

CHIEF EXECUTIVE OFFICER'S COMMENTARY ON FINANCIAL RESULTS

FOR THE THIRD QUARTER ENDED 30th SEPTEMBER 2017.

In our 32nd year of business, I am pleased to present our third quarter results for the nine-month period ended September 30, 2017.

For this quarter, economic factors remained positive and business confidence remained at high levels. The JMD fixed income market traded with moderate to strong liquidity conditions while the USD Money market had moderate liquidity. For the JMD fixed income market, the increased liquidity was attributable to the maturing Government of Jamaica (GOJ) instruments in this quarter.

Additionally, there was continued stability in the foreign exchange market and lower interest rates on money market instruments. During this quarter, the equities market was more attractive to investors as they continue to move funds into the Jamaica Stock Exchange Main Market which closed at 262,729.14 points as at September 30, 2017.

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- **Net Book Value per share increased to \$6.54, 4% over 2nd Quarter 2017**
 - **Profit before tax was \$62.95M for the 3rd quarter, 86.8% over corresponding period in 2016**
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SUMMARY OF CHANGES ON THE STATEMENT OF FINANCIAL POSITION				
Description	Quarter ended 30 Sept 2017 (\$'000)	Quarter ended 30 Sept 2016 (\$'000)	Change (\$'000)	% Change
Total Assets	21,990,579	21,297,067	693,512	3.3%
Total Liabilities	14,136,656	13,938,521	(198,135)	-1.4%
Stockholders' Equity	7,853,923	7,358,545	495,378	6.7%
Net Book Value Per Share	\$ 6.54	\$ 6.13	\$ 0.41	6.7%

Against this background, our Net book value per share increased to \$6.54 for the 3rd quarter of 2017, when compared to \$6.13 in the corresponding quarter of 2016. This increase was attributable to a 6.7% or \$495.38 million increase in our Stockholders' equity which moved to \$7.85B when compared to \$7.39B for the 3rd quarter in 2016.

Profit Performance for the Quarter ended September 30, 2017

Mayberry Investments Limited reported a profit before tax of J\$62.95 million for the quarter ended September 30, 2017, translating to Earnings per share (EPS) of \$0.05 and representing an 86.8% increase over the same period in 2016.

SUMMARY OF CHANGES ON THE STATEMENT OF COMPREHENSIVE INCOME				
Description	Quarter ended 30 Sept 2017 (\$'000)	Quarter ended 30 Sept 2016 (\$'000)	Change (\$'000)	% Change
Net Interest Income and Other Revenues	257,132	296,257	(39,125)	-13.2%
Operating Expenses	245,235	279,575	34,340	12.3%
Share of Profit/losses in Associate Companies	51,053	17,017	34,035	200.0%
Profit before Taxation	62,949	33,699	29,250	86.8%
Net Profit	62,151	49,092	13,059	26.6%
Other Comprehensive Income	237,612	336,104	(98,492)	-29.3%
Total Comprehensive Income	299,763	385,197	(85,433)	-22.2%
Earnings Per Share(EPS)	\$ 0.05	\$ 0.04	\$ 0.01	26.6%

For the 3-months ending September 30, 2017, total comprehensive income amounted to \$299.76 million, compared to \$385.2 million for the corresponding quarter of 2016; a reduction of \$85.44 million or 22%. This was due to a decline in the prices of some stocks held in our equity portfolio.



Our revenue performance for this quarter was mixed and driven primarily by a 167.96% or \$70.95 million rise in Fee income, as well as a 28% or \$6.72 million increase in Net interest income. Consequently, fees and commissions amounted to \$113.20 million for the quarter, compared to \$42.24 million for the corresponding quarter in 2016. The upturn in fee income was generated by increased transactions within the quarter as well as the Initial Public Offering (IPO) for Express Catering Limited, whilst the increase in Net Interest Income was due to lower cost of funds. These increases were countered, in part, by a decrease in Dividend income which amounted to \$29.29M, a reduction of \$5.91 million or 16.8% when compared to the similar period for 2016.

Net trading Gains amounted to \$67.82 million compared to \$116.62 million for the corresponding period in 2016, a reduction of \$48.8M or 41.85%. This reduction was due to decreased trading volumes for the quarter.

Net foreign exchange gains amounted to \$3.94 million, a reduction of \$53.77 million or 93%. Additionally, Unrealized gains on investment revaluation amounted to \$11.21 million or 37.6% less than the comparative period in 2016.

Operating expenses decreased by \$34M or 12.28% when compared to the corresponding quarter in 2016, as cost savings were achieved through prudence and management control.

Initial Public Offering (IPO) – Express Catering Limited

Mayberry Investments Limited (MIL) was the lead Financial Advisor and Broker to Express Catering Limited in its recent invitation to the public, made subject to a prospectus dated 5th July 2017, to subscribe for shares of the Company.

The company's Prospectus offered shares valued at \$491.25M. However, the IPO was over-subscribed with MIL receiving a total of 1,270 applications valued at approximately \$1,197,204,000.



Profits from Investments in Associates

Our investments in Associated companies continue to yield positive returns. For this quarter, our share of profits from associates increased by \$34M or 199%, when compared to the corresponding period in 2016. These companies are positioned to continue on an upward growth trajectory.

Summary of Financial Position

Total assets amounted to \$21.99 billion for 3rd quarter 2017 compared to \$21.30 billion for the comparative quarter 2016. This 3% increase in our asset base was mainly due to increased funding from our counter-parties.

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). Our capital to risk weighted assets ratio is 13.81% (2016:16.32), compared to the minimum regulatory requirement of 10%.

Additionally, our tier one capital is 99% (2016:99%) of the overall capital of the company and exceeds the regulatory minimum of 50% established by the Financial Services Commission (FSC).

Thanks 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 3rd quarter, in our 32nd year of doing business in Jamaica.



Gary Peart
Chief Executive Officer



CONSOLIDATED INCOME STATEMENT

For the nine months ended 30 September 2017

	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
	3 Months ended 30 September 2017	3 Months ended 30 September 2016	9 Months ended 30 September 2017	9 Months ended 30 September 2016	12 Months ended 31 December 2016
	\$'000	\$'000	\$'000	\$'000	\$'000
Net Interest Income and Other Revenues					
Interest income	171,286	193,106	561,866	577,486	733,835
Interest expense	(140,905)	(169,449)	(510,205)	(442,221)	(599,874)
Net Interest income	30,381	23,657	51,660	135,265	133,961
Fees and Commission Income	113,195	42,242	253,351	142,072	224,561
Dividend Income	29,285	35,192	67,231	83,007	97,723
Net Trading Gains/(Losses)	67,819	116,622	152,336	384,966	437,012
Net Foreign Exchange Gain/(Loss)	3,937	57,704	56,991	179,213	209,273
Unrealised (loss)/gain on investment revaluation	11,209	17,961	43,960	100,359	92,591
Other income	1,314	2,878	5,566	11,226	12,175
	257,139	296,257	631,094	1,036,109	1,207,296
Operating Expenses					
Salaries, statutory contributions and staff costs	110,465	131,157	326,072	335,532	444,633
Provision for credit losses	7,500	7,500	22,500	22,500	22,723
Provision /(write back) for Impairment - Investments	-	29,167	(105,337)	29,167	155
Depreciation and amortisation	8,165	6,101	21,821	18,225	24,961
Other operating expenses	119,105	105,651	367,246	325,462	555,619
	245,235	279,575	632,301	730,886	1,048,091
Share of Profit in Associates	51,053	17,017	94,559	53,766	65,798
Operating (loss)/profit before asset tax	62,956	33,699	93,353	358,989	225,003
Asset tax	-	-	33,435	30,992	30,992
(Loss)/Profit before taxation	62,956	33,699	59,918	327,997	194,011
Taxation(charge)/credit	(798)	15,394	6,526	(8,155)	(21,896)
NET PROFIT	62,159	49,092	66,444	319,842	172,115
OTHER COMPREHENSIVE INCOME					
Financial Reserve	237,612	336,104	803,226	1,057,469	1,090,324
Employee share option	-	-	-	-	-
Other Comprehensive Income(Net of Tax):	237,612	336,104	803,226	1,057,469	1,090,324
TOTAL COMPREHENSIVE INCOME	299,771	385,197	869,669	1,377,311	1,262,439
Number of shares in issue	1,201,149	1,201,149	1,201,149	1,201,149	1,201,149
Earnings per share	\$ 0.05	\$ 0.04	\$ 0.06	\$ 0.27	\$ 0.14

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 2016.



Sustaining our **growth**,
driving **profitability**.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2017

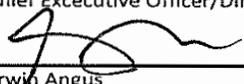
	(UNAUDITED) SEPTEMBER 2017 \$'000	(UNAUDITED) SEPTEMBER 2016 \$'000	(AUDITED) DECEMBER 2016 \$'000
ASSETS:			
Cash resources	1,366,559	1,372,219	756,392
Investment securities	11,587,240	13,635,954	13,903,408
Reverse repurchase agreements	3,560,942	1,728,154	2,599,763
Promissory notes	1,064,162	759,693	748,470
Interest receivable	147,023	163,960	148,304
Loan and Other Receivables	1,896,687	1,345,751	1,398,823
Deferred taxation	159,202	189,477	159,202
Property, plant and equipment	126,663	128,753	124,368
Investment in associate	1,375,888	1,273,599	1,293,759
Other Assets	706,216	699,507	706,216
TOTAL ASSETS	21,990,579	21,297,067	21,838,705
LIABILITIES AND EQUITY:			
LIABILITIES :			
Bank overdraft	36,483	23,627	32,780
Securities sold under repurchase agreements	8,531,310	8,170,994	7,328,703
Interest payable	27,056	49,789	31,785
Loans	2,826,245	4,462,316	5,333,313
Accounts Payable	2,694,331	1,231,794	1,846,338
Deferred Taxation	21,231	189,477	22,114
TOTAL LIABILITIES	14,136,656	13,938,521	14,595,033
STOCKHOLDERS' EQUITY			
Share capital	1,582,380	1,582,380	1,582,381
Fair value reserves	2,368,782	2,286,158	2,272,532
Capital Redemption Reserve	51,343	51,343	
Other reserves	26,596	26,596	77,939
Retained earnings	3,824,822	3,412,067	3,310,820
TOTAL STOCKHOLDERS' EQUITY	7,853,923	7,358,545	7,243,672
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	21,990,579	21,297,066	21,838,705

Net Book Value per Stock Unit :	2017 \$6.54	2016 \$6.13	2016 \$6.03
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Approved by the Board of Directors for issue on 31st October, 2017 and signed on its behalf by:



Gary Peart
Chief Executive Officer/Director



Erwin Angus
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2017

	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
	3 Months ended 30 September 2017	3 Months ended 30 September 2016	9 Months ended 30 September 2017	9 Months ended 30 September 2016	12 months ended 31 December 2016
	\$'000	\$'000	\$'000	\$'000	\$'000
Profit for the period	62,159	49,092	66,444	319,842	172,115
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	237,612	336,104	803,226	1,057,469	1,090,324
Total Comprehensive income attributable to stockholders	299,771	385,197	869,669	1,377,311	1,262,439



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2017

	Share Capital	Fair Value Reserve	Other Reserve	Retained Profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2016	1,582,381	1,663,532	77,939	2,921,634	6,245,486
Other Comprehensive Income	-	1,057,469	-	-	1,057,469
Transfers from Capital Redemption Reserve	-	-	-	-	-
Realised gains(net) transferred to retained earnings	-	(434,840)	-	434,840	-
Net profit	-	-	-	319,842	319,842
Dividends	-	0	-	(264,252)	(264,252)
Balance at 30 September 2016	1,582,381	2,286,161	77,939	3,412,064	7,358,545
Balance at 1 January 2017	1,582,381	2,272,532	77,939	3,312,273	7,245,125
Other Comprehensive Income	-	803,226	-	-	803,226
Realised profit(net) transferred to retained earnings	-	(706,975)	-	722,367	15,392
Net profit	-	-	-	66,444	66,444
Dividends	-	-	-	(276,264)	(276,264)
Balance at 30 September 2017	1,582,381	2,368,782	77,939	3,824,820	7,853,922



CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2017

	Unaudited nine months ended 30 September 2017	Unaudited nine months ended 30 September 2016	Audited Year ended 31 December 2016
	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	59,918	327,997	194,011
Adjustments to reconcile profit to net cash used in operating activities:			
Provision for credit losses	22,500	22,500	22,723
Gain on disposal of property, plant and equipment	-	(700)	40
Depreciation and amortization	21,821	18,225	24,961
Provision /(write back) for impairment on investments	(105,337)	29,166	155
Interest Income	(561,866)	(582,473)	(733,835)
Interest Expense	510,205	442,221	599,874
Unrealised (gain) / loss on investment revaluation	123,654	(193,567)	(92,591)
Realized fair value losses transferred to retained earnings - IFRS 9	836,439	434,840	481,324
Gain on disposal of investment in associate	(96,059)	-	-
Unrealised foreign exchange gain	(36,179)	(88,961)	(75,372)
Foreclosure of loans	0	-	-
Share of profit in Associate Company	(94,559)	(53,766)	(65,798)
Employee share options	-	-	-
Income tax (charge)/credit	6,526	(8,155)	(21,896)
	687,063	347,327	333,596
Changes in operating assets and liabilities:			
Loans and other receivables	(497,863)	(197,166)	(250,238)
Investments	2,413,725	3,082,109	2,652,754
Promissory notes	(338,192)	(464,877)	(453,877)
Securities purchased under resale agreements	(961,179)	(1,138,203)	(2,009,812)
Accounts payable	847,110	(1,008,533)	(388,499)
Securities sold under resale agreement	1,202,607	(538,315)	(1,380,606)
Loans	(2,507,068)	977,375	1,848,372
	846,202	1,059,718	351,691
Interest received	563,146	567,211	734,229
Interest paid	(514,935)	(437,342)	(612,999)
Income tax paid			(5,490)
Net cash provided by/(used in) operating activities	894,414	1,189,587	467,431
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to property, plant and equipment	(24,115)	(19,322)	(22,547)
Dividends received from subsidiary	12,430		24,017
Proceeds from disposal of investment in associate company			
Proceeds from disposal of property, plant and equipment		700	834
Investment in associate company		(169,461)	(129,000)
Net cash used in investing activities	(11,685)	(188,083)	(126,696)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividend payment made to parent company			
Ordinary dividend payment	(276,266)	(264,252)	(264,252)
Redemption of preference shares			-
Net cash provided by financing activities	(276,266)	(264,252)	(264,252)
Net decrease) in cash and cash equivalents	606,462	737,252	76,483
Effects of exchange rate changes on cash and cash equivalent			35,790
Cash and cash equivalents at beginning of the period	723,613	611,340	611,340
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	1,330,075	1,348,592	723,613



Top Ten Shareholders and Connected Persons

30 September 2017

<u>Name</u>	<u>Shareholdings</u>
Bamboo Group Holdings Limited	472,540,066
Konrad Mark Berry	437,377,507
Mayberry Employee Share Scheme	40,544,275
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	6,406,472
Sharon Harvey-Wilson	6,230,858
<u>Connected Persons</u>	
Mayberry Managed Client Account	3,405,337
Apex Pharmacy	3,000,000
Mayberry West Indies	1,422,527
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

30 September 2017

<u>Directors</u>	<u>Shareholdings</u>	<u>Connected Persons</u>
Christopher Berry	-	472,540,066
Konrad Berry**	437,377,507	28,607,890
Erwin Angus	1,000,000	
Benito Palomino	2,283,105	
David McBean**	1,446,521	
Gary Peart**	25,443,191	
 <u>Managers</u>		
Andrea HoSang**	1,231,934	
Kayree Berry-Teape**	2,944,083	31,080
Tania Waldron-Gooden	2,000	
Kristen Raymore-Reynolds	100,000	

** Includes holdings in joint accounts

