

MAYBERRY JAMAICAN EQUITIES

THE ONLY JAMAICAN STOCK YOU NEED TO OWN

SAFE PASSAGE
2022
ANNUAL
REPORT

As we continue to navigate the new normal, as a result of the COVID-19 pandemic and other global events, Mayberry Jamaican Equities Limited is working hard to guide its clients through the turbulent sea of uncertainty and bring them to safe harbour – financial success and prosperity. We remain committed to delivering timely and accurate market updates while adhering to the highest standards of professionalism through responsible fiscal practices.

This approach has seen much success as our Company earnings closed at US\$33 million – a 102% increase year on year.

As the old saying goes, ‘a smooth sea never made a skilled sailor’, Mayberry Jamaican Equities braved the financial storm of the past year and guided clients to success by providing them with a secure and reliable vessel; keep them on the path to success into the new financial year and beyond.



Our Mission

To be the
**only Jamaican
Stock** You
need to own.

Our Core Values

- Integrity
- Accountability
- Creating wealth through knowledge
- Attention to detail
- Relationship building and community development

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**“ The last ten years of it
have been about changing
the way people work.
The next ten years of it
will be about transforming
your business.”**

– Aaron Levie

CHAIRMAN'S REPORT



Mayberry Jamaican Equities Limited (MJE) is a collection of the best Jamaican Public Listed Companies on the Jamaica Stock Exchange (JSE). Our philosophy is to support nation-building through investment in local companies, to help these businesses grow and improve, and to leverage our access to financing, stakeholders, and prospects.

I am delighted to present the annual review of our financial Company's performance for the year 2022. Despite the continued challenges of the global economic environment, The Company has achieved significant growth and progress in the past year.

For the financial year ended December 2022, MJE reported an increase of US\$16.7 million in net profit to US\$33.2 million, compared to US\$16.45 million in the prior year. Additionally, for the year ended December 31, 2022, the business recorded a significantly improved total comprehensive income of US\$34.2 million, compared to a total comprehensive income of US\$13.9 million for the corresponding period in 2021. This was due mainly to solid overall performances on the Managed Jamaican Equities portfolio. Several strategic stocks in the portfolio rebounded in the fourth quarter, bolstering the full-year performance, with net unrealised gains on investments in associates increasing by US\$17.3 million, or 102%, to US\$34.2 million. This was supplemented by a 39% increase in dividend income, or US\$1 million, to US\$3.6 million. Earnings per share (EPS) for the whole year was US\$0.028 (2021: (EPS) US\$0.014).

Our net book value per share grew by 35% to US\$0.11 (J\$16.46) as of December 31, 2022, from US\$0.08 (J\$12.46) in the previous year.

MJE's stock price closed at J\$13.16 on December 30, 2022, increasing 46% over its price of J\$9.01 on December 31, 2021.

So far, the economy has shown its resilience on the road to recovery, and we are hopeful that it will begin to expand. We predict that corporate earnings will increase as a result of this development, providing us with more possibilities to invest in

Jamaica, the country we love. We are grateful to our Board of Directors, Management, Employees, and Shareholders for their trust in us and the job we undertake. We will continue to reinforce our Business in order to ensure that MJE is solely the Jamaican stock you should hold.

As we move forward into the new year, we remain committed to delivering a strong financial performance, expanding our business, and serving our customers with excellence. We will continue to invest in technology and innovation to stay ahead of the curve and deliver more value to our customers.

In conclusion, I would like to thank our Shareholders and Employees for their unwavering support and commitment to our Company's growth and success. We look forward to another year of progress and success.



Christopher Berry
Executive Chairman



At the beginning of 2022, with the worst of the Global Pandemic seemingly over, we were extremely optimistic that Mayberry Jamaican Equities (MJE), having navigated the turbulent waters, would continue to chart a path of growth and stability while unlocking fruitful opportunities. As the world continued its recovery, MJE was strong in its positioning, maintaining efficient operations, increasing its digitisation process, and leveraging market research.

Our robust leadership and effective portfolio management aided us during this very difficult time, when local and global economies contracted, and many businesses took a significant hit to their bottom line.

Based on MJE's total comprehensive income for 2022 of US\$34.2M, the company achieved a 145.6% improvement year over year from total comprehensive income of US\$13.9M in 2021. This was a direct result of solid overall performances on the Managed Jamaican Equities portfolio. Our net asset value for the year ended 31 December 2022 closed the books at US\$0.11, compared to US\$0.08 for the same period in 2021. Total equity remained robust at US\$130.9M compared to US\$97.3M in 2021.

Since our listing on the Main Market almost five years ago, MJE's mandate has remained focused on bringing superior buys to its portfolio and achieving sustainable long-term growth. We are aware that the global financial environment will grapple with the effects of the pandemic, but with continued strong leadership, MJE will remain focused for the long term.

On this note I express my heartiest thanks for the support and dedication of our Board of Directors, Management, staff, and above all to you, our shareholders for having confidence as together we strive to bolster our company for sustainable growth.



Natalie Glitzenhirn-Augustin
Managing Director

“

We all have dreams. But in order to make dreams come into reality, it takes an awful lot of determination, dedication, self-discipline, and effort.”

- Jesse Owens



Directors' Report

The Directors submit herewith the Profit and Loss and Other Comprehensive Income of Mayberry Jamaica Equities Limited for the year ended December 31, 2022, together with the Statement of Financial Position as at the same date.

The Profit & Loss and Other Comprehensive Income shows the following:

Financial Results	US\$'000
Net operating income	36,317
Profit before taxation	33,193
Taxation	-
Net profit	33,193
Changes in the fair value of equity investments at FVTOCI	(1,325)
Total comprehensive income for the year	34,177

Directors

The Directors as at December 31, 2022 are Messrs. Christopher Berry, Konrad Berry, Richard Surage, Mrs. Natalie Glitzenhirn-Augustin and FinDir Limited.

The Articles of Incorporation of the Company provide for a Board of Directors of not less than three (3) but no more than twelve (12) persons. The current Board comprises five (5) Directors. Under the Articles, as is customary, the Board of Directors is entrusted with the powers of management of the company's business.

The Directors to retire in accordance with Article 100 of the Articles of Association are Mr. Richard Surage and FinDir Limited but, being eligible, offer themselves for re-election.

External Auditors

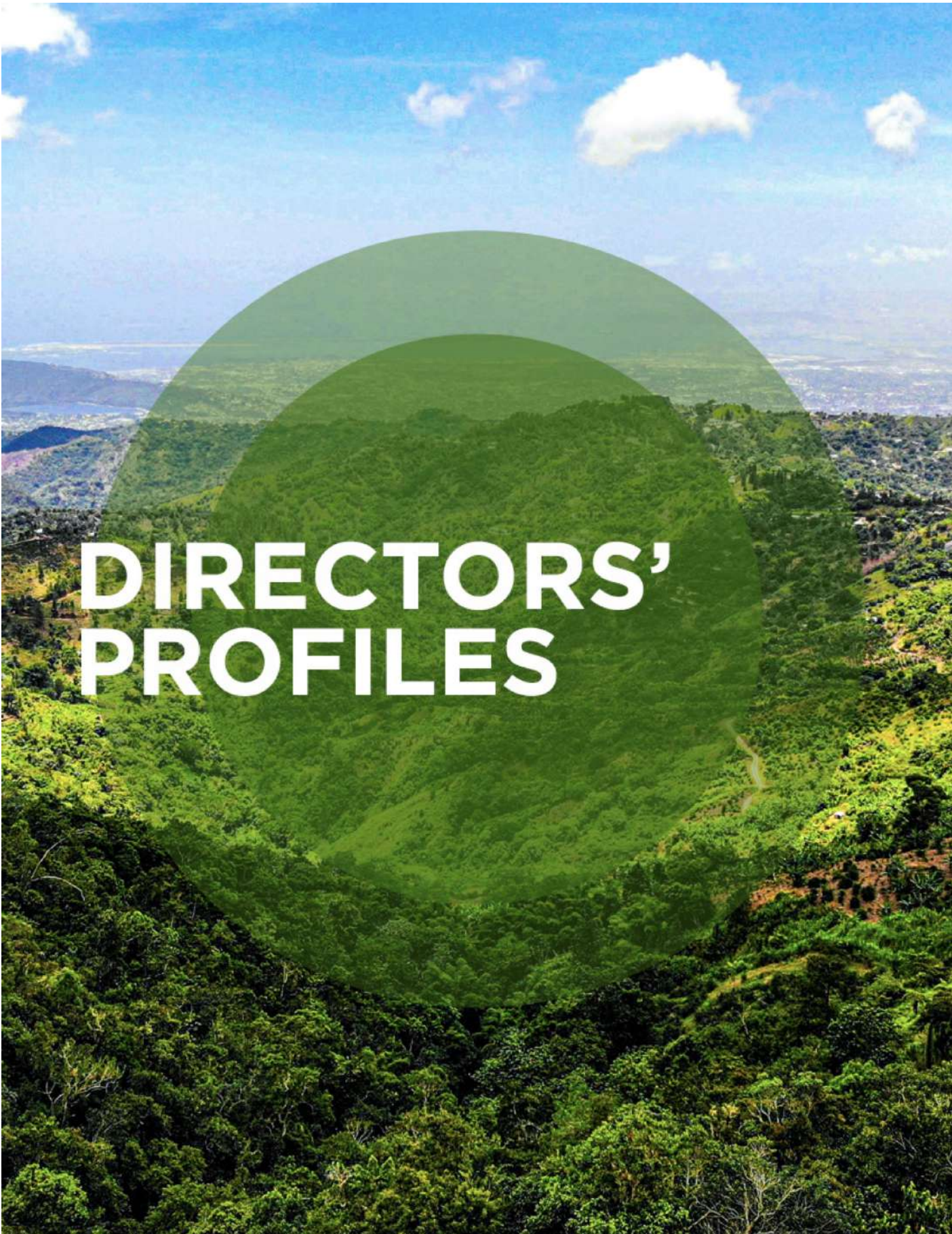
The Auditors, PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Kingston, Jamaica, have expressed their willingness to continue in office.

The Directors wish to thank the partners and shareholders for their support during the year.

On behalf of the Board of Directors



Christopher Berry
Executive Chairman





CHRISTOPHER BERRY

B.Sc. (Hons.)

Executive Chairman

Mr. Christopher Berry is the Executive Chairman of Mayberry Jamaican Equities and Mayberry Investments Limited. He is also a director of four (4) other public listed companies: Caribbean Producers Jamaica Limited, IronRock Insurance Company Limited, Lasco Financial Services Limited and Supreme Ventures Limited.

Mr. Berry is also a director of several private companies including Apex Health Care Limited and Apex Pharmacy Limited. He has over 30 years experience in the securities industry in Jamaica and holds a B.Sc. (Hons) degree in Industrial Engineering from the Georgia Institute of Technology.



KONRAD MARK BERRY

B.Sc. (Hons.)

Executive Director

Mr. Konrad Berry is an Executive Director of Mayberry Jamaican Equities Limited. He also holds the position of Executive Vice Chairman of Mayberry Investments Limited.

Mr. Berry started his working career at Price Waterhouse (now PricewaterhouseCoopers) as a Staff Accountant before joining the family firm, Mayberry, as a trader.

He holds a B.Sc. (Hons) degree in Management & Economics from the University of the West Indies.

Mr. Berry is currently a Director of Caribbean Producers Limited, Widebase Limited and Mayberry Asset Management Ltd.

He is also a member of the Remuneration and Service Review committee.



NATALIE GLITZENHIRN-AUGUSTIN

B.A. (Hons.), CPE, TEP, C.Dir.
Managing Director

Ms. Natalie Glitzenhirn-Augustin was appointed as the Managing Director of Mayberry Jamaican Equities Limited in 2010. Ms. Augustin is a lawyer by profession, practising law for the past 21 years. She has held various roles during her career, including running her own law firm, Glitzenhirn Augustin & Co. and serving as Managing Director of Financial & Corporate Services Limited. In these and other roles, she specialised in corporate and commercial law, mergers, acquisitions and private clients advisory.

She has held and continues to hold executive positions in numerous local and regional organisations, including: The Society of Trust and Estates Practitioners (STEP); The National Development Corporation of St. Lucia; First General Insurance Company Limited and the International

Financial Services Association of Saint Lucia, to name a few.

She holds a B.A. (Hons.) degree in German with International Studies from the University of Warwick in England and thereafter read Law at The University of West London. Upon completion of her Common Professional Examination (CPE) in Law in 1995, she was called to the English Bar at Middle Temple and to the Bar of the Organisation of Eastern Caribbean States, St. Lucia in 1996. Ms. Augustin is a Chartered Director having obtained her (C.Dir.) designation from the Caribbean Governance Training Institute in 2022.



RICHARD SURAGE

B.Sc. (Hons.)
Director

Mr Richard Surage has had a distinguished career in the accounting and finance profession commencing in 1996 in Saint Lucia with Pricewaterhouse, continuing to work for the Company when it became PricewaterhouseCoopers. Thereafter, he worked with Arthur Andersen in the Cayman Islands for two years. Shortly thereafter he left for Barbados to join Ernst & Young where he managed the firm's clients in the Eastern Caribbean namely Antigua and Barbuda, Dominica, St. Lucia and St. Vincent and the Grenadines.

Richard became a Partner at PKF St. Lucia in 2010, a role he currently holds. He has served on audits for both large and complex engagements across a wide cross-section of industries namely financial services, retail, manufacturing, telecommunication, and tourism within the Caribbean, Canada, and the United States of America.

Richard has been a leader within the insolvency and restructuring industry in St. Lucia. In 2011, he was appointed by the Eastern Caribbean Supreme Court to serve as the Judicial Manager for the CLICO International Life Insurance Company, St. Lucia Branch, as part of a restructuring exercise. In 2015 Richard was selected by the Government of St. Lucia to be a member of a committee to review and propose new laws governing the insolvency practice in St. Lucia as guided by the World Bank.

Richard is a member of the Institute of Chartered Accountants of the Eastern Caribbean, an associate of the Chartered Institute of Arbitrators, Deputy Chairman of the St Lucia Distillers Group of Companies and a member of the St. Lucia Government's Insolvency Laws Committee.



“

**The greater danger
for most of us lies
not in setting our
aim too high and
falling short; but in
setting our aim too
low, and achieving
our mark.”**

— Michelangelo

FinSec Limited

FinSec is an International Business Company (IBC) incorporated in Saint Lucia to provide secretarial services to the Boards of Corporate entities. FinSec has served as Corporate Secretary of Mayberry Jamaican Equities Limited since September 8, 2005.

FinSec Limited's roles and responsibilities include arranging and attending Board and Committee meetings, drafting and dissemination of board papers and minutes, as well as the maintenance of the corporate register, FinSec Limited serves as an able support to the Company and its Board.



FinDir Limited

FinDir is an International Business Company (IBC) incorporated in Saint Lucia and serves as a Corporate Director on the Board of Mayberry Jamaican Equities Limited. Behind FinDir Limited stands a team of highly qualified professional service providers who possess a wealth of experience and knowledge, grounded by integrity and driven by a desire to achieve success.





MAYBERRY JAMAICAN EQUITIES

THE ONLY JAMAICAN STOCK YOU NEED TO OWN

Address




1 ½ Oxford Road, Kingston 5, Jamaica

Phone


876.929.1908-9

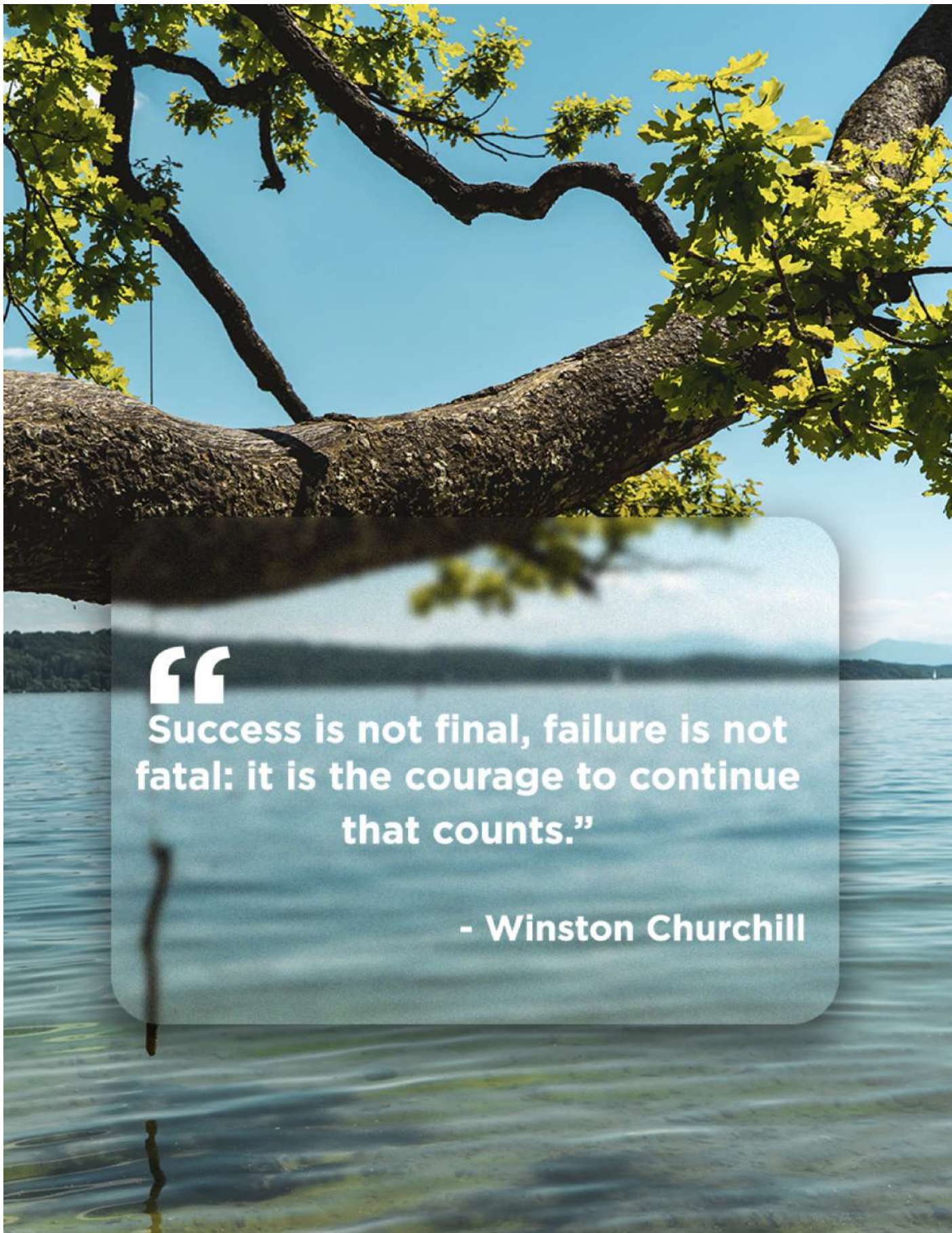
Email

sales@mayberryinv.com

   MayberryInvJa

 MayberryInvestmentLtd

 mayberryinv.com



“

Success is not final, failure is not fatal: it is the courage to continue that counts.”

- Winston Churchill

Corporate Data

Company Secretary**FinSec Limited**

Bourbon Street
Castries, St. Lucia
Tel: +1(758) 451-6355

Auditors**PricewaterhouseCoopers**

Duke Street
Scotiabank Center
Kingston, Jamaica
Tel: (876) 922-6230

Registrar**Jamaica Central Securities****Depository Limited**

40 Harbour Street
Kingston, Jamaica
Tel: (876) 967-3271

Registered Office**Mayberry Jamaican Equities Limited**

Suite 1, 1st Floor
Bourbon House
Bourbon Street, Castries, St. Lucia
Tel: +1 (758) 453-2046

Bankers**Morgan Stanley**

590 Madison Avenue, 11th Floor
New York, NY 10022, USA
Tel: +1(212) 586-5505

Attorney-At-Law**Glitzenhirn Auguston & Co**

Bourbon House
Bourbon Street Castries, St. Lucia
Tel: +1 (758) 451-6355

Sagicor Bank Jamaica Limited (SBJ)

17 Dominica Drive
Kingston 5, Jamaica
Tel: (876) 960-2340

Corporate Overview

Mayberry Jamaican Equities Limited (MJE) was incorporated on June 23, 2005, in St. Lucia, as a wholly owned subsidiary of Mayberry Investments Limited. The shares of Mayberry Jamaican Equities Limited were listed on the Jamaica Stock Exchange on July 31, 2018. The benefits of listing included the access to funding through equity capital, strengthening of the Company's profile and the creation of a liquid market for the shares.

Business Objective

Mayberry Jamaican Equities Limited is an investment holding company whose objective is to achieve long term capital appreciation, while preserving capital, by investing in public equity securities in Jamaica ("Jamaican equities"). The Company employs a value-based approach to identifying and investing in high quality public businesses. This approach is designed to compound book value per share over the long term. While the Company will seek attractive risk-adjusted returns, it will always seek downside protection and attempt to minimise loss of capital. MJE is comprised of holdings in various companies that are listed on the Junior Market and the Main Market of the Jamaica Stock Exchange (JSE) and as of December 31, 2022, held 34 stocks in its portfolio.

Investment Manager

The Company appointed Mayberry Asset Management Ltd (MAM) as Investment Manager in 2017. The investment management agreement provides for MAM to act as agent in the name of MJE and full authority to make decisions to invest and manage the investment assets of the Company at its discretion but subject to specified guidelines and shall abide by any statement of investment objectives and specific investment restrictions applicable to the investment assets.

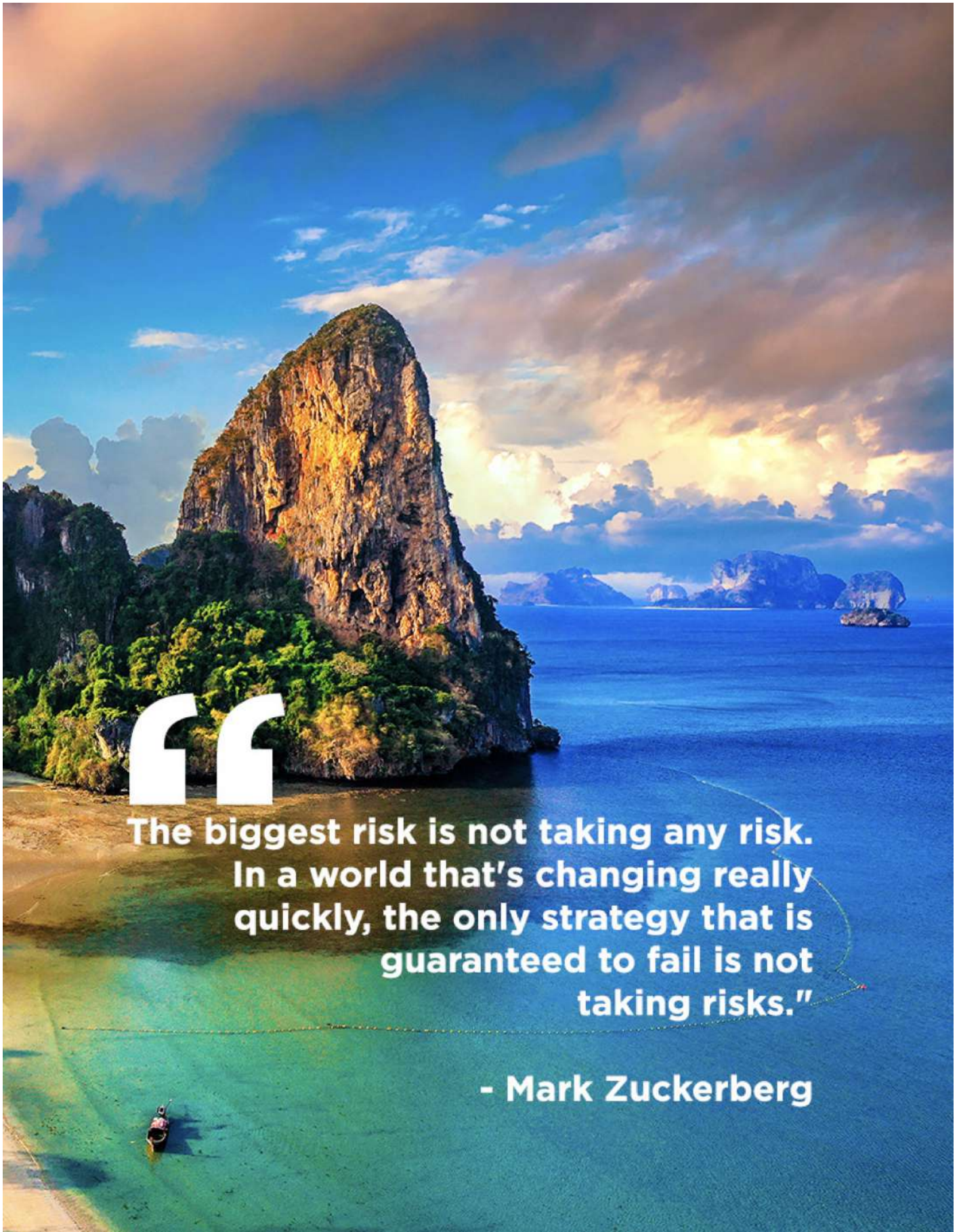
Investment Management and Performance Incentive Fee

(i) A Management Fee calculated as 0.50% of the Net Asset Value is payable quarterly; and

(ii) An Incentive Fee of 8% of any increase in MJE's Comprehensive Income is calculated and payable on December 31 each year based on the audited financial reports.

No Incentive Fee is payable if the net book value per share falls below previous levels attained ("hurdle per share") until and unless those previous levels are regained and surpassed.





“

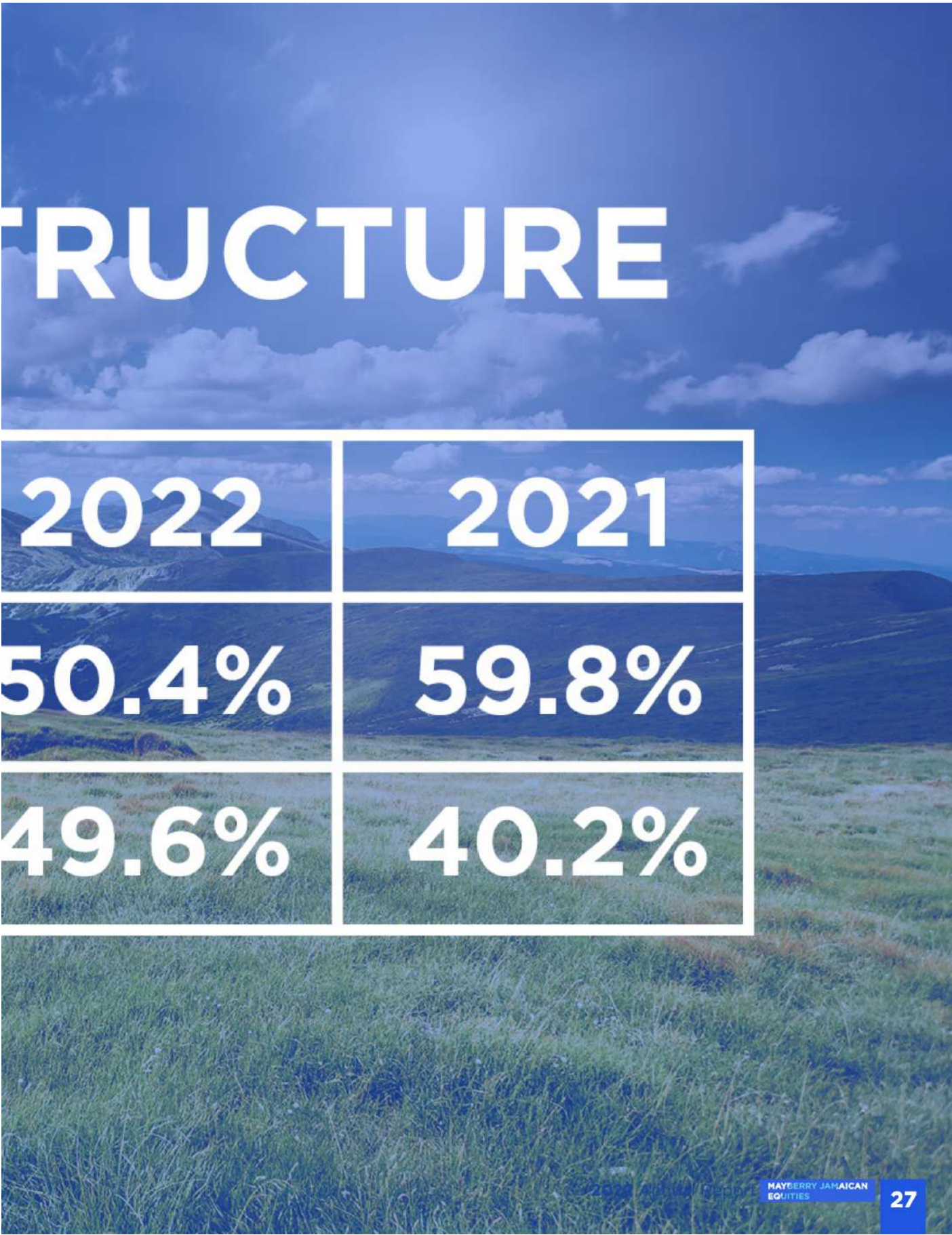
**The biggest risk is not taking any risk.
In a world that's changing really
quickly, the only strategy that is
guaranteed to fail is not
taking risks."**

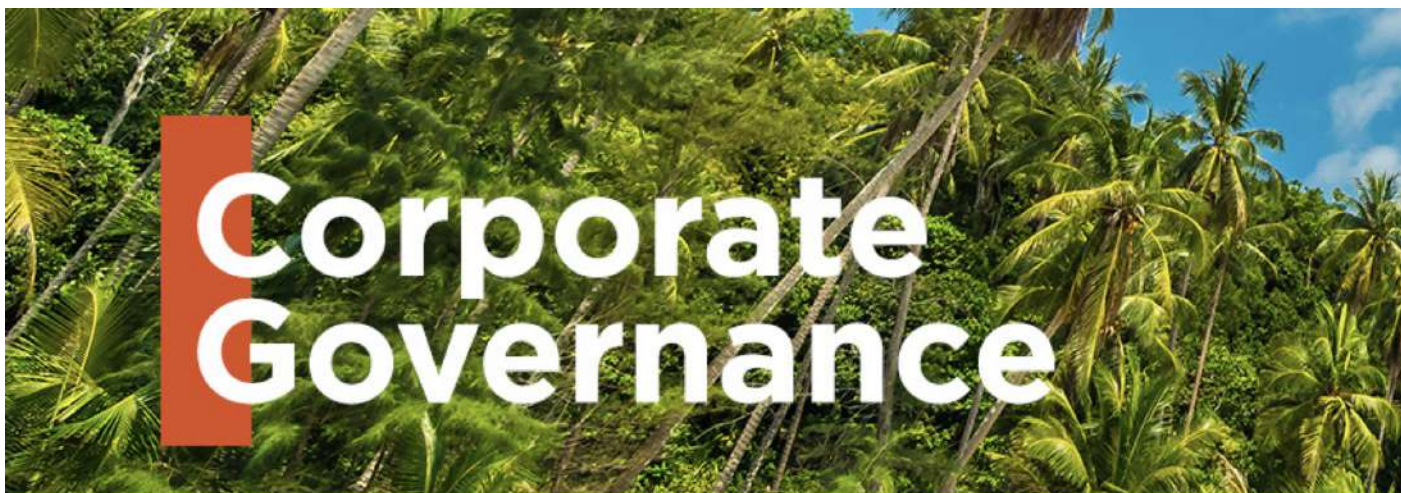
- Mark Zuckerberg

GROUP ST

Mayberry Investments Ltd

All Other Shareholders





Overview

Mayberry Jamaican Equities Limited (“MJE”) is committed to the highest standard of corporate governance and the maintenance of an effective framework for the management and control of its business. Good governance thwarts complacency and supports efficient decision making. The Company follows the principles of leading companies listed on the Jamaica Stock Exchange and Local and International best practices.

The Board of Directors of MJE has adopted and approved a Corporate Governance Policy, which complies with the applicable laws, regulations, as well as locally and internationally accepted best practices; consistent with the provisions of the PSQJ Corporate Governance Code 2021 and Rules of the Jamaica Stock Exchange. The Corporate Governance Policy is available on our website at <https://www.mayberryinv.com/mje/investor-relations/>.

Board Role and Function

The main role of the Board of Directors is to provide effective oversight and leadership of the Company's affairs for the ultimate benefit of its shareholders and its stakeholders. They set the values and standards of the Company to ensure they align with its strategic objectives.

The five points below outline the major areas of focus of the Board:

- Sustained company growth
- Effective risk management
- Compensation decisions based on performance
- Integrity and ethical decision making
- Defined roles and responsibilities

All decisions made by the Board must be properly assessed based on all relevant information. It is incumbent that in all actions that are taken by the Board, the Directors must exercise sound judgement and independent thinking in what they perceive is in the best interest of the Company.



Board Composition and Structure

As of December 31, 2022, the Board of Mayberry Jamaican Equities Ltd. consisted of five members. It is chaired by Mr. Christopher Berry and comprises three Executive Directors and two Independent Non-Executive Directors. The Board defines an Independent Non-Executive Director as being free of any interest, position, association or relationship that might influence or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgment to bear on issues before the board and to act in the best interest of the entity and its shareholders generally.

The Board is effective and considered to be of an appropriate size for the Company. The Board believes that the skills, knowledge and experience of the Directors is well balanced to provide the best level of critical thinking required to get the best results to improve all decision making. They are distinguished by their professional ability and integrity, and therefore are expected to have independent thinking. This signifies that, in making decisions on behalf of the Company, the focus is firstly placed on the Company's best interest, and decisions are not to be influenced by personal relationships.

Board Committees

The Board of MJE improves its effectiveness and efficiency through the establishment of various sub-committees to provide vital support in the execution of its fiduciary duties and responsibilities. Board sub-committees handle matters requiring more detailed review or in-depth analysis, and makes decisions on behalf of the Board, or submits recommendations for its consideration. The major responsibility of the sub-committees is to assist the Board in carrying out its functions and ensure that there is independent oversight of internal control and risk management. The Chairman of each Board Committee reports to the Board on the matters discussed at Committee meetings. The Board has two committees, namely the Audit and Risk Committee and the Corporate Governance Committee.

Board Committee Composition

Name	Position	Audit & Risk	Corporate Governance
Christopher Berry	Executive Chairman	Member	
Konrad Berry	Executive Director		Member
Natalie Glitzenhirn Augustin	Managing Director		Chairman
Richard Surage	Independent Director	Chairman	
FinDir Limited	Independent Director	Member	Member

Board and Committee Meetings

Name	Position	Board	Audit & Risk	Corporate Governance
Number of Meetings		2	4	1
Christopher Berry	Executive Chairman	2	4	
Konrad Berry	Executive Director	2		1
Natalie Glitzenhirn Augustin	Managing Director	2		1
Richard Surage	Independent Director	2	4	
FinDir Limited	Independent Director	2	4	1

Audit & Risk Committee

The Audit and Risk Committee assists the Board in performing its duties as it relates to internal control systems, risk management, internal and external audit functions, and statutory reports.

They focus on:

- Defining the Company's risk appetite
- Overseeing the Company's risk management framework
- Ensuring appropriate balance between downside risks and rewards in on-going and new business activities
- Monitoring the financial integrity of the financial statements of the Company
- Reviewing the external/internal audit needs of the Company and recommending the appointment of external auditors and their remuneration;
- Monitoring the performance of the external auditors, their independence, objectivity and the effectiveness of their audit process;
- Monitoring the internal audit and control systems of the Company, reviewing and approving the company quarterly financial statements and management reports prior to release to the shareholders and the Jamaica Stock Exchange.

The specific roles and responsibilities of the Audit Committee are documented in the Audit Committee Charter approved by the Board which can be found on the company website at <https://www.mayberry-inv.com/mje/investor-relations>.

Directors' Remuneration

MJE compensates its Directors fairly and aligns remuneration with the Company's strategy. The level of compensation reflects the time, commitment and responsibilities involved and is appropriate to attract, retain and motivate the Directors. The remuneration of Directors is made up solely of fees, which are determined by their membership on various committees and any other objective circumstances that the Board may consider. Directors do not receive any share-based compensation but are however encouraged to purchase shares on the open market. The remuneration of Directors is disclosed in the annual report for transparency purposes.

Corporate Governance Committee

The Corporate Governance Committee has responsibility for leading the Board appointment process and for identifying and nominating potential candidates for appointment to the Board. This process is established on the principles of transparency, objectivity and independence. The Committee also strives to achieve best practice standards in Corporate Governance.

Shareholder Rights and Responsibilities

Efforts are made by the Board to ensure that its shareholders have different options to express their views, as well as engage the Company. The Board is committed to maintaining dialogue with shareholders and improving the Company's existing relations with them.

The Annual General Meeting (AGM) provides this to its Shareholders by giving them the opportunity to directly interact with the Directors of the Company. The Company also utilizes other communication channels that provide timely and equal access to information, such as the Company's

website, the Annual Report, publication of financial and the use of traditional and social media marketing channels.

Shareholders are given the opportunity at AGM's to pose questions to the Chairman and to other members of the Board that may be present. The minutes of the Annual General Meetings are also prepared and made available to shareholders for review at the meeting.

To complement these, the Investor Relations section of the Company's website at <https://www.mayberryinv.com/mje/investor-relations> provides access to Company announcements, media releases and audited financial statements and annual reports.

Environmental Responsibility

MJE is committed to protecting and conserving the environment by ensuring that environmentally friendly initiatives are integrated into our core business activities, thereby minimizing the negative impact of our operations on the environment. To demonstrate our commitment to this effort, MJE has sought to digitize a number of our processes, thus limiting the use of paper and other resources.

Enquiries from individuals and institutional investors on matters relating to their shareholdings and Mayberry Jamaican Equities' business are welcomed. Please feel free to contact the Managing Director at fincos@candw.lc to share your opinions, suggestions, and concerns with us.

“

Wealth is the ability to fully experience life.”

- Henry David Thoreau

PERFORMANCE HIGHLIGHTS

FOR THE YEAR ENDED DECEMBER 31, 2022

EARNINGS PER SHARE

102%

INCREASE OVER YTD DECEMBER 2021

YTD DEC 2022: US\$0.028

YTD DEC 2021: US\$0.014

TOTAL COMPREHENSIVE
INCOME

146%

INCREASE OVER YTD DECEMBER 2021

YTD DEC 2022: US\$34.2M

YTD DEC 2021: US\$13.9M

TOTAL ASSETS

35%

INCREASE OVER 2021

2022: US\$161.3M

2021: US\$119.6M

TOTAL EQUITY TO
SHAREHOLDERS

35%

INCREASE OVER 2021

2022: US\$131M

2021: US\$97.3M

NET BOOK VALUE
PER SHARE

35%

INCREASE OVER 2021

2022: US\$0.11

2021: US\$0.08

CLOSING SHARE PRICE

46%

INCREASE OVER DECEMBER 2021

2022: J\$13.16

2021: J\$9.01

10 Year Performance Highlights

USD PROFIT AND LOSS	2013 \$'000	2014 \$'000	2015 \$'000	2016 \$'000
Total Operating Income/(Loss)	2,450	7,053	2,758	2,434
Operating Expenses	15	865	8	918
Profit/(Loss) before Taxation	3,268	7,082	2,826	1,301
Net Profit/(Loss)	3,247	7,071	2,817	1,260
Total Comprehensive Income/ (Loss)	3,111	5,570	19,594	9,379
BALANCE SHEET				
Total Assets	46,413	40,053	67,696	62,653
Total Liabilities	16,237	8,499	18,035	11,076
Total Equity	30,176	31,554	49,661	51,576
Number of issued shares (units)	20,555	20,555	20,555	20,555
KEY FINANCIAL RATIOS				
Earnings per stock unit	\$0.16	\$0.34	\$0.14	\$0.06
Net book value per stock unit	\$1.47	\$1.54	\$2.42	\$2.51
Return on Equity	10.8%	22.4%	5.7%	2.4%
Return on Average Assets	7.0%	17.7%	4.2%	2.0%
Asset Growth(%)	11.4%	(13.7%)	69.0%	(7.4%)
Net Profit Growth (%)	3.6%	117.8%	(60.2%)	(55.3%)

2017 \$'000	2018 \$'000	Restated 2019 \$'000	Restated 2020 \$'000	2021 \$'000	2022 \$'000
10,292	5,034	3,884	(26,650)	19,853	37,977
8,560	3,549	3,967	1,069	2,033	3,124
3,212	758	(1,428)	(29,018)	16,433	33,193
3,120	816	(1,473)	(28,627)	16,450	33,193
18,183	28,478	33,589	(45,807)	13,913	34,177
77,446	118,668	150,679	99,834	119,638	161,263
6,335	20,249	20,520	15,998	22,374	30,301
71,112	98,419	130,159	83,836	97,264	130,962
1,201,149	1,201,149	1,201,149	1,201,149	1,201,149	1,201,149
\$0.003	\$0.001	(\$0.001)	(\$0.024)	\$0.014	\$0.028
\$0.06	\$0.09	\$0.11	\$0.07	\$0.08	\$0.011
4.4%	1.0%	(1.3%)	(26.8%)	16.9%	25.3%
4.0%	0.7%	(1.0%)	(28.7%)	13.7%	20.6%
23.6%	53.2%	27.0%	(33.7%)	19.8%	34.8%
147.6%	(73.8%)	(280.5%)	(1843.5%)	157.5%	101.8%

2022-2023 Financial Report

MAYBERRY JAMAICAN
EQUITIES

MJE Portfolio

BLUE POWER
GROUP LTD

WIGTON
WINDFARM LTD

LASCO
DISTRIBUTORS
LTD

LUMBER DEPOT
LTD

QWI
INVESTMENTS
LTD

VICTORIA
MUTUAL
INVESTMENTS
LTD

THE LIMNERS
AND BARDS LTD

EDUFOCAL LTD

THE PALACE
AMUSEMENT
COMPANY (1921)

tTECH LTD

CARIBBEAN
CREAM LTD

LASCO
MANUFACTURING
LTD

MAIN EVENT
ENTERTAINMENT
GROUP LTD

SUPREME
VENTURES LTD



**CARGO
HANDLERS LTD**

**ELITE CATERING
SERVICES LTD**

**JAMAICA
TEAS LTD**

**JAMAICA
PRODUCERS
GROUP LTD**

**CARIBBEAN
ASSURANCE
BROKERS LTD**

**CARIBBEAN
PRODUCERS
(JAMAICA) LTD**

FONTANA LTD

**JAMAICA
BROILERS
GROUP LTD**

CARRERAS LTD

**DOLLA
FINANCIAL
SERVICES LTD**

**GENERAL
ACCIDENT
INSURANCE
COMPANY
(JA) LTD**

**JETCON
CORPORATION
LTD**

**CARIBBEAN
CEMENT
COMPANY LTD**

**DERRIMON
TRADING LTD**

**GRACEKENNEDY
LTD**

**JMMB GROUP
LTD**

**THE JAMAICA
STOCK
EXCHANGE LTD**

**LASCO
FINANCIAL
SERVICES LTD**

**MEDICAL
DISPOSABLES &
SUPPLIES LTD**

**IRONROCK
INSURANCE
COMPANY LTD**



Economic and Business Environment

The Jamaican economy continued to recover in 2022 as Gross Domestic Product (GDP) for the third quarter increased 5.9% year on year. The performance stemmed from a 6.0% increase in the Services and a 5.6% growth in the Goods Producing Industries, reflecting the economy's ongoing recovery from the effects of the COVID-19 pandemic. The island's tourism industry produced one of the fastest recoveries in the world – due in part to stopover arrivals rebounding to almost 92% of pre-pandemic levels.

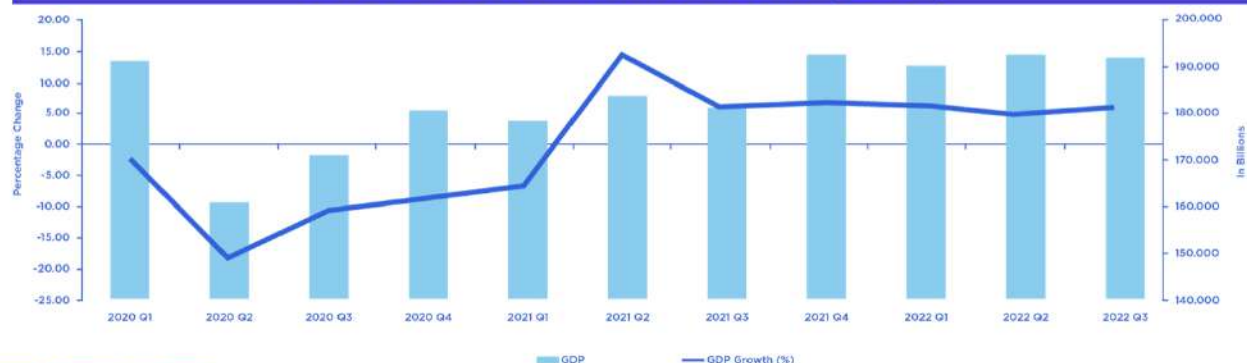
Economic activity and employment continue to rebound, inflows into the foreign exchange market are buoyant and the country's international reserves have remained strong. Recent developments in domestic inflation have prompted the Central Bank of Jamaica (BOJ) to pursue stronger measures to influence a return of inflation to the Bank's target of 4% to 6% in the near term.

Gross Domestic Product (GDP)

Economic activity for the third quarter of 2022 continued its rebound as higher levels of activity were recorded in all Services Industries with Hotels and Restaurants (35.3%) recording the highest outturn. The growth in the Goods Producing Industries was largely attributed to increased output levels in Agriculture, Forestry and Fishing (17.0%) and Manufacturing (9.5%). The Mining and Quarrying and Construction industries however, declined by 27.6% cent and 3.1% respectively.

According to BOJ, the Jamaican economy is expected to expand at a slower rate of 3.0% to 5.0% in the December 2022 quarter, compared to the 5.9% increase recorded in the September 2022 quarter. Except for Construction, all industries were expected to rise in the review quarter. Real GDP growth is expected to decline to 4.0% to 5.5% in FY2022/23, down from 8.2% in FY2021/22 – higher than the Bank's earlier forecast.

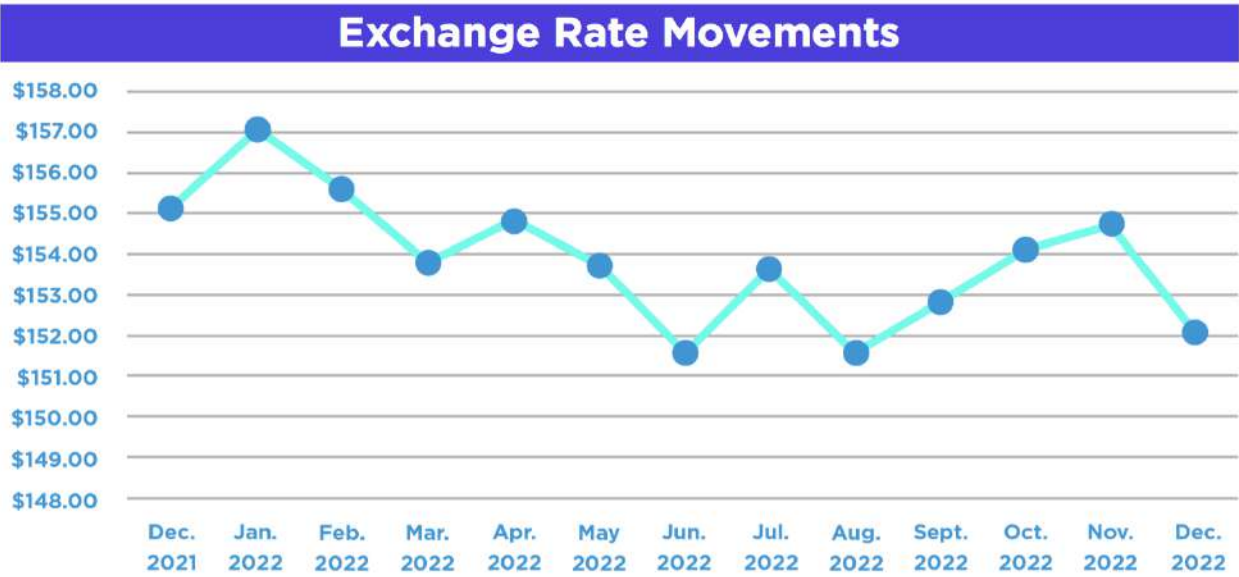
Gross Domestic Product (GDP)





Foreign Exchange

For the year 2022, the foreign exchange market observed a continuation of two-way movements in the exchange rate, where the dollar experienced upswings and then trended downwards. The market was also influenced by Government intervention through the Bank of Jamaica (BOJ). The maximum monthly average exchange rate recorded in 2022 was J\$157.13:US\$1 in Jamaica, while the lowest exchange rate recorded for the year was J\$152.43:US\$1 recorded in August. The average monthly exchange rate for the year was J\$154.27:US\$1 with the rate depreciating for 2022 by 1.96%. The BOJ believes that the increase in interest rates, along with the other measures, will temper the demand for foreign currency and hence moderate the pace of depreciation in the exchange rate.



Net International Reserve

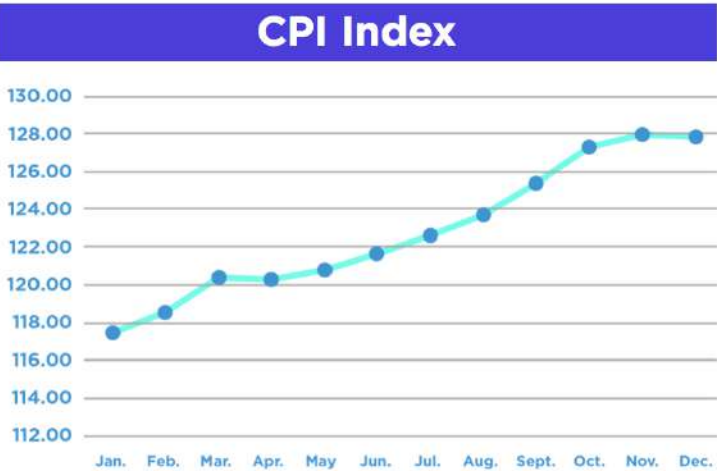
Jamaica's Net International Reserves (NIR) totalled US\$3,865.64 million as at January 2023, reflecting an increase relative to the US\$3,507.66 million reported, as at January 2022. For the year, the value of the NIR stock was influenced by outflows from Government of Jamaica as well as net B-FXITT sales of US\$748.0 million, over the year. These outflows were partly offset by inflows through the PSE Facility and from surrenders by Authorised Dealers and Cambios.



Inflation

Consumer Price Index rose to 8.8% for 2022, relative to 7.3 % in 2021. The uptick year over year remains above the Bank of Jamaica's inflation target of 4.0% - 6.0%. the point-to-point inflation rate as at December 2022 was 9.4%, down from 10.3% in November 2022. The moderation in inflation mainly reflected decelerations in Housing, Water, Electricity, Gas and Other Fuels (HWEG), Transport and Food and Non-Alcoholic Beverages (FNB) inflation due to lower oil prices, base effects and a stable exchange rate.

The BOJ projects that inflation will hover average between 5.5% and 6.50% from March 2023 to December 2024 (the following eight quarters), which is lower than the prior eight-quarter prediction of 6.0% to 7.00%. During the following ten months, inflation is expected to slow and surpass the top limit of the Bank's target range.



Policy Interest Rates

The BOJ announced that it would keep the policy interest rate relatively stable by keeping it at 7.0% as data hinted at a favourable inflation outlook. Yet, the short-term risks to the inflation forecast remain significant and tilted to an upwards growth trajectory. In an environment where the domestic economy is expanding, labour market shortages may lead to future pay adjustments, putting upward pressure on inflation. If unchecked, the predicted level of liquidity in the financial system poses serious threats to the accomplishment of the inflation objective as well as the maintenance of currency market stability. If there are future geopolitical disturbances, increased inflation might result from worsened supply chain circumstances and higher commodity costs. On the downside, weaker-than-expected global growth may have a negative impact on local demand, and some planned price changes may not occur.

MARKET DYNAMICS

Equities Market

Jamaica Stock Exchange (JSE) Main and Junior Markets

The global pandemic severely impacted the markets in 2021; the JSE index contracted 10% to close the year at 355,896.64 points. The JSE Main Market capitalisation at the end of the year was J\$1.76 trillion.

The JSE Junior Market index increased 16.28% up to 3,986.44 points at the end of December 2022. The Junior Market had three additions in 2022, Jamaica Fibreglass Products Limited, Dolla Financial Services Limited and Regency Petroleum which sought to a raise J\$280 million, J\$500 million and J\$287 million from the market respectively.

Thus far in 2023, we continue to see some encouraging signs of improvement in economic and market activity as the recovery persists. However, as at the end of February 2023, both the Main and Junior Market Indices have weakened 14.44% and 3.83% respectively.





International

The 2022 calendar year is one to be remembered and one to forget. This year marked a dramatic change in investor psychology as the rise in central bank rates to fight inflation and Russia's war in Ukraine continue to weigh on economic activity. The rapid spread of COVID-19 in China dampened growth in 2022, but the recent reopening has paved the way for a faster-than-expected recovery. Global growth in 2022 was 3.4% and is expected to fall to 2.9% for 2023. Global inflation is expected to fall from 8.8% in 2022 to 6.6% in 2023 and 4.3% in 2024, still above pre-pandemic (2017-19) levels of about 3.5% according to the International Monetary Fund (IMF).

The risk-reward balance remains skewed to the downside, however negative risks have eased since the October 2022 WEO. On the plus side, a larger boost from pent-up demand or a faster decline in inflation are both possible. On the other side, poor health outcomes in China might stall the recovery, Russia's war in Ukraine could deepen, and tighter global finance costs could exacerbate debt distress. Financial markets may also react abruptly to negative inflation data, while increased geopolitical disintegration may impede economic development.

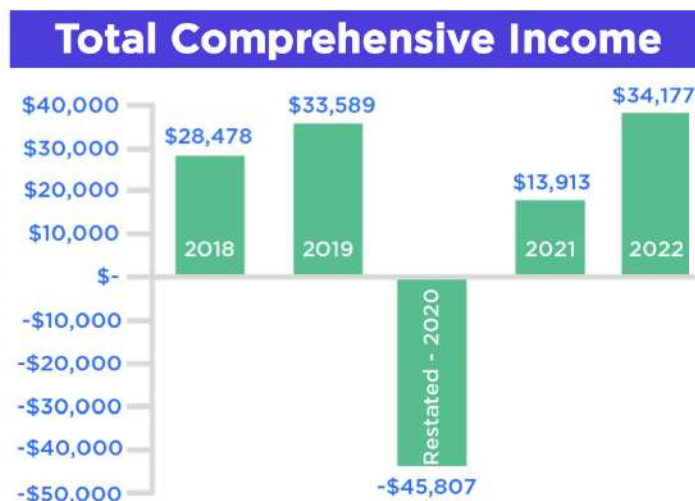
Establishing sustainable disinflation remains a top objective for most economies amid the cost-of-living crisis. With tighter monetary conditions and weaker growth possibly harming financial and debt stability, macroprudential measures must be used and debt restructuring mechanisms strengthened. Increasing COVID-19 immunisations in China would protect the recovery and have a favourable cross-border impact. Fiscal assistance should be better targeted at those who are most affected by rising food and energy prices, and broad-based fiscal relief initiatives should be phased down. Greater international cooperation is required to maintain the benefits of the rules-based multilateral system and to prevent climate change by reducing emissions and increasing green investment.

Overall Performance

Net profit for the year ended December 31, 2022, grew by 102% to US\$33.2 million compared to a net profit of US\$16.5 million in the prior year. This performance mainly resulted from increased net unrealised gains on investment in associates at FVTPL investments of US\$17.3 million and a 39% increase in dividend income to approximately US\$3.6 million when compared to the same period in 2021. Total operating expenses for the year ended December 31, 2022, increased by \$1.1 million to US\$3.1 million when compared to the corresponding period in the prior year. This resulted in an earnings per share (EPS) of US\$0.028 (2021: US\$0.014).

Total Comprehensive Income

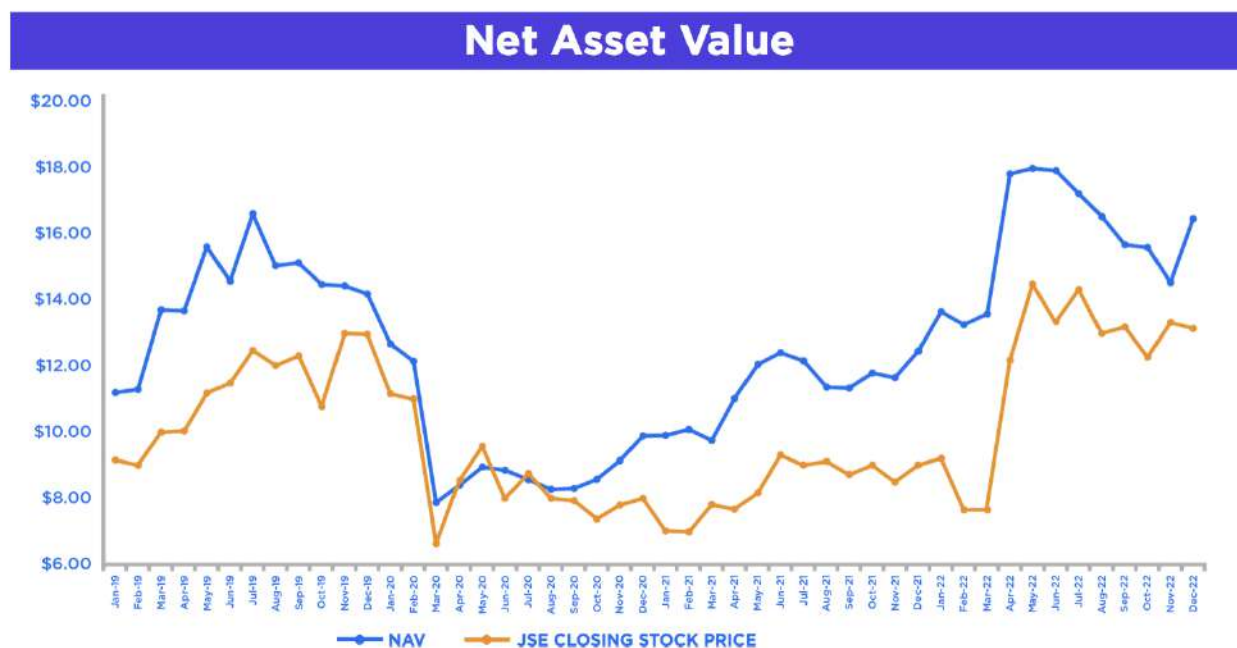
For the year ended December 31, 2022, the Company recorded significant improvements in total comprehensive income totalling US\$34.2 million, compared to a total comprehensive income of US\$13.9 million for the corresponding period in 2021, an increase of US\$20.3 million or 146%. This was due mainly to solid overall performances on the managed Jamaican equities portfolio.



Net Asset Value

As at December 31, 2022, net book value per share was US\$0.11 (J\$16.46), compared to US\$0.08 (J\$12.46) at December 31, 2021, representing an increase of US\$0.03 (J\$4.00) or a 34.6% increase over the corresponding period in 2021. This resulted from an increase in the carrying value of investment securities and investments in associates by US\$41.8 million when compared to 2021. MJE's stock price closed higher at J\$13.16 on December 31, 2022, compared to J\$9.01 as at December 31, 2021.

Total assets reported for the year ended December 31, 2022 was US\$161.3 million compared to US\$119.6 million for the comparative 2021 period. This represents US\$41.6 million or a 35% increase in our asset base due mainly to the appreciation in values of the quoted equities.



Portfolio Information

Mayberry Jamaican Equities recorded net purchases in stock units of 61 million for the financial period ended December 31, 2022. During the year, MJE continued to alter the composition of the investment portfolio relying on the experience and expertise of the Investment Manager, Mayberry Asset Management Ltd (MAM).

Some of the criteria that the Company and MAM believe to be important when identifying and investing in Jamaican equities are: (i) attractive valuation, (ii) experienced and aligned management and (iii) strong competitive position in their industry. These alongside a constant evaluation of risk and whether the management teams can mitigate the risks.

The changes reflect the Investment Manager's disposal of stocks, where the original investment

thesis has played out and/or where they have identified other investment opportunities, which present more attractive risk adjusted return opportunities.

The Company currently holds equities in 34 companies listed on the Main and Junior Markets of the Jamaica Stock Exchange (JSE). With the accounting policy changes, four of the Company holdings were re-classified to associates at FVTPL: Caribbean Producers Jamaica Limited, Lasco Financial Services Limited, Supreme Ventures Limited and IronRock Insurance Company Limited. The reclassification resulted in no change to their market valuation in the portfolio.

There was a favourable turnaround in stock prices for some of the securities in the portfolio's Top Ten. This is reflected in improved corporate financial performances as the underlying entities across the financial and manufacturing industries recorded increased business during the latter half of 2022.

Top Ten Performers

The top ten stocks at December 31, 2022, reflects the addition of JMMB Group Limited and removal of Jamaica Teas Limited when compared to December 31, 2021. There have also been changes in the ranking of top ten stocks as a percentage of the total portfolio due to purchases, sales and relative capital appreciation.

The following top ten stocks reflect a net sale of units during the financial year: Wigton Windfarm Limited, Derrimon Trading Company Limited, Caribbean Cement Company Limited, and Caribbean Producers Jamaica Limited.

The following top ten stocks reflect a net purchase of units during the financial year: GraceKennedy Limited, Lasco Financial Services Limited, Jamaica Broilers Group Limited, and JMMB Group Limited.

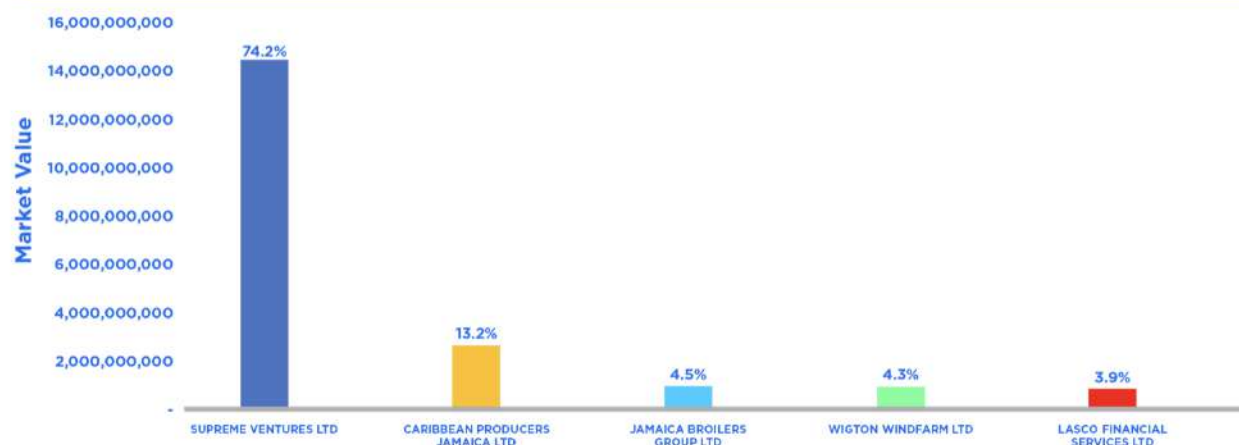
TEN LARGEST HOLDINGS (VALUE OF SHARES) AS AT DEC. 31, 2021

STOCK	% OF TOTAL VALUE OF INVESTMENTS
SVL	49.8%
CPJ	15.9%
GK	4.8%
LASF	4.2%
DTL	4.0%
WIG	3.5%
CCC	3.3%
JBG	2.5%
BPOW	1.9%
JAMT	1.8%

TEN LARGEST HOLDINGS (VALUE OF SHARES) AS AT DEC. 31, 2022

STOCK	% OF TOTAL VALUE OF INVESTMENTS
SVL	60.7%
CPJ	10.8%
JBG	3.7%
WIG	3.5%
LASF	3.2%
JMMBGL	3.0%
GK	3.0%
DTL	2.9%
BPOW	1.4%
CCC	1.3%

Top 5 Shareholdings



Dividend Income

For the year ended December 31, 2022, MJE reported dividend income of US\$3.6 million, compared to US\$2.6 million representing a 39% increase over the corresponding period in 2021. The major contributors to dividend revenues were Supreme Ventures Limited, GraceKennedy Limited, Jamaica Broilers Group Limited, Lasco Distributors Limited and Lumber Depot Limited.

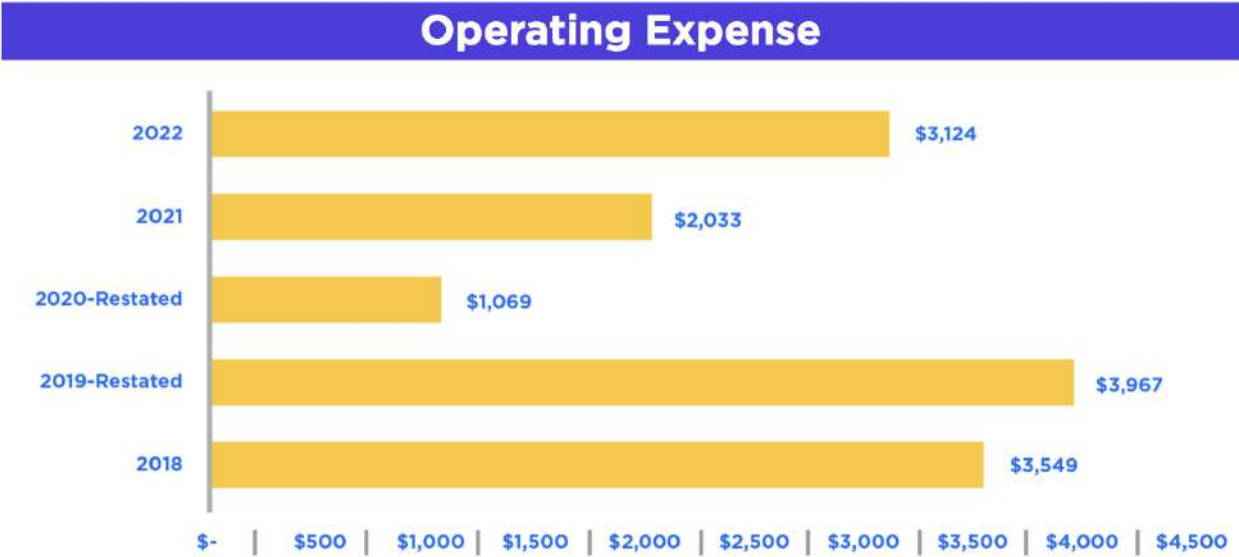


Payment of Dividends

On July 18, 2022, a dividend of US\$479K was paid following the Board’s approval of an ordinary dividend payment of US\$0.0004 per share. The payment was made to shareholders on record as of June 30, 2022.

Operating Expenses

Total operating expenses for the year ended December 31, 2022, increased by \$1.1 million to US\$3.1 million when compared to the corresponding period in the prior year. This was driven mainly by increased expenses incurred for management and incentive fees following the significant growth in the net asset value under management. In addition, higher legal and professional fees were recorded for support services provided to MJE. For 2021, no incentive fees were paid to the Investment Manager as the NAV had not yet returned to the previous levels attained pre-COVID-19.



Statement of Financial Position

Assets

Total assets reported for the year ended December 31, 2022 was US\$161.3 million compared to US\$119.6 million for the comparative 2021 period. This represents a US\$41.6 million or a 35% increase in our asset base, due mainly to increased values of quoted equities, particularly, Supreme Ventures Limited and other equities that are valued at FVOCI.

Asset Categories

Cash resources of US\$2.4 million represented amounts used for day-to-day operational activities, a marginal increase of US\$59K when compared to the year ended December 31, 2021. Investment securities increased by US\$5.3 million or 15.3%. This was primarily driven by Wigton Windfarm Limited, GraceKennedy Limited, Derrimon Trading Company Limited, Jamaica Broilers Group Limited and JMMB Group Limited. The portfolio has investments in diverse sectors, namely: entertainment, retail,

manufacturing, agriculture, conglomerates, banking, insurance and financial services.

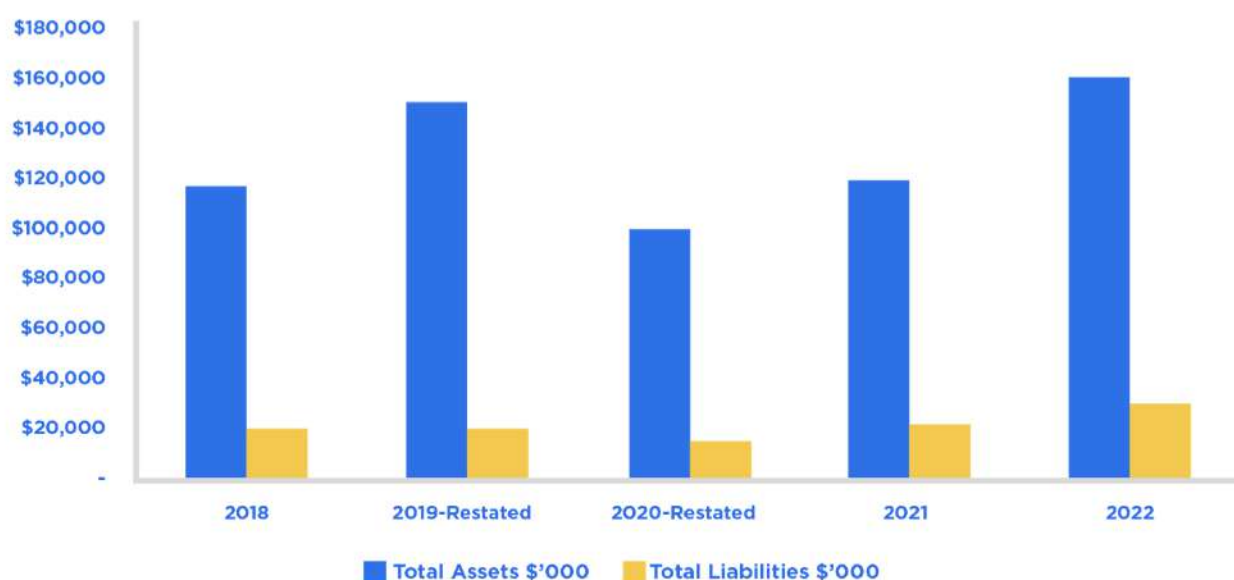
Investment in associates of US\$119.3 million increased by US\$36.5 million or 44.1%. This was mainly attributable to increases in investments for Caribbean Producers Jamaica Limited of US\$14.3 million or 332% and Supreme Ventures Limited of US\$8 million or 16%. The balance comprises associates at FVTPL: Supreme Ventures Limited US\$58.4 million, Caribbean Producers Jamaica Limited US\$18.7 million, Lasco Financial Services Limited US\$4.9 million and IronRock Insurance Company Limited US\$805K as at December 31, 2021.

Other receivables totalled US\$53K, a decrease of approximately US\$186K or 78%, relative to the corresponding period for 2021.

Liabilities

Total liabilities for the year ended December 31, 2022, increased by US\$7.9 million or 35.4% compared to the corresponding period in 2021 due to the Company securing additional funding for its asset base of US\$7.2 million from the parent company for investment purchases.

Total Assets and Liabilities



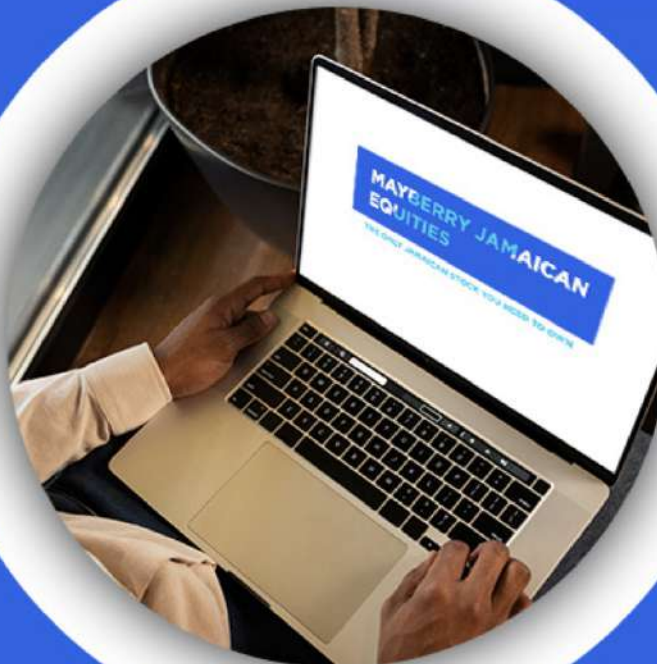
Equity

Mayberry Jamaican Equities Limited capital base remained strong and closed the year at US\$131 million when compared to US\$97.3 million for December 2021. This was attributable primarily to an increase in net profits for the 12-month period by US\$33 million. This was however, offset by a year over year decline in total fair value reserves of US\$2.6 million mainly due to reductions in the market value of some investments carried at fair value through other comprehensive income. MJE's return on equity to shareholders for the financial period ended December 31, 2022, was 25.3% (2021:16.9%).



MJE

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Mayberry Jamaican Equities (MJE) continues to effectively manage risk in response to the ever-changing economic and investment landscape. This year was one of great economic uncertainty for listed companies due to significant interest rate increases, foreign exchange rate interventions and rising inflation both locally and overseas. During this period, the Company found it prudent to effectively manage its risk and has demonstrated a strong understanding of the primary risks which may affect its viability and shareholders return. The key risk areas are Credit Risk, Liquidity Risk, Market Risk and Operational Risk, which are further broken down below.

Operational Risk

Operational risk is the risk of loss resulting from ineffective or failed internal processes, people systems, or external events that can disrupt the flow of business operations. The key operational risks that the Company monitored during this period included: data protection, information technology disruption, resilience risk, theft and fraud and third-party risk. MJE will continue to actively monitor our operational risk landscape to ensure they remain within the Company's risk appetite as we pursue our strategic objectives.

Market Risk

The Company faces risks from movements in specific market variables, including stock prices, interest rates and their impact on the portfolio value and returns. The main market risk faced by the Company includes:

I. Equity Price Risk

Equity price risk refers to the potential for the price of a stock or other equity investment to fluctuate in value caused by several factors, such as changes in market conditions, company performance, and other external factors. The Company continues to diversify its portfolio to minimise industry and economic shocks to the portfolio.

II. Foreign Exchange Risk

The Company invests in foreign-denominated securities and will face the risk of fluctuations in exchange rates that may negatively impact the value of investments denominated in those currencies. Publicly available data, market metrics and statistical techniques such as Value-at-Risk (VaR) are used to quantify and track market risks. These tools are used to guide the Board's decision-making and ensure alignment with risk appetite and tolerance level.



Liquidity

Liquidity risk is defined as the risk of incurring losses resulting from the inability to meet payment obligations in a timely manner when they become due or from being unable to do so at a sustainable cost. MJE continues to maintain positions needed to take advantage of movement in the local stock market. The Company receives cash from invested companies' dividends.

Credit Risk

Credit risk is defined as the potential loss arising from a borrower or counterparty failing to meet its obligations in accordance with the agreed terms. The company also maintains its level of credit respect as a percentage of its overall portfolio as it continues to effectively meet its debt obligations.

Mayberry Jamaican Equities Limited

Top Ten Shareholders

As At December 31, 2022

NAME	SHAREHOLDINGS
MAYBERRY INVESTMENTS LIMITED	681,359,200
PWL BAMBOO HOLDINGS LIMITED	119,427,545
KONRAD BERRY	81,744,294
VDWSD LIMITED	67,252,400
MAYBERRY ASSET MANAGERS LIMITED	41,122,865
MANWEI INTERNATIONAL LIMITED	33,809,902
KMB HOLDINGS INC	25,257,740
THE MAYBERRY FOUNDATION LIMITED	10,554,868
APEX PHARMACY	9,817,068
KONRAD LIMITED	7,432,031

CONNECTED PARTIES

A+ MEDICAL CENTRE	6,641,141
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Shareholdings Of Directors And Senior Management

As At December 31, 2022

NAME	SHAREHOLDINGS	CONNECTED PEOPLE
CHRISTOPHER BERRY	-	149,461,840
KONRAD BERRY	81,744,294	12,362,345
NATALIE AUGUSTIN	253,300	-



Audited Financial Statements

Financial Year ended
December 31, 2022

Mayberry Jamaican Equities Limited

**Financial Statements
31 December 2022**

Mayberry Jamaican Equities Limited

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31 December 2022

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Independent auditors' report

To the Members of Mayberry Jamaican Equities Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mayberry Jamaican Equities Limited (the Company) as at 31 December 2022 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2022;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in shareholders' equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers East Caribbean, Unit 111 Johnsons Centre, No. 2 Bella Rosa Road, P.O. Box BW 304,
Gros Islet, St. Lucia, West Indies
T: (758) 722 6700, www.pwc.com/bb

A full listing of the partners of PricewaterhouseCoopers East Caribbean is available upon request.



Our audit approach

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Investment in Associates <i>Refer to notes 2 (b), 3 (a) and 7 to the financial statements for disclosures of related accounting policies and balances.</i></p> <p>The Company's total investments in associates was US \$119 million as at 31 December 2022, representing holdings in certain investment securities, which range between 18% to 21% of the issued share capital and where there is board and/or board sub-committee representation.</p> <p>As per the Company's accounting policies, management recognises associates as all entities over which the Company has significant influence but not control, generally accompanying a shareholding of 20% of the voting rights. As the Company is deemed to have a similar business model to an investment entity as defined by IFRS 10, the Company has elected the exemption from applying the equity method in IAS 28 for its investment in associates and recognises its investment in associates at FVTPL in accordance with IFRS 9.</p>	<p>We performed the following procedures, amongst others, as it pertains to Investment in Associates as follows:</p> <ul style="list-style-type: none"> Performed inquiries and evaluated management's accounting policies against the requirements of the applicable accounting standards; Read and evaluated management's position papers on the determination of the designation of the investments as associated companies; Independently confirmed shareholdings of related associates with the local securities deposits registry.



Key audit matter	How our audit addressed the key audit matter
We focused our audit efforts on this balance due to its material impact on the financial statements. The determination of the applicable accounting standard being IAS28, Investment in Associated Companies and Joint Ventures, versus IFRS 9, Financial Instruments, involved a level of applied judgement by management.	<ul style="list-style-type: none"> Corroborated board and sub committee membership through inspection of published submissions to the Jamaica Stock Exchange; and Challenged management's assertion that it qualifies for the exemption from equity accounting under IAS 28 paragraph 18 by assessing the following: <ul style="list-style-type: none"> The nature of the Company's operations; How the business is managed; How the performance of the Company is assessed and management of the Company is remunerated; and Compared the underlying information to the types of entities that IAS 28 describes as being eligible for exemption. <p>Based on the results of our audit procedures, we concluded that management's treatment of investment in associates is consistent with the requirements of the IAS 28 and IFRS 9.</p>

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements and our Auditors' report thereon), which is expected to be made available to us after the date of this Auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that is presented fairly, in all material respects, in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement leader on the audit resulting in this independent auditors' report is Tonya Graham.

PricewaterhouseCoopers

Chartered Accountants
Castries, St. Lucia
27 February 2023

Mayberry Jamaican Equities Limited

Statement of Financial Position

31 December 2022

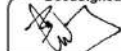
(expressed in United States dollars unless otherwise indicated)

	Note	2022 \$	2021 \$
Assets			
Cash and deposits	4	2,370,150	2,310,575
Investment securities	6	39,562,421	34,299,736
Investments in associates	7	119,274,824	82,776,256
Other receivables		55,655	239,012
Taxation recoverable		-	1,851
Intangible asset	9	-	10,188
Total Assets		<u>161,263,050</u>	<u>119,637,618</u>
Liabilities			
Due to parent company	8(b)	7,263,456	170,408
Accounts payable	10	1,855,345	1,408,451
Debt security in issue	13	14,559,660	14,272,342
Promissory note payable	12	6,622,157	6,522,299
Total Liabilities		<u>30,300,618</u>	<u>22,373,500</u>
Equity			
Share capital	15	20,556,260	20,556,260
Fair value reserve	16	5,557,924	8,138,917
Translation reserve	17	(31,930,901)	(34,239,323)
Retained earnings		136,779,149	102,808,264
Total Equity		<u>130,962,432</u>	<u>97,264,118</u>
TOTAL LIABILITIES AND EQUITY		<u>161,263,050</u>	<u>119,637,618</u>

The accompanying notes on pages 5 – 29 form an integral part of these financial statements.

Approved for issue by the Board of Directors on 24 February 2023 and signed on its behalf by:

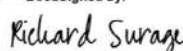
DocuSigned by:



Christopher Derry

Chairman

DocuSigned by:



Richard Surage

Director

Mayberry Jamaican Equities Limited

Statement of Financial Position

31 December 2022

(expressed in United States dollars unless otherwise indicated)

	Note	2022 \$	2021 \$
Assets			
Cash and deposits	4	2,370,150	2,310,575
Investment securities	6	39,562,421	34,299,736
Investments in associates	7	119,274,824	82,776,256
Other receivables		55,655	239,012
Taxation recoverable		-	1,851
Intangible asset	9	-	10,188
Total Assets		161,263,050	119,637,618
Liabilities			
Due to parent company	8(b)	7,263,456	170,408
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The accompanying notes on pages 5 – 29 form an integral part of these financial statements.

Approved for issue by the Board of Directors on 24 February 2023 and signed on its behalf by:

DocuSigned by:

 Christopher Berry

Chairman

DocuSigned by:

 Richard Surage

Director

Mayberry Jamaican Equities Limited

Statement of Changes in Shareholders' Equity

Year ended 31 December 2022

(expressed in United States dollars unless otherwise indicated)

	Number of Shares	Share Capital \$	Fair Value Reserve \$	Translation Reserve	Retained Earnings \$	Total \$
Balance at 1 January 2021	1,201,149,292	20,556,260	9,425,881	(27,169,398)	81,023,300	83,836,043
Net profit for the year	-	-	-	-	16,450,069	16,450,069
Other comprehensive income	-	-	4,533,241	(7,069,925)	-	(2,536,684)
Total comprehensive income	-	-	4,533,241	(7,069,925)	16,450,069	13,913,385
Transfer of gain on disposal of equity investments at FVTOCI to retained earnings	-	-	(5,820,205)	-	5,820,205	-
Transactions with owners - Dividends	-	-	-	-	(485,310)	(485,310)
Balance at 31 December 2021	1,201,149,292	20,556,260	8,138,917	(34,239,323)	102,808,264	97,264,118
Net profit for the year	-	-	-	-	33,193,301	33,193,301
Other comprehensive income	-	-	(1,324,686)	2,308,422	-	983,736
Total comprehensive income	-	-	(1,324,686)	2,308,422	33,193,301	34,177,037
Transfer of gain on disposal of equity investments at FVTOCI to retained earnings	-	-	(1,256,307)	-	1,256,307	-
Transactions with owners - Dividends	-	-	-	-	(478,723)	(478,723)
Balance at 31 December 2022	1,201,149,292	20,556,260	5,557,924	(31,930,901)	136,779,149	130,962,432

The accompanying notes on pages 5 – 29 form an integral part of these financial statements.

Mayberry Jamaican Equities Limited

Statement of Cash Flows

Year ended 31 December 2022

(expressed in United States dollars unless otherwise indicated)

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Profit before taxation		33,193,301	16,432,623
Adjustments for:			
Interest income on financial assets at amortised cost	18	(21,449)	(6,655)
Amortisation of intangible asset	9	10,188	49,240
Write-off of intangible asset	19	-	299,674
Net trading gains		(140,114)	(43,341)
Net foreign exchange losses/(gains)		17,454	(134,476)
Interest expense on financial liabilities at amortised cost	18	1,659,923	1,387,270
Net unrealised gains on investments in associates at FVTPL		(34,190,302)	(16,930,920)
Net unrealized gains on financial instruments - FVTPL		(54,944)	(153,377)
		474,057	900,038
(Increase)/decrease in investment securities		(5,744,595)	3,722,533
Increase in investments in associates		(170,787)	(10,582,204)
Decrease/(Increase) in other receivables		180,143	(7,528)
(Decrease)/Increase in accounts payable		(544,836)	411,931
Due to/from related parties		8,090,818	642,876
		2,284,800	(4,912,354)
Taxation paid		-	-
Interest received		20,676	6,592
Interest paid		(1,781,021)	(1,235,638)
Net cash provided by/(used in) operating activities		524,455	(6,141,400)
Cash flows from financing activities			
Proceeds from promissory note		-	7,953,480
Repayment of promissory note		-	(1,325,823)
Dividend paid		(478,723)	(485,310)
Net cash (used in)/provided by financing activities		(478,723)	6,142,347
Increase in cash and cash equivalents		45,732	947
Exchange gain on foreign cash and cash equivalents		560	(3,334)
Cash and cash equivalents at beginning of the period		2,039,380	2,041,767
Cash and cash equivalents at the end of the period	4	2,085,672	2,039,380

The accompanying notes on pages 5 – 29 form an integral part of these financial statements.

Mayberry Jamaican Equities Limited

Notes to the Financial Statements

31 December 2022

(expressed in United States dollars unless otherwise indicated)

1. Identification and Principal Activities

Mayberry Jamaican Equities Limited (the Company) is a public limited liability company which is listed on the Jamaica Stock Exchange ("JSE"). It is incorporated in St. Lucia under the *International Business Companies Act* and its registered office is located at Bourbon House, Bourbon Street, Castries, St. Lucia. On January 5, 2018, the Company changed its name from Mayberry West Indies Limited to Mayberry Jamaican Equities Limited under the *International Business Companies Act*, Cap 12:14.

Mayberry Investments Limited ("MIL") is the Company's parent and owns 50.42% (2021 - 59.78%) of Mayberry Jamaican Equities Limited as at December 31, 2022.

The Company is an investment company whose objective is to achieve long term capital appreciation, while preserving capital, by investing in and trading public equity securities in Jamaica ("Jamaican equities").

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for all the years presented unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment securities at fair value through other comprehensive income ("FVTOCI"), investments in associates at fair value through profit or loss ("FVTPL") and financial assets at FVTPL. The company has determined that it is a similar entity to an investment entity as defined in IFRS 10 and it continues to meet this definition (see note 2 (b)).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

New, revised and amended standards and interpretations that became effective during the year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Company has assessed the relevance of all such new standards, interpretations and amendments and has concluded that there are no new standards, interpretations and amendments which are relevant to its operations.

Mayberry Jamaican Equities Limited

Notes to the Financial Statements

31 December 2022

(expressed in United States dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

New, revised and amended standards and interpretations not yet effective and not early adopted by the Company

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Company. The standards, amendments and interpretations relevant to the Company are discussed below. These standards, amendments or interpretations are not expected to have a material impact on the Company entity in the current or future reporting periods and on foreseeable future transactions.

Amendments to IAS 1, *Presentation of financial statements*, on classification of liabilities, (effective for annual periods beginning on or after 1 January 2024). These narrow-scope amendments to IAS 1 *Presentation of financial statements*, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

Narrow scope amendments to IAS 1, *Practice statement 2* and IAS 8, (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

(b) Investment in Associates

An entity that meets the IFRS 10 *Consolidated Financial Statements* definition of an investment entity is required to measure its investments at FVTPL in accordance with IFRS 9 *Financial Instruments*. This is because using fair value results in more relevant information than, for example, consolidation for subsidiaries or the use of the equity method for interests in associates or joint ventures. The Company has determined that its business model and operations are similar to that of an 'investment entity' as defined in IFRS 10.

An investment entity is an entity that obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis. The company has met and continues to meet the substantive definition of an investment entity and is therefore considered similar to this type of entity, as its strategic objective of investing in Jamaican equities and providing investment management services to investors for the purpose of generating returns in the form of long term capital appreciation, remains unchanged. The company has no subsidiaries but has investments in associates.

The Company may from time to time seek to liquidate its positions in any of its Jamaican equities. The circumstances under which the company may sell some or all of its investments include: (i) where the company believes that the Jamaican equities are fully valued or that the original investment thesis has played out; or (ii) where the company has identified other investment opportunities which it believes present more attractive risk-adjusted return opportunities and additional capital is needed to make such alternative investments.

For its Jamaican equities, the company's exit strategies may include selling the investments through private placements, hedge funds or in public markets. While most stocks are traded daily, some anchor holdings have a 10 – 15 year horizon for the full growth potential anticipated to be realised (See note 3(a)).

Mayberry Jamaican Equities Limited

Notes to the Financial Statements

31 December 2022

(expressed in United States dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Investment in Associates (continued)

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. As the company is deemed to have a similar business model to an investment entity as defined by IFRS 10, the company has elected the exemption from applying the equity method in IAS 28 for its investments in associates and accounts for its investments in associates at FVTPL in accordance with IFRS 9.

The Company's associates are as follows:

Name of Entity	Accounting Year-end	Nature of Business	The Company's proportion of ordinary shares held (%)	
			2022	2021
Lasco Financial Services Ltd	March 31	Money Services	21	20
Caribbean Producers (Jamaica) Limited	June 30	Food trading	20	20
Iron Rock Insurance Limited	December 31	General insurance	19	19
Supreme Ventures Limited	December 31	Betting, gaming and lottery	18	18

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the Company is Jamaican dollars based on its primary operating and regulatory environment.

The financial statements are presented in United States Dollars, the Company's presentation currency in accordance with its Articles of Association.

(ii) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the date of the statement of financial position, monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the statement of profit or loss and other comprehensive income.

Translation differences on non-monetary financial assets and liabilities are a component of the change in their fair value. Translation differences on non-monetary financial assets and liabilities such as equities held at FVTPL, are recognised in the statement of profit or loss as part of the fair value gain or loss. Translation differences, on non-monetary financial assets such as equities classified as FVTOCI are recognised in other comprehensive income.

(iii) Translation from functional to presentation currency

Assets and liabilities for the balance sheet are translated into the presentation currency at the closing rate at the date of the balance sheet. Income and expenses are translated at exchange rates at the dates of the transactions. All resulting exchange differences are recognised in other comprehensive income.

Mayberry Jamaican Equities Limited

Notes to the Financial Statements

31 December 2022

(expressed in United States dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(d) Intangible assets

Acquired computer software licenses and proprietary developed systems are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of the software, which ranges from 5 to 10 years.

Impairment

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use.

(e) Financial assets

i. Initial recognition and measurement

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. This includes regular way purchases of financial assets and liabilities that require delivery of assets within the time frame generally established by regulation or convention in the market place.

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, plus or minus directly attributable transaction costs for all instruments except in the case of financial assets recorded at FVTPL. All other financial instruments including instruments designated at FVTPL are measured at fair value, and transaction costs are expensed in the statement of profit and loss and comprehensive income.

ii. Classification and subsequent measurement

The Company classifies all of its financial assets based on the business model for managing the assets and the assets contractual terms. The following measurement categories are used in accordance with the requirements of IFRS 9:

- those to be measured at fair value through other comprehensive income (FVTOCI)
- Fair value through profit or loss (FVTPL), and
- those to be measured at amortised cost.

iii. Business model assessment

IFRS 9 requires an assessment of the nature of the Company's business model at a level that best reflects how it manages portfolios of financial assets. The business model reflects how the company manages the assets in order to generate cash flow; this is, whether the company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g., financial assets are held for trading purposes), then the financial assets are classified as "Other" business model and measured at FVTPL.

Mayberry Jamaican Equities Limited

Notes to the Financial Statements

31 December 2022

(expressed in United States dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(e) Financial assets (continued)

iii. Business model assessment (continued)

Factors considered by the company in determining the business model for a group of assets include:

1. How the asset's performance is evaluated and reported to key management personnel;
2. How risks are assessed and managed; and
3. How managers are compensated.

The company has determined that it has two business models:

Hold-to-collect business model: This comprises, cash and cash equivalents accounts receivable. These financial assets are held to collect contractual cash flows.

Other business model: This comprises equity investments. These financial assets are managed and their performance is evaluated, on a fair value basis.

iv. Equity Instruments

Financial assets measured at FVTOCI

Where the company has made an irrevocable election to classify equity investments at FVTOCI, they are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the related fair value reserve. There is no subsequent reclassification of fair value gains/losses to profit or loss. Following the derecognition of the investment, these realised gains/losses are transferred to retained earnings.

Financial assets measured at FVTPL

This category comprises equity investments which are held for trading and are carried in the statement of financial position at fair value with changes in fair value recognised in profit or loss.

Dividend income

When representing a return on such equity investments, dividend income is recognised in profit or loss when the Company's right to receive payments is established.

v. Financial assets measured at amortised cost

Financial assets that are held to collect the contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) are measured at amortised cost. Any gain or loss arising on derecognition is recognised directly in profit or loss together with foreign exchange gains or losses. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method less provision for impairment.

The company's financial assets measured at amortised cost comprise cash and cash equivalents, and other receivables in the statement of financial position.

Cash and cash equivalents include cash in hand, bank balances and other short term highly liquid investments with original maturities of three months or less.

Mayberry Jamaican Equities Limited

Notes to the Financial Statements

31 December 2022

(expressed in United States dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(e) Financial assets (continued)

vi. Impairment

Expected credit losses ("ECL") are established for all financial assets, except for financial assets classified or designated as FVTPL and equity securities designated as FVTOCI, which are not subject to impairment assessment. The impact of ECLs on other financial assets is considered immaterial as this comprises primarily cash and cash equivalents.

The Company assesses on a forward looking basis the ECL associated with its financial assets classified at amortised cost. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not been increased significantly since initial recognition of the financial asset, twelve month ECLs along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime ECLs along with interest income on a net basis are recognised. The company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company assumes that there is no significant increase in credit risk for instruments that have a low credit risk. This assumption is used primarily for cash and cash equivalents.

vii. Derecognition

Regular way sales of financial assets are recognised on trade date, being the date on which the Company commits to sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(f) Financial liabilities

Financial liabilities are initially recognised at fair value, being their issue proceeds, net of transaction costs directly attributable to the issue of the instrument. Borrowings are subsequently carried at amortised cost using the effective interest rate method, which ensures that any interest expense recognised in the statement of profit or loss and other comprehensive income over the period to repayment is a constant rate on the balance of the liability carried in the statement of financial position.

The Company's financial liabilities comprise promissory note payable, accounts payable, debt security in issue and due to related companies.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

(g) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an unconditional and legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

(h) Borrowings

Borrowings are recognized initially at cost, being their issue proceeds, net of transaction costs incurred. Subsequently, borrowings are stated at amortised cost and any difference between net proceeds and the redemption value is recognized in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective yield method.

(i) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Mayberry Jamaican Equities Limited

Notes to the Financial Statements

31 December 2022

(expressed in United States dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(j) Revenue Recognition

Interest income is recognised in the statement of profit or loss and other comprehensive income for all interest-bearing instruments on the accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed investments and discount or premium on financial instruments.

(k) Income Taxes

Taxation expense in the statement of profit or loss and other comprehensive income comprises current and deferred tax charges.

Current tax charges are based on taxable profit for the year, which differs from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Company's liability for current tax is calculated at tax rates that have been enacted or substantively enacted at the statement of financial position date. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted or substantively enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Current and deferred tax assets and liabilities are offset when they arise from the same taxable entity and relate to the same Tax Authority and when the legal right of offset exists. Deferred tax is charged or credited in the statement of profit and other comprehensive income except where it relates to items charged or credited to equity, in which case deferred tax is also accounted for in equity. The principal temporary differences arise from depreciation of property, plant and equipment, revaluation of certain financial assets and tax losses carried forward.

(l) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of new ordinary stock units are included in the cost of acquisition as part of the purchase consideration.

Preference share capital is classified as equity except where it is redeemable on a specific or determinable date or at the option of the shareholders and/or if dividend payments are not discretionary, in which case it is classified as a liability. Dividend payments on preference shares classified as a liability are recognized in the statement of profit or loss and other comprehensive income as interest expense.

(m) Segment reporting

The Board of directors considers the Company to have a single operating segment. The Board of Directors' asset allocation decisions are based on a single, integrated investment strategy and the Company's performance is evaluated on an overall basis which is as per the primary financial statements of the Company.

(n) Dividend distributions

Dividends are recognized as an appropriation in the Company's financial statements, in the period which the dividends are approved.

Dividends for the year that are declared after the reporting date are dealt with in the subsequent events note.

Mayberry Jamaican Equities Limited

Notes to the Financial Statements

31 December 2022

(expressed in United States dollars unless otherwise indicated)

3. Critical Accounting Judgements and Estimates

(a) Critical judgements in applying the Company's accounting policy

The preparation of the financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies. The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. This note provides an overview of the areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of an error and changes to previous estimates:

i. Investment Entity Business Model

With the Company's listing in 2018, there was considerable deliberation and consideration given to the Company's business model and objectives which were also associated with the unavailability of licenses for certain types of collective investment schemes in Jamaica. Management is of the view that its business model is, and always has been, similar to that of an "investment entity" as defined in IFRS 10 having consideration to the following key matters amongst other facts:

1. The Company provides investment management services to multiple investors who have invested in the Company via the JSE to take advantage of the management of a portfolio of Jamaican equities on their behalf.
2. The Company's principal objective is solely to invest in Jamaican equities for returns from capital appreciation and investment income.
3. The company manages and evaluates performance on the Jamaican equities on a fair value basis. A Net Asset Value (NAV) is tracked daily and communicated to the Company's investors and potential investors via the JSE and the Company's website. Additionally, the Company's Investment Manager is compensated based on the fair value appreciation of the portfolio over time (note 8(b (ii))).

The purpose and design of the company is therefore similar to that of an investment entity per IFRS 10.

ii. Investments in associated companies

IAS 28 prescribes the accounting requirements for entities that while not controlled or jointly controlled by the reporting entity, are subject to significant influence by it and are deemed associates. The standard indicates that a holding of 20% or more of the voting power of the investee is presumed to give rise to significant influence, unless it can be clearly demonstrated that this is in fact not the case. Conversely, a holding of less than 20% of the voting power is presumed not to give rise to significant influence, unless it can be clearly demonstrated that there is in fact significant influence. The Company has four investments which meet the criteria of having influence based on management's representation on the Board of directors which places it in a position to contribute to policy formation and participate in decisions about dividends and other distributions.

Mayberry Jamaican Equities Limited

Notes to the Financial Statements

31 December 2022

(expressed in United States dollars unless otherwise indicated)

3. Critical Accounting Judgements and Estimates (Continued)

(a) Critical judgements in applying the Company's accounting policy (continued)

ii. Investments in associated companies (continued)

The Company also has shareholdings of 20% in Blue Power Limited, however the Company has never sat on the Board of Directors, nor any key operational committees and Management is not of the view they exercise any significant influence over this entity's activities. This entity has therefore been accounted for as a financial investment.

The Company elected the IAS 28 exemption from applying the equity method of accounting to measure its investments in associates and instead measure them at FVTPL in accordance with IFRS 9. Management is of the view that fair value measurement provides more useful information for users of the financial statements. This election is consistent with the determination by Management that the Company is an entity of similar type to an investment entity defined in IFRS 10 as discussed above.

(b) Key Sources of estimation uncertainty

Fair value of financial instruments

Substantially all the Company's financial assets and some liabilities included in the company's financial statements require measurement at, and/or disclosure of fair value. Management uses its judgment in selecting appropriate valuation techniques to determine fair value of investment securities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine the fair value of a financial instrument. For financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at the end of the reporting period.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

Mayberry Jamaican Equities Limited

Notes to the Financial Statements

31 December 2022

(expressed in United States dollars unless otherwise indicated)

3. Critical Accounting Judgements and Estimates (Continued)

(b) Key Sources of estimation uncertainty (continued)

Fair value of financial instruments (continued)

- (i) Investment securities classified as FVTPL and FVTOCI are measured at fair value by reference to quoted market prices when available re last bid, ask and trade prices. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or discounted cash flows or other recognized valuation techniques.

The fair values of liquid assets and other assets maturing within one year are assumed to approximate their carrying amount. The assumption is applied to liquid assets and short term elements of all financial assets and liabilities.

- (ii) The fair values of variable rate financial instruments are assumed to approximate their carrying amounts.

The company uses the following three level fair value hierarchy in accordance with IFRS in determining and disclosing the fair value of financial instruments by valuation technique:

Level 1	quoted prices in active markets for identical assets or liabilities
Level 2	other techniques for which all inputs which have a significant effect on the recorded fair value is observable, either directly or indirectly.
Level 3	techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Transfers of items between levels are recognised in the period they occur.

The company measures its investment securities at fair value using level 1 inputs.

Income Taxes

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for actual and anticipated tax audit issues based on estimates of whether additional taxes will be due. In determining these estimates, Management considers the merit of any tax audit issues raised, based on their interpretation of the taxation laws, and their knowledge of any precedents established by the taxation authorities. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences could materially impact the current tax and deferred tax provisions in the period in which such determination is made. The Company also recognises deferred tax assets on tax losses carried forward where it anticipates making future taxable income to offset these losses.

The St. Lucian tax authorities enacted certain tax laws in 2012 and 2019 that contain certain grandfathering provisions. Some of those changes came into effect during 2021 for the Company, while others were effective in 2022. These are discussed in note 24.

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4. Cash and Deposits

	2022	2021
	\$	\$
Cash and cash equivalents (as per statement of cash flows)	2,085,672	2,039,380
Restricted deposit account	284,478	271,195
	<u>2,370,150</u>	<u>2,310,575</u>

Included in deposits is interest receivable of \$846 (2021: \$63)

5. Reconciliation of Liabilities arising from Financing Activities

The table below details the movement in debt for each of the periods presented. Financing activities represent debt security issued and other loans.

	Debt security in issue		Promissory note payable	
	2022	2021	2022	2021
	\$	\$	\$	\$
At 1 January 2021	14,272,342	15,484,054	6,522,299	-
Interest payable	(19,873)	(28,699)	(25,418)	-
	<u>14,252,469</u>	<u>15,455,355</u>	<u>6,496,881</u>	-
Loans received	-	-	-	7,953,480
Principal repayments	-	-	-	(1,325,823)
Interest payable	8,681	19,873	-	25,418
Amortisation of borrowing costs	23,372	23,733	-	-
Currency translation adjustments	275,138	(1,226,619)	125,276	(130,776)
At 31 December 2022	<u>14,559,660</u>	<u>14,272,342</u>	<u>6,622,157</u>	<u>6,522,299</u>

6. Investment Securities

	2022	2021
	\$	\$
Equity securities at FVTOCI	31,424,608	31,625,471
Equity securities at FVTPL	8,137,813	2,674,265
	<u>39,562,421</u>	<u>34,299,736</u>

7. Investments in Associates

Details of each of the Company's material associates at FVTPL at the end of the reporting period are as follows:

	2022	2021
	\$	\$
Supreme Ventures Limited	96,478,979	58,369,859
Caribbean Producers Jamaica Limited	17,154,430	18,651,405
Lasco Financial Services Limited	5,009,774	4,949,736
Ironrock Insurance Company Limited	631,641	805,256
	<u>119,274,824</u>	<u>82,776,256</u>

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8. Related Party Transactions and Balances

	2022 \$	2021 \$
(a) Transactions with related parties		
Interest expense (i)	594,426	312,046
Investment management fee and incentive fee (ii)	2,318,639	597,123
Dividend income	2,949,310	2,273,979
Administrative support and professional fees	386,847	103,862
Key management compensation	50,346	29,829
Directors' emoluments	36,333	44,549
	<u>36,333</u>	<u>44,549</u>
(b) Year-end balances arising from transactions with related parties		
Due to -		
Parent company – Mayberry Investments Limited (i)	13,885,613	6,692,707
Mayberry Asset Managers Limited (included in note 10) (ii)	1,797,207	809,647
	<u>15,682,820</u>	<u>7,502,354</u>

(i) This comprises a promissory note payable as discussed in note 12, and an outstanding inter-company balance of \$7,263,456 (2021 - \$170,408) which attracts interest at a rate of 6.8% per annum. The inter-company balance of \$7,263,456 has no fixed repayment terms.

(ii) On February 15, 2017, the Company entered into an agreement with Mayberry Asset Managers Limited, a company incorporated in St. Lucia that is controlled by two of the Company's directors. The agreement provides for the following fees to be paid to Mayberry Asset Managers Limited as compensation for the services rendered, and expenses borne by it, calculated as follows:

1. A management fee calculated as 0.50% of the net asset value; and
2. An incentive fee calculated as 8.00% of the increase in the comprehensive income.

The management fee is accrued and charged quarterly in arrears. The amount charged for the year was \$740,471 (2021 - \$597,123) (note 19)

The incentive fee is accrued and charged on the last day of each calendar year with reference to the comprehensive income earned for the calendar year in question. No incentive fee is payable if the net book value per share falls below previous levels attained ('hurdle per share') until and unless those previous levels are regained and surpassed. The amount charged for the year was \$1,578,168 (2021 – nil) (note 19).

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9. Intangible Asset

	2022
	\$
Cost	
At December 2020	475,242
Amounts written off during the period (note 10)	431,581
At December 2021 and 2022	<u>43,661</u>
Accumulated depreciation-	
At December 2020	94,578
Charge for the year	49,240
Relieved on write-off	<u>(110,345)</u>
At December 2021	33,473
Charge for the year	<u>10,188</u>
At December 2022	<u>43,661</u>
Net book value	
At December 2022	<u>-</u>
At December 2021	<u>10,188</u>

10. Accounts Payable

	2022	2021
	\$	\$
Audit fee payable	21,828	20,634
Contract termination fees payable (i)	-	440,000
Investment management fee (note 8 (b))	197,673	809,647
Investment incentive fee	1,599,534	-
Dividend payable	24,426	-
Other payables	<u>11,884</u>	<u>138,170</u>
	<u>1,855,345</u>	<u>1,408,451</u>

- (i) A computer application previously used for the Company's operations was discontinued during the prior year. This represents amounts provided for the early termination of the contract with the vendor.

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11. Deferred Taxation

Movement on the Company's deferred tax liability is as follows: -

	2022	2021
	\$	\$
Balance at beginning of year	-	124,089
Deferred tax credit (note 20)	-	(91,186)
Deferred tax credit to other comprehensive income on investment securities	-	(32,903)
Balance at end of year	-	-

	Investment securities & Associates	Tax Losses	Total
	\$	\$	\$
At 1 January 2021	252,399	(128,310)	124,089
Charged/(Credit)			
- to profit or loss	(219,496)	128,310	(91,186)
- to other comprehensive income	(32,903)	-	(32,903)
At 31 December 2021 and 31 December 2022	-	-	-

At December 31, 2022 the Company had unused tax losses of \$2,924,150 (2021 - \$2,924,150) available for offset against future profits. No deferred taxes have been calculated as with several laws that came into effect July 1, 2021 in St. Lucia, it is not considered probable that there will be taxable profits for the foreseeable future based on the Company's primary sources of revenue being external to St. Lucia (note 24).

12. Promissory Note Payable

On September 1, 2021, the Company entered into a loan facility with MIL, executed via a promissory note, amounting to \$7,953,480 (J\$1.2 billion) at a fixed rate of 6.80% per annum with quarterly interest payments. The note matures in 2026, however the loan can be prepaid upon giving the requisite notice without premium or penalty and shall be made with the accrued interest on the amount prepaid. Interest payable included in the balance at year end amounted to \$nil (2021 - \$25,418).

The note is secured by some of the Company's investments in associated companies included in note 14. The loan is subject to a material adverse change in financial condition clause.

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13. Debt Security in Issue

	2022	2021
	\$	\$
Corporate Bond Holders	14,550,979	14,252,469
Interest payable	8,681	19,873
	<u>14,559,660</u>	<u>14,272,342</u>

On September 24, 2018 the Company completed a secured corporate bond issue amounting to \$17,349,489 (J\$2.2 billion). The above amount is shown net of transaction costs which are being amortised over the life of the bond. The bond matures in 2023 and is at a fixed interest rate of 7.25% per annum which is paid quarterly. The bond was arranged by Sagicor Investments Jamaica Limited and is registered with JCSD Trustee Services Limited.

The bond is secured by some of the Company's quoted equity investments, included in note 14, in various entities that are being traded on the JSE. The following financial covenants are required to be maintained:

- i. Interest coverage ratio must be at least 1.5x;
- ii. Total debt to equity ratio must not exceed 40%, and;
- iii. Carrying value of the quoted equity investments must be at least 1.5x the carrying amount of the debt security in issue.

The company has complied with these covenants.

14. Pledged Securities

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	2022	2021
	\$	\$
Restricted deposit	284,478	271,195
Investment securities at FVTOCI	6,812,039	9,009,179
Investments in associates at FVTPL	116,350,329	80,075,507
	<u>123,446,846</u>	<u>89,355,881</u>

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15. Share Capital

	2022		2021	
	No. of Shares	\$	No. of Shares	\$
Authorised:				
1 special rights preference share of \$1,000 par value				
4,000,000 ordinary shares \$0.01 par value				
Issued and fully paid				
Preference share	1	1,000	1	1,000
Ordinary shares	1,201,149,291	20,555,260	1,201,149,291	20,555,260
	<u>1,201,149,292</u>	<u>20,556,260</u>	<u>1,201,149,292</u>	<u>20,556,260</u>

On January 19, 2018 a resolution was passed by the Board that each of the issued ordinary shares of the Company be sub-divided into 100 ordinary shares of \$0.01 each and also creating a single special rights preference share of \$1,000 par value. After the subdivision of shares, the parent company, MIL, surrendered 854,376,709 units of its shareholdings to the Company.

On February 28, 2018, MIL issued a dividend in specie to its shareholders by transferring 10% or 120,114,929 units of Mayberry Jamaican Equities Limited's issued share capital to all MIL shareholders on record as at February 16, 2018.

On July 31, 2018, 120,114,929 of MIL's shares in the Company were issued through an IPO for a value of \$908,292,799 and an additional 60,057,465 shares at a value of \$81,077,577 were transferred by MIL to Mayberry Asset Managers Limited on September 28, 2018, to be placed in Mayberry Investments Limited Employee Share Incentive Plan.

The rights of the Special Share are set out in section 10A of the amended Articles of Association of the Company and require the consent in writing of the holder of the Special Share to vary some provisions of the Articles.

16. Fair Value Reserve

This represents net unrealized gains on the revaluation of equity securities classified as FVTOCI.

17. Translation Reserve

This represents the foreign currency translation gains or losses arising from the conversion from functional currency (Jamaican dollar) to presentation currency (United States dollar).

18. Interest Income and Interest Expense

	2022	2021
	\$	\$
Interest income on financial assets at amortised cost	<u>21,449</u>	<u>6,655</u>
Interest expense on financial liabilities at amortised cost:		
Inter-company finance charges (note 8(a))	(594,426)	(312,046)
Debt security in issue	<u>(1,065,497)</u>	<u>(1,075,224)</u>
	<u>(1,659,923)</u>	<u>(1,387,270)</u>

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19. Expenses by Nature

	2022	2021
	\$	\$
Legal and professional fees	439,931	235,200
Investment management fee (note 8a)	740,471	597,123
Investment incentive fee (note 8a)	1,578,168	-
Registrar and brokerage fees	110,746	44,419
Salaries	50,346	29,786
Marketing & public relations	47,354	47,069
Amortisation of intangible asset (note 9)	10,188	49,240
Write-off of intangible asset (note 9/10)	-	299,674
Contract termination fees (note 10)	-	440,000
Computer license fees	2,424	218,604
Directors' fees	36,333	23,071
Other	83,994	25,255
	<u>3,099,955</u>	<u>2,009,441</u>

20. Taxation

The taxation charge on net profit for the year consists of the following:

	2022	2021
	\$	\$
Current tax	-	73,740
Deferred tax (note 11)	-	(91,186)
	<u>-</u>	<u>(17,446)</u>

The tax on the Company's net profit before taxation differs from the theoretical amount that would arise using the applicable tax rates to profits as follows:

	2022	2021
	\$	\$
Profit before taxation	<u>33,193,301</u>	<u>16,432,623</u>
Tax at 1%	-	164,326
Tax at 30%	9,957,990	-
Non-taxable income	(9,957,990)	(13,570)
Effect of changes in tax rates (see below)	-	(168,202)
	<u>-</u>	<u>(17,446)</u>

The tax rate has changed effective July 1, 2022 when the Company became subject to the Income Tax Act (ITA) No. 7 of 2012. As of that date, the previous elective of being subject to taxation at the rate of 1% was repealed and the Company deemed fully resident for tax and other purposes in Saint Lucia. The Company is subject to taxation at a rate of 30%. The company has applied the provisions of the Foreign Source Income exemption under Section 8(3) of the ITA to its income derived from sources outside of Saint Lucia (note 24).

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21. Financial Ratios

(a) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of shares in issue during the year.

	2022	2021
Net profit attributable to stockholders (\$)	33,193,301	16,450,069
Weighted average number of ordinary shares (units)	1,201,149,291	1,201,149,291
Basic earnings per stock unit (\$)	0.028	0.014
Fully diluted earnings per stock unit (\$)	0.028	0.014

The following metrics are non - GAAP financial measures which provide additional information on the value of each share. We believe this provides useful information to investors in interpreting the Company's financial results relative to their individual investments.

(b) Net book value per stock unit

Net book value is calculated by dividing the value of the total assets less its total liabilities by the number of ordinary stock share units in issue at the end of the year.

	2022	2021
Net book value end of year (\$)	130,962,432	97,264,118
Number of ordinary shares in issue (units)	1,201,149,291	1,201,149,291
Net book value per stock unit (\$)	0.109	0.081

(c) Market value of ordinary stock

Market value of ordinary stock units is calculated by multiplying the closing bid price per share as quoted on the JSE converted into United States dollars by the number of ordinary stock share units in issue at the end of the year.

	2022	2021
Closing bid price per unit as at 31 December (\$)	0.081	0.052
Number of ordinary shares in issue (units)	1,201,149,291	1,201,149,291
Market value of ordinary shares (\$)	97,293,093	62,429,817

22. Dividends

	2022	2021
Dividends paid	478,723	485,310

On June 16, 2022, an ordinary dividend of \$0.0004 (J\$0.06) per share was approved by the Board of Directors for payment on July 18, 2022.

On May 03, 2021, an ordinary dividend of \$0.0004 (J\$0.06) per share was approved by the Board of Directors for payment on May 21, 2021.

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21. Financial Ratios

(a) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of shares in issue during the year.

	2022	2021
Net profit attributable to stockholders (\$)	33,193,301	16,450,069
Weighted average number of ordinary shares (units)	1,201,149,291	1,201,149,291
Basic earnings per stock unit (\$)	0.028	0.014
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	2022	2021
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Market value of ordinary shares (\$)	97,293,093	62,429,817

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	2022	2021
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23. Financial Risk Management (Continued)

(b) Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and bank balances, other receivables, debt security in issue, promissory note payable, due to parent company, and accounts payable.

Due to their short-term nature, the carrying values of cash and bank balances, other receivables, due to parent company, and accounts payable approximate their fair value.

The fair value of debt security in issue is \$14,374,405 (2021 - \$13,976,705) and the fair value of promissory note payable is \$5,576,031 (2021 - \$6,248,818). The fair values are based on cash flows discounted using a borrowing rate of 9.25% (2021 - 8.50%) and 12.25% (2021 - 7.75%) respectively.

(c) Financial instruments measured at fair value

All of the Company's investment securities and investments in associates that are subsequently measured at fair value are Level 1 instruments. There were no transfers between levels during the period.

(d) Financial risk factors

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, investments of excess liquidity and the impacts of global and geo-political events.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below:

Market risk

Market risk arises from the Company's use of interest-bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

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23. Financial Risk Management (Continued)

(e) Financial risk factors (continued)

Equity price risk

The Company is exposed to equity securities price risk, which arises from the securities held by the Company as part of its investment portfolio. The primary goal of the Company's investment strategy is to maximise investment returns. To manage its price risk arising from equity securities in the Company's investment portfolio, the Company uses equity diversification. The company's investments in associates which are not characterised as financial assets are measured at FVTPL and have therefore been included in this sensitivity analysis below as they account for a material proportion of equity securities held.

The table below summarises the sensitivity of the Company's net income and other comprehensive income to a reasonable possible change in equity price movements as at December 31. The analysis is based on the assumption of a 6% (2021 – 5%) increase or a 6% (2021 – 10%) decrease in equity prices, with all other variables remaining constant.

	Net effect on profit after tax 2022 \$	Effect on Other Comprehensive Income 2022 \$	Net effect on profit after tax 2021 \$	Effect on Other Comprehensive Income 2021 \$
6% (2021 – 5%) increase	7,644,758	1,885,476	4,272,526	1,581,274
6% (2021 – 10%) decrease	(7,644,758)	(1,885,476)	(8,545,052)	(3,162,548)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises from other receivables, accounts payable, due to/from related companies and cash and cash equivalents. The Company manages this risk by ensuring that the net exposure in foreign assets and liabilities are kept to an acceptable level by monitoring currency positions.

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23. Financial Risk Management (Continued)

(e) Financial risk factors (continued)

Currency risk (continued)

The Company is exposed to foreign currency risk in respect of the fluctuation of the United States dollars ("USD") against the Jamaican Dollar ("JMD") as follows:

	2022 \$	2021 \$
Assets:		
Cash and bank balances	2,032,051	2,009,941
Other receivable	55,655	160,000
Total assets	<u>2,087,706</u>	<u>2,169,941</u>
Liabilities		
Due to parent company	802,879	170,408
Accounts payable	1,202	463,823
Total liabilities	<u>804,081</u>	<u>634,231</u>
Net position	<u>1,283,625</u>	<u>1,535,710</u>

The following table indicates the sensitivity of profit or loss before tax to changes in foreign exchange rates. The change in currency rate below represents Management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated balances listed above and adjusts their translation at the year-end for 4% (2021 – 6%) depreciation and a 1% (2021 – 2%) appreciation of the USD against the JMD.

The changes below would have no impact on other components of equity.

	% Change in Currency Rate 2022	Effect on Profit before tax 31 December 2022	% Change in Currency Rate 2021	Effect on Loss before tax 31 December 2021
Currency:				
USD	-4	51,345	-6	92,143
USD	+1	(12,836)	+2	(30,714)

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Floating rate instruments expose the Company to cash flow interest rate risk, whereas fixed rate instruments expose the Company to fair value interest rate risk.

At the reporting date the Company had no material financial assets or liabilities that were subject to cash flow interest rate risk and therefore no interest rate mismatches from interest bearing assets and liabilities. There are two fixed rate debt instruments: promissory note payable and corporate debt which exposes the Company to fair value interest rate risk. The intention is to hold these instruments to maturity with prepayments where the terms facilitate.

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23. Financial Risk Management (Continued)

(e) Financial risk factors (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from other receivables, and cash and bank balances.

The maximum exposure to credit risk is equal to the carrying amount of other receivables, and cash and bank balances in the statement of financial position.

Cash transactions are limited to high credit quality financial institutions. The Company has policies that limit the amount of credit exposure to any one financial institution. The ECL related to other receivables is considered immaterial.

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process

The Company's liquidity risk management process, as carried out within the Company and monitored by the finance department includes:

- (i) Monitoring future cash flows and liquidity on a daily basis.
- (ii) The maintenance of stable funding facilities to meet ongoing cash commitments even during periods of stress.
- (iii) Ongoing assessment of expected cash flows and the availability of high-grade collateral which could be used to secure funding if required.
- (iv) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- (v) Optimising cash returns on investments.

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23. Financial Risk Management (Continued)

(e) Financial risk factors (continued)

Liquidity risk (continued)

The table below presents the undiscounted cash flows (both interest and principal cash flows) to settle financial liabilities, based on contractual repayment obligation.

	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	\$	\$	\$	\$	\$	\$
Financial Liabilities 2022						
Accounts payable	36,310	1,819,035	-	-	-	1,855,345
Debt security in issue	-	260,441	15,043,327	-	-	15,303,768
Promissory note payable	-	111,035	339,272	7,808,993	-	8,259,300
Due to parent company	8,760	-	7,254,696	-	-	7,263,456
Total financial liabilities (contractual maturity dates)	45,070	2,190,511	22,637,295	7,808,993	-	32,681,869
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	\$	\$	\$	\$	\$	\$
Financial Liabilities 2021						
Accounts payable	20,634	1,387,817	-	-	-	1,408,451
Debt security in issue	-	19,873	1,036,253	15,070,329	-	16,126,455
Promissory note payable	-	134,352	332,854	8,153,053	-	8,620,259
Due to parent company	170,408	-	-	-	-	170,408
Total financial liabilities (contractual maturity dates)	191,042	1,542,042	1,369,107	23,223,382	-	26,325,573

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24. Tax Laws Coming into Effect

End of Grandfathered Status

As of 1st July 2021, all Grandfathered International Business Corporations (IBC's) incorporated prior to 15th November 2018 became subject to the Income Tax Act (ITA) No. 7 of 2012. Amongst other matters, this requires additional filing requirements of affected companies and see IBC's now being able to do business in and with Saint Lucians and be deemed fully tax resident for tax and other purposes in Saint Lucia. The previous electives of being tax exempt or subject to taxation at the rate of 1% were repealed and, the Company is now subject to taxation at the rate of 30%.

As of July 1, 2021, the Company also became subject to the Economic Substance Act (as amended by Act 15 of 2020) (ESA) and previously grandfathered IBC's are required to commence Economic Substance Return ("ESR") filings by specified dates.

Section 13 of the Economic Substance (Amendment) Act No. 15 of 2020 prescribes that all relevant entities formed prior to 1st January 2019 are required to submit a first ESR filing twelve months after the end of the year of income.

Economic Substance

In December 2019, Saint Lucia enacted the Economic Substance Act No.33 of 2019, in order to comply with international initiatives and demands. This is a precursor to the Economic Substance Return Form to be introduced for the purpose of proving that companies can demonstrate sufficient substance in its economic activities undertaken, which proof will be measured amongst other things, by looking at, extent of physical presence, place and conduct of meetings of the Directors, and the number of employees engaged commensurate with revenue generated by the Company.

The Company is a Pure Equity Holding Company which under S.11.(3) of the ESA, are subjected to a lesser amount of "substance". The Company awaits the competent authorities review of its first ESR filing due by December 31, 2022, to determine if its Core income Generating Activities (CIGA) and operations meet the required standards. Once in compliance with the provisions of the ESA, the provisions of the Foreign Source Income exemption under Section 8(3) of the ITA applies to income derived from sources outside of Saint Lucia.

This image shows a single page of white paper with horizontal blue lines, resembling notebook paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

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This image shows a full page of white paper with horizontal blue lines, typical of notebook paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



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