

# MAYBERRY JAMAICAN EQUITIES

## Q2 2019

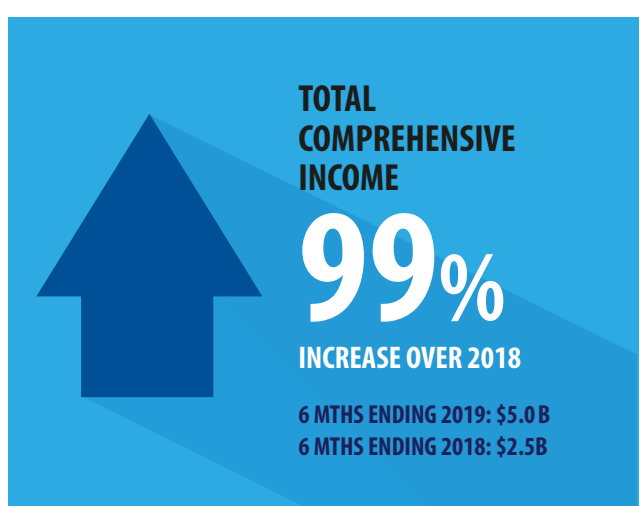
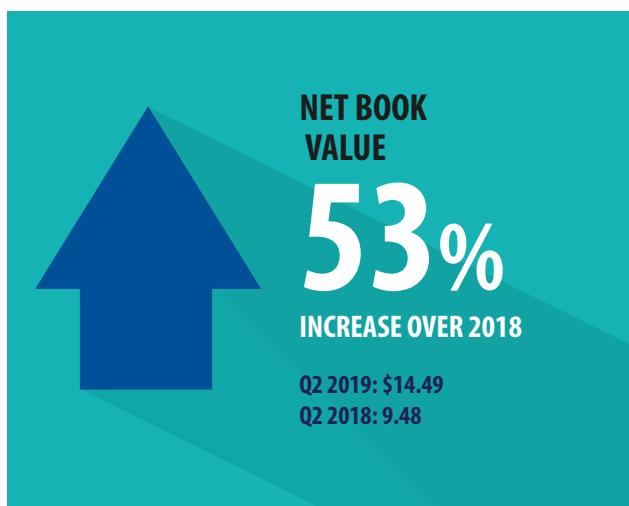
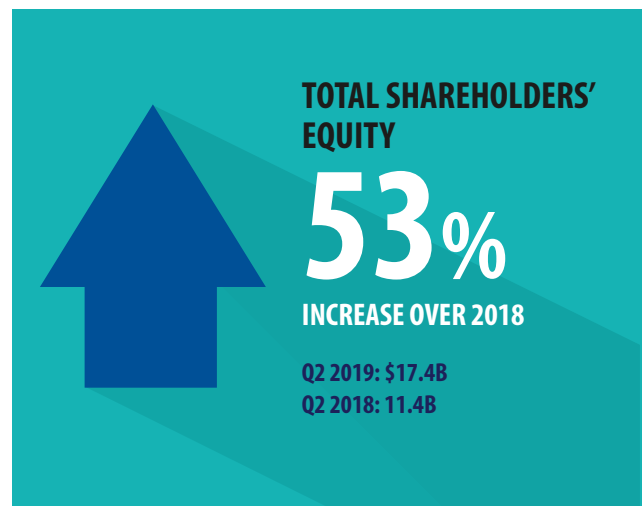
### UNAUDITED FINANCIAL RESULTS



# MANAGING DIRECTOR'S COMMENTARY ON FINANCIAL RESULTS

FOR THE SECOND QUARTER ENDED JUNE 30, 2019  
(represented in J\$)

## PERFORMANCE HIGHLIGHTS



## The Board of Directors of Mayberry Jamaican Equities Limited is pleased to share its unaudited 2nd Quarter 2019 Financial Results for the months April – June 2019.

### **INVESTMENT ENVIRONMENT**

For the second quarter ending June 2019, the BOJ policy interest rate was further reduced in this quarter from 1.25% to 0.75%. The Net International Reserves (NIR) stood at US\$3.035B for June 2019. In addition, Jamaica's annual point-to-point inflation was 4.79% at May 2019, below the BOJ mid-point target of 5%.

Year over year, the JSE Main Market Index grew by 162,160 points or 53% up from 305,736 points when compared to June 2018. The JSE Junior Market also grew by 66 points or 2% at the end of June 2019 to 3,103 points. Both markets continue to reflect increased activity bolstered by new listings. In particular, for this 2nd quarter, Wigton Windfarm Limited and iCreate Limited listed on the Main Market and Junior market, respectively.

### **NET ASSET VALUE (NAV)**

The company's Net Asset Value per share moved to J\$14.49, increasing by J\$5 or 52.8% over the corresponding period in 2018, due largely to an increase in Equity Investments of J\$6.7B. This represents a balance of J\$18.8B as at June 30, 2019, moving from J\$12.1B at the end of the 2nd quarter in 2018.

### **PAYMENT OF DIVIDENDS**

The Board of Directors of MJE convened a meeting on Tuesday, March 12, 2019 and approved an ordinary dividend of J\$0.065 per share.

The dividend of J\$76M was paid on Friday, May 3, 2019 to all shareholders on record as at March 27, 2019.





## FINANCIAL POSITION

| SUMMARY OF CHANGES ON THE STATEMENT OF FINANCIAL POSITION |  |  |                  |          |
|---|--|--|------------------|----------|
| Description   | Quarter ended 30<br>June 2019<br>(J\$'000) | Quarter ended 30<br>June 2018<br>(J\$'000) | Change (J\$'000) | % Change |
| Total Assets  | 19,934,729                                 | 12,444,198                                 | 7,490,532        | 60.2%    |
| Total Liabilities   | 2,529,111                                  | 1,062,438                                  | (1,466,673)      | -138.0%  |
| Stockholders' Equity                                      | 17,405,619                                 | 11,381,760                                 | 6,023,859        | 52.9%    |
| Net Book Value Per Share                                  | \$14.49                                    | \$9.48                                     | \$5.01           | 52.8%    |
|   |  |  |                  |          |

Mayberry Jamaican Equities' (MJE) Total Assets grew to J\$19.9B for the 2nd quarter of 2019 compared to J\$12.4B for the comparative quarter in 2018. This represents a J\$7.5B or 60.2% increase in the company's asset base, due mainly to higher market values of quoted equities, particularly, Caribbean Cement Company, Lasco Financial Services Limited, IronRock Insurance Company Limited, Jamaica Broilers Group Limited, General Accident Insurance Company Jamaica Limited, Jamaica Money Market Brokers Limited, Jamaica Stock Exchange and Supreme Ventures Limited.

For the 2nd quarter in 2019, MJE's Total Liabilities increased by J\$1.47B to J\$2.53B or 138.0% vis-à-vis the 2nd quarter in the prior year. This resulted mainly from an issuance of a Corporate Loan Note of J\$2.2B during the period, which was further offset by a reduction in Intercompany balances of J\$625.4M and Accounts Payables of J\$140.6M.



## OVERALL PERFORMANCE

| SUMMARY OF CHANGES ON THE STATEMENT OF COMPREHENSIVE INCOME |  |  |                  |          |
|---|--|--|------------------|----------|
| Description   | Quarter ended 30<br>June 2019<br>(J\$'000) | Quarter ended 30<br>June 2018<br>(J\$'000) | Change (J\$'000) | % Change |
| Net Interest Income and Other Revenues                      | 269,790                                    | 366,712                                    | (96,922)         | -26.4%   |
| Operating Expenses  | 153,824                                    | 69,714                                     | (84,109)         | -120.6%  |
| Profit before Taxation                                      | 115,966                                    | 296,998                                    | (181,032)        | -61.0%   |
| Net Profit  | 118,348                                    | 283,498                                    | (165,150)        | -58.3%   |
| Other Comprehensive Income                                  | 835,683                                    | 1,538,943                                  | (703,261)        | -45.7%   |
| Total Comprehensive Income                                  | 954,031                                    | 1,822,441                                  | (868,410)        | -47.7%   |
| Comprehensive Income per share                              | 0.79                                       | 1.52                                       | (0.72)           | -47.7%   |

Total Comprehensive Income for Q2 2019 amounted to J\$954M, compared to J\$1.8B for the corresponding quarter of 2018; a decline of J\$868.4M or 47.7%. However, for the 6-months period ending June 30, 2019, Total Comprehensive Income was J\$5B compared to J\$2.5B for period ending June 30, 2018. This gave rise to a Total Comprehensive Income per share of J\$0.79 for the 2nd quarter 2019 and J\$4.16 for the 6-month period ending June 30, 2019.

Dividend Income amounted to J\$93.15M, earned primarily from holdings in Supreme Ventures Limited, Jamaica Broilers Group, Main Event Entertainment Limited, Jamaica Stock Exchange and Lasco Manufacturing Limited.

MJE's total revenue for this quarter amounted to J\$269M, a 26% decline when compared to Q2 2018, resulting in reported profits of J\$118.4M. This resulted in Earnings per share (EPS) of J\$0.10 and was mainly due to the revaluation of the equities classified as Fair Value through Profit or Loss (FVPL).

## OPERATING EXPENSES

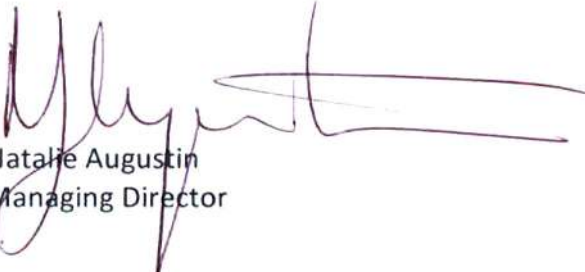
Total Operating Expenses increased by J\$84.1M or 120.6% when compared to the corresponding quarter in 2018 due to incentive and management fees for Investment management services. These were offset by savings in administrative expenses of J\$17.6M.



## **SHAREHOLDERS' EQUITY**

MJE's capital base grew significantly, by 53%, over 2nd quarter 2018, resulting from higher investment revaluation reserves, with Fair value reserves of J\$10.8B, up from J\$4.7B in the comparative period. Retained earnings decreased slightly to J\$5.1B from J\$5.2B.

Mayberry Jamaican Equities Limited takes this opportunity to thank all our shareholders, Board of Directors and friends for your support.



Natalie Augustin  
Managing Director



## STATEMENT OF PROFIT OR LOSS

FOR THE PERIOD ENDED 30 JUNE 2019


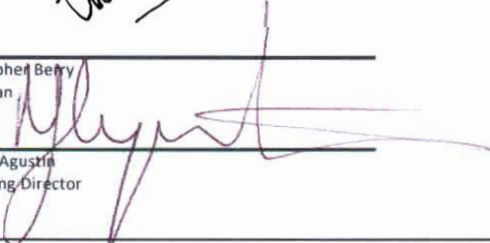
|  | UNAUDITED                      | UNAUDITED                      | UNAUDITED                      | UNAUDITED                      | AUDITED                             |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|-------------------------------------|
|  | 3 Months ended 30<br>June 2019 | 3 Months ended 30<br>June 2018 | 6 Months ended 30<br>June 2019 | 6 Months ended 30<br>June 2018 | 12 Months ended 31<br>December 2018 |
|  | J\$'000                        | J\$'000                        | J\$'000                        | J\$'000                        | J\$'000                             |
| <b>Net Interest Income and Other Revenues</b>    |                                |                                |                                |                                |                                     |
| Interest income                                  | 11,396                         | 505                            | 15,031                         | (14,825)                       | (9,406)                             |
| Interest expense                                 | (40,637)                       | (12,489)                       | (87,930)                       | (25,849)                       | (92,259)                            |
| <b>Net Interest income</b>                       | <b>(29,241)</b>                | <b>(11,984)</b>                | <b>(72,899)</b>                | <b>(40,674)</b>                | <b>(101,665)</b>                    |
| Dividend Income                                  | 93,154                         | 132,693                        | 174,504                        | 226,303                        | 349,289                             |
| Net Trading Gains/(Losses)                       | 25,364                         | (134)                          | 30,680                         | (134)                          | (10,220)                            |
| Realised Gain on disposal of Associates          | -                              | -                              | -                              | -                              | (2,920)                             |
| Unrealised (loss)/gain on investment revaluation | 125,743                        | 241,792                        | 53,902                         | 418,118                        | 369,064                             |
| Net Foreign Exchange Gain / (Loss)               | 54,770                         | 4,345                          | 40,285                         | (1,786)                        | (57,468)                            |
| Impairment write-off                             | -                              | -                              | -                              | -                              | -                                   |
| Other Income                                     | -                              | -                              | -                              | -                              | -                                   |
|  | <b>269,790</b>                 | <b>366,712</b>                 | <b>226,472</b>                 | <b>601,826</b>                 | <b>546,080</b>                      |
| <b>Operating Expenses:</b>                       |                                |                                |                                |                                |                                     |
| Other operating expenses                         | 153,824                        | 69,714                         | 269,901                        | 157,886                        | 449,972                             |
|  | <b>153,824</b>                 | <b>69,714</b>                  | <b>269,901</b>                 | <b>157,886</b>                 | <b>449,972</b>                      |
| <b>Share of Profits in Associate</b>             | -                              | -                              | -                              | -                              | -                                   |
| <b>Operating (loss)/profit before Asset tax</b>  | <b>115,966</b>                 | <b>296,998</b>                 | <b>(43,430)</b>                | <b>443,941</b>                 | <b>(5,557)</b>                      |
| <b>Asset Tax</b>                                 | -                              | -                              | -                              | -                              | -                                   |
| <b>(Loss)/Profit before Taxation</b>             | <b>115,966</b>                 | <b>296,998</b>                 | <b>(43,430)</b>                | <b>443,941</b>                 | <b>96,108</b>                       |
| Taxation (charge) / credit                       | 2,382                          | 13,500                         | 4,007                          | 3,254                          | (7,406)                             |
| <b>NET PROFIT/ (LOSS)</b>                        | <b>118,348</b>                 | <b>283,498</b>                 | <b>(39,423)</b>                | <b>440,687</b>                 | <b>103,514</b>                      |
| <b>OTHER COMPREHENSIVE INCOME</b>                |                                |                                |                                |                                |                                     |
| Financial Reserve                                | 835,683                        | 1,538,943                      | 5,041,693                      | 2,072,301                      | 3,507,666                           |
| <b>Other Comprehensive Income, Net of Tax</b>    | <b>835,683</b>                 | <b>1,538,943</b>               | <b>5,041,693</b>               | <b>2,072,301</b>               | <b>3,507,666</b>                    |
| <b>TOTAL COMPREHENSIVE INCOME</b>                | <b>954,031</b>                 | <b>1,822,441</b>               | <b>5,002,271</b>               | <b>2,512,988</b>               | <b>3,611,180</b>                    |
| <b>Number of Shares in issue</b>                 | <b>1,201,149</b>               | <b>1,201,149</b>               | <b>1,201,149</b>               | <b>1,201,149</b>               | <b>1,145,269</b>                    |
| <b>Earnings per share</b>                        | <b>0.10</b>                    | <b>0.24</b>                    | <b>(0.03)</b>                  | <b>0.37</b>                    | <b>0.09</b>                         |
| <b>Comprehensive Income per share</b>            | <b>0.79</b>                    | <b>1.52</b>                    | <b>4.16</b>                    | <b>2.09</b>                    | <b>3.01</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 2018.

# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

|   | UNAUDITED<br>JUNE 30, 2019 | UNAUDITED<br>JUNE 30, 2018 | AUDITED<br>DECEMBER 31, 2018     |
|---|----------------------------|----------------------------|----------------------------------|
|   | J\$'000                    | J\$'000                    | J\$'000                          |
| <b>ASSETS</b>   |                            |                            |                                  |
| CASH AND CASH EQUIVALENTS   | 251,527                    | 237,220                    | 238,685                          |
| INVESTMENTS   | 18,823,098                 | 12,139,614                 | 13,952,337                       |
| TAXATION RECOVERABLE  | 2,507                      | -                          | 2,507                            |
| DUE FROM PARENT COMPANY   | 802,724                    | -                          | 725,027                          |
| INTANGIBLE ASSET  | 51,575                     | -                          | 34,744                           |
| OTHER RECEIVABLES   | 3,299                      | 67,365                     | 94,349                           |
| <b>TOTAL ASSETS</b>   | <b>19,934,729</b>          | <b>12,444,198</b>          | <b>15,047,648</b>                |
| <b>LIABILITIES AND EQUITY</b>   |                            |                            |                                  |
| <b>LIABILITIES</b>  |                            |                            |                                  |
| DUE TO PARENT COMPANY   | -                          | 625,363                    | -                                |
| DEFERRED TAX  | 107,329                    | 50,917                     | 62,298                           |
| INTEREST PAYABLE  | 3,059                      | 3,513                      | 4,091                            |
| LOANS   | 2,183,009                  | -                          | -                                |
| ACCOUNTS PAYABLES   | 235,714                    | 376,273                    | 318,255                          |
| DEBT SECURITY IN ISSUE  | -                          | -                          | 2,183,009                        |
| TAXATION PAYABLE  | -                          | 6,371                      | -                                |
| <b>TOTAL LIABILITIES</b>  | <b>2,529,111</b>           | <b>1,062,438</b>           | <b>2,567,652</b>                 |
| <b>STOCKHOLDERS EQUITY</b>  |                            |                            |                                  |
| SHARE CAPITAL   | 1,468,027                  | 1,468,027                  | 1,468,027                        |
| PREFERENCE SHARES   | 135                        | -                          | 135                              |
| FAIR VALUE RESERVE  | 10,810,303                 | 4,681,653                  | 5,955,575                        |
| RETAINED EARNINGS   | 5,127,153                  | 5,232,080                  | 5,056,259                        |
| <b>TOTAL STOCKHOLDERS' EQUITY</b>   | <b>17,405,619</b>          | <b>11,381,760</b>          | <b>12,479,996</b>                |
| <b>TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES</b>   | <b>19,934,729</b>          | <b>12,444,198</b>          | <b>15,047,648</b>                |
| <b>Net book Value per Stock Unit</b>  | <b>Q2 2019<br/>\$14.49</b> | <b>Q2 2018<br/>\$9.48</b>  | <b>DECEMBER 2018<br/>\$10.90</b> |
| Approved by the Board of Directors for issue on 9th July, 2019 and signed on its behalf by: |                            |                            |                                  |
|          |                            |                            |                                  |
| <hr/> Christopher Berry<br>Chairman   |                            |                            |                                  |
|          |                            |                            |                                  |
| <hr/> Natalie Agustin<br>Managing Director  |                            |                            |                                  |



## STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 JUNE 2019

|   | UNAUDITED            | UNAUDITED            | UNAUDITED            | UNAUDITED            | AUDITED                  |
|---|----------------------|----------------------|----------------------|----------------------|--------------------------|
|   | 3 Months ended 30    | 3 Months ended 30    | 6 Months ended 30    | 6 Months ended 30    | 12 Months ended 31       |
|   | June 2019<br>J\$'000 | June 2018<br>J\$'000 | June 2019<br>J\$'000 | June 2018<br>J\$'000 | DECEMBER 2018<br>J\$'000 |
| Profit/Loss for the period  | 118,348              | 283,498              | (39,423)             | 440,687              | 103,514                  |
| <i>Other Comprehensive Income<br/>for the period net of tax:</i><br>Items that will or maybe<br>classified to statement of income |                      |                      |                      |                      |                          |
| Unrealised gains/ (losses) on financial instruments   | 835,683              | 1,538,943            | 5,041,693            | 2,072,301            | 3,507,666                |
| <b>Total Comprehensive income attributable to<br/>stockholders</b>  | <b>954,031</b>       | <b>1,822,441</b>     | <b>5,002,271</b>     | <b>2,512,988</b>     | <b>3,611,180</b>         |
| <b>COMPREHENSIVE INCOME PER SHARE</b>   | <b>\$0.79</b>        | <b>\$1.52</b>        | <b>\$4.16</b>        | <b>\$2.09</b>        | <b>\$3.01</b>            |



**STATEMENT OF CHANGES IN EQUITY**
**AS AT 30 JUNE 2019**

|  | SHARE CAPITAL    | FAIR VALUE RESERVES | RETAINED EARNINGS | TOTAL             |
|--|------------------|---------------------|-------------------|-------------------|
|  | \$'000           | \$'000              | \$'000            | \$'000            |
| <b>Balance at January 1, 2018</b>  | <b>1,468,027</b> | <b>2,929,230</b>    | <b>4,471,515</b>  | <b>8,868,772</b>  |
| Realised gains / (losses) on fair value instruments transferred to retained earnings | -                | (319,878)           | 319,878           | -                 |
| Preference Shares  | -                | -                   | -                 | -                 |
| Ordinary dividends paid  | -                | -                   | -                 | -                 |
| Net Profit   | -                | -                   | 440,687           | <b>440,687</b>    |
| Total comprehensive income   | -                | 2,072,301           | -                 | <b>2,072,301</b>  |
| Translation adjustment   | -                | -                   | -                 | -                 |
| <b>Balance at June 30, 2018</b>  | <b>1,468,027</b> | <b>4,681,653</b>    | <b>5,232,080</b>  | <b>11,381,760</b> |
| <b>Balance at January 1, 2019</b>  | <b>1,468,162</b> | <b>5,955,575</b>    | <b>5,056,259</b>  | <b>12,479,996</b> |
| Realised gains / (losses) on fair value instruments transferred to retained earnings | -                | (186,965)           | 186,965           | -                 |
| Ordinary dividends paid  | -                | -                   | (76,648)          | (76,648)          |
| Preference Shares  | -                | -                   | -                 | -                 |
| Net Profit   | -                | -                   | (39,423)          | (39,423)          |
| Total comprehensive income   | -                | 5,041,693           | -                 | <b>5,041,693</b>  |
| Translation adjustment   | -                | -                   | -                 | -                 |
| <b>Balance at June 30, 2019</b>  | <b>1,468,162</b> | <b>10,810,303</b>   | <b>5,127,153</b>  | <b>17,405,619</b> |



**STATEMENT OF CASH FLOWS**
**FOR THE SIX MONTHS ENDED 30 JUNE 2019**

|  | UNAUDITED<br>6 Months ended 30<br>June 2019<br>J\$'000 | UNAUDITED<br>6 Months ended 30<br>June 2018<br>J\$'000 | AUDITED<br>12 Months ended 31<br>December 2018<br>J\$'000 |
|--|--|--|---|
| <b>Cash Flows from Operating Activities</b>                                      |  |  |   |
| Profit before taxation   | (43,430)   | 443,941  | 96,108  |
| <b>Adjustments to reconcile profit to net cash used in operating activities:</b> |  |  |   |
| Interest Income  | (15,031)   | 2,654  | (2,765)   |
| Interest Expense   | 87,930   | 25,849   | 92,259  |
| Realized Fair Value gains transferred to Retained Earnings                       | 186,965  | 319,878  | 481,230   |
| Unrealized fair value (gain)/loss on financial instruments - FVPL                | -  | -  | (369,064)   |
| Unrealized Foreign Exchange Gains  | (40,285)   | 1,786  | 113,136   |
| <b>Adjusted Profit / (Loss)</b>  | <b>176,150</b>   | <b>794,108</b>   | <b>410,904</b>  |
| <b>Changes in operating assets and liabilities:</b>                              |  |  |   |
| Decrease / (increase) in Investment securities                                   | (16,032)   | (2,869,040)  | (1,296,843)   |
| Unrealized Foreign Exchange Gains  | 40,285   | -  | -   |
| Decrease / (increase) in Investment Revaluation                                  | -  | 1,752,423  | -   |
| Adjustment for Unrealized F/X  | -  | (1,786)  | -   |
| Decrease / (increase) in Other Receivables                                       | 91,050   | 118,559  | 77,148  |
| Decrease / (increase) in Accounts Payables & Other Liabilities                   | (37,510)   | 146,410  | 63,624  |
| Loans  | (77,697)   | -  | -   |
| Taxation Payable   | -  | -  | -   |
| Decrease / (increase) in Related companies                                       | -  | 127,526  | (1,231,585)   |
| Dividends Paid   | 176,245  | 68,200   | (1,976,753)   |
| Interest received  | (76,648)   | -  | -   |
| Interest Paid  | 15,031   | 961  | 4,346   |
| Interest Paid  | (88,962)   | (23,146)   | (88,992)  |
| Taxation paid  | 4,007  | (3,254)  | -   |
| <b>Cash (used in)/generated from Operating Activities</b>                        | <b>29,673</b>  | <b>42,761</b>  | <b>(2,061,398)</b>  |
| <b>Cash Flows from Investing Activities</b>                                      |  |  |   |
| Purchase of intangible asset   | (16,831)   | -  | (34,744)  |
| Associate holdings - purchased in the year                                       | -  | -  | -   |
| Dividend received from Associate   | -  | -  | -   |
| <b>Cash (used in)/generated from Investing Activities</b>                        | <b>(16,831)</b>  | <b>-</b>   | <b>(34,744)</b>   |
| <b>Cash Flows from Financing Activities</b>                                      |  |  |   |
| Repayment of debt security   | -  | -  | -   |
| Preference share capital issued  | -  | -  | 127   |
| Proceeds from issue of debt security   | -  | -  | 2,136,092   |
| <b>Cash generated from/(used in) Financing Activities</b>                        | <b>-</b>   | <b>-</b>   | <b>2,136,219</b>  |
| <b>Increase in Cash and Cash Equivalents</b>                                     | <b>12,843</b>  | <b>42,761</b>  | <b>40,077</b>   |
| Exchange gain/(loss) on foreign Cash & Cash Equivalents                          |  |  | 891   |
| <b>Cash &amp; Cash Equivalents - Beginning of the year</b>                       | <b>238,685</b>   | <b>194,458</b>   | <b>197,717</b>  |
| <b>Cash &amp; Cash Equivalents - End of the year</b>                             | <b>251,527</b>   | <b>237,220</b>   | <b>238,685</b>  |

**MAYBERRY JAMAICAN EQUITIES LTD.  
TOP TEN SHAREHOLDERS  
AS AT JUNE 30, 2019**

| <b>Names</b>                                | <b>Shareholdings</b> |
|---|----------------------|
| MAYBERRY INVESTMENTS LIMITED                | <b>900,861,968</b>   |
| PWL BAMBOO HOLDINGS LIMITED                 | <b>66,982,275</b>    |
| MAYBERRY ASSET MANAGERS LIMITED             | <b>57,622,865</b>    |
| KONRAD BERRY                                | <b>51,662,834</b>    |
| VICTORY ISLAND LIMITED                      | <b>10,000,000</b>    |
| KONRAD LIMITED                              | <b>6,432,031</b>     |
| MAYBERRY INVESTMENTS LTD. PENSION SCHEME    | <b>5,041,490</b>     |
| APEX PHARMACY                               | <b>4,817,068</b>     |
| GUARDIAN LIFE LIMITED - POOLED PENSION FUND | <b>3,571,276</b>     |
| THE ARROL TRUST                             | <b>3,400,000</b>     |

**CONNECTED PARTIES**

|                   |                |
|-------------------|----------------|
| A+ MEDICAL CENTRE | <b>641,141</b> |
|-------------------|----------------|





**MAYBERRY JAMAICAN EQUITIES LTD.  
Shareholdings Of Directors And Senior Management  
AS AT JUNE 30, 2019**

| <b><u>Directors</u></b> | <b><u>Shareholdings</u></b> | <b><u>Connected Persons</u></b> |
|-------------------------|-----------------------------|---------------------------------|
| Christopher Berry       | -                           | 76,125,810                      |
| Konrad Berry            | 51,662,834                  | 7,351,589                       |
| Natalie Augustin        | 253,300                     | 0                               |

