

**MAYBERRY JAMAICAN
EQUITIES**

2019 ANNUAL REPORT



Our Mission

“

To be
the **only**
Jamaican
stock you
need to
own

”

Our Core Values

- Integrity
- Accountability
- Creating wealth through knowledge
- Attention to detail
- We care about our family of shareholders and the community at large

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Managing Director's Statement

The year 2019 was another monumental one for Mayberry Jamaican Equities Limited (MJE).

Since 2018, when we officially listed on the Jamaica Stock Exchange (JSE), the public has continued to display the utmost faith in our company, evidenced by the overwhelmingly positive reception of our Initial Public Offering valuing approximately J\$908 million.

MJE's total comprehensive income was recorded at US\$33.6 million, compared to US\$28.5 million in 2018, marking an increase of 18% over the prior comparative period. This is inclusive of unrealized gains on financial instruments of US\$35 million; an improvement of US\$7.4 million over 2018.

The Share price on the JSE has also been on an upward trend, moving from J\$9.54 per ordinary share in 2018, to a remarkable J\$12.06 in 2019, a significant increase of 26%.

As at year ended December 31, 2019, operating income stood at US\$3.9 million in comparison to 2018's US\$5 million, a decrease of 22.8% year over year.

LOOKING AHEAD

In light of all this, MJE continues to display great potential for growth. The company's performance on the JSE as well as the significant performances of Jamaica's key economic indicators, continues to create the ideal environment for MJE to leverage its growth prospects.

For 2020 and beyond, we will continue to maximize and leverage our market research and portfolio. We are confident that we will again find fruitful opportunities in the companies we invest in as MJE continues to maintain efficient operations and robust leadership and we stand ready to face all challenges and weather any storms that situations like the current COVID-19 pandemic may impose.

Many thanks to our Board of Directors, management, staff and you the shareholders for once again showing the utmost confidence in MJE. I must thank you all for helping us to carve out strong financial futures for the growth and betterment of our company, yourselves the Investors and for the country as a whole.



Natalie Glitzenhirn-Augustin
Managing Director



Directors' Report

The directors submit herewith the Statement of Profit or Loss and Other Comprehensive Income of Mayberry Jamaican Equities Limited for the year ended December 31, 2019, together with the Statement of Financial Position as at the same date.

The Statement of Profit or Loss and Comprehensive Income shows the following:

Financial Results	US\$'000
Operating Revenue	3,884
Loss Before Taxation	(1,428)
Taxation Expense	(45)
Net Loss	(1,473)
Net Unrealized Gains on Financial Instruments	35,061
Total Comprehensive Income for the Year	33,589

Directors

The Directors as at December 31, 2019 are Messrs. Christopher Berry, Konrad Berry and Richard DuBoulay, Ms. 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 of 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 Messrs. Christopher Berry, Richard DuBoulay and Konrad Berry and who being eligible, offer themselves for re-election.

External Auditors

The Auditors, BDO, Chartered Accountants of Mercury Court, Choc Estate, Castries, St Lucia, have expressed their willingness to continue in office.

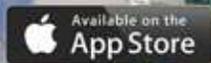
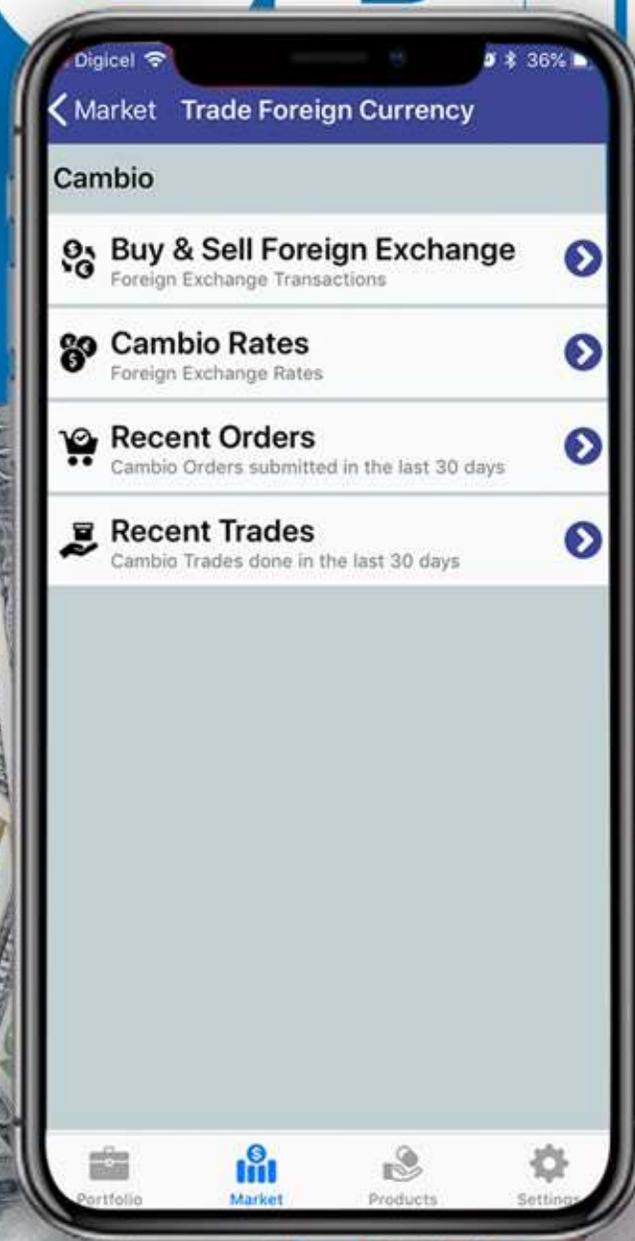
The Directors wish to thank the partners and shareholders for their support during the year.

On behalf of the Board of Directors.

Christopher Berry
Chairman

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with our

MOBILE APP



Stay connected anywhere life takes you.
The Mayberry App now allows you to **BUY and SELL Foreign Exchange!**

✉ Sales Inquiries
sales@mayberryinv.com

☎ General & Sales Inquiries
(876) 929-1908-9

☎ Fax
(876) 929-1501

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www.facebook.com/mayberryinvja

Board of Directors



Christopher Berry, B.Sc. (Hons)

Mr. Christopher Berry is the Executive Chairman of Mayberry and a director of four (4) public companies being (i) Lasco Financial Services Limited; (ii) IronRock Insurance Company Limited; (iii) Caribbean Producers Jamaica Limited and (iv) Supreme Ventures Limited (first three companies are listed on the Junior Market of the JSE and the last company is listed on the Main Market).

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.)

Mr. Konrad M. Berry is the Executive Vice Chairman of Mayberry. Mr. Berry started his working career at Price Waterhouse (now PricewaterhouseCoopers) as 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 currently serves on the Board of Caribbean Producers (Jamaica) Limited.



Richard DuBoulay, B.Sc.

Mr. Richard DuBoulay is a Saint Lucian national who has combined a successful business career with brief periods as an Audit Senior/Supervisor with a firm of Chartered Accountants in Saint Lucia. He is now the Managing Director of CPJ (Saint Lucia) Limited, (a joint venture with Caribbean Producers (Jamaica) Limited). Prior to that (2011-2016), he was General Manager of his family's business, DuBoulay's Bottling Company Limited, which was successfully divested in 2016.

He is the immediate past Chairman of Trade Export Promotion Agency of Saint Lucia and President of Saint Lucia Manufacturers' Association. Mr. DuBoulay also serves as a Director on the Boards of Windward and Leeward Brewery Limited, DuBoulay's Bottling Company Limited and Tapion Hospital (Medical Associates).

Richard is a trained Accountant and holds a B.Sc. in Economics from the University of Western Ontario.



Natalie Glitzenhirn-Augustin, B.A. (Hons.), CPE, TEP

Ms. Natalie Glitzenhirn-Augustin was appointed as the Managing Director of Mayberry Jamaican Equities Ltd. in 2010. She established the law firm of Glitzenhirn Augustin & Co. in 2000 which specializes in company law, private clients advisory and court representation in corporate and civil matters. Ms. Glitzenhirn-Augustin holds or has held executive positions in the following organisations: 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 and read Law at TVU (now The University of West London). After completing her Common Professional Examination (CPE) in 1995, with commendation, 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. Glitzenhirn-Augustin is fluent in German.



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. This IBC was first incorporated as Fincos Nominees Limited on September 6, 2004 but on May 24th, 2012 the IBC changed its name to FinDir Limited.

The officers of FinDir Limited provide the services required of a Corporate Director and are trained and versed in Management, Legal, Administrative and Data Analytical skills.

Company Secretary



FinSec Limited

FinSec is an international business company incorporated in Saint Lucia for the purpose of providing secretarial services to Corporate entities.

FinSec has served as Corporate Secretary of Mayberry Jamaican Equities Ltd. since 8th September 2005.

“

We should all be concerned about the future because we will have to spend the rest of our lives there.

”

- Charles F. Kettering



Corporate Data

Company Secretary

FinSec Limited

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

Bankers

Morgan Stanley

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

Sagicor Bank

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

Registered Office

Mayberry Jamaican Equities Limited

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

Registrar

Jamaica Central Securities Depository Limited

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

Attorneys-At-Law

Patterson Mair Hamilton

Temple Court,
85 Hope Road,
Kingston 6,
Jamaica,
Tel: (876) 920-4000

Glitzenhirn Augustin & Co.

Bourbon House,
Bourbon Street,
St Lucia,
Tel: (758) 451-6355

Auditors

BDO

Mercury Court,
Choc Estate,
P.O. Box 364,
Castries,
St Lucia,
Tel: (758) 452-2500

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. It currently holds equities in public Jamaican companies on both the Main and Junior Markets on the Jamaica Stock Exchange.

The shares of Mayberry Jamaican Equities Limited (MJE) 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.

The key activities of Mayberry Jamaican Equities (MJE) are the trading and investing in key Jamaican equities. MJE operates as an investment holding company and as at December 31, 2019 held 30 stocks in its portfolio.

Group Structure

Mayberry Investments **72%**
of shareholdings

Issued to Shareholders of Parent Company (MIL) **10%**
of shareholdings
Feb 28, 2018

Intial Public Offering **10%**
of shareholdings
July 28, 2018

Transfer to MAM Ltd. **5%**
of shareholdings
Sep 28, 2018

Traded over JSE **3%**
of shareholdings
2019

Corporate Governance

Overview

Mayberry Jamaican Equities Limited 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.

Board Role and Function

The Board is responsible for leading and directing the affairs of the company and setting the policy objectives and strategic plans. Three (3) of the five (5) Directors are resident in St. Lucia and two are Jamaican residents. In accordance with the Articles of Association, the quorum of Directors for a Board meeting is three (3).

The Board is focused on:

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

Board Composition and Structure

As at December 31, 2019, the Board has five (5) members and is chaired by Mr. Christopher Berry. Of the five (5) members currently sitting on the Board, two (2) Directors are Non-Executive and three (3) are Executive Directors.

The board is effective and considered to be of an appropriate size for the company. All members are distinguished by their professional ability and integrity. All Directors are expected to act with “independence”. 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, such as familial ties, friendships or contracts made with the company.

The Board considers all non-executive Directors to be independent directors. A non-executive director is deemed independent if they meet the aforementioned description of independence and have not been employed by the company within the last five years.

Audit & Risk Committee

- Assists the Board in setting risk strategies, policies, frameworks and procedures.
- Oversees the Risk Management framework.
- Reviews the internal/external audit needs, monitors the performance of the external auditors, the internal auditors and control systems.

Remuneration & Service Review

- Reviews the performance of key service providers, negotiates service fees, reviews the service needs and makes recommendations.

Conflicts Committee

- Reviews potential conflicts of interest situations.

Board Committee Composition

Names	Position	Audit & Risk	Remuneration & Services Review	Conflicts
Christopher Berry	Executive Chairman	Member		
Konrad Berry	Executive Director		Chairman	
Natalie Glitzenhirn Augustin	Managing Director	Member	Member	Chairman
Richard DuBoulay	Independent Director	Chairman		Member
FinDir Limited	Independent Director		Member	
Finsec Limited	Company Secretary			

Board Attendance

Names	Position	Board	Audit & Risk	Remuneration & Services Review	Conflicts
Christopher Berry	Executive Chairman	2	1		
Konrad Berry	Executive Director	2		1	
Natalie Glitzenhirn Augustin	Managing Director	2	1	1	
Richard DuBoulay	Independent Director	2	1		
FinDir Limited	Independent Director	2		1	
Finsec Limited	Company Secretary	2			
Number of Meetings		2	1	1	

Board Committees

The Board has established committees to improve their effectiveness and efficiency in the execution of their fiduciary duties and responsibilities. The Chairman of each Board Committee reports to the Board on the matters discussed at the Committee meetings. The table above details the standing Committees of the Board of Directors.

Audit & Risk Committee

The Audit & Risk Committee has the following responsibilities:

- 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.mayberryinv.com/mje/investor-relations>.

The Audit Committee held one (1) meeting during the year to approve the Audited Financial Statements presented by the External Auditors.

The Committee comprises of three (3) directors, with the Chairman being an independent non-executive director.

Remuneration & Services Review Committee

The Remuneration & Services Review Committee has the following responsibilities:

- Supports the Board in the appropriate structuring of the remuneration system for the Executive Directors;
- Reviewing the performance of key service providers to the Company;
- Negotiating service fees with service providers;
- Reviewing the Company's service needs from time to time and making recommendations to the Board.

The Remuneration & Services Review Committee met once during the year to review and consider the remuneration of Executive Directors and other service providers.

Conflicts Committee

The Conflicts Committee is responsible for assessing situations and actions for potential conflicts of interests which may arise, at any time, in dealings between the company and its parent, Mayberry Investments Limited and between the company and its, Investment Advisor, MAM Limited.

There were no conflicts raised during the year.



Shareholder Rights and Responsibilities

In accordance with the principles of transparency, equal treatment and protection of shareholder interests, the Board is committed to maintaining dialogue with shareholders and improving the company's existing relations with those stakeholders.

The company has several communication channels that provide all shareholders with timely and equal access to information. These include:

- Annual General Meetings (AGM)
- The Annual Report
- Financial Results Announcements
- The company's website
- Traditional and social media marketing

At every AGM, individual shareholders are given the opportunity to pose questions to the Chairman and to other members of the Board that may be present. In addition, the minutes of the Annual General Meetings are 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.

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.

Performance Highlights

↑ **26%**

on Share Price

↑ **27%**

on Total Assets

↑ **32%**

on Total Equity

↑ **18%**

on Total
Comprehensive
Income

10 Year Performance Highlights

USD	2010	2011	2012	2013
Profit & Loss	\$ '000	\$ '000	\$ '000	\$ '000
Total Operating Income	1,313	1,638	2,755	2,450
Operating Expenses	9	372	572	15
Profit before Taxation	1,950	1,902	3,139	3,268
Net Profit	1,940	1,916	3,135	3,247
Total Comprehensive Income	2,747	6,100	1,005	3,111
Balance Sheet				
Total Assets	41,083	48,827	41,682	46,413
Total Liabilities	14,829	16,678	10,728	16,237
Stockholders' Equity	26,254	32,149	30,954	30,176
Number of issued shares	20,555	20,555	20,555	20,555
Key Financial Ratios				
Earnings per Stock Unit	0.09	0.09	0.15	0.16
Book Value per Share	1.28	1.56	1.51	1.47
Return on Equity	8%	6%	10%	11%
Return on Average Assets	5%	4%	8%	7%
Assets Growth (%)	76%	19%	-15%	11%
Net Profit Growth (%)	-39%	-1%	64%	4%

2014	2015	2016	2017	2018	2019
\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
7,053	2,758	2,434	10,292	5,034	3,884
865	8	918	8,560	3,549	3,967
7,082	2,826	1,301	3,212	758	(1,428)
7,071	2,817	1,260	3,120	816	(1,473)
5,570	19,594	9,379	18,183	28,478	33,589
40,053	67,696	62,653	77,446	118,668	
8,499	18,035	11,076	6,335	20,249	20,520
31,554	49,661	51,576	71,112	98,419	
20,555	20,555	20,555	1,145,268	1,145,268	
0.34	0.14	0.06	0.003	0.001	(0.001)
1.54	2.42	2.51	0.06	0.09	0.11
22%	6%	2%	4%	1%	-1%
18%	4%	2%	4%	1%	-1%
-14%	69%	-7%	24%	53%	27%
118%	-60%	-55%	148%	-74%	-281%

MJE Portfolio

List of stocks in our portfolio as at December 31, 2019

**Blue Power
Group
Limited**

**Cargo
Handlers
Limited**

**Caribbean
Assurance
Brokers
Limited**

**Caribbean
Cement
Company
Limited**

**Caribbean
Cream
Limited**

**Caribbean
Producers
(Jamaica)
Limited**

**Carreras
Limited**

**Eppley
Limited**

**Fontana
Limited**

**General
Accident
Insurance
Company
(JA) Limited**

**Honey Bun
(1982) Limited**

**IronRock
Insurance
Company
Limited**

**Jamaica
Broilers Group
Limited**

**Jamaica Teas
Limited**

**Jetcon
Corporation
Limited**

**JMMB Group
Limited**

**Lasco
Distributors
Limited**

**Lasco
Financial
Services
Limited**

**Lasco
Manufacturing
Limited**

**Lumber Depot
Limited**

**Mailpac
Group
Limited**

**Main Event
Entertainment
Group Limited**

**Mayberry
Investments
Limited**

**Medical
Disposables &
Supplies
Limited**

**QWI
Investments
Limited**

**Scotia Group
Jamaica
Limited**

**Supreme
Ventures
Limited**

**The Jamaica
Stock Exchange
Limited**

tTech Limited

**Wigton
Windfarm
Limited**

Management Discussion & Analysis

(Figures are represented in US\$)

Economic & Business Environment

In Jamaica, firms reported less confidence in current business conditions with limited optimism about the future economic outlook. There was uncertainty around the climate for investment or expansion as expectations for income gains remained low.

Tourist arrivals in 2019 showed mixed results, as there was an increase in stopover arrivals by 8.5%. A significant reduction in cruise passengers of 16.9%, however, were recorded from 3.83 million in 2018 to 3.75 million in 2019. The dip in tourist arrivals is directly related to a three-year trend in falling cruise passengers, with 2019 showing the largest dip to date.

In December 2019, the international credit rating agency, Moody's, upgraded Jamaica's ratings to B2 from B3 and changed the outlook from stable to positive. The rationale behind this as stated by the rating agency is the country's "strong commitment to fiscal consolidation and structural reforms.....".

Jamaica has run one of the most substantial primary surpluses of any sovereignty rated by the rating agency, Fitch, at an estimated 7% of GDP in the fiscal year 2019. In addition, in September 2019, Standard and Poor's increased Jamaica's rating to B+ from B, advocating for a stable outlook on Jamaica.



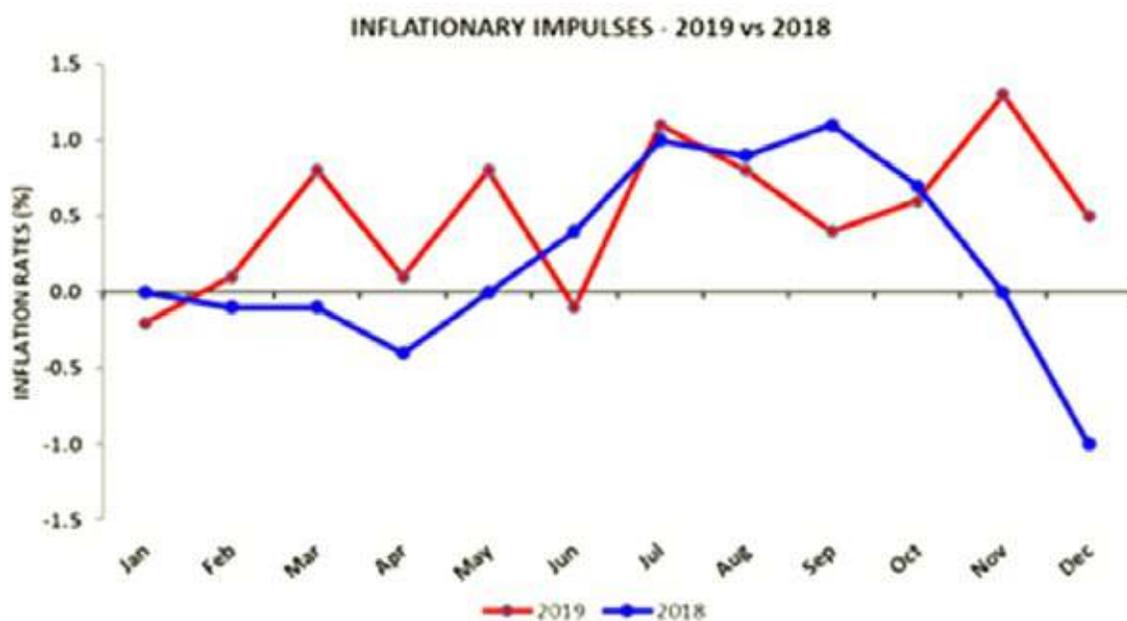
Inflation Rate

The annual inflation for 2019 rose slightly above the upper band of the inflation target of 6 percent. The main contributing factor of the higher-than-expected inflation rate was adverse weather conditions (drought followed by heavy rains), which affected the island between June and October 2019. Throughout the year, drought conditions propelled the prices upwards primarily in the Food and Non-Alcoholic beverages industry. With 2019 being the second highest year on record, this also increased prices for fuel and electricity as well as water.

The Central Bank of Jamaica's forecast was for inflation to average 4.5 percent over the next eight quarters. However, its current assessment is that inflation is likely to be higher than previously forecasted over the next two quarters but is expected to fall within the target of 4.0 percent to 6.0 percent.



Inflationary Impulses - 2019 vs 2018



Market Dynamics

International

The significant occurrences of 2019 were marked by Britain leaving the European Union, low interest rates, trade tensions between the world's superpowers and an impeachment of the 45th President of the United States.

While there was no global recession in 2019, global growth did slow for the year, coming in at approximately 2.9%. Trade policy uncertainty, geopolitical tensions and idiosyncratic stress in key emerging market economies continued to weigh on global economic activity, especially manufacturing and trade in the second half of 2019. Intensifying social unrest in several countries posed new challenges, as did weather-related disasters from hurricanes in the Caribbean, to drought and bushfires in Australia, floods in eastern Africa, and drought in southern Africa.

Conversely, global stock markets posted their best year since the aftermath of the financial crisis over ten years ago. Investors shrugged off trade tensions and warnings of slowing growth in major economies. The MSCI World Index, which tracks stocks across the developed world, jumped by almost 24% during 2019, the most robust performance since 2009. A surge in US technology giants and an active recovery in Eurozone and Asian stocks drove the rally.

The consensus among economists is that the US Federal Reserve will now pause after having cut rates three times in 2019, with its benchmark rate now in a range of 1.5 percent to 1.75 percent. This benchmark rate influences many consumer and business loans as well as the bond market.

In December 2019, the US House of Representatives impeached President Donald Trump, on charges of Abuse of Power and Obstruction of congress. The upcoming year, 2020, is also an election year for the United States and this will impact the markets to a certain degree.

Another significant occurrence for 2019 was the outbreak of novel coronavirus (COVID-19) that was first reported from Wuhan, China, on December 31, 2019. The World Health Organisation has declared this a pandemic and this is expected to pose significant problems to the world economy in 2020.

Regional

Growth in Latin America and the Caribbean was moderate in 2019, at 1.7%, reflecting challenging conditions in several of the region's economies. The region's main challenges included a complex macro and external environment in several countries and unprecedented flows of intra-regional migration, particularly from politically unstable Venezuela. Latin America and the Caribbean are extremely exposed and vulnerable to many natural disasters, such as earthquakes, floods that can ravage entire regions, and hurricanes that devastate Caribbean states and this proved to be a challenge in 2019.

For 2020, the spread of COVID-19 will have a severe impact on the region's economies, affecting local industries, especially the major earners such as tourism and remittances.

Equities Market

JSE Junior & Main Markets

The Jamaica Stock Exchange (JSE) between 2015 and 2018 was the best performing stock exchange in the world as per the rankings by Bloomberg. 2019 had an increase of over 50% in unique investors to the stock market.



Noteworthy, in 2019, the JSE introduced two new indices to track the performance of financial companies as well as Manufacturing and Distribution companies on both the Main and Junior markets. The JSE Main Market ended the year at 509,916 points up 34.26% over 2018. This market had seven new additions, with Mayberry listing the largest Initial Public Offering (IPO) in Jamaica’s history by subscription, Wigton Windfarm Limited. This IPO attracted 31,200 applicants and accompanied other listings during the year such as, Sagicor Select Funds, QWI Investments and Eppley Caribbean Property Fund Limited.

The JSE Junior Market increased 3.15% up to 3,349 units at the end of December 2019, following a period of decline in the first few months of the year. The Junior Market had five additions in 2019, namely, Fontana Pharmacy, iCreate Limited, Lumber Depot, Mailpac Group and The Limners and Bards Limited (LAB).

The outlook for 2020 is uncertain given the current COVID-19 pandemic but investors are hopeful that the markets will recover once the crisis is abated.



Financial Performance

Overall Performance

Other Comprehensive Income for 2019 amounted to US\$35 million, a significant uplift over 2018 of US\$7.4 million or 26.7%. With overall higher expenses and lower income, the company reported a net loss of US\$1.47 million versus a net profit of US\$816,000 for the year ended 31 December 2019. This resulted in Loss per share of US\$0.001 versus an earnings per share of US\$0.001 in the comparative prior period. This was mainly due to the Unrealised losses on the revaluation of the equities classified as Fair Value through Profit or Loss (FVPL).

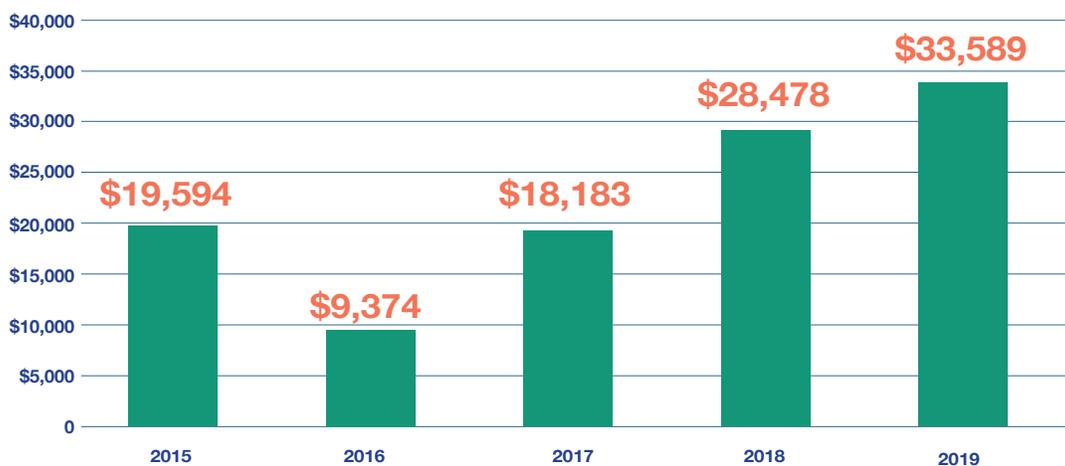
Total Comprehensive Income

For the year ended 31 December 2019, total comprehensive income amounted to US\$34 million, compared to US\$28 million for the corresponding period of 2018; an increase of US\$5 million or 18%. This was due to the positive change in the Net Unrealised gains on financial instruments classified as Fair value through Other Comprehensive Income and consequent on the price movements for stocks held in the current portfolio.

Net Asset Value

Net Book Value per share moved to US\$0.11, a 22% increase over the prior year (PY) due to an increase in Equity Investments of US\$34 million. This represents a balance of US\$144 million as at December 31, 2019, compared to a value of US\$110 million at the end of December 2018.

Comprehensive Income (USD \$'000)



Monthly Net Asset Value (JMD)



Portfolio Information

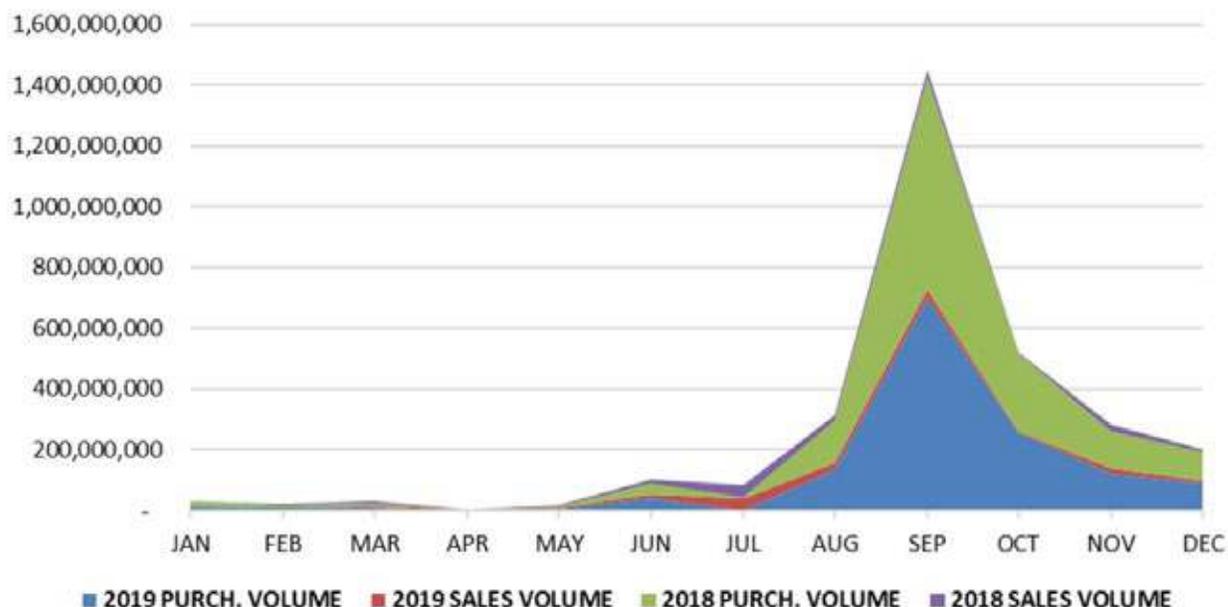
Ten Largest Holdings (Value of Shares) As At December 31, 2019

Stock	% of Total Investments
Supreme Ventures Limited	51.7%
Caribbean Cement Company Limited	5.9%
Caribbean Producers Jamaica Limited	5.7%
Lasco Financial Services Limited	5.5%
Derrimon Trading Company Limited	5.3%
Jamaica Broilers Group Limited	3.9%
Wigton Windfarm Limited	3.7%
Blue Power Group Limited	2.6%
JMMB Group Limited	1.7%

During the year, Mayberry Jamaican Equities (MJE) continued to enhance its portfolio resulting in additional shares purchased in Derrimon Trading Company Limited. This resulted in MJE being the second largest shareholder, with over 400 million shares in hand. MJE also acquired additional shares in Wigton Windfarm Limited and closed 2019 with 755 million stock units in hand; resulting in the stock being the 7th top shareholding in the portfolio.

Total volumes purchased for the last quarter of 2019 amounted to 466 million whereas total volumes sold amounted to 36 million, making MJE a net purchaser of stocks for this financial year. During the year, the company purchased 1.4 billion units versus sales of 155 million units.

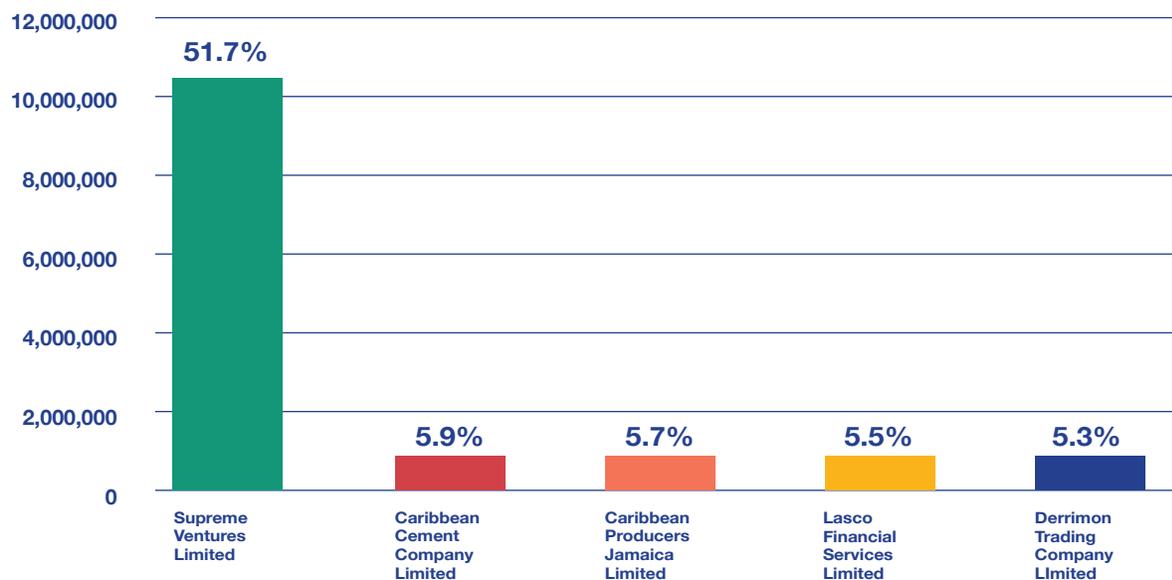
Purchases & Sales Information



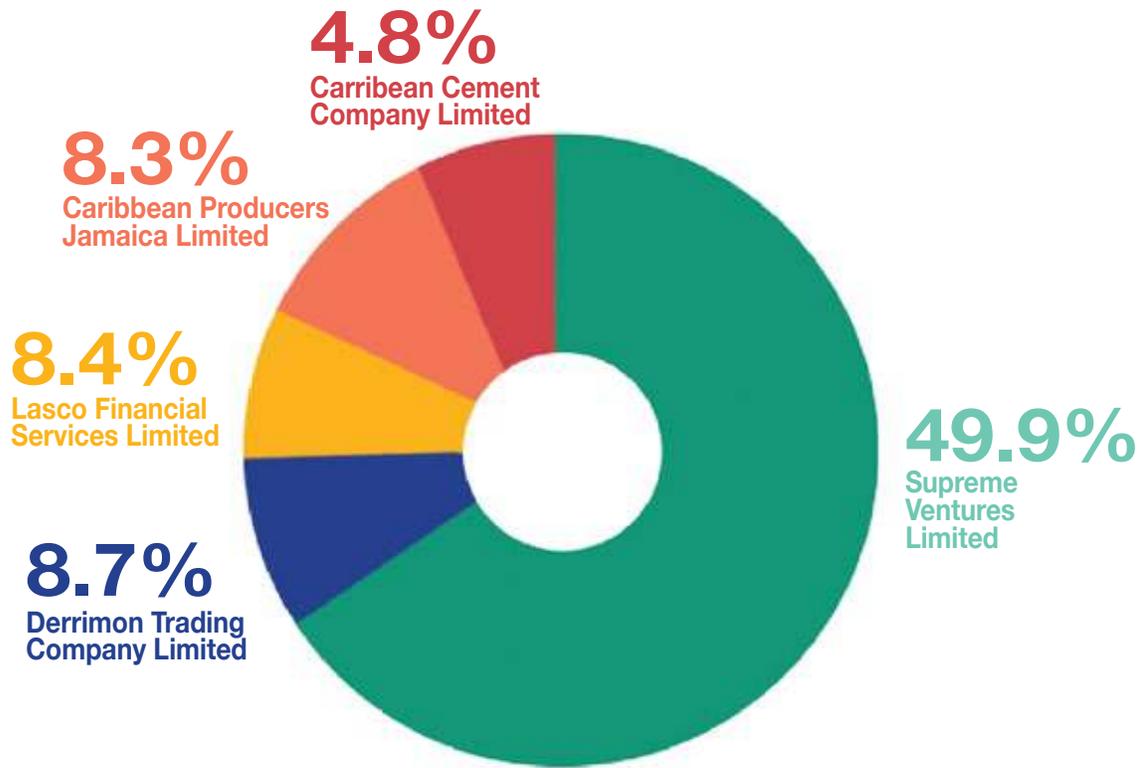
The company currently holds stock in 30 companies listed on the Main and Junior Markets of the JSE. Stocks in the top ten holdings of the portfolio that recorded double digit price increases were: Caribbean Cement Company increased by 97%, Supreme Ventures Limited increased by 48%, Jamaica Broilers

Group increased by 41% and Jamaica Money Market Group increased by 39%, when compared to PY. Stocks held in the portfolio are aligned with reported growth for industries, namely, Manufacturing (4.9%) and Finance and Insurance Services (3.4%).

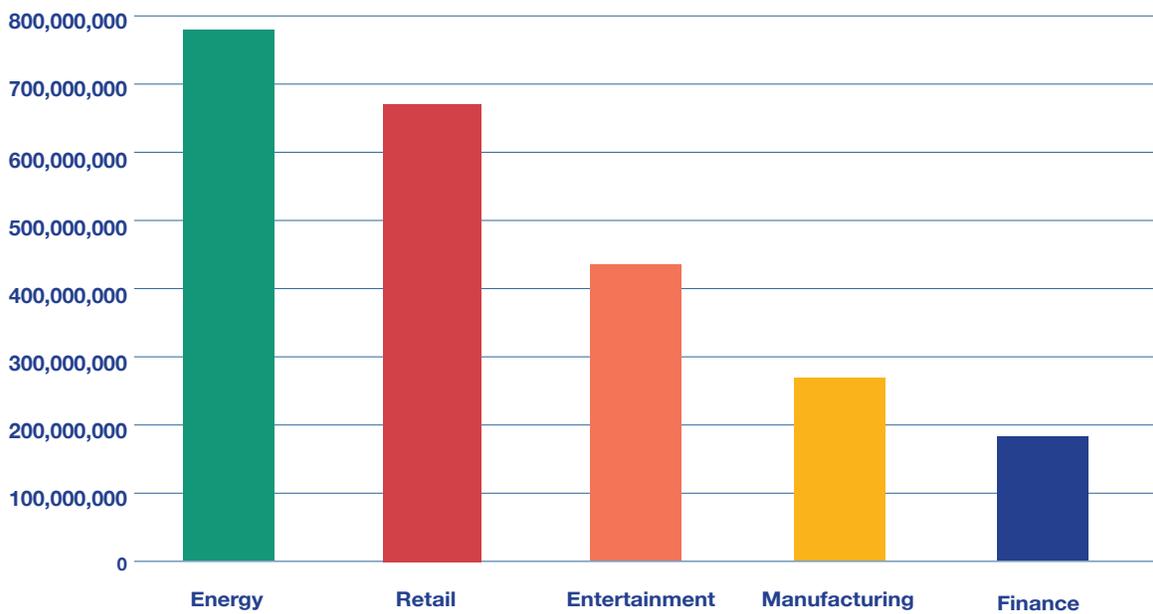
Top 5 Shareholdings (Market Value)



Top 5 Shareholdings (% of holdings)



Top 5 Sectors (Volumes)



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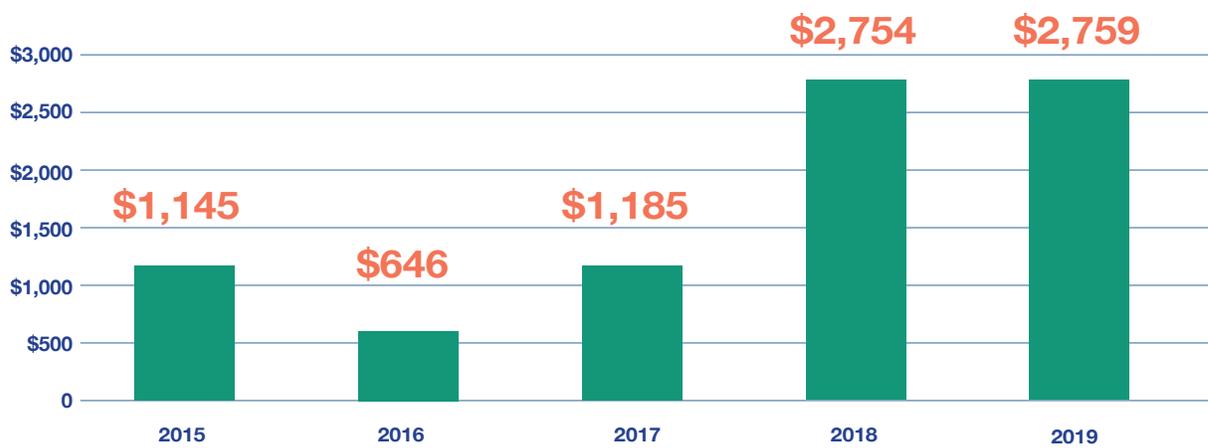
Dividend Income

For the year ended December 31, 2019, MJE reported Dividend Income of US\$2.8 million, representing a marginal growth of 0.2% over PY 2018. The most significant contribution to the portfolio's dividend income line was Supreme Ventures Limited with dividends of approximately US\$671,000.

Payment of Dividends

During the year, a dividend of US\$590,000 was paid following the Board of Directors' approval of an ordinary dividend payment of \$0.065 per share. Payment was made to shareholders on record as at March 27, 2019.

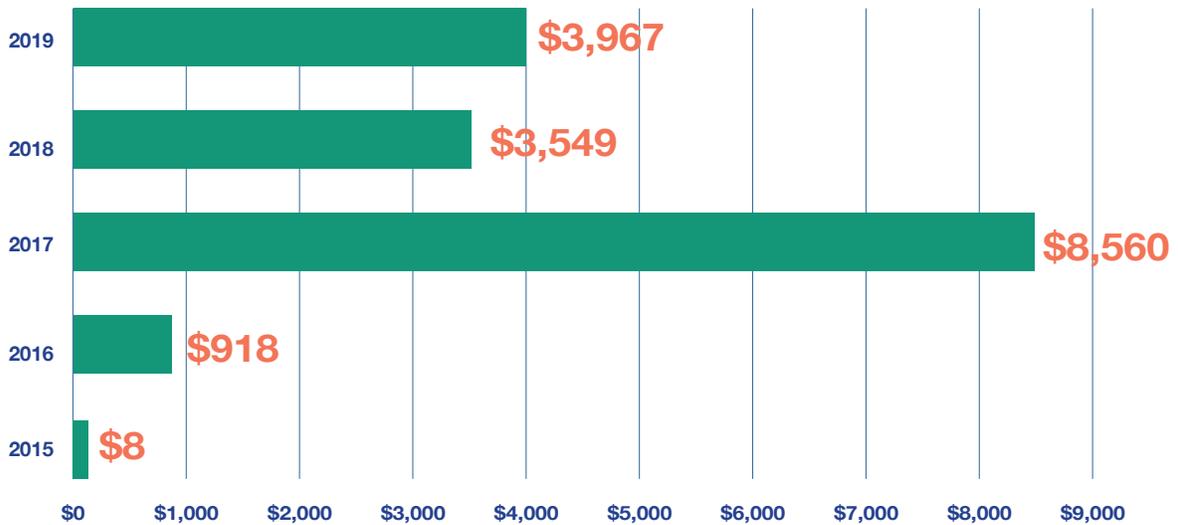
Dividend Income (USD \$'000)



Operating Expenses

Total expenses increased by US\$419k or 12%, when compared to the corresponding period in 2018, due to higher management fees for Investment management services of US\$174 million and higher administrative expenses. This was countered by savings in Legal and Professional services of approximately US\$406,000. An additional US\$93 million represents Computer Licensing fees and Amortisation of Intangible asset for Software purchased in 2018 but now in full use and being amortised.

Operating Expenses (USD \$'000)



Statement of Financial Income

Assets

Total assets increased to US\$151 million for the year ended 31 December 2019 compared to US\$119 million for the corresponding 2018 period. This represents US\$32 million or a 27% increase in our asset base due mainly to increased value of quoted equities. This uptick is attributable to the following securities: Wigton Windfarm Limited, Derrimon Trading Company Limited, Lasco Financial Services Limited, Jamaica Broilers Group Limited, General Accident Insurance Company Jamaica Limited, Lasco Manufacturing Limited, Honey Bun Limited, Jamaica Teas Limited, Jamaica Money Market Brokers Limited and Supreme Ventures Limited.

Asset Categories

Cash resources of US\$4.1 million represented amounts used for day-to-day operational activities, an increase of US\$2.2 million or 117%, when compared to the year ended December 31, 2018.

The **Investment securities** portfolio consists of equities classified at fair value through profit and loss, as well as equities at fair value through other comprehensive income. These securities, net of provision for impairment, totalled US\$144.4 million, an increase of US\$34.4 million or 31.2% comparative to PY. The portfolio has investments in diverse sectors, namely, entertainment, retail, manufacturing, agriculture, insurance and financial services.

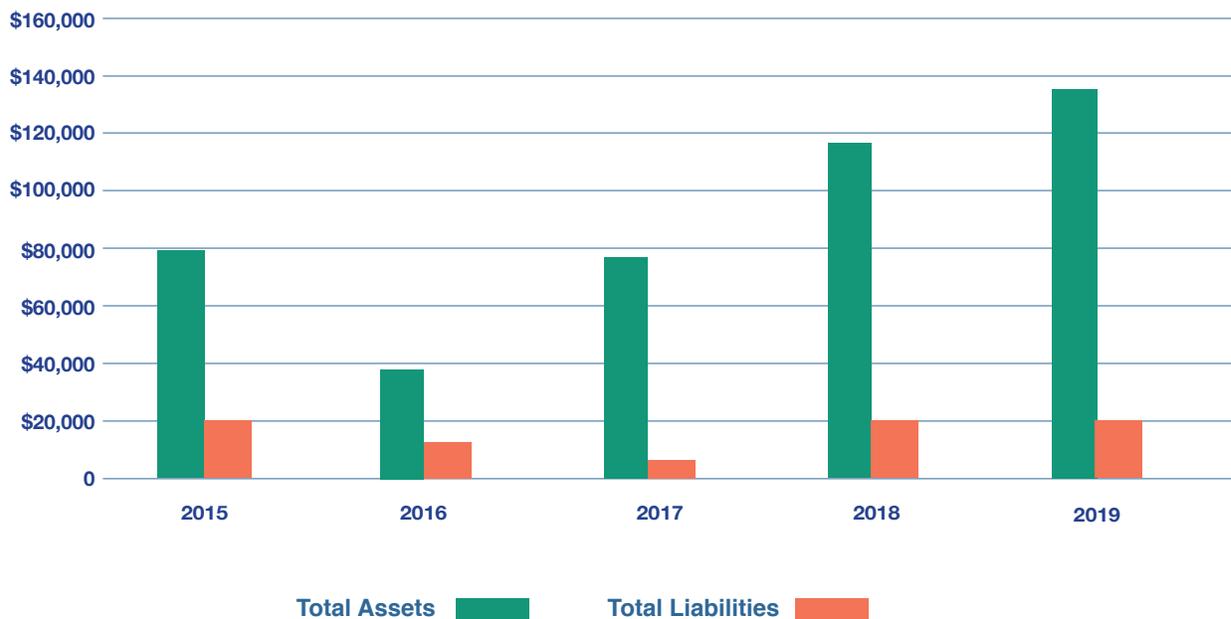
Other receivables totalled US\$147,000, a reduction of US\$597,000 or 80%, relative to the corresponding period for 2018.

The amount due from parent company decreased by 72%, due to the repayment of a promissory note of US\$8 million issued in December 2018. This balance is net of transactions done on behalf of the parent.

Liabilities

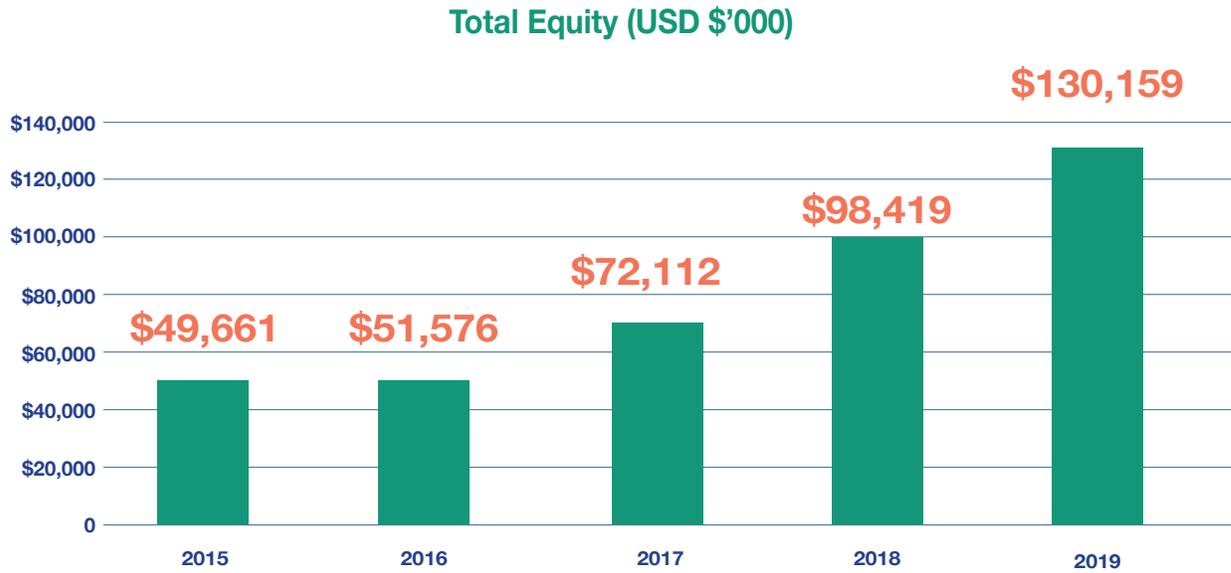
For the year ended 31 December 2019, Total Liabilities increased by US\$272,000 or 1.3% to end the financial year at US\$21 million. The main contributors to this increase was Accounts Payables and Deferred Taxation, which was offset by a reduction in Debt Security in issue.

Total Assets & Liabilities (USD \$'000)



Equity

Mayberry Jamaican Equities' capital base showed significant growth and this was attributable to higher fair value reserves of US\$69 million, moving from US\$47 million, when compared to December 2018. Retained Earnings increased from US\$31 million to US\$41 million, year-over-year. This US\$9.8 million increase stemmed from the realised gains from equities transferred to Retained Earnings during the year; amounting to US\$11.6 million.





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Risk Management

The company has made Risk Management an integral part of decision making and day-to-day business activities. The company's Risk Management approach was inspired by the International Organization for Standardization (ISO) 31000:2009 ERM framework. Risk Management is overseen by the Audit and Risk Committee and risk categories such as strategic, market, liquidity and operational risks are considered. The company's risk management process is forward-looking and adaptive, taking advantage of the expertise of Board members, technical resources, changing local & international landscapes and market opportunities.

MJE's Risk Appetite & Tolerance

The Board has defined and set the risk appetite and tolerance levels for the company based on strategic objectives and internal and external factors. These levels are monitored by the Audit and Risk Committee and reviewed at the Board level. MJE's key risk categories are Strategic, Operational, Market, Country, Cyber and Liquidity.

Strategic Risks

The company faces risks arising from the execution of its investment strategy and established objectives. The company manages strategic risks by:

- Defining business strategies and objectives;
- Establishing key performance indicators (KPI);
- Identifying risks critical to strategic success and assessing their effects;
- Establishing key risk indicators (KRI), appetite and tolerance levels;
- Monitoring and reporting indicators.

Operational Risks

Operational risks are risks that stem from the execution of business activities. In the execution of its business functions, the company is exposed to operational risks arising from failures in people, processes and systems through which it operates. Critical areas of operational risks include:

- Data entry and accounting errors;
- Fraud (internal and external) or other criminal activity;
- Business disruption and system failures.

To manage Operational Risks, the company relies on robust external audit oversight to maintain controls and administrative checks and balances to monitor transactions.

Cyber Risks

Risks associated with financial loss, business disruption or damage to reputation resulting from an event impacting the company's data assets and/or information systems are classified as Cyber Risks. In order to manage Cyber Risks, the company relies on Information Technology external audits, process reviews and testing. The company also pre-empts cyber risk events by conducting "what-if" scenarios to ascertain the effectiveness of its current controls and identify gaps.



Market Risk

The company faces risks from movements in specific market variables, including stock prices, interest rates and foreign exchange rates and their impact on portfolio value and returns.

- **Equity Price Risk**

Equity Price risk is the risk that the fair value of equities in the company's portfolio decreases, as a result of changes in the levels of equity indices.

- **Foreign Exchange Risk**

The company invests in foreign-denominated securities and will face the risk of exchange rate movements resulting in exchange gains and losses.

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 levels.

Country and Political Risk

Country and Political risks are risks that the company's return on assets could suffer as a result of political changes or instability in a country. To manage Country and Political Risks, all major changes to policies, political issues and significant changes to governments, that could affect portfolio returns, are monitored and appropriate actions triggered by the Board of Directors.

Liquidity Risk

Risks associated with the inability to sell shares within a reasonable amount of time, at a price optimal to MJE, are categorised as Liquidity Risks. The JSE is a relatively "thin" market compared to larger stock exchanges in more developed countries. This means that the universe of buyers and sellers on the JSE and the volumes that they customarily buy and sell are relatively small. Large institutional investors such as pension funds, insurance companies and collective investment schemes are limited, by their own internal investment policies and also by external regulations, as to the amount of shares they may hold in any one company or sector and as a general rule these investors tend to "buy" and hold. This means that at any given time the number of buyers in the market for a given stock may be small and a shareholder who wishes to liquidate some or all of his holdings may be faced at the material time with weak demand and may therefore be forced to offer his shares at a discount to attract buyers. One of the main features of the JSE is the low liquidity in this market. Consequently, investments are chosen based on long-term prospects for growth and price appreciation. Shareholders in MJE should expect that most of the holdings are long-term holdings and that the turnover of the portfolio will be very low.



Mayberry Jamaican Equities Top 10 Shareholders as at December 31, 2019

Names	Shareholdings
Mayberry Investments Limited	860,507,878
PWL Bamboo Holdings Limited	72,397,036
K. Mark Berry	47,823,476
Mayberry Asset Managers Limited	41,122,865
Manwei International Limited	40,251,196
Victory Island Limited	10,000,000
Sagicor Select Funds Limited - Class B - Financial	6,482,385
Konrad Limited	6,432,031
Mayberry Investments Ltd. Pension Scheme	5,041,490
Apex Pharmacy	4,817,068

Connected Parties' Shareholdings as at December 31, 2019

Names	Shareholdings
A+ Medical Centre	641,141
Mayberry Foundation	2,254,868

Shareholdings of Directors & Senior Management as at December 31, 2019

Names	Shareholdings	Connected Persons
Christopher Berry	-	81,586,903
Konrad Berry	47,823,476	6,733,707
Natalie Glitzenhirn-Augustin	253,300	-

Audited Financial Statements

Financial Year ended December 31, 2019





Mayberry Jamaican Equities Limited
Financial Statements
Year Ended December 31, 2019
(Expressed in United States Dollars)

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Page 6	Statement of Profit or Loss and Other Comprehensive Income
Page 7	Statement of Cash Flows
Page 8 - 28	Notes to the Financial Statements



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LC04 101
St. Lucia

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Mayberry Jamaican Equities Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mayberry Jamaican Equities Limited (the company) set out on pages 4 to 28, which comprise the statement of financial position as at December 31, 2019, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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. We have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Shareholders of
Mayberry Jamaican Equities Limited

Report on the Audit of the Financial Statements (Cont'd)

Other Information (Cont'd)

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 and fair presentation of the financial statements in accordance with IFRSs, 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Shareholders of
Mayberry Jamaican Equities Limited

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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

- 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 to 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, related safeguards.

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 partner on the audit resulting in this independent auditors' report is Brenda Duncan.



Chartered Accountants
Castries, St. Lucia
February 24, 2020

Mayberry Jamaican Equities Limited

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Statement of Financial Position

As at December 31, 2019

(Expressed in United States Dollars)

	<u>Note</u>	<u>2019</u> \$	<u>2018</u> \$
ASSETS			
Cash and cash equivalents	5	4,084,268	1,882,299
Investment securities	6	144,394,722	110,029,951
Other receivables		146,985	744,045
Due from parent company	7 (b)	1,610,519	5,717,656
Taxation recoverable		-	19,770
Intangible asset	8	442,933	273,997
TOTAL ASSETS		<u>150,679,427</u>	<u>118,667,718</u>
LIABILITIES			
Interest payable		27,744	32,259
Accounts payable	9	3,085,994	2,509,799
Deferred taxation	10	699,889	491,289
Debt security in issue	11	16,668,991	17,215,491
Taxation payable		37,813	-
Total Liabilities		<u>20,520,431</u>	<u>20,248,838</u>
EQUITY			
Share capital	12	20,556,260	20,556,260
Fair value reserve	13	68,892,906	46,966,443
Retained earnings		40,709,830	30,896,177
Total Equity		<u>130,158,996</u>	<u>98,418,880</u>
TOTAL LIABILITIES AND EQUITY		<u>150,679,427</u>	<u>118,667,718</u>
		<u>2019</u> \$	<u>2018</u> \$
NET BOOK VALUE PER STOCK UNIT	17(a)	<u>0.11</u>	<u>0.09</u>

The accompanying notes form an integral part of these financial statements.

APPROVED ON BEHALF OF THE BOARD:-


 Director


 Director

Mayberry Jamaican Equities Limited

5

Statement of Changes in Equity
For the Year Ended December 31, 2019
(Expressed in United States Dollars)

	No. of shares	Share Capital \$	Fair Value Reserve \$	Retained Earnings \$	Total \$
Balance at December 31, 2017	20,555,260	20,555,260	23,486,660	27,069,664	71,111,584
Total comprehensive income for the year	-	-	27,661,912	816,328	28,478,240
Realised gain transferred to retained earnings	-	-	(3,795,040)	3,795,040	-
Subdivision of shares (note 12)	2,034,970,740	-	-	-	-
Surrender of shares (note 12)	(854,376,709)	-	-	-	-
Preference shares issued (note 12)	1	1,000	-	-	1,000
Translation adjustment	-	-	(387,089)	(784,855)	(1,171,944)
Balance at December 31, 2018	1,201,149,292	20,556,260	46,966,443	30,896,177	98,418,880
Total comprehensive income for the year	-	-	35,061,425	(1,472,925)	33,588,500
Realised gain transferred to retained earnings	-	-	(11,569,633)	11,569,633	-
Translation adjustment	-	-	(1,565,329)	307,293	(1,258,036)
TRANSACTIONS WITH OWNERS					
Dividend paid (note 18)	-	-	-	(590,348)	(590,348)
Balance as at December 31, 2019	<u>1,201,149,292</u>	<u>20,556,260</u>	<u>68,892,906</u>	<u>40,709,830</u>	<u>130,158,996</u>

The accompanying notes form an integral part of these financial statements.

Mayberry Jamaican Equities Limited
Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended December 31, 2019
(Expressed in United States Dollars)

6

	<u>Note</u>	<u>2019</u> \$	<u>2018</u> \$
INCOME			
Dividend income		2,759,178	2,754,537
Net unrealized gains on financial instruments - FVPL		400,097	2,910,488
Interest income	14	166,136	21,805
Net trading gains/(loss)		333,853	(199,603)
Net foreign exchange gains/(loss)		<u>224,636</u>	<u>(453,201)</u>
Total operating income		3,883,900	5,034,026
INTEREST EXPENSE			
Net operating income	14	<u>(1,344,813)</u>	<u>(727,566)</u>
		2,539,087	4,306,460
EXPENSES			
Audit fees		(19,278)	(14,000)
Other expenses		<u>(3,948,128)</u>	<u>(3,534,538)</u>
	15	<u>(3,967,406)</u>	<u>(3,548,538)</u>
(LOSS)/PROFIT BEFORE TAXATION			
Taxation	16	<u>(44,606)</u>	757,922
NET (LOSS)/PROFIT FOR THE YEAR		<u>(1,472,925)</u>	816,328
Other Comprehensive Income Net of Taxation:			
Item that will not be reclassified to profit or loss			
Net unrealized gains on financial instruments - FVOCI		<u>35,061,425</u>	<u>27,661,912</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>33,588,500</u>	<u>28,478,240</u>
(Loss)/Profit Attributable to Stockholders			
		<u>(1,472,925)</u>	816,328
		<u>2019</u> \$	<u>2018</u> \$
(LOSS)/EARNINGS PER STOCK UNIT	17(b)	<u>(0.001)</u>	<u>0.001</u>

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flow

For the Year Ended December 31, 2019

(Expressed in United States Dollars)

	<u>Note</u>	<u>2019</u> \$	<u>2018</u> \$
Cash Flows from Operating Activities			
(Loss)/Profit before taxation		(1,428,319)	757,922
Adjustments for:			
Interest income	14	(166,136)	(21,805)
Interest expense	14	1,344,813	727,566
Realised fair value gains transferred to retained earnings		11,569,633	3,795,040
Unrealised foreign exchange (loss)/gain		(52,926)	892,207
Unrealised fair value gain on financial instruments - FVPL		(400,096)	(2,910,488)
Amortization		32,309	-
		<u>10,899,278</u>	<u>3,240,442</u>
Increase in investment securities		(12,055,842)	(10,227,075)
Decrease in other receivables		597,060	608,400
Increase in accounts payable		576,195	501,746
Decrease/(increase) in related companies		<u>4,107,137</u>	<u>(9,712,443)</u>
		4,123,828	(15,588,930)
Interest received		166,136	34,276
Interest paid		(1,349,328)	(701,801)
Cash generated from/(used in) Operating Activities		<u>2,940,636</u>	<u>(16,256,455)</u>
Cash Flows from Investing Activities			
Purchase of intangible asset	8	(201,245)	(273,997)
Dividend paid		(590,348)	-
Cash used in Investing Activities		<u>(791,593)</u>	<u>(273,997)</u>
Cash Flows from Financing Activities			
Preference share capital issued		-	1,000
Proceeds from issue of debt security	5(b)	-	16,845,502
Cash generated from Financing Activities		<u>-</u>	<u>16,846,502</u>
Increase in Cash and Cash Equivalents		2,149,043	316,050
Exchange gain on foreign Cash and Cash Equivalents		52,926	7,028
Cash and Cash Equivalents - Beginning of Year		<u>1,882,299</u>	<u>1,559,221</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	5	<u>4,084,268</u>	<u>1,882,299</u>

The accompanying notes form an integral part of these financial statements.

Mayberry Jamaican Equities Limited

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1. Introduction

Mayberry Jamaican Equities Limited (formerly Mayberry West Indies Limited) 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.

As at December 31, 2017 the company was a wholly owned subsidiary of Mayberry Investments Limited, a company incorporated and domiciled in Jamaica. On February 28, 2018, 10% of the company's ordinary shares were issued to the shareholders of the parent company, Mayberry Investments Limited, as a dividend in specie. Further, on July 31, 2018, 10% of the company's ordinary shares were listed on the Main Market of the Jamaica Stock Exchange through an Initial Public Offering (IPO). On September 28, 2018, the parent company also transferred an additional 5% of its ordinary shares to a related entity. This resulted in Mayberry Investments Limited's ownership being reduced to 75%.

As at December 31, 2019 Mayberry Investments Limited further reduced its ownership to 72% by disposing of over 40 million stock units held in Mayberry Jamaican Equities Limited.

The principal activities of the company are the investing and trading of key Jamaican equity securities.

2. Date of Authorisation of Issue

These financial statements were authorised for issue by the Board of Directors on February 24, 2020.

3. Significant Accounting Policies

The principal accounting policies adopted are stated in order to assist in the general understanding of the financial statements. These policies have been consistently applied to the years presented, unless otherwise stated.

(a) Basis of Preparation

These financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board, and have been prepared under the historical cost convention as modified by the revaluation of investment securities at fair value through other comprehensive income, and investment securities at fair value through profit or loss.

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 action, 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 4.

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, interpretation and amendments and has concluded that there are no new standards, interpretations and amendments which are immediately relevant to its operations.

3. Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

New, revised and amended standards and interpretations that became effective during the year (cont'd)

IFRS 16, 'Leases', (effective for accounting periods beginning on or after 1 January 2019). The new standard eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with IAS 17. Leases are now recorded in the statement of financial position by recognizing a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognized lease assets and financial liabilities. An optional exemption exists for short term and low-value leases. The accounting by lessors will not significantly change. There was no impact on the adoption of this standard, as the company does not currently have leases.

IFRIC 23, 'Uncertainty over income tax treatments' statements' (effective for accounting periods beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC had clarified previously that IAS 12, not IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

The adoption of this standard did not have any significant impact on the company.

New standards and amended standards and interpretations not yet effective and not early adopted by the company

Amendments to IAS 1 and IAS 8 on the definition of material (effective for accounting periods beginning on or after 1 January 2020). These amendments to IAS 1, 'Presentation of Financial Statements', and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information. The adoption of this standard is not expected to have a significant impact on the Company.

Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform (effective for accounting periods beginning on or after 1 January 2020). These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect companies in all industries. The adoption of this standard is not expected to have a significant impact on the Company.

3. Significant Accounting Policies (cont'd)

(b) Foreign Currencies

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates (“the functional currency”). The financial statements are presented in United States dollars, which is the company’s functional and presentation currency.

Transactions in foreign currencies are converted at the exchange rates prevailing at the dates of the transactions. At the year-end date, monetary assets and liabilities denominated in foreign currency are translated using the closing exchange rate at the date.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the profit or loss.

Exchange differences on non-monetary financial assets are a component of the change in their value. Depending on the classification of a non-monetary financial asset, exchange differences are either recognised in the profit or loss (applicable for financial assets fair value through profit or loss), or within other comprehensive income if non-monetary financial assets are equity instruments which are designated as fair value through other comprehensive income.

(c) Impairment of Non-Financial Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation 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 asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use.

(d) Intangible Assets

Computer software is deemed to have a finite useful life of five years and is measured at cost, less accumulated amortisation and accumulated impairment losses, if any.

(e) Financial Instruments: Financial Assets and Liabilities

Date of recognition

Financial assets and liabilities are initially recognised on the settlement date, which is the date that an asset is delivered to or by the company. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Initial measurement of financial instruments

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, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount.

3. Significant Accounting Policies (cont'd)

(e) Financial Instruments: Financial Assets and Liabilities (cont'd)

Measurement categories of financial assets and liabilities

Financial assets

The company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms and they are measured at either fair value through other comprehensive income (FVOCI), fair value through profit or loss (FVPL) or amortised cost.

(i) Fair value through other comprehensive income (FVOCI)

The company has a number of strategic investments in listed entities which are not accounted for as subsidiaries, associates or jointly controlled entities. For those investments, the company has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the company considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

The company's financial assets measured at FVOCI are some equity securities in the statement of financial position.

(ii) Fair value through profit or loss (FVPL)

This category comprises financial instruments which are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income in the "financial instruments - FVPL" line. The company has equity instruments held for trading for which it has voluntarily classified these financial assets as being at fair value through profit or loss.

The company's financial assets measured at FVPL are all other equity securities not measured at FVOCI in the statement of financial position.

(iii) Amortised cost

These assets arise principally from the provision of goods and services to customers (eg. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. 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.

3. Significant Accounting Policies (cont'd)

(e) Financial Instruments: Financial Assets and Liabilities (cont'd)

Measurement categories of financial assets and liabilities (cont'd)

Financial assets (cont'd)

(iii) Amortised cost (cont'd)

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. 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 increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The company's financial assets measured at amortised cost comprise cash and cash equivalents, other receivables, interest receivable and amounts due from related companies in the statement of financial position.

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

Financial liabilities

The company's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. At the reporting date, the following items were classified as financial liabilities: interest payable, accounts payable, debt security in issue and amount due from related company.

(f) Investment Securities

Equity Instruments

The fair values of quoted instruments are based on the spread between the bid and ask prices at valuation date. Upon initial recognition, the company elects to value its equity instruments at fair value through profit or loss (FVPL). Occasionally the company elects to irrevocably classify some of its equity investments as equity instruments at fair value through other comprehensive income (FVOCI) when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Equity instruments at FVOCI are not subject to an impairment assessment.

3. Significant Accounting Policies (cont'd)

(f) Investment Securities (cont'd)

Debt instruments

The company early adopted IFRS 9 “Financial Instruments” (2009). Investment securities are classified into the following categories: those to be measured subsequently at fair value and those to be measured subsequently at amortised cost. Management determines the appropriate classification of investments at the time of purchase based on the objectives of the company’s business model for managing financial instruments and the contractual cash flow characteristics of the instruments.

Debt instrument securities subsequently measured at fair value are either designated fair value through profit or loss or fair value through other comprehensive income. Investment securities at fair value through profit or loss are those which were either acquired for generating a profit from short-term fluctuations in price or dealer’s margin, or are securities included in a portfolio in which a pattern of short-term profit-taking exists. They are initially recognised at cost, which includes transaction costs, and subsequently re-measured at fair value. All related realised and unrealised gains and losses are included in net trading income.

Debt instrument securities subsequently measured at fair value through other comprehensive income are all other equity investments, designated at purchase to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is no recycling of fair value gains and losses to profit or loss. They are initially recognised at cost, which includes transaction costs, and subsequently re-measured at fair value.

Debt instrument securities are subsequently measured at amortised cost where management determines that the objective is to hold the instruments to collect the contractual cash flows, that is, solely for the payment of principal and interest (SPPI). All other debt instruments are measured at fair value through profit or loss.

(g) 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 income over the period of the borrowings using the effective yield method.

(h) Provisions

Provisions are recognised when the company has a legal or constructive obligation as a result of past events, if 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.

3. Significant Accounting Policies (cont'd)

(i) Revenue Recognition

(i) Dividend Income

Dividend income from equity instruments is recorded in the profit or loss when the stockholder's right to receive payment is established.

(ii) Interest Income

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.

(j) Interest Expense

Interest expense is recognised in the statement of profit or loss and other comprehensive income for all interest-bearing instruments on an accruals basis using the effective yield method based on the actual purchase price.

(k) Taxation

Taxation expense in the statement of income comprises current and deferred tax charges.

Current taxation charge is the expected taxation payable on the taxable income for the year, using tax rates enacted at the reporting date and any adjustment to tax payable and tax losses in respect of previous years.

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 tax rates are used in the determination of deferred income tax. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realized or the liability will be settled based on enacted rates.

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 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 when there is no obligation to transfer cash or other assets.

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 income as interest expense.

3. Significant Accounting Policies (cont'd)

(m) Dividend Distribution

Dividend distribution to the company's shareholders is recognized as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

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

4. Critical Accounting Judgements and Estimates

Judgements and estimates 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.

(a) Critical Judgements in Applying the Company's Accounting Policies

In the process of applying the company's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognized in the financial statements.

(b) Key Sources of Estimation Uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts and assets and liabilities within the next financial year are discussed below:

Fair Value Estimation

A number of assets and liabilities included in the company's financial statements require measurement at, and/or disclosure of fair value.

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 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:

- (i) Investment securities classified as fair value through profit or loss and fair value through other comprehensive income are measured at fair value by reference to quoted market prices when available. 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.

4. Critical Accounting Judgements and Estimates (cont'd)

(b) Key Sources of Estimation Uncertainty (cont'd)

Fair Value Estimation (cont'd)

- (ii) The fair values of liquid assets and other assets maturing within one year are assumed to approximate their carrying amount. This assumption is applied to liquid assets and short term elements of all financial assets and financial liabilities.
- (iii) The fair values of variable rate financial instruments are assumed to approximate their carrying amounts.
- (iv) Equity securities for which fair values cannot be measured reliably are recognized at cost less impairment.

The company uses the following hierarchy 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 are 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 investment securities at fair value.

5. Cash and Cash Equivalents

	<u>2019</u> \$	<u>2018</u> \$
Current account - Foreign currency	326,387	327,153
Current accounts - US dollar	3,757,881	1,555,146
	<u>4,084,268</u>	<u>1,882,299</u>

(b) Reconciliation of movement of liabilities to cash flows arising from financing activities:

Amounts represent debt security in issue and other loans.

	<u>2019</u> \$	<u>2018</u> \$
At January 1	-	-
Cash -		
Debt security issued	16,122,491	16,845,502
Loan repaid	-	-
Non-cash -		
Unrealised foreign exchange loss	546,500	369,989
At December 31	<u>16,668,991</u>	<u>17,215,491</u>

6. Investment Securities

	<u>2019</u> \$	<u>2018</u> \$
Equity securities at fair value through other comprehensive income	121,614,122	87,223,098
Equity securities at fair value through profit or loss	<u>22,780,600</u>	<u>22,806,853</u>
	<u>144,394,722</u>	<u>110,029,951</u>

On October 3, 2018, the company entered into an irrevocable call option agreement to sell 1,000,000 units of its Supreme Ventures Limited shares to an agreed party at a strike price of \$16 on or before October 2020.

7. Related Party Transactions and Balances

	<u>2019</u> \$	<u>2018</u> \$
(a) Transactions between the company and its related companies		
Purchase and sale of equities	22,494,903	6,966,806
Purchase and sale of investment securities	28,442,860	22,863,645
Interest expense	82,801	386,400
Investment management fee and incentive fee	3,646,433	3,019,146
Operating expense	<u>348,608</u>	<u>367,767</u>
(b) Year end balances arising from transactions with related companies		
Due from -		
Parent Company - Mayberry Investments Limited	<u>1,610,519</u>	<u>5,717,656</u>
Due to -		
Mayberry Asset Managers Limited (included in accounts payable (note 9))	<u>3,045,852</u>	<u>2,476,154</u>

- (i) The amount due from the parent company, Mayberry Investments Limited, represents the net of transactions done on behalf of the company and a promissory note dated December 6, 2018 of USD\$8,000,000 at an interest rate of 3% per annum for a period of three months. The promissory note of USD \$8,000,000 was repaid by the parent company on December 3, 2019. Interest receivable on the promissory note of \$16,516 was also included for December 2018.

An interest rate of 10% per annum is charged by the parent company on any outstanding intercompany balance. There are no fixed terms of repayment in respect of the transactions done on behalf of the company.

7. Related Party Transactions and Balances (cont'd)

(c) Year end balances arising from transactions with related companies (cont'd)

(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 Christopher Berry and K. Mark Berry. The said agreement ratifies and confirms a course of conduct that had been entered into by Mayberry Jamaican Equities Limited whereby the principals of Mayberry Asset Managers Limited had previously performed investment management services. The new 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:

- (i) A management fee calculated as 0.50% of the net asset value; and
- (ii) An incentive fee calculated as 8.00% of the increase in the comprehensive income.

The Management Fee is accrued and charged with effect from 1 January 2017, quarterly in arrears.

The Incentive Fee is calculated on the last day of each calendar year with reference to the comprehensive income earned for the calendar year in question. The incentive fee is accrued and charged with effect from 1 January 2016, on 31 December of each year.

The amount of \$3,646,433 (2018 - \$3,019,146) in 7(a) above represents the investment management fee of \$721,815 (2018 - \$547,856) and incentive fees of \$2,924,618 (2018 - \$2,471,290) charged for the period 1 January 2019 to 31 December 2019 (note 15).

8. Intangible Asset

	<u>2019</u>
	<u>\$</u>
Cost -	
Acquisition during the year	<u>273,997</u>
At 31 December 2018	273,997
Additions	<u>201,245</u>
At 31 December 2019	<u>475,242</u>
Accumulated depreciation -	
At 31 December 2018	-
Charge for the year	<u>32,309</u>
At 31 December 2019	<u>32,309</u>
Net book Value -	
31 December 2019	<u>442,933</u>
31 December 2018	<u>273,997</u>

9. Accounts Payable

	<u>2019</u> \$	<u>2018</u> \$
Audit fee payable	21,000	15,773
Other payables	19,142	17,872
Investment incentive fee (note 7(ii))	2,924,618	2,471,290
Investment management fee (note 7(ii))	121,234	4,864
	<u>3,085,994</u>	<u>2,509,799</u>

10. Deferred Taxation

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

	<u>2019</u> \$	<u>2018</u> \$
Balance - beginning of year	491,289	327,716
Deferred tax credit (note 16)	(12,317)	(71,381)
Deferred tax charge to other comprehensive income on investment securities	<u>220,917</u>	<u>234,954</u>
Balance - end of year	<u>699,889</u>	<u>491,289</u>
Deferred tax assets:		
Tax losses carried forward	-	(12,224)
	<u>-</u>	<u>(12,224)</u>
Deferred tax liabilities:		
Investment securities - profit or loss	4,001	29,105
Investment securities - other comprehensive income	<u>695,888</u>	<u>474,408</u>
	-	503,513
	<u>699,889</u>	<u>491,289</u>

11. Debt Security in Issue

	<u>2019</u> \$	<u>2018</u> \$
Corporate Bond Holders	<u>16,668,991</u>	<u>17,215,491</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 in various entities that are being traded on the Jamaica Stock Exchange. These shares are required to have a fair value coverage of 1.75 times the principal amount and a maintenance margin of 1.5 times. At the reporting date the company's quoted equities used as security were valued at \$109,518,698 (2018 - \$86,329,226) with a coverage of 6.53 (2018 - 4.98) times the loan balance.

12. Share Capital

	No. of Shares	2019 \$	No. of Shares	2018 \$
Authorised:				
1 special rights preference share of \$1,000 par value (2018 - 1)				
4,000,000,000 ordinary shares of \$0.01 par value (2018 - 4,000,000,000)				
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 per value. After the subdivision of shares, the parent company, Mayberry Investments Limited (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.

13. Fair Value Reserve

This represents net unrealized gain on the revaluation of equity securities.

14. Interest Income and Interest Expense

	<u>2019</u> \$	<u>2018</u> \$
Interest income -		
Investment securities	28,285	5,289
Loan to parent company	137,851	16,516
	<u>166,136</u>	<u>21,805</u>
Interest expense -		
Inter-company finance charges	(127,525)	(386,400)
Debt security in issue	(1,217,288)	(341,166)
	<u>(1,344,813)</u>	<u>(727,566)</u>

15. Expenses by Nature

	<u>2019</u>	<u>2018</u>
	\$	\$
Foreign travel	-	2,461
Audit fees	19,278	14,000
Legal and professional fees	22,467	428,634
Other operating expenses	94,016	15,985
Investment incentive fee	2,924,618	2,471,290
Investment management fee	721,815	547,856
Regulatory fees	52,898	11,155
Marketing & public relations	11,875	49,553
Amortised cost of loan	27,270	7,604
Amortisation of intangible asset	32,309	-
Computer licence fee	60,860	-
	<u>3,967,406</u>	<u>3,548,538</u>

16. Taxation

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

	<u>2019</u>	<u>2018</u>
	\$	\$
Current tax	56,923	-
Under provision of prior year tax	-	12,975
Deferred tax (note 10)	(12,317)	(71,381)
	<u>44,606</u>	<u>(58,406)</u>

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

	<u>2019</u>	<u>2018</u>
	\$	\$
(Loss)/Profit before taxation	(1,428,319)	757,922
Tax at 1%	(14,283)	7,579
Over provision of prior year tax	-	12,975
Non- taxable income	(32,588)	(27,545)
Other adjustments	91,477	(51,415)
	<u>44,606</u>	<u>(58,406)</u>

17. Financial Ratios

(a) 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 weighted average number of ordinary shares in issue during the year.

	<u>2019</u>	<u>2018</u>
Net book value end of year (\$)	130,158,996	98,418,880
Weighted average number of ordinary shares (units)	1,201,149,292	1,145,268,974
Net book value per stock unit (\$)	<u>0.11</u>	<u>0.09</u>

17. Financial Ratios (cont'd)

(b) Earnings Per Share

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

	<u>2019</u>	<u>2018</u>
Net (loss)/profit attributable to stockholders (\$)	(1,472,925)	816,328
Weighted average number of ordinary shares (units)	1,201,149,292	1,145,268,974
Basic earnings per stock unit (\$)	(0.001)	0.001
Fully diluted earnings per stock unit (\$)	<u>(0.001)</u>	<u>0.001</u>

(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 Jamaica Stock Exchange by the number of ordinary stock share units in issue during the year.

	<u>2019</u>	<u>2018</u>
Closing bid price per unit as at 31 December (\$)	0.09	0.08
Number of ordinary shares in issue (units)	1,201,149,291	1,201,149,291
Market value of ordinary shares (\$)	<u>108,103,436</u>	<u>96,091,943</u>

18. Dividends

	<u>2019</u>	<u>2018</u>
In respect of December 31, 2019 (\$0.065 per share)	<u>590,348</u>	-

On March 12, 2019 an ordinary dividend of \$0.065 per share was approved by the Board of Directors for payment on May 3, 2019.

19. Financial Risk Management

The company is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price
- Liquidity risk, and
- Equity price risk

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

19. Financial Risk Management (cont'd)

(a) Principal Financial Instruments

The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:

- Cash and cash equivalents
- Investments securities
- Interest payable
- Loans
- Accounts payable

(b) Financial Instruments by Category

Financial Assets

	At amortised cost		Fair Value Through Other Comprehensive Income		Fair Value Through Profit or Loss	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	3,774,453	1,568,702	-	-	-	-
Investment securities	-	-	121,614,122	87,223,098	22,780,600	22,806,852
Total Financial Assets	3,774,453	1,568,702	121,614,122	87,223,098	22,780,600	22,806,852

Financial Liabilities

	Financial Liabilities at amortised cost	
	2019	2018
	\$	\$
Debt security in issue	16,668,991	17,215,491
Interest payable	27,744	32,259
Accounts payable	3,064,994	2,491,926
	<u>19,761,729</u>	<u>19,739,676</u>

(c) Financial Instruments not Measured at Fair Value

Financial instruments not measured at fair value includes cash and cash equivalents, interest payable, loans and due to parent company.

Due to their short-term nature, the carrying value of cash and cash equivalents, interest payable and due to parent company approximates their fair value.

19. Financial Risk Management (cont'd)

(d) Financial Instruments Measured at Fair Value

The fair value hierarchy of financial instruments measured at fair value is provided below:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	\$	\$	\$	\$
December 31, 2019				
Financial assets -				
Quoted equity securities	144,394,722	-	-	144,394,722
	<u>144,394,722</u>	<u>-</u>	<u>-</u>	<u>144,394,722</u>
December 31, 2018				
Financial assets -				
Quoted equity securities	110,029,951	-	-	110,029,951
	<u>110,029,951</u>	<u>-</u>	<u>-</u>	<u>110,029,951</u>

(e) 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 and investments of excess liquidity.

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:

(i) 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).

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 investment securities, investment in associates, other receivables, interest payable, 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 is kept to an acceptable level by monitoring currency positions.

19. Financial Risk Management (cont'd)

(e) Financial Risk Factors (cont'd)

(i) Market Risk (cont'd)

Concentration of Currency Risk

The company is exposed to foreign currency risk in respect of JMD dollars as follows:

	<u>2019</u>	<u>2018</u>
	\$	\$
Assets:		
Cash and cash equivalents	326,387	327,153
Due from parent company	1,610,519	-
Other receivable	121,715	744,045
Investment securities	<u>144,394,722</u>	<u>110,029,951</u>
Total Assets	<u>146,453,343</u>	<u>111,101,149</u>
Liabilities:		
Interest payable	27,744	32,259
Due to parent company	-	2,282,343
Loan payable	16,668,991	17,215,491
Accounts payable	<u>3,064,994</u>	<u>2,509,799</u>
Total liabilities	<u>19,761,729</u>	<u>22,039,892</u>
Net position	<u>126,691,614</u>	<u>89,061,257</u>

Foreign Currency Sensitivity

The following table indicates the sensitivity of income before taxation 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 investment securities, other receivables, interest payable, accounts payable, due from parent company and cash and cash equivalents, and adjusts their translation at the year-end for 6% (2018 - 4%) depreciation and a 4% (2018 - 2%) appreciation of the Jamaican dollar against the United States dollar.

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

	% Change in Currency Rate 2019	Effect on Loss before Tax 31 December 2019	% Change in Currency Rate 2018	Effect on Profit before Tax 31 December 2018
		\$		\$
Currency:				
JMD	-6	(7,601,497)	-4	(3,562,450)
JMD	+4	<u>5,067,665</u>	+2	<u>1,781,225</u>

19. Financial Risk Management (cont'd)

(e) Financial Risk Factors (cont'd)

(i) Market Risk (cont'd)

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. The company is not exposed to investment securities price risk as the amounts are stated at amortised cost.

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.

The company is primarily exposed to cash flow interest rate risk on its cash and cash equivalents and investment securities.

(ii) 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, interest receivable, due from related companies and cash and cash equivalents.

Cash and Cash Equivalents

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.

Maximum Exposure to Credit Risk

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

(iii) 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.

19. Financial Risk Management (cont'd)

(e) Financial Risk Factors (cont'd)

(iii) Liquidity Risk (cont'd)

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. This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure funding if required.
- (ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- (iii) Optimising cash returns on investments.

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 2019						
Accounts payable	21,000	3,064,994	-	-	-	3,085,994
Debt security in issue	-	-	1,257,844	21,802,627	-	23,060,471
Interest payable	27,744	-	-	-	-	27,744
Total financial liabilities (contractual maturity dates)	48,744	3,064,994	1,257,844	21,802,627	-	26,174,209

	Within 1 Month \$	1 to 3 Months \$	3 to 12 Months \$	1 to 5 Years \$	Over 5 Years \$	Total \$
Financial Liabilities 2018						
Accounts payable	15,772	2,476,154	-	-	-	2,491,926
Debt security in issue	-	-	1,301,211	23,855,545	-	25,156,756
Interest payable	32,259	-	-	-	-	32,259
Total financial liabilities (contractual maturity dates)	48,031	2,476,154	1,301,211	23,855,545	-	27,680,941

19. Financial Risk Management (cont'd)

(e) Financial Risk Factors (cont'd)

(iv) Equity Price Risk

Equity price risk arises out of price fluctuations in the equity prices. The risk arises out of holding positions in either individual stocks or in the market as a whole.

The goal of the company is to earn dividend income and realise capital gains sufficient to offset interest foregone in holding such long-term positions.

The Board of Directors sets limits on the level of exposure. Diversification is used as a strategy to reduce the impact on the portfolio of non-performing assets.

(v) Capital management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders. The Board of Directors monitors the return on capital, which the company defines as net operating income, excluding non-recurring items, divided by total stockholders' equity. The Board of Directors also monitors the level of dividends to stockholders.



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