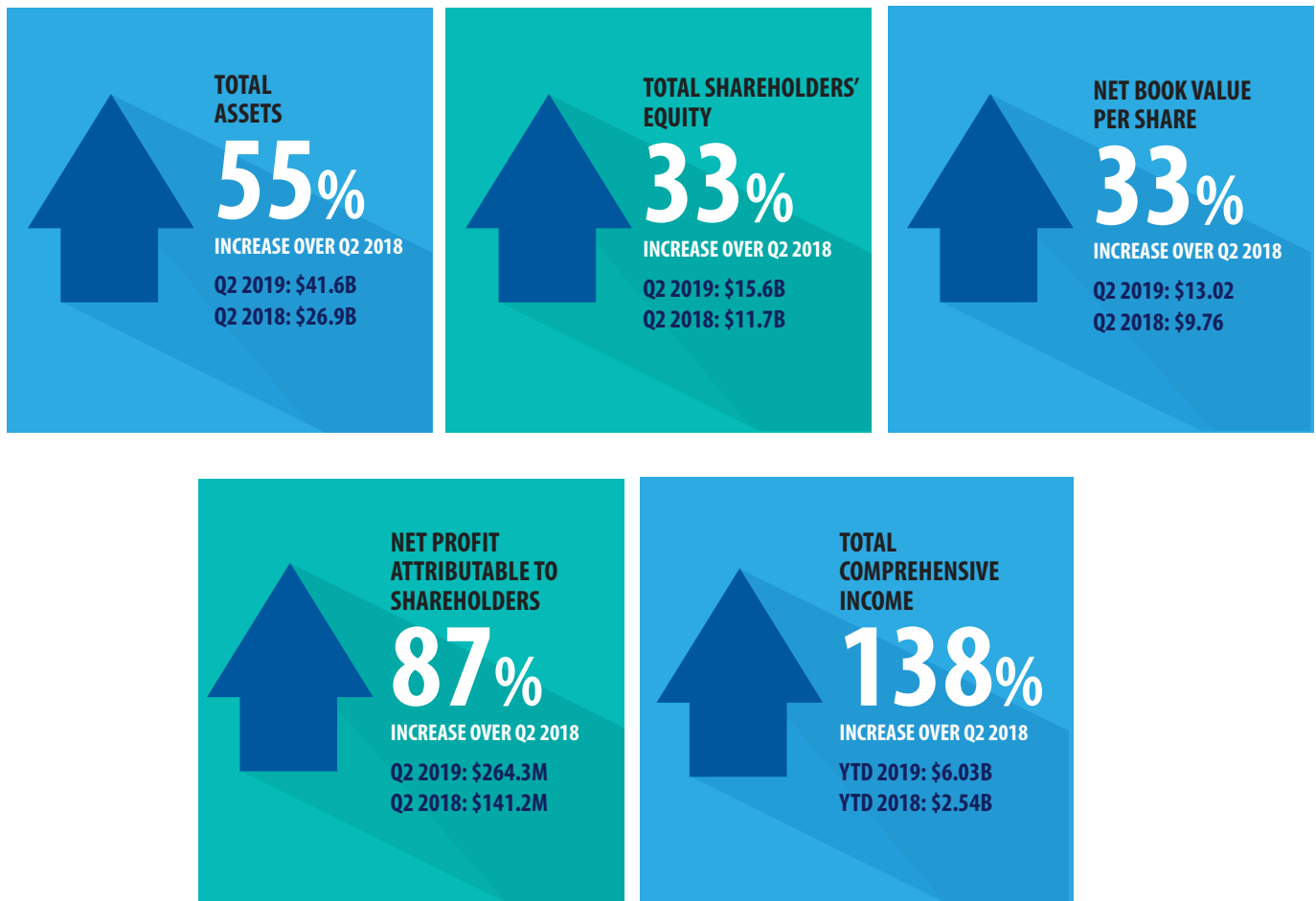


CHIEF EXECUTIVE OFFICER'S COMMENTARY ON FINANCIAL RESULTS

FOR THE SECOND QUARTER ENDED 30 JUNE 2019.

PERFORMANCE HIGHLIGHTS





On behalf of the Board of Directors of Mayberry Group, I am pleased to present its Unaudited 2nd Quarter 2019 financial results for the months April to June 2019.



Listing of Wigton Windfarm Limited

MIL served as the financial advisor and lead broker to Petroleum Corporation of Jamaica, in the historic initial public offer of its subsidiary, Wigton Windfarm Limited. In this IPO, the company successfully offered 11 billion ordinary shares for sale at the price of J\$0.50. The offer, opened on April 17, 2019, was oversubscribed and closed on May 1, 2019. Of the 31,200 applications submitted, MIL processed 4,398 applications. Final allocation of units for Mayberry clients were 3.2 billion units valued at J\$1.65 billion.

Wigton Windfarm Limited was subsequently listed on the Jamaica Stock Exchange on May 22, 2019.





Operating Environment

For this quarter ending June 30, 2019, Jamaica’s annual point-to-point inflation was 4.2%, within the targets set by the Central Bank. The Bank of Jamaica (BOJ) further reduced its policy interest rate to 0.75 per cent from 1.25 per cent in the 1st quarter 2019, to support its position for a faster expansion of credit to the private sector.

The Jamaican Dollar depreciated during the period to reach J\$131.07 to 1 USD. The unemployment rate stood at 8% to date and the Net International Reserves closed at US\$3.04 billion, indicating 22 weeks of goods and services imports.

Year-over-year, the JSE Main Market Index grew by 162,160 points to 467,896 or 53% up from 305,736 points when compared to June 2018. The JSE Junior Market also grew by 66 points or 2% from 3,037 at the end of June 2019 to 3,103 points. Both markets continue to reflect increased activity, with Wigton Windfarm Limited and iCreate Limited listing on the Main Market and Junior market, respectively, during this quarter.

Dividend paid from the Group – Q2 2019

A dividend payout of \$78 million was done on Friday, May 3, 2019, to all shareholders of Mayberry Jamaican Equities on record as at March 27, 2019.

Subsequently, the Board of Directors of Mayberry Investments Limited (MIL) convened a meeting on Tuesday, June 18, 2019 and approved an ordinary dividend of \$0.25 per share. The dividend will be made payable on Thursday, July 25, 2019 to shareholders on record as at July 3, 2019.

SUMMARY OF CHANGES ON THE STATEMENT OF COMPREHENSIVE INCOME				
Description	Quarter ended 30 June 2019 (\$'000)	Quarter ended 30 June 2018 (\$'000)	Change (\$'000)	% Change
Net Interest Income and Other Revenues	773,634	623,430	150,204	24.1%
Operating Expenses	482,095	364,267	(117,828)	-32.3%
Profit before Taxation	291,539	259,163	32,377	12.5%
Net Profit	293,906	233,663	60,243	25.8%
Net Profit Attributable to Shareholders	264,319	141,186	123,133	87.2%
Other Comprehensive Income	1,411,629	1,552,523	(140,894)	-9.1%
Total Comprehensive Income	1,705,535	1,786,186	(80,651)	-4.5%
Earnings Per Share(EPS)	\$0.22	\$0.12	\$0.10	87.2%





Profit Performance for 2nd Quarter ended June 30, 2019

Mayberry recorded higher Profits attributable to shareholders for the 2nd quarter in 2019, of \$264.3 million, when compared to \$141.2 million for Q2 of 2018. This was due to improved margins on interest income, increased spreads on cambio transactions, higher gains on investment revaluation and increased fees and commission. Consequently, this resulted in an Earnings per share (EPS) of \$0.22 compared to \$0.12 for Q2 2018.

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

- Interest Income of \$240.4 million in 2nd quarter 2019 resulted mainly from interest earned on Repo and Bond Accounts, compared to \$182.4 million in the corresponding quarter of 2018;
- Fees and Commission income had a major uplift of 78.8% to \$272 million over the corresponding period in 2018, with significant increases in Equity commission fees of \$17 million, Selling fees debt of \$8.8 million, Selling fees equity (IPO) of \$41.8 million, Loan Processing fees of \$20.4 million and Corporate Advisory fees of \$29.8 million.
- Net Foreign exchange gains of \$152.3 million in Q2 of 2019 resulted mainly from higher spreads compared to \$79.4 million in the corresponding quarter of 2018;
- The revaluation of equities classified as Fair Value through Profit or Loss (FVPL), namely Lasco Financial Services Ltd., Blue Power Ltd., Caribbean Producers (Jamaica) Ltd., and IronRock Insurance Ltd., led to an unrealized gain on investment revaluation of J\$277.2 million;

Conversely, the following revenues showed a decline quarter over quarter:

- Dividend income of \$103.5 million decreased by \$35.5 million. Dividend earned during the quarter resulted mainly from the holdings in Supreme Ventures Limited, Main Event Entertainment Group Limited, Jamaica Stock Exchange and Lasco Manufacturing Limited;
- Net Trading losses of \$107 million was recorded on the bond portfolio when compared to trading gains of \$28 million for Q2 of 2018.





Total Comprehensive Income for Q2 of 2019 amounted to \$1.7 billion, compared to \$1.8 billion for the corresponding quarter of 2018; a decrease of \$80.7 million. This was due to a decrease in the financial reserves following price reductions for stocks held in the equity portfolio.

Operating expenses for Q2 2019 increased by \$117.8 million when compared to \$364.3 million in Q2 2018. Increases were due mainly to Management and Incentive fees - \$101.7 million and Directors' Travelling of \$5.5 million. These were offset by savings in Motor Vehicle lease expenses of \$8.1 million, Computer Licencing Fees of \$4.1 million and Legal and Professional fees of \$23.4 million.

Summary of Financial Position

SUMMARY OF CHANGES ON THE STATEMENT OF FINANCIAL POSITION				
Description	Quarter ended 30 June 2019 (\$'000)	Quarter ended 30 June 2018 (\$'000)	Change (\$'000)	% Change
Total Assets	41,621,011	26,852,939	14,768,073	55.0%
Total Liabilities	21,634,976	14,959,538	(6,675,438)	-44.6%
Equity Attributable to Shareholders of Parent	15,634,630	11,722,284	3,912,346	33.4%
Total Equity	19,986,035	11,893,400	8,092,635	68.0%
Net Book Value Per Share	\$13.02	\$9.76	\$3.26	33.4%

Assets & Liabilities

Total Assets as at June 30, 2019 amounted to \$41.6 billion and surpassed the corresponding quarter ended 30 June 2018, by \$14.8 billion. Growth in asset balances were primarily due to increased Cash Resources of \$1.4 billion, increased Investment Securities in Quoted Equities of \$10.4 billion, Loans and Other Receivables of \$2.2 billion and Reverse Repurchase agreements of \$1.3 billion.

This was coupled with increases in Interest Receivables, Property, Plant and Equipment and Intangible Assets.

Total Liabilities stood at \$21.6 billion, a 44.6% increase over the prior corresponding period. This resulted mainly from an issuance of a Corporate Loan Note of J\$2.2B during the period. In addition, Accounts Payable moved by \$6.5 billion due mainly to an increase in client account balances. Securities sold under repurchase agreements closed the quarter at \$4.5 billion compared to \$6.1 billion for the corresponding quarter, due to a decline in the portfolio.





Shareholders' Equity

Mayberry Group's Equity Attributable to the Shareholders of the Parent grew by 33.4% or \$3.9 billion, resulting from higher fair value reserves and other reserves.

Fair value reserves closed at \$9.3 billion, up from \$4.9 billion for the comparative quarter in the prior year. Retained earnings moved marginally down to \$4.6 billion for the 2nd quarter ended June 30, 2019, from \$5.3 billion in the corresponding period.

Capital Adequacy

Our capital base continues to be strong and compliant with our regulatory benchmarks. Our capital to risk weighted asset ratio of 14.42% complies with the established minimum of 10% set by the Financial Services Commission (FSC). In addition, our tier one capital is 99% of the overall capital of the company and exceeds the regulatory minimum of 50% established by the FSC.

We wish to thank our Shareholders, Clients, Directors, Management and Staff for their contribution to the success achieved in this 2nd quarter of our thirty-fourth year of operations.

Gary Peart
Chief Executive Officer





CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2019

	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
	3 Months ended 30 June 2019	3 Months ended 30 June 2018	6 Months ended 30 June 2019	6 Months ended 30 June 2018	12 Months ended 31 December 2018
	\$'000	\$'000	\$'000	\$'000	\$'000
Net Interest Income and Other Revenues					
Interest income	240,382	182,371	410,049	356,454	729,047
Interest expense	(166,778)	(136,660)	(321,201)	(272,889)	(553,933)
Net Interest income	73,604	45,711	88,848	83,565	175,114
Fees and Commission Income	272,022	152,138	376,834	363,569	759,109
Dividend Income	103,496	138,959	184,937	233,292	364,287
Net Trading (Losses)/Gains	(106,974)	27,953	(63,941)	61,584	30,004
Net Foreign Exchange Gain	152,326	79,410	203,870	129,941	240,583
Unrealised gain on investment revaluation	277,199	177,587	220,067	336,011	265,013
Loan provision recovered/written back	-	-	-	-	-
Other income	1,962	1,671	5,258	3,482	6,772
	773,634	623,430	1,015,874	1,211,445	1,840,882
Operating Expenses					
Salaries, statutory contributions and staff costs	163,537	111,171	295,368	223,132	531,108
Provision for credit losses	7,500	28,500	15,000	36,000	151,000
Depreciation and amortisation	12,613	5,485	17,898	11,165	22,208
Other operating expenses	298,445	219,111	548,047	410,538	980,101
	482,095	364,267	876,313	680,835	1,684,417
Share of Profit in Associates					
Gain in disposal of associate holdings	-	-	-	-	-
Operating profit before asset tax	291,539	259,163	139,561	530,610	156,466
Asset tax	15	-	37,393	36,416	-
Profit before taxation	291,524	259,163	102,167	494,194	156,466
Taxation charge/(credit)	(2,382)	25,500	4,997	19,477	50,672
NET PROFIT	293,906	233,663	97,171	474,717	105,794
<i>Net Profit Attributable to:</i>					
- Mayberry Investments Ltd.	264,319	141,186	107,026	421,151	160,396
- Non Controlling Interests	29,587	92,477	(9,856)	53,565	(54,602)
OTHER COMPREHENSIVE INCOME					
Financial Reserve	1,411,629	1,552,523	5,932,150	2,061,445	3,602,692
Employee share option	-	-	-	-	-
Other Comprehensive Income(Net of Tax):	1,411,629	1,552,523	5,932,150	2,061,445	3,602,692
TOTAL COMPREHENSIVE INCOME	1,705,535	1,786,186	6,029,321	2,536,161	3,708,486
<i>Total Comprehensive Income Attributable to:</i>					
- Mayberry Investments Ltd.	1,467,027	1,603,942	4,778,753	2,292,382	3,461,289
- Non Controlling Interests	238,508	182,244	1,250,568	243,779	247,197
Number of shares in issue	1,201,149	1,201,149	1,201,149	1,201,149	1,201,149
Earnings per share	\$0.22	\$0.12	\$0.09	\$0.35	\$0.13

BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with the accounting policies as set out in note 2 of the audited financial statements for the year ended 31 December 2018



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

	(UNAUDITED) JUNE 2019 \$'000	(UNAUDITED) JUNE 2018 \$'000	(AUDITED) DECEMBER 2018 \$'000
ASSETS:			
Cash resources	2,146,284	733,062	1,330,836
Investment securities	28,366,890	17,920,447	20,582,142
Reverse repurchase agreements	5,294,848	3,983,154	1,747,163
Derivative Financial Instrument	-	-	-
Capital management funds	0	-	0
Promissory notes	994,885	1,672,379	1,486,657
Interest receivable	118,384	87,089	77,180
Due from subsidiary	-	-	-
Client Margins	-	-	-
Loans and other receivables	3,722,292	1,546,994	4,187,874
Taxation recoverable	2,507	-	2,441
Deferred taxation	66,974	82,162	66,974
Other Assets	711,666	712,977	742,977
Investment property	-	-	-
Due from related company	-	-	-
Investment in Subsidiary- MWI & Widebase	(0)	0	-
Property, plant and equipment	161,538	114,675	112,622
Intangible asset	34,744	-	34,744
Investment in associate	-	-	-
TOTAL ASSETS	41,621,011	26,852,939	30,371,608
LIABILITIES AND EQUITY:			
LIABILITIES :			
Bank overdraft	454,432	44,247	56,210
Capital management fund obligation	0	-	0
Securities sold under repurchase agreements	4,502,493	6,110,838	3,961,398
Interest payable	207,395	27,662	201,656
Due to subsidiary	(0)	0	0
Loans	6,792,906	5,684,675	7,202,604
Accounts payable	9,570,422	3,041,198	4,912,636
Deferred taxation	107,329	50,917	62,298
Redeemable preference shares	-	-	-
TOTAL LIABILITIES	21,634,976	14,959,538	16,396,802
STOCKHOLDERS' EQUITY			
Ordinary Share capital	1,582,382	1,435,578	1,582,382
Preference Shares	135	-	135
Fair value and other reserves	9,336,426	4,913,923	4,804,924
Capital Redemption Reserve	51,343	51,343	51,343
Other reserves	26,596	26,596	26,596
Retained earnings	4,637,749	5,294,844	4,389,462
Equity Attributable to the Shareholders of the Parent	15,634,630	11,722,284	10,854,841
Non-Controlling Interests	4,351,405	171,116	3,119,965
TOTAL STOCKHOLDERS' EQUITY	19,986,035	11,893,400	13,974,806
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	41,621,011	26,852,938	30,371,608

Net Book Value per Stock Unit : 2019 \$13.02 2018 \$9.76 2018 \$9.04

Approved by the Board of Directors for issue on July 25, 2019 and signed on its behalf by:

Christopher Berry
Chairman

Gary Peart
Chief Executive Officer/Director



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2019

	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
	3 Months ended 30 June 2019	3 Months ended 30 June 2018	6 Months ended 30 June 2019	6 Months ended 30 June 2018	12 Months ended 31 December 2018
	\$'000	\$'000	\$'000	\$'000	\$'000
Profit for the period	293,906	233,663	97,171	474,717	105,794
Other Comprehensive Income for the period net of tax: Items that will or maybe classified to statement of income					
Unrealised gains/ (losses) on financial instruments	1,411,629	1,552,523	5,932,150	2,061,445	3,602,692
Total Comprehensive Income attributable to stockholders	1,705,535	1,786,186	6,029,321	2,536,161	3,708,486



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2019

	Share Capital	Share Premium	Preference Shares	Fair Value Reserve	Other Reserve	Retained Profits	Non Controlling Interests	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2018	120,115	1,462,266		3,172,356	77,939	4,524,560	-	9,357,236
Dividend in specie		(146,803)					146,803	-
Realised profit(net) transferred to retained earnings transferred to retained earnings				(319,878)		349,131	(29,253)	-
Ordinary dividends paid								-
Net Profit						421,152	53,566	474,719
Other comprehensive income		-	-	2,061,445		-		2,061,445
Balance at 30 June 2018	120,115	1,315,463	-	4,913,923	77,939	5,294,844	171,116	11,893,400
Balance at 1 January 2019	120,115	1,462,266	135	4,804,924	77,939	4,389,462	3,119,965	13,974,806
Realised (losses) on fair value instruments transferred to retained earnings				(186,965)		186,965		-
Ordinary dividends paid						(18,092)		(18,092)
Change in ownership interest in subsidiary				(1,213,682)		(17,757)	1,231,439	-
Net Profit						97,171		97,171
Other comprehensive income				5,932,150				5,932,150
Balance at 30 June 2019	120,115	1,462,266	135	9,336,427	77,939	4,637,749	4,351,404	19,986,035



CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE PERIOD ENDED 30 JUNE 2019

	Unaudited 6 Months ended 30 June 2019 \$'000	Unaudited 6 Months ended 30 June 2018 \$'000	Audited Year ended 31 December 2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	102,167	494,194	156,467
Adjustments to reconcile profit to net cash used in operating activities:			
Provision for credit losses	15,000	36,000	151,000
Depreciation and amortization	17,898	11,165	22,206
Interest Income	(418,848)	(368,625)	(729,047)
Interest Expense	320,987	272,819	553,933
Unrealised fair value gains on financial instruments	(220,067)	(336,011)	(473,115)
Unrealised gain on disposal of investment in associates			-
Realized fair value losses transferred to retained earnings	186,965	319,878	481,230
Gain on disposal of investment in associate		(16,723)	-
Unrealised foreign exchange gains	6,475	-	113,162
Income tax (charge)/credit	(4,997)	(19,477)	(50,673)
Adjusted Profit/Loss	5,582	393,219	225,163
Changes in operating assets and liabilities:			
Loans and other receivables	488,037	948,363	(1,722,519)
Investments	(1,817,111)	(1,160,254)	(2,222,409)
Due from subsidiary	-	12,269	12,269
Promissory notes	476,772	(564,418)	(493,696)
Taxation Recoverable	(66)		
Securities purchased under resale agreements	(3,547,685)	(63,671)	2,172,321
Accounts payable	4,702,814	41,869	1,903,261
Securities sold under resale agreement	541,096	(902,832)	(3,052,272)
Loans	(409,698)	795,719	2,136,223
Cash used in Operating Activities	439,740	(499,736)	(1,041,658)
Interest received	377,643	384,685	755,017
Interest paid	(315,249)	(281,123)	(388,242)
Income tax paid			-
Net cash provided by/(used in) operating activities	502,134	(396,173)	(674,883)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to property, plant and equipment	(66,815)	(5,334)	(14,321)
Purchase of intangible asset			(34,744)
Dividends received from subsidiary			-
Proceeds from disposal of investment in associate company			908,293
Net cash used in investing activities	(66,815)	(5,334)	859,228
CASH FLOWS FROM FINANCING ACTIVITIES:			
Ordinary dividend payment	(18,092)	-	-
Issue of preference shares	-		135
Net cash provided by financing activities	(18,092)	-	135
Net decrease) in cash and cash equivalents	417,227	(401,508)	184,479
Effects of exchange rate changes on cash and cash equivalent			(173)
Cash and cash equivalents at beginning of the period	1,274,626	1,090,320	1,090,320
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	1,691,853	688,812	1,274,627



TOP TEN SHAREHOLDERS AND CONNECTED PERSONS

30 JUNE 2019

<u>Name</u>	Shareholdings
PWL BAMBOO HOLDINGS LIMITED	473,148,888
KONRAD BERRY	433,686,104
MAYBERRY EMPLOYEE SHARE SCHEME	31,148,214
VDWSD LTD	29,990,000
KONRAD LIMITED	28,607,890
GARY PEART	24,566,665
THE MAYBERRY FOUNDATION LTD	11,874,243
CHRISTINE WONG	8,103,167
VMWEALTH EQUITY FUND	6,699,799
MAYBERRY INVESTMENTS LTD. PENSION SCHEME	6,481,590

Connected Persons

Apex Pharmacy	3,568,916
Mayberry Managed Client Account	3,390,023
Mayberry Investment Limited Retirement Scheme	1,000,000
Doris Berry	732,262
A+ Plus Medical Centre	500,000
Mayberry Staff Investment Club	115,772
Est. Maurice Berry	10





SHAREHOLDINGS OF DIRECTORS AND SENIOR MANAGEMENT

30 JUNE 2019

<u>Directors</u>	<u>Shareholdings</u>	<u>Connected Persons</u>
Christopher Berry	-	477,387,577
Konrad Berry**	433,686,104	33,048,315
Gary Peart**	24,566,665	32,504,868
Erwin Angus	1,000,000	2,507,886
Gladstone Lewars **	1,431,500	
Tania Waldron-Gooden **	2,801,999	
Benito Palomino	525,564	
David McBean**	1,446,521	
<u>Managers</u>		
Kayree Berry-Teape**	2,860,749	31,080
Dianne Tomlinson-Smith	20,000	
Andrea HoSang**	1,498,600	
Kristen Raymore-Reynolds	100,000	
Dan H. Theoc	2,040	
Damian Whyllie	129,724	
Karen Mitchell	133,333	

** Includes holdings in joint accounts

