

CHIEF EXECUTIVE OFFICER'S COMMENTARY ON FINANCIAL RESULTS

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018.

On behalf of the Board of Directors of Mayberry Group, I am pleased to present its Unaudited 3rd Quarter 2018 financial results for the months July to September 2018.

Operating Environment

The macroeconomic indicators for Jamaica for the past quarter was positive with Net International Reserves being able to support 32 weeks of goods imported at US\$3.03 billion. Fiscal performance remained strong with September's point to point inflation at 4.3% and market interest rates at record lows at 2%. BOJ FX operations saw the Central Bank purchasing US\$44 million cumulatively over the last 12-week period as the Jamaican Dollar depreciated by 3.6% during the quarter and reached JMD134.06 to 1 USD.





During this quarter, the Jamaica Stock Exchange Main market moved from 305,736 to 358,320 points or a 17.2% increase, while the Junior market climbed by 358.0 points to reach 3,395.0 points. Year to date, the Main Market grew by 36.4% while the Junior Market grew by 16.7%. The confidence in the equities market and the growth in transaction levels are expected to continue.

SUMMARY OF CHANGES ON THE STATEMENT OF COMPREHENSIVE INCOME

Description	Quarter ended 30 September 2018 (\$'000)	Quarter ended 30 September 2017 (\$'000)	Change (\$'000)	% Change
Net Interest Income and Other Revenues	1,027,041	257,139	769,902	299.4%
Operating Expenses	742,160	245,235	(496,925)	-202.6%
Share of Profit/losses in Associate Companies	0	51,053	(51,053)	-100.0%
Profit before Taxation	284,881	62,956	221,924.84	352.5%
Net Profit	266,233	62,159	204,074	328.3%
Other Comprehensive Income	4,051,318	237,612	3,813,706	1605.0%
Total Comprehensive Income	4,317,551	299,771	4,017,780	1340.3%
Earnings Per Share(EPS)	\$0.22	\$0.05	\$0.17	328.2%





Profit Performance for the 3rd Quarter ended September 30, 2018

Mayberry experienced significant profit growth for the quarter and reported an after-tax profit of \$266.2 million or 3 times more than the corresponding quarter of 2017. This resulted in an Earnings per share (EPS) of \$0.22 compared to \$0.05 for Q3 2017.

Notably, revenues attributable to the quarter's growth were as follows: -

- Interest Income increased to \$202.8 million for the quarter under review up from \$171.3 million in the prior year for the same period. This was driven primarily by interest earned on margin facilities with a growth of \$54.6 million or 62%.
- Dividend income of \$76.24 million increased by 160% relative to the same period last year, resulting mainly from the holdings in Supreme Ventures Limited, Jamaica Stock Exchange and Caribbean Producers (Jamaica) Limited;
- Fees and commission income of \$188.6 million represented a 67% increase over the corresponding period in 2017, with Debt Selling Fees recording growth of 9 times, Equity commission fees grew 176%, and Mayberry Money Market Fixed Income Portfolio grew by 116%;
- Net Foreign exchange gains of \$136.2 million in 3rd quarter 2018 resulted mainly from higher spreads compared to \$3.9 million in the corresponding quarter in 2017;
- Unrealized gain on investment revaluation of J\$595.1 million stemmed from the revaluation of all equities classified as fair value through Profit or Loss (FVPL), namely Lasco Financial Services Ltd., Blue Power Ltd., Caribbean Producers (Jamaica) Ltd., and IronRock Insurance Ltd.

For Q3 2018, Total comprehensive income amounted to \$4.3 billion, compared to \$299.8 million for the corresponding quarter of 2017; an increase of \$4 billion or 13 times. This was due to an increase in the movement of the financial reserves resulting from gains booked for stocks held in the current equity portfolio.

Operating expenses for Q3 2018 increased by \$496.9 million to \$742.2 million. Increases were due mainly to Provision for credit losses of \$100 million booked on the loan portfolio, Management and Incentive fees - \$357.5 million, Legal and Professional fees - \$20.3 million, Telephone and postage - \$5.5 million, Motor Vehicle expenses - \$4.7 million, Regulatory Fees - \$3.9 million, and Consulting Fees - \$3.5 million.





Summary of Financial Position

SUMMARY OF CHANGES ON THE STATEMENT OF FINANCIAL POSITION				
Description	Quarter ended 30 September 2018 (\$'000)	Quarter ended 30 September 2017 (\$'000)	Change (\$'000)	% Change
Total Assets	32,165,679	21,990,579	10,175,100	46.3%
Total Liabilities	15,046,086	14,136,656	(909,430)	-6.4%
Stockholders' Equity	17,119,593	7,853,923	9,265,670	118.0%
Net Book Value Per Share	\$14.25	\$6.54	\$7.71	118.0%

Assets & Liabilities

Total Assets at 3rd quarter 2018 amounted to \$32.17 billion and surpassed the corresponding quarter ended 30th September 2017 by \$10.2 billion. Growth in asset balances were primarily due to the increased value of investment securities in quoted equities. This increase amounted to \$12.2 billion or 106%.

This was coupled with increases in Cash resources and Promissory notes along with growth in Reverse repurchase agreements.

Total Liabilities stood at \$15 billion, a 6.4% increase over the prior corresponding period. The assets were funded in part by Securities sold under repurchase agreements of \$4.5 billion and Loans of \$7.4 billion. In addition, Accounts Payable moved from \$2.7 billion at September 2017 to \$3 billion at the end of September 2018.

Shareholders' Equity

Mayberry Group's equity base grew by 118% or \$9.3 billion, resulting from higher cumulative earnings and increased net unrealized gains on the revaluation of equity securities. This includes Non-Controlling interests of \$1.67 billion for the 25% shareholding owned by the public.

Retained earnings moved to \$5 billion for the 3rd quarter ended September 30, 2018, up from \$3.8 billion in the corresponding period. Further, Fair value reserves closed at \$8.9 billion, up from \$2.4 billion for the prior year corresponding quarter.





Listing of Mayberry Jamaican Equities Limited – MJE

(formerly Mayberry West Indies Limited)

The Initial Public offer (IPO) for Mayberry Jamaican Equities Limited (MJE) was opened and closed on Monday, July 9, 2018. A total of 1,372 applications were received by Mayberry, valued at approximately \$1.7 billion.

The shares offered for sale by Mayberry constituted 10% of the issued share capital of MJE and the amount raised was J\$908 million. The listing ceremony was held at the offices of the Jamaica Stock Exchange on July 31, 2018.

At September 30, 2018, the Net Book value per share of MJE was J\$13.01.

Capital Adequacy

	FSC Requirement	Mayberry's Achievement
Capital to Total Assets	6%	19%
Capital Base to Risk Weighted Assets	10%	22%
Capital Base to Tier 1 Capital	50%	99%

Our capital base continues to be strong and compliant with our regulatory benchmarks as indicated in the table above. Our capital to risk weighted asset ratio of 22% 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 thank our Shareholders, Clients, Directors, Management and Staff for their contribution to the success achieved in this 3rd quarter of our thirty-third year of operations.

Gary Peart
Chief Executive Officer





CONSOLIDATED INCOME STATEMENT

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
	3 Months ended 30 September 2018	3 Months ended 30 September 2017	9 Months ended 30 September 2018	9 Months ended 30 September 2017	12 Months ended 31 December 2017
	\$'000	\$'000	\$'000	\$'000	\$'000
Net Interest Income and Other Revenues					
Interest income	202,858	171,286	559,312	561,866	722,007
Interest expense	(172,084)	(140,906)	(444,972)	(510,205)	(570,689)
Net Interest income	30,774	30,381	114,339	51,660	151,318
Fees and Commission Income	188,628	113,195	552,197	253,351	508,061
Dividend Income	76,236	29,285	309,528	67,231	154,942
Net Trading (Losses)/Gains	(1,958)	67,819	59,626	152,336	121,225
Net Foreign Exchange Gain	136,171	3,937	266,333	56,991	87,139
Unrealised gain on investment revaluation	595,097	11,209	931,108	43,960	70,021
Loan provision recovered/written back	-	-	-	-	1,166,280
Other income	2,093	1,314	5,576	5,566	11,039
	1,027,041	257,139	2,238,707	631,094	2,270,024
Operating Expenses					
Salaries, statutory contributions and staff costs	129,309	110,465	352,441	326,072	456,749
Provision for credit losses	107,500	7,500	143,500	22,500	7,963
Provision /(write back) for Impairment - Investments	-	-	-	(105,337)	677,690
Depreciation and amortisation	5,473	8,165	16,638	21,821	22,758
Other operating expenses	499,878	119,105	910,415	367,246	727,468
	742,160	245,235	1,422,995	632,301	1,892,628
Share of Profit in Associates					
Gain in disposal of associate holdings	-	51,053	-	94,559	134,471
Operating profit before asset tax	284,881	62,956	815,712	93,353	511,867
Asset tax	-	-	36,421	33,435	33,434
Profit before taxation	284,881	62,956	779,291	59,918	478,433
Taxation charge/(credit)	(18,648)	(798)	(38,125)	(6,526)	(53,260)
NET PROFIT	266,233	62,159	741,166	66,444	425,173
OTHER COMPREHENSIVE INCOME					
Financial Reserve	4,051,318	237,612	6,112,762	803,226	1,964,655
Employee share option	-	-	-	-	-
Other Comprehensive Income(Net of Tax):	4,051,318	237,612	6,112,762	803,226	1,964,655
TOTAL COMPREHENSIVE INCOME	4,317,551	299,771	6,853,928	869,669	2,389,828
Number of shares in issue	1,201,149	1,201,149	1,201,149	1,201,149	1,201,149
Earnings per share	\$0.22	\$0.05	\$0.62	\$0.06	\$0.35

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 SEPTEMBER 30, 2018

	(UNAUDITED) SEPTEMBER 2018 \$'000	(UNAUDITED) SEPTEMBER 2017 \$'000	(AUDITED) DECEMBER 2017 \$'000
ASSETS:			
Cash resources	1,943,820	1,366,559	1,110,971
Investment securities	23,820,190	11,587,240	14,665,891
Reverse repurchase agreements	2,345,000	3,560,942	3,919,483
Derivative Financial Instrument	-	-	-
Capital management funds	-	(0)	0
Promissory notes	1,941,772	1,064,162	1,143,961
Interest receivable	137,846	147,023	103,149
Due from subsidiary	-	-	0.20
Client Margins	-	-	-
Loans and other receivables	1,067,324	1,896,687	2,465,355
Deferred taxation	82,162	159,202	82,162
Other Assets	712,977	706,216	742,977
Investment property	-	-	-
Due from related company	-	-	12,269
Investment in Subsidiary- MWI & Widebase	-	0	(0.28)
Property, plant and equipment	114,588	126,663	120,506
Investment in associate	-	1,375,888	-
TOTAL ASSETS	32,165,679	21,990,579	24,366,725
LIABILITIES AND EQUITY:			
LIABILITIES :			
Bank overdraft	63,915	36,483	20,651
Securities sold under repurchase agreements	4,465,377	8,531,310	7,013,670
Interest payable	21,659	27,056	35,965
Loans	7,408,612	2,826,245	4,888,957
Accounts payable	2,990,053	2,694,331	3,009,376
Deferred taxation	96,469	21,231	40,871
TOTAL LIABILITIES	15,046,086	14,136,656	15,009,489
STOCKHOLDERS' EQUITY			
Ordinary Share capital	1,582,382	1,582,380	1,582,381
Preference Shares	135	-	-
Fair value and other reserves	8,860,858	2,368,782	3,172,356
Capital Redemption Reserve	51,343	51,343	51,343
Other reserves	26,596	26,596	26,596
Retained earnings	4,928,464	3,824,822	4,524,560
	15,449,777	7,853,923	9,357,236
Non-Controlling Interests	1,669,816	-	-
TOTAL STOCKHOLDERS' EQUITY	17,119,593	7,853,923	9,357,236
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	32,165,679	21,990,579	24,366,725
	2018	2017	2017
Net Book Value per Stock Unit :	\$14.25	\$6.54	\$7.79

Approved by the Board of Directors for issue on 1st November, 2018 and signed on its behalf by:


Christopher Berry
Chairman


Gary Peart
Chief Executive Officer/Director



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
	3 Months ended 30 September 2018	3 Months ended 30 September 2017	9 Months ended 30 September 2018	9 Months ended 30 September 2017	12 Months ended 31 December 2017
	\$'000	\$'000	\$'000	\$'000	\$'000
Profit for the period	266,233	62,159	741,166	66,444	425,173
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	4,051,318	237,612	6,112,762	803,226	1,964,655
Total Comprehensive income attributable to stockholders	4,317,551	299,771	6,853,928	869,669	2,389,828





CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

	Share Capital	Share Premium	Preference Shares	Fair Value Reserves	Other Reserves	Retained Profits	Non-Controlling Interests	Total
	\$'000	\$'000		\$'000	\$'000	\$'000		\$'000
Balance at 1 January 2017	120,115	1,462,266	-	2,272,532	77,939	3,310,820	-	7,243,672
Other Comprehensive Income								-
Transfers from Capital Redemption Reserve								-
Realised gains(net) transferred to retained earnings				(706,975)		723,820		16,845
Other Comprehensive Income				803,226				803,226
Net profit						66,444		66,444
Dividends						(276,264)		(276,264)
Balance at 30 September 2017	120,115	1,462,266	-	2,368,783	77,939	3,824,820	-	7,853,923
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%)						242,921		242,921
Dividend in specie								-
Realised net gain on disposal of subsidiary booked to Retained Earnings						665,372		665,372
Preference Shares - 2018			135					135
Share of equity transferred to Non Controlling Interests						(1,669,816)	1,669,816	-
Other Comprehensive Income	-			6,112,763				6,112,763
Realised (losses) on fair value instruments	-							-
transferred to retained earnings	-			(424,261)		424,261		0
Net Profit						741,166		741,166
Dividends								-
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





CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

	Unaudited 9 Months ended 30 September 2018	Unaudited 9 Months ended 30 September 2017	Audited Year ended 31 December 2017
	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	779,291	59,918	478,433
Adjustments to reconcile profit to net cash used in operating activities:			
Provision for credit losses	143,500	22,500	7,963
Gain on disposal of property, plant and equipment	-	-	-
Depreciation and amortization	16,638	21,821	22,758
Provision /(write back) for impairment on investments	-	(105,337)	677,690
Interest Income	(571,483)	(561,866)	(722,007)
Interest Expense	444,901	510,205	570,689
Unrealised (gain) / loss on investment revaluation	(931,108)	123,654	(1,166,280)
Unrealised gain on disposal of investment in associates	-	-	-
Realized fair value losses transferred to retained earnings - IFRS 9	1,089,633	836,439	1,064,831
Impairment loss on unquoted investment	-	-	803,026
Gain on disposal of investment in associate	(665,372)	(96,059)	(70,021)
Unrealised foreign exchange gain	(17,311)	(36,179)	99,270
Foreclosure of loans	-	-	-
Share of profit in Associate Company	-	(94,559)	(134,471)
Employee share options	-	-	-
Income tax (charge)/credit	(38,125)	6,526	(53,260)
Adjusted Profit/Loss	250,563	687,062	1,578,621
Changes in operating assets and liabilities:			
Loans and other receivables	1,428,033	(497,863)	(1,066,533)
Investments	(2,517,377)	2,413,725	1,140,056
Due from subsidiary	12,269	(338,192)	-
Promissory notes	(941,311)	(961,179)	(403,454)
Securities purchased under resale agreements	1,574,483	-	(1,319,720)
Accounts payable	36,277	847,110	1,163,037
Securities sold under resale agreement	(2,548,293)	1,202,607	(315,033)
Loans	2,519,656	(2,507,068)	(444,356)
Cash used in Operating Activities	(185,701)	846,202	332,618
Interest received	536,787	563,146	767,162
Interest paid	(459,207)	(514,935)	(566,509)
Income tax paid	-	-	(5,452)
Net cash provided by/(used in) operating activities	(108,121)	894,413	527,819
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to property, plant and equipment	(10,720)	(24,115)	(27,548)
Dividends received from subsidiary	-	12,430	12,430
Proceeds from disposal of investment in associate company	908,292	-	137,264
Proceeds from disposal of property, plant and equipment	-	-	8,652
Net cash used in investing activities	897,572	(11,685)	130,798
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividend payment made to parent company	-	-	-
Ordinary dividend payment	-	(276,266)	(276,264)
Issue of preference shares	135	-	-
Net cash provided by financing activities	135	(276,266)	(276,264)
Net decrease) in cash and cash equivalents	789,586	606,462	382,353
Effects of exchange rate changes on cash and cash equivalent	-	-	(15,645)
Cash and cash equivalents at beginning of the period	1,090,320	723,613	723,612
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	1,879,906	1,330,075	1,090,320



TOP TEN SHAREHOLDERS AND CONNECTED PERSONS

30 SEPTEMBER 2018

<u>Name</u>	Shareholdings
PWL BAMBOO HOLDINGS LIMITED	473,396,737
KONRAD BERRY	433,686,104
MAYBERRY MANAGED CLIENTS ACCOUNT	41,429,482
KONRAD LIMITED	28,607,890
GARY PEART	24,566,665
VDWSD LTD	19,990,000
THE MAYBERRY FOUNDATION LTD	11,874,243
CHRISTINE WONG	8,103,167
VMWEALTH EQUITY FUND	6,699,799
MAYBERRY INVESTMENTS LTD. PENSION SCHEME	6,471,590

Connected Persons

Apex Pharmacy	3,568,916
A+ Plus Medical Centre	500,000
Mayberry Managed Client Account	3,513,817
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 2018

<u>Directors</u>	<u>Shareholdings</u>	<u>Connected Persons</u>
Christopher Berry	-	481,053,922
Konrad Berry**	437,377,507	32,316,053
Gary Peart**	25,443,191	22,549,797
Erwin Angus	1,000,000	2,507,886
Gladstone Lewars **	1,431,500	
Tania Waldron-Gooden **	166,666	
Benito Palomino	2,283,105	
David McBean**	1,446,521	
<u>Managers</u>		
Kayree Berry-Teape**	2,727,416	31,080
Dianne Tomlinson-Smith	20,000	
Andrea HoSang**	1,365,357	
Kristen Raymore-Reynolds	100,000	
Dan Theo	2,040	
Damian Whyllie	129,724	

** Includes holdings in joint accounts

