

Q2 2020

UNAUDITED FINANCIAL RESULTS



CHIEF EXECUTIVE OFFICER'S COMMENTARY ON FINANCIAL RESULTS

FOR THE SECOND QUARTER ENDED 30 JUNE 2020.

Results for the Unaudited 2ND Quarter for the months April to June 2020.

Operating Environment

For the second quarter June 2020, the JSE Main Market Index advanced to 383,755 points compared to a close of 379,242 points for the first quarter of 2020. The JSE Junior Market reported similar improved trends and closed Q2 June 2020 at 2,592 points when compared to a close of 2,404 points for the first quarter of 2020. With this initial rebound of prices in the equities market, Mayberry Group posted an improved Total comprehensive income of J\$654 million for the second quarter (Q2) June 2020 compared to a Total comprehensive loss in the first quarter of 2020.

Jamaica's calendar year to date May inflation rate was 1.7%. On June 29, 2020, the Government of Jamaica maintained its accommodative monetary policy position holding the policy interest rate at 0.5% per annum. The low interest rate policy is one monetary tool the Bank of Jamaica (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 an average selling rate of J\$141.01 to 1 USD up from \$135.66, at the beginning of the quarter. Further, the Net International Reserves closed at US\$2.94 billion which can support approximately 38.2 estimated weeks of imports of goods and services.

The unemployment rate which was at 7.3% as at 31 January 2020 is expected to increase significantly following the economic impact of the Novel Coronavirus (COVID-19). The Government of Jamaica received approval from the Executive Board of the International Money Fund (IMF) for access to the Fund's Rapid Financing Instrument valued at approximately US\$520 million, the maximum under the facility. It is expected that this effort will augment the country's foreign





exchange reserve and in addition meet the balance of payment challenges resulting from the financial impact of the global pandemic. The Government of Jamaica and the BOJ have already implemented initial measures to facilitate the smooth functioning of the local financial market during this crisis.

Performance for the 2nd Quarter ended June 30, 2020

SUMMARY OF CHANGES ON THE STATEMENT OF COMPREHENSIVE INCOME				
Description	Quarter ended 30 June 2020 (\$'000)	Quarter ended 30 June 2019 (\$'000)	Change (\$'000)	% Change
Net Interest Income and Other Revenues	\$359,703	\$773,634	(\$413,931)	-53.5%
Operating Expenses	\$352,465	\$482,095	\$129,630	26.9%
Profit before Taxation	\$7,239	\$291,539	(\$284,300)	-97.5%
Net Profit	(\$3,955)	\$293,906	(\$297,861)	-101.3%
Net Profit Attributable to Shareholders	\$8,863	\$264,319	(\$255,456)	-96.6%
Other Comprehensive Income	\$658,316	\$1,411,629	(\$753,314)	-53.4%
Total Comprehensive Income	\$654,361	\$1,705,535	(\$1,051,174)	-61.6%
Earnings Per Share(EPS)	\$0.01	\$0.22	(\$0.21)	-96.6%

Mayberry Group recorded a loss of \$3.9 million for the quarter when compared to a profit of \$293.9 million for Q2 2019. This was attributable to reduced fees and commissions, lower foreign exchange gains and unrealized loss on investment securities resulting from downward price movements on equities. Net Profit attributable to shareholders was \$8.9 million for Q2 2020, compared to \$264.3 million in the prior year corresponding quarter, resulting in an Earnings per share (EPS) of \$0.01 compared to an EPS of \$0.22 for Q2 2019. The global and local financial markets have experience three full of months of the negative impact of the Novel Coronavirus (COVID-19), and as the impact continues to evolve, the organization will continue to assess the financial landscape.





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

- Dividend income of \$249.4 million increased by \$145.9 million or 141%, Q2 2020 over Q2 2019. The holdings mainly in Supreme Ventures Limited and Jamaica Broilers Group Limited led to the dividends earned for this period under review;
- Overall Net Trading losses were lower by \$59.8 million as lower unrealized loss on investments were recorded when compared to overall Net trading losses of \$106.9 million for Q2 2019;

Conversely, the following revenues declined:

- Interest Income of \$193.3 million in Q2 2020, earned from interest on Repurchase agreements and Bond portfolio, was lower by \$47 million, compared to \$240.4 million in the corresponding quarter in 2019;
- Fees and commission income of \$115.1 million were lower by 57.7% over the corresponding period in 2019, primarily due to the following:
 - » Equity commission decreased by \$25 million; Selling fees debt was lower by \$12.3 million and IPO Selling fees income did not materialize for the quarter due to delayed projects in the pipeline. Other revenues under this category that provided a positive offset were namely, Corporate Advisory fees of \$46.7 million which improved by \$6.4 million, MIL US\$ Portfolio Corporate Note grew by \$2.9 million and Loan processing fees increased by \$3.1 million.
- Net Foreign exchange gains of \$45.6 million in Q2 2020 decreased by \$106.7 million due mainly to realized and unrealized foreign exchange losses booked during the quarter, despite higher spreads from the Cambio business which recorded revenues of \$96 million, \$8.3 million higher than the corresponding quarter in 2019.
- Unrealized loss on investment revaluation of J\$62.8 million resulted mainly 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 income for Q2 of 2020 amounted to \$654.4 million, compared to \$1.7 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. Resulting from an initial price rebound in the equities market, Mayberry Group recorded an improved position for Total comprehensive income for Q2 2020 compared to Total comprehensive losses booked for Q1 2020.

Operating expenses for Q2 2020 decreased by \$129.6 million, moving from \$482.1 million in Q2 2019 to \$352.5 million in the current period under review. Costs for Management and Incentive fees were reduced by \$135.5 million. This saving was offset by higher expenditure in core support areas of the business namely Computer Expense Others, which was higher by \$11 million.

Subsidiary Highlights

A dividend payout of \$72 million was done on Friday, June 26, 2020, to all shareholders of Mayberry Jamaican Equities (MJE) on record as at May 12, 2020.

MJE was a net purchaser of stocks for Q2 June 2020 with 43.3 million units as it continues to invest in key Jamaican stocks 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 30 June 2020 (\$'000)	Quarter ended 30 June 2019 (\$'000)	Change (\$'000)	% Change
Total Assets	\$27,868,727	\$41,621,012	(\$13,752,284)	-33.0%
Total Liabilities	\$15,095,549	\$21,634,976	\$6,539,427	30.2%
Equity Attributable to Shareholders of Parent	\$9,410,808	\$15,634,630	(\$6,223,823)	-39.8%
Total Equity	\$12,773,179	\$19,986,035	(\$7,212,857)	-36.1%
Net Book Value Per Share	\$7.83	\$13.02	(\$5.18)	-39.8%

Assets & Liabilities

Total Assets for Q2 2020 amounted to \$27.9 billion compared to \$41.6 billion for the corresponding period ended 30 June 2019. The decline in asset balances was primarily due to a reduction in investment securities in quoted equities of \$11 billion and Reverse Repurchase agreements of \$2.5 billion. In addition, Cash resources were lower by \$511 million, Loans and Other Receivables declined by \$861.3 million and Deferred Taxation was lower by \$67 million. This position was offset by increases in Promissory Notes of \$1.1 billion, Other Assets of \$39.2 million and Right of use Assets of \$123.3 million. This was coupled with increases in Intangible Assets.

Total Liabilities stood at \$15.1 billion, a \$6.5 billion or 30.2% decrease over the prior corresponding period. For the period, Accounts Payables moved by \$5.4 billion to reach \$4.2 billion due mainly to a decrease in client balances. Securities sold under repurchase agreements closed the period at \$3.2 billion compared to \$4.5 billion for the corresponding quarter, due to a reduction in the portfolio. In addition, Bank Overdraft was lower \$225 million. This position was offset by higher Deferred Taxation of \$136.7 million, Lease Liability increased by \$145.8 million and Loans was higher by \$99.1 million when compared to prior year 2019.





Shareholders' Equity

Mayberry Group's capital base remained strong to close Total Shareholders' Equity at \$12.8 billion at the end of June 30, 2020. The year over year reduction of \$7.2 billion was driven by a decrease in Fair Value reserves. This position was countered by improved Retained earnings of \$5.4 billion for Q2 June 2020, up from \$4.6 billion in the corresponding period.

Capital Adequacy

Our capital base continues to be robust and compliant with our regulatory benchmarks. Our capital to risk weighted asset ratio of 17.6% improved from 16.3% for Q1 2020 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 INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2020

	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
	3 Months ended 30 June 2020	3 Months ended 30 June 2019	6 Months ended 30 June 2020	6 Months ended 30 June 2019	12 Months ended 31 Dec 2019
	\$'000	\$'000	\$'000	\$'000	\$'000
Net Interest Income and Other Revenues					
Interest income	193,340	240,382	341,213	410,049	790,788
Interest expense	(135,059)	(166,778)	(272,118)	(321,201)	(621,183)
Net Interest income	58,281	73,604	69,095	88,848	169,605
Fees and Commission Income	115,058	272,022	244,789	376,834	735,053
Dividend Income	249,362	103,496	258,116	184,937	380,057
Net Trading (Losses)/Gains	(47,135)	(106,974)	(27,205)	(63,941)	65,815
Net Foreign Exchange Gain	45,626	152,326	114,208	203,870	292,640
Unrealised gain on investment revaluation	(62,768)	277,199	(1,194,001)	220,067	889,955
Other income	1,281	1,962	3,349	5,258	8,908
	359,703	773,634	(531,649)	1,015,874	2,542,032
Operating Expenses					
Salaries, statutory contributions and staff costs	156,248	163,537	327,199	295,368	660,814
Provision for credit losses	7,500	7,500	15,000	15,000	48,249
Depreciation and amortization	15,973	12,613	32,061	17,898	48,371
Other operating expenses	172,744	298,445	344,802	548,047	1,137,476
	352,465	482,095	719,062	876,313	1,894,910
Share of Profit in Associates					
Gain in disposal of associate holdings	-	-	-	-	-
Operating profit before asset tax	7,239	291,539	(1,250,711)	139,561	647,121
Asset tax	-	15	37,221	37,393	-
Profit before taxation	7,239	291,524	(1,287,932)	102,167	647,121
Taxation charge/(credit)	11,194	(2,382)	615	4,997	(1,259)
NET PROFIT	(3,955)	293,906	(1,287,317)	97,171	645,863
<i>Net Profit Attributable to:</i>					
- Mayberry Investments Ltd.	8,863	264,319	(962,007)	107,026	709,584
- Non Controlling Interests	(12,818)	29,587	(325,311)	(9,856)	(63,720)
OTHER COMPREHENSIVE INCOME					
Financial Reserve	658,316	1,411,629	(5,549,502)	5,932,150	5,169,838
Other Comprehensive Income(Net of Tax):	658,316	1,411,629	(5,549,502)	5,932,150	5,169,838
TOTAL COMPREHENSIVE INCOME	654,361	1,705,535	(6,836,820)	6,029,321	5,815,701
Number of shares in issue	1,201,149	1,201,149	1,201,149	1,201,149	1,201,149
Earnings per share	\$0.01	\$0.22	-\$0.80	\$0.09	\$0.59

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 JUNE 30, 2020

	(UNAUDITED) JUNE 2020 \$'000	(UNAUDITED) JUNE 2019 \$'000	(AUDITED) DECEMBER 2019 \$'000	JUNE 2020 VS DECEMBER 2019 CHANGE \$	JUNE 2020 VS DECEMBER 2019 CHANGE %
ASSETS:					
Cash resources	1,635,368	2,146,284	1,596,889	38,479	2.41%
Investment securities	17,358,756	28,366,890	25,616,876	(8,258,120)	(32.24%)
Reverse repurchase agreements	2,819,713	5,294,848	3,483,713	(664,000)	(19.06%)
Promissory notes	2,080,195	994,885	1,812,878	267,317	14.75%
Interest receivable	47,893	118,384	100,671	(52,778)	(52.43%)
Loans and other receivables	2,860,965	3,722,292	3,230,631	(369,666)	(11.44%)
Taxation recoverable	2,277	2,507	-	2,277	0.00%
Deferred taxation	-	66,974	-	-	0.00%
Other Assets	750,931	711,666	743,142	7,789	1.05%
Property, plant and equipment	132,327	161,538	145,365	(13,038)	(8.97%)
Right of use asset	123,286	-	133,459	-10173.07868	-7.62%
Intangible asset	57,015	34,744	58,103	(1,088)	-1.87%
TOTAL ASSETS	27,868,727	41,621,012	36,921,727	(9,053,000)	(24.52%)
LIABILITIES AND EQUITY:					
LIABILITIES :					
Bank overdraft	229,495	454,432	329,875	(100,380)	(30.43%)
Securities sold under repurchase agreements	3,180,754	4,502,493	4,219,424	(1,038,670)	(24.62%)
Interest payable	216,587	207,395	211,327	5,260	2.49%
Due to Related Party	4,642	0	-	4,642	100.00%
Loans	6,891,970	6,792,906	7,183,970	(292,000)	(4.06%)
Accounts payable	4,182,324	9,570,422	4,298,677	(116,353)	(2.71%)
Lease Liability	145,754	-	140,236	5,518	3.93%
Deferred taxation	244,023	107,329	304,511	(60,488)	(19.86%)
Taxation Payable	-	-	4,960	(4,960)	(100.00%)
TOTAL LIABILITIES	15,095,549	21,634,976	16,692,980	(1,597,431)	(9.57%)
STOCKHOLDERS' EQUITY					
Ordinary Share capital	1,582,382	1,582,382	-	1,582,382	0.00%
Preference Shares	-	135	1,582,381	(1,582,381)	(100.00%)
Fair value and other reserves	2,386,748	9,336,426	7,415,719	(5,028,971)	(67.82%)
Capital Redemption Reserve	51,343	51,343	51,343	0	0.00%
Other reserves	26,596	26,596	26,596	-	0.00%
Retained earnings	5,363,739	4,637,749	6,372,032	(1,008,293)	(15.82%)
Equity Attributable to the Shareholders of the Parent	9,410,808	15,634,630	15,448,071	(6,037,263)	(39.08%)
Non-Controlling Interests	3,362,371	4,351,405	4,780,677	(1,418,306)	(29.67%)
TOTAL STOCKHOLDERS' EQUITY	12,773,179	19,986,035	20,228,748	(7,455,569)	(36.86%)
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	27,868,727	41,621,011	36,921,728	(9,053,001)	(24.52%)

	2020	2019	DEC. 2019
Net Book Value per Stock Unit :	\$7.83	\$13.02	\$12.86

Approved by the Board of Directors for issue on July 22, 2020 and signed on its behalf by:

DocuSigned by:

 Christopher Berry
 Chairman

Gary Peart
 Chief Executive Officer/Director



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2020

	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
	3 Months ended 30 June 2020	3 Months ended 30 June 2019	6 Months ended 30 June 2020	6 Months ended 30 June 2019	12 Months ended 31 Dec 2019
	\$'000	\$'000	\$'000	\$'000	\$'000
Profit for the period	(3,955)	293,906	(1,287,317)	97,171	645,863
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	658,316	1,411,629	(5,549,502)	5,932,150	5,169,838
Total Comprehensive income attributable to stockholders	654,361	1,705,535	(6,836,820)	6,029,321	5,815,701
Total Comprehensive Income Attributable to:					
- <i>Mayberry Investments Ltd.</i>	468,809	1,467,027	(5,024,258)	4,778,753	4,733,692
- <i>Non Controlling Interests</i>	185,552	238,508	(1,812,562)	1,250,568	1,082,011





CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2020

	Share Capital	Share Premium	Preference Shares	Fair Value Reserve	Other Reserve	Retained Profits	Non Controlling Interests	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 January 2019	120,115	1,462,266	135	4,804,925	77,939	4,389,461	3,119,965	13,974,806
Realised (losses) on fair value instruments transferred to retained earnings				(186,965)		186,965		-
Ordinary dividends paid						(18,092)		(18,092)
Change in ownership interest in subsidiary				(1,213,682)		(17,757)	1,231,439	-
Net Profit						97,171		97,171
Other comprehensive income				5,932,150				5,932,150
Balance at 31 June 2019	120,115	1,462,266	135	9,336,428	77,939	4,637,748	4,351,404	19,986,035
Balance at 1 January 2020	120,115	1,462,266		7,415,719	77,939	6,372,032	4,780,677	20,228,747
Realised (losses) on fair value instruments transferred to retained earnings				(150,541)		150,541		-
Ordinary dividends paid						(19,827)		(19,827)
Net Profit						(962,007)	(325,311)	(1,287,317)
Other comprehensive income				(4,062,251)			(1,487,251)	(5,549,502)
Change in ownership interest in subsidiary				(816,179)		(177,000)	394,256	(598,923)
Balance at June 30, 2020	120,115	1,462,266	-	2,386,747	77,939	5,363,739	3,362,371	12,773,177



CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2020

	Unaudited 6 Months ended 30 June 2020 \$'000	Unaudited 6 Months ended 30 June 2019 \$'000	Audited ended 31 Dec 2019 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	(1,287,932)	102,167	647,124
Adjustments to reconcile profit to net cash used in operating activities:			
Provision for credit losses	15,000	15,000	48,249
Depreciation and amortization	32,061	17,898	48,371
Interest Income	(341,213)	(418,848)	(790,788)
Interest Expense	272,000	320,987	621,183
Interest Expense - Right of use	10,173	-	10,978
Unrealised (gain) / loss on financial instruments	1,194,001	(220,067)	(889,955)
Realized fair value losses transferred to retained earnings	146,724	186,965	1,517,668
Unrealised foreign exchange gains	9,459	6,475	174,488
Income tax (charge)/credit	615	(4,997)	(1,259)
Adjusted Profit/Loss	50,887	5,582	1,386,060
Changes in operating assets and liabilities:			
Loans and other receivables	361,878	488,037	1,015,196
Investments	759,512	(1,817,111)	99,808
Promissory notes	(282,317)	476,772	(374,471)
Taxation Recoverable	(2,277)	(66)	2,441
Securities purchased under resale agreements	664,000	(3,547,685)	(1,736,551)
Due to Related Company	4,642	-	-
Accounts payable	(181,802)	4,702,814	(366,802)
Lease Liability	5,518	-	-
Securities sold under resale agreement	(1,038,670)	541,096	258,026
Loans	(292,000)	(409,698)	(18,634)
Cash used in Operating Activities	49,371	439,740	265,072
Interest received	393,991	377,643	767,296
Interest paid	(266,740)	(315,249)	(611,512)
Income tax paid	-	-	-
Net cash provided by/(used in) operating activities	176,622	502,134	420,856
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to property, plant and equipment	(19,023)	(66,815)	(59,661)
Purchase of intangible asset	1,087	-	(27,596)
Net cash used in investing activities	(17,935)	(66,815)	(87,257)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividend payment made to parent company	-	-	-
Ordinary dividend payment	(19,827)	(18,092)	(319,806)
Lease payment	-	-	(21,405)
Net cash provided by financing activities	(19,827)	(18,092)	(341,211)
Net decrease) in cash and cash equivalents	138,859	417,227	(7,612)
Effects of exchange rate changes on cash and cash equivalent			
Cash and cash equivalents at beginning of the period	1,267,014	1,274,626	1,274,626
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	1,405,873	1,691,853	1,267,014



TOP TEN SHAREHOLDERS AND CONNECTED PERSONS

30 JUNE 2020

<u>Name</u>	Shareholdings
PWL BAMBOO HOLDINGS LIMITED	473,657,950
KONRAD BERRY	430,686,104
MAYBERRY EMPLOYEE SHARE SCHEME	36,902,659
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	3,103,386
Mayberry Individual 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

30 JUNE 2020

<u>Directors</u>	<u>Shareholdings</u>	<u>Connected Persons</u>
Christopher Berry	-	481,489,650
Konrad Berry**	430,686,104	35,341,519
Gary Peart**	24,740,915	30,911,455
Erwin Angus	1,000,000	
Gladstone Lewars **	1,431,500	
Tania Waldron-Gooden **	1,300,882	
Alok Jain	2,010,372	
Walter Scott	-	
<u>Managers</u>		
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

