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As is customary for the January edition of our monthly Investor Forum, we were joined by the Minister of Finance. For this Forum, The Hon Audley Shaw, MP, gave our audience a review of the economy for 2016 and an overview of what to expect in 2017.

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FEBUARY 2017

CEO CORNER

Jamaican Stock Market

According to Bloomberg, The Jamaican stock market was ranked number one as the top performing index in 2015, and the Jamaica Stock Exchange (JSE) continues to be groundbreaking in furthering economic growth. The local stock market is in a sustainable stage leading towards development and it is projected to rise significantly both in the Main and Junior Markets during the period of 2017.

In 2016, the JSE achieved growth of above 90 per cent, while currently the performance level for 2017 is foreseen to be well achieved within the market through a macroeconomic stand point. The market is highly contingent on a company's performance based on its profitability amongst other positive developments. It is also expected to lead to an increase in economic growth. Key influential factors that would potentially preserve the market interest comprises: low interest rate policy, stabilisation of foreign exchange rate, solidity of earnings per share, growth for company's listed on the exchange as well as reduction of government activity in local capital markets.

Since the inception of the JSE, it has provided lucrative opportunities for shareholders whom are able to benefit from their investments. Equally in return, business consumer confidence has reached its high, subsequent to the increase of market share from companies, in addition to raising capital and launching Initial Public Offerings (IPO).

The local stock market has gradually improved over the years; it has not only contributed to a more stable and business friendly macroeconomic environment but also enhanced the standard of living through long term growth for investors. I am highly confident that the market will continue to accelerate for this year 2017 and maintain a robust level of performance for future years. ■

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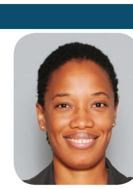

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The Bull Market Cycle:
can it continue in 2017?

Richard Deane
Global Fixed Income Strategist

By now, you should have heard the good news surrounding National Commercial Bank of Jamaica (NCBJ), which posted for the three months ended December 30, 2016: a 13 per cent increase in total operating income and $3.59 billion in net profit, an increase of 50 per cent compared to the $2.40 billion booked for the first quarter of 2016.

NCBJ isn't the only company that has been justifying its higher levels, as the market has shown considerable confidence in several companies on both the Main and Junior Markets. This has led to a bull market cycle. The question is what will keep this cycle going? One could safely estimate that the following factors have led to and will sustain the bull cycle:

- Relatively low interest rates
- Expected Rapid economic growth
- Growing wages in the United States

Interest rates have continued to be sustained at relatively lower rates by the Bank of Jamaica, partly with the help of the IMF. This has encouraged risk taking by the investing public, which is expected to continue throughout 2017. So far, the Planning Institute of Jamaica (PIOJ) is projecting rapid growth in the economy for the current fiscal year, which is expected to extend into the next fiscal year. This rapid growth is demonstrated in the 9.4 per cent increase in tax revenue, despite the raising of the income tax threshold. The improvement came mostly from the line item 'Income and Profits' (which includes PAYE). Also, the unemployment rate has fallen from 14.2 per cent in January 2015 to 12.9 per cent in July 2016.

Furthermore, remittances into Jamaica represent approximately 14 per cent of the GDP. This foreign currency inflow rivals that of the Tourism Sector. According to a study conducted by the Bank of Jamaica, remittances are mostly used in day to day expenditure such as rent and food. The largest market for remittances into Jamaica is that of the United States of America, which according to The Organization for Economic Cooperation and Development (OECD) should see an estimated 0.4 per cent points increase in baseline estimated growth (2.3 per cent) in 2017 and a 0.8 per cent percentage bump in 2018, from newly inaugurated President Donald Trump's proposed fiscal stimulus. The expectation is that it should also lead to faster wage growth, which would have the knock on effect of more remittances. ■

COMPANY ANALYSIS

Company Analysis: Dolphin Cove Limited (DCOVE)

Executive Summary

DCOVE was started in 2001 by the Burrow family in their family home across from Dunns River Falls in Ocho Rios. The attraction started out with four dolphins, but now the number of locations has increased to include locations in St James and Hanover. DCOVE has steadily become one of Jamaica's top attractions and has also increased its range of services to include activities such as mini boats, snorkelling, petting camels and even a hilarious shark show. The company has been listed on the Jamaica Stock Exchange (JSE) since 2010. In November 2015, Dolphin Discovery acquired an 80 per cent stake in DCOVE. Dolphin Discovery currently has 24 parks in 9 countries and is currently the largest dolphin company in the world.

The company has managed to grow revenue at an annual compounded growth rate (CAGR) of 12 per cent, moving from $794.01 million in financial year (FY) 2011 to $1.17 billion in FY 2015. Net profit has also shown a CAGR of 19 per cent between FYs 2011 and 2015. However, it must be noted that both the revenue and the net profit have not seen much growth by the 2015 year end. Revenue increased by 10 per cent and net profit decreased by 8 per cent between FYs 2014 and 2015. The company's total assets have been steadily increasing, moving from $1.29 billion in FY 2011 to $3.17 billion in FY 2015. Increasing also is the company's total equity which has seen an increase from $2.5 billion in FY 2014 to $2.7 billion in FY 2015.

Company Overview

According to the company's website, "Dolphin Cove is Jamaica's number one attraction. The company offers activities involving dolphins, sharks, stingrays, glass bottom boats, pirates and parrots. DCOVE has a large beachfront property that allows visitors to watch or interact with the dolphins or any of their other many beautiful animals in either of their two Jamaican locations: Ocho Rios or Montego Bay (Negril)". The majority of DCOVE's shares (60 per cent) were bought by Dolphin Discovery Limited, which now owns an 80 per cent stake in the company.

Dolphin Discovery Group is an international company with a history of ecological conscience. It was started in 1994 as a unique interactive program between dolphins and guests. Later on, interactions with sea lions and manatees were also offered. "Today the company is classified as one of the best dolphinariums in the world for their responsibility with nature, the conservation of marine and other species. The Company now runs 17 dolphinariums in the world".

S.W.O.T SUMMARY

- STRENGTH
  DCOVE is a unique attraction operating in a niche market to which the barriers of entry could be considered high. With DCOVE being acquired by Dolphin Discovery Group, it means that the company now has a larger scope for expansion and should be making a push into other countries within the Caribbean. The fact that the company is also an award winner at the Global Tourism Awards has allowed it to become a household name with visitors.

- WEAKNESS
  The company depends heavily on tourist arrivals, as the prices are deemed too high for many locals. As a result, the company will see reduced business when visitor arrivals are slow.

- OPPORTUNITIES
  With the current economic outlook, increased tourist arrivals and increased popularity of the port in Trelawny, DCOVE should see a steady rise in visitors and will be able to capitalise on this.

- THREAT
  The company's revenue is directly related to visitor arrivals and thus, any drop in visitor arrivals will affect the company's revenue.

ECONOMIC AND INDUSTRY OUTLOOK

According to information from the Planning Institute of Jamaica (PIOJ), the Hotels & Restaurants industry is projected to grow by 2.2 per cent for the 2016/17 FY. This will be facilitated by an increase in the room stock and frequency of flights into Jamaica. From January to October 2016, Jamaica recorded earnings of US$2.06 billion, which represents an increase of 5.7 per cent over the amount earned for the same period last year. Over this period, the island also registered 3,100,235 visitor arrivals, an increase of 5.1 per cent relative to the year prior. Of the total number of visitors received, 64.8 per cent were on vacation, 15.6 per cent were visiting friends and family, 4.6 per cent were on business, 9 per cent were here for honeymoon/wedding, 5.1 per cent were here for other reasons, 1 per cent for meetings or conventions and 0.8 per cent did not state their purpose for visiting.

Jamaica welcomed six of the world's largest and most renowned cruise vessels and mega liners in the ports of Falmouth, Montego Bay, Ocho Rios and Kingston on December 6, 2016. This was the second time in the past four years that this number of ships will be anchored on Jamaica simultaneously. With the six vessels in port, Jamaica played host to over 15,000 cruise passengers eager to explore the island.

According to the Minister of Tourism, Edmund Bartlett, MP, "Our arrival figures and tourism earnings, from January and October of this year are very positive and an indicator of the considerable impact tourism is having on the growth agenda. Our tourism earnings continue to outpace our arrivals, which is quite significant. It is clear, that we remain on track to have a record year in tourism".

COMPANY ANALYSIS

Company Analysis: Dolphin Cove Limited (DCOVE)

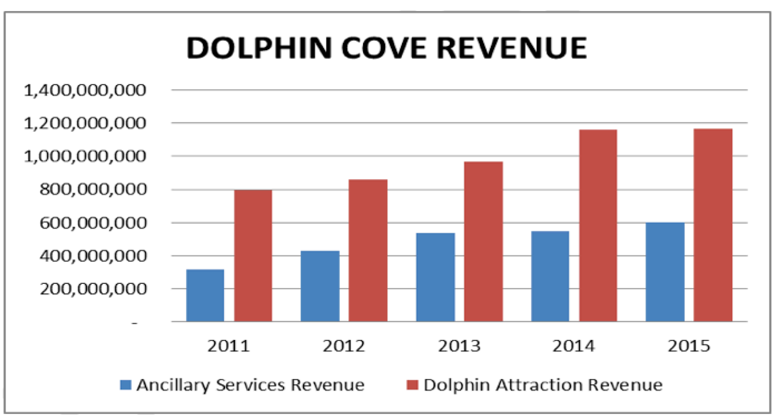
The Jamaican economy is expected to remain stable throughout the 2017 calendar year and follow the trend of increased visitor arrivals. Investments in the tourism sector are expected to increase with the building of new hotels and increasing of the number of rooms in existing hotels. Visitor arrivals are expected to increase with the introduction of more sports tourism and further diversity in the Jamaican tourism market.

Operational Analysis

Dolphin Cove Limited Abridged Income Statement	FY2011	FY2012	FY2013	FY2014	FY2015	%change 2014/2015	CAGR% 5YEARS
Dolphin Attraction Revenue	794,006,489	857,136,803	968,212,303	1,161,746,199	1,167,844,775	1%	10%
Ancillary Services Revenue	317,853,768	429,502,069	533,997,136	545,936,254	600,277,759	10%	17%
Total Revenue	**1,111,860,257**	**1,286,638,872**	**1,502,209,439**	**1,707,682,453**	**1,768,122,534**	10%	12%
Gross Profit	**972,959,551**	**1,129,028,933**	**1,341,538,449**	**1,552,062,703**	**1,607,441,088**	4%	13%
Total Operating Expenses	**743,053,211**	**855,115,839**	**978,899,603**	**1,077,843,763**	**1,194,978,797**	11%	13%
Profit before finance income and costs	230,504,039	274,837,379	347,528,634	442,966,307	400,923,435	-9%	15%
Finanace Income	8,722,192	20,405,967	35,107,069	38,079,262	35,643,680	-6%	42%
Finance Cost	-35,317,035	-30,327,490	-40,303,795	-47,488,468	-35,939,034	-24%	0%
Pretax Profit	203,909,196	264,915,856	342,331,908	433,557,101	400,628,081	-8%	18%
Taxation	567,899	-14,094,731	-20,271,894	6,170,019	5,507,981	-11%	76%
Net Profit - after taxation	**204,477,095**	**250,821,125**	**322,060,014**	**439,727,120**	**406,136,062**	-8%	19%
Earnings per Share	0.52	0.64	0.82	1.12	1.03		

REVENUE:
DCOVE generates revenue through two main activities, namely dolphin attractions and ancillary services. Revenue generated from dolphin attractions includes the sale of Dolphin, Stingray and Shark interaction. Dolphin attractions is the main revenue generating activity for DCOVE and accounts for 66 per cent of the revenue earned for the company in the FY 2015. The activity has been growing steadily in revenue generation and has a five year CAGR of 10 per cent for the year 2011 to 2015. The constant revenue increase has been mainly due to increased visitor arrivals and also the expansion of DCOVE to other locations in Jamaica. For the 2015 FY however, the company has stated that its revenue was restricted due to the delay in the re-opening of the Moon Palace Hotel, as well as other hotels which temporarily closed for renovation.

The group also generates revenue from ancillary services, which include the sale of souvenirs, photographs, food and beverages as well as the use of its beach cabanas, kayaks and Segway rides. This activity has seen an increase in sales from $317.85million in 2011 to $600.28 million in 2015, a CAGR of 17%. Total revenues have increased at a CAGR of 12 per cent over the five year period.



The consistent revenue increase has been mainly due to increased visitor arrivals and also expansion of DCOVE to other locations in Jamaica. For the 2015 FY however, the company has stated that its revenue was restricted due to the delay in re-opening of the Moon Palace Hotel as well as other hotels which temporarily closed their rooms for renovation.

EXPENSES:
The 23 per cent increase in the administrative expense from $246.72 million in FY 2014 to $303.41 million in FY 2015 was due to legal and administrative fees associated with the majority share acquisition of the company by Dolphin Discoveries International. Other operating expenses and selling expenses have both also increased by 17 per cent and 1 per cent respectively. Total operating expenses have been increasing over the last five years with a CAGR of 13 per cent for the year ended December 2015. The company's revenue continues to outgrow its expenses year over year.

PROFITS:
Based on the movement in revenue and expenses, DCOVE has seen a CAGR in net profit of 19 per cent over the last five years. The company however, saw a decline in profits for the FY 2015 by 8 per cent, moving from the $439.73 reported in FY 2014 to $406.14 million in FY 2015. As such, the company has seen a reduction in EPS from $1.12 in FY 2014 to $1.03 in FY 2015.

COMPANY ANALYSIS

Company Analysis: Dolphin Cove Limited (DCOVE)

BALANCE SHEET	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Year over Year Change
CURRENT ASSETS						
Cash and cash equivalents	44,922,944	59,263,625	83,950,984	213,590,514	183,922,829	-14%
Securities purchased under resale agreements	63,558,935	-	92,894,355	124,035,021	162,424,403	31%
Investments	54,394,538	54,686,189	30,409,595	31,880,096	32,219,794	1%
Accounts receivable	164,342,854	144,134,941	142,903,849	165,304,410	180,968,611	9%
Due from related parties	5,878,625	56,557,537	12,989,826	-	-	
Taxation recoverable	4,036,524	5,663,025	6,215,420	7,853,311	7,853,311	0%
Inventories	24,994,578	25,933,853	30,931,032	36,738,081	38,712,162	5%
	362,128,998	**346,239,170**	**400,295,061**	**579,401,433**	**606,101,110**	5%
NON-CURRENT ASSETS						
Investments	-	-	-	16,680,300	19,311,712	16%
Property, plant and equipment	819,552,062	899,384,545	1,063,478,805	2,149,897,273	2,218,872,625	3%
Live assets	108,033,316	158,284,517	382,941,758	345,202,789	330,131,936	-4%
Loan Receivables	-	-	-	-	-	
	927,585,378	**1,057,669,062**	**1,446,420,563**	**2,511,780,362**	**2,568,316,273**	2%
TOTAL ASSETS	**1,289,714,376**	**1,403,908,232**	**1,846,715,624**	**3,091,181,795**	**3,174,417,383**	3%
CURRENT LIABILITIES						
Bank overdrafts	6,769,468	32,755,176	17,882,751	30,704,281	4,759,548	-84%
Accounts payable	64,154,178	90,802,506	126,005,139	142,866,230	129,769,834	-9%
Short-term Loan	-	10,000,000	-	-	-	
Dividends payable	72,496,871	56,219,347	-	58,863,957	-	-100%
Current portion of long-term liabilities	6,216	-	71,580,004	96,707,504	95,210,764	-2%
Taxation Payable	-	-	-	-	210,764	
	143,426,733	**189,777,029**	**215,467,894**	**329,141,972**	**229,950,910**	-30%
NON-CURRENT LIABILITIES						
Deferred tax liability	8,873,757	17,232,183	37,500,774	83,107,651	75,941,494	-9%
Long-term liabilities	124,862,788	45,127,500	251,342,916	181,453,603	127,955,525	-29%
	133,736,545	**62,359,683**	**288,843,690**	**264,561,254**	**203,897,019**	-23%
STOCKHOLDERS' EQUITY						
Share capital	257,960,325	257,960,325	257,960,325	257,960,325	257,960,325	0%
Capital reserves	344,965,907	351,729,563	376,657,164	1,327,460,401	1,340,980,355	1%
Retained earnings	409,624,866	542,697,087	707,786,551	912,057,843	1,141,712,034	25%
	1,012,551,098	**1,152,386,975**	**1,342,404,040**	**2,497,478,569**	**2,740,652,714**	10%
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	**1,289,714,376**	**1,404,523,687**	**1,846,715,624**	**3,091,181,795**	**3,174,500,643**	3%

DCOVE increased its assets in FY 2015, moving from $3,091.18 million in FY 2014 to $3,174.42 million. This resulted from an increase in property plant and equipment by 3 per cent in FY 2015 to $2.218.87 million compared to FY 2014. Shareholders equity continues to increase, growing by 10 per cent in the FY 2015 to $2,740.65 million compared to the 2014 FY.

The company's fixed assets continue to constitute the majority of its asset base, with property, plant and equipment representing 70 per cent of total assets. As at December 2015, live assets represented 10 per cent of total assets

RATIO ANALYSIS

Profitability:

MARGINS AND RETURNS	FY2011	FY2012	FY2013	FY2014	FY2015
Gross Profit Margin	88%	88%	89%	91%	91%
Net Profit Margin	18%	19%	21%	26%	23%
Return on Average Assets	N/A	19%	20%	18%	13%
Return on Average Equity	N/A	23%	26%	23%	16%

The gross profit margin has been constantly increasing and shows that the company is using its direct labour and other direct cost effectively to generate gross profit. The company's net profit margin declined by 23 per cent in FY 2015 compared to 26 per cent in FY 2014. This suggests that expenses have risen at a higher percentage. Legal and administrative fees associated with the majority share acquisition of the company by Dolphin Discoveries International contributed to the increase in expenses.

The company's return on average equity has reduced in FY 2015 to 15 per cent compared to that 23 per cent in FY 2014, and is consistent with the decline in net profit for the 2015 FY. The ROA has also reduced to 13 per cent in FY 2015 compared to 18 per cent in FY 2014, also consistent with the decline in net profit in 2015.

Company Analysis: Dolphin Cove Limited (DCOVE)

Activity:

Actitvity Ratios	FY2011	FY2012	FY2013	FY2014	FY2015
Asset Turnover Ratio	N/A	92%	81%	55%	56%
Non-Current Assets Turnover Ratio	N/A	96%	92%	69%	56%

The company's asset turnover has increased by 1 per cent between FYs 2014 and 2015. This shows that the company's assets and revenue have been increasing at a similar rate for the past two years. Non-current assets turnover ratio has also decreased over the period, with the most significant year over year decline occurring between the 2013 and 2014 FYs when property, plant and equipment increased from $1,063.48 million to $2,149.9 million.

Liquidity:

Liquidity Ratios	FY2011	FY2012	FY2013	FY2014	FY2015
Current Ratio	2.52	1.82	1.86	1.76	2.64
Quick Ratio	2.35	1.69	1.71	1.65	2.47
Cash Ratio	1.14	0.60	0.96	1.12	1.65

There was an increase in the current ratio, moving from 1.76 in FY 2014 to 2.64 in FY 2015. This increase means that DCOVE has more than sufficient current assets to clear its current debt. The cash ratio of DCOVE has been increasing and as at FY 2015, it shows that all the current liabilities can be paid easily with the cash and cash equivalents generated by the company.

Solvency:

Solvency Ratios	FY2011	FY2012	FY2013	FY2014	FY2015
Debt To Equity	0.13	0.08	0.25	0.12	0.08
Debt To Assets	0.10	0.06	0.18	0.10	0.07

The company's debt to assets ratio continues to trend downward since 2013. This shows that the company has been properly managing its finances. Debts are being reduced whilst the company's total assets are being increased. The company's debt to equity ratio has also been reducing, showing that DCOVE is using less leverage and is gaining a stronger equity position.

Cash inflows and outflows

The company's net inflow provided from operating activities reduced by 12 per cent from $518,851,477 in FY 2014 to $457,002,252 in FY 2015. The company reduced its cash outflow used for investing activities by 6 per cent, moving from $180,679,386 in FY 2014 to $170,191,298 in FY 2015. Cash outflow used for financing activities increased by 31 per cent, moving from 221.35million in FY 2014 to 290.53 in FY 2015. Cash resources at the end of the year however declined by 2.4 per cent in FY 2014 compared to FY 2015.

Five Year abrigded Cash Flow statement	FY2011	FY2012	FY2013	FY2014	FY2015	Year over Year change
Net cash provided by operating activities	175,841,885	289,568,414	479,792,894	518,851,477	457,002,252	-12%
Net cash used by investing activities	46,686,112	(97,451,725)	(494,838,633)	(180,679,386)	(170,191,298)	-6%
Net cash used by financing activities	(183,636,884)	(203,761,716)	54,605,523	(221,353,684)	(290,533,906)	31%

Inventory increased 9 per cent in the 2015 FY to $2.78 billion. Plant spares accounted for most of the inventory, totalling $1.15 billion and increasing 31 per cent year over year. Raw materials and consumables amounted to $1.07 billion relative to $1.01 billion the prior year. Raw materials and work in progress accounted for the most of inventory between 2013 and 2014. Provision for obsolescence and impairment declined 13 per cent from $140.96 million in 2014 to $122.20 million in 2015.

Nine month review for period ended September 31, 2016:

DCOVE reported total revenue of $1.50 billion, a 7 per cent increase when compared to $1.40 billion booked the year prior. Of this, revenue from Dolphin Attractions recorded a 7 per cent decline to total $869.60 million relative to the $937.31 million reported in 2015, while revenues from the Ancillary Services increased by 35 per cent to total $627.51 million from the prior year's $464.57 million.

According to the company, the increase in revenue should have been higher, however the company indicated that "revenue in programs which was affected due to Royal Caribbean Cruise Lines (RCCL) lowering the net rate they pay us per guest. However, our new partners (majority shareholder) were able to use their influence to have the price increased. Also Disney Cruise Lines reduced their number of calls to Jamaica in 2016. This, however, will be reversed in 2017 as the new cruise schedules indicate the return of Disney to Jamaica to its previous frequency".

Total direct cost closed the period at $88.06 million, 14 per cent less than the $1.03 billion in 2015. Both direct cost to Dolphin Attractions and Ancillary Services revenue recorded a decline of 25 per cent and 4 per cent respectively. As a result, gross profit amounted to $1.41billion, increasing by 8 per cent year over year, relative to the $1.3 billion booked last year. Other income declined by 48 per cent to close at $53,561 relative to $102,928 in 2015.

Company Analysis: Dolphin Cove Limited (DCOVE)

Total operating expenses increased by 5 per cent, moving from $871.25 million in 2015 to $918.24 million for the period. This was mainly as a result of a 7 per cent increase in other operations and a 6 per cent increase in administrative expenses closing the period at $297.14 million and $228.12 million respectively. Selling costs also increased from $376.65 million in 2015 to close the period at $392.98 million. The company indicated that "Prospect, our plantation tour, has expanded and refurbished and will be rebranded Yaaman Adventure Park. We have increased the capacity of our tour centre and gift shop. We have also constructed a new kitchen and expanded our mud buggy tour. Dolphin Cove Negril, now rebranded Dolphin Cove Montego Bay, has also been upgraded and expanded to include kayaking and Segway's as part of the offering. The Ocho Rios Park has improved its dolphin interactive programs and applications are in progress to provide new dining and swimming pool areas. Also the check in area has been relocated and enlarged. The Gift Shops have been upgraded. The expansion at Secrets (Dreams, Montego Bay), RiuMontego Bay, and Royalton in Trelawny and Bahia Principe in Runaway Bay are expected to open for the upcoming winter season (over 1000 rooms). We are anticipating very good support from these resorts. These and other rooms being built in 2017 will increase the size of our market".

Profit before finance income and cost closed the nine months period at $490.87 million an 18 per cent increase on the $414.75 million posted the previous year. Finance income increased by 6 per cent to total $32.22 million relative to $30.57 million last year, while finance cost increased by 19 per cent amounting to $31.54 million (2015:$26.41) million.

Projections:

Nine months into the 2016 FY, DCOVE reported total revenue of $1.50 billion, a 7 per cent increase when compared to the $1.40 million booked the year prior. Of this, revenue from Dolphin Attractions recorded a 7 per cent decline to total $869.60 million while revenues from the Ancillary Services increased by 35 per cent to total $627.51 million. The company however indicated that "our revenue in programs was affected due to Royal Caribbean Cruise Lines (RCCL) lowering the net rate they pay us per guest. However, our new partners (majority shareholder) was able to use their influence to have the price increased, also Disney Cruise Lines reduced their number of calls to Jamaica in 2016". After expenses and tax charges the DCOVE reported an 11 per cent increase in net profit of $547.17 million relative to $411.88 million last year. Continued growth in revenue is expected in the 2016 FY albeit at a slow pace, given the challenges indicated by the company

For the year ending December 31, 2016, we project that revenue will increase by 5 per cent relative to 4 per cent last year and a CAGR of 12 per cent over the past five years. Direct cost margin for the Dolphin Attractions and Ancillary Services segment are estimated at 5 per cent and 10 per cent respectively, based on performance in the year to date (YTD).

Total Expenses is estimated to grow by 7 per cent relative to 11 per cent in 2015, based on slower pace of increase anticipated for both operation and administrative expenses. This compares to a 9.97 per cent CAGR over the past five years. Total expenses have increased 5 per cent YTD. As such, we estimate a 7 per cent increase in net profit, which translates to an earnings per share (EPS) of $1.11 relative to $1.035 last year, while for the next twelve months, net profit is expected to total $$560.67 million with EPS of $1.43. This is expected to be driven mainly by an 11 per cent increase in revenue to $1,863.36 million. This as the company expects an increase in the number of calls following a return of Disney Cruise Lines to its normal frequency. Additionally, the company is in the process of negotiating increased rates with various cruise lines.

Conclusion:

DCOVE is a unique family attraction that has steadily become one of Jamaica's top tourism destinations. Since being listed on the JSE, DCOVE has increased its range of services to include activities such as mini boats, snorkelling, petting camels and swimming with sharks and sting rays. The nature of DCOVE's business shows that they are directly correlated with the tourism industry and thus growth in profits depends heavily on the growth of that sector. The stock closed February 15, 2017 at a price of $16. Using a projected twelve months forward EPS of $1.43 and a market P/E ratio of 16.59 times, the stock could be valued at $23.73. Therefore, an investor could contemplate buying this stock at this time. One should also note that continued growth in the tourism segment is expected, given the government's continued focus its continued growth. If this is realised, it could augur well for the company over the long term.

FORUM HIGHLIGHTS
FOR JANUARY 2017

At January's edition of the 2017 Investor Forums series, Mayberry Investments, represented here by CEO, Gary Peart (2nd left) and the evening's host, Assistant VP of Marketing, Anika Jengelley (far left), welcomed as the presenter, Minister of Finance and Public Service, The Hon Audley Shaw, MP and Minister without Portfolio in the Ministry of Finance, The Hon Fayval Williams, MP.

Mayberry Executive Chairman, Christopher Berry (right), spends some with Pan Jamaica Investment Trust's Chairman, Stephen Facey (centre) and Chief Operating Officer, Paul Hanworth

Minister Shaw is greeted by Christopher Berry upon his arrival to the Forum.

The Hon Fayval Williams is greeted by Gary Peart upon her arrival.

Minister Shaw is presented with the signature Mayberry gift, a painting, from Investment Advisor, Cherrice Lewis.

During cocktails, tTech's Director of Sales & Marketing, Christopher Reckord, is joined by Paramount Jamaica's Managing Director, Hugh Graham, and Real Estate Broker, Gregory Mayne.

The audience looks on during the Minister's presentation.

ECONOMIC HIGHLIGHTS

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	December 2016	January 2017	Change
91 Days Treasury Bills Avg. Yield (%)	5.683	5.618	-0.065
182 Days Treasury Bills Avg. Yield (%)	6.561	6.271	0.290
Exchange Rate (US$:J$)	128.64	128.58	-0.06
Net International Reserves (NIR) (US$M)	2,719.37	2,469.43	-249.94

Net International Reserves

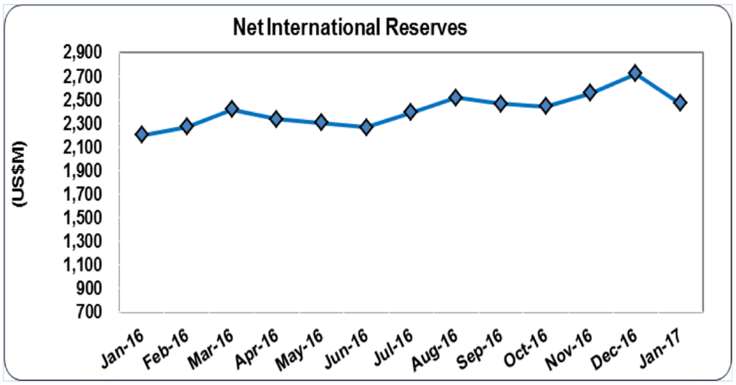
Jamaica's Net International Reserves (NIR) totalled US$2,469.43 million as at January 2017, reflecting a decline of US$249.94 million relative to the US$2,719.37 million reported as at the end of December 2016.

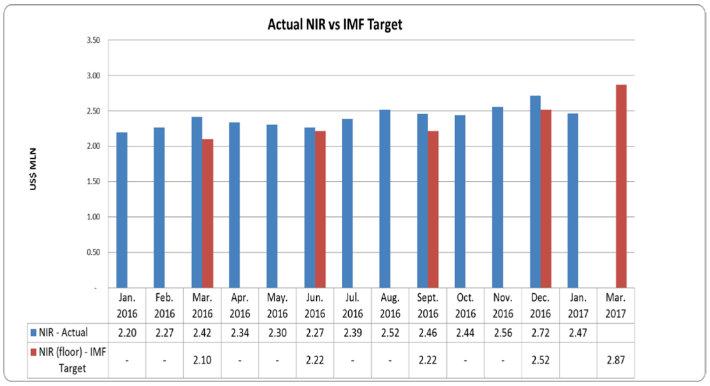
Changes in the NIR resulted from a decrease in foreign assets of US$244.01 million to total $3,047.46 million. Currency and deposits contributed the most to the decline in foreign assets. This as currency and deposits as at January 2017 totalled US$2,740.90 million, reflecting a decrease of US$246.62 million compared to the US$2,987.52 million booked as at December 2016. Foreign liabilities for January 2017 reflected an increase of US$5.93 million to total US$578.03 million.

The growth stemmed from an increase in liabilities to the IMF. Liabilities to the IMF, which accounted for 96.11 per cent of total foreign liabilities, climbed to a total of US$555.53 million as at the end of January 2017, relative to the US$549.60 million recorded in December 2016.

At its current value, the NIR is US$269.31 million more than its total of US$2,200.12 million at the end of January 2016.

The current reserve is able to support approximately 35.55 weeks of goods imports or 20.62 weeks of goods and services imports.





The country seems on track to meet the March 2017 NIR target as per the Extended Fund Facility with the International Monetary Fund (IMF). This as the value of the NIR at the end of January 2017 is below the March 2017 target of US$2,871.67 million.

JAMAICA MONTHLY EQUITY MARKET

Jamaica Monthly Equity Market Report for January 2017

Main JSE Index: 211,846.70 points
Point Movement: 19,570.06 points
Percentage Change: 10.18%

Advance Decline Ratio: Positive
Advancers: 19 **Decliners**: 12
Traded Firm: 4

Junior JSE Index: 2,840.12 points
Point Movement: 246.41 points
Percentage Change: 9.50%

Advance Decline Ratio: Positive
Advancers: 21 **Decliners**: 6
Traded Firm: 3

Major Winners (Main & Junior)		
Stock	**Increase**	**Closing Price**
Berger Paint Jamaica Limited	103.54%	$11.40
Jamaican Teas Limited	101.32%	$9.18
Pulse Investments Limited	67.13%	$5.95
Major Losers (Main & Junior)		
Stock	**Decrease**	**Closing Price**
Caribbean Flavours & Fragrances Limited	-20.83%	$9.50
Sagicor Real Estate X Fund Limited	-18.37%	$10.00
AMG Packaging & Paper Company Limited	-17.99%	$20.10

Total Shares Traded (Main): 23587 million units
Total value (Main): Approx. $2,919.09 million

Volume Leaders (Main)		
Stock	**Units Traded**	**Market Volume**
Cable & Wireless Jamaica Limited	72,044,893	30.54%
138 Student Living Jamaica Limited	42,378,633	17.97%
Supreme Ventures Limited	17,016,331	7.21%

BUY HOLD SELL

JMMB Group Limited - (JMMBGL)

For the nine months ended December 31, 2016

BUY

Net interest income totalled $5.07 billion compared to $4.23 billion in 2015, an increase of 20 per cent. This as interest income grew by 8 per cent to close at $10.72 billion, from the $9.92 billion booked in 2015, while interest expenses decreased 1 per cent to total $5.65 billion relative to $5.70 billion in the prior year. JMMBGL highlighted that increase in net interest income, "was primarily attributable to growth in the investment and loan portfolios coupled with effective spread management". For the quarter, the company recorded a 3 per cent improvement in interest income to $3.46 billion (2015:$3.40 billion), while interest expense declined 13 per cent to $1.65 billion (2015:$1.94 billion). Net interest income for the third quarter rose 38 per cent from $1.46 billion to close at $1.81 billion.

Fees and commission income amounted to $857.65 million, an improvement of 28 per cent on the $672.64 million booked last year. According to the company, "There was significant growth in managed funds and collective investment schemes across the Group. Additionally, total loan processing fees increased given the 21 per cent growth in the loan portfolios across the Group". Foreign exchange margins from cambio trading posted an increase of 18 per cent year over year to close at $931.02 million (2015:$789.48 million), while net gains from securities trading showed an increase of 48 per cent, totalling $4.17 billion (2015:$2.81 billion). Management indicated that, "this was on account of increased volume activity across the region coupled with a one-off market opportunity in the first quarter".

Dividend income for the period totalled $29.79 million, an increase of 81 per cent compared to a total of $16.42 million booked a year ago.

Operating expenses amounted to $7.62 billion, increasing by 21 per cent (2015:$6.30 billion), which resulted in an operating profit of $3.44 billion, a significant increase when compared to the $2.22 billion booked the year prior. JMMBGL noted, "we continued to enhance our integrated group sales and support frameworks to drive growth and to ensure seamless and standardised operations across the region. Additionally, there were start-up costs in the Dominican Republic and inflationary increases in all territories". Notably, expenses for the quarter rose 22 per cent from $2.01 billion for the period ended December 31, 2015 to $2.54 billion for the corresponding period in 2016.

Net profits for the nine months totalled $2.68 billion, an increase of 55 per cent on the $1.73 billion recorded for the corresponding period in 2015, following taxation of $757.92 million relative to $483.66 million last year.

Net profit attributable to the shareholders of the company totalled $2.65 billion compared to $1.70 billion in 2015. For the quarter, net profit attributable to shareholders amounted to $628.16 million, an 11 per cent growth on the prior year's corresponding quarter amount of $518.76 million. As a result, earnings per share (EPS) for the nine months amounted to $1.63 (2015:$1.04), while EPS for the quarter amounted to $0.39 (2015:$0.32). The twelve month trailing EPS amounted to $1.97 where the number of shares used in the calculations was 1,630,552,530 units.

Jamaica Teas (JAMT)

For the 3 months ended December 2016

HOLD

JAMT reported revenues for the first quarter ended December 2016 of $373.9 million, an increase of 9 per cent compared to the $344.6 million booked for the corresponding period in 2015. According to the company, "The improvement in revenues is due to increase in completion of sales of our residential units, 11 per cent increase in sale for our products in the local market and moderate growth in our supermarket by 4 per cent, negatively impacted by a temporary slippage in sales to the overseas markets. Sales at the manufacturing operation were helped by the introduction of new products during 2016". Other Income increased by 26 per cent for the quarter moving from $13.36 million in 2015 to $16.89 million in 2016.

Cost of sales increased 8 per cent to $287.8 million (2016:$267.17 million). As a result, gross profit grew 11 per cent to $86.09 million.

With regard to its real estate portfolio, during the year, the company completed sales of 8 residential units. "This brings the total number of units sold and delivered in the Orchid Estate project to 29". The company currently have another 18 units in the scheme completed and under sales contracts. JAMT expect "construction of the remaining 25 units will be completed within the next 6 months".

Administrative expenses increased by 26 per cent to $32.17 million for the first quarter ended December 2016 relative to $25.49 million for the same period of 2015. Sales and marketing cost increased by 5 per cent for the quarter relative to 2015, closing at $8.23 million. There was a 14 per cent reduction in finance cost moving from $10.65 million in Q1 of 2015 to $9.13 million in 2016. Total expenses finished with an overall 13 per cent increase. JAMT noted that it was mostly due to an increase in staff costs.

Pre-tax profits climbed by 14 per cent for the 3 months ended December 2016, compared to the same period for 2015, increasing from $46.84 million to $53.47 million. JAMT incurred tax expenses of $6.27 million compared to $5.95 million during the 2015 comparable period. Although there was an increase in taxes, net profit increased by 15 per cent to close the quarter with $47.16 million.

Consequently, earnings per share (EPS) increased to $0.14 compared to $0.12 in the Q1 of 2015.

Paramount Trading (Jamaica) Limited (PTL)

For the six months ended November 30, 2016

SELL

PTL recorded a 9 per cent increase in total revenues to $539.13 million from $496.22 million reported in 2016. This growth was attributed to a strong performance in the company's construction and petroleum oil business. PTL noted that its construction and petroleum oil business grew by 62 per cent and 28 per cent respectively.

Direct expenses closed the period at $370.41 million, an increase of approximately $42.40 million relative to the $328.01 million booked a year ago.

Other operating income amounted to $8.45 million for the period, an increase of 52 per cent compared to $5.55 million booked for the previous year's corresponding period.

Administrative expenses rose 39 per cent to $114.05 million, up from the $81.84 million recorded for the corresponding period of 2015. Selling and distribution expenses also increased by 299 per cent, to close the period at $5.24 million (2015:$1.31 million).

Finance income amounted to $646,622, down 33 per cent when compared to the $969,197 reported for the prior year, while finance costs grew 178 per cent to a total of $6.88 million (2015:$2.47 million).

Pre-tax profit totalled $51.64 million, 42 per cent less than the $89.09 million reported in the same period of 2015. This was due to a decline in the gross profit margin resulting from "an increase in input cost arising from the devaluation of the Jamaican Dollar", according to the company. The company also indicated that, increases in salary cost and business development activities contributed to the decline. No taxes were charged for the year due to the remission of taxes as a result of listing on the Junior Market of the Jamaica Stock Exchange. As such, net profit attributable to shareholders totalled $51.64 million (2015:$89.09 million).

Earnings per share (EPS) for the six months totalled $0.03 (2015:$0.06), while the trailing twelve months EPS is $0.88. The EPS for the second quarter ended November 30, 2016 was $0.024, compared to $0.030 for the previous quarter in 2015. The number of shares used in our calculations was 1,542,467,080 units.

According to PTL, "the company operates in a competitive environment". Despite this, the company has recorded strong growth over the six months period.

Rating System

BUY: We believe the stock is attractively valued. The company has sound or improving fundamentals that should allow it to outperform the broader market. We anticipate that the stock will outperform the market over the next 12 months. The risk factors to achieving price targets are minimal.

HOLD: We believe the stock is fairly valued at the current price. The company may have issues affecting fundamentals that could take some time to resolve. Alternatively, company fundamentals may be sound, but this is fully reflected in the current stock price. The risk factors to achieving price targets are moderate. Some volatility is expected. In addition, technically, it may be difficult to attain additional volume of the stock(s) at current price.

SELL: We believe the stock is overpriced relative to the soundness of the company's fundamentals and long-term prospects.

SPECULATIVE BUY: We believe the prospect for capital appreciation exists, however, there is some level of uncertainty in revenue growth.