
Due from Related company	-	12,269
Property, plant and equipment	116,591	120,506
Investment in associate	-	-
Other Assets	712,977	742,977
<b>TOTAL ASSETS</b>	<b>23,749,053</b>	<b>24,355,642</b>
<b>LIABILITIES AND EQUITY:</b>		
<b>LIABILITIES :</b>		
Bank overdraft	76,601	81,888
Securities sold under repurchase agreements	6,368,934	7,013,670
Interest payable	26,466	35,965
Loans	5,330,987	4,888,957
Accounts Payable	1,804,988	2,937,056
Deferred Taxation	33,976	40,870
<b>TOTAL LIABILITIES</b>	<b>13,641,952</b>	<b>14,998,405</b>
<b>STOCKHOLDERS' EQUITY</b>		
Share capital	1,582,381	1,582,381
Fair value reserves	3,421,042	3,172,356
Capital Redemption Reserve	51,343	51,343
Other reserves	26,596	26,596
Retained earnings	4,983,987	4,524,561
Non-controlling interests	41,751	-
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>10,107,101</b>	<b>9,357,237</b>
<b>TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES</b>	<b>23,749,053</b>	<b>24,355,642</b>

	<b>2017</b>	<b>2016</b>
<b>Net Book Value per Stock Unit :</b>	<b>\$8.41</b>	<b>\$7.79</b>

Approved by the Board of Directors for issue on 31st March, 2018 and signed on its behalf by:

Gary Peart  
Chief Executive Officer/Director

Konrad Berry  
Director

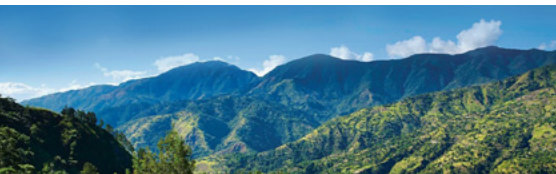




## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AS AT 31 MARCH 2018

	UNAUDITED	UNAUDITED	AUDITED
	3 Months ended 31 March 2018	3 Months ended 31 March 2017	12 Months ended 31 December 2017
	\$'000	\$'000	\$'000
<b>Profit for the period</b>	239,398	607	467,266
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	508,921	519,462	1,984,687
<b>Total Comprehensive income attributable to stockholders</b>	<b>748,319</b>	<b>520,069</b>	<b>2,451,953</b>



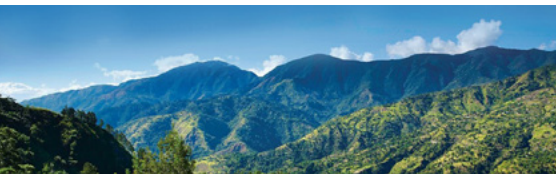




## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2018

	Share Capital	Fair Value Reserve	Other Reserve	Retained Profits	Non-controlling interests	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2017	1,582,381	2,272,532	77,939	3,310,825		7,243,677
Other Comprehensive Income		519,462				519,462
Transfers from Capital Redemption Reserve	-	-	-	-		-
Realised gains(net) transferred to retained earnings	-	(224,972)	-	224,972		-
Net profit	-	-	-	607		607
Dividends	-	0	-			-
<b>Balance at 31 March 2017</b>	<b>1,582,381</b>	<b>2,567,022</b>	<b>77,939</b>	<b>3,536,404</b>	<b>-</b>	<b>7,763,746</b>
Balance at 1 January 2018	1,582,381	3,172,447	77,939	4,526,014		9,358,781
Other Comprehensive Income	-	508,921	-	-		508,921
Realised profit(net) transferred to retained earnings	-	(260,326)	-	234,293	26,033	-
Net profit	-	-	-	223,679	15,719	239,398
Dividends	-					-
<b>Balance at 31 March 2018</b>	<b>1,582,381</b>	<b>3,421,042</b>	<b>77,939</b>	<b>4,983,987</b>	<b>41,751</b>	<b>10,107,100</b>





## CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT 31 MARCH 2018

	Three months ended March 31, 2018	Three months ended March 31, 2017	Year ended 31 December 2017
	\$'000	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation	233,375	7,291	478,433
<b>Adjustments to reconcile profit to net cash used in operating activities:</b>			
Provision for credit losses	7,500	7,500	7,963
Gain on disposal of property, plant and equipment	-	-	-
Depreciation and amortization	5,680	6,734	22,758
Provision/(write back) for impairment on investments	-	(105,337)	677,689
Interest Income	(183,349)	(183,186)	(738,007)
Interest Expense	136,009	163,688	586,688
Unrealised (gain) / loss on investment revaluation	17,902	(3,229)	(27,286)
Unrealised gain on disposal of investment in associates	-	224,971	(1,138,994)
Realized fair value losses transferred to retained earnings - IFRS 9	260,325	-	1,064,831
Impairment loss on unquoted investment	-	-	803,026
Gain on disposal of investment in associate	-	-	(70,021)
Unrealised foreign exchange gain	(9,805)	(688)	99,270
Foreclosure of loans	-	-	-
Share of profit in Associate	-	(18,237)	(134,471)
Employee share options	-	-	-
Unrealised (gain) / loss on investment revaluation	-	-	-
Income tax (charge)/credit	6,023	(6,462)	(53,260)
	473,660	93,045	1,578,620
<b>Changes in operating assets and liabilities:</b>			
Loans and other receivables	1,209,166	(701,674)	(1,066,533)
Investments	(776,240)	1,104,237	1,140,056
Due from subsidiary	12,269	-	-
Promissory notes	(462,610)	(119,776)	(403,454)
Securities purchased under resale agreements	472,796	85,737	(1,319,720)
Due from subsidiary	-	-	-
Accounts payable	(1,211,282)	(153,042)	1,163,037
Securities sold under resale agreement	(644,736)	893,846	(315,033)
Loans	442,031	(1,590,057)	(444,356)
	(484,946)	(387,684)	332,618
Interest received	158,643	201,042	782,433
Interest paid	(145,508)	(156,129)	(581,781)
Income tax paid	-	-	(5,452)
<b>Net cash provided by/(used in) operating activities</b>	(471,811)	(342,771)	527,819
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Additions to property, plant and equipment	(1,764)	(4,694)	(27,548)
Dividends received from associate companies	-	-	12,430
Proceeds from disposal of investment in associate company	-	-	137,264
Proceeds from disposal of property, plant and equipment	-	-	8,652
Investment in associate company	-	-	-
<b>Net cash used in investing activities</b>	(1,764)	(4,694)	130,798
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Dividend payment made to parent company	-	-	-
Ordinary dividend payment	-	-	(276,264)
Redemption of preference shares	-	-	-
<b>Net cash provided by financing activities</b>	-	-	(276,264)
<b>Net (decrease) in cash and cash equivalents</b>	(473,575)	(347,465)	382,352
<b>Effects of exchange rate changes on cash and cash equivalent</b>	-	-	(15,645)
Cash and cash equivalents at beginning of year	1,090,321	723,613	723,613
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>616,745</b>	<b>376,148</b>	<b>1,090,321</b>



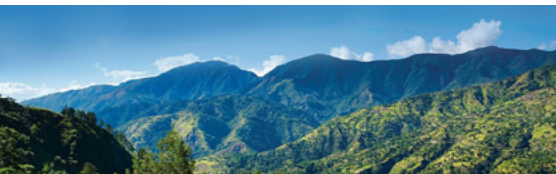
## Top Ten Shareholders and Connected Persons

31 MARCH 2018

<b><u>Name</u></b>	<b><u>Shareholdings</u></b>
PWL Bamboo Holdings Limited	473,529,826
Konrad Mark Berry	433,686,104
Mayberry Employee Share Scheme	39,429,541
Konrad Limited	28,607,890
Gary Peart	24,566,665
VDWSD	19,990,000
Mayberry Foundation	11,298,116
Christine Wong	8,103,167
Mayberry Investments Ltd. Superannuation Fund	6,406,477
Sharon Harvey-Wilson	6,230,858

### **Connected Persons**

Apex Pharmacy	3,568,916
A+ Plus Medical Centre	500,000
Mayberry Managed Client Account	3,534,201
Mayberry Jamaican Equities Ltd.	889,979
Mayberry Individual Retirement Scheme	1,000,000
Doris Berry	732,262
Mayberry Staff Investment Club	115,772
Est. Maurice Berry	10





## Shareholdings of Directors and Senior Management

31 MARCH 2018

<u>Directors</u>	<u>Shareholdings</u>	<u>Connected Persons</u>
Christopher Berry	-	473,529,826
Konrad Berry**	437,377,507	28,624,650
Gary Peart**	25,443,191	19,990,000
Erwin Angus	1,000,000	2,507,886
Gladstone Lewars **	1,431,500	
Tania Waldron-Gooden **	35,533	
Benito Palomino	2,283,105	
David McBean**	1,446,521	
<u>Managers</u>		
Kayree Berry-Teape**	769,013	31,080
Dianne Tomlinson-Smith	20,000	
Andrea HoSang**	1,231,934	
Kristen Raymore-Reynolds	100,000	

\*\* Includes holdings in joint accounts

