



**MAYBERRY JAMAICAN  
EQUITIES**

# 2018

## ANNUAL REPORT

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## 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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# Chairman's Statement

Mayberry Jamaican Equities is a collection of Mayberry Group's best executable investment ideas at this point in time. The investments must be listed on the Jamaica Stock Exchange (JSE) to qualify or may be "cash like" securities that we are holding on a temporary basis until invested. Our focus is long term. Our philosophy is to invest in companies where we can leverage our access to financing, people and prospects, to help these firms to continue to grow at higher rates than our economy, on a consistent basis over the long term.

The objective of MJE is to achieve market beating returns and consistent long-term growth by participating in firms which have committed management and market leadership.

In 2018, our Net Book Value (NBV) per share increased from USD\$0.06 to USD\$0.09, a 50% increase after fees and costs were deducted. During that time, the JSE main market increased by 32%, the Junior Market by 19% and the combined market by 30%. At the time of writing this report (Q1 2019), the NBV per share has increased by 20%, while the Combined market is up 1.6%. MJE is now trading at \$10 which is a 27% discount to Net Book Value per share.

We expect earnings of our major holdings to be positively impacted by the growth in the economy. Below is a short summary of what we expect from some of our main holdings during 2019:

- 1. Supreme Ventures Limited.** This company is positively leveraged to improving disposable income and an increase in the workforce. The management has dedicated itself to improve the profitability of Sports Betting, Virtuals and Video Lottery Terminals. The company recently launched its mobile betting platform and is seeing substantial growth being driven by this channel.
- 2. Lasco Financial Services Limited**  
In 2018, Lasco Financial Services completed its largest acquisition to date. 2019 will be the year to consolidate and grow this platform. This company is also positively leveraged to improving disposable income and increases in the size of the workforce.
- 3. Caribbean Cement Company Limited**  
The construction industry will continue along its growth path during 2019 and we expect the company to increase sales volume this year and reap benefits of a new power plant next year. The first quarter results were record breaking and we believe this will only get better.

**4. Caribbean Producers Jamaica Limited.**

This company is suffering from growing pains. Investments have been made in new warehousing and personnel. Expansion in the company's main customers which are the hotels continues at a fairly robust pace. Management is working hard to capture market share from competitors and to expand its share of the growing market.

**5. JMMB Group Limited.** JMMB continues to be one of the most innovative financial groups on the island. The company has a strong retail offering and also caters to high net worth groups and institutional clients. The company owns several businesses across the Caribbean. We feel they are leveraged to growth in the Jamaican economy and they also operate in the Dominican Republic which has an even faster growth rate than Jamaica.

**6. IronRock Insurance Company.** IronRock was our first investment in a start-up company. The company is guided by a very experienced team of General Insurance professionals and is making its mark on the local scene. Their focus is to deliver products at lower costs than the competition.

**7. Blue Power Group Limited.** One of our smaller holdings, Blue Power, is a low-cost producer of bathing soap. The company holds a relatively small but growing part of this consumer staples market. We feel that they have significant room for growth.

## MARKET OUTLOOK

There are several major trends which underpin the growth in the Jamaican economy. The responsible fiscal philosophy of the Jamaican Government has crossed party lines and is firmly entrenched as policy for both political parties going forward. This has created economic space for the private sector, significantly lower interest rates and improved confidence in Jamaica as an investment destination. In addition, the Chinese Government and several of its companies have found a home in Jamaica where they can ply their trade and earn reasonable returns. We feel confident that the economy will continue to expand and that the corporate earnings will also expand with this growth.



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Christopher Berry  
Chairman



# Managing Director's Statement

## INVESTING IN JAMAICA LAND WE LOVE

The year 2018 will forever be a significant one in our history, as this was the year that we listed on the main market of the Jamaica Stock Exchange (JSE). This official listing followed a series of strategic moves, including changing the name of our company from Mayberry West Indies Limited (MWIL) to Mayberry Jamaican Equities Limited (MJE) and successfully raising approximately J\$908 million in an initial public offering (IPO). The offer was oversubscribed, which shows the confidence that the investing public has not only in our leadership but also in our business structure, which could be considered leading edge for our market.

For the financial year ended December 2018, MJE generated Operating Income of US\$5.03 million and Net Profit of US\$816,328. Total Comprehensive Income for the year totalled US\$28.48 million, a 57% improvement over the prior year's US\$18.18 million. This figure included unrealised gains of US\$27.7 million.

Since the IPO and subsequent listing on the JSE, MJE's net asset value (NAV) has increased, moving from J\$9.43 at listing to J\$10.90 to close the year. The Stock Price, J\$7.56 at the time of the IPO, closed the year at J\$9.54, showing an appreciation of 26%.

## LOOKING AHEAD

Over the last 3 years, MJE has shown strong potential for growth. The robust performance of the JSE, along with the improvements in Jamaica's key economic indicators, have strengthened MJE's growth prospects. This provides a favourable setting for a company of its kind to thrive. Going forward, we will continue to leverage our strength in market research and portfolio management to find opportunities in the companies we invest in. With our lean operations and strong leadership, we are poised to meet our strategic objectives.

Heartiest thanks to our Board of Directors, management, staff and shareholders for having confidence in us, and for being visionaries together in an endeavour that sets the foundation for sustainable growth for our company, and in Jamaica.

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, 2018, together with the Statement of Financial Position as at the same date.

The Profit or Loss and Comprehensive Income shows the following:

<b>Financial Results</b>	<b>US\$'000</b>
<b>Operating Revenue</b>	<b>5,034</b>
<b>Profit before Taxation</b>	<b>758</b>
<b>Taxation Credit</b>	<b>(58)</b>
<b>Net Profit</b>	<b>816</b>
<b>Net Unrealized Gains on Financial Instruments</b>	<b>27,662</b>
<b>Total Comprehensive Income for the Year</b>	<b>28,478</b>

## Directors

The Directors as at December 31, 2018 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 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

# Notice of Annual General Meeting

Notice is hereby given that the 2nd Annual General Meeting of **Mayberry Jamaican Equities Limited** will be held at the **The Harbor Club, Rodney Bay, Gros Islet, Saint Lucia** on **Thursday, June 27, 2019 at 1:00 p.m.** for the following purposes:

1. **To receive the Audited Accounts and Reports for the year ended December 31, 2018.**

To consider and (if thought fit) pass the following Resolution:

## **RESOLUTION 1**

“That the Audited Accounts of the Company for the year ended December 31, 2018, together with the reports of the Directors and Auditors thereon, be and are hereby adopted.”

## **2. To Elect Directors**

To consider and (if thought fit) pass the following Resolutions:

## **RESOLUTIONS 2 - 4**

The Directors retiring pursuant to Article 100 of the Articles of Association of the Company are Messrs. Christopher Berry, Richard DuBoulay and Konrad Berry and who being eligible, offer themselves for re-election.

To consider and (if thought fit) pass the following Resolutions:

“That the retiring director, Mr. Christopher Berry, be and is hereby re-elected a Director of the Company.”

“That the retiring director, Mr. Richard DuBoulay, be and is hereby re-elected a Director of the Company.”

“That the retiring director, Mr. Konrad Berry, be and is hereby re-elected a Director of the Company.”



### 3. To fix the remuneration of the Directors

#### RESOLUTION 5

To consider and (if thought fit) pass the following Resolution:

“That the Board of Directors of the Company be and is hereby authorised to fix the remuneration of the individual directors for the ensuing year.”

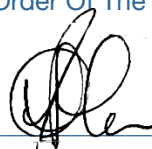
### 4. To authorize the Directors to appoint and fix the remuneration of the Auditors:

#### RESOLUTION 6

To consider and (if thought fit) pass the following Resolution:

“That the Directors be and are hereby authorised to appoint and fix the remuneration of the Auditors in respect of the period ending with the conclusion of the next Annual General Meeting.”

By Order Of The Board




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FINSEC LTD.

Company Secretary

## NOTE FOR THOSE UNABLE TO ATTEND THE AGM:

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company. A suitable Form of Proxy is enclosed for your convenience.

If you wish to appoint a proxy, the Form of Proxy must be completed, signed and lodged with the:

- Company Secretary, Finsec Ltd., at its registered offices at Suite 1, 1st Floor, Bourbon House, Bourbon Street, P.O. Box 1695, Castries, St. Lucia, not less than 48 hours before the time appointed for the meeting;

OR

- Parent Company, Mayberry Investments Ltd., at its registered offices at 1 ½ Oxford Road, Kingston 5, not less than 48 hours before the time appointed for the meeting.

A corporate shareholder may, instead of appointing a proxy, appoint a corporate representative in accordance with Article 71 of the Company's Articles of Association.

The AGM will be video-streamed to the Knutsford Court Hotel, 11 Ruthven Road, Kingston 10 on Thursday, June 27, 2019 at 12:00 p.m. EST.

# Board of

## 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 (the first three of which are listed on the Junior Market of the JSE and the last of which is listed on the JSE 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.



# Directors

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

Ms. Natalie Glitzenhirn-Augustin is the Managing Director of Mayberry Jamaican Equities Ltd. since 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 directorship with, or membership in, the following organizations; namely: (i) Society of Trust and Estates Practitioners (STEP); National Development Corporation of St. Lucia, (ii) First General Insurance Company Limited; and (iii) the International Financial Services Association.

She holds a B.A. (Hons.) degree in German and 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.



# Board of

## **Konrad Mark Berry,** B.Sc. (Hons.)

Mr. Konrad Berry is the Deputy Chairman of Mayberry. He 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, Mona.



# Directors

## 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 Chairman of Trade Export Promotion Agency of Saint Lucia and President of Saint Lucia Manufacturers Association. Richard also serves on the Boards of Directors 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.



# Board of Directors

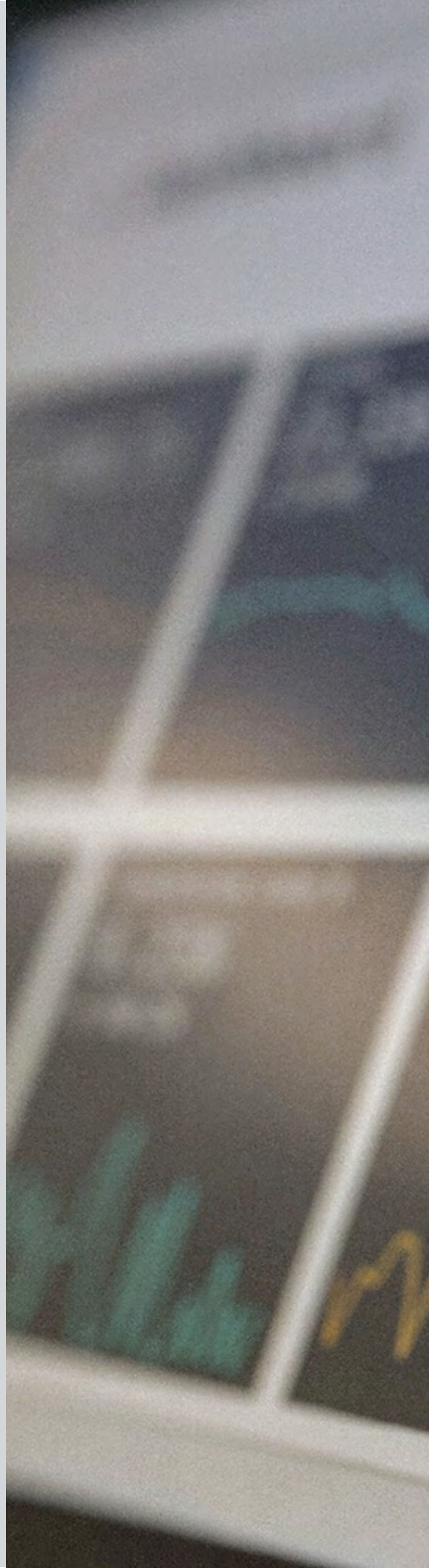
## FinDir Limited

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.

# 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.



# Corporate Data

## COMPANY SECRETARY

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

## REGISTRAR

**Jamaica Central Securities  
Depository Limited**  
40 Harbour Street  
Kingston, Jamaica  
Tel: (876) 967-3271

## REGISTERED OFFICE

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

## BANKERS

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

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

## ATTORNEY-AT-LAW

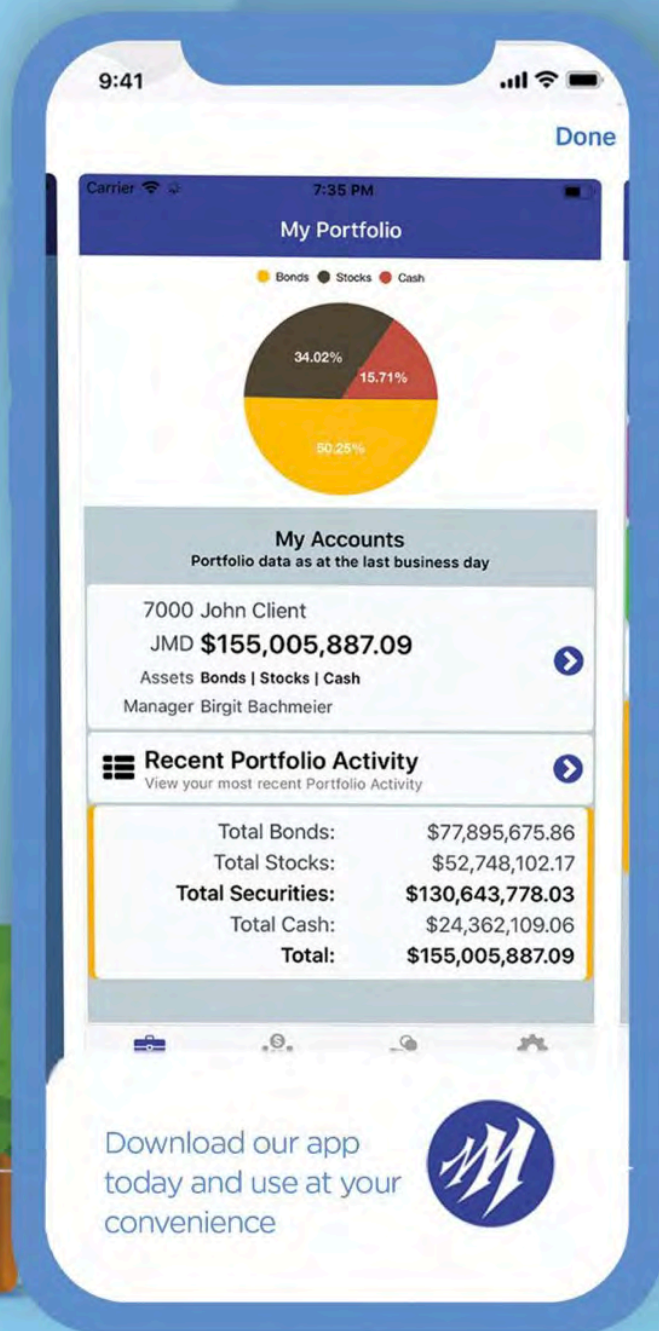
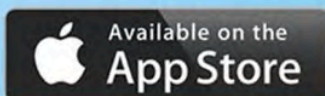
**Glitzenhirn Augustin & Co**  
Bourbon House  
Bourbon Street  
St Lucia.  
Tel: +1 (758) 451-6355

## AUDITORS

**BDO Eastern Caribbean**  
PO Box 364  
Mercury Court  
Choc Estate  
Castries, St Lucia.  
Tel: +1 (758) 452-2500

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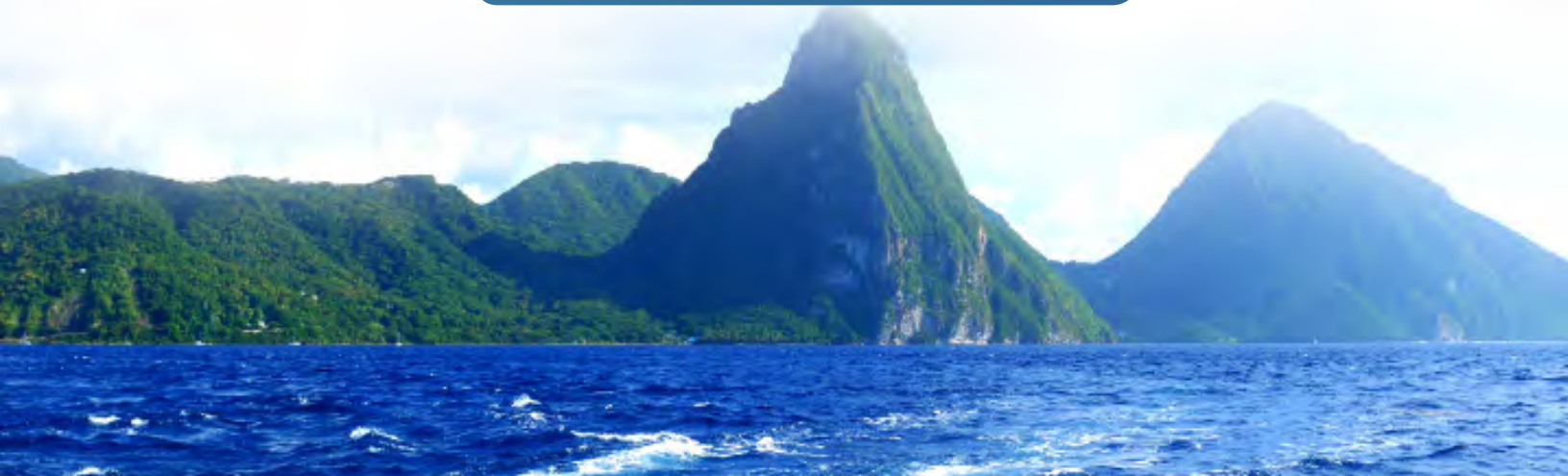
# Group Structure

MAYBERRY  
INVESTMENTS  
75% SHAREHOLDING

ISSUED TO  
SHAREHOLDERS OF  
PARENT COMPANY  
(MIL)  
10% - FEB 28, 2018

INITIAL PUBLIC  
OFFERING  
10% - JULY 28, 2018

TRANSFER TO  
MAM LTD.  
5% - SEPT. 28, 2018



A blue-tinted photograph showing the silhouettes of several people sitting around a table in a meeting room, viewed from behind. The room has large windows in the background.

# 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 & 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 resident. 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, 2018, 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 Committee

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

Name	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	-	-	-

Name	Position	Board	Audit & Risk	Remuneration & Services Review	Conflicts
Christopher Berry	Executive Chairman	4	1	-	-
Konrad Berry	Executive Director	4	-	1	-
Natalie Glitzenhirn Augustin	Managing Director	4	1	1	-
Richard DuBoulay	Independent Director	4	1	-	-
FinDir Limited	Independent Director	4	-	1	-
FinSec Limited	Company Secretary	4	-	-	-
Number of Meetings		4	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:

1. Defining the company's Risk Appetite
2. Overseeing the company's risk management framework
3. Ensuring appropriate balance between downside risks and rewards in on-going and new business activities
4. Monitoring the financial integrity of the financial statements of the company
5. Reviewing the external/internal audit needs of the company and recommending the appointment of external auditors and their remuneration;
6. Monitoring the performance of the external auditors, their independence, objectivity and the effectiveness of their audit process;
7. 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 review the Audited Financial Statements presented by the External Auditors.

The Committee comprises of three (3) directors, one (1) of whom is an independent non-executive director.

## REMUNERATION & SERVICES REVIEW COMMITTEE

The Remuneration & Services Review Committee has the following responsibilities:

1. Supports the Board in the appropriate structuring of the remuneration system for the Executive Directors;
2. Reviewing the performance of key service providers to the Company;
3. Negotiating service fees with service providers;
4. 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 approve 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 requiring a meeting to be convened.



## SHAREHOLDER RIGHTS & 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:

- i. Annual General Meetings (AGM)
- ii. The Annual Report
- iii. Financial Results Announcements
- iv. The company's website
- v. 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, 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](mailto:fincos@candw.lc) to share your opinions, suggestions, and concerns with us.

# 10 Year Performance Highlights

<b>Profit &amp; Loss</b>					
	2009	2010	2011	2012	
USD	\$'000	\$'000	\$'000	\$'000	
Total Operating Income	2,853	1,313	1,638	2,755	
Interest Income	542	156	512	565	
Net Interest Income	542	131	415	441	
Net Other Income	2,311	1,158	1,126	2,192	
Operating Expenses	10	9	372	572	
Profit before Taxation	3,178	1,950	1,902	3,139	
Net Profit	3,155	1,940	1,916	3,135	
Total Comprehensive Income	3,365	2,747	6,100	1,005	
<b>Balance Sheet</b>					
Total Assets	23,026	41,083	48,827	41,682	
Total Liabilities	479	14,829	16,678	10,728	
Stockholders' Equity	22,547	26,254	32,149	30,954	
Number of issued shares (units)	20,555	20,555	20,555	20,555	
<b>Key Financial Ratios</b>					
Earnings per Stock Unit	0.15	0.09	0.09	0.15	
Book Value per Share	1.10	1.28	1.56	1.51	
Return on Equity	14%	8%	6%	10%	
Return on Average Assets	13.70%	4.72%	3.92%	7.52%	
Assets Growth (%)	-1%	76%	19%	-15%	
Net Profit Growth (%)	-56%	-39%	-1%	64%	
Net Trading Gains \$'000	(561)	-149	584	494	
Net Foreign Exchange Gains \$'000	2,302	-39	23	98	



2013	2014	2015	2016	2017	2018
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2,450	7,053	2,758	2,434	10,292	5,034
572	612	1,211	856	193	22
436	445	944	127	35	(706)
1,879	6,441	1,547	1,578	3,659	2,102
15	865	8	918	8,560	3,549
3,268	7,082	2,826	1,301	3,212	758
3,247	7,071	2,817	1,260	3,120	816
3,111	5,570	19,594	9,379	18,183	28,478
<b>46,413</b>					
46,413	40,053	67,696	62,653	77,446	118,668
16,237	8,499	18,035	11,076	6,335	20,249
30,176	31,554	49,661	51,576	71,112	98,419
20,555	20,555	20,555	20,555	1,145,268	1,145,268
<b>0.16</b>					
0.16	0.34	0.14	0.06	0.003	0.001
1.47	1.54	2.42	2.51	0.06	0.09
11%	22%	6%	2%	4%	1%
7%	18%	4%	2%	4%	1%
11%	-14%	69%	-7%	24%	53%
4%	118%	-60%	-55%	148%	-74%
<b>281</b>					
281	58	4	212	(421)	(199)
<b>449</b>					
449	328	401	719	122	-453

# Performance Highlights

## Net Book Value Per Share

↑ 50%  
Increase  
over  
2017

## Asset Growth

↑ 53%  
Increase  
over  
2017

## Dividend Income

↑ 133%  
Increase  
over  
2017

## Total Comprehensive Income

↑ 57%  
Increase  
over  
2017

Achieve your desired lifestyle!



# MJE Road Map

**2005**

**Incorporation of Mayberry West Indies**

**2007**

**Increase of Share Capital to US\$40M**

**2014**

**Paid Dividends US\$2.1M**

**2016**

**Paid Dividends US\$4.4M**

**July 2018**

**Listed on the Jamaican Stock Exchange**

**Jan 2018**

**Company Name Change**

**2017**

**Disposal of Bonds**

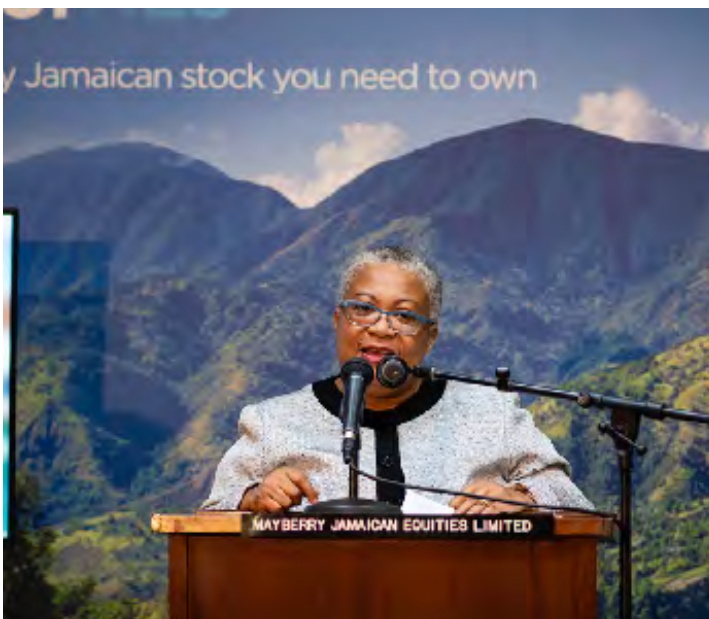
The company was incorporated on June 23, 2005, in St. Lucia, as a wholly-owned subsidiary of Mayberry Investments Limited. It currently holds equities in companies on both the Main and Junior Markets on the Jamaica Stock Exchange.

The shares of Mayberry Jamaican Equities Limited were listed on the Jamaica Stock Exchange on July 31, 2018.

The benefits of listing included the access to funding through equity capital, strengthening of the company's profile and the creation of a liquid market for the shares. The company operates as an investment holding company and whilst it currently holds 29 stocks in its portfolio, will purchase key Jamaican financial assets as it sees fit.



# MJE Listing Ceremony





# Management Discussion & Analysis

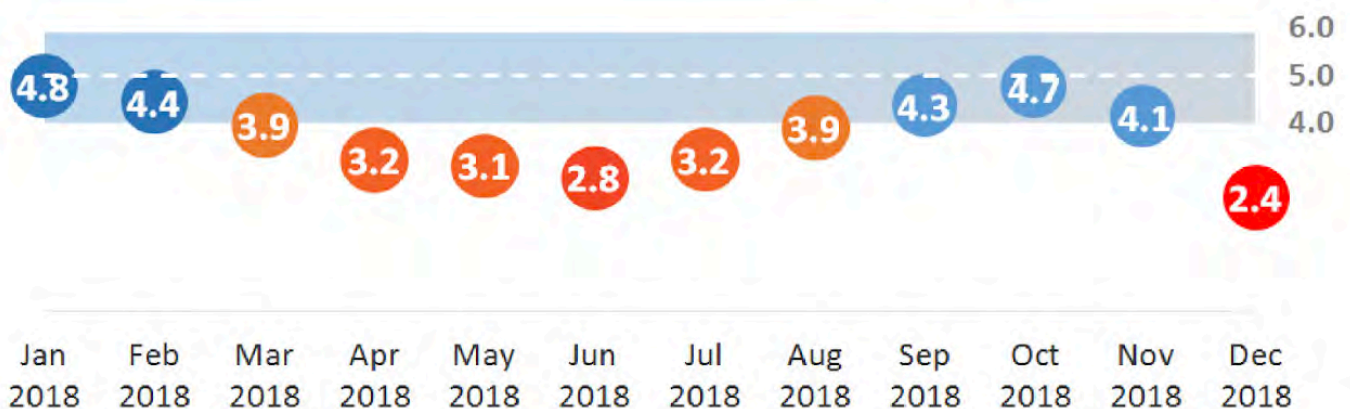
## ECONOMIC & BUSINESS ENVIRONMENT

The Jamaican economy is on the path to sustained growth and development. The economy is now characterized by low inflation, low interest rates, a relatively steady foreign exchange rate, sustained economic growth, a world leading stock market and historically low unemployment rates.

The business environment is also changing where we see industries starting to grow, companies recording increased revenues and higher profits, which have all translated into more opportunities for Jamaican investors to grow their wealth.

According to the Jamaican Central Bank (BOJ), at the end of 2018, the economy was on the path of recovering economic activity, growing by 1.8% for the third quarter compared to the same period in 2017. This was above the 1% recorded for the September 2017 quarter but below the out-turn of 2.2% for the June 2018 quarter.

For the 2018 calendar year, Jamaica recorded an inflation rate of 2.4% which was significantly below the targeted rate. This was as a result of relatively low prices for agricultural produce as well as lower oil prices. Conversely, there is expected to be an upward trend, supported by the International Monetary Fund (IMF), which estimates an inflationary rate of 3.4% for Jamaica for 2019.





## MARKET DYNAMICS

### INTERNATIONAL MARKETS

As a Small Island Developing State (SIDS), Jamaica remains susceptible to adverse conditions in the international market. Global stocks declined on an annual basis for the first time since 2015 after a punishing fourth-quarter sell off. Rising interest rates and an unfriendly trade environment, underpinned by the USA and China trade stand-off, threatened to halt the longest running bull market in history.

Oil prices, for the most part, trended upwards through 2018; propelled by sanctions on Iran by the United States of America (USA) as well as the decline of Venezuelan oil production. However, these oil prices plummeted below \$50 per barrel at the end of 2018.

During the year, the United Kingdom (U.K.) struggled to reach a consensus over a Brexit plan, as Prime Minister May's proposal led to widespread resignations

in her cabinet as well as two votes of no confidence. Article 50 which states by law that Britain must leave the European Union, takes effect on Sunday, June 30, 2019, unless further extended. The global impact could send further shockwaves of uncertainty which could affect the Pound Sterling as well as stocks listed on the London Stock Exchange.

Global growth is projected to reach 3.9% in 2019. The rate of expansion appears to have peaked in some major economies and growth has become less synchronized. The year 2019 looks to be a period in which global economic uncertainties, far from waning, will intensify and will arise from different fronts. This will have an impact on the growth of the economies of Latin America and the Caribbean, which, on average, are expanding by 1.7%.



## JAMAICAN MARKET

The Jamaican economy continues to show signs that the institutional reforms and the new era of fiscal discipline are starting to bear fruit. Business and consumer confidence have grown to record levels over the past year as the belief is that the economy will continue to grow. Companies have indicated their willingness to invest more into their businesses; both in physical assets as well as in capital investments. Consumers on the other hand are optimistic about increasing income, job creation, as well as increasing savings and acquisition of personal assets, such as housing.

In 2018, Jamaica recorded the lowest unemployment rate in 50 years, of 8.4% recorded in July and ended the year at 8.7%. The downward movements in unemployment are attributed to growth in the service-related industries, such as business process outsourcing (BPO), tourism and hospitality, as well as growth in mining, construction and civil development industries.

Tourist arrivals continued to increase from January to November 2018 with Sangster International Airport (MBJ) processing more than 4 million passengers while hotels continue to experience record numbers of room bookings. Tourist arrivals continue to increase and we expect further growth in this industry as MBJ expects to grow the number to more than 5 million passengers annually. With sector growth and innovation, exports should grow exponentially resulting in well needed foreign exchange.

The stable macro-fiscal conditions in Jamaica continue to attract attention from the international community as the three major international rating agencies gave Jamaica a positive outlook. In the case of Standard & Poor, Jamaica's credit rating stands at B with a positive outlook. Moody's credit rating for Jamaica was last reported at B3 with a positive outlook and Fitch's credit rating for Jamaica was last set at B+ with a stable outlook.



## EQUITIES MARKET

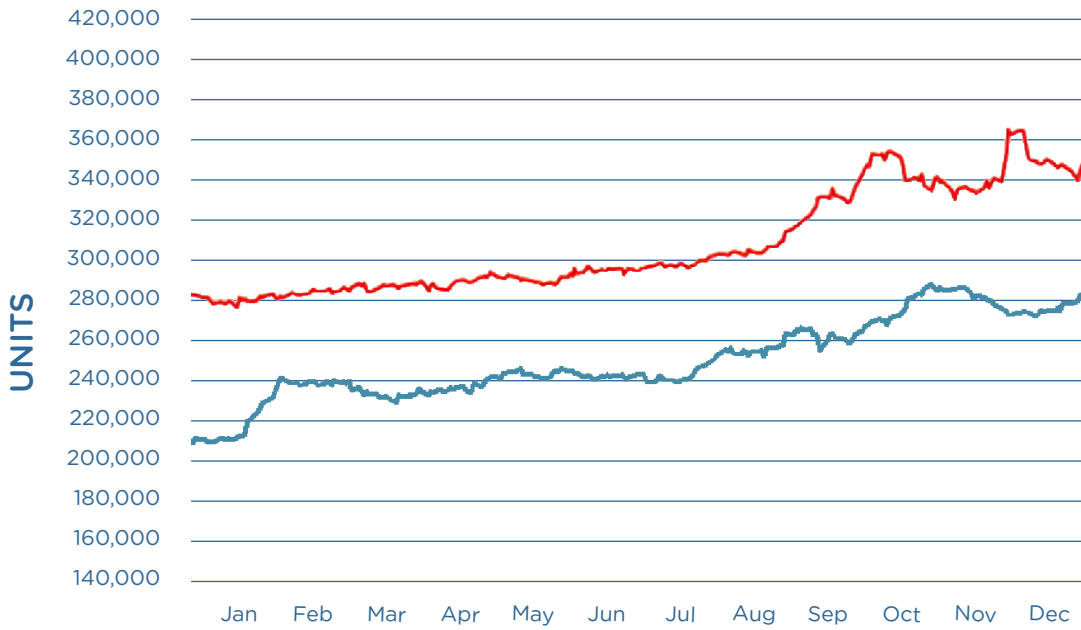
### JSE JUNIOR & MAIN MARKETS

The Jamaica Stock Exchange (JSE) maintained its rally in 2018 and closed the year to be the number one performing stock exchange globally. The positive economic results for 2018 included higher Gross Reserves of US\$3.5B, a lower unemployment rate and a reduced government debt appetite resulting in lower debt levels. These economic growth indicators are tenets that supported active participation in the equities market. With 37 companies listed on the Exchange during 2018, the JSE Main Market closed at 379,790 points at December 2018, an increase of approximately 32%, when compared to the corresponding period in 2017.

In addition, the JSE Junior Market grew by 514.6 points or 18.8% as at December 2018. Transaction numbers, values and volumes have also been on the rise indicating that both markets have more active participants, as well as more shares are changing hands on the secondary market.

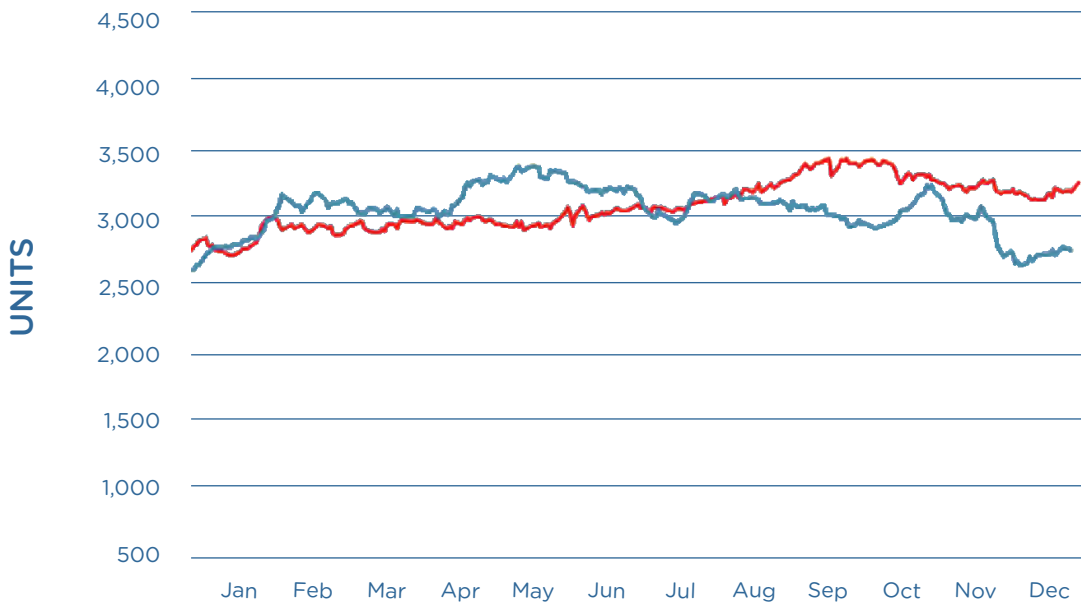
The outlook for 2019 is continued high levels of liquidity, coupled with low interest rates; providing a perfect climate for a bullish stock exchange. In 2019, the JSE will introduce its Financial Index which will track and provide useful information on the performance of companies in insurance, microfinance, banking, diverse financial services and consumer finance on both the Main and Junior Markets.






**JSE MAIN INDEX**

■ 2018    ■ 2017



**JSE JUNIOR INDEX**

■ 2018    ■ 2017

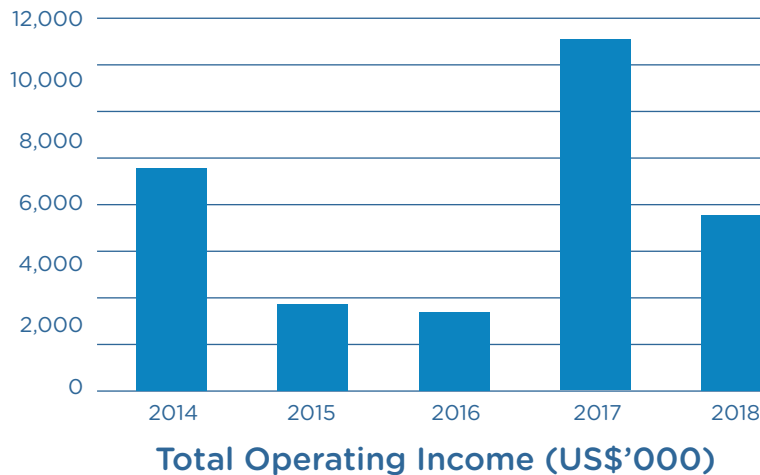


“Jamaica’s spectacular  
stock market rally, the  
world’s biggest over the last  
five years, shows no sign of  
losing steam”

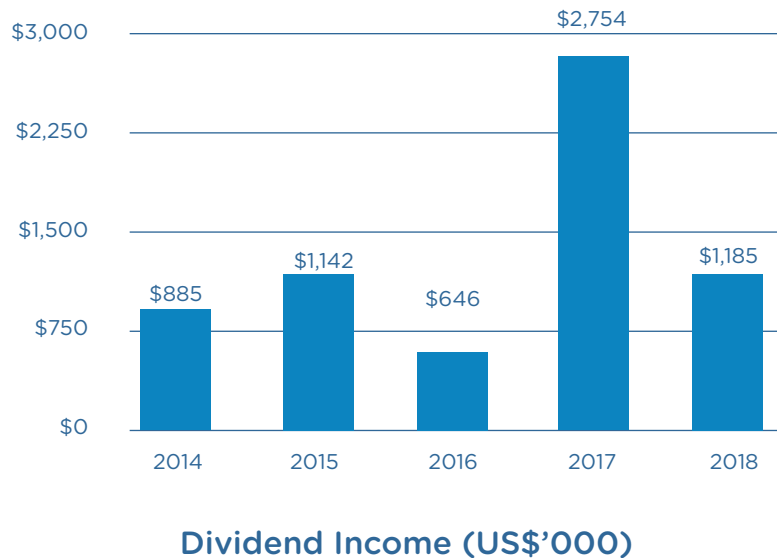
- Bloomberg

## FINANCIAL PERFORMANCE

The Company reported Total Operating Income of US\$5.0M, a 51% decline when compared to December 31, 2017. The main contributory factor was due to lower unrealized fair value gains on financial instruments, through the profit and loss, of US\$6.2M.

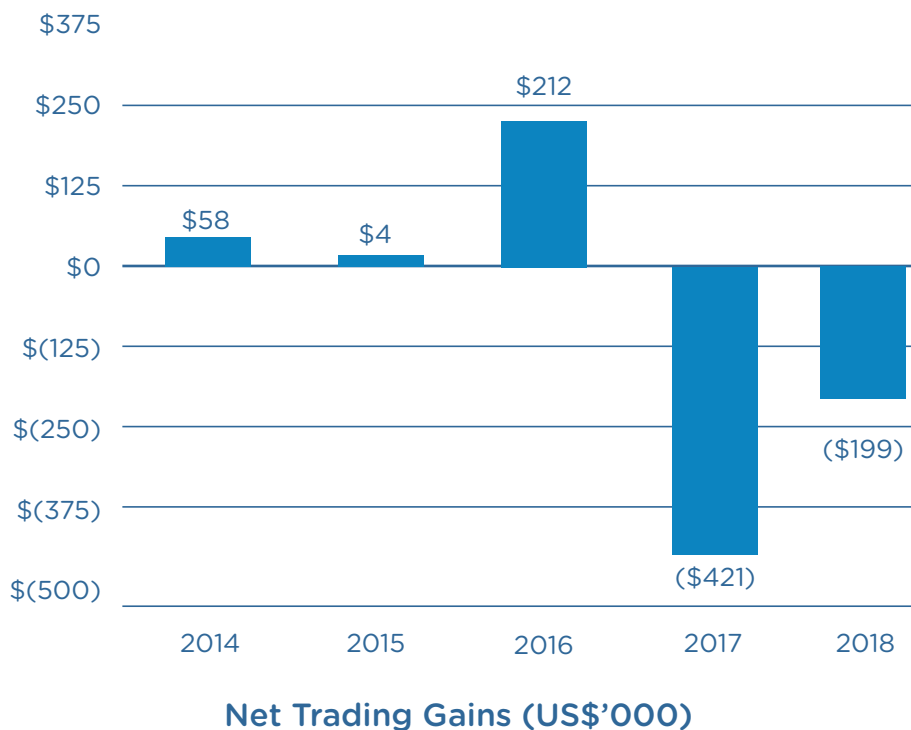


Conversely, Dividend income for financial year ended 31 December 2018 increased by 132.5% or US\$1.57 million as a result of dividends received mainly from holdings in Supreme Ventures Limited, Caribbean Producers (Jamaica) Limited, Lasco Distributors Limited, Jamaica Money Market Brokers Limited and Blue Power Group Limited.



## NET TRADING GAINS / (LOSSES)

Lower Net Trading losses of US\$199k were reported for year ended 31 December 2018 when compared to losses of US\$421k for the comparative period.

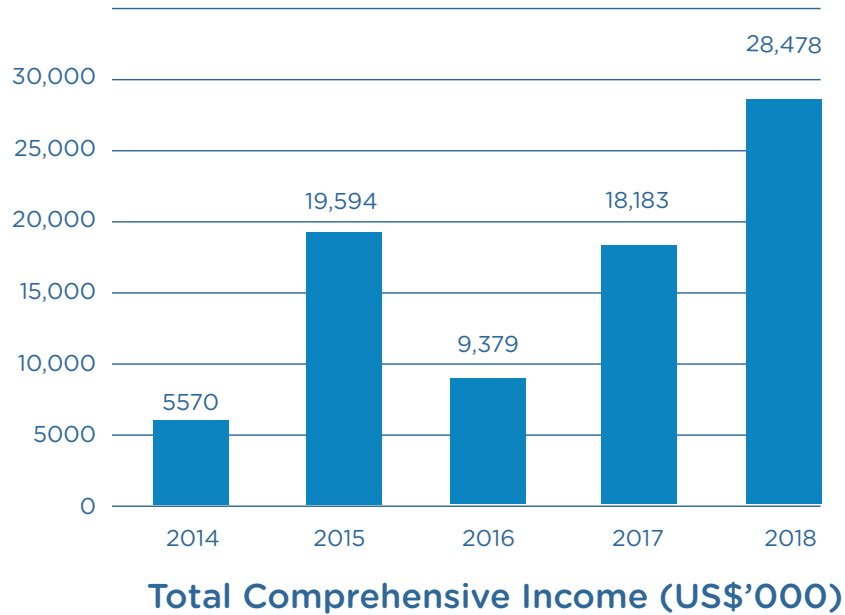


## NET INCOME

Net Income attributable to the shareholders of the Company totalled US\$816k or US\$0.001 per share, when compared to US\$3.1 million and US\$0.003 for December 31, 2017. Net Income was negatively impacted by lower unrealized gains booked on revalued investments.

## TOTAL COMPREHENSIVE INCOME

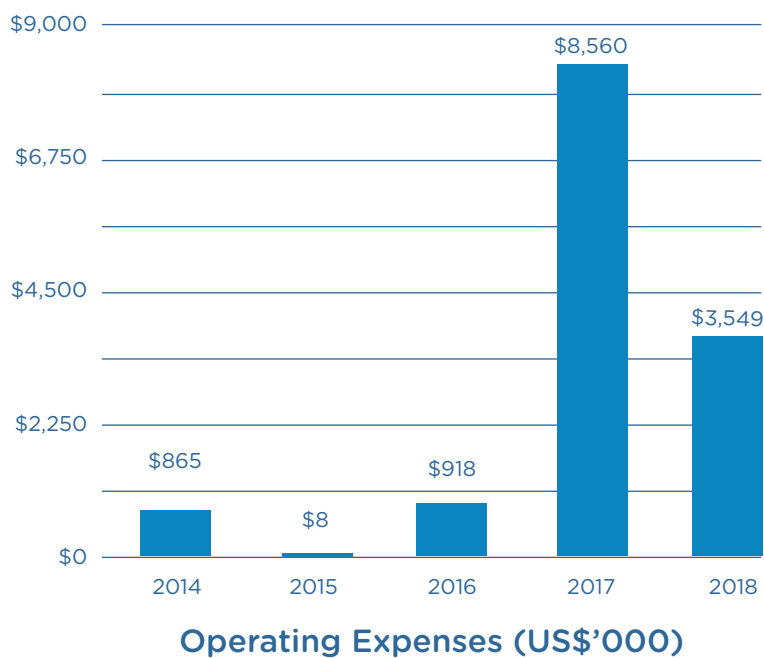
Total Comprehensive Income for the financial year 2018 amounted to US\$28.5 million, compared to US\$18.2 million for the corresponding period of 2017; an increase of US\$10.3 million or 57%. This was due to an increase in the unrealized gains on financial instruments, resulting from revaluation gains booked for quoted stocks in the portfolio.



## OPERATING EXPENSES

Total expenses as at December 31, 2018 amounted to US\$3.5M compared to US\$8.5M for the year ended December 31, 2017 - a positive movement of \$5.0M. The decrease in expenses was a result of no provision booked for the impairment of investments relative to the 2017 financial period.

The Company's efficiency ratio of expenses to revenue was lowered by 12.7% to reach 70.5% compared to 83.2% for the corresponding period in 2017.





## STATEMENT OF FINANCIAL POSITION

### ASSETS

Total Assets grew to US\$118.7M for the year ended December 31, 2018 compared to US\$77.4M for the comparative period in 2017. This represents a US\$41.2M or 53.2% increase in Mayberry Jamaican Equities' asset base.

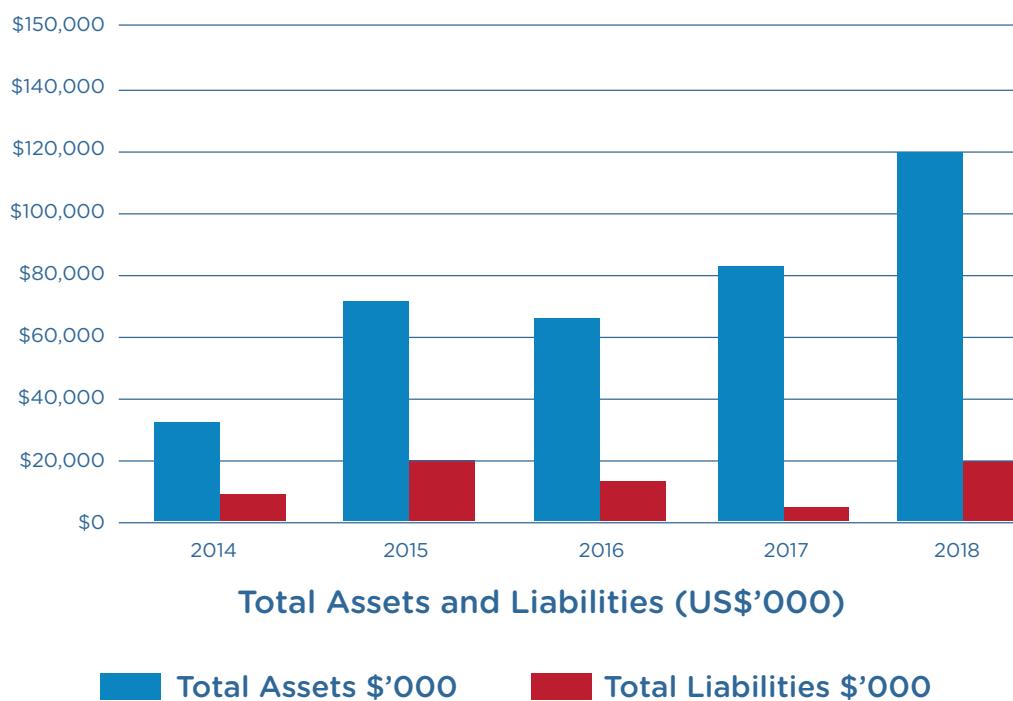
### ASSET CATEGORIES

**Cash Resources** representing amounts used for day to day operational activities totalled \$1.9M, an increase of \$323k or 20.7% when compared to the year end 31 December 2017.

**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 \$110.0M, an increase of \$35.7M or 48.0% when compared to the corresponding period 2017. The portfolio has investments in diverse sectors namely, entertainment, retail, manufacturing, agriculture, insurance and financial services.

**Other Receivables** totalled \$744k, a reduction of \$648k or 46.6% relative to the corresponding period for 2017.

**Due from Parent Company** increased over 100% and is net of transactions done on behalf of the company and includes a promissory note of US\$8M at an interest rate of 3% per annum.

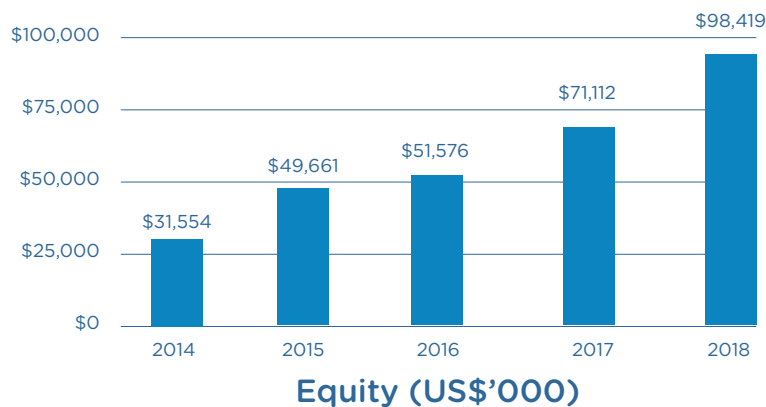


## LIABILITIES

Total liabilities increased over 2017 by US\$13.9M to US\$20.3M or 220%. This was mainly due to a debt security in issue of US\$17.2M arranged by Sagicor Investments Jamaica Limited and registered with JCSD Trustee Services Limited. In addition, Accounts Payable increased to US\$2.5M or 24.9%.

## EQUITY

Mayberry Jamaican Equity's capital base continues to grow and remains in good standing, resulting from higher profitability, with Retained Earnings moving from US\$27.1M to US\$30.9M and Fair Value Reserves of US\$47.0M, up from US\$23.5M.



## NET ASSET VALUE

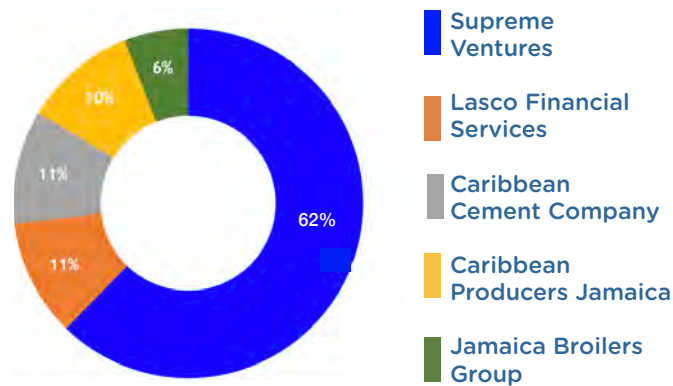
Net book value per share moved to US\$0.09, up from US\$0.06; a 50% increase over the corresponding period in 2017 due to an increase in Equity Investments of US\$35.7M. This represents a balance of US\$110.0M as at December 31, 2018 moving from US\$74.3M at the end of 2017.

This was driven in part by our increase in shareholdings of our equity portfolio but mainly by the high-performing stocks in our portfolio, namely, Supreme Ventures Limited, Caribbean Cement Company Limited, Express Catering Limited and Jamaica Stock Exchange.



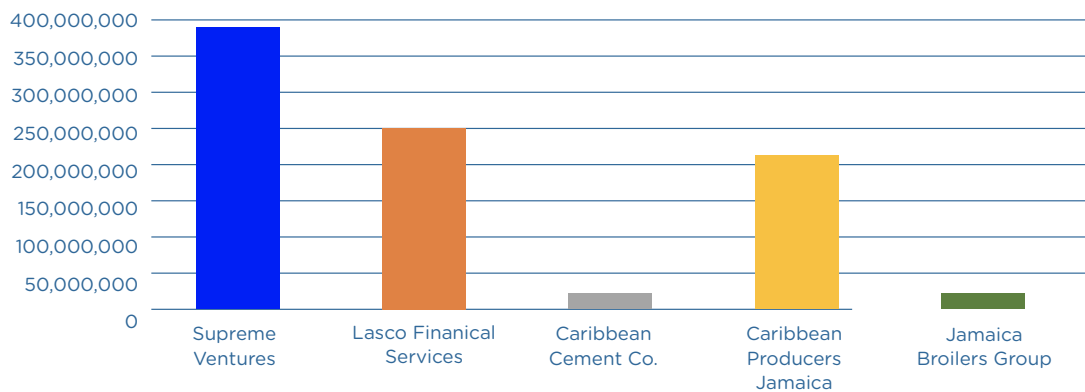
## PORTFOLIO REVIEW

At the end of 2018, the company held stocks in over 29 public companies listed on the Main Market and the Junior Market of the JSE. The company’s top five holdings in its portfolio included Supreme Ventures at 49%, Lasco Financial Services at 8.7%, Caribbean Cement Company at 8.4%, Caribbean Producers Group at 8.4% and Jamaica Broilers Group at 4.8%, in position ranking.

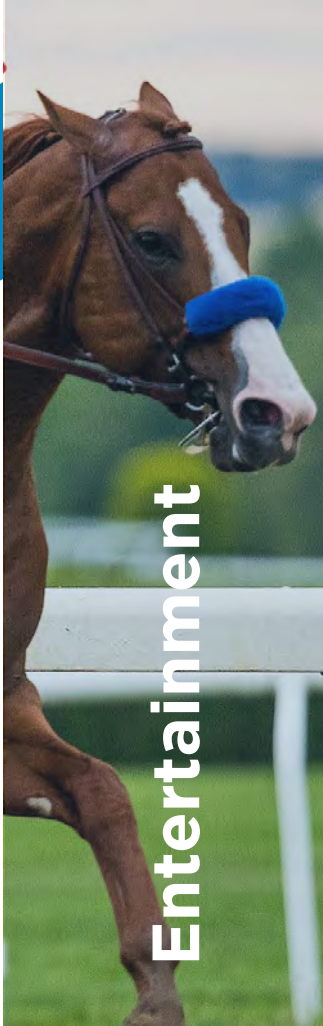


Top 5 Shareholdings - %

For the 2018 economic review, the Goods Producing Sector grew by 4.8% and the Services sector improved by 0.8%. For 2019, the main drivers of growth are expected from the following sectors: Agriculture, Hotel & Restaurants, Construction, Mining and Quarrying.



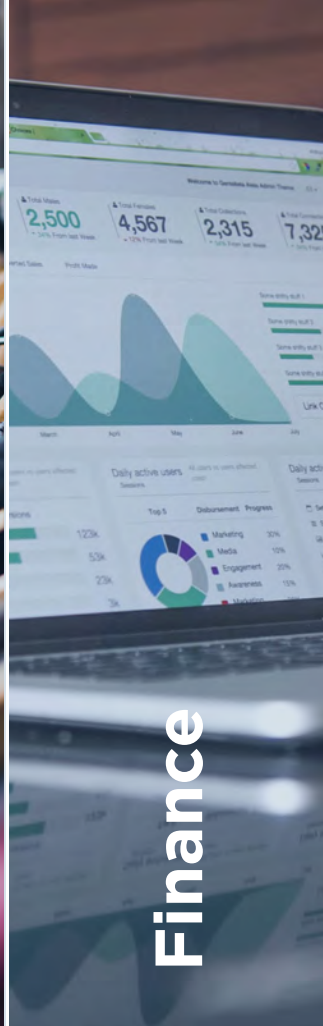
Top 5 Shareholdings - Quantity in Units



Entertainment



Retail & Distribution



Finance

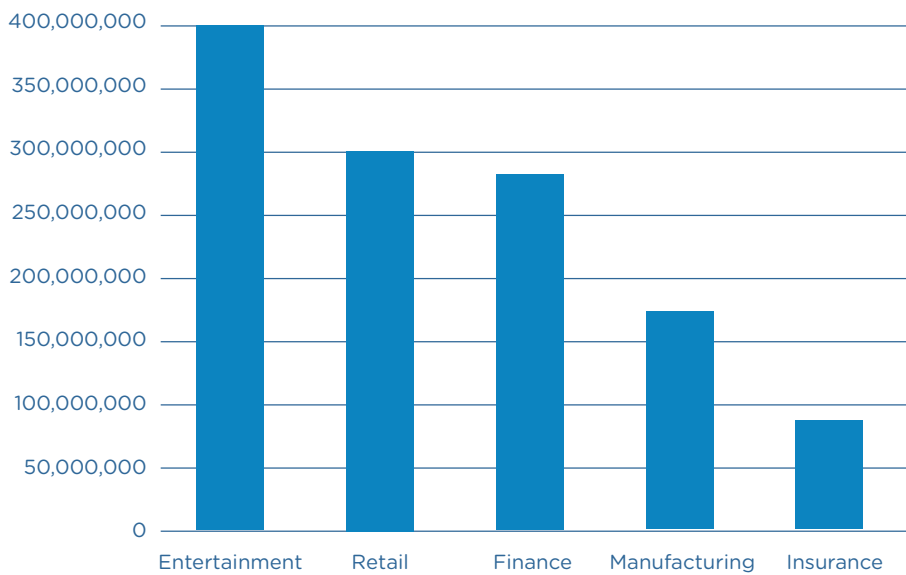


Manufacturing



Insurance

### TOP 5 SECTORS IN PORTFOLIO



Top 5 Sectors - Quantity in Units



## 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 risk 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. The company's key risk categories are Strategic, Operational, Market, Country, Cyber, Settlement 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 those 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 processes and systems through which it operates. Critical areas of operational risks include:

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

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

## CYBER RISKS

These are risks associated with financial loss, business interruption or damage to reputation resulting from an event impacting the company's data assets and/or information systems. To manage Cyber Risk, the company relies on Information technology audits, process reviews and testing. The company also preempts cyber risk events by conducting "what-if" scenarios to ascertain the effectiveness to current controls and identify gaps.

## MARKET RISK

The company faces risks from movements in specific market variables, including interest rates and foreign exchange rates and the impact they will have on portfolio value and returns. The company's Market risks are categorized under Equity Price and Foreign Exchange Risks.

## EQUITY PRICE RISK

Equity Price risk is the risk that the fair value of equities decreases as a result of changes in the levels of equity indices and the value of individual stocks.

## FOREIGN EXCHANGE RISK

The company invests in foreign-denominated securities and will face the risk of exchange rate movements resulting in 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 determine alignment with risk appetite and tolerance levels.

## COUNTRY AND POLITICAL RISK

Country and Political risks are possibilities that the company's return and asset values could suffer as a result of political changes or instability in a country. Changes in domestic and foreign policies, news updates, political issues and changes in governments, that could affect portfolio returns, are monitored and appropriate actions triggered by the Board.

## SETTLEMENT RISK

In trading securities with third parties, there is always the risk that the counterparty may not settle the transaction in accordance with the contract terms, resulting in financial loss to the company. To manage settlement risks, the credit rating of counterparties is assessed before transactions and expected credit losses are estimated to ensure adequate capital is available to absorb potential losses.



## LIQUIDITY RISK

Liquidity Risks refer to those risks associated with the inability to sell shares within a reasonable amount of time, at a price optimal to MJE. The JSE is a relatively “thin” market compared to larger stock exchanges in more developed countries. This means that the 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 policies and also by external regulations, to the amount of shares they may hold in any one company or sector. Also, as a 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/her holdings may be faced at the material time with weak demand. Therefore, he/she may be forced to offer shares at a discount to attract buyers. To manage this risk, the stock prices, market interest rates and the company’s stock exposure are monitored regularly to estimate the likelihood of selling at specific prices. Market assessment is also done to forecast periods of low demand.

# Mayberry Jamaican Equities Ltd.

## Top 10 Shareholders

AS AT DECEMBER 31, 2018

Names	Shareholdings
MAYBERRY INVESTMENTS LIMITED	900,861,968
PWL BAMBOO HOLDINGS LIMITED	70,097,956
MAYBERRY ASSET MANAGERS LIMITED	60,057,465
K. MARK BERRY	52,662,834
KONRAD LIMITED	6,432,031
MAYBERRY INVESTMENTS LTD. PENSION SCHEME	5,041,490
APEX PHARMACY	4,817,068
GUARDIAN LIFE LIMITED - POOLED PENSION FUND	3,576,276
THE MAYBERRY FOUNDATION LTD.	3,367,671
YB AFRAID FOUNDATION LIMITED	3,071,000



## Connected Parties' Shareholdings

AS AT DECEMBER 31, 2018

Names	Shareholdings
A+ MEDICAL CENTRE	641,141

## Directors' Shareholdings

AS AT DECEMBER 31, 2018

Directors	Shareholdings	Connected Persons
Christopher Berry	-	79,241,131
Konrad Berry	52,662,834	7,351,589

# Audited Financial Statements



- Africa
- South America
- Australia
- Asia
- North America
- Europe





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## **INDEPENDENT AUDITORS' REPORT**

To the Shareholders of  
Mayberry Jamaican Equities Limited  
(Formerly Mayberry West Indies Limited)

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Mayberry Jamaican Equities Limited (formerly Mayberry West Indies Limited) (the company) set out on pages 4 to 32, which comprise the statement of financial position as at December 31, 2018, 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, 2018, 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)**

### **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.
- 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.

**INDEPENDENT AUDITORS' REPORT (CONT'D)**

**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):

- 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 auditor's report is Brenda Duncan.



Chartered Accountants  
Castries, St. Lucia  
February 27, 2019

# Mayberry Jamaican Equities Limited

(Formerly Mayberry West Indies Limited)

Statement of Financial Position

As at December 31, 2018

(Expressed in United States Dollars)

**MAYBERRY JAMAICAN  
EQUITIES**

	<u>Note</u>	<u>2018</u> \$	<u>2017</u> \$
<b>ASSETS</b>			
Cash and cash equivalents	5	1,882,299	1,559,221
Investment securities	6	110,029,951	74,334,068
Interest receivable		-	28,986
Other receivables		744,045	1,392,408
Due from related company	7 (b)	-	98,380
Due from parent company	7 (b)	5,717,656	-
Taxation recoverable		19,770	33,293
Intangible asset	8	273,997	-
<b>TOTAL ASSETS</b>		<u>118,667,718</u>	<u>77,446,356</u>
<b>LIABILITIES</b>			
Interest payable		32,259	6,494
Accounts payable	9	2,509,799	2,008,763
Deferred taxation	10	491,289	327,716
Debt security in issue	11	17,215,491	-
Due to parent company	7(b)	-	3,991,799
<b>Total Liabilities</b>		<u>20,248,838</u>	<u>6,334,772</u>
<b>EQUITY</b>			
Share capital	12	20,556,260	20,555,260
Fair value reserve	13	46,966,443	23,486,660
Retained earnings		30,896,177	27,069,664
<b>Total Equity</b>		<u>98,418,880</u>	<u>71,111,584</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>118,667,718</u>	<u>77,446,356</u>
		<u>2018</u> \$	<u>2017</u> \$
<b>NET BOOK VALUE PER STOCK UNIT</b>	18(a)	<u>0.09</u>	<u>0.06</u>

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

APPROVED ON BEHALF OF THE BOARD:-

  
Director

  
Director

# Mayberry Jamaican Equities Limited

(Formerly Mayberry West Indies Limited)

Statement of Changes in Equity

For the Year Ended December 31, 2018

(Expressed in United States Dollars)

**MAYBERRY JAMAICAN  
EQUITIES**

	No. of shares	Share Capital \$	Fair Value Reserve \$	Retained Earnings \$	Total \$
<b>Balance at December 31, 2016</b>	20,555,260	20,555,260	16,408,355	14,613,894	51,577,509
Total comprehensive income for the year	-	-	15,063,173	3,119,625	18,182,798
Realised gain transferred to retained earnings	-	-	( 8,414,749)	8,414,749	-
Translation adjustment	-	-	429,881	921,396	1,351,277
<b>Balance at December 31, 2017</b>	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	-
Translation adjustment	-	-	( 387,089)	( 784,855)	( 1,171,944)
<b>TRANSACTIONS WITH OWNERS</b>					
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
<b>Balance as at December 31, 2018</b>	<u>1,201,149,292</u>	<u>20,556,260</u>	<u>46,966,443</u>	<u>30,896,177</u>	<u>98,418,880</u>

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

# Mayberry Jamaican Equities Limited

(Formerly Mayberry West Indies Limited)

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended December 31, 2018

(Expressed in United States Dollars)

**MAYBERRY JAMAICAN  
EQUITIES**

	<u>Note</u>	<u>2018</u> \$	<u>2017</u> \$
<b>INCOME</b>			
Dividend income		2,754,537	1,184,514
Net unrealized gains on financial instruments - FVPL		2,910,488	9,132,775
Interest income	14	21,805	193,273
Net trading loss		( 199,603)	( 421,243)
Net foreign exchange (loss)/gains		( 453,201)	121,726
Fees and commissions		-	49,583
Other income		-	31,029
Total operating income		<u>5,034,026</u>	<u>10,291,657</u>
<b>INTEREST EXPENSE</b>	14	<u>( 727,566)</u>	<u>( 158,748)</u>
Net operating income		<u>4,306,460</u>	<u>10,132,909</u>
<b>EXPENSES</b>			
Provision for impairment of investments		-	( 6,438,891)
Audit fees		( 14,000)	( 10,023)
Other expenses		<u>( 3,534,538)</u>	<u>( 2,111,450)</u>
	15	<u>( 3,548,538)</u>	<u>( 8,560,364)</u>
<b>OPERATING PROFIT</b>		757,922	1,572,545
Share of results of former associates up to the date of derecognition	16	-	1,078,229
Gain on disposal of former associate holdings	16	-	<u>561,447</u>
<b>PROFIT BEFORE TAXATION</b>		757,922	3,212,221
Taxation	17	<u>58,406</u>	<u>( 92,596)</u>
<b>NET PROFIT FOR THE YEAR</b>		816,328	3,119,625
<b>Other Comprehensive Income Net of Taxation:</b>			
<b>Item that will not be reclassified to profit or loss</b>			
Net unrealized gains on financial instruments - FVOCI		<u>27,661,912</u>	<u>15,063,173</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>28,478,240</u>	<u>18,182,798</u>
<b>Profit Attributable to Stockholders</b>		<u>816,328</u>	<u>3,119,625</u>
		<u>2018</u> \$	<u>2017</u> \$
<b>EARNINGS PER STOCK UNIT</b>	18(b)	<u>0.001</u>	<u>0.003</u>

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



# Mayberry Jamaican Equities Limited

(Formerly Mayberry West Indies Limited)

Statement of Cash Flow

For the Year Ended December 31, 2018

(Expressed in United States Dollars)

**MAYBERRY JAMAICAN  
EQUITIES**

	<u>Note</u>	<u>2018</u> \$	<u>2017</u> \$
<b>Cash Flows from Operating Activities</b>			
Profit before taxation		757,922	3,212,221
Adjustments for:			
Interest income	14	( 21,805)	( 193,273)
Interest expense	14	727,566	158,748
Realised fair value gains transferred to retained earnings		3,795,040	8,414,749
Unrealised foreign exchange loss		892,207	70,362
Share of results of former associates	16	-	( 1,078,229)
Gain on disposal of associate holdings	16	-	( 561,447)
Impairment loss on unquoted investment		-	6,438,891
Unrealised fair value gain on financial instruments - FVPL		( 2,910,488)	(9,132,775)
		<u>3,240,422</u>	<u>7,329,247</u>
Increase in investment securities		( 10,227,075)	( 1,394,923)
Decrease/(increase) in other receivables		608,400	( 1,167,787)
Increase in accounts payable		501,746	524,713
(Decrease)/increase in related companies		( 9,712,443)	676,626
		<u>(15,588,930)</u>	<u>5,967,876</u>
Interest received		34,276	389,153
Interest paid		( 701,801)	( 171,374)
Taxation paid		-	( 43,712)
<b>Cash (used in)/generated from Operating Activities</b>		<u>(16,256,455)</u>	<u>6,141,943</u>
<b>Cash Flows from Investing Activities</b>			
Purchase of intangible asset	8	( 273,997)	-
Proceeds from disposal of former associates		-	1,100,621
Dividend received from former associates		-	99,670
<b>Cash (used in)/generated from Investing Activities</b>		<u>( 273,997)</u>	<u>1,200,291</u>
<b>Cash Flows from Financing Activities</b>			
Repayment of debt security		-	( 6,182,660)
Preference share capital issued		1,000	-
Proceeds from issue of debt security	5(b)	16,845,502	-
<b>Cash generated from/(used in) Financing Activities</b>		<u>16,846,502</u>	<u>( 6,182,660)</u>
Increase in Cash and Cash Equivalents		316,050	1,159,574
Exchange gain/(loss) on foreign Cash and Cash Equivalents		7,028	( 45,022)
Cash and Cash Equivalents - Beginning of Year		<u>1,559,221</u>	<u>444,669</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	5	<u>1,882,299</u>	<u>1,559,221</u>

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

# Mayberry Jamaican Equities Limited

(Formerly Mayberry West Indies Limited)

Notes to the Financial Statements

For the Year Ended December 31, 2018

(Expressed in United States Dollars)

**MAYBERRY JAMAICAN  
EQUITIES**

## 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%.

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 27, 2019.

## 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 9, 'Financial Instruments', (effective for accounting periods beginning on or after 1 January 2018).** In 2009 the company adopted the 2009 version of IFRS 9 "Financial instruments" which was issued in November 2009. The final version of IFRS 9 was issued in 2014. The classification categories for financial assets under IFRS 9 reflect the measurement, namely amortised cost, fair value through profit or loss (FVPL) and fair value through other comprehensive income (FVOCI). The decision regarding classification is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instruments. IFRS 9 also includes guidance on hedge accounting requirements, the measurement of financial liabilities, derecognition of financial instruments and an expected credit loss (ECL) model for calculating impairment of financial assets.

The expected credit loss model means that a loss event no longer needs to occur before an impairment allowance is recognized. The expected credit loss model includes a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the rules mean that entities have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

There was no impact on the company's accounting for financial liabilities, as the requirements of IFRS 9 only impacted financial liabilities that are designated at fair value through profit or loss, and the company does not currently have any such liabilities.

The company assessed its operations and concluded that the classification and measurement categories of financial assets under the 2009 version of IFRS 9 as well as other guidance relevant to its operations are similar to the 2014 version which became effective during the year and, therefore, there were no material transitional effects on its financial statements.

**IFRS 15, 'Revenue from Contracts with Customers', (effective for accounting periods beginning on or after 1 January 2018).** The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The company expects no significant impact on adoption of the standard.

# Mayberry Jamaican Equities Limited

(Formerly Mayberry West Indies Limited)

Notes to the Financial Statements

For the Year Ended December 31, 2018

(Expressed in United States Dollars)

**MAYBERRY JAMAICAN  
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## 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)

**IFRIC 22, 'Foreign currency transactions and advance consideration', (effective for accounting periods beginning on or after 1 January 2018).** The interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. The company is currently assessing the impact of future adoption of the amendments on its financial statements.

**New standards, amendments and interpretation not yet effective and not early adopted**

**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. The company expects no impact on the adoption of the standard as the company does not currently have leases.

**IFRIC 23, 'Uncertainty over income tax treatments', (effective for annual 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 recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. The adoption of this standard is not expected to have a significant impact on the company.

### (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.

### 3. Significant Accounting Policies (cont'd)

#### (b) Foreign Currencies (cont'd)

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.

# Mayberry Jamaican Equities Limited

(Formerly Mayberry West Indies Limited)

Notes to the Financial Statements

For the Year Ended December 31, 2018

(Expressed in United States Dollars)

**MAYBERRY JAMAICAN  
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## 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.

# Mayberry Jamaican Equities Limited

(Formerly Mayberry West Indies Limited)

Notes to the Financial Statements

For the Year Ended December 31, 2018

(Expressed in United States Dollars)

**MAYBERRY JAMAICAN  
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## 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 includes 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 to 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.



# Mayberry Jamaican Equities Limited

(Formerly Mayberry West Indies Limited)

Notes to the Financial Statements

For the Year Ended December 31, 2018

(Expressed in United States Dollars)

**MAYBERRY JAMAICAN  
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## 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.

# Mayberry Jamaican Equities Limited

(Formerly Mayberry West Indies Limited)

Notes to the Financial Statements

For the Year Ended December 31, 2018

(Expressed in United States Dollars)

**MAYBERRY JAMAICAN  
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## 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.

# Mayberry Jamaican Equities Limited

(Formerly Mayberry West Indies Limited)

Notes to the Financial Statements

For the Year Ended December 31, 2018

(Expressed in United States Dollars)

**MAYBERRY JAMAICAN  
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## 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>2018</u> \$	<u>2017</u> \$
Current account - Foreign currency	327,153	80
Current accounts - US dollar	1,555,146	1,559,141
	<u>1,882,299</u>	<u>1,559,221</u>

### (a) Significant non-cash transactions are as follows:

	<u>2018</u> \$	<u>2017</u> \$
Investing activities - Retained interest in former associated companies transferred to investment securities	-	10,813,111

# Mayberry Jamaican Equities Limited

(Formerly Mayberry West Indies Limited)

Notes to the Financial Statements

For the Year Ended December 31, 2018

(Expressed in United States Dollars)

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## 5. Cash and Cash Equivalents (cont'd)

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

Amounts represent debt security in issue and other loans.

	<u>2018</u> \$	<u>2017</u> \$
At January 1	-	6,182,660
Cash -		
Debt security issued	16,845,502	-
Loan repaid	-	(6,182,660)
Non-cash -		
Unrealised foreign exchange loss	369,989	-
At December 31	<u>17,215,491</u>	<u>-</u>

## 6. Investment Securities

	<u>2018</u> \$	<u>2017</u> \$
Equity securities at fair value through other comprehensive income	87,223,098	52,791,590
Equity securities at fair value though profit or loss	22,806,853	19,945,887
Financial instruments at amortised cost		
Debt securities - Corporate	-	1,596,591
	<u>110,029,951</u>	<u>74,334,068</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.

In 2017 equity securities owned by the company were hypothecated in accordance with the terms and conditions of the agreement for a credit facility which was obtained by the parent company, Mayberry Investments Limited, from JMMB Merchant Bank Limited. The loan was repaid during the year. (note 7(c)(iii)).

## 7. Related Party Transactions and Balances

	<u>2018</u> \$	<u>2017</u> \$
(a) Transactions between the company and its related companies		
Purchase and sale of equities	6,966,806	6,563,447
Purchase and sale of investment securities	22,863,645	( 3,007,764)
Interest expense	386,400	119,428
Investment management fee and incentive fee	3,019,146	1,958,745
Operating expense	<u>367,767</u>	<u>4,830,463</u>

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

### (b) Year end balances arising from transactions with related companies

Due from -

Mayberry Asset Managers Limited	-	98,380
Parent Company - Mayberry Investments Limited	<u>5,717,656</u>	-

Due to -

Parent company - Mayberry Investments Limited	-	3,991,799
Mayberry Asset Managers Limited (included in accounts payable (note 9))	<u>2,476,154</u>	<u>1,958,745</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. Interest receivable on the promissory note of \$16,516 is also included.

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

- (ii) On 15 February 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 West Indies 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 \$3,019,146 (2017 - \$1,958,745) in 7(a) above represents the investment management fee of \$547,856 (2017 - \$378,830) and incentive fees of \$2,471,290 (2017 - \$1,579,915) charged for the period 1 January 2018 to 31 December 2018 (note 15).

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

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

- (iii) The parent company, Mayberry Investments Limited, received a revolving loan on 1 November 2017 of J\$900,000,000 from the JMMB Merchant Bank Limited (JMMBMB). The loan attracted interest at 9.75% per annum and was repayable over eighteen months. Interest payments were due monthly with principal due prior to the expiry date.

The loan was secured by hypothecation of equity securities owned by Mayberry West Indies Limited and a full liability corporate guarantee from them to the extent of the facility. In the event of a default pursuant to the provisions of the loan agreement, the dividends with respect to the full aggregate of assigned equities pledged as security were to be paid over to JMMBMB.

As outlined in the agreement, should the aggregate loan to value ratio of assigned equity securities rise above 60% at any time within the life of the loan, the full value of the collateral held by JMMBMB were to be transferred to its ownership in return for extinguishing the amounts due on the loan.

During the year the loan was repaid and the parent company no longer maintained a credit facility with JMMBMB. Therefore, the company held no pledged equity securities at the reporting date.

	<u>2018</u>	<u>2017</u>
	\$	\$
Pledged investment securities (note 6)	-	<u>16,543,949</u>

## 8. Intangible Asset

This represent software development which was not yet completed at the reporting date and as such no amortisation charge was incurred. The estimated balance committed to be expended is \$236,215.

## 9. Accounts Payable

	<u>2018</u>	<u>2017</u>
	\$	\$
Audit fee payable	15,773	4,881
Other payables	17,872	45,137
Investment incentive fee (note 7(ii))	2,471,290	1,579,915
Investment management fee (note 7(ii))	4,864	378,830
	<u>2,509,799</u>	<u>2,008,763</u>

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## 10. Deferred Taxation

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

	<u>2018</u> \$	<u>2017</u> \$
Balance - beginning of year	327,716	172,793
Deferred tax (credit)/charge (note 17)	( 71,381)	82,377
Deferred tax charge to other comprehensive income on investment securities	<u>234,954</u>	<u>72,546</u>
Balance - end of year	<u>491,289</u>	<u>327,716</u>
Deferred tax assets:		
Non-deductible penalties and interest	-	( 1,587)
Tax losses carried forward	<u>( 12,224)</u>	<u>-</u>
	<u>( 12,224)</u>	<u>( 1,587)</u>
Deferred tax liabilities:		
Investment securities - profit or loss	29,105	91,328
Investment securities - other comprehensive income	<u>474,408</u>	<u>237,975</u>
	<u>503,513</u>	<u>329,303</u>
	<u>491,289</u>	<u>327,716</u>

## 11. Debt Security in Issue

	<u>2018</u> \$	<u>2017</u> \$
Corporate Bond Holders	<u>17,215,491</u>	<u>-</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 \$86,329,226 with a coverage of 4.98 times the loan balance.

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## 12. Share Capital

	No. of Shares	2018 \$	No. of Shares	2017 \$
<b>Authorised:</b>				
1 special rights preference share of \$1,000 par value (2017 - Nil)				
4,000,000,000 ordinary shares of \$0.01 par value (2017 - 40,000,000)				
<b>Issued and Fully Paid</b>				
Preference share	1	1,000	-	-
Ordinary shares	1,201,149,291	20,555,260	20,555,260	20,555,260
	<u>1,201,149,292</u>	<u>20,556,260</u>	<u>20,555,260</u>	<u>20,555,260</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 Assets 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. The securities are not impaired and the recorded gain is based on short term fluctuations in market prices.



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## 14. Interest Income and Interest Expense

	<u>2018</u> \$	<u>2017</u> \$
Interest income -		
Investment securities	5,289	193,273
Loan to parent company	16,516	-
	<u>21,805</u>	<u>193,273</u>
Interest expense -		
Repurchase agreements	-	( 39,316)
Inter-company finance charges	(386,400)	(119,432)
Debt security in issue	(341,166)	-
	<u>(727,566)</u>	<u>( 158,748)</u>

## 15. Expenses by Nature

	<u>2018</u> \$	<u>2017</u> \$
Foreign travel	2,461	15,269
Audit fees	14,000	10,023
Legal and professional fees	428,634	114,768
Other operating expenses	15,985	22,668
Investment incentive fee	2,471,290	1,579,915
Investment management fee	547,856	378,830
Regulatory fees	11,155	-
Marketing & public relations	49,553	-
Amortised cost	7,604	-
Provision for impairment of investments	-	6,438,891
	<u>3,548,538</u>	<u>8,560,364</u>

## 16. Former Associates

In 2017, portions of the holdings in the various entities were disposed of. This disposal along with other considerations rendered the continuing holdings no longer being classified as associates, resulting in a derecognition of the investments in associates.

## 17. Taxation

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

	<u>2018</u> \$	<u>2017</u> \$
Current tax	-	10,219
Under provision of prior year tax	12,975	-
Deferred tax (note 10)	(71,381)	82,377
	<u>(58,406)</u>	<u>92,596</u>

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## 17. Taxation (cont'd)

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>2018</u> \$	<u>2017</u> \$
Profit before taxation	757,922	3,212,221
Tax at 1%	7,579	32,122
Under provision of prior year tax	12,975	-
Non- taxable income	( 27,545)	( 11,845)
Share of results in former associates shown net of tax	-	( 10,782)
Other adjustments	( 51,415)	83,101
	<u>( 58,406)</u>	<u>92,596</u>

The company has tax losses of approximately \$1,222,397 available for set off against future taxable profits. A deferred tax asset has been recognized in relation to these tax losses carried forward.

## 18. 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>2018</u>	<u>2017</u>
Net book value end of year (\$)	98,418,880	71,111,584
Weighted average number of ordinary shares (units)	1,145,268,974	1,145,268,974
Net book value per stock unit (\$)	<u>0.09</u>	<u>0.06</u>

### (b) Earnings Per Share

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

	<u>2018</u>	<u>2017</u>
Net profit attributable to stockholders (\$)	816,328	3,119,625
Weighted average number of ordinary shares (units)	1,145,268,974	1,145,268,974
Basic earnings per stock unit (\$)	0.001	0.003
Fully diluted earnings per stock unit (\$)	<u>0.001</u>	<u>0.003</u>

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## 18. Financial Ratios (cont'd)

### (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>2018</u>	<u>2017</u>
Closing bid price per unit as at 31 December (\$)	0.08	-
Number of ordinary shares in issue (units)	1,201,149,291	-
Market value of ordinary shares (\$)	<u>96,091,943</u>	<u>-</u>

The issued number of ordinary stock units in the prior period has been restated for comparison purposes due to a subdivision which was effected by resolution dated January 19, 2018 (see note 12).

## 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.

### (a) Principal Financial Instruments

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

- Interest receivable
- Cash and cash equivalents
- Investments securities
- Interest payable
- Due to/from related companies
- Loans
- Accounts payable

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## 19. Financial Risk Management (cont'd)

### (b) Financial Instruments by Category

#### Financial Assets

	At amortised cost		Fair Value Through Other Comprehensive Income		Fair Value Through Profit or Loss	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	1,568,702	1,559,221	-	-	-	-
Interest receivable	-	28,986	-	-	-	-
Due from related company	-	98,380	-	-	-	-
Investment securities	-	1,596,591	87,223,098	52,791,590	22,806,852	19,945,887
<b>Total Financial Assets</b>	<b>1,568,702</b>	<b>3,283,178</b>	<b>87,223,098</b>	<b>52,791,590</b>	<b>22,806,852</b>	<b>19,945,887</b>

#### Financial Liabilities

	Financial Liabilities at amortised cost	
	2018	2017
	\$	\$
Debt security in issue	17,215,491	-
Interest payable	32,259	6,494
Accounts payable	2,491,926	1,963,626
Due to parent company	-	3,991,799
	<b>19,739,676</b>	<b>5,961,919</b>

### (c) Financial Instruments not Measured at Fair Value

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

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

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## 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>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
31 December 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>
31 December 2017				
Financial assets -				
Quoted equity securities	72,737,477	-	-	72,737,477
	<u>72,737,477</u>	<u>-</u>	<u>-</u>	<u>72,737,477</u>

As at December 31, the fair value of the financial instruments valued at amortized cost is detailed below:

	<u>Carrying</u>	<u>Fair</u>	<u>Carrying</u>	<u>Fair</u>
	<u>Value</u>	<u>Value</u>	<u>Value</u>	<u>Value</u>
	<u>2018</u>	<u>2018</u>	<u>2017</u>	<u>2017</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Fair value of financial instruments				
At amortised cost	-	-	1,596,591	1,416,555

### (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).

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## 19. Financial Risk Management (cont'd)

### (e) Financial Risk Factors (cont'd)

#### (i) Market Risk (cont'd)

##### 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.

##### Concentration of Currency Risk

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

	<u>2018</u>	<u>2017</u>
	\$	\$
<b>Assets:</b>		
Cash and cash equivalents	327,153	80
Due from related company	-	98,380
Other receivable	744,045	1,399,575
Investment securities	110,029,951	72,737,477
<b>Total Assets</b>	<u>111,101,149</u>	<u>74,235,512</u>
<b>Liabilities:</b>		
Interest payable	32,259	5,343
Due to parent company	2,282,343	3,991,799
Loan payable	17,215,491	-
Accounts payable	2,509,799	2,008,763
<b>Total Assets</b>	<u>22,039,892</u>	<u>6,005,905</u>
<b>Net position</b>	<u>89,061,257</u>	<u>68,229,607</u>

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## 19. Financial Risk Management (cont'd)

### (e) Financial Risk Factors (cont'd)

#### (i) Market Risk (cont'd)

##### 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, investment in associates, other receivables, interest payable, accounts payable, due to/from related companies and cash and cash equivalents, and adjusts their translation at the year-end for 4% (2017 - 4%) depreciation and a 2% (2017 - 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 2018	Effect on Profit before Tax 31 December 2018	% Change in Currency Rate 2017	Effect on Profit before Tax 31 December 2017
		\$		\$
Currency:				
USD	-4	3,562,450	-4	2,729,184
USD	+2	1,781,225	+2	1,364,592

##### 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.

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## 19. Financial Risk Management (cont'd)

### (e) Financial Risk Factors (cont'd)

#### (i) Market Risk (cont'd)

##### Cash Flow and Fair Value Interest Rate Risk (cont'd)

The management of interest rate risk is supplemented by monitoring the sensitivity of the company's financial assets to various standard and non-standard interest rate scenarios. Standard scenarios that are considered include a 100 basis point (bp) parallel rise and a 100 basis point (bp) parallel fall in the yield curve applicable to Government of Jamaica local instruments and a 50 basis point (bp) parallel rise and a 50 basis point (bp) parallel fall in the yield curves applicable to Government of Jamaica global bonds and other sovereign bonds. At year end the company did not hold any Government of Jamaica local instruments.

An analysis of the company's sensitivity to an increase or decrease in market interest rates and the likely impact on equity and profit or loss (fair value through profit or loss account instruments), assuming no asymmetrical movement in the zero coupon yield curves, is as follows:

	<u>2018</u>	
	50 bp parallel increase \$	50 bp parallel decrease \$
<b>At 31 December 2018</b>		
Equity - Amortised		
Global	-	-
	<hr/>	
	<u>2017</u>	
	50 bp parallel increase \$	50 bp parallel decrease \$
<b>At 31 December 2017</b>		
Equity - Amortised		
Global	7,983	7,983

#### (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.



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## 19. Financial Risk Management (cont'd)

### (e) Financial Risk Factors (cont'd)

#### (ii) Credit Risk (cont'd)

##### 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 interest receivable, other receivables, due from related companies 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.

##### 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.

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## 19. Financial Risk Management (cont'd)

### (e) Financial Risk Factors (cont'd)

#### (iii) Liquidity Risk (cont'd)

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 Months \$	1 to 3 Months \$	3 to 12 Months \$	1 to 5 Years \$	Over 5 Years \$	Total \$
<b>Financial Liabilities 2018</b>						
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
<b>Total financial liabilities (contractual maturity dates)</b>	<b>48,031</b>	<b>2,476,154</b>	<b>1,301,211</b>	<b>23,855,545</b>	<b>-</b>	<b>27,680,941</b>

	Within 1 Months \$	1 to 3 Months \$	3 to 12 Months \$	1 to 5 Years \$	Over 5 Years \$	Total \$
<b>Financial Liabilities 2017</b>						
Accounts payable	4,881	1,958,745	-	-	-	1,963,626
Interest payable	6,494	-	-	-	-	6,494
Due to parent company	3,991,799	-	-	-	-	3,991,799
<b>Total financial liabilities (contractual maturity dates)</b>	<b>4,003,174</b>	<b>1,958,745</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,961,919</b>

#### (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.

# Annual Report 2018/Proxy Form

Mayberry Jamaican Equities Limited

I/We.....

Of .....

Being a member / members of Mayberry Jamaican Equities Limited hereby appoint

.....

or failing him .....

of .....

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at The Harbor Club, Rodney Bay, Gros Islet, Saint Lucia, on the 27th day of June, 2019 at 1:00 p.m. and at any adjournment thereof.

**I / We direct my/our proxy to vote on the under-mentioned resolutions as indicated below.**

Resolution	Description	For	Against
Num 1	To receive the Audited Accounts and Reports for the year ended December 31, 2018		
Num 2	To re-elect Mr. Christopher Berry as a Director		
Num 3	To re-elect Mr. Richard DuBoulay as a Director		
Num 4	To re-elect Mr. Konrad Berry as a Director		
Num 5	To fix the remuneration of the Directors		
Num 6	To appoint and fix the remuneration of the Auditors		

Dated.....day of .....2019

.....

Signature

.....

Signature

In the case of a Body corporate, this form should be executed under Seal in accordance with the Company's Articles of Association.

To be valid this proxy must be signed and deposited with the Corporate Secretary of the Company, FinSec Ltd., at Suite 1, 1st Floor, Bourbon House, Bourbon Street, P.O. Box 1695, Castries, St. Lucia OR the Parent Company, Mayberry Investments Ltd., at its registered offices at 1 ½ Oxford Road, Kingston 5, Jamaica, not less than 48 hours before the time appointed for holding the meeting.

A proxy need not be a member of the Company.





**MAYBERRY JAMAICAN  
EQUITIES**