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# Initial Public Offering: Mayberry Jamaican Equities Limited

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Prepared by:  
JN Fund Managers Ltd.'s Global Investment  
Research Unit

**July 2018**

## Company Description: Mayberry Jamaican Equities Limited

Mayberry Jamaican Equities Limited (MJEL) is an International Business Company (IBC) which was incorporated in St. Lucia in 2005 under the name “Mayberry West Indies Limited” as a wholly owned subsidiary of Mayberry Investments Limited (MIL). The Company’s name was later changed to “Mayberry West Indies Bank Limited” on June 12, 2014 and on June 23, 2014 the Company was granted a class “A” International Banking Licence under the International Banks Act, Chap 12.17. This licence granted the Company the authority to participate in international banking business. Following this change, on January 25, 2016, the directors of the Company decided to no longer retain the Class “A” Bank licence and revert to its original name “Mayberry West Indies Limited” which was made effective on April 12, 2016. On January 3, 2018, the Company changed its name again to its current name “Mayberry Jamaican Equities Limited”. MJEL currently operates as an investment holding company, investing primarily in the equity of listed Jamaican companies.

The Company has no executives or full-time employees, outsourcing services as required. MJEL employed Mayberry Asset Management Limited (MAM) in February 2017 to act as discretionary Investment Manager. While Corporate Director’s Services are managed by FinDir Limited (formerly known as Fincos Nominees Limited)

## Analyst’s Opinion: Mayberry Jamaican Equities Limited

<b>Recommendation</b>	<b>DO NOT BUY</b>	<b>Implied Upside</b>	<b>6.79%</b>
<b>Offer Price</b>	J\$7.56	<b>Implied Dividend Yield</b>	-
<b>Estimated Fair Value</b>	<b>J\$8.07</b>	<b>Implied Total Return</b>	<b>6.79%</b>

Mayberry Investments Limited has accumulated a variety of local equities through its investment vehicle Mayberry Jamaican Equities Limited (MJEL) over the last decade. The Company’s current portfolio offers investors the opportunity to access a suite of Junior Market and Main Market stocks through a single a publicly traded vehicle. Investors will also benefit from the extensive experience of the Mayberry team who has actively managed the portfolio since inception. Our analysis reveals that while MJEL’s current portfolio is allocated across over thirty (30) local stocks, we estimate that over 80% is concentrated in five (5) stocks. We believe this concentration presents a material risk to potential investors and overly exposes them to a few core portfolio holdings. Additionally, the Investment Manager will be compensated under a fee structure that we believe does not appropriately align their incentives with that of the investors. Finally, the performance of the Company’s investment portfolio will not be compared to any identified target return or benchmark.

Mayberry Investments Limited is seeking to raise **J\$908M** through the sale of **10%** of the outstanding shares of Mayberry Jamaican Equities Limited through an Initial Public Offering (IPO) of **120,114,929** shares at **J\$7.56** per share. We have estimated the fair value of the Company's utilizing a Net Asset Value (NAV) valuation methodology. The method attempts to estimate both the current NAV of the Company given recent prices of the MJEL's different portfolio holdings as well as utilizing our estimates of the 'fair values' of the Company's core portfolio holdings. We have applied a discount of 15% to the Company's asset value to account for the illiquidity that at times characterises the local equity markets and concluded that MJEL has an estimated fair value of **J\$8.07<sup>1</sup>** per share. This represents a **6.79%** upside to the IPO price of **J\$7.56**. Given the marginal upside and the aforementioned risks associated with the concentration risk of the investment portfolio and the compensation structure of the investment managers, we do not recommend that investors participate in the stock at the IPO price.

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<sup>1</sup> See Valuation: Mayberry Jamaican Equities Ltd. for details.

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## Invitation Details

Mayberry Investments Limited is seeking to raise **J\$908M** through the sale of 10% of the outstanding shares of Mayberry Jamaican Equities Limited through an Initial Public Offering (IPO) of **120,114,929** shares at **J\$7.56** per share. The Company has stated that funds will be used for various purposes outlined in the table below. If the listing is successful, the Company has stated its intention to distribute an annual cash dividend of up to **75%** of net profits.

<b>Issuer</b>	<b>Mayberry Investments Limited</b>
<b>Exchange</b>	The Jamaica Stock Exchange's Main Market (JSE)
<b>Business of the Company</b>	Investment Holding Company
<b>Registrar &amp; Transfer Agent</b>	Jamaica Central Securities Depository Limited (JCSD)
<b>Lead Broker &amp; Financial Advisor</b>	Mayberry Investment Limited
<b>Auditors to the Company</b>	BDO
<b>Legal Advisors to Mayberry &amp; the Company</b>	Patterson Mair Hamilton
<b>Underwriters</b>	PWL Bamboo Group Holdings Limited Konrad Mark Berry
	Opening Date: July 9, 2018 at 9:00AM Closing Date: July 30, 2018 at 4:30PM (Subject to early closing once applications are received for all the Shares offered for sale).

**Offer Period**  
Early Applications may be made. Such Applications will be received but not processed until the Opening Date. All early Applications will be treated as having been received at the same time, being 9:00 a.m. on the Opening Date. All other Applications will be received and processed on a first come, first served basis.

**Shares Offered**  
The Company is seeking to raise approximately **J\$908M** by inviting Applicants to subscribe for up to 120,114,929 Shares. These shares will be reserved as follows:  
**105,000,000 (87.42%)** Reserved Share Applicants to be sub-divided as follows:  
Mayberry MMEP Clients and employees - Up to 40,000,000 Shares (33.3%)  
Stockholders of Mayberry and other Mayberry clients - Up to 40,000,000 Shares (33.3%)  
Millennials - Up to 25,000,000 Shares (0.02%)

**Pricing**  
The remaining 15,114,929 (**12.58%**) shares will be offered to the general public.  
**J\$7.56** per share (to raise a total of approximately J\$908M) for all applicants (including Priority Applicants). Payments **MUST** be made at the time of Application along with a J\$163.10 processing fee.  
The Company holds the following portfolio investments in the following Portfolio Companies which are all listed on the Junior Market; particularly:

<b>Company</b>	<b>Number of Shares</b>	<b>% of Share Capital</b>
Lasco Financial Services Ltd.	250,845,826	19.89%
Blue Power Group Ltd.	11,247,801	19.91%
Caribbean Producers (Jamaica) Group Ltd.	218,286,855	19.84%
IronRock Insurance Company Ltd.	42,506,271	19.86%

**Key Investments held by the Company**  
The Company also holds equity positions in some thirty (30) public companies listed on the JSE Main Market and Junior Market.

**Terms & Conditions for Application \***  
Applications must be for a minimum amount of 1,000 Shares. Applications for amounts in excess of 1,000 Shares must be multiples of 100 Shares. Applications for amounts in other denominations will not be processed or accepted.

**Use of Proceeds**  
The Company intends to use the net proceeds to pay the Offer for Sale & Listing Expenses and to liquidate a loan facility extended to Mayberry by JMMB Merchant Bank Limited and for general corporate purposes.

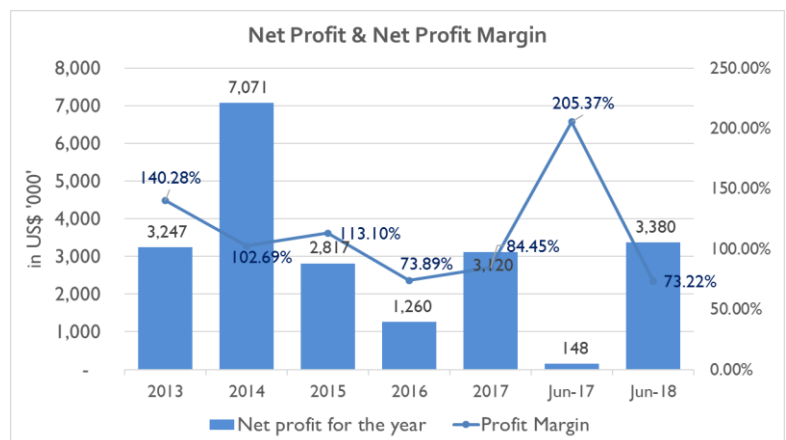
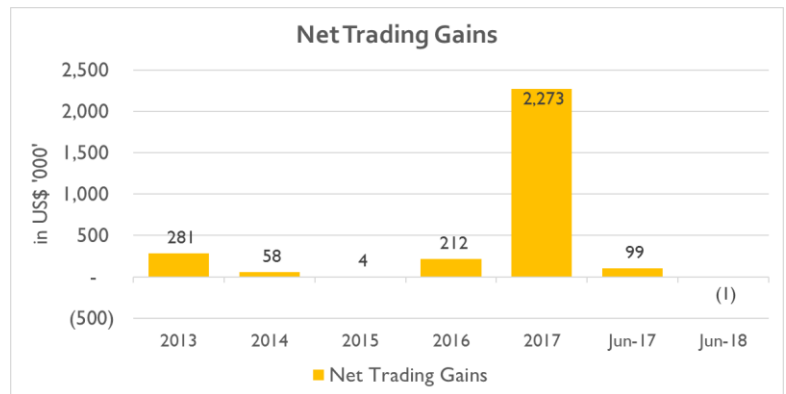
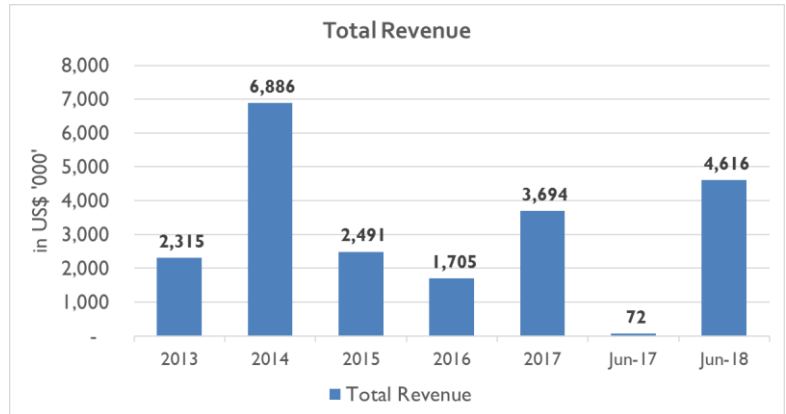
<b>Proposed Dividend Policy</b>	If the Invitation is successful and the Shares are admitted to listing on the Main Market, the Board intends to adopt a liberal stance and expects to distribute up to 75% of its net profits to shareholders, given there are sufficient distributable reserves. The company may revise its dividend policy occasionally.
<b>Basis of Allotment</b>	Application forms that meet the requirements set out in the prospectus shall be accepted in a "first come first served" basis.
<b>Final Allotment and Listing of the Shares</b>	Within twenty-one (21) days of the Closing date; subject to the Shares being admitted, by the Board of the JSE, for listing on the Main Market of the JSE.
<b>Acceptable Payments Methods</b>	Either: (1) Manager's Cheque payable to "Mayberry Investments Limited"; (2) cleared funds held in a MIL account; or (3) Transfer or direct deposit (via RTGS or wire transfer payment system) to MIL (details set out in the Application form attached herein). Absolutely no cash payments will be accepted.
<b>Returned Applications/Refunds</b>	Available for collection where originally submitted (MIL, or such other broker, applicable) within ten (10) business days of the Closing Date (or the extended Closing Date, as the case may be) or as soon as practicable thereafter.
<b>Share Repurchase</b>	The Directors have adopted a policy to repurchase shares if at any time the trading price of the Shares on the JSE is more than 10% below the NAV of the company's equity portfolio.

## Financial Analysis<sup>2</sup>

### Revenue & Profitability

Between Financial Year (FY) 2013 and FY 2017 (ending December 31<sup>st</sup> 2017), Mayberry Jamaican Equities Limited (MJEL) experienced growth in Revenues at a compounded average annual growth rate (CAGR) of **9.80%**. MJEL’s revenues have however, fluctuated over the last five financial years, driven by volatility in all of the Company’s core revenue lines as MJEL expanded its portfolio of investments. The Company experienced a **116.68%** or **US\$1.99M** year-over-year (YoY) increase in revenue for Financial Year (FY) 2017 to **US\$3.69M**. The sharp YoY rise in revenue was due largely to a **US\$2.1M** spike in net trading gains. Dividend Income also rose by **83.31%** or **US\$538.1K** stemming from the increase in the investment securities portfolio from **US\$51.7M** to **US\$74.3M**.

Notably, FY 2014 saw revenue hitting a record high for the Company of **US\$6.89M** which was attributable to the **US\$5.17M** gain on disposal of the Company’s former associates, including Access Financial Services Limited which accounted for **75.08%** of the total revenue for that year. Net Interest Income declined over the five-year period due largely to a shift in their investment strategy away from fixed income instruments to equity securities.



<sup>2</sup> An extract from the company’s financial statements is included in the Appendix

Total expenses for FY 2017 were comprised primarily of management and incentive fees paid to Mayberry Asset Managers (MAM), calculated as **0.5%** of the net asset value and an incentive fee of **8.00%** of the increase in comprehensive income. For the FY 2017, total fees paid were **US\$1.95M**. MJEL's total expenses spiked in FY 2017 to stand at **US\$2.12M**, an increase of **131.22%** or **US\$1.20M** relative to FY 2016. Net income remained in line with the movement of both revenue and expenses with the Company reporting net income of **US\$3.12M** for FY 2017, an increase of **147.64%** or **US\$1.86M** relative to FY 2016. Gains from the reduction of its investments in previous associate companies to below **20%**, namely Lasco Financial Services, Blue Power Limited, Caribbean Producers Jamaica and Iron Rock Company Limited, also contributed to higher profits.

For the second quarter ending June 2018, year-to-date (YTD) total revenue improved by **US\$4.5M** to **US\$4.6M** relative to the corresponding period of 2017. This increase was driven by revaluation gains from their former associate companies now being recorded at Fair value through the Income Statement as well as higher Dividend Income. Total expenses also grew by **US\$992K** to **US\$1.2M**. Year-to-date Net Profit for the quarter was **US\$3.4M**, an improvement from the **US\$147K** made during the YTD Q2 2017 resulting in a net profit margin of **73.22%**.

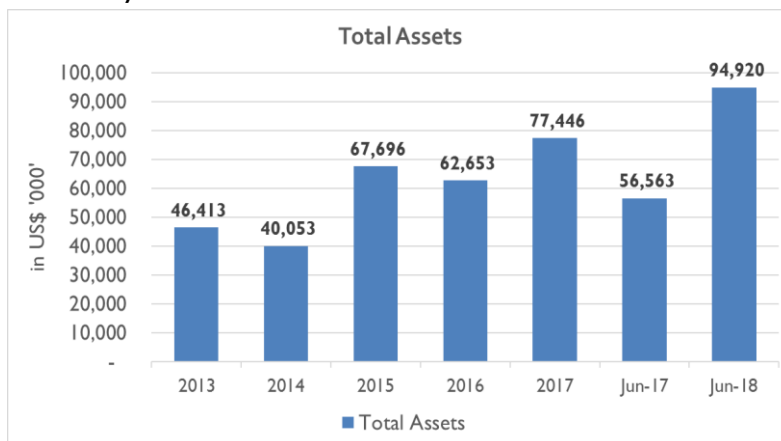
## Dupont Analysis

DuPont Analysis					
Financial Year	2013	2014	2015	2016	2017
Profit Margin	140.28%	102.69%	113.10%	73.89%	84.45%
Asset Turnover Ratio	0.05	0.16	0.05	0.03	0.05
Financial Leverage Ratio	1.54	1.40	1.33	1.29	1.14
<b>Return on Equity</b>	<b>10.76%</b>	<b>22.91%</b>	<b>6.94%</b>	<b>2.49%</b>	<b>5.09%</b>

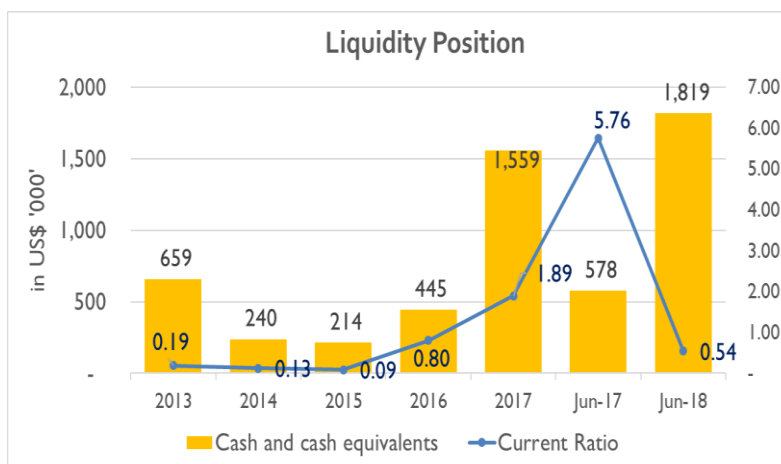
Mayberry Jamaican Equities Limited's Return on Equity (ROE) has varied over the last five financial years largely due to fluctuations in MJEL's net profit margin. In FY 2014 Company had a one-off gain from the disposal of Access Financial Services Limited impacting their bottom line positively. In FY 2016, the Company significantly reduced its bond portfolio and was hit with a one-off loss consequently. As a result, we saw a considerable decline in their net profit margin to 73.89%. Net Profit Margin improved but remained low in FY 2017 relative to prior years due to increased expenses associated with the Management and Incentive Fees lowering net profit.

## Liquidity and Solvency

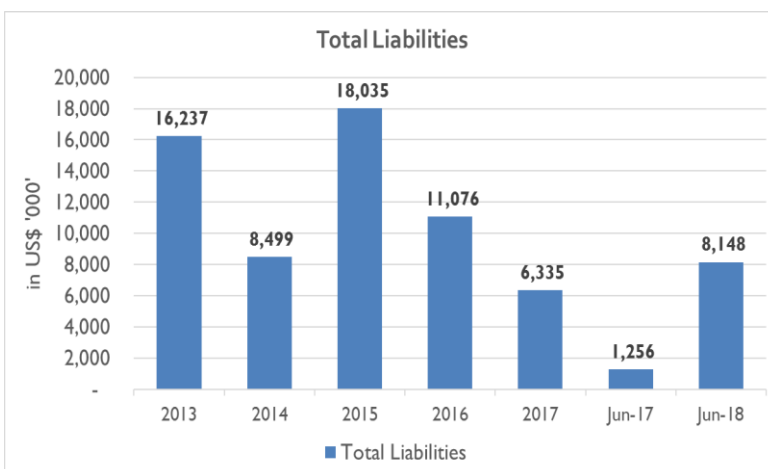
The Company's asset base exhibited a CAGR of **10.78%** between FY 2013 and FY 2017. In FY 2017 Total Assets grew by **23.61%** or **J\$14.79M** to **J\$77.45M** as at December 2017 relative to FY 2016. This increase in assets for FY 2017 was largely due to a **US\$22.68M** increase in Investment Securities coupled with a **250.65%** increase in Cash and Cash equivalents. The Company's Return on Assets declined steadily YoY from **7.00%** in FY 2013 to **4.45%** in FY 2017 as a result of an expansion in MJEL's investment portfolio over this period. Conversely, Total Liabilities fell by **-42.80%** or **US\$4.74M** YoY to **US\$6.3M** largely due to the repayment of a **US\$6.1M** loan. As at June 2018 (Q2 2018), Total Assets rose by **22.56%** or **US\$17.56M** to **US\$94.92M** relative to December 2017, driven by a **25.25%** increase in investment securities.



As at December 31, 2017 (FY 2017) the Company's liquidity position remained relatively strong with its current ratio standing at **1.89X** from **0.8X** in **FY 2016**. As at June 2018 (Q2 2018), it declined to **0.54X**.



MJEL has grown its business without taking on any long-term debt over the period under review. As at June 2018 the Company had no financial indebtedness to banks, financial institutions and other lenders. The Company's only debt comprises of an inter-Company margin loan of due to the parent Company, Mayberry Investments Limited, for transactions done on behalf of the Company at a 10% per annum interest rate with no fixed terms of repayment. The inter-Company loan has been reduced to **J\$545.39M** as at June 11, 2018 and the proceeds of the IPO are designated to be used to liquidate the JMMB facility. The margin loan was funded by

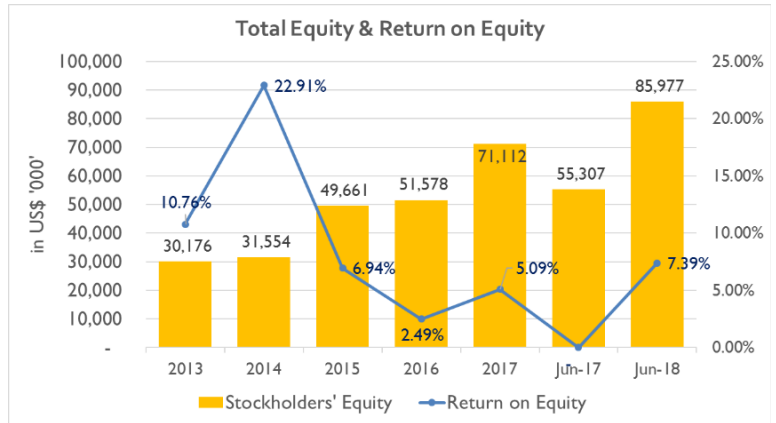




MJEL issuing a guarantee to JMMBMB to secure a loan of up to **J\$900M** made by JMMBMB to Mayberry and, as security for its guarantee, pledged equities constituting **23.1%** of MJEL’s securities portfolio to JMMBMB and assigned to JMMBMB the dividend payable on the pledged/charged shares as security for its guarantee.

MJEL’s Total Equity expanded by a CAGR of **18.70%**

between FY 2013 and FY 2017. The Company’s total equity has grown over the last five financial years driven by a growth in the Company’s retained earnings and fair value reserves due to unrealised gains on the revaluation of equity securities. As at FY 2017, Total Equity rose by **37.87%** or **US\$19.53M** to **US\$71.11M**. Total equity rose further as at June 2018 (Q2 2018) by **20.90%** to **US\$85.98M** relative to December 2017.



## Investment Positives and Negatives

### Positives

- **Favourable Tax Structure-** The Company is a St. Lucian International Business Company (“IBC”) domiciled in St. Lucia. According to the prospectus, dividends paid by MJEL are exempt from Jamaican income tax by virtue of the CARICOM Double Taxation Convention. Such dividends are also exempt from St. Lucia withholding tax by virtue of the Company being an IBC.
- **Generous Dividend Policy-** Mayberry Jamaican Equities Limited will seek to adopt a liberal dividend policy of up to 75% of the distributable after-tax profits of the Company at the discretion of management.
- **Exposure to Tightly held Equities-** MJEL will provide investors exposure to tightly held local equities or equities with limited market float.
- **Experienced Investment Manager-** MJEL’s investment managers have several decades of combined experience in local and international capital markets.

### Negatives

- **Concentration Risk-** Based on estimations, Supreme Ventures Limited represents almost **50%** of the total equity portfolio using MJEL holdings as at June 30<sup>th</sup>, 2018. Therefore, significant changes in the price of SVL are likely to impact the Net Asset Value of the Company. Furthermore, over **80%** of the total portfolio is held in five (5) stocks namely Supreme Ventures Limited, Lasco Financial Services, Caribbean Producers Jamaica Caribbean Cement Company and Blue Power Limited.
- **Illiquidity of Portfolio Assets-** A significant portion of the MJEL’s equity portfolio is concentrated in less liquid Junior Market stocks. Although this represents a benefit to shareholders in accessing stocks with limited market float, it would reduce the flexibility of the Company to actively trade these stocks.
- **Conflicts of Interest-** Due to the structure of Mayberry Investments Limited and its subsidiaries, there are likely to be a variety of instances in which conflicts of interest will arise and this may impact the objectivity of investment decisions carried out by MJEL. MJEL has established a Conflicts Committee in order to address any needs for potential conflict considerations with two independent Committee members.
- **Potentially Risky Investment Strategy-** Under the Investment Management Agreement between the Company and Mayberry Asset Manager (MAM), the latter will be paid an annual performance fee which creates an incentive for MAM to invest and reinvest the Company’s assets in a manner which may be riskier or more speculative than otherwise would be the case.
- **Lack of a Benchmark, Hurdle Rate or High Watermark-** MJEL has not identified any benchmark against which the performance of its portfolio will be compared or any target return against which they will be held accountable. The compensation structure of the investment manager (**0.50%** of Net Asset Value and **8.0%** of

rise in Comprehensive Income) is therefore uncorrelated with any outperformance but simply linked to a positive performance. The Investment Management Agreement also seemingly allows the manager to be compensated in multiple periods for the same portfolio gains due to the absence of a High-Water mark provision. According to *Investopedia* a High-Water mark is the highest peak in value that an investment fund has reached. The High-Water mark ensures the manager does not get paid large sums for poor performance. If the manager loses money over a period, he must get the portfolio back above the high-water mark before receiving a performance bonus from the assets under management (AUM). We believe the current compensation structure favours the investment manager and offers little protection to shareholders.

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## Valuation: Mayberry Jamaican Equities Ltd.

### Key Valuation Assumptions

As at June 30<sup>th</sup>, 2018, we estimate the total market value of MJEL's equity portfolio at **J\$11.50B-J\$11.80B**.

## Fair Value Estimate

### Net Asset Value (NAV) Valuation Method

Given the nature of the Company's assets and liabilities, we have opted to employ the Net Asset Value (NAV) Valuation Method to estimate the fair value of the stock. Under this method we attempted to estimate the NAV of the company using (i) the most recently available public information on the market value of the company's assets less their liabilities (as at June 30<sup>th</sup>, 2018) and (ii) the market value of the company assets based on JN Fund Managers' fair value estimates for the core holdings of the Company's equity portfolio less their liabilities. The estimated total asset value under both aforementioned scenarios was discounted by **15%** to reflect the lack of marketability of the company's equity holdings given their size relative to typical trading sizes on the Jamaica Stock Exchange. Both methods combined to produce an average fair value estimate of **J\$8.07**. Based on the listing price of **J\$7.56**, we forecast potential upside of **6.79%**. Despite the fact that we believe the stock is being listed close to its fair value, based on our concerns regarding the concertation of the investment portfolio and the compensation structure of the investment managers we do not recommend that investors participate in the stock at the IPO price.

NAV as at Current Market Value	J\$8.02
NAV using Fair Value Estimates	J\$8.12
<b>MJEL Fair Value Estimate</b>	<b>J\$8.07</b>

### Risks to Valuation

- The Company's equity portfolio significantly defers from our estimate of their holdings as at June 30<sup>th</sup>, 2018.
- A general downturn in local market conditions could adversely impact the value of portfolio companies.

## Appendix

### Share Capital

	Number of Shares	Amount of Paid in Capital
<b>Authorised</b>		
Ordinary Shares	4,000,000,000	N/A
Special Shares	1	
<b>Issued &amp; Fully Paid Pre-Offer for Sale</b>		
Ordinary Shares	1,201,149,291	US\$20,555,260
One (1) Special Share	1	
<b>Now Offered for Sale by Mayberry</b>		
Ordinary shares (including 105,000,000 Reserved Shares) all at J\$7.56 per Share	120,114,929	J\$908,068,863
<b>Shares remaining in hands of Mayberry</b>		
Ordinary Shares	960,919,433	N/A

In anticipation of this MJEL Offer for Sale, the Company recognized that the Non-Marketable Securities would not be an ideal investment for the Company as the shares are not susceptible to being continuously valued by market quotations as such the decision was made to transfer the securities out of the Company to Widebase Limited (“Widebase”) a subsidiary incorporated November 2016, as an investment holding Company.

Following the sale of the non-marketable securities to Widebase, the Company undertook the following further transactions:

(a) The Company undertook a share split by sub-dividing each of its US\$1.00 par value shares into 100 ordinary shares of US\$0.01 each. This resulted in the Company’s authorized share becoming 4,000,000,000 shares of US\$0.01 each and the issued share held by Mayberry (originally 20,555,260 ordinary shares of US\$1.00 each) becoming 2,055,526,000 ordinary shares of US\$0.01 each.

(b) In order to procure that number of issued shares in the Company was similar to the number of issued shares in Mayberry (i.e. 1,201,149,291) Mayberry then voluntarily surrendered 854,376,709 shares to the Company to reduce the number of shares issued by the Company to 1,201,149,291 as shown by the following calculation:

No. of Ordinary shares after stock split	2,055,526,000
Less no. of shares surrendered	<u>(854,376,709)</u>
<b>Total</b>	<b>1,201,149,291</b>

## Shareholdings Pre-IPO:

The ownership structure of the Company post-reorganization of the share capital was as shown below.

Pre-IPO Shareholders for Mayberry Jamaican Equities Limited		
Name of Shareholder	Issued Share Capital	Percentage Ownership
Mayberry	1,081,034,362	90.00%
Mayberry Shareholders	120,114,929	10.00%
<b>TOTAL</b>	<b>1,201,149,291</b>	<b>100.00%</b>

## Shareholdings Post-IPO:

Upon closure of the Invitation, assuming all categories of Shares in the Invitation are fully subscribed/purchased by the public and the Reserved Share Applicants, the respective shareholders and their respective percentage shareholdings in the Company will be as follows:

Post-IPO Shareholders for Mayberry Jamaican Equities Limited		
Name of Shareholder	Issued Share Capital	Percentage Ownership
Mayberry	960,919,433	80.00%
Mayberry Stockholders	120,114,929	10.00%
Applicants in Offer for Sale	120,114,929	10.00%
<b>TOTAL</b>	<b>1,201,149,291</b>	<b>100.00%</b>

## Conflicts of Interest

Christopher Berry and Konrad Berry are the Chairman and Deputy Chairman, respectively, on the board of MIL, they are also on the board of MJEL and of MAM, the Company's investment manager. As directors of the Company, they will have access to confidential information of the Company (including opportunities which are being pursued by the Company). Such information must be held in confidence as it is possible that some opportunities which are being considered by the Company may also present opportunities to Mayberry.

## Financial Statement Extracts

INCOME STATEMENT EXTRACT								
US\$M	Dec-30 Year End	2013	2014	2015	2016	2017	Year-to-Date Unaudited	
							Jun-17	Jun-18
<b>Net Interest Income</b>		436,410	445,234	943,775	127,475	34,525	(317,999.61)	(311,936.79)
Dividend Income		582,419	884,753	1,141,701	646,195	1,184,514	280,743	1,735,562
<b>Net Trading Gains</b>		281,313	57,854	4,107	212,338	2,272,641	98,692	(1,028)
Net gain on disposal of Associate holding		565,920	5,169,508				-	-
Unrealised Gain on Investment Revaluation								3,206,628
<b>Net Foreign Exchange Gains</b>		448,616	328,154	401,395	718,800	121,726	10,628	(13,697)
Finance income							-	-
<b>Fees and Commission</b>		-	-	-	-	49,583	-	-
Other Income		-	-	-	-	31,029	-	-
<b>Total Revenue</b>		2,314,678	6,885,503	2,490,978	1,704,808	3,694,018	72,063	4,615,528
Expenses							218,476	1,210,858
<b>Provision for credit losses</b>		-	(595,120)	-	-	-	-	-
Audit Fees		(6,038)	(8,172)	(5,501)	(7,805)	(10,023)	-	-
<b>Profit from discontinued ops.</b>							-	-
Other Expenses		(8,894)	(261,392)	(2,396)	(909,701)	(2,111,450)	(218,476)	(1,210,858)
<b>Total Expenses</b>		(14,932)	(864,684)	(7,897)	(917,506)	(2,121,473)	(218,476)	(1,210,858)
Operating Profit		2,299,746	6,020,819	2,483,081	787,302	1,572,545	(146,413)	3,404,670
<b>Share of Results of former associates up to the date of derecognition</b>		968,374	1,061,089	342,467	514,120	1,078,229	338,245	-
Gain on disposal of former associate holdings		-	-	-	-	561,447	-	-
<b>Profit before Taxation</b>		3,268,120	7,081,908	2,825,548	1,301,422	3,212,221	191,832	3,404,670
Taxation		(20,999)	(11,157)	(8,182)	(41,686)	(92,596)	43,834	24,956
<b>Net profit for the year</b>		3,247,121	7,070,751	2,817,366	1,259,736	3,119,625	147,999	3,379,714

BALANCE SHEET EXTRACT								
US\$M	Dec-30 Year End	2013	2014	2015	2016	2017	Year-to-Date Unaudited	
							Jun-17	Jun-18
<b>Current Assets</b>								
Cash and cash equivalents		659,183	239,512	214,466	444,669	1,559,221	577,697	1,819,286
Other Receivables		361,518	225,606	239,610	224,621	1,392,408	418,036	-
<b>Total Receivables</b>		608,857	412,800	576,663	449,487	1,421,394	456,544	-
Taxation recoverable		4,759	4,412	-	-	33,293	-	-
Intercompany							6,027,485	-
<b>Total Current Assets</b>		1,891,072	1,092,045	1,367,792	1,343,643	4,435,302	7,061,726	1,819,286
<b>Non-Current Assets</b>								
Investment Securities		42,656,346	36,172,364	57,701,438	51,650,085	74,334,068	39,104,101	93,101,054
Investment in Associate		2,474,388	-	9,203,017	10,108,884	-	-	-
Due From Related company		-	3,200,924	-	-	98,380	10,396,765	-
<b>Total Non-Current Assets</b>		45,130,734	39,373,288	66,904,455	61,758,969	74,432,448	10,396,765	-
<b>Total Assets</b>		46,412,949	40,052,533	67,695,584	62,653,125	77,446,356	17,458,491	1,819,286
<b>Current Liabilities</b>								
Securities sold under Repurchase		9,826,634	8,480,902	15,265,770	-	-	-	-
Interest Payable		5,306	11,679	8,092	19,120	6,494	327	26,942
Accounts Payables and accrued Liabilities		5,426	6,036	6,895	1,484,050	2,008,763	1,048,702	2,885,711
Taxation Payable		-	-	1,411	200	-	25,625	48,860
Deferred Taxation		-	-	133,194	172,793	327,716	150,790	390,492
<b>Total Current Liabilities</b>		9,837,366	8,498,617	15,415,362	1,676,163	2,342,973	1,225,444	3,352,005
<b>Non-Current Liabilities</b>								
Loans		-	-	-	6,182,660	-	-	-
Due to Parent company		6,399,796	-	2,619,417	3,216,793	3,991,799	30,088	4,796,030
<b>Total Non-Current Liability</b>		6,399,796	-	2,619,417	9,399,453	3,991,799	30,088	4,796,030
<b>Total Liabilities</b>		16,237,162	8,498,617	18,034,779	11,075,616	6,334,772	1,255,532	8,148,035
<b>Equity</b>								
Share Capital		20,555,260	20,555,260	20,555,260	20,555,260	20,555,260	11,413,427	10,132,731
Fair value reserve		(1,273,578)	(2,409,100)	12,760,983	16,408,355	23,486,660	15,042,613	35,904,505
Retained earnings		10,894,105	13,407,756	16,344,562	14,613,894	27,069,664	28,851,028	39,939,375
<b>Stockholders' Equity</b>		30,175,787	31,553,916	49,660,805	51,577,509	71,111,584	55,307,068	85,976,610
Non-Controlling Interest							-	1,312,314
<b>Total Equity</b>							-	87,288,925
<b>Total Equity and Liabilities</b>		46,412,949	40,052,533	67,695,584	62,653,125	77,446,356	56,562,600	95,436,960

CASHFLOW STATEMENT EXTRACT							
US\$M							
Dec-30 Year End	2013	2014	2015	2016	2017	Jun-17	Jun-18
Net Cashflow from Operations	(2,674,901)	(6,920,385)	7,564,076	5,345,848	(40,717)	781,704	327,942
KEY FINANCIAL STATISTICS							
Ratios	2013	2014	2015	2016	2017	Jun-17	Jun-18
Liquidity Ratios							
Current Ratio	0.19	0.13	0.09	0.80	1.89	5.76	0.54
Cash Ratio	0.07	0.03	0.01	0.27	0.67	0.47	0.54
Profitability Ratios							
Return on Equity	10.76%	22.91%	6.94%	2.49%	5.09%	-	7.39%
Return on Assets	7.00%	16.36%	5.23%	1.93%	4.45%	-	6.69%
Operating Margin	99.35%	87.44%	99.68%	46.18%	42.57%	-203.17%	73.77%
Pre-tax Profit Margin	141.19%	102.85%	113.43%	76.34%	86.96%	266.20%	73.77%
Profit Margin	140.28%	102.69%	113.10%	73.89%	84.45%	205.37%	73.22%
Efficiency Ratios							
Asset Turnover Ratio (x)	0.05	0.16	0.05	0.03	0.05	0.00	0.05
Receivables Turnover (x)	3.80	13.48	5.04	3.32	3.95	0.16	-
Credit Ratios							
Leverage Ratio (x)	1.54	1.40	1.33	1.29	1.14	1.02	1.10



## Board of Directors<sup>3</sup>

### **Christopher Berry, B.Sc. (Hons)**

#### **Non-Executive Chairman**

Christopher is 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; (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 main market).

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



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

#### **Non-Executive Director**

Konrad Berry joined Mayberry Investments Limited at its inception and was one of its founding Directors. He has been the Company Secretary since 1985, Finance Director between 1992 and 1995, and in 1995 assumed his present position of Executive Vice Chairman. Konrad Berry started his working career at Price Waterhouse (now PricewaterhouseCoopers) as staff accountant before joining Mayberry as a trader. He has over thirty years of experience in the securities industry. Having joined Mayberry Investments Limited in 1985 where he was primarily responsible for the Company's day to day operations including the development and supervision of its management and operating system. Mr. Berry obtained a B.Sc (Hons) degree in Management and Economics from the University of the West Indies in 1992. In that year, he also successfully completed the Canadian Securities Course.



<sup>3</sup> Biographies were taken from the Company's Prospectus

#### **Global Investment Research Unit**

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**April Walters**  
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**Kelsey Taylor**  
Junior Research Analyst I  
ktaylor@jngroup.com

**Richard Du Boulay, B.Sc.**

**Non- Executive Director**

Richard 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 accounts in Saint Lucia. He is now the Managing Directors of CPJ (Saint Lucia) Limited, (a joint venture with Caribbean Producers Limited of Jamaica). 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, President of Saint Lucia Manufacturers Association and a director of Windward and Leeward Brewery Limited, DuBoulay’s Bottling Company Limited, CPJ St Lucia Limited and Tapion Hospital (Medical Associates). Richard is a trained accountant and holds a B.Sc. in Economics from the University of Western Ontario.



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

**Non- Executive Director**

Natalie was born and educated in England. She now practices law in Saint Lucia where she has established and leads her own law firm, Glitzenhirn-Augustin & Co, for 18 years. Prior to establishing her law firm, she practiced as an associate attorney in Oswald Wilkinson Larches & Associates (1997-1998) and Floissac Fleming & Associates (1998-2000). Natalie’s practice is focused on Company law, private clients advisory and court representation in corporate and civil matters. Natalie 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, (iii) First General Insurance Company Limited; and (iv) International Financial Services Association. Natalie holds a B.A. degree in German and International Studies from the University of Warwick. She read law at the Middle Temple and after completing her Common Professional Examination (CPE) with commendation she was called to the English Bar in 1995 and to the Bar of the Organisation of Eastern Caribbean States in 1996. Natalie is fluent in German



**Global Investment Research Unit**

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**April Walters**  
Junior Research Analyst II  
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**Kelsey Taylor**  
Junior Research Analyst I  
ktaylor@jngroup.com

**FinDir Limited**

**Non-Executive Director**

FinDir is an international business Company (IBC) incorporated in Saint Lucia. This IBC was incorporated as Fincos Nominees Limited on September 6, 2004 with an authorised capital of US\$1,000 shares of US\$1.00 each of which 500 shares were issued to Natalie Glitzenhirn-Augustin. Since then no other shares have been issued. In May 24, 2012 the IBC changed its name to FinDir Limited. The sole director and shareholder of this IBC is Natalie Glitzenhirn-Augustin.

**FinSec Limited**

**Secretary**

FinSec is an international business Company incorporated in Saint Lucia. It is owned and controlled by Natalie Glitzenhirn-Augustin. FinSec has served as Secretary of the Company since May 24, 2001.