



REVISED

# Q1 2020

UNAUDITED FINANCIAL RESULTS



# CHIEF EXECUTIVE OFFICER'S COMMENTARY ON FINANCIAL RESULTS

FOR THE FIRST QUARTER ENDED 31 MARCH 2020.

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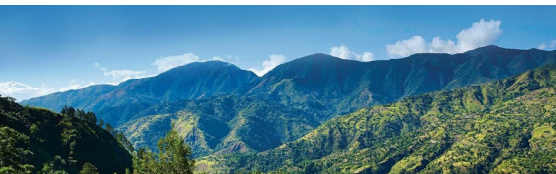
**On behalf of the Board of Directors of Mayberry Group, I am pleased to present its Unaudited 1<sup>st</sup> Quarter 2020 financial results for the months January to March 2020.**

## **Operating Environment**

The Jamaica Stock Exchange (JSE) Main Market closed March 2020 at 379,242 points when compared to year-to-date March 2019 at 388,277 points, a 2.3% decline. Local and global stock markets were impacted negatively in the last month of the quarter since the outbreak of the Novel Coronavirus (COVID-19), which was declared a global pandemic by the World Health Organization on March 9, 2020. The JSE Junior Market reported similar downward trends and closed March 2020 at 2,304 points when compared to 3,092 points for March 2019, a 25.4% decline.

Jamaica's 12-month point to point inflation moved to 4.8% as at March 2020 and remained in the 4% to 6% inflation target range projected by the Bank of Jamaica (BOJ). The Government of Jamaica maintained its accommodative monetary policy position and the policy interest rate was held at 0.5% per annum at the end of March 2020. The low interest rate policy is one monetary tool the BOJ has implemented to support its position for a faster expansion of credit to the private sector.

The Jamaican dollar on average depreciated during the quarter reaching a selling rate of J\$135.39 to 1 USD up from \$133.11, at the beginning of the quarter. Further, the Net International Reserves closed at US\$3.2 billion which can support approximately 23.2 estimated weeks of imports of goods and services.





The unemployment rate was 7.3% to date at January 31, 2020 but the economic impact of COVID-19 continues to evolve and the labour market could be significantly affected. The Government of Jamaica and the BOJ have implemented initial measures to facilitate the smooth functioning of the local financial market during this crisis.

## Performance for the 1<sup>st</sup> Quarter ended March 31, 2020

SUMMARY OF CHANGES ON THE STATEMENT OF COMPREHENSIVE INCOME				
Description	Quarter ended 31 Mar 2020 (\$'000)	Quarter ended 31 Mar 2019 (\$'000)	Change (\$'000)	% Change
Net Interest Income and Other Revenues	(\$891,352)	242,240	(1,133,592)	-468.0%
Operating Expenses	\$366,597	394,219	27,621	7.0%
Profit / (Loss) before Taxation	(\$1,257,949)	(151,979)	(1,105,970)	-727.7%
Net Profit / (Loss)	(\$1,283,362)	(196,736)	(1,086,627)	-552.3%
Net Profit / (Loss) Attributable to Shareholders	(\$970,870)	(157,293)	(813,577)	-517.2%
Other Comprehensive Income	(\$6,207,818)	4,518,789	(10,726,607)	-237.4%
Total Comprehensive Income	(\$7,491,180)	4,322,054	(11,813,234)	-273.3%
Earnings Per Share (EPS)	-\$0.81	-\$0.13	-\$0.68	-517.2%

Mayberry Group recorded a loss of \$1.3 billion for the quarter when compared to a loss of \$196.7 million for Q1 2019. This was attributable to downward price movements on equities and bonds and lower trading gains, partially resulting from the impact of the Novel Coronavirus (COVID-19) on the local and global financial markets in the first financial quarter of 2020. Consequently, this resulted in a Loss per share (EPS) of (\$0.81) compared to a Loss per share of (\$0.13) for Q1 2019.

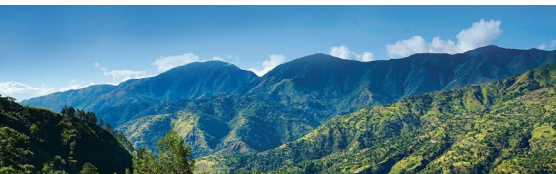


**Notably, revenue lines that experienced growth during the quarter were as follows: -**

- Fees and commission income of \$129.7 million were higher by 23.8% over the corresponding period in 2019, primarily due to the following:
  - » Equity commission was higher by \$6.2 million; increased IPO Selling fees of \$26.6 million and improved Corporate Advisory fees of \$6 million. In addition, MIL US\$ Portfolio Corporate Note grew by \$2.6 million and Loan processing fees increased by \$7.8 million.
- Net Trading gains of \$19.9 million were earned on the equity and bond portfolio when compared to Net trading losses of \$48 million for Q1 2019;
- Net Foreign exchange gains of \$68.6 million in Q1 2020 increased by \$17 million or 33% due mainly to higher spreads, compared to \$51.5 million in the corresponding quarter in 2019.

**Conversely, the following revenues declined:**

- Interest Income of \$147.9 million in Q1 2020, earned from interest on Repurchase agreements and Bond portfolio, was lower by \$22.8 million, compared to \$170.7 million in the corresponding quarter in 2019;
- Dividend income of \$8.8 million declined by \$72.7 million or 89%, quarter over quarter. The holdings in Honey Bun (1982) Limited, Jamaica Money Market Brokers Group Limited, Jamaica Teas Limited, Scotia Group Jamaica Limited and Main Event Entertainment Group Limited led to the dividends earned for this period under review;
- Unrealized loss on investment revaluation of J\$1.1 billion million resulted from the revaluation of all equities classified as fair value through Profit or Loss (FVPL), on the subsidiary company, Mayberry Jamaican Equities Limited (MJE).



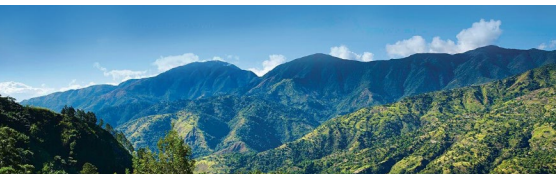


Total comprehensive loss for Q1 of 2020 amounted to (\$7.5 billion), compared to a profit of \$4.3 billion for the corresponding quarter of 2019. This was attributable to a decrease in financial reserves, following price reductions for stocks held in the current equity portfolio.

Operating expenses for Q1 2020 decreased by \$27.6 million, moving from \$394.2 million in Q1 2019 to \$366.6 million in the current period under review. Costs were contained in the following areas: Management and Incentive fees decreased by \$94 million, Public Relations expenses were reduced by \$3.6 million, Repairs and Maintenance expenses decreased by \$2.5 million, Motor Vehicle Lease Expenses fell by \$4.6 million and Directors' Travelling expenses were reduced by \$1.1 million. These savings were offset by higher expenditure in core support areas of the business such as: Computer Licensing by \$9 million, Office Rental by \$2.3 million, Legal and Professional fees by \$9.4 million, Property Taxes by \$5.8 million and Directors' fees increased by \$1.9 million.

## Subsidiary Highlights

MJE, a 72% owned subsidiary, continues to invest in key Jamaican stocks. The company purchased 288 million stock units for the first quarter of 2020 and sold 30 million stock units, making MJE a net purchaser of stocks for this period. The company will continue to enhance and diversify its portfolio to deliver sustainable growth in the long-term.





## Summary of Financial Position

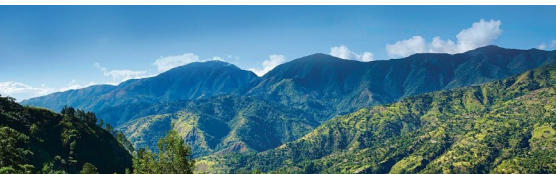
SUMMARY OF CHANGES ON THE STATEMENT OF FINANCIAL POSITION				
Description	Quarter ended 31 Mar 2020 (\$'000)	Quarter ended 31 Mar 2019 (\$'000)	Change (\$'000)	% Change
Total Assets	30,421,753	33,105,375	(2,683,621)	-8.1%
Total Liabilities	18,129,664	14,808,514	(3,321,150)	-22.4%
Equity Attributable to Shareholders of Parent	9,642,759	14,164,720	(4,521,960)	-31.9%
Total Equity	12,292,090	18,296,861	(6,004,771)	-32.8%
Net Book Value Per Share	\$8.03	\$11.79	-\$3.76	-31.9%

### Assets & Liabilities

Total Assets for Q1 2020 amounted to \$30.4 billion compared to \$33.1 billion for the corresponding period ended 31 March 2019. The decline in asset balances was primarily due to a reduction in investment securities in quoted equities of \$6.9 billion. This position was offset by increases in Cash resources of \$1.8 billion, Promissory Notes of \$468.1 million, and Loans and Other Receivables of \$2.4 billion.

This was coupled with increases in Other Assets, Property, Plant and Equipment, Right of use Assets and Intangible Assets.

Total Liabilities stood at \$18.1 billion, a \$3.3 billion or 22.4% increase over the prior corresponding period. For the period, Accounts Payables moved by \$3.7 billion to reach \$5.3 billion due mainly to an increase in client balances. Securities sold under repurchase agreements closed the period at \$4 billion compared to \$4.9 billion for the corresponding quarter, due to a reduction in the portfolio. Bank Overdraft, Loans and Deferred Taxation were higher by \$125 million, \$188 million and \$128 million, respectively, when compared to prior year (PY) 2019.



## Shareholders' Equity

Mayberry Group's Equity attributable to the shareholders of the parent company was unfavourably impacted by a 67.6% reduction in fair value measurements and other reserves to reach \$9.6 billion. Fair value reserves closed at \$2.6 billion, down from \$8.2 billion for the corresponding quarter in PY.

This position was countered by improved Retained earnings of \$5.3 billion for Q1 March 2020, up from \$4.3 billion in the corresponding period.

## Capital Adequacy

	Mayberry's Achievement	FSC Requirement
Capital to Total Assets	23%	6%
Capital Base to Risk Weighted Assets	16%	10%
Capital Base to Tier 1 Capital	99%	50%

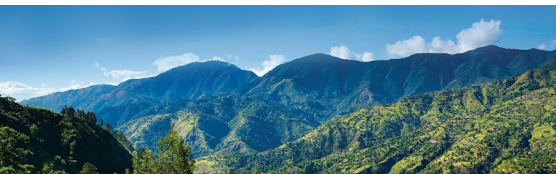
Our capital base continues to be robust and compliant with our regulatory benchmarks. Our capital to risk weighted assets ratio of 16.3% complies with the established minimum of 10% set by the Financial Services Commission (FSC).

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 and urge all to keep safe during this difficult period.



Gary Peart  
Chief Executive Officer



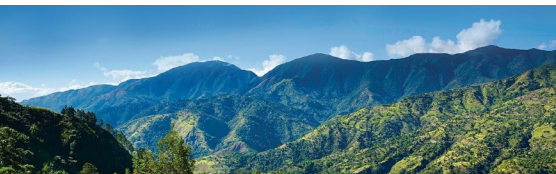


**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
FOR THE 3 MONTHS ENDED 31 MARCH 2020

	UNAUDITED	UNAUDITED	AUDITED
	3 Months ended 31 Mar 2020	3 Months ended 31 Mar 2019	12 Months ended 31 Dec 2019
	\$'000	\$'000	\$'000
<b>Net Interest Income and Other Revenues</b>			
Interest income	147,873	170,682	790,788
Interest expense	(137,058)	(155,437)	(621,183)
Net Interest income	<b>10,815</b>	<b>15,244</b>	<b>169,605</b>
Fees and Commission Income	129,732	104,813	735,053
Dividend Income	8,754	81,441	380,057
Net Trading Gains / (Losses)	19,931	(47,964)	65,815
Net Foreign Exchange Gains / (Losses)	68,582	51,544	292,640
Unrealised gain/(loss) on investment revaluation	(1,131,233)	33,865	889,955
Other income	2,068	3,296	8,908
	<b>(891,352)</b>	<b>242,240</b>	<b>2,542,033</b>
<b>Operating Expenses</b>			
Salaries, statutory contributions and staff costs	170,951	131,831	660,814
Provision for credit losses	7,500	7,500	48,249
Depreciation and amortization	16,088	5,285	48,371
Other operating expenses	172,058	249,602	1,137,476
	<b>366,597</b>	<b>394,219</b>	<b>1,894,910</b>
<b>Share of Profit in Associates</b>			
Gain in disposal of associate holdings	-	-	-
<b>Operating profit / (loss) before asset tax</b>	<b>(1,257,949)</b>	<b>(151,979)</b>	<b>647,123</b>
Asset tax	37,221	37,378	-
<b>Profit / (Loss) before taxation</b>	<b>(1,295,171)</b>	<b>(189,357)</b>	<b>647,123</b>
Taxation (charge) / credit	11,808	(7,379)	(1,259)
<b>NET PROFIT / (LOSS) FOR THE PERIOD</b>	<b>(1,283,362)</b>	<b>(196,736)</b>	<b>645,864</b>
<b>Net Profit/(Loss) Attributable to:</b>			
- Mayberry Investments Ltd.	<b>(970,870)</b>	<b>(157,293)</b>	<b>709,584</b>
- Non-controlling Interests	<b>(312,492)</b>	<b>(39,443)</b>	<b>(63,720)</b>
	\$	\$	\$
<b>EARNINGS PER STOCK UNIT</b>	<b>(0.81)</b>	<b>(0.13)</b>	<b>0.59</b>

**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 2019







**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2020**

	(UNAUDITED) MARCH 2020 \$'000	(UNAUDITED) MARCH 2019 \$'000	(AUDITED) DECEMBER 2019 \$'000	CHANGE \$	CHANGE %
<b>ASSETS:</b>					
Cash resources	2,871,044	1,032,181	1,596,889	1,274,155	79.79%
Investment securities	19,177,354	26,039,883	25,616,876	(6,439,522)	(25.14%)
Reverse repurchase agreements	2,817,500	3,297,524	3,483,713	(666,213)	(19.12%)
Promissory notes	1,792,982	1,324,848	1,812,878	(19,896)	(1.10%)
Interest receivable	48,013	153,528	100,671	(52,658)	(52.31%)
Loans and other receivables	2,629,553	252,092	3,230,632	(601,079)	(18.61%)
Taxation recoverable	2,228	-	-	2,228	0.00%
Deferred taxation	-	800	-	-	0.00%
Other Assets	756,856	66,974	743,142	13,714	1.85%
Investment property	-	793,575	-	-	0.00%
Investment in Subsidiary- MWI & Widebase	1,332	-	-	1,332	0.00%
Property, plant and equipment	140,746	109,225	145,365	(4,619)	(3.18%)
Right of use asset	128,373	-	133,459	(5,086)	-3.81%
Intangible asset	55,774	34,744	58,103	(2,329)	-4.01%
<b>TOTAL ASSETS</b>	<b>30,421,753</b>	<b>33,105,375</b>	<b>36,921,728</b>	<b>(6,499,975)</b>	<b>(17.60%)</b>
<b>LIABILITIES AND EQUITY:</b>					
<b>LIABILITIES :</b>					
Bank overdraft	621,011	495,961	329,875	(291,136)	(88.26%)
Securities sold under repurchase agreements	3,956,466	4,946,196	4,219,424	262,958	6.23%
Interest payable	206,954	199,588	211,327	4,373	2.07%
Due to Related Party	15,455	-	-	(15,455)	0.00%
Loans	7,675,926	7,487,925	7,183,970	(491,956)	(6.85%)
Accounts payable	5,282,250	1,578,295	4,298,677	(983,573)	(22.88%)
Lease Liability	143,054	-	140,236	(2,818)	(2.01%)
Deferred taxation	228,548	100,549	304,511	75,963	24.95%
Taxation Payable	-	-	4,960	4,960	100.00%
<b>TOTAL LIABILITIES</b>	<b>18,129,664</b>	<b>14,808,514</b>	<b>16,692,980</b>	<b>(1,436,684)</b>	<b>(8.61%)</b>
<b>STOCKHOLDERS' EQUITY</b>					
Ordinary Share capital	1,582,382	1,582,382	1,582,381	1	0.00%
Fair value and other reserves	2,648,632	8,183,987	7,415,719	(4,767,087)	(64.28%)
Capital Redemption Reserve	51,343	51,343	51,343	0	0.00%
Other reserves	26,596	26,596	26,596	-	0.00%
Retained earnings	5,333,806	4,320,412	6,372,032	(1,038,226)	(16.29%)
<b>Equity Attributable to the Shareholders of the Parent</b>	<b>9,642,759</b>	<b>14,164,720</b>	<b>15,448,071</b>	<b>(5,805,312)</b>	<b>(37.58%)</b>
<b>Non-Controlling Interests</b>	<b>2,649,330</b>	<b>4,132,141</b>	<b>4,780,677</b>	<b>(2,131,347)</b>	<b>(44.58%)</b>
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>12,292,090</b>	<b>18,296,861</b>	<b>20,228,748</b>	<b>(7,936,658)</b>	<b>(39.23%)</b>
<b>TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES</b>	<b>30,421,754</b>	<b>33,105,375</b>	<b>36,921,728</b>	<b>(6,499,974)</b>	<b>(17.60%)</b>

Net Book Value per Stock Unit : 2019 \$8.03      2018 \$11.79      2018 \$12.86

Approved by the Board of Directors for issue on April 30, 2020 and signed on its behalf by:

\_\_\_\_\_  
Christopher Berry  
Chairman

\_\_\_\_\_  
Gary Peart  
Chief Executive Officer/Director



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE 3 MONTHS ENDED 31 MARCH 2020

	UNAUDITED	UNAUDITED	AUDITED
	3 Months ended 31 Mar 2020	3 Months ended 31 Mar 2019	12 Months ended 31 Dec 2019
	\$'000	\$'000	\$'000
<b>Net Profit / (Loss) for the period</b>	(1,283,362)	(196,735)	645,864
<b>Other Comprehensive Income Net of Taxation:</b>			
Items that will not be reclassified to profit or loss			
Net Unrealised gains/ (losses) on financial instruments - FVOCI	(6,207,818)	4,518,789	5,169,838
<b>Total Comprehensive Income for the Period</b>	<b>(7,491,180)</b>	<b>4,322,054</b>	<b>5,815,702</b>
<b>Total Comprehensive Income Attributable to:</b>			
- Stockholders of the parent	(5,493,066)	3,309,994	4,733,691
- Non-controlling Interest	(1,998,114)	1,012,060	1,082,011



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE 3 MONTHS ENDED 31 MARCH 2020

	Share Capital	Share Premium	Fair Value Reserves	Other Reserves	Retained Earnings	Non-Controlling Interests	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Balance at 1 January 2019</b>	120,115	1,462,266	4,805,059	77,939	4,389,461	3,119,965	13,974,806
Realised (losses) on fair value instruments transferred to retained earnings			(89,275)		89,275		-
Ordinary dividends paid							-
Change in ownership interest in subsidiary			(1,050,585)		38,410	1,012,176	1
Net Profit / (Loss)					(196,736)		(196,736)
Other comprehensive income	-	-	4,518,787				4,518,787
<b>Balance at 31 March 2019</b>	<b>120,115</b>	<b>1,462,266</b>	<b>8,183,986</b>	<b>77,939</b>	<b>4,320,412</b>	<b>4,132,141</b>	<b>18,296,858</b>
<b>Balance at 1 January 2020</b>	<b>120,115</b>	<b>1,462,266</b>	<b>7,415,719</b>	<b>77,939</b>	<b>6,372,032</b>	<b>4,780,677</b>	<b>20,228,748</b>
Realised (losses) on fair value instruments transferred to retained earnings			(340,124)		340,124		-
Ordinary dividends paid							-
<b>Net Profit</b>					(970,870)	(312,493)	<b>(1,283,362)</b>
Other comprehensive income	-		(4,522,197)			(1,685,621)	<b>(6,207,818)</b>
Change in ownership interest in subsidiary			95,235		(407,480)	(133,233)	<b>(445,478)</b>
<b>Balance at March 31, 2020</b>	<b>120,115</b>	<b>1,462,266</b>	<b>2,648,632</b>	<b>77,939</b>	<b>5,333,807</b>	<b>2,649,330</b>	<b>12,292,089</b>



**CONSOLIDATED STATEMENT OF CASH FLOWS**  
FOR THE 3 MONTHS ENDED 31 MARCH 2020

	Unaudited 3 Months ended 31 Mar 2020 \$'000	Unaudited 3 Months ended 31 Mar 2019 \$'000	Audited ended 31 Dec 2019 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit / (loss) before taxation	(1,295,171)	(189,357)	647,123
<b>Adjustments to reconcile profit to net cash used in operating activities:</b>			
Provision for credit losses	7,500	7,500	48,249
Depreciation and amortization	16,088	5,285	48,371
Interest Income	(147,873)	(178,466)	(790,788)
Interest Expense	136,988	155,391	621,183
Interest Expense - right of use	5,087	-	10,978
Unrealised (gain) / loss on investment revaluation	1,131,233	(33,865)	(889,955)
Realized fair value losses transferred to retained earnings - IFRS 9	340,124	89,275	1,517,668
Unrealised foreign exchange gain	8,581	51,607	174,489
Income tax (charge)/credit	11,808	(7,379)	(1,259)
<b>Adjusted Profit/(Loss)</b>	<b>214,366</b>	<b>(100,008)</b>	<b>1,386,059</b>
<b>Changes in operating assets and liabilities:</b>			
Loans and other receivables	587,364	3,876,328	1,015,196
Investments	(1,693,712)	(1,037,109)	99,808
Promissory notes	12,397	154,309	(374,471)
Taxation Recoverable	(2,228)	1,641	2,441
Securities purchased under resale agreements	666,213	(1,550,362)	(1,736,551)
Accounts payable	920,923	(3,296,092)	(366,802)
Securities sold under resale agreement	(262,958)	984,798	258,026
Loans	491,955	285,320	(18,634)
<b>Cash used in Operating Activities</b>	<b>934,320</b>	<b>(681,174)</b>	<b>265,072</b>
Interest received	200,532	102,118	767,296
Interest paid	(141,361)	(157,459)	(611,512)
<b>Net cash provided by/(used in) operating activities</b>	<b>993,491</b>	<b>(736,515)</b>	<b>420,856</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Additions to property, plant and equipment	(11,469)	(1,889)	(59,661)
Purchase of intangible asset	2,328	-	(27,596)
Investment in subsidiary	(1,331)	-	-
<b>Net cash used in investing activities</b>	<b>(10,472)</b>	<b>(1,889)</b>	<b>(87,257)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Ordinary dividend payment	-	-	(319,806)
Lease payment	-	-	(21,405)
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>-</b>	<b>(341,211)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>983,019</b>	<b>(738,404)</b>	<b>(7,612)</b>
Effects of exchange rate changes on cash and cash equivalents	-	-	-
<b>Cash and cash equivalents at beginning of the period</b>	<b>1,267,014</b>	<b>1,274,626</b>	<b>1,274,626</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>2,250,033</b>	<b>536,222</b>	<b>1,267,014</b>



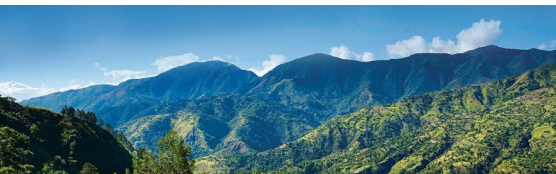
## TOP TEN SHAREHOLDERS AND CONNECTED PERSONS

31 MARCH 2020

<b><u>Name</u></b>	<b>Shareholdings</b>
PWL BAMBOO HOLDINGS LIMITED	473,656,950
KONRAD BERRY	437,377,507
MAYBERRY EMPLOYEE SHARE SCHEME	35,978,667
VDWSD LTD	29,990,000
KONRAD LIMITED	28,607,890
GARY PEART	24,740,915
THE MAYBERRY FOUNDATION LTD	11,874,243
CHRISTINE WONG	8,103,167
MAYBERRY INVESTMENTS LTD. PENSION SCHEME	6,481,590
SAGICOR SELECT FUNDS LIMITED - CLASS B - FINANCIAL	5,206,681

### **Connected Persons**

Apex Pharmacy	3,568,916
Mayberry Managed Clients Account	3,349,394
Mayberry Investment Limited Retirement Scheme	1,000,000
Doris Berry	732,262
A+ Plus Medical Centre	500,000
Mayberry Staff Investment Club	115,772
Est. Maurice Berry	10





## SHAREHOLDINGS OF DIRECTORS AND SENIOR MANAGEMENT

31 MARCH 2020

<b><u>Directors</u></b>	<b><u>Shareholdings</u></b>	<b><u>Connected Persons</u></b>
Christopher Berry	-	481,488,650
Konrad Berry**	437,377,507	28,624,650
Gary Peart**	24,740,915	30,817,356
Erwin Angus	1,000,000	2,000,000
Gladstone Lewars **	1,431,500	
Tania Waldron-Gooden **	1,300,882	
Alok Jain	2,010,372	
<b><u>Managers</u></b>		
Kayree Berry-Teape**	2,860,749	31,080
Dianne Tomlinson-Smith	20,000	
Andrea HoSang**	1,498,600	
Kristen Raymore-Reynolds	100,000	
Dan H. Theoc	2,040	
Damian Whyllie	129,724	
Karen Mitchell	133,333	

\*\* Includes holdings in joint accounts

