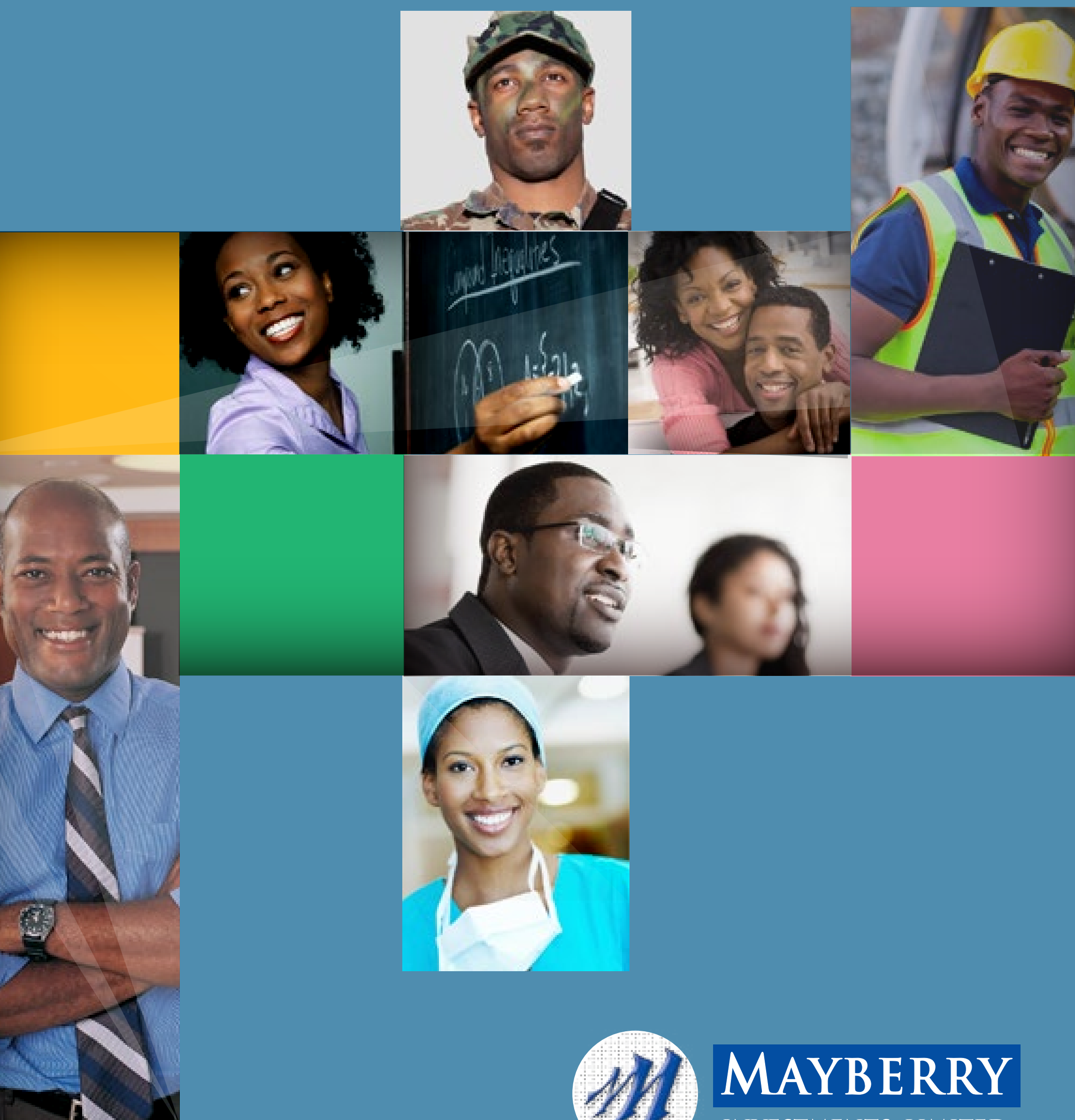
Annual Report 2013

- Focusing on our Strengths
- Facing Challenges
- Identifying Opportunities
- Unlocking Potential

TURNING IDEAS INTO INVESTMENT OPPORTUNITIES



MAYBERRY
INVESTMENTS LIMITED
- Established 1985 -

Contents

Our Vision:

Transforming lives positively through lasting relationships.

Our Mission:

At Mayberry, we create opportunities for customers to realize their financial objectives, locally and internationally, through our team of highly trained and dedicated professionals adding value for all.

Our Core Values:

- Integrity
- Accountability
- Creating value through knowledge.
- Attention to detail – getting it right the first time.
- We care about our family of customers, employees, shareholders and the community at large.

Ten Year Performance Highlights

As at December 2013

	2003 $'000	2004 $'000	2005 $'000	2006 $'000
Operating Revenue	**286,608**	**729,861**	**487,024**	**682,410**
Interest Income	3,229,084	2,316,297	1,853,261	2,361,389
Net Interest Income	144,399	414,974	453,143	362,542
Net Other Income	142,209	384,998	33,881	319,868
Operating Expenses	211,356	402,708	464,745	407,530
Profit/(Loss) before Taxation	83,587	397,264	22,279	279,669
Net Profit	98,695	378,384	88,131	261,203
BALANCE SHEET				
Total Assets	17,516,821	16,436,204	17,356,430	21,851,207
Total Liabilities	16,947,423	15,474,136	14,776,966	19,097,884
Stockholders' Equity	569,398	962,068	2,579,464	2,753,323
Number of issued shares (units)	428,168	1,028,700	1,201,149	1,201,149
KEY FINANCIAL RATIOS				
Earnings per stock unit	**$0.23**	**$0.37**	**$0.07**	**$0.22**
Book Value Per share	1.33	0.94	2.15	2.29
Return on Equity	17%	39%	3%	9%
Return on Average Assets	1%	2%	1%	1%
Asset Growth(%)	-14%	-6%	6%	26%
Net Profit Growth (%)	-31%	283%	-77%	196%

2007 $'000	2008 $'000	2009 $'000	2010 $'000	2011 $'000	2012 $'000	2013 $'000
991,822	**942,527**	**723,816**	**675,562**	**978,397**	**1,132,263**	**894,199**
2,028,249	2,373,218	2,093,929	1,536,409	1,332,550	1,285,601	1,021,716
301,701	352,907	258,216	316,670	474,171	525,817	413,643
690,121	589,620	465,600	358,892	504,226	606,446	480,556
518,201	601,599	542,508	556,683	694,362	758,106	681,330
489,577	356,146	211,235	176,257	347,242	474,103	(21,992)
372,619	469,501	245,473	174,530	282,122	439,354	102,343
23,895,425	24,040,766	25,478,756	20,469,484	24,204,564	20,777,983	22,019,842
20,530,304	21,587,599	22,567,703	17,398,922	20,501,901	17,107,163	18,249,623
3,365,121	2,453,167	2,911,053	3,070,562	3,702,663	3,670,820	3,770,219
1,201,149	1,201,149	1,201,149	1,201,149	1,201,149	1,201,149	1,201,149
$0.31	**$0.39**	**$0.20**	**$0.15**	**$0.23**	**$0.37**	**$0.09**
2.80	2.04	2.42	2.56	3.08	3.06	3.14
11%	19%	8%	6%	8%	12%	3%
2%	2%	1%	1%	1%	2%	0%
9%	1%	6%	-20%	18%	-14%	6%
43%	26%	-48%	-29%	62%	56%	-77%

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 28th Annual General Meeting of MAYBERRY INVESTMENTS LIMITED will be held at the Knutsford Court Hotel, 11 Ruthven Road, Kingston 10 on Wednesday, 18 June 2014 at 4:00 p.m. for the following purposes:

To receive the audited accounts for the year ended 31 December 2013.

1. Ordinary Resolution

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

   "That the audited accounts of the Company for the year ended 31 December 2013, together with the reports of the directors and auditors thereon, be and are hereby adopted."

To elect directors

The Directors retiring by rotation pursuant to Article 91 of the Articles of Association of the Company are Messrs. Konrad Berry, Sushil Jain and Mrs. Sharon Harvey-Wilson and who being eligible, offer themselves for re-election.

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

2. Ordinary Resolution

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

3. Ordinary Resolution

   "That the retiring director, Mr. Sushil Jain, be and is hereby re-elected a director of the Company."

4. Ordinary Resolution

   "That the retiring director, Mrs. Sharon Harvey-Wilson, be and is hereby re-elected a director of the Company."

To fix the remuneration of the directors

5. Ordinary Resolution

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.”

To authorise the Directors to fix the remuneration of the Auditors:

6. Ordinary Resolution

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

“That BDO, having agreed to continue in office as Auditors, the Directors be and are hereby authorised to agree to their remuneration in respect of the period ending with the conclusion of the next Annual General Meeting.”

To authorize the reduction of the Capital Redemption Reserve fund of the Company from JS$501,343,000 by J$450,000,000 to J$51,343,000 and that the resultant credit of J$450,000,000 be dealt with as distributable profits of the Company.

7. Special Resolution

“ That the Directors having made the statutory declaration required pursuant to section 71(3) of the Companies Act, 2004 (“the Act”) that the Capital Redemption Reserve fund of the Company maintained by the Company pursuant to section 62 of the Act be reduced from JS$501,343,000 by J$450,000,000 to J$51,343,000 and that the resultant credit of J$450,000,000 be dealt with as distributable profits of the Company”,

BY ORDER OF THE BOARD

Konrad M Berry
Secretary

Board of Directors

Christopher Berry

B.Sc. (Hons.)
Executive Chairman

Mr. Christopher Berry has been the Executive Chairman of Mayberry Investments Limited since 1993. A former Deputy Chairman of the Jamaica Stock Exchange, he sits on several boards, including the Jamaica Central Securities Depository, Access Financial Services Limited, Apex Health Care Associates Limited, Apex Pharmacy Limited.

He has over twenty years experience in the securities industry, having joined Mayberry Investments Limited in 1987 when he was responsible for corporate planning and information technology. He subsequently led the company's listing on the Jamaica Stock Exchange in 2005. Mr. Berry has a Bachelor of Industrial Engineering (Hons.) from the Georgia Institute of Technology, Atlanta, Georgia.

Gary Peart

B.Sc. (Hons), M.B.A.
Chief Executive Officer

Mr. Peart joined Mayberry Investments Ltd. in May 2005 as its Chief Executive Officer. Mr. Peart has over twenty years of corporate financial experience. Mr. Peart was first appointed to the Board of Directors in April 2006.

Mr. Peart currently serves as Chairman of the Jamaica Bauxite Institute and the Betting Gaming & Lotteries Commission and as Vice President of the Jamaica Securities Dealers Association He is a director of Access Financial Services Limited, Lasco Financial Services Limited, Lasco Distributors Limited, Port Authority of Jamaica and Mona School of Business. He is an alternate director of the Jamaica Stock Exchange and the Jamaica Central Securities Depository. He was recently appointed Commissioner of Jamaica Anti Doping Commission.

He is a member of the Assets and Liabilities Committee, Project Steering Committee and Managing Committee. He has a B.Sc. in Economics from the University of the West Indies (Hons.) and an MBA from Florida International University.

Konrad Mark Berry

B.Sc. (Hons.)
Executive Vice Chairman
Company Secretary

Mr. Konrad Berry joined the Company at its inception and was one of its founding Directors. He has been the Company Secretary since 1985, Finance Director 1992-1995, and in 1995 assumed his present position of Executive Vice Chairman. Mr. Berry is a member of the Managing Committee, Assets and Liabilities Committee and Audit Committee.

Sharon Harvey-Wilson

FCA, FCCA, M.B.A.
Executive Director
Chief Operating Officer

Mrs. Harvey-Wilson joined the Mayberry team in January 2005 after spending several years at PricewaterhouseCoopers where she served as Audit Manager for large clients in the financial sector. She was first appointed to the Board of Directors in April 2006.

Mrs. Harvey-Wilson is a member of the Board of Management for Wolmer's Trust High Schools, her alma mater, where she imparts her expertise in Accounting and Management. Mrs. Harvey-Wilson is a fellow of the Association of Certified Chartered Accountants and the Institute of Chartered Accountants of Jamaica. She also holds an MBA (merit) from the Manchester Business School and a Diploma in Business Administration from CAST (now University of Technology) in Jamaica.

She is a member of the Assets and Liabilities Committee, Information Technology Steering Committee, Project Steering Committee and Managing Committee.

Board of Directors

Sushil Jain

B.Com, B.L, FCA, FCCA, FCMA, FCIS, FICWA, FCS, CGMA.
Non-Executive Director

Mr. Sushil Jain joined the Board of Directors of Mayberry Investments Limited on September 1, 2006. Mr. Jain carries a wealth of experience within the Administrative and Accounting field. Mr. Jain currently serves as a director of Honey Bun (1982) Limited. Mr. Jain has also served companies such as Seprod Ltd., Petroleum Corporation of Jamaica (PCJ), Bahamas Electricity Corporation and PricewaterhouseCoopers.

Mr. Jain has published numerous articles on the subject of Management Interest in journals in the Caribbean, UK and India. He has served in providing lectures and seminars to a number of organizations both in the financial industry and otherwise.

He is the Chairman of the Assets and Liabilities Committee and is a member of the Audit Committee.

Dr. David McBean

B.Sc. (Hons), D.Phil

Non-Executive Director

Dr. David McBean was appointed a director of Mayberry Investments Ltd. in August of 2005.

Dr. McBean has over 20 years work experience in the IT, Media & Telecommunications sector where he has held various senior management positions. Most recently he was the Managing Director, Products & Services LIME Caribbean, and prior to that he was the Chief Executive Officer of the CVM Communications Group. Currently he is an Independent Management & Technology Consultant for various clients.

He was awarded a Jamaica Rhodes Scholarship in 1988. He obtained a B.Sc. in Electrical Engineering from the University of the West Indies in 1986 and a D.Phil in Micro Electronics from the University of Oxford, U.K.

Dr. McBean chairs the Company's Information Technology Steering Committee and is also a member of the Audit Committee.

Erwin Angus

C.D., J.P., B.A. (Hons.)
Managing Director

Mr. Erwin Angus joined Mayberry in 1986 as its Managing Director and since then has held that post. He was awarded the Commander of the Order of Distinction (CD) in October 1976 for contribution to the bauxite negotiations and he became a Justice of the Peace (JP) in 1977. Mr. Angus is a member of the Company's Managing Committee, Assets and Liabilities Committee and Audit Committee.

Benito F. Palomino

LLB (Hons.), B.Sc., (Hons.) M.Sc.
Non-Executive Director

Mr. Benito Palomino is an Accountant and Attorney at law. Mr. Palomino has approximately two decades of experience in the legal fraternity with special focus on banking, investment securities and financial consultancy. He was appointed to the Board of Directors in December 2004.

Mr. Palomino chairs the Company's Audit Committee and is a member of the Conduct Review Committee.

Gladstone Lewars

B.Sc. (Econ) Hons, M.Sc. (Econ), M.Sc. (Accounting),FCA.,
Non-Executive Director

Mr. Gladstone "Tony" Lewars was appointed a director of Mayberry Investments Limited in September 2012. Mr. Lewars is a Chartered Accountant and a former partner of PricewaterhouseCoopers where he was the Leader of the Advisory division of the firm. He consulted extensively in Organization Development, Human Resource Management and Financial Effectiveness Reviews in Jamaica and other Caribbean territories.

He currently serves as Chairman of the Students' Loan Bureau and the Holy Trinity High School. He is also Secretary/ Treasurer of the Jamaica College Trust. He is a member of the Audit Committee and the Assets and Liabilities Committee.

Directors' Report

The Directors take pleasure in submitting their Annual Report for Mayberry Investments Limited for the year ended 31 December 2013.

The Statement of Income shows pre-tax loss for the year of $21.99 million, taxation credit of $124.33 million and net profit of $102.35 million.

DIRECTORS

The Directors as at 31 December 2013 are Messrs. Christopher Berry, Konrad Berry, Gary Peart, Erwin Angus, Benito Palomino, Sushil Jain, Gladstone Lewars, Dr. David McBean and Mrs. Sharon Harvey-Wilson.

The Directors to retire by rotation in accordance with Article 91 of the Articles of Association are Messrs. Konrad Berry, Sushil Jain and Mrs. Sharon Harvey-Wilson and being eligible, offer themselves for re-election.

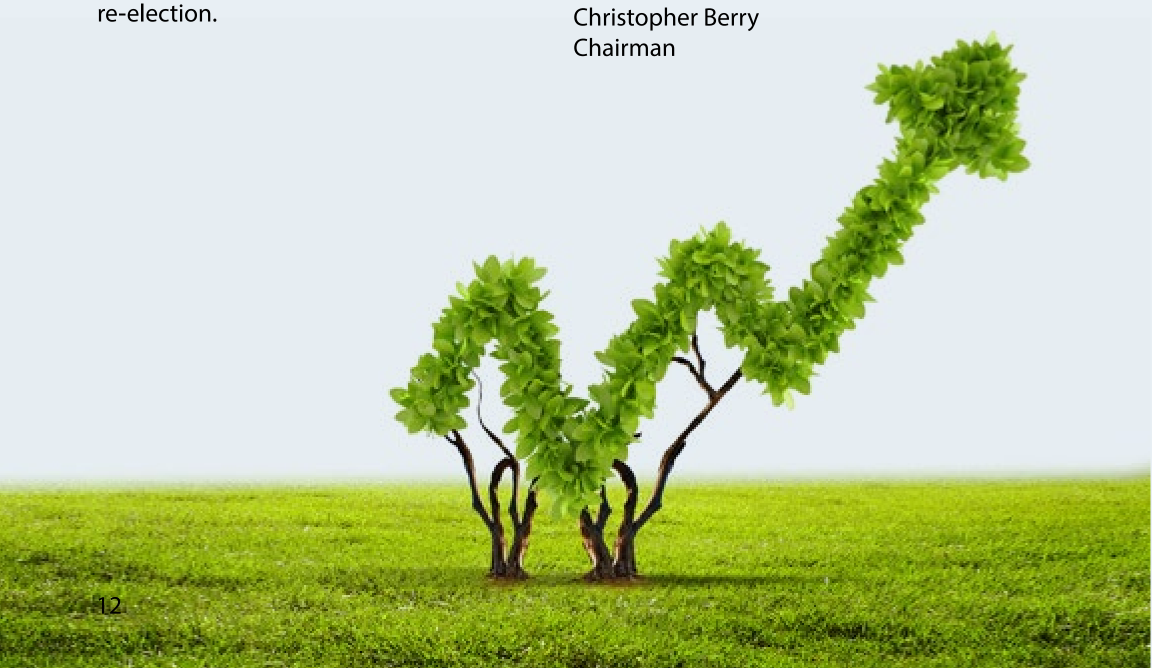
AUDITORS

The Auditors, BDO, Chartered Accountants of 26 Beechwood Avenue, Kingston 5, have expressed their willingness to continue in office in accordance with Section 154 of the Companies Act.

The Directors wish to thank the management and staff for their continued dedication and hard work during the year.

On behalf of the Board of Directors

Christopher Berry
Chairman



Corporate Governance

Mayberry Investments Limited is committed to upholding the highest standard of ethical conduct and good corporate governance. We ensure we do business the right way for our clients and shareholders and the communities we serve.

Our leaders are knowledgeable and are well equipped with the tools they need to make sound practical decisions at all times, which are within the code of ethics standards that guide our company. We are firm in the position we hold to be of service to our clients.

Our Board of Directors has a mandate to oversee the Company's affairs and to promote high standards of corporate governance within our Company whilst examining the soundness of the Company's financial policies, business strategies, the effectiveness of its internal controls and risk management framework.

The fundamental objective is to ensure transparency, all in an effort to protect shareholders and stakeholders value. At Mayberry Investments Limited, the operating policies and procedures are reviewed by the Board of Directors, in addition to periodic meetings by our Board sub-committees as outlined below. Additionally, the overall objective of the board is to maximize long term value and shareholders' wealth.

The Directors are expected to exercise their business judgment in what they reasonably believe to be in the best interest of the Company. In discharging that obligation, from time to time, the Directors rely on the honesty and integrity of the Company's senior executives, its external advisors and auditors.

Our board sub-committees are as follows:

- Credit Committee
- Asset and Liabilities Committee
- Conducts Review Committee
- Nominations Committee
- Audit Committee
- Remunerations Committee
- Information Technology Steering Committee
- Project Steering Committee

The Board of Directors

The key role of the Board is to assess the strategic direction of the company, through:

- Effective Leadership
- Ensuring compliance and adherence to company policies and procedures
- Ensuring responsibility, accountability and clear authority with an effective management team
- Safeguarding the financial health of all stakeholders.

As at December 31, 2013, the Board consists of nine (9) members, four (4) of whom are independent Non-Executive Directors, who help to ensure that values, integrity and public trust continue to be the main pivots of Mayberry Investments Ltd.

Audit Committee

The primary purpose of the Audit Committee at Mayberry Investments Limited is to assist the Board of Directors in the oversight of the integrity of the financial statements of the Company, the effectiveness of the internal controls over financial reporting, the independent registered accounting firm's qualifications and independence, the performance of the Company's internal audit function, the Company's compliance with legal and regulatory requirements as well as the performance of the Company's compliance function.

During the year the audit committee met four (4) times. The focus of their deliberation was on the review and approval of the internal audit plan, results of regulatory reviews, strengthening the risk management framework of the company and reviews the reports thereon, as well as reviewing the impact of implementing Foreign Accounts Tax Compliance Act (FATCA) requirements.

The members of the audit committee are Messrs. Gladstone Lewars, Benito Palomino, Sushil Jain, David McBean, Erwin Angus and Konrad Berry.

The committee is chaired by Mr. Palomino, a Non-Executive Director.

Internal Auditor

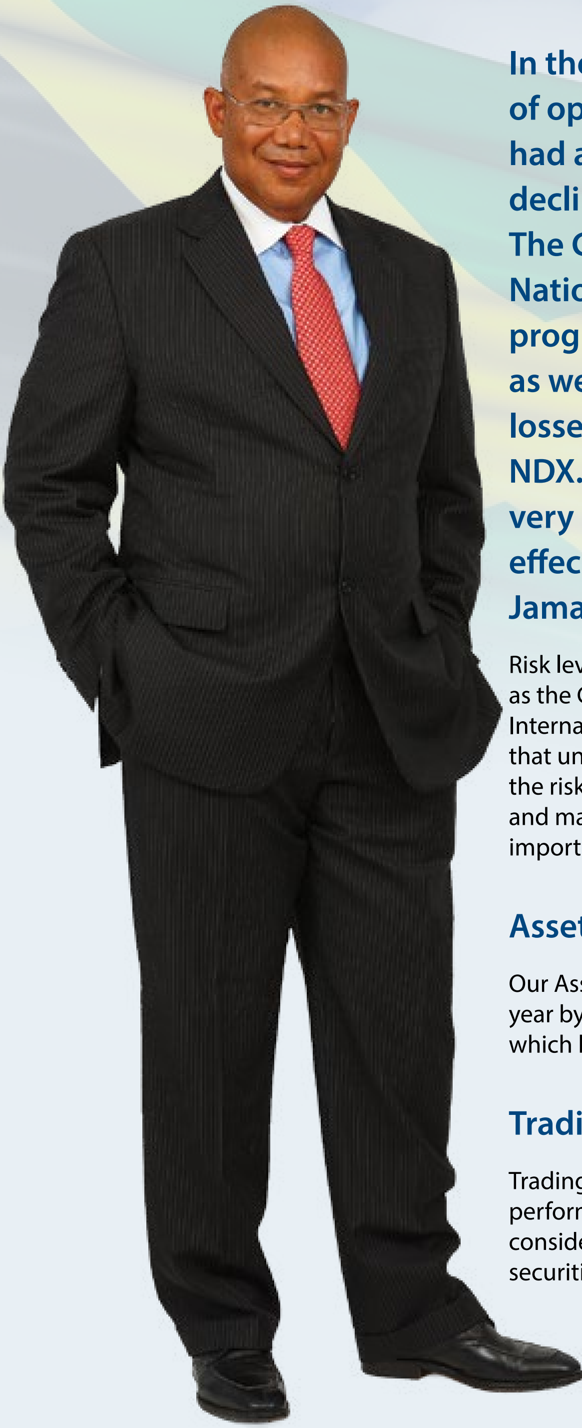
We have utilized the expertise of PricewaterhouseCoopers (PWC) for our Internal Audit since March 2013. Their main role is to help Mayberry to add value and help to improve the organization's operations by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes as well as providing valuable and independent feedback on our internal operations.

The findings of this review indicated that there were no incidences of fraud or other irregularities which the committee is aware of for the year under review.

Business Conduct and Ethical Practice

The Board of Directors, Management and Staff of Mayberry are committed to adherence of Company and operational policies, regarding conduct and ethical practices which are parallel with the Standard of Best Practice for effective Corporate Governance and are dedicated to comply with these guidelines as outlined by the financial sector regulatory bodies, the Bank of Jamaica (BOJ), Financial Services Commission (FSC) and Jamaica Stock Exchange (JSE).

Chairman's Report



In the year 2013, the 28th year of operation of our company, we had a very difficult year. Profits declined by 77% to $102 million. The Government of Jamaica (GOJ) National Debt Exchange (NDX) program affected us directly as we booked $337.5 million in losses by participating in the NDX. The NDX made the markets very illiquid and had a negative effect on the trading of all Jamaican dollar securities.

Risk levels in the system have abated somewhat as the GOJ signed an agreement with the International Monetary Fund (IMF). We feel that until growth returns to the economy the risk levels in the system remain very high and managing risk will continue to be more important than making profits.

Asset Management

Our Asset Management business declined this year by 18%. Clients sold their GOJ securities which had a negative impact on this category.

Trading

Trading income declined by 6% over last year's performance. This was a creditable performance considering that trading in Jamaican dollar securities came to a standstill.

Investment Banking

Last year we raised funds of over $2 billion for our clients. We had three listings on the Jamaica Stock Exchange and several issues of Corporate Paper. Revenue was down by 71% from 2012 to $45 million.

Access Financial

Access had a good year with profit increasing by 14% to $270 million. Of note was their top line growth of 28%. During 2014 their focus was on increasing unsecured credit lines to the small business sector. This has been a great success and this segment is expected to drive growth going forward. This grouping is an underserved market which by and large has no access to credit and the company have found many credit worthy clients in this group.

Community Outreach

This year we continued our support for major events like the Mayberry Forum which is now in its 15th year and the Mayberry Swim meet which is in its 16th year. We also entered two (2) new partnerships; first being with Campion College where we commit to support their development of improved teaching methods. Second with St. George's College where we agreed to sponsor the track team which is rebuilding its program.

Looking Forward

In 2014 it will be difficult to beat inflation in Jamaican dollar investments. The Jamaican dollar continues to depreciate versus its major trading partners. Jamaican dollar net interest rates after adjusting for the depreciation will likely end up being negative for this year. Some stocks listed on the Jamaica Stock Exchange will outperform Jamaican dollar fixed income securities as they are underpinned by strong growth in revenues and profits. Internationally there are many growth opportunities and we expect to see many good opportunities in Europe, United States and some Emerging Markets.

Thank You

Once again we wish to thank our staff, clients and well-wishers, we wish you all a healthy and prosperous 2014.

Christopher Berry
Chairman

Chief Executive Officer's Statement

The financial year 2013 proved to be one of the most difficult years in our company's history. Coming from a standout performance in recorded profits in the previous year, 2013 started out with the decision by the Government of Jamaica (GOJ) to undergo a National Debt Exchange (NDX), the second debt exchange in three years. This resulted in the company absorbing an immediate loss of $337.5 million, almost the total profits earned in the previous financial period.

Additionally, the local economic climate continued to be constrained by an impending agreement with the International Monetary Fund (IMF) along with rapid devaluation of the Jamaican dollar. All these factors set the backdrop for an uphill struggle for the Mayberry team to not only achieve our targets, but also to provide value for our shareholders. Amid all the challenges that 2013 presented, we were still able to post net profits of $102.3 million, and earnings of $0.09 per share.

The Corporate Finance department was combined with the Research and Special Projects department, and together they had a productive year. The department completed three initial public offering (IPOs), bringing the total number of companies brought to the Junior Market of the Jamaica Stock Exchange (JSE) by Mayberry to 14 of the 22 listings. The new department also had the distinction of acting as lead broker for the first listing on the Bond Market of the JSE. The team was successful in structuring corporate, private and public debt transactions

Chief Executive Officer's Statement

amounting to approximately $2.2 billion, all in its continued drive to add value to the financial markets and to investors alike.

For Markets and Trading, among the challenges faced were a restricted market for Jamaican dollar (JMD) liquidity and a significant shortage in US dollar (USD) supply. Despite this, the team was able to grow its foreign exchange gains year over year, while maintaining strong bond gains. In its continued effort to diversify earnings and growing revenues while minimising exposure, a significant amount of the department's earnings are now generated from the international markets. The benefits of this diversification have also been passed down to investors, who now own assets globally.

The Asset Management department continued its focus of providing group and individual portfolio management solutions for its clients. Two additional managed portfolios were launched during the year as the department looked to fully build out its suite across various asset classes, catering to the different risk appetites of our clients. Overall Funds Under Management (FUM) increased by 23% from these initiatives, as well as growth in investments in our existing products.

Equity trading continues to be an important revenue area of the company. Despite increased competition in the market, Mayberry consistently ranked either 1st or 2nd in overall market rankings in the three main categories measuring market activity by brokers. Market activity on new listings that Mayberry brought to market enabled

Chief Executive Officer's Statement

our investors to realise profits and the company to generate fee income.

The decision was made to merge the Sales and Marketing departments to allow for better efficiency in the sales process and increased customer reach through synergy of the two units. The sales team turned in an increased revenue contribution over the previous year by 47%, by increased trading activity and outright sale of securities. This resulted from additions to our product offering and to the sales team, targeted prospecting and improved client contact. The team continued in its drive to exit the repo product and increase the company's FUM.

The marketing department, operating with a budget significantly reduced due to NDX was able to accomplish most of its goals for the year, which included improved brand image, targeted client activities and increased community involvement. We hosted 10 Investor Forums for the 14th year, as well as contributed to various social and youth initiatives which positively impact national development.

Our operations, compliance, IT and finance departments were all instrumental in our successes for the year, as they provided key support in the execution of our various transactions. They also continued on their drive to improve the existing systems and procedures to allow for more efficient service for both internal and external stakeholders.

At year's end, the hard work of our staff and the confidence of our clients earned us 6 Member Dealer Awards from the Jamaica Stock Exchange(JSE) for our work in the previous year. The JSE recognised us for our website, investor relations, marketing activities and revenue generation, expansion of investors and listed companies base, and the most prestigious of all the awards, the best overall member dealer.

The 2013 financial year has taught us an important lesson about adversity and resilience. Through tumult, we are confident that our strategies for growth along with our desire for success will drive us to significant accomplishments for our clients and shareholders for the future. Whilst we continue to operate in an environment of economic uncertainty, our ability to be inventive and adaptable will only serve us well, and ensure that our team continues to provide value for all the stakeholders of our company.

We would like to extend our sincere gratitude to our Board of Directors, which continues to provide us with excellent leadership; our staff, which continues to work assiduously to ensure that we perform at our zenith; and to all our clients and shareholders, who continue to believe in us by giving us the opportunity to serve them well.

Gary Peart
Chief Executive Officer

Seated L-R: Willett Wilson, Jordan Brown, Christiana Millington, Julia Yap
Standing L-R: Anika Smith, Racquel Anderson-Wilson, Paul Buchanan, Marie Gray, Kayree Berry-Teape, Alana Romans, Wade Mars

Our Management Team

Seated L-R: Wayne Blake, Anna-Leah Reid, Dino Hinds,
Standing L-R: Dwayne Morris, Tania Waldron-Gooden, Jimmy McFarlane, Andrea Ho-Sang, Trudy Ann Edwards, Sitarah Smith, Tania McDonald-Tomlinson

Our Management Team

Client Relations and Human Resources

Seated L-R:
Tania McDonald-Tomlinson,
Petre-Gay Bailey

Standing L-R:
Nicolette Bennett,
Debborah Dowding,
Miguel Christie,
Anna Leah Reid

Treasury, Trading and Asset Management

Seated L-R:
Zahra McGraham,
Sitarah Smith

Standing L-R:
Jimmy McFarlane,
Kara Smith, Wade Mars,
Tamara Clough, Dino Hinds,
Christopher James

Sales & Marketing

Seated L-R: Karen Hall, Kwame Smith, Danielle Campbell
Standing 1st Row L-R: Shanique Anderson, Anika Smith, Jodie-Ann Bennett, Shanique Palmer, Karel Rose, Shynelle Anderson, Paula Pusey,
Standing 2nd Row L-R: Okelia Parredon, Damion Wizzart, Winston Wong, Jhanielle Taylor, Sigourney Hitchins, Dwayne Neil, Diana Chong, Latoya Haylette, Philbert Perry, Paul Buchanan

Research, Corporate Finance & Special Projects

Seated L-R: Leon Franscique, Alana Romans, Wayne Blake
Standing L-R: Christina Millington, Tania Waldron-Gooden, Richard Dean, Shadaya Small, Tamika Becky, Joedian Haughton

Information Technology, Compliance & Risk and Project Management Office

Seated L-R: Trudy Ann Edwards, Nicholas Coote, Sharon Hetridge
Standing L-R: Monique King, Robert Edwards, Candace Gentles, Kevon Green, Nekiesha Harvey, Dervon McKellop, Nadine Anderson, Marie Gray, Racquel Anderson-Wilson

Finance

Seated L-R: Racquel Brown, Aneka Lee
Standing L-R: Roger Salmon, Cordell Bennett-Pike, Charles Rodriquez, Alicia Walker, Willett Wilson Samoya Whyte, Paul Reid, Shirnette Mason

Administration

Seated L-R: Michelle Chung, Nadralee Smith
Standing L-R: Authurine Wallace, Naciena Kayiga, Kerion Cameron, Kamar Rose, Shelaine Jackson-Brown, Ash-Sham Gillette, Michelle Graham, Camille Chambers

Facilities & Administration

Front L-R:
Demar Linton,
Sandra Lake, John Douse

Back L-R:
Jahmarah Johnson,
Dean Whittingham,
Dwain McLeod,
Richard James

Operations & Securities

Seated L-R: Michelle Sarju, Andrew Johnson, Kerine Hewitt, Dwayne Morris
Standing L-R: Noel Francis, Tishema Graham, Andrea Ho-Sang, Venise Thompson, Oneil Roberts, Garcia Hamilton

IS YOUR COMPANY IN THE
$100 MILLION
CLUB?
Are your sales greater than $100M and growing by 30%?
Need help financing the growth?
Call us. We help small companies grow.
+1 (876) 383-2618 | investmentbanking@mayberryinv.com
MAYBERRY
INVESTMENTS LIMITED
Established 1985

Corporate Data

Executives

Christopher W. Berry, B.Sc. (Hons.)
Chairman

Konrad M. Berry, B.Sc. (Hons.)
Vice Chairman

Erwin L. Angus C.D., JP, B.A. (Hons.)
Managing Director

Gary H. Peart, M.B.A., B.Sc.
Chief Executive Officer

Sharon L. Harvey-Wilson,
FCA, FCCA, M.B.A.
Chief Operating Officer

Non-Executives

Benito F. Palomino, LLB. (Hons.), B.Sc. (Hons.) M.Sc.

David P. McBean, D. Phil, B.Sc. (Hons.)

Sushil K. Jain, B.Com, B.L., FCA, FCCA, FCMA, FCIS, FICWA, FCS.

Gladstone L. Lewars, BSc (Econ) Hons, M.Sc. (Econ), M.Sc. (Accounting), FCA.

Managers

Andrea Ho-Sang, B.B.A. (Hons.), Dip.,
Senior Vice President Operations & Administration

Paul Buchanan, B.B.A., Dip. (Finance)
Senior Vice President Sales and Marketing

Dino Hinds,
Senior Vice President Treasury, Trading & Asset Management

Tania Waldron Gooden, M.B.A., B.Sc. (Hons), Post. Dip.
Senior Vice President - Research, Corporate Finance & Special Projects

Anika Smith, M.A., B.A. (Hons.)
Assistant Vice President – Marketing

Ian Laidlaw, B.Sc. (Hons.)
Sales Manager

Alana Romans, B.Sc. (Hons.)
Senior Manager – *Research, Corporate Finance & Special Projects*

Wayne Blake, M.B.A., B.Sc. (Hons.)
Assistant Vice President – Corporate & Retail Finance

Sitarah Smith, B.Sc.
Senior Manager – Markets & Trading

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Vice President - Human Resources

Trudy Ann Edwards, BBA (Hons.)
Manager - Compliance & Risk

Corporate Data

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Information Technology Manager

Willett Wilson, ACA, FCCA, M.B.A
Financial Controller

Dwayne Morris, Dip. (Hons.)
Operations Manager

Anna Leah Reid,
Sales Compliance & Client Relations Manager

Julia Yap, M.B.A., B.Sc.
Facilities Manager

Christina Millington,
M.Sc., B.Sc., CIA, CFSA, CPA
Senior Manager Corporate Finance

Kayree Berry-Teape,
M.B.A. (Distinction), B.Sc. (Hons),
B.A. (Hons), Dip
Chief Executive Officer – Mayberry Foundation

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Konrad M. Berry

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Attorneys-at-Law

Patterson, Mair, Hamilton
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Hart Muirhead Fatta

Bankers

Bank of Jamaica
Citigroup
National Commercial Bank Ltd.
First Caribbean International Bank Ltd.
Bank of Nova Scotia Jamaica Ltd.
First Global Bank Ltd.

Investment Banks

Deutsche Bank Alex Brown
Morgan Keegan
Oppenheimer & Co. Inc.
RBC Dominion Securities
Standard Bank

Management's Discussion and Analysis of Financial and Operating Performance

for the Year Ended 31 December 2013

Core Activities

Mayberry Investments Limited is a full service financial institution which offers individuals and institutions a full range of investment products and services for 28 years in the capital market. At Mayberry, we stand by our mission to create the best opportunities for our clients and to realize their financial objectives. Mayberry's activities include corporate advisory services such as debt and equity structuring, brokerage services, asset and portfolio management and administration services, as well as cambio and research services.

Strategic Outlook

We remain positive for 2014 while being attentive to changing market conditions. We will seize opportunities to provide the best outcomes for our clients and investors. As our clients demand better returns and expansion of their portfolios, we continuously seek the best ways to satisfy their needs in the midst of uncertainties and volatility in the international and local markets.

Our commitment to continue working with small and medium-sized companies has propelled us to be the first broker to list the first corporate bond on the Jamaica Stock Exchange Bond Market. We are very proud of this effort as this marks a historic transaction for the Jamaica Stock Exchange and our client. We are proud to lead the way for growing the Junior Stock Exchange and also making a vital contribution to the development of the equities market in Jamaica.

We know that the commitment demonstrated by our dynamic team is an essential part of our strategy for improving business operations and we will continue to focus on staff growth and development in support of our efforts to achieve our objectives for 2014.

For 2014 our strategic focus will be on:

- **Revenues.** Increasing profitability of the company through increased trading activities for all security types. We will grow our proprietary portfolio and increase the returns while managing the associated risk. The strategy for our corporate advisory services will assist us to focus on our clients and their needs which will yield better results this year.

- **Relationship building.** Continue to provide our customers with superior client experience, while aligning our product offering to their changing needs as well as maintaining excellent customer service and continue to focus on increasing our alliances with strategic partners to facilitate service delivery.

- **Operational efficiency.** We will continue to improve our operational efficiency whilst ensuring the required value added is achieved within the constraints of balancing our costs and remaining competitive in this ever changing environment.

- **Excellence and Accountability.** Our objective is to be recognized

Management's Discussion and Analysis of Financial and Operating Performance (Cont'd)

as an employer of first choice. We will continue to attract, recruit and retain the best talent and aligning their objectives with that of the company. We will continue to focus on improving the accountability and performance of each team member thus enabling us to meet our strategic objectives for 2014

- **Risk Management.** We will continue to be proactive in assessing, identifying and mitigating the level of risk exposures and the associated impact on our business operations. We are aware that this approach is necessary to secure our existence and achieve our strategic objectives as dictated by the rapidly changing business economic environment.

- **Corporate Social Responsibility:** Our goal is to have a positive impact on society. We acknowledge that successful organizations need a healthy society, so through our foundation we will continue to support healthcare, sports and education which are pivots for a healthy workforce and a better society.

ECONOMIC AND BUSINESS ENVIRONMENT

International

Global growth was in low gear in the first half of 2013, but gained momentum in the second half of the year as there were indications of growth in advanced economies where demand increased, while in the emerging economies a rebound in exports was the main driver of activities. Domestic demand in the leading economies remained subdued except in China.

According to the World Economic Outlook, (WEO), activities in advanced economies have accelerated somewhat, conversely, in less developed economies and emerging economies slow growth was recorded based on structural factors. Emerging markets experienced capital outflows, currency depreciation, wider bond spread and declining equity prices. Additionally, activities in the mid-east region was held back by political transitions in many countries and slower oil production in oil exporting countries.

In the United States, growth remained modest at an annual rate of 2.4% and inflation averaging 1.5%. These indicators suggested a recovery in the US economy, supported by improvement in unemployment which fell to 7.2% in September from 7.8% in prior year 2012 and a peak of 10% in 2009. Recovery in the housing market was also evident, despite higher mortgage rates.

With the US economy returning to economic growth, the Federal Reserve announced on December 18, 2013, it would begin tapering its buying back of bonds program from member banks, as three of its economic targets were met. The bond buy back program, referred to as quantitative easing (QE) is the buying back of bonds from member banks, where the Fed purchases U.S. Treasury notes and mortgage-backed

Management's Discussion and Analysis of Financial and Operating Performance (Cont'd)

securities (MBS), and issues credit to the banks' reserves to buy the bonds. The expansionary monetary policy program also aims to lower long term interest rates to seek to encourage borrowers to spend and invest and spur economic growth.

Social and political tensions, high unemployment and a depressed labour market in addition to inflation which remains below the European Central bank (ECB's) medium term objectives, continue to hurt the Euro area. However, the area returned to growth in the second and third quarter of 2013 after six quarters of recession. Statistics show that euro-wide GDP expanded by a mere 0.1%, less than the already gloomy 0.2% that had been projected in the markets.

According to The Economist, the dismal outcome arose mainly from a slowdown in Germany, the euro area's biggest economy, and actual output declines in France and Italy, the second and third largest economies respectively. So feeble was the recovery it will do little to alleviate the economic hardship being experienced in southern Europe and could prompt a political backlash against ruling parties that have pushed through harsh austerity programs, which will come to the fore in May 2014 in the elections across Europe to the European Parliament.

Growth in Asia was moderate but was weaker than anticipated as explained by the WEO. This was caused from a more rapid slowdown in the pace of growth in China which affected industrial activities in emerging markets, as well as weak domestic demand and supply side constraints This highlighted structural weaknesses and vulnerability and provided a wake-up call for Asian policymakers not to lose focus on tackling key economic and investment constraints.

The oil-producing region also experienced decelerated growth, driven by falling oil production. In economies such as Iran, Iraq and Libya, high geo-political tension, economic sanctions, unscheduled maintenance and deteriorating security have disrupted oil supply during the year.

The Latin and America region, not immune to the performance of global economies, has also experienced subdued growth as a result of less supportive external conditions and domestic supply constraints. Also, increase in global financial markets volatility hit the region's exchange rates, sovereign spreads and stock markets. In some countries governments responded to market turbulence by easing capital controls and intervening to contain exchange rate volatility.

Notably, there was a consistent trend in world markets during financial year 2013. Growth was observed but was either below prediction, off trend or moderate. However, with some form of confidence returning to global economies, it is expected that global economies will grow faster in 2014.

Management's Discussion and Analysis of Financial and Operating Performance (Cont'd)

LOCAL

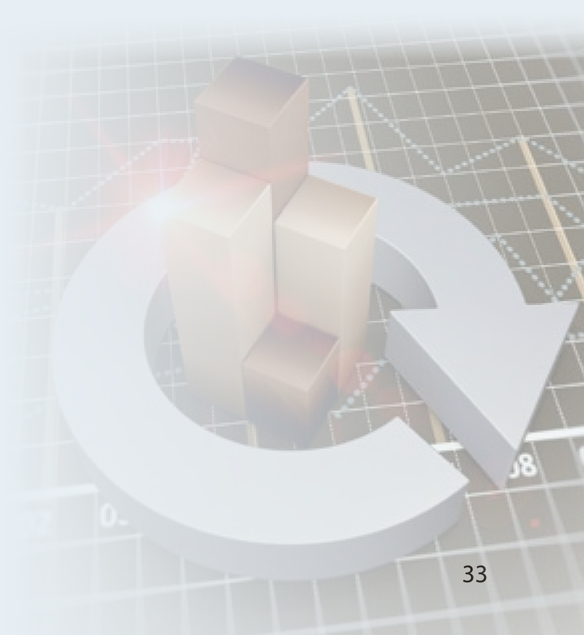
The local economy continued to experience low economic growth, high public debt, and social challenges. Additionally, the International Monetary Fund (IMF) Stand-By Agreement of 2010 had somewhat derailed, causing lower investor confidence. These factors forced the authorities to revisit their strategy to tighten fiscal policies and economic reform to help boost economic growth and development.

On May 01, 2013, The Executive Board of the International Monetary Fund (IMF) approved the four-year Extended Fund Facility (EFF) arrangement for Jamaica to support the comprehensive economic reform agenda. The financing arrangement forms a critical part of a total funding package of US$2 billion from the country's multilateral partners including the World Bank and the Inter-American Development Bank, with each having agreed to allocate US$510 million over the next four years. The Executive Board approval enables an initial disbursement by the IMF of an amount equivalent to SDR 136.75 million (about US$207.2 million)

National Debt Exchange

In February 2013, the government launched another debt restructuring initiative, the National Debt Exchange (NDX) in an effort to improve fiscal and debt sustainability. This was the most significant development in the financial sector for the year. The NDX entails the voluntary exchange of approximately $860 billion of Government of Jamaica's (GOJ) domestic debt which were exchanged at lower coupons and re-fixing margins with extended maturities. Investors also had the option of accepting a Fixed Rate Accreting Note (FRAN). This was a successful venture for the government as more than ninety-seven percent (97%) of bond holders supported the initiative.

The implementation of the NDX was a crucial factor for the GOJ to satisfy the requirements for a new IMF agreement. In the absence of the NDX the government would have to payout J$119 billion to bondholders of which $30 billion was interest. This initiative though realized losses for investors, is expected to reduce the nation's debt to Gross Domestic Product (GDP) by $17 billion per year into year 2020; lowering it to a level of 95% from current levels of 140%.

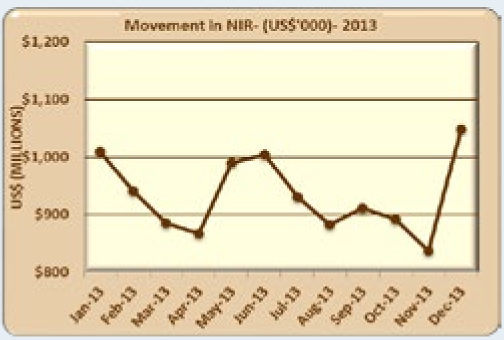


Management's Discussion and Analysis of Financial and Operating Performance (Cont'd)

Net International Reserves

The Net International Reserves (NIR) plunged below the one billion mark in February 2013, the first time in 12 years. The injection of funds from multilaterals in June had restored the NIR to the billion dollar levels.

However not long after it spiraled downwards, to a 13-year low of $835.69 million in November. At this level the reserve had lost 26% of its value for the year and represented only 11.03weeks of goods and services imports, which was below the international bench mark of 12 weeks of goods and services imports.



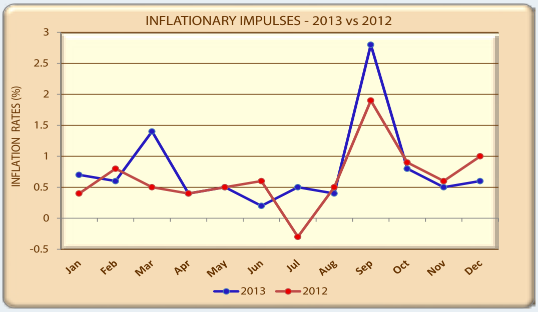
The depletion of the reserves was mainly due to sale of foreign assets, Bank of Jamaica's (BOJ) efforts to contain the fast pace devaluation of the Jamaican dollar as well as payments to the IMF. As at December 31, 2013, the NIR stood at US$1,047.83 billion, representing US$77.75 million or 7% less than its total of $1,125.58 billion at start of the financial year 2013. At current levels, the reserves are enough to cover 16.73 weeks of Goods Imports and 12.60 in weeks of Goods and Services Imports

Inflation

At the end of this financial year headline inflation was 9.7% compared to 8% for the corresponding period 2012, representing a 1.7% point increase in the index for this calendar year. Inflation for the first quarter of the year was predominantly as a result of increased pace of exchange rate depreciation driven by imports of processed foods and energy components, drought conditions which caused an increase in some agricultural produce, as well as seasonal price increases. The average inflation rate for the quarter was 2.7%. In the second quarter, inflation averaged 1.1% driven mainly by increases in energy costs and continued depreciation of the Jamaican dollar. In the third quarter, headline inflation was 3.7%.

Inflation for the quarter primarily reflected an increase in bus and taxi fares, an uptick in imported fuel prices as well as higher prices associated with the seasonal spike in the demand related to back-to-school preparations and holiday activities.

Management's Discussion and Analysis of Financial and Operating Performance (Cont'd)



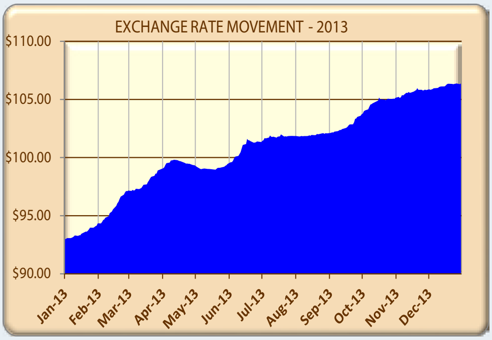
Additionally, demand pressures emanating from a decline in Net Private Capital (NPC), as well as the downward spiral of the NIR all contributed to an accelerated pace of depreciation.

The embattled local currency devalued against the United States Dollar (USD)every month in financial year 2013, continuing on the trend from 2012. However, in 2013 the devaluation pace was more rapid and uncertain. By year end the Jamaican dollar had lost $13.41or14.42% of its value to its major trading counter-party the USD. According to BOJ, the increased pace of depreciation was influenced by a decline of US$255.3 million in NPC flows. In addition, there were anxieties about the Government's ability to finance large debt payments in February 2013. Given these concerns, investors and merchants continued to hedge against further movements in the exchange rate, fuelled by high levels of Jamaican Dollar liquidity. These developments contributed the highest monthly devaluation rate of 3.2% for the year, being recorded in February.

In the last quarter, inflation rate averaged 1.9% relative to the 2% average for the last five December quarters. Inflation for the quarter primarily reflected increases in the cost of electricity, water and sewage rates, as well as price adjustments related to an uptick in demand during the Christmas holidays. According to The Statistical Institute of Jamaica (STATIN), the division recording the highest movement for the calendar year 2013 was Transport, which increased by 20.4% as a result of an increase in bus fare in September and the division recording the lowest movement was Communication which was the only division to record a decline, moving down by 4.2% as telecommunication rates fell during the year. Of note, the lowest monthly inflationary movement occurred in June, while the highest impulse was recorded in September, which were 0.2% and 2.8% respectively.

Foreign Exchange

The foreign exchange market remained troubled in the context of continued uncertainty regarding the timing and content of an agreement with the IMF on the country's macro-economic policy.



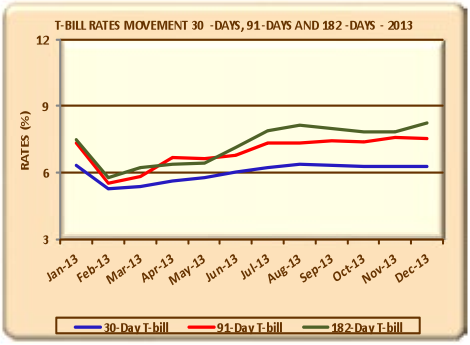
Management's Discussion and Analysis of Financial and Operating Performance (Cont'd)

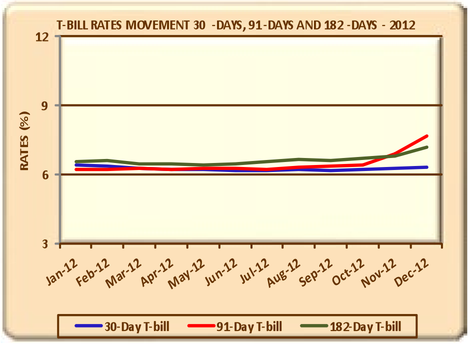
In the second and third quarters of the year, the weighted average selling rate (WASR) of the Jamaican dollar vis-á-vis the US dollar depreciated by 2.5% and 2.1% respectively. The depreciation in the quarters were largely due to continued weak net private capital flows and seasonally higher spending on imports, particularly raw materials and consumer goods, in addition to a decline in earnings from sugar and remittances. In the last quarter, there was a slight uptick in the pace of devaluation of the dollar, compared to the previous two quarters. The weighted average selling rate of the Jamaica dollar vis-á-vis the US dollar depreciated by 2.6%. The heightened pace of depreciation during the quarter, was primarily concentrated in the first half of October, and was associated with pressures arising from concentration of earner supply and institutions hedging against further depreciation by seeking to increase their foreign currency positions through competitive bidding.

Local Interest Rates

Given the demand pressures, the Central Bank exercised Monetary Policy measures to achieve management of liquidity, contain interest rates as well as the devaluation of the Jamaican dollar. Consequent to the implementation of the NDX in February 2013, there was a decline in average yields on GOJ Treasury bills across all tenures. This was short lived as interest rates for all tenures increased subsequent to February 2013.

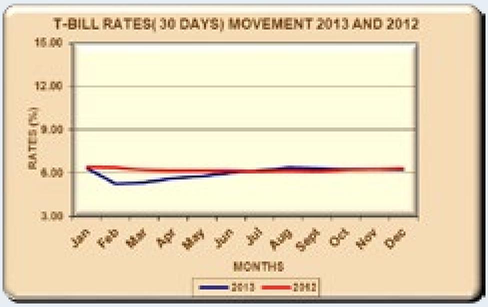
During the year, investors showed preference for shorter term securities and willingly accepted lower interest rates on this tenure given the uncertainty surrounding Jamaica's economic prospects and the rapid pace of devaluation of the Jamaican dollar against the major trading currencies. Against this background, there was an uptick in average yields on Treasury bills across all tenures for the year.



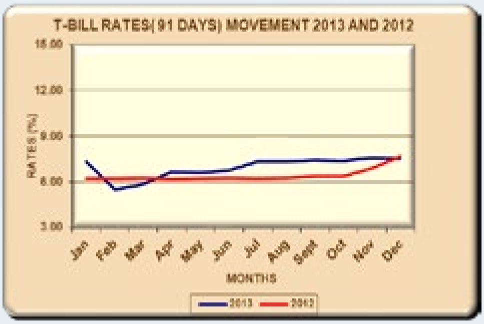


Management's Discussion and Analysis of Financial and Operating Performance (Cont'd)

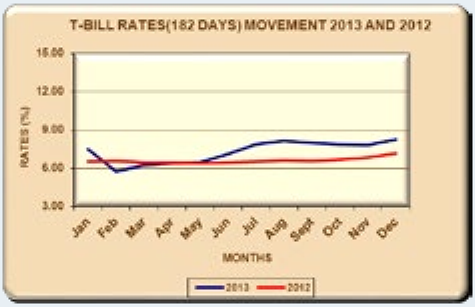
The average yield on 30-day Treasury bills was 6.34% at the start of the year and fell to 5.25% in February after the NDX. Yields trended upwards and peaked at 6.37% in august before closing the year at 6.25% or 6 basis points less than corresponding period 2012.



Average yields on 90 day treasury bills were 7.32% at the start of the year and closed the year at 7.53%. The highest yield for this tenure was observed in November 2013 which was 7.57%.



Average yields on the 180-day tenures started the year at 7.47% and peaked at 8.25% in December. This is the highest market determined interest rates have been since 2010. Yields have increased by 107 basis points on this tenure when compared to the corresponding period 2012.



Stock Market

Main Index

At close of trade December 31, 2013, the Jamaica Stock Exchange (JSE) Main index stood at 80,633.55 points, declining 11,467 points or 14.22% when compared to the corresponding period 2012.
Low domestic economic activities, low investors' confidence and an accelerated pace of depreciation in the exchange rate contributed to a bearish equities market for the financial year. Following the announcement of the NDX, stocks plummeted, specifically all financial sector stocks.

Management's Discussion and Analysis of Financial and Operating Performance (Cont'd)

Trading from the sluggish market activity resulted in the trading of 42 stocks during the year; of which 17 advanced, 22 declined and 3 traded firm.

Junior Stock Exchange

During the 2013 financial year there were concerns surrounding the status of the JSE Junior market and the incentives being granted to small and medium-sized enterprises. The Junior Market was launched on April 1, 2009 and was designed to encourage and promote investment in Jamaica's entrepreneurship, employment, and economic development. The incentive was granted and applied over a period of ten years. The JSE allows equity financing rather than debt financing and is designed for the benefit of raising capital of up to J$500 million for small and medium enterprises. There were speculations that if these changes materialized, the small and medium-sized enterprise (SME) sector will give up its job-creating activities which will directly impact the economy.

The incentive allowed companies listed on the JSE Junior Market to enjoy full relief from income tax for the first five years, 50% of the corporate tax rate for years six to ten, and received exemptions on transfer tax on shares, as well as stamp duty on such transfers.
However, the new tax reform measure sought to provide a more competitive tax environment for businesses and was an important reform of the tax regime for the four-year Extended Fund Facility agreement with the IMF. Therefore, the Government has introduced a transition period for the phasing out of the special income tax incentives now enjoyed by companies listed on the Junior Market. Companies listed on the Junior exchange prior to January 1, 2014 will continue to enjoy their current benefits for the remainder of their unexpired incentive period, while companies that list on the Junior Market between January 1, 2014 and December 31, 2016, will be entitled to enjoy full relief from income tax for a period of five years from the date of listing. The 50% relief for the second five year was eliminated.

Despite the uncertainties, there were 5 new listings on the JSE Junior market during the year, bringing the total number of listed companies since inception to 22. With these new listings, the market advanced by 110.08 points or 14.53% when compared to the 2012. At close of day December 31, 2013 the overall market activity resulted in the trading of 22 stocks of which 13 advanced and 9 declined. The market stood at 757.86 points as at year end.

Tourism

The tourism industry experienced its most successful year in 2013, when it recorded several achievements in terms

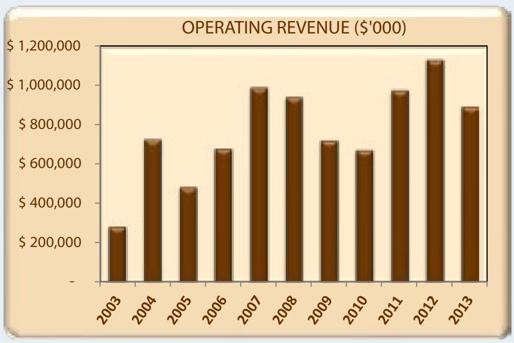
Management's Discussion and Analysis of Financial and Operating Performance (Cont'd)

of visitor arrivals, linkages, earnings, new markets tapped as well as partnerships formed with new airlines and cruises. In addition, Jamaica copped two World Tourism Organization World Travel Awards; the Caribbean's Leading Destination and the Jamaica Tourist Board being deemed the Caribbean's Leading Tourist Board.

The 2013 statistics on the industry's performance indicate that Jamaica is poised to record close to $2 billion in earnings from the sector in 2014.

OUR FINANCIAL PERFORMANCE

The financial year was characterized by economic uncertainties regarding a new IMF agreement, a depreciating dollar, as well as the National Debt Exchange which contributed to a reduction in our revenues for the year. These factors charted the way for a very challenging financial year.

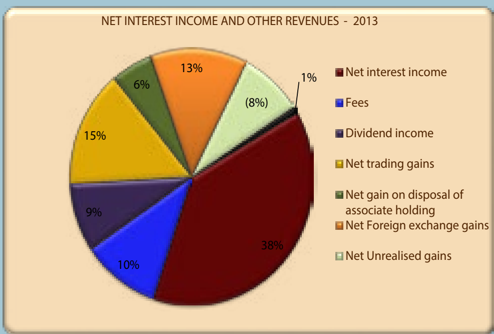


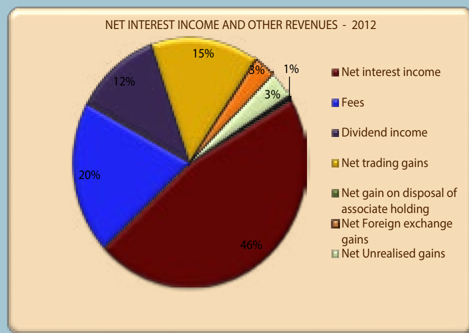
We were negatively impacted by the NDX and absorbed $337.5 million from the transaction, resulting in net profit of $102 million, a reduction $337 million or 77% compared $474 million for the corresponding period 2012. This translated to earnings per share of $0.09 compared to $0.37 for the comparative period 2012.

Net interest income and other operating revenues totaled $894 million, a reduction of $238 million or 21% compared to $1.1 billion for the comparative period 2012.

Our revenue lines were impacted by the market uncertainties during the year. We experienced reductions in net interest income, fees and commissions, dividend income and unrealized gains on our trading portfolio. However, these reductions were off-set by increases in net foreign exchange gains as well as gain from sale of a portion of our holdings in our associate company.

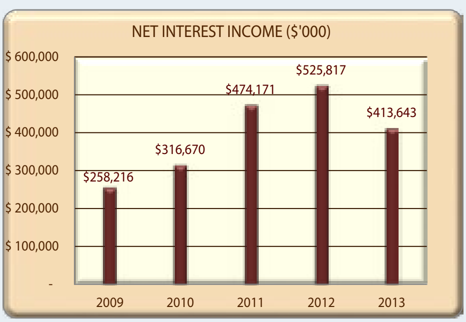
Management's Discussion and Analysis of Financial and Operating Performance (Cont'd)



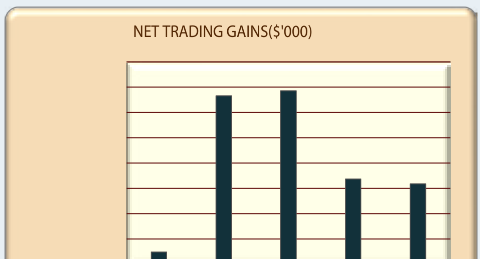


Net Interest Income

We recorded net interest income of $414 million, a reduction of $112 million or 21% less than comparative period 2012. The lower net interest income for this review period was as a result of the reduction in interest rate, consequent to the NDX. This contributed to an estimated $60 million reduction in interest income for the period.



Net trading gains amounted to $159 million, a reduction of $9 million or approximately 6%. This reduction in gains in our trading portfolio was as a result of less demand for local currency bonds during 2013 when compared to 2012.

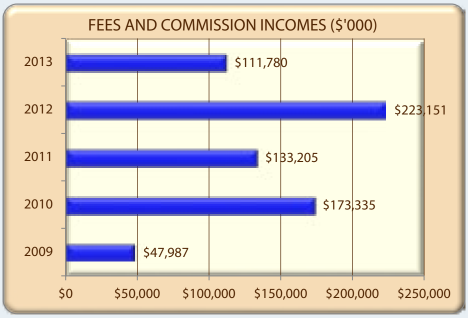


	2009	2010	2011	2012	2013
Net Trading Gains	24,281	333,060	342,979	168,351	159,013

Our fees and commission income amounted to $112 million compared to $223 million for the corresponding period 2012, a reduction of $111 million or 50%. Our fee based activities were hampered by uncertainty surrounding the JSE Junior market which negatively impacted investors' confidence. There was also less activity on the JSE main market which declined by 14 % over 2012 and closed the year at 80,634 points.

Dividend income amounted to $93 million a reduction of $42 million or 31%, compared to $135 million for the comparative period 2012. During the

Management's Discussion and Analysis of Financial and Operating Performance (Cont'd)



year additional taxes were imposed on dividends as part of the Government tax reform programme. Listed companies' dividends are now subject to tax at 15% compared to 5% previously. Listed companies paid out less dividends during the year which accounted for the reduction in income.

Net foreign exchange gains were $139 million, an increase of $105 million or 311% when compared to $34 million for the corresponding period 2012. The growth in our foreign currency gains was from increased foreign exchange trading activities as well as exchange rate movements during the year. The Jamaican dollar devalued by 14% against its major trading counterpart the US dollar.

There was an unrealized loss on investment revaluations amounting to $90 million compared to an unrealized gain of $39 million for the comparative period under review. The unrealized

During the year we continued our focus on cost containment measures aimed at achieving greater efficiency and cost reduction.

mark to market losses are attributed to decline in market prices of bonds and equity instruments on our trading portfolio which resulted from the market volatility in 2013.

Share of Results of Associate

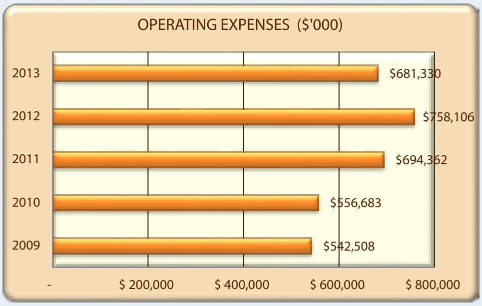
Our associate company, Access Financial Services (AFS) continues to yield a very strong return on investment and contributed $103 million to our net profits for this financial year compared to $100 million for the comparative period, an increase of $3million or 3%.

During the year we received dividends from AFS totaling $108 million. We have received a total of $198.6 million in dividends since our investment in AFS.

Management's Discussion and Analysis of Financial and Operating Performance (Cont'd)

OPERATING EXPENSES

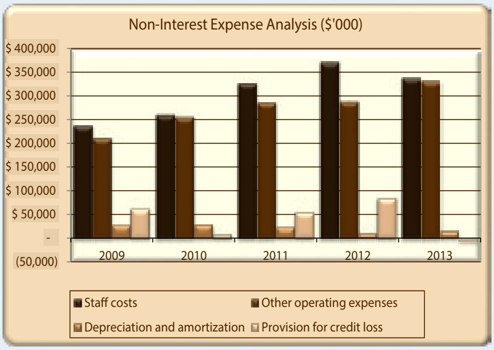
Total operating expenses were $681 million, compared to $758 million for prior year 2012 a reduction of $77 million or 10%. During the year we continued our focus on cost containment measures aimed at achieving greater efficiency and cost reduction.



Staff costs were $339 million, a reduction of $32 million or 9% compared to $372million for the corresponding period 2012. Staff costs for 2013 include a profit share of $8.4 million compared to $51.4 million for 2012.

During the year we increased our effort to recover impaired loans and collaterals on our portfolio. This effort has materialized and resulted in foreclosures and as such reduced our credit exposure for the period. Notably, no additional provisions were made for credit losses for this financial year. A net provision of $6 million was written back during the year, compared to a charge of $84 million for 2012, a reduction of $90 million.

Depreciation and amortization costs amounted to $15.6 million, an increase of $4 million or 39% compared to the corresponding period 2012. Additionally, other operating expenses amounted to $333 million, an increase of $42 million compared to $291 million for the corresponding year. Of note, the increase in expenses is driven mainly by the new asset tax imposed during the year for which we paid $23 million as well as the effects of the 14.4% devaluation of the Jamaican dollar against its major trading counter party the United States dollar.

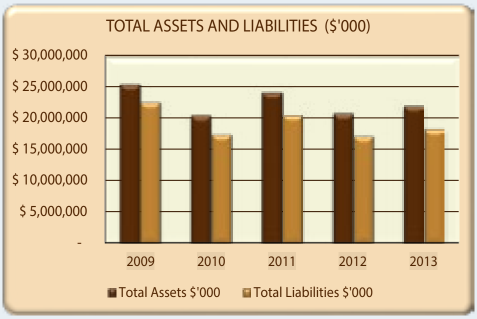


Management's Discussion and Analysis of Financial and Operating Performance (Cont'd)

ASSETS AND LIABILITIES

Assets

As at December 31, 2013, total assets were $22 billion compared to $21 billion for the comparative period 2012, an increase of $1.2 billion or 6%.

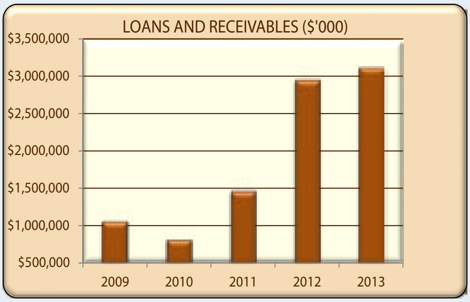


Asset Categories

Cash resources totaled $709 million, compared to $1.7 billion for the prior period, a reduction of $1billion or 60%. The reduction in our cash resources was a result of reinvestment of cash in our investment portfolios.

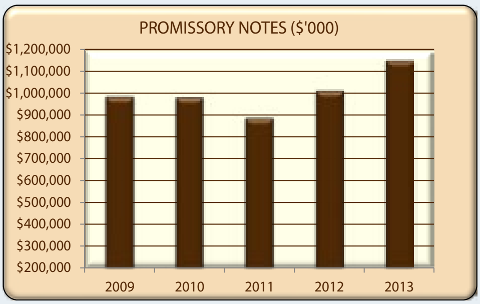
The investment securities portfolio totaled $15.6 billion, a $1.6 billion increase or 12%, over prior year 2012 which totaled $13.9 billion. This portfolio comprises Government of Jamaica (GOJ) Securities $4.6 billion, Foreign Government Securities $464 million, Corporate Debt Securities $7.6 billion and Equities of $3 billion. The increase in our investment securities portfolio was mainly attributable to increase holdings in Corporate Debt Securities for the year under review.

Loans and other receivables were $3.1 billion compared to $2.9 billion for the corresponding period 2012, an increase of $$165 million or 5.6%. Loans and receivables comprise client receivables, client margins, withholding tax recoverable, advance on corporation tax, and other receivables.

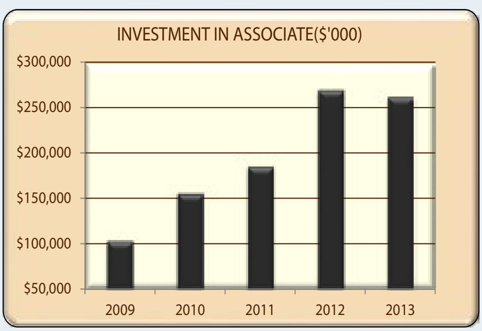


Management's Discussion and Analysis of Financial and Operating Performance (Cont'd)

Promissory notes after allowance for impairment were approximately $1.2 billion compared to $1 billion for the comparative period 2012, an increase of $139 million or 14%.
During the year we sold a small portion of our holdings in our associate company, Access Financial Services.



Investment in associate totaled $262 million compared to $270 for the corresponding period 2012, a reduction of $8 million or 3%. Our return on investments in Access Financial Services (AFS) remains positive. The market value of our holdings at the end of 2013 was $1.2 billion compared to our overall investment of $72 million to date.



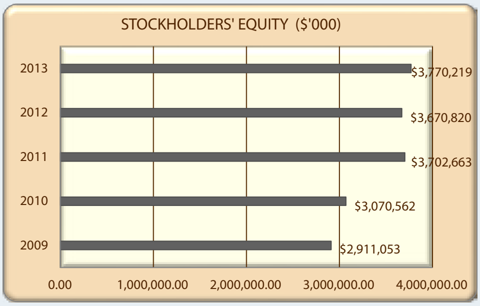
Reverse Repurchase Agreements totaled $387 million compared to $422 million for 2012, a reduction of $35 million or 8%, ***Interest Receivables*** - $247 million, a reduction of $16 million or 6%, ***Deferred Taxation*** - $147 million, an increase of $124 million or 528%, ***Property Plant and Equipment*** – $108 million an increase of $15 million or 15%. Other assets represent foreclosed loans which have been outstanding in our portfolio for a protracted period, after exhausting other legal remedies. This amounted to $272 million and represents the cost of the loans as foreclosed, plus the costs incurred to transfer the title to the company.

Liabilities

As at December 31, 2013, the total liabilities were $18.2 billion compared to $17.1 billion for the comparative period 2012. The increase in our liabilities was attributable mainly to a 47% increase in our clients' payable position.
Securities sold under repurchase agreement remained flat and totaled $13.7 billion compared to $13.6 billion for the comparative period 2012. The associated interest payable was also flat and amounted to $67 million when compared to $68 million for the corresponding period 2012. Loans and bank overdraft were $1.7 billion and $16 million respectively.

Management's Discussion and Analysis of Financial and Operating Performance (Cont'd)

Stockholders' Equity



As at December 31, 2013, Stockholders' equity amounted to $3.7 billion an increase of $99 million or 2.7% compared to the $3.6 billion for comparative period 2012.

The reduction in equity prices accounted for the unrealized marked to market losses of $163 million on our equity portfolio held at fair value through other comprehensive income, compared to a fair value loss of $142 million for 2012.

Stock Brokerage Recognition

Mayberry continues on its path to maintain a strong presence in the equities market. Our work in the market has propelled us to first position for the largest volume of trades executed and second position for both the number of trades and the highest dollar value of trades executed on the JSE Combined Market.

Additionally, the thrust has also placed your company at first position in value and the number of trades executed and second in the volume of trades executed on the JSE Junior Stock Exchange for financial year 2013. We were also ranked third for both the number of trades and the highest dollar value of trades executed and second for the largest volume of shares traded on the JSE main market for 2013.

Again, we were recognized by the Jamaica Stock Exchange for our effort and contribution to the market and

Management's Discussion and Analysis of Financial and Operating Performance (Cont'd)

were awarded the overall winner for the best member dealer, consecutively, as well as the award for the best website and investor relations for this financial year. We were also awarded first runner up for revenue generation and market activity and also awarded first runner up for the expansion of Investor's and Listed companies base.

We remain committed to making our contribution to the development of small and medium sized enterprises and are very appreciative for this recognition by the Stock Exchange.

Mayberry's Stock Trading

Mayberry Investments Limited stock price opened the year trading at $2.50 and closed the year at $2.00 a 25% change in value.   The daily average volume traded for 2013 was 279,036 units. Our stock traded at a high price of $2.90 in October 2013 and a low price of $1.90 in November and December 2013. The actual volumes traded ranged from 100 to 11,951,501 units. Mayberry has been in the JSE select index since January 1, 2008.

REGULATORY AND CAPITAL REQUIREMENTS

Our capital base remains strong. The Company's lead regulator, Financial Services Commission (FSC), sets and monitors capital requirements and requires the company to maintain a minimum of 10% capital to total risk weighted assets and 50% tier 1 capital to risk weighted assets following the NDX. At year end the capital to total risk weighted assets was 11.73% (2012: 15.27%) and   the tier one capital to risk weighted assets 98.65 % (2012: 98.58%).

Mayberry's policy is to preserve a strong capital base so as to maintain investor, creditor and market confidence

Management's Discussion and Analysis of Financial and Operating Performance (Cont'd)

and to sustain future development of the business. The impact of the level of shareholders' return on capital is also recognized and the Company acknowledges the need to maintain a balance between the higher returns that might be possible with greater gearing, the advantages and security afforded by a sound capital position.

The Company has complied with all imposed capital requirements throughout the year. There have been no material changes in the management of capital during the period.

RECENT REGULATORY DEVELOPMENTS

The Foreign Account Tax Compliance Act (FATCA)

Background

The Foreign Account Tax Compliance Act (FATCA) is an important development in the United States of America (U.S.) efforts to improve tax compliance involving foreign financial assets and offshore accounts. Under FATCA, U.S. taxpayers with specified foreign financial assets that exceed certain thresholds must report those assets to the Internal Revenue Service (IRS). In addition, the IRS further require that foreign financial institutions to report directly to the IRS information about financial accounts held by U.S. taxpayers, or held by foreign entities in which U.S. taxpayers hold a substantial ownership interest.

This reporting and withholding requirement will affect Jamaican organizations' "know your customer" (KYC), account opening processes, transaction processing systems and general procedures. Tax reporting personnel, compliance officers, and other key personnel in financial institutions will need to assess the possible effect these new regulations will have for their organizations and develop

Management's Discussion and Analysis of Financial and Operating Performance (Cont'd)

a plan for managing and mitigating any potential risk associated with this new Foreign Account Tax Compliance Act (FATCA) non-compliance.
At Mayberry we have acknowledged the importance of transparency in meeting these new regulatory requirements and have begun our analysis of the requirements in an effort to be compliant upon implementation.

The FATCA provisions were scheduled to become effective on January 1, 2014 and continue through 2017, according to a phased implementation schedule. However, pundits have indicated that the schedule did not provide sufficient time for companies to modify their current business practices and to make modification to systems and processes.

Additionally, it was also argued that continued uncertainty about Intergovernmental agreements (IGAs) would be treated as being in effect in particular jurisdiction further hinders the ability to comply on a timely basis.
It is against this background that the Internal Revenue Service (IRS) and the US Department of Treasury considered a six month extension for implementing various provisions under FATCA.
Since the proposed regulations were published on February 15, 2012, the Department of Treasury has collaborated with foreign governments to develop two alternative model intergovernmental agreements that facilitate the effective and efficient implementation of FATCA.
These models serve as the basis for concluding bilateral agreements

Management's Discussion and Analysis of Financial and Operating Performance (Cont'd)

with interested jurisdictions and help implement the law in a manner that removes domestic legal impediments to compliance, secures wide-spread participation by every non-exempt financial institution in the partner jurisdiction, fulfills FATCA's policy objectives, and further reduces burdens on FFIs located in partner jurisdictions. Seven countries have already signed or initialed these agreements.

FATCA and Jamaica

Representatives from the Financial Services Commission (FSC), Bank of Jamaica (BOJ), Tax Administration of Jamaica (TAJ), the Ministry of Foreign Affairs and Foreign Trade and the Attorney General's Chambers held discussions surrounding the implications of FATCA on the Jamaican financial sector; including the Government's tax imperatives, with the objective of providing recommendations as to the appropriate measures to be adopted by the Government in this area.

The Group considered the key issues arising from the FATCA regime, including the obligations that financial institutions have to meet in order to be considered a participating foreign financial institution. This required a consideration of the current legal framework and whether it could accommodate compliance with FATCA. A survey was conducted in the sector to determine the state of readiness for the implementation of FATCA.

The outcome showed that licensees held a preference for FATCA Model 1

Management's Discussion and Analysis of Financial and Operating Performance (Cont'd)

(IGA). This model has been approved by the Jamaican Government and as such Jamaica entered into negotiations for a Model 1 IGA with the USA to facilitate the implementation of FATCA. Notably, the adoption of this model means that local financial institutions which are affected by FATCA will make their reports regarding tax information on US persons to a Jamaican Central Authority that will be responsible for transmitting the information to the US tax authorities.

Features of the Model 1 Inter Governmental Agreement

- **Governmental Central Authority:** Under this version of the Model Agreement, certain FATCA Partner countries will implement legislation requiring foreign financial institutions (FFIs) located in those jurisdictions to collect and report information regarding their account holders to the relevant local tax authorities, which will compile and forward this information to the IRS.

  In exchange, the IRS would collect information regarding accounts held with financial institutions in the United States (US) by tax residents of the relevant FATCA Partner, and report this to the tax authorities of that partner country.

- **Automatic Exchange of Information:** While US laws restrict the distribution of such information, it is anticipated that the reciprocal agreement will only be available to countries that have a treaty and tax information exchange agreement with the US and otherwise have strong protections, under local law, limiting the use of the information exchanged. Under another, non-reciprocal, version of the Model Agreements, FFIs located in the relevant FATCA Partner jurisdiction would collect and report information regarding their accountholders, which would be forwarded to the IRS, but the tax authorities of that jurisdiction would not receive any corresponding information from the US regarding accounts its tax residents maintain with US financial institutions.

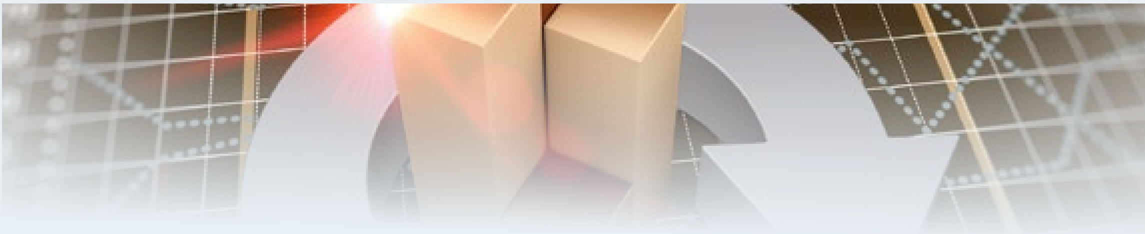
- **Government of Jamaica undertakes to remove obstacles to disclosure:** FFIs in jurisdictions with which the US has signed either a reciprocal or non-reciprocal agreement would not be subject to the new US withholding tax under FATCA.

  In addition, they will not be required to separately enter into agreements with the IRS under which they would become participating FFIs and agree to identify their US accountholders to the IRS, thereby addressing concerns regarding data protection and bank secrecy laws that would potentially prevent FFIs in those jurisdictions from releasing such information to the IRS.

RISK MANAGEMENT FRAMEWORK

The Company's principal business activities – securities dealing, brokerage and asset management, are by their nature, highly competitive and subject to various risks, including volatile trading markets and fluctuations in the volume

Management's Discussion and Analysis of Financial and Operating Performance (Cont'd)



of market activities. Consequently, the Company's net income and revenues have been, and are likely to continue to be , subject to wide fluctuations, reflecting the effects of many factors, including general economic conditions, securities market conditions, the level and volatility of interest rates and equity prices, competitive conditions, liquidity of global markets, international and regional political conditions, regulatory and legislative developments, monetary and fiscal policy, investor sentiment, availability and cost of capital, technological changes and events, changes in currency values, inflation, credit ratings and the size and volume of transactions.

These and other factors can affect the volume of new securities issuances, mergers and acquisitions and business restructuring; the stability and liquidity of the securities market and the ability of issuers and counterparties to perform on their obligations.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Assets and Liabilities Committee (ALCO) which is responsible for developing and monitoring the Group's risk management policies in their specified areas.

ALCO places trading limits on the level of exposure that can be taken and monitors risks and adherence to limits. The Group, through its training and management standards and procedures, aims to develop disciplined and constructive control environment, in which all employees understand their roles and obligations. This is supplemented by the Revenue Committee which assesses the performance of each portfolio on a weekly basis.

The Audit Committee is responsible for monitoring compliance with the Group's risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in these functions by both the Compliance Unit and Internal Audit. Compliance Unit and Internal Audit undertake both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors and the Audit Committee, respectively.

S. Harvey-Wilson

Sharon Harvey-Wilson
Chief Operating Officer

Departmental Reports 2013

Asset Management

The Asset management department continued its focus of providing group and individual portfolio management solutions for our clients. Two additional managed portfolios were launched during the year as we meet our clients' needs by providing portfolios for various asset classes and catering to their different risk appetites. Overall funds under management increased 23% from these initiatives as well as growth in investments in our existing products.

Equity trading continues to be an important revenue area of the company. Despite increased competition in the market our company consistently ranked either 1st or 2nd in overall market rankings by the Jamaica Stock Exchange in the three main categories measuring market activity by brokers. Market activity on new listings that Mayberry brought to the JSE Junior Market allowed investors to realise profits and the company to generate fee income.

Facilities Department

The Department is committed to maintaining the facilities in the most aesthetically pleasing and optimal operating condition possible. We recognize that our goal of creating and maintaining a safe working environment must never be compromised and should always be at the forefront of every decision we make.

We take the safety and well-being of our clients and staff seriously and strive to provide a suitable and sustainable environment for all. We encourage an open atmosphere for the exchange of ideas and suggestions for continuing quality improvement.

For 2014 we will maintain our policy of evaluating and continually improving the methods and processes within our organization to serve you better.

Finance Department

The Finance team navigated anticipated changes throughout the year 2013 to ensure the corporate objective of improved efficiency remained one of the hallmarks of the department. Being 'consistent' with change, the team ensured that challenges were formidably combatted, as it stood steadfastly committed to strengthening internal controls, ensuring adherence to policies and procedures, providing useful and detailed financial analyses, while offering solid support and value-added services to the company at large.

For the year ahead, the Finance team will once again, with greater determination, champion the automation of major critical processes and follow-through with the gradual transformation of the department's structure. The achievement of these goals are to be realized through succession planning, talent management and staff empowerment, to give the desired results of greater accuracy for each and every time paying attention to detail - getting it right the first time. We look forward to even greater efficiency via improvement in customer and supplier

Departmental Reports 2013

satisfaction and service including a shortened delivery and turn-around time. The achievement of these goals will better align our team's effort with the corporate mission, vision and objectives in a sustainable way.

Human Resource Department

Our continued utilization of the Balanced Scorecard ensures that everyone understands the importance of his/her role in achieving the strategies of Mayberry. One of HR's mandates for 2013 was the development of staff in key areas. Great emphasis was therefore placed on the training of our resources this year. Emphasis is also placed on twice yearly performance evaluations to determine and ensure that the training has resulted in sound technical competence.

Accountability through evaluations is also key to manifesting ownership of individual and group objectives. There will be a renewed focus on succession planning throughout the organisation as we deepen the training within departments.

The National Debt Exchange (NDX) posed a special challenge for Mayberry, and ultimately, its Human Resources. We therefore had to find creative means of getting on with the job at hand and not allow this hiccup to distract or deter us from performing. It perhaps taught all of us at Mayberry that the important things, our clients and our team, rely on each other for sustenance and existence. Our team weathered the storm, and there is a renewed drive to meet the objectives set for 2014 – 2015. While we await the results of the Employer of Choice competition, we will continue to work as a team to achieve a more successful 2014.

MAYBERRY INVESTMENTS LIMITED
Established 1985

Forum Highlights 2013


L-R: Hugh Reid, President - Scotia Jamaica Life Insurance, Gary Peart, CEO-Mayberry, Ravi Rambarran, President & CEO- Sagicor International and Hon. Horace Dalley, Minister without portfolio in the Ministry of Finance and Planning


L-R: Wade Mars, Assistant VP of Asset Management-Mayberry, Marlene Street-Forrest, General Manager- Jamaica Stock Exchange, Michelle Chong, CEO-Honey Bun, Tania Waldron-Gooden, Senior VP of Corporate Finance, Research & Special Projects-Mayberry and Sushil Jain, Director-Mayberry


L-R: Gary Peart, CEO-Mayberry, Don Wehby, CEO-GraceKennedy, Frank James, CFO-GraceKennedy


L-R: Gregory A. Fisher, Managing Director and Head of Institutional EM Fixed Income Sales- Oppenheimer Inc


L-R: Norman Rainford, Partner, Tax-KPMG, Brian Denning, Tax Partner-PwC, Brian Pengelley, President-Jamaica Manufacturers Association


L-R: Peter Chin, CEO-Lasco Distributors, Eileen Chin, CEO-Lasco Manufacturing, Hon. Lascelles Chin, Chairman-LASCO Affiliated Group of Companies, Jacinth Hall-Tracey, CEO-Lasco Financial Services, Gary Peart, CEO-Mayberry


L-R: Kelly Tomblin, President & CEO JPSco, John Carberry, Assistant Vice President of Energy-Jamaica Broilers, Jason Robinson, CEO-Solar Buzz, Sushil Jain, Director of Mayberry


L-R: Konrad M. Berry, Vice Chairman-Mayberry, Owen James, Host of the Owen James Report, Anand James, Managing Director-Caribbean Flavours and Fragrances, Hugh Graham, Managing Director-Paramount Trading Jamaica, Stephen Spence, CEO-SMS Communications, Sushil Jain, Director-Mayberry


L-R: Ian Laidlaw, Sales Manager-Mayberry, Paul Chin, Financial Services Unit Manager-Jamaica Business Development Centre, Audrey Richards, Consultant-Development Bank of Jamaica, Wayne Blake, Assistant-VP of Corporate Finance-Mayberry


L-R: Jamil Bennett, Account Manager - Government and Strategic Accounts-Columbus Business Solutions, Anika Smith, Assistant VP of Marketing-Mayberry, Sushil Jain, Director-Mayberry

MAYBERRY
INVESTMENTS LIMITED
Established 1985

Mayberry in the Community

Sponsorship of Jade Clarke for a Badminton Championship in Mexico. L-R - Audley Astwood, 1st Vice President Jamaica Badminton Association, Anika Smith, Assistant VP of Marketing – Mayberry Investments Limited, Jade Clarke, Badminton player representing Jamaica and Vishu Tolan, President, Jamaica Badminton Association

Annual Mayberry Investments Swim Meet. Dwayne Neil (right), Investment Advisor from Mayberry, presents a trophy to a winner member of the Immaculate Conception High School swim team.

Donation to the Jamaica Environmental Trust's Pedro Bank Programme. Presenting the donation is Anika Smith, Assistant VP of Marketing at Mayberry Investments Limited and accepting on behalf of the JET is Llewelyn Meggs, Conservation Director at Pedro Bank Management Programme

2013 Mayberry Football Team which was 1st Runner up in the Insurance Football League's 'Six-a-Side' competition.

Kayree Berry-Teape, CEO of the Mayberry Foundation presents a donation cheque to representatives of Mico University College

Mayberry Investments High School Tennis Championship. Medal Winners in the High School Girls category.

Visit Our Website: www.mayberryinv.com
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General & Sales Inquires: (876) 929-1908-9
Fax: (876) 929-1501

Disclosure of Shareholdings

as at 31 December 2013

Directors

Directors	Shareholdings	Connected Persons
Christopher Berry	-	461,326,811
Konrad Berry**	437,377,507	
Erwin Angus	-	2,507,886
Benito Palomino	2,283,105	
David McBean	446,521	
Gary Peart**	24,740,915	
Sharon Harvey-Wilson	5,730,858	
Sushil Jain	269,187	
Gladstone "Tony" Lewars	87,000	

Managers

Managers		
Andrea HoSang**	1,095,701	2,900
Kayree Berry-Teape**	2,486,204	31,080
David Thomas	456,989	
Wade Mars	1,000	
Dino Hinds	66,992	
Tania Waldron-Gooden	2,000	

** Includes holdings in joint accounts

Top Ten Shareholders and Connected Persons

as at 31 December 2013

Top Ten Shareholders

Name	Shareholdings
Bamboo Group Holdings Limited	461,326,811
Konrad Mark Berry	437,377,507
Mayberry Employee Share Scheme	46,762,767
Konrad Limited	18,178,253
Gary Peart	24,750,915
Mayberry Foundation	10,955,147
Trading A/C - Life of Jamaica Ltd.	10,681,282
Christine Wong	8,103,167
Mayberry Investments Limited Pension Scheme	5,846,696
Christopher Bicknell	5,749,463

Connected Persons

Name	Shareholdings
Konrad Limited	18,178,253
Mayberry Employee Share Scheme	46,762,767
Mayberry Foundation	10,955,147
Mayberry Managed Client Account	3,710,117
Mayberry Investments Limited Pension Scheme	5,846,696
Doris Berry	732,262
Est. Maurice Berry	10

** Includes holdings in joint accounts

BDO

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www.bdo.com.jm

Chartered Accountants
26 Beechwood Avenue
P.O. Box 351
Kingston 5, Jamaica

INDEPENDENT AUDITORS' REPORT

To the Members of
Mayberry Investments Limited

Report on the Financial Statements

We have audited the financial statements of Mayberry Investments Limited set out on pages 60 to 122, which comprise the group and the company's statement of financial position as at 31 December 2013, and the group and the company's statements of income, statements of comprehensive income, changes in stockholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the group and the company's preparation and fair presentation of the financial statements 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 group and the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Mayberry Investments Limited

Opinion

In our opinion, the financial statements give a true and fair view of the group and the company's financial position as at 31 December 2013, and of the group and the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the provisions of the Jamaican Companies Act.

Report on additional requirements of the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept and the financial statements are in agreement therewith, and give the information required by the Act, in the manner so required.

Chartered Accountants

27 February 2014

CONSOLIDATED STATEMENT OF INCOME

YEAR ENDED 31 DECEMBER 2013

	Note	2013 $'000	2012 $'000
Net Interest Income and Other Revenues			
Interest income		1,021,716	1,285,601
Interest expense		(608,073)	(759,784)
Net interest income	4	413,643	525,817
Fees and commissions	5	111,780	223,151
Dividend income	6	92,604	134,692
Net gain on disposal of associate holding		59,985	-
Net trading gains	7	159,013	168,351
Net unrealized (losses)/gains on investment revaluation		(90,415)	39,077
Net foreign exchange gains		139,027	33,826
Other income		8,562	7,349
		894,199	1,132,263
Operating Expenses			
Salaries, statutory contributions and other staff costs	8	339,463	371,744
Provision for credit losses		(6,406)	84,196
Depreciation and amortization		15,682	11,270
Other operating expenses		332,591	290,896
	9	681,330	758,106
Operating Profit before National Debt Exchange Write Off		212,869	374,157
Write off - National Debt Exchange Programme	10	(337,504)	-
Operating (Loss) /Profit		(124,635)	374,157
Share of results of associate	22	102,643	99,946
(Loss)/Profit before Taxation	10	(21,992)	474,103
Taxation credit /(charge)	11	124,335	(34,749)
Net Profit for the Year	12	102,343	439,354
Profit Attributable to Stockholders		102,343	439,354
EARNINGS PER STOCK UNIT	13	$0.09	$0.37

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2013

	2013 $'000	2012 $'000
Net Profit for the Year	102,343	439,354
Other Comprehensive Income Net of Taxation:		
Net unrealised losses on financial instruments	(2,944)	(218,956)
Total Comprehensive Income for the Year	99,399	220,398
Total Comprehensive Income Attributable to Stockholders	99,399	220,398

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

YEAR ENDED 31 DECEMBER 2013

	Note	2013 $'000	2012 $'000
ASSETS			
Cash resources	14	709,493	1,755,104
Investment securities	15	15,608,995	13,970,172
Reverse repurchase agreements	16	387,701	422,048
Promissory notes	17	1,153,655	1,014,806
Interest receivable		246,551	262,617
Loans and other receivables	19	3,123,905	2,958,164
Deferred taxation	20	147,349	23,445
Property, plant and equipment	21	107,865	93,206
Investment in associate	22	262,273	269,989
Other assets	24	272,055	8,432
Total Assets		22,019,842	20,777,983
LIABILITIES			
Bank overdraft	14	16,462	10,887
Securities sold under repurchase agreements		13,730,690	13,657,717
Interest payable		67,102	68,802
Loans	25	1,796,214	1,493,120
Accounts payable	26	2,639,155	1,876,637
Total Liabilities		18,249,623	17,107,163
STOCKHOLDERS' EQUITY			
Ordinary share capital	27	1,582,381	1,582,381
Fair value reserves	28	(162,829)	(142,005)
Other reserves	29	527,939	527,939
Retained earnings	30	1,822,728	1,702,505
Total Stockholders' Equity		3,770,219	3,670,820
Total Stockholders' Equity and Liabilities		22,019,842	20,777,983

Approved by the Board of Directors and signed on its behalf by:

S. Harvey-Wilson

Gary Peart
Director

Sharon Harvey-Wilson
Director

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

YEAR ENDED 31 DECEMBER 2013

	Share Capital $'000	Fair Value Reserves $'000	Other Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2012	1,582,381	47,923	527,939	1,544,420	3,702,663
Total comprehensive income	-	(218,956)	-	439,354	220,398
Realized losses transferred to retained earnings	-	29,028	-	(29,028)	-
Dividends (note 32)	-	-	-	(252,241)	(252,241)
Balance at 31 December 2012	1,582,381	(142,005)	527,939	1,702,505	3,670,820
Total comprehensive income	-	(2,944)	-	102,343	99,399
Realized profit transferred to retained earnings	-	(17,880)	-	17,880	-
Balance at 31 December 2013	1,582,381	(162,829)	527,939	1,822,728	3,770,219

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2013

	Note	2013 $'000	2012 $'000
Cash Flows from Operating Activities			
(Loss)/profit before taxation		(21,992)	474,103
Adjustments for:			
Provision for credit losses		(6,406)	84,196
Gain on disposal of property, plant and Equipment		-	(1,549)
Depreciation and amortisation	21	15,682	11,270
Interest income	4	(1,021,716)	(1,285,601)
Interest expense	4	608,073	759,784
Realised fair value gains /(losses) transferred to retained earnings		17,880	(29,028)
Unrealised losses/(gains) on investment Revaluation		90,415	(33,826)
Unrealised foreign exchange gains		(142,639)	(66,694)
Share of after tax profit of associate		(102,643)	(99,946)
Foreclosure of loans		(263,623)	-
Income tax credit/(charge)		124,335	(34,749)
		(702,634)	(222,040)
Changes in operating assets and liabilities:			
Loans and other receivables		(165,741)	(1,498,435)
Investments		(1,546,530)	5,981,507
Promissory notes		(132,443)	(157,158)
Reverse repurchase agreements		34,347	324,508
Accounts payable		762,814	811,111
Securities sold under repurchase agreements		72,973	(3,646,704)
Loans		303,094	(440,589)
		(1,374,120)	1,152,200
Income tax paid		(296)	-
Interest received		1,037,782	1,261,370
Interest paid		(609,773)	(877,394)
Net cash (used in)/provided by operating activities		(946,407)	1,536,176

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2013

	Note	2013 $'000	2012 $'000
Net cash (used in)/ provided by operating activities brought forward		(946,407)	1,536,176
Cash Flows from Investing Activities			
Additions to property, plant and equipment	21	(30,341)	(10,263)
Proceeds from disposal of property, plant and equipment		-	1,549
Disposal/(addition) to investment in associate company		2,303	(35,839)
Dividends received from associate		108,056	51,891
Net cash provided by investing activities		80,018	7,338
Cash Flows from Financing Activities			
Dividend payment		-	(252,241)
Net cash used in financing activities		-	(252,241)
Net (Decrease)/Increase in Cash and Cash Equivalents		(866,389)	1,291,273
Effect of exchange rate changes on cash and cash equivalents		(184,797)	(105,337)
Cash and cash equivalents at beginning of year		1,744,217	558,281
Cash and Cash Equivalents at End of Year	14	693,031	1,744,217

STATEMENT OF INCOME

YEAR ENDED 31 DECEMBER 2013

	Note	2013 $'000	2012 $'000
Net Interest Income and Other Revenues			
Interest income		961,185	1,233,799
Interest expense		(593,800)	(748,881)
Net interest income	4	367,385	484,918
Fees and commissions	5	111,780	169,905
Dividend Income	6	30,870	39,772
Net trading gains	7	130,650	122,551
Net unrealized (losses)/gains on investment revaluation		(90,415)	33,826
Net foreign exchange gains		91,476	29,963
Other income		8,562	7,349
		650,308	888,284
Operating Expenses			
Salaries, statutory contributions and other staff costs	8	339,463	371,744
Provision for credit losses		(6,406)	33,491
Depreciation and amortization		15,682	11,270
Other operating expenses		331,008	288,584
		679 ,747	705,089
Operating (Loss)/ Profit before National Debt Exchange Write Off		(29,439)	183,195
Write off - National Debt Exchange Programme	10	(337,504)	-
(Loss)/Profit before Taxation	10	(366,943)	183,195
Taxation credit/(charge)	11	126,561	(34,372)
Net (Loss)/Profit for the Year	12	(240,382)	148,823

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2013

	2013 $'000	2012 $'000
Net (Loss)/Profit for the Year	(240,382)	148,823
Other Comprehensive Income Net of Taxation:		
Net unrealized gains/(losses) on financial instruments	11,473	(21,565)
Total Comprehensive (Loss)/Income for the Year	(228,909)	127,258

STATEMENT OF FINANCIAL POSITION

YEAR ENDED 31 DECEMBER 2013

	Note	2013 $'000	2012 $'000
ASSETS			
Cash resources	14	639,623	1,592,136
Investment securities	15	11,097,835	10,690,438
Reverse repurchase agreements	16	387,701	422,048
Promissory notes	17	1,153,655	1,014,806
Interest receivable		220,727	249,762
Due from subsidiary	18	678,348	220,801
Loans and other receivables	19	3,085,586	2,830,971
Deferred taxation	20	146,351	22,189
Property, plant and equipment	21	107,865	93,206
Investment in subsidiary	23	1,468,027	1,468,027
Other assets	24	272,055	8,432
Total Assets		19,257,773	18,612,816
LIABILITIES			
Bank overdraft	14	16,462	10,887
Securities sold under repurchase agreements		12,697,869	12,893,262
Interest payable		66,933	68,951
Loans	25	1,796,214	1,493,120
Accounts payable	26	2,639,084	1,876,476
Total Liabilities		17,216,562	16,342,696
STOCKHOLDERS' EQUITY			
Ordinary share capital	27	1,582,381	1,582,381
Fair value reserves	28	(27,836)	(32,632)
Other reserves	29	527,939	527,939
Retained earnings	30	(41,273)	192,432
Total Stockholders' Equity		2,041,211	2,270,120
Total Stockholders' Equity and Liabilities		19,257,773	18,612,816

Approved by the Board of Directors and signed on its behalf by:

S. Harvey-Wilson

Gary Peart
Director

Sharon Harvey-Wilson
Director

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

YEAR ENDED 31 DECEMBER 2013

	Share Capital $'000	Fair Value Reserves $'000	Other Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2012	1,582,381	(23,172)	527,939	307,955	2,395,103
Total comprehensive income	-	(21,565)		148,823	127,258
Net realized losses transferred to retained earnings	-	12,105	-	(12,105)	-
Dividends (note 32)	-	-	-	(252,241)	(252,241)
Balance at 31 December 2012	1,582,381	(32,632)	527,939	192,432	2,270,120
Total comprehensive income	-	11,473	-	(240,382)	(228,909)
Net realized gains transferred to retained earnings	-	(6,677)	-	6,677	-
Balance at 31 December 2013	1,582,381	(27,836)	527,939	(41,273)	2,041,211

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2013

	Note	2013 $'000	2012 $'000
Cash Flows from Operating Activities			
(Loss)/Profit before taxation		(366,943)	183,195
Adjustments for:			
Provision for credit losses		(6,406)	33,491
Gain on disposal of property, plant and equipment		-	(1,549)
Depreciation and amortisation	21	15,682	11,270
Interest income	4	(961,185)	(1,233,799)
Interest expense	4	593,800	748,881
Realised fair value gains/(losses) transferred to retained earnings		6,677	(12,105)
Unrealised losses/(gains) on investment revaluation		90,415	(33,826)
Unrealised foreign exchange gains		(95,088)	(57,580)
Foreclosure of loans		(263,623)	-
Income tax credit/(charge)		126,561	(34,372)
		(860,110)	(396,394)
Changes in operating assets and liabilities:			
Loans and other receivables		(254,615)	(1,386,621)
Investments		(354,575)	5,491,245
Promissory notes		(132,443)	(157,158)
Reverse repurchase agreements		34,347	324,508
Due from subsidiary		(457,547)	(103,455)
Accounts payable		762,608	811,293
Securities sold under repurchase agreements		(195,393)	(3,099,083)
Loans		303,094	(440,589)
		(1,154,634)	1,043,746
Interest received		990,220	1,206,931
Interest paid		(595,818)	(866,855)
Net cash (used in)/provided by operating activities		(760,232)	1,383,822

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2013

	Note	2013 $'000	2012 $'000
Net cash (used in)/provided by operating activities brought forward		(760,232)	1,383,822
Cash Flows from Investing Activities			
Additions to property, plant and equipment	21	(30,341)	(10,263)
Proceeds from disposal of property, plant and equipment		-	1,549
Net cash used in investing activities		(30,341)	(8,714)
Cash Flows from Financing Activities			
Dividend payment		-	(252,241)
Net cash used in financing activities		-	(252,241)
Net (Decrease)/Increase in Cash and Cash Equivalents		(790,573)	1,122,867
Effect of exchange rate changes on cash and cash equivalents		(167,515)	(98,379)
Cash and cash equivalents at beginning of year		1,581,249	556,761
Cash and Cash Equivalents at End of Year	14	623,161	1,581,249

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

Mayberry Investments Limited ("the Company") is incorporated in Jamaica and its registered office is located at 1 ½ Oxford Road, Kingston 5. The Company is a licensed securities dealer and is a member of the Jamaica Stock Exchange. The Company has primary dealer status from the Bank of Jamaica.

The principal activity of the Company comprises dealing in securities, portfolio management, investment advisory services, operating foreign exchange cambio, managing funds on behalf of clients and administrative and investment management services for pension plans.

Mayberry West Indies Limited is a 100% subsidiary of the Company. Mayberry West Indies Limited is incorporated in St. Lucia under the International Business Companies Act.

Mayberry West Indies Limited holds 38% (2012 – 42%) of the shareholding of Access Financial Services Limited (Access). Access is an entity which is incorporated and registered in Jamaica and operating in Jamaica in the micro finance market. Access is an associate company of Mayberry West Indies Limited (Note 22).

The Company and its subsidiary are referred to as “the Group”.

The consolidated financial statements for the year ended 31 December 2013 have been approved for issue by the Board of Directors on 27 February 2014.

2. SIGNIFICANT ACCOUNTING POLICIES:

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied for all the years presented. Where necessary, prior year comparatives have been restated and reclassified to conform to current year presentation.

(a) Basis of preparation -

These financial statements have been prepared in accordance 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 fair value through other comprehensive income investment securities and investment securities at fair value through profit or loss. They are also prepared in accordance with the provisions of the Jamaican Companies Act.

The financial statements comprise the statement of comprehensive income shown as two statements, the statement of financial position, the statement of changes in stockholders’ equity, the statement of cash flows and the notes.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd) –

The preparation of financial statements in compliance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and contingent liabilities at the end of the reporting period and the total comprehensive income during the reporting period. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an ongoing basis and any adjustments that may be necessary would be reflected in the year in which actual results are known. The areas involving a higher degree of judgement in complexity or areas where assumptions or estimates are significant to the financial statements are discussed in note 3.

Standards, interpretations and amendments to published standards effective in the reporting period

During the reporting period, new standards, interpretations and amendments were applied for the first time from 1 January 2013. Those considered relevant to the Group's operations are as follows:

IAS 1 (Amendment), 'Presentation of Financial Statements' (effective for annual periods beginning on or after 1 July 2012). This amendment changes the disclosure of items presented in other comprehensive income (OCI) in the statement of comprehensive income. In particular, items of other comprehensive income are required to be classified into those that will and will not be reclassified to profit or loss. As the amendment only affects presentation, there is no effect on the Group's financial statements.

IAS 16 (Amendment),'Property, Plant and Equipment' (effective for annual periods beginning on or after 1 January 2013). This amendment clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. Adoption of the standard does not have a significant impact on the Group's financial statements.

IAS 28 (Revised), 'Investments in Associates and Joint Ventures', (effective for annual periods beginning on or after 1 January 2013). IAS 28 (Revised) includes the requirements for joint ventures, as well as associates, to be equity accounted for following the issue of IFRS 11. The revision did not have any impact on the financial statements.

IFRS 7 (Amendment), 'Financial Instruments: Disclosures', (effective for annual periods beginning on or after 1 January 2013). This amendment requires disclosures about the effects or potential effects of offsetting financial assets and financial liabilities and related arrangements on an entity's financial position. The amendment did not have any impact on the Group's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd) -

Standards, interpretations and amendments to published standards effective in the reporting period (cont'd)

IFRS 13, 'Fair Value Measurement', (effective for annual periods beginning on or after 1 January 2013). IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The requirements are similar to those in IFRS 7, 'Financial Instruments: Disclosures', but apply to all assets and liabilities measured at fair value, not just financial assets and liabilities. The adoption of this standard has no significant impact on the Group's financial statements.

Standards, interpretations and amendments to published standards that are not yet effective

At the date of authorization of these financial statements, there were certain new standards, interpretations and amendments to existing standards which were in issue but which were not yet effective. Those which are considered relevant to the Group are as follows:

IAS 32 (Amendment),'Financial Instruments: Presentation', (effective for annual periods beginning on or after 1 January 2014). This amendment clarifies the requirements for offsetting financial instruments and addresses inconsistencies in current practice when applying the offsetting criteria in IAS 32, 'Financial Instruments: Presentation'. The Group does not expect any significant impact from its adoption.

(b) Basis of consolidation -

(i) Subsidiaries:

A subsidiary is an entity which is controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The consolidated financial statements comprise those of the Company and its wholly owned subsidiary, Mayberry West Indies Limited, presented as a single economic entity. Intra-group transactions, balances and unrealized gains and losses are eliminated in preparing the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(b) Basis of consolidation (cont'd) -

(ii) Associates:

The Group holds 38% (2012 - 42%) of the voting rights of Access Financial Services Limited (Access). This investment is recorded as an associate investment using the equity method of accounting and is initially recognized at cost; the carrying amount is increased or decreased to recognize the Group's share of the profit or loss after the date of acquisition. When the Group's share of losses in an associate exceeds its interest in the associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate. Adjustment to the carrying amount is made for changes in the Group's share of Access's equity that has not been recognized in the statement of income and is recognized in equity.

The Group uses the audited financial statements of Access at 31 December 2013 for the purpose of consolidation.

(c) Foreign currency translation -

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The consolidated financial statements are presented in Jamaican dollars, which is the Group's functional and presentation currency.

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At year end, monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate, being the mid-point between the Bank of Jamaica's (Central Bank) weighted average buying and selling rates at the date.

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

Exchange differences on non-monetary financial assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, exchange differences are either recognized in the statement of income (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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(d) Revenue recognition -

i. Interest income:

Interest income is recognized in the statement of 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.

When a loan is classified as impaired, recognition of interest in accordance with the original terms and conditions of the loan ceases and interest is taken into account on the cash basis. IFRS requires that where loans become doubtful of collection, they are written down to their recoverable amounts and interest income on the loans is thereafter recognized based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount. However, such amounts as would have been determined under IFRS are considered to be immaterial.

ii. Dividend income:

Dividend income is recognized when the stockholder's right to receive payment is established.

iii. Fees and commission income:

Fees and commission income are recognized on an accrual basis when the service has been provided. Fees and commission arising from negotiating or participating in the negotiation of a transaction for a third party are recognized on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognized based on the applicable service contracts. Asset management fees are apportioned over the period the service is provided.

(e) Interest expense -

Interest expense is recognized in the statement of income for all interest bearing instruments on the accrual basis, using the effective yield method based on the actual purchase price.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(f) Investment securities -

The Group early adopted IFRS 9 "Financial Instruments Part 1: Classification and Measurement" in 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 Group's business model for managing financial instruments and the contractual cash flow characteristics of the instruments.

Investment 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 remeasured at fair value. All related realised and unrealised gains and losses are included in net trading income.

Investment securities subsequently measured at fair value through other comprehensive income are all other equity investments, designated at purchase to recognize unrealized and realized 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, the payment of principal and interest. All other debt instruments are measured at fair value through profit or loss.

The fair values of quoted investments are based on current bid prices. For unquoted investments, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Financial assets are assessed at the end of each reporting period for objective evidence of impairment. A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the original effective interest rate. The recoverable amount of a financial asset carried at fair value is the present value of expected future cash flows discounted at the current market interest rate for a similar financial asset.

All purchases and sales of investment securities are recognised at settlement date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(g) Repurchase and reverse repurchase agreements -

Securities sold under agreements to repurchase (repurchase agreements), and securities purchased under agreements to resell (reverse repurchase agreements), are treated as collateralized financing transactions. The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the lives of the agreements using the effective yield method.

(h) Loans and receivables and provisions for credit losses -

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money or services directly to a debtor with no intention of trading the receivable. Loans are recognized when cash is advanced to borrowers. They are initially recorded at cost, which is the cash given to originate the loan including any transaction costs, and subsequently measured at amortized cost using the effective interest rate method.

An allowance for loan impairment is established if there is evidence that the Group will not be able to collect all amounts according to the original contractual terms of the loan. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan.

A loan is classified as impaired when, in management's opinion there has been deterioration in credit quality to the extent that there is no longer reasonable assurance of timely collection of the full amount of principal and interest. When a loan is classified as impaired, recognition of interest in accordance with the original terms and conditions of the loan ceases, and interest is taken into account on a cash basis.

Write offs are made when all or part of a loan is deemed uncollectible. Write offs are charged against previously established provisions for loan losses and reduce the principal amount of the loan. Recoveries in part or in full of amounts previously written off are credited to provision for credit losses in the statement of income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(i) Property, plant and equipment -

All property, plant and equipment are stated at historical cost less accumulated depreciation.

Depreciation is calculated on the straight line basis at annual rates estimated to write off the cost of the assets over their expected useful lives as follows:

Furniture, fixtures and fittings	10%
Office equipment	20%
Computer equipment	20%
Motor vehicles	33 1/3%
Leasehold improvements	2%

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit. Repairs and renewals are charged to the statement of income when the expenditure is incurred.

(j) Foreclosed assets -

Assets acquired under foreclosure during the year are carried at cost which is the amortised cost of the loan outstanding at the date of foreclosure and transfer cost of the property. The Company plans to complete an independent appraisal of the property within the upcoming financial year to determine the market value of the foreclosed assets and disposal strategy. Upon assessment, the value of the asset will be adjusted for the fair value.

(k) Investment in subsidiary -

Investment by the Company in subsidiary is stated at cost less impairment loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(l) Borrowings -

Borrowings including those arising under securitization arrangements 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.

(m) 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.

(n) Employee benefits -

(i) Pension scheme costs:

The Company operates a defined contribution pension scheme (note 35), the assets of which are held in a separate trustee administered fund. Contributions to the scheme are fixed and are made on the basis provided for in the rules. Contributions are charged to the statement of income when due. The Company has no legal or constructive obligation beyond paying these contributions.

(ii) Profit-sharing and bonus plan:

The Company recognizes a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's stockholders after certain adjustments. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(iii) Other employee benefits:

Employee entitlement to annual leave and other benefits are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave and other benefits as a result of services rendered by employees up to the end of the reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(n) Employee benefits (cont'd) -

(iv) Share-based compensation:

The Company operates an equity-settled share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense, with corresponding increase in equity, over the period in which the employee becomes unconditionally entitled to the options. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to become exercisable.

It recognizes the impact of the revision of original estimates, if any, in the statement of income, and a corresponding adjustment to equity over the remaining vesting period.

The fair value of employee stock options is measured using a Black Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), weighted average expected life of the instruments (based on historical experience and general option holder behaviors), expected dividends, and the risk-free interest rate (based on treasury bill rates). Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair value.

(o) Leases -

i. As lessee:

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under operating leases are charged to the statement of income on a straight-line basis over the period of the lease.

ii. As lessor:

Where assets are leased under finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognized over the term of the lease in a manner which reflects a constant periodic rate of return on the net investment in the lease.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(p) 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.

(q) Provisions -

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

(r) Financial instruments -

A financial instrument is any contract that gives rise to both a financial asset for one entity and a financial liability or equity instrument of another entity. Financial instruments carried in the statement of financial position include cash resources, loans and other receivables, investments, promissory notes, securities purchased under resale agreements, bank overdraft, loans, other liabilities and securities sold under repurchase agreements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(s) Cash and cash equivalents -

Cash and cash equivalents include cash on hand, unrestricted balances held with Bank of Jamaica and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with original maturities of less than three months from the date of acquisition, including cash resources net of bank overdraft.

(t) Funds under management -

The Company accepts funds from individuals to manage with complete discretion and without reference to the account holders, in accordance with the relevant guidelines issued by the Financial Services Commission, taking into account the investment objective and risk profile of the account holder. The Company also acts in other fiduciary capacities that result in holding or placing of assets on behalf of individuals. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Company.

(u) Dividends -

Dividends are recognized when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by shareholders at the Annual General Meeting.

(v) Segment reporting -

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

Based on the information presented to and reviewed by the CODM, the entire operations of the Group are considered as one operating segment.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES:

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

i. Impairment losses on loans and receivables:

The Company reviews its loan portfolio to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the statement of income, the Company makes judgement as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the loans resulting from adverse change in the payment status of the borrower or national and economic conditions that correlate with defaults on loans in the Company. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

ii. Income taxes:

Estimates and judgements are required in determining the provision for income taxes. The tax liability or asset arising from certain transactions or events may be uncertain during the ordinary course of business. In cases of such uncertainty, the Group recognises liabilities for possible additional taxes based on its judgement. Where, on the basis of subsequent determination, the final tax outcome in relation to such matters is different from the amount that was initially recognised, the difference will impact the current and deferred income tax provisions in the period in which such determination is made.

(iii) Expected useful life and residual value of property, plant and equipment:

The expected useful life and residual value of an asset are reviewed at least at each financial year end. Useful life of an asset is defined in terms of the asset's expected utility to the Company.

(iv) Fair value of financial assets:

The management uses its judgment in selecting appropriate valuation techniques to determine fair values of financial assets adopting valuation techniques commonly used by market practitioners supported by appropriate assumptions.

4. NET INTEREST INCOME:

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Interest income				
Investment securities	800,257	1,060,414	739,726	1,008,612
Loans and advances	221,459	225,187	221,459	225,187
	1,021,716	1,285,601	961,185	1,233,799
Interest expense				
Finance charges	29,048	24,380	29,045	24,055
Repurchase agreements	554,165	714,004	539,903	703,459
Other	24,860	21,400	24,852	21,367
	608,073	759,784	593,800	748,881
	413,643	525,817	367,385	484,918

5. FEES AND COMMISSIONS:

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Brokerage fees and commissions	86,661	200,519	86,661	147,273
Structured financing fees	4,590	5,135	4,590	5,135
Portfolio management	20,529	17,497	20,529	17,497
	111,780	223,151	111,780	169,905

6. DIVIDEND INCOME:

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Trading securities	8,975	6,545	8,975	6,545
Securities classified in other comprehensive income	83,629	128,147	21,895	33,227
	92,604	134,692	30,870	39,772

7. NET TRADING GAINS:

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Equities – trading securities	3	(18,840)	1,458	(18,840)
Fixed income - trading securities	159,010	187,191	129,192	141,391
	159,013	168,351	130,650	122,551

8. SALARIES, STATUTORY CONTRIBUTIONS AND STAFF COSTS:

	2013 $'000	2012 $'000
Wages and salaries	277,302	258,283
Profit share bonus	8,400	51,425
Statutory contributions	26,884	30,231
Pension contributions	10,708	14,898
Training and development	7,647	8,691
Meal allowance	376	395
Staff welfare	8,146	7,821
	339,463	371,744

The number of employees at year end was 110 (2012 – 103).

9. EXPENSES BY NATURE:

	2013 $'000	2012 $'000
Sales, marketing and public relations	48,822	63,343
Auditors' remuneration	4,440	4,120
Computer expenses	15,267	16,509
Bad debts written off	3,881	1,337
Depreciation and amortization	15,682	11,270
Provision for credit losses	(6,406)	84,196
Insurance	8,841	7,993
Licensing fees	36,956	24,885
Operating lease rentals	7,346	6,050
Other operating expenses	51,348	47,609
Printing, stationery and office supplies	10,380	5,547
Legal and professional fees	18,485	18,757
Repairs and maintenance	10,951	9,141
Salaries, statutory contributions and staff costs	339,463	371,744
Security	6,876	8,092
Traveling and motor vehicles expenses	47,368	38,895
Assets tax	22,614	-
Utilities	39,016	38,618
	681,330	758,106

10. (LOSS)/PROFIT BEFORE TAXATION:

The following have been charged/(credited) in arriving at (loss)/profit before taxation:

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Directors' emoluments -				
Fees	22,849	17,103	22,849	17,103
Key management remuneration	72,224	72,988	72,224	72,988
Auditors' remuneration	4,440	4,120	3,800	3,530
Depreciation	15,682	11,270	15,682	11,270
Gain on disposal of property, plant and Equipment	-	(1,549)	-	(1,549)
Dividend income	(92,604)	(134,692)	(30,870)	(39,772)
Write off- National Debt Exchange Programme	337,504	-	337,504	-
Operating lease rentals	7,346	6,050	7,346	6,050

10. (LOSS)/PROFIT BEFORE TAXATION (CONT'D):

During the period, the Government of Jamaica (GOJ) announced its Debt Exchange Programme (NDX),wherein an exchange of approximately $860 billion local fixed rate and USD denominated bonds was exchanged for new bonds with extended maturities and reduced interest rates. The objective of the programme was to secure an agreement with the International Monetary Fund (IMF) and resulted in a reduction in the Government's debt service costs as well as extend the maturities of the bonds.

The Company participated in the Debt Exchange Programme (NDX) and submitted $4.09 billion in securities for exchange. This exchange transaction resulted in a write off of unamortized premiums of $337,504,000 in the Company's income statement.

11. TAXATION:

Taxation is based on the operating results for the year, adjusted for taxation purposes, and is made up as follows:

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Current year income tax at 33 1/3%	-	-	-	-
Current year income tax at 1%	1,709	377	-	-
Deferred tax (credit)/charge (Note 20)	(126,044)	34,372	(126,561)	34,372
Taxation (credit)/charge	(124,335)	34,749	(126,561)	34,372

11. TAXATION (CONT'D):

(a) Reconciliation of theoretical tax charge that would arise on profit before taxation using the applicable tax rate to actual tax charge.

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
(Loss)/ Profit before taxation	(21,992)	474,103	(366,943)	183,195
Tax calculated at a tax rate of 33 1/3%	(7,331)	158,034	(122,314)	61,065
Adjustments for the effects of:				
Expenses not deductible for tax	8,981	1,444	8,981	1,444
Income not subject to tax	(4,660)	(21,700)	(4,043)	(20,751)
Income from subsidiary taxed at 1%	(81,254)	(63,654)	-	-
Share of profit of associate shown net of tax	(34,214)	(33,315)	-	-
Net effect of other charges and allowances	(5,857)	(6,060)	(9,185)	(7,386)
Taxation (credit)/charge	(124,335)	34,749	(126,561)	34,372

(b) Subject to agreement with Tax Administration Jamaica, the Company has tax losses of approximately $636,734,000 (2012 - $314,067,000) available for set-off against future taxable profits.

12. NET (LOSS)/PROFIT:

	2013 $'000	2012 $'000
Dealt with in the financial statements of:		
The Company	(240,382)	148,823
Subsidiary	342,725	290,531
	102,343	439,354

13. EARNINGS PER STOCK UNIT:

Basic earnings-per-stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue during the year.

	2013	2012
Net profit attributable to stockholders ($'000)	102,343	439,354
Number of ordinary stock units in issue ('000)	1,201,149	1,201,149
Basic earning per stock unit	$0.09	$0.37
Fully diluted earning per stock unit	$0.09	$0.37

14. CASH RESOURCES:

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Current accounts - Jamaican dollar	36,699	106,896	36,689	106,886
Current accounts - foreign currencies	669,876	1,645,895	600,016	1,482,937
Jamaican dollar deposits	1,358	1,358	1,358	1,358
Cash in hand	1,560	955	1,560	955
	709,493	1,755,104	639,623	1,592,136

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Cash resources	709,493	1,755,104	639,623	1,592,136
Bank overdraft	(16,462)	(10,887)	(16,462)	(10,887)
	693,031	1,744,217	623,161	1,581,249

The bank overdraft resulted from un-presented cheques at year-end. The National Commercial Bank Jamaica Limited (NCB) holds as security, Government of Jamaica Global Bonds with a nominal value of US$319,000 (2012: US$319,000), to cover its overdraft facility of J$120,000,000. NCB also holds as security Government of Jamaica Debentures with a nominal value of J$6,000,000 or lien over idle cash balances (2012: J$30,000,000) to cover 10% of the uncleared effects limit of J$60,000,000 i.e. J$6,000,000.

15. INVESTMENT SECURITIES:

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Fair value through profit and loss				
Debt securities				
- Government of Jamaica	30,420	132,591	30,420	132,591
- Foreign government	198,875	348,733	198,875	348,733
- Corporate	862,472	2,116,328	862,472	2,116,328
Equities	12,680	11,833	14,135	11,833
	1,104,447	2,609,485	1,105,902	2,609,485
Financial instruments at amortized cost				
Debt securities				
- Government of Jamaica	4,589,463	5,263,225	4,589,463	5,263,225
- Foreign government	264,725	1,008	158,730	1,008
- Corporate	6,687,918	3,453,221	5,204,335	2,454,432
	11,542,106	8,717,454	9,952,528	7,718,665
Equity securities at fair value through other comprehensive income	3,003,147	2,683,938	39,405	362,288
Less: provision for impairment	(40,705)	(40,705)	-	-
	2,962,442	2,643,233	39,405	362,288
Total	15,608,995	13,970,172	11,097,835	10,690,438

The Government and Corporate bonds are used as collateral for the Company's margin and term loans received from Deutsche Bank Alex. Brown and Oppenheimer and Co. Inc. (note 25).

16. REVERSE REPURCHASE AGREEMENTS:

The Company enters into collateralised repurchase and reverse repurchase agreements which may result in credit exposure in the event that the counterparty to the transaction is unable to fulfil its contractual obligations. At 31 December 2013 the Company held J$387,701,000 (2012: J$422,048,000) of securities, representing Government of Jamaica debt securities, as collateral for repurchase and reverse repurchase agreements.

17. PROMISSORY NOTES:

	2013 $'000	2012 $'000
Gross loans	1,345,512	1,221,059
Specific allowance for impairment	(191,857)	(206,253)
	1,153,655	1,014,806

The movement in the allowance for impairment determined under the requirements of IFRS is as follows:

	2013 $'000	2012 $'000
Balance at beginning of year	206,253	172,762
Bad debt write off	(7,990)	-
Net provision written back	(6,406)	33,491
Balance at end of year	191,857	206,253

This represents Jamaican and United States dollar promissory notes from customers. These are hypothecated against balances held for the customers and registered mortgages and other properties.

18. DUE FROM SUBSIDIARY:

This represents amount due from Mayberry West Indies Limited for transactions done on its behalf.

19. LOANS AND OTHER RECEIVABLES:

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Client receivables	2,221,576	1,531,036	2,221,576	1,531,036
Client margins	399,857	302,998	399,857	302,998
Withholding tax recoverable	217,083	189,588	217,083	189,588
Advance on corporation tax	82,859	82,859	82,859	82,859
Other receivables	234,530	883,683	164,211	724,490
	3,155,905	2,990,164	3,085,586	2,830,971
Less: Provision for impairment loss	(32,000)	(32,000)	-	-
	3,123,905	2,958,164	3,085,586	2,830,971

Client margins are secured against their equity portfolios held at the Jamaica Central Securities Depository.

20. DEFERRED TAXATION:

Deferred income taxes are calculated on all temporary differences under the liability method using a tax rate of 33 1/3% for the Company and 1% for its subsidiary, Mayberry West Indies Limited. The movement in the net deferred income tax balance is as follows:

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Net asset at beginning of year	23,445	40,582	22,189	41,103
Deferred tax credit/(charge)(note 11)	126,044	(34,749)	126,561	(34,372)
Deferred tax (charge)/credit on investment securities	(2,140)	17,612	(2,399)	15,458
Net asset at end of year	147,349	23,445	146,351	22,189

20. DEFERRED TAXATION (CONT'D):

Deferred income tax assets and liabilities are due to the following items:

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Deferred income tax assets:				
Interest payable	22,315	22,983	22,309	22,981
Investment securities				
- trading	30,135	-	30,135	-
- Other comprehensive income	15,279	17,419	13,916	16,314
Provisions	6,703	20,628	6,703	20,628
Tax losses carried forward	212,591	105,051	212,224	104,679
	287,023	166,081	285,287	164,602
Deferred income tax liabilities:				
Property, plant and equipment	6,488	4,198	6,488	4,198
Investment securities				
- trading	-	11,274	-	11,274
Unrealized foreign exchange gain	59,356	43,786	58,880	43,695
Interest receivable	73,830	83,378	73,568	83,246
	139,674	142,636	138,936	142,413

Deferred income taxes are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable (Note 11).

21. PROPERTY, PLANT AND EQUIPMENT:

	Leasehold Improvements $'000	Computer Equipment $'000	Office Equipment $'000	Furniture, Fixtures & Fittings $'000	Motor Vehicles $'000	Total $'000
Cost -						
At 1 January 2012	77,213	96,183	19,594	38,212	38,099	269,301
Additions	-	6,573	931	2,759	-	10,263
Disposals	-	-	-	-	(25,515)	(25,515)
At 31 December 2012	77,213	102,756	20,525	40,971	12,584	254,049
Additions	-	7,900	2,658	11,749	8,034	30,341
At 31 December 2013	77,213	110,656	23,183	52,720	20,618	284,390
Accumulated Depreciation -						
At 1 January 2012	13,239	83,680	19,282	24,159	34,728	175,088
Charge for the year	1,544	3,632	232	3,892	1,970	11,270
Disposals	-	-	-	-	(25,515)	(25,515)
At 31 December 2012	14,783	87,312	19,514	28,051	11,183	160,843
Charge for the year	1,544	5,338	417	4,527	3,856	15,682
At 31 December 2013	16,327	92,650	19,931	32,578	15,039	176,525
Net Book Value -						
31 December 2013	60,886	18,006	3,252	20,142	5,579	107,865
31 December 2012	62,430	15,444	1,011	12,920	1,401	93,206

22. INVESTMENT IN ASSOCIATE:

The balance represents the Group's investment in Access Financial Services Limited (note 1).
The balance at year end comprises:-

	2013 $'000	2012 $'000
Balance at beginning of the year	269,989	186,095
(Sale)/Purchase of shares during the year	(2,303)	35,839
Share of profit	102,643	99,946
Share of dividend paid	(108,056)	(51,891)
	262,273	269,989

The market value of 104,084,148 shares (38% shareholding) at $12.00 per share at the year-end was $1,249,010,000 (2012: 114,646,229 shares (42% shareholding) at a value of $693,610,000).

The assets, liabilities, revenues and results of associate for the year ended 31 December 2013 are summarised as follows:

	2013 $'000	2012 $'000
Assets	1,271,486	879,898
Liabilities	(665,927)	(280,922)
Revenues	780,505	633,828
Net Profit	270,112	237,968

23. INVESTMENT IN SUBSIDIARY:

This represents the Company's equity investment in Mayberry West Indies Limited.

24. OTHER ASSETS:

During the year the Company foreclosed on certain loans which have been outstanding in its portfolio for a protracted period, after exhausting other legal remedies. This amount represents the cost of loans foreclosed during the year plus the cost incurred to transfer title to the Company.

25. LOANS:

	2013 $'000	2012 $'000
Demand loans -		
Deutsche Bank Alex. Brown	254,661	220,199
Oppenheimer & Co. Inc.	1,221,642	959,567
Term loans -		
Commercial Paper	319,911	313,354
	1,796,214	1,493,120

The demand loans attract interest at 1.10% and 2.07%, per annum respectively (2012 – 1.159% and 2.18% per annum). The Commercial Paper is unsecured and attracts interest at 8% per annum (2012: 8%). The collaterals for the demand loans are investment securities which were purchased with the proceeds of the loans received from Deutsche Bank Alex. Brown and Oppenheimer & Co. Inc. (note 15).

26. ACCOUNTS PAYABLE:

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Accounts payable	26,414	93,915	26,343	93,754
Client payable	2,612,741	1,782,722	2,612,741	1,782,722
	2,639,155	1,876,637	2,639,084	1,876,476

27. SHARE CAPITAL:

	2013 $'000	2012 $'000
Authorized – 2,120,000,000 Ordinary Shares		
- 380,000,000 Redeemable Cumulative Preference Shares		
Issued and fully paid -		
1,201,149,291 ordinary shares	1,582,381	1,582,381

28. FAIR VALUE RESERVES:

This represents net unrealised gains on the revaluation of equity securities. The fair value through other comprehensive income securities are based on short term fluctuations in market prices.

29. OTHER RESERVES:

	2013 $'000	2012 $'000
Capital redemption reserve fund	501,343	501,343
Stock option reserve	26,596	26,596
	527,939	527,939

Capital Redemption Reserve Fund:

The capital redemption reserve fund of $501,343,000 relates to the redemption of preference shares in 2010 and is created in keeping with the Jamaican Companies Act.

Stock Option Reserve:

On 31 July 2006 the Company obtained approval from stockholders at its annual general meeting to offer thirty million (30,000,000) shares under its Employee Stock Option Plan to directors, management and staff, (employees) as part of their compensation package. On 18 June 2009 the Company obtained approval from stockholders at its annual general meeting to offer an additional thirty million (30,000,000) shares under the plan. Consequently, the Company has set aside 60,000,000 of the authorised but unissued shares for the stock option plan.

On 2 October 2007, 12,514,659 options were granted to employees at a price of $2.60 per share. Employees are entitled, but not obliged to purchase the company's stock at the option price at some future date in accordance with the vesting condition. The options granted vest over a period of three years. The option rewards past performance but is also an incentive for future performance.

Upon resignation, retirement, disability or death, the executive or his/her estate will have the right to exercise the vested but unexercised options. On dismissal, the employee would forfeit his right to exercise his option over any vested but unexercised option.

The fair value of the option granted at 30 September 2010 was $26,596,000 and represents the fair value of services provided by employees in consideration for shares, as measured by reference to the fair value of the shares. This is included in equity as stock option reserve. The fair value was determined using the Black Scholes valuation model. The significant inputs for the calculation were the exercise price of $2.60 at the grant date, the share price of $4.90, the annual risk free interest rate of 13.34%, dividend yield of 2.04% and the expected volatility of 0.26% and the contractual term of three years.

The option granted to employees was not exercised and expired on 30 September 2010.

30. RETAINED EARNINGS:

	2013 $'000	2012 $'000
Reflected in the financial statements of:		
The Company	(41,273)	192,432
Subsidiary	1,864,001	1,510,073
	1,822,728	1,702,505

31. RELATED PARTY TRANSACTIONS AND BALANCES:

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.

The following are the balances and transactions carried out with related parties:

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Loans and other receivables:				
Subsidiary	-	-	678,348	220,801
Associate	84,283	8,424	84,283	8,424
Companies controlled by directors and related by virtue of common directorships	360,772	275,496	360,772	275,496
Directors and key management personnel	156,427	77,365	156,427	77,365
Payables:				
Companies controlled by directors and related by virtue of common directorships	266,975	349,012	266,975	349,012
Directors and key management personnel	83,054	110,389	83,054	110,389
Subsidiary	8,755	8,428	8,755	8,428
Associate	22,195	18,858	22,195	18,858
Other operating expenses:				
Companies controlled by directors and related by virtue of common directorships	2,664	2,312	2,664	2,312

32. DIVIDENDS DECLARED:

	Company	
	2013 $'000	2012 $'000
Interim dividend to Ordinary Shareholders - nil (2012 - 12 cents per share)	-	144,138
Final dividend to Ordinary Shareholders - nil (2012 - 9 cents per share)	-	108,103
	-	252,241

The dividends paid for 2012 represented dividend per stock unit of $0.21.

33. FINANCIAL RISK MANAGEMENT:

Risk Management Framework-

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Assets and Liabilities Committee (ALCO) which is responsible for developing and monitoring the Group's risk management policies in their specified areas.

ALCO places trading limits on the level of exposure that can be taken and monitors risks and adherence to limits. The Group, through its training and management standards and procedures, aims to develop disciplined and constructive control environment, in which all employees understand their roles and obligations. This is supplemented by the Revenue Committee which assesses the performance of each portfolio on a weekly basis.

The Audit Committee is responsible for monitoring compliance with the Group's risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in these functions by both the Compliance Unit and Internal Audit. The Compliance Unit and Internal Audit undertake both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors and the Audit Committee, respectively.

By its nature, the Group's activities are principally related to the use of financial instruments. The Company accepts funds from customers at both fixed and floating rates and for various periods and seeks to earn above average interest margins by investing these funds in high quality assets. The Company seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates while maintaining sufficient liquidity to meet all claims that might fall due.

The Company also seeks to raise its interest margins by obtaining above average margins, net of provisions, through lending to commercial and retail borrowers with a range of credit standing.

33. FINANCIAL RISK MANAGEMENT (CONT'D):

Risk Management Framework (cont'd) -

The Group also trades in financial instruments where it takes positions to take advantage of short-term market movements in equity and bond prices and in foreign exchange and interest rates.

(a) Liquidity risk -

The Company is exposed to daily calls on its available cash resources from maturing repurchase agreements and loan draw downs. The Company does not maintain cash resources to meet all of these needs as experience shows that a minimum level of re-investment of maturing funds can be predicted with a high level of certainty. The Company's treasury and securities department seeks to have available a minimum proportion of maturing funds to meet such calls. The Company's policy is to hold a high proportion of liquid assets to cover withdrawals at unexpected levels of demand. Daily reports cover the liquidity position of the Company as well as any exceptions and remedial actions taken.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Company. It is unusual for the Company ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can increase the risk of loss. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Company and exposure to changes in interest rates and exchange rates.

The key measure used by the Company for managing liquidity risk is the ratio of liquid assets to securities sold under repurchase agreements and loans. For this purpose liquid assets are considered as including cash and cash equivalents, investment grade securities, excluding equities, for which there is an active and liquid market and loans and other receivables. The Group's ratio of liquid assets to securities sold under repurchase agreements and loans at the reporting date and during the reporting period was as follows:

	2013	2012
At 31 December	1.17:1	1.14:1
Average for the period	1.18:1	1.10:1
Maximum for the period	1.20:1	1.16:1
Minimum for the period	1.16:1	1.08:1

The tables below present the undiscounted cash flows (both interest and principal cash flows) to settle financial liabilities, based on contractual repayment obligations. However, the Group expects that many customers will not request repayment on the earliest date the Group could be required to pay.

33. FINANCIAL RISK MANAGEMENT (CONT'D):

(a) Liquidity risk (cont'd) -

	Group					
	2013					
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Financial Liabilities						
Securities sold under repurchase agreements	9,933,370	3,142,978	627,700	14,914	11,728	13,730,690
Interest payable	-	67,102	-	-	-	67,102
Loans	-	-	-	1,796,214	-	1,796,214
Other liabilities	2,639,155	-	-	-	-	2,639,155
Total liabilities (contractual maturity dates)	12,572,525	3,210,080	627,700	1,811,128	11,728	18,233,161

	2012					
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Financial Liabilities						
Securities sold under repurchase agreements	8,726,777	3,342,455	1,588,296	4	185	13,657,717
Interest payable	-	68,802	-	-	-	68,802
Loans	-	1,179,766	313,354	-	-	1,493,120
Other liabilities	1,876,637	-	-	-	-	1,876,637
Total liabilities (contractual maturity dates)	10,603,414	4,591,023	1,901,650	4	185	17,096,276

33. FINANCIAL RISK MANAGEMENT (CONT'D):

(a) Liquidity risk (cont'd) -

	Company					
	2013					
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Financial Liabilities						
Securities sold under repurchase agreements	8,900,549	3,142,978	627,700	14,914	11,728	12,697,869
Interest payable	-	66,933	-	-	-	66,933
Loans	-	-	-	1,796,214	-	1,796,214
Other liabilities	2,639,084	-	-	-	-	2,639,084
Total liabilities (contractual maturity dates)	11,539,633	3,209,911	627,700	1,811,128	11,728	17,200,100

	2012					
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Financial Liabilities						
Securities sold under repurchase agreements	7,962,322	3,342,455	1,588,296	4	185	12,893,262
Interest payable	-	68,951	-	-	-	68,951
Loans	-	1,179,766	313,354	-	-	1,493,120
Other liabilities	1,876,476	-	-	-	-	1,876,476
Total liabilities (contractual maturity dates)	9,838,798	4,591,172	1,901,650	4	185	16,331,809

33. FINANCIAL RISK MANAGEMENT (CONT'D):

(b) Market risk -

Market 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 security, its issuer or factors affecting all securities traded in the market. The Group manages this risk through extensive research and monitors the price movement of securities on the local and international markets. The Group's portfolio is balanced with respect to the duration of the securities included in order to minimize exposure to volatility, based on projected market conditions.

Management of market risks

The Group separates its exposure to market risk between trading and non-trading portfolios. The trading portfolios are held by the Company and include positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis. The Group's foreign exchange positions relating to Foreign Currency Trading are treated as part of the Group's trading portfolios for risk management purposes.

The Group's market risk is monitored on a daily basis by its Compliance Unit, which is responsible for the development of risk management policies (subject to review and approval by ALCO) and for the daily review of their implementation.

Exposure to market risks

The principal tool used to measure and control market risk exposure is the Value at Risk (VaR). A portfolio VaR is the estimated loss that will arise on the portfolio over a specified period of time (holding period) from an adverse market movement with a specified probability (confidence level). The VaR model used by the Group is based on a 95 percent confidence level and assumes a 10 day holding period. The VaR model used is based on historical simulation, taking account of market data from the previous three years, and observed relationships between different markets and prices. The model generates a wide range of plausible future scenarios for market price movements.

33. FINANCIAL RISK MANAGEMENT (CONT'D):

Exposure to market risks (cont'd) -

(b) Market risk (cont'd) -

A summary of the VaR position of the Group's portfolios at 31 December 2013 and during the period is as follows:

	2013			
	31 December	Average	Maximum	Minimum
	$'000	$'000	$'000	$'000
Foreign Currency Risk	1,701	2,138	2,969	1,701
Interest Rate Risk				
Domestic securities – amortized cost	13,260	15,270	19,832	13,260
Global securities – amortized cost	14,744	16,706	19,607	14,744
Global securities - trading	221,281	204,610	221,281	187,180
Other Price Risk (Equities)				
Domestic securities – other comprehensive income	3,978	14,586	43,010	983
Domestic securities - trading	3,913	1,433	4,036	606

33. FINANCIAL RISK MANAGEMENT (CONT'D):

Exposure to market risks (cont'd) -

(b) Market risk (cont'd) -

	2012			
	31 December	Average	Maximum	Minimum
	$'000	$'000	$'000	$'000
Foreign Currency Risk	3,200	2,724	3,524	2,069
Interest Rate Risk				
Domestic securities - amortized cost	(15,220)	(16,929)	(14,643)	(23,605)
Global securities - amortized cost	(838)	(946)	(758)	(1,235)
Global securities - trading	(731)	(815)	(652)	(1,063)
Other Price Risk (Equities)				
Domestic securities - other comprehensive income	24,228	41,699	13,354	24,228
Domestic securities - trading	490	848	1,352	490

The following table summarizes the Group's exposure to interest rate risk. Included in the table are the Company's assets and liabilities at carrying amounts, categorized by the earlier of contractual repricing or maturity dates.

33. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Interest rate risk -

	Group						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets							
Cash resources	709,493	-	-	-	-	-	709,493
Investment securities at amortized cost	974,163	1,328,644	168,041	600,964	8,470,294	-	11,542,106
Investment securities - FOCI(1)	-	-	-	-	-	2,962,442	2,962,442
Investment securities - FVPL(2)	-	263	2,107	4,092	1,085,305	12,680	1,104,447
Reverse repurchase agreements	97,701	290,000	-	-	-	-	387,701
Promissory notes	1,153,655	-	-	-	-	-	1,153,655
Interest receivable	-	246,551	-	-	-	-	246,551
Loans and other receivables	2,976,556	-	-	-	-	147,349	3,123,905
Other	-	-	-	-	-	789,542	789,542
Total assets	5,911,568	1,865,458	170,148	605,056	9,555,599	3,912,013	22,019,842
Liabilities							
Bank overdraft	16,462	-	-	-	-	-	16,462
Securities sold under repurchase agreements	9,933,370	3,142,978	627,700	14,914	11,728		13,730,690
Interest payable	-	67,102	-		-	-	67,102
Loans	-	-	-	1,796,214	-	-	1,796,214
Other	2,639,155	-	-	-	-	-	2,639,155
Total liabilities	12,588,987	3,210,080	627,700	1,811,128	11,728	-	18,249,623
Total interest rate sensitivity gap	(6,677,419)	(1,344,622)	(457,552)	(1,206,072)	9,543,871	3,912,013	3,770,219
Cumulative interest rate sensitivity gap	(6,677,419)	(8,022,041)	(8,479,593)	(9,685,665)	(141,794)	3,770,219	
As at 31 December 2012:							
Total Assets	6,401,565	721,764	782,313	3,438,475	6,383,728	3,050,138	20,777,983
Total Liabilities	10,614,301	4,591,023	1,901,650	4	185	-	17,107,163
Total Interest rate sensitivity gap	(4,212,736)	(3,869,259)	(1,119,337)	3,438,471	6,383,543	3,050,138	3,670,820
Cumulative interest rate sensitivity gap	(4,212,736)	(8,081,995)	(9,201,332)	(5,762,861)	620,682	3,670,820	

1. Fair value through other comprehensive income - FOCI
2. Fair value through Profit or Loss - FVPL

33. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Interest rate risk (cont'd) -

	Company						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets							
Cash resources	639,623	-	-	-	-	-	639,623
Investment securities at amortized cost	974,163	1,328,644	168,041	591,165	6,890,515	-	9,952,528
Investment securities-FOCI[1]	-	-	-	-	-	39,405	39,405
Investment securities-FVPL[2]	-	263	2,107	4,092	1,085,305	14,135	1,105,902
Reverse repurchase Agreements	97,701	290,000	-	-	-	-	387,701
Promissory notes	1,153,655	-	-	-	-	-	1,153,655
Interest receivable	-	220,727	-	-	-	-	220,727
Investment in subsidiary	-	-	-	-	-	1,468,027	1,468,027
Loans and other receivable	2,939,235	-	-	-	-	146,351	3,085,586
Other	-	-	-	-	-	1,204,619	1,204,619
Total assets	5,804,377	1,839,634	170,148	595,257	7,975,820	2,872,537	19,257,773
Liabilities							
Bank overdraft	16,462	-	-	-	-	-	16,462
Securities sold under repurchase agreements	8,900,549	3,142,978	627,700	14,914	11,728	-	12,697,869
Interest payable		66,933	-		-	-	66,933
Loans	-	-	-	1,796,214	-	-	1,796,214
Other	2,639,084	-	-		-	-	2,639,084
Total liabilities	11,556,095	3,209,911	627,700	1,811,128	11,728	-	17,216,562
Total interest rate sensitivity gap	(5,751,718)	(1,370,277)	(457,552)	(1,215,871)	7,964,092	2,872,537	2,041,211
Cumulative interest sensitivity gap	(5,751,718)	(7,121,995)	(7,579,547)	(8,795,418)	(831,326)	2,041,211	
As at 31 December 2012:							
Total assets	6,111,404	708,909	782,313	3,438,475	5,384,939	2,186,776	18,612,816
Total liabilities	9,849,685	4,591,172	1,901,650	4	185	-	16,342,696
Total interest rate sensitivity gap	(3,738,281)	(3,882,263)	(1,119,337)	3,438,471	5,384,754	2,186,776	2,270,120
Cumulative interest sensitivity gap	(3,738,281)	(7,620,544)	(8,739,881)	(5,301,410)	83,344	2,270,120	

1. Fair value through other comprehensive income - FOCI
2. Fair value through Profit or Loss - FVPL

33. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Interest rate risk (cont'd) -

The table below summarises the effective interest rate by major currencies for financial instruments of the Group and the Company.

	J$	US$	EURO
	%	%	%
Assets			
Investment securities	8.28	6.82	8.63
Reverse repurchase agreements	8.33	-	-
Promissory notes	9.89	7.63	-
Liabilities			
Securities sold under repurchase agreements	8.40	2.17	-
Loans	-	1.79	-

33. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Interest rate risk (cont'd) -

The management of interest rate risk is supplemented by monitoring the sensitivity of the Group's financial assets to various standard and non-standard interest rate scenarios. Standard scenarios that are considered include a 250 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 200 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. An analysis of the Group's sensitivity to an increase or decrease in market interest rates and the likely impact on equity and statement of income (fair value through profit or loss account instruments), assuming no asymmetrical movement in the zero coupon yield curves, is as follows:

	2013					
	Daily Return	250 bp parallel increase	100 bp parallel decrease	Daily return (Globals)	200 bp parallel increase	50 bp parallel decrease
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
At 31 December 2013						
Equity						
Global - Amortised	-	-	-	(993)	(25,507)	(4,015)
Statement of Income						
Domestic -Amortised	17	(44,125)	16,804	-	-	-
Globals – Trading	-	-	-	202	(5,660)	1,162

	2012					
	Daily Return	400 bp parallel increase	400 bp parallel decrease	Daily return (Globals)	200 bp parallel increase	200 bp parallel decrease
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
At 31 December 2012						
Equity	-	-	-	(81)	(33,669)	33,700
Statement of Income	8,896	(62,204)	131,018	1,228	(3,953)	6,063

33. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Currency risk -

The Group takes on exposure to effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows.

Net exposure is kept to an acceptable level by matching foreign assets with liabilities as far as possible. The following foreign currency balances are included in these financial statements:

	2013			
	GBP	US$	CAN$	EURO
	'000	$'000	$'000	'000
Assets				
Cash resources	387	4,730	648	165
Investment securities	-	74,829	-	5
Promissory notes	-	8,984	-	-
Interest receivable	-	1,352	-	35
Loans and other receivables	26	6	-	323
Total	413	89,901	648	528
Liabilities				
Securities sold under repurchase agreements	82	72,993	198	10
Loans and other payables	-	15,961	32	-
Interest payable	-	145	-	-
Total	82	89,099	230	10
Net position	331	802	418	518
As at 31 December 2012				
Total Assets	931	93,384	741	1,175
Total Liabilities	36	97,919	291	922
Net Position	895	(4,535)	450	253

33. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Currency risk (cont'd) -

Sensitivity analysis

Changes in the exchange rates of the Jamaican dollar (JA$) to the United States dollar (US$) would have the effects as described below:

Currency	Change in Currency rate	Effect on loss before taxation	Change in Currency rate	Effect on profit before taxation
	2013	2013	2012	2012
	%	$'000	%	$'000
GBP	-15	8,626	-10	13,367
GBP	+1	(575)	+1	(1,337)
US$	-15	12,751	-10	(42,029)
US$	+1	(850)	+1	4,203
CAN$	-15	6,168	-10	4,193
CAN$	+1	(411)	+1	(419)
EURO	-15	11,377	-10	3,100
EURO	+1	(758)	+1	(310)

The analysis assumes that all other variables, in particular interest rates, remain constant. It is performed on the basis of 15% weakening and 1% strengthening (2012 - 10% weakening and 1% strengthening) in exchange rates.

(e) Credit risk -

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans and advances to customers, promissory notes and investment securities. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

For risk management purposes, credit risk arising on trading securities is managed independently, but reported as a component of market risk exposure.

33. FINANCIAL RISK MANAGEMENT (CONT'D):

(e) Credit risk (cont'd) -

The Board of Directors has delegated responsibility for the management of credit risk to its ALCO and its Compliance Unit. A separate Structured Financing Department, reporting to the Revenue Committee, is responsible for oversight of the Company's credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.

- Establishing the authorization structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit credit officers. Larger facilities require approval by the Board of Directors as appropriate.

- Reviewing and assessing credit risk. The Revenue Committee assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.

- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances), and by issuer, credit rating band, market liquidity and country (for investment securities).

- Developing and maintaining the Group's risk grading in order to categorise exposures according to the degree of risk of the financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework consists of five grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approving executive as appropriate.

- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to the Board of Directors on the credit quality of loan portfolios and appropriate corrective actions taken.

- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Group in the management of credit risk.

Each business unit is required to implement credit polices and procedures, with credit approval authorities delegated by the Board of Directors. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios.

Regular audits of business units and credit processes are undertaken by Internal Audit.

33. FINANCIAL RISK MANAGEMENT (CONT'D):

(e) Credit risk (cont'd) -

	Promissory Notes		Loans and Other Receivables	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Carrying amount	1,153,655	1,014,806	3,123,905	2,958,164
Past due but not impaired				
Grade 1-3 - Low - fair risk	2,311	7,322	3,123,905	2,958,164
Grade 4 – Medium risk	127,058	41,438		-
Grade 5 – Medium - high risk	453,655	508,172	-	-
Carrying amount	583,024	556,932	3,123,905	2,958,164
Past due comprises:				
30 – 60 days	35,898	9,673	2,906,822	2,768,576
60 – 90 days	9,450	849		-
90 – 180 days	173,058	43,315		-
180 days +	364,618	503,095	217,083	189,588
Carrying amount	583,024	556,932	3,123,905	2,958,164
Neither past due nor impaired				
Grade 1-3 - Low - fair risk	2,642	7,952	-	-
Grade 4 – Medium – high risk	536,588	44,636	-	-
Carrying amount	539,230	52,588	-	-
Includes accounts with renegotiated terms	31,401	405,286	-	-
Total carrying amount	1,153,655	1,014,806	3,123,905	2,958,164

Exposure to credit risk is also managed in part by obtaining collateral, corporate and personal guarantees. It is the policy of the Group to obtain or take possession of or register lien against securities. The Group monitors the market value of the underlying securities which collateralize the related receivable including accrued interest and request additional collateral where deemed appropriate. Other than exposure to Government of Jamaica securities, there is no significant concentration of credit risk.

33. FINANCIAL RISK MANAGEMENT (CONT'D):

(e) Credit risk (cont'd) -

An estimate of fair value of collateral held against promissory notes is shown below:

	Promissory Notes	
	2013	2012
	$'000	$'000
Against past due but not impaired		
Property	699,849	1,331,570
Debt securities	-	1,854
Equities	-	614,000
Other	75,031	52,384
Against neither past due nor Impaired		
Property	247,059	246,361
Debt securities	217,209	263,783
Equities	-	-
Other	106,363	64,028
Total	1,345,511	2,573,980

33. FINANCIAL RISK MANAGEMENT (CONT'D):

(e) Credit risk (cont'd) -

The Group monitors concentrations of credit risk by sector and geographic location. An analysis of concentrations of credit risk at the reporting date is shown below:

	Promissory Notes		Loans and Other Receivables	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Carrying amount	1,153,655	1,014,806	3,123,905	2,958,164
Concentration by sector				
Corporate	739,173	856,999	-	-
Retail	414,482	157,807	3,123,905	2,958,164
Total	1,153,655	1,014,806	3,123,905	2,958,164

(f) Settlement risk-

The Company's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of a company to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions the Company mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

(g) Regulatory capital management -

The Company's lead regulator, Financial Services Commission (FSC), sets and monitors capital requirements. The FSC requires the Company to maintain a minimum of 10% capital to total risk weighted assets. At year end the Company's capital to total risk weighted assets was 11.73% (2012: 15.27%).

33. FINANCIAL RISK MANAGEMENT (CONT'D):

(g) Regulatory capital management (cont'd) -

	2013 $'000	2012 $'000
Tier 1 Capital		
Ordinary share capital	1,582,381	1,582,381
Other reserve	527,939	527,939
Retained earnings	(41,273)	192,432
	2,069,047	2,302,752
Less: Fair value reserve (negative balances only)	(27,836)	(32,632)
Total Tier 1 Capital	2,041,211	2,270,120
Tier 2 Capital		
Other reserve	-	-
Total Regulatory Capital	2,041,211	2,270,120
Risk Weighted Assets	17,406,491	14,873,124
Capital Ratio to Risk Weighted Assets Ratio	11.73%	15.27%

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Company recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Company has complied with all imposed capital requirements throughout the period. There have been no material changes in the management of capital during the period.

Capital Allocation

Although maximization of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Company to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, availability of management and other resources, and the fit of the activity with the Company's longer term strategic objectives. Capital management and allocation are reviewed regularly by the Board of Directors.

34. FAIR VALUES OF FINANCIAL INSTRUMENTS:

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value of a financial instrument. However, market prices are not available for a number of the financial assets and liabilities held and issued by the Group. Therefore, 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.

(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) The fair values of fixed rate loans are estimated by comparing market interest rates when the loans were granted with the current market rate offered on similar loans. For match-funded loans the fair value is assumed to be equal to their carrying value, as gains and losses offset each other. Changes in the credit quality of loans within the portfolio are not taken to account in determining gross fair values as the impact of credit risk is recognized separately by deducting the amount of the provisions for credit losses from both book and fair values.

(v) Equity securities for which fair values cannot be measured reliably are recognized at cost less impairment.

The Group 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.

34. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D):

The following table shows an analysis of financial instruments held at the date of the statement of financial position that, subsequent to initial recognition, are measured at fair value. The financial instruments are grouped into levels of the fair value hierarchy:

	Group			
	Level 1	Level 2	Level 3	Total
31 December 2013	$'000	$'000	$'000	$'000
Financial assets -				
Debt securities				
- Government of Jamaica	30,420	-	-	30,420
- Foreign government	198,875	-	-	198,875
- Corporate bonds	862,472	-	-	862,472
Quoted equity securities	1,749,143	-	-	1,749,143
Unquoted equity securities	-	-	1,225,979	1,225,979
	2,840,910	-	1,225,979	4,066,889

	Group			
	Level 1	Level 2	Level 3	Total
31 December 2012	$'000	$'000	$'000	$'000
Financial assets -				
Debt securities				
- Government of Jamaica	132,591	-	-	132,591
- Foreign government	348,733	-	-	348,733
- Corporate bonds	2,116,328	-	-	2,116,328
Quoted equity securities	1,430,457	-	-	1,430,457
Unquoted equity securities	-	-	1,224,609	1,224,609
	4,028,109	-	1,224,609	5,252,718

34. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D):

	Company			
	Level 1	Level 2	Level 3	Total
31 December 2013	$'000	$'000	$'000	$'000
Financial assets -				
Debt securities				
- Government of Jamaica	30,420	-	-	30,420
- Foreign government	198,875	-	-	198,875
- Corporate bonds	862,472	-	-	862,472
Quoted equity securities	53,540	-	-	53,540
	1,145,307	-	-	1,145,307

	Company			
	Level 1	Level 2	Level 3	Total
31 December 2012	$'000	$'000	$'000	$'000
Financial assets -				
Debt securities				
- Government of Jamaica	132,591	-	-	132,591
- Foreign government	348,733	-	-	348,733
- Corporate bonds	2,116,328	-	-	2,116,328
Quoted equity securities	374,121	-	-	374,121
	2,971,773	-	-	2,971,773

34. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D):

As at 31 December 2013, the fair value of the financial instruments valued at amortized cost is detailed below:

	Group $'000		Company $'000	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Fair value of financial instruments at amortized cost	11,542,106	11,624,250	9,952,528	10,034,672

35. PENSION SCHEME:

The Company operates a defined contribution pension scheme for employees who have satisfied certain minimum service requirements. The scheme is funded by equal contributions of employer and employees of 5% of pensionable salaries and an option for employees to contribute an additional 5%. The Company's contribution for the year amounted to $10,708,000 (2012: $14,898,000).

36. FUNDS UNDER MANAGEMENT:

The Company provides custody, investment management and advisory services for both institutions and individuals which involve the Company making allocation and purchases and sales decisions in relation to quoted shares and government financial instruments on a non-recourse basis. Those assets that are held in a fiduciary capacity are not included in these financial statements. At the end of the reporting period, the Company had financial assets under management of approximately $9,518,754,000 (2012: $11,628,521,000).

37. SEGMENT INFORMATION:

The Company is a licensed Securities Dealer (note 1).

Based on the information presented to and reviewed by the CODM, the entire operations of the Group are considered as one operating segment.

Financial information related to the operating segment results from continuing operations for the two years ended 31 December 2013, can be found in the consolidated statement of income. There are no differences in the measurement of the reportable segment results and the Group's results.

Details of the segment assets and liabilities for the two years ended 31 December 2013, can be found in the consolidated statement of financial position and related notes. There are no differences in the measurement of the reportable segment assets and liabilities and the Group's assets and liabilities.

Entity-wide disclosure:

The revenue from operations can be found in the consolidated statement of income.

38. OPERATING LEASE PAYMENTS:

The Company, in the ordinary course of business entered into operating lease arrangements for motor vehicles. Future payments under the lease commitments are as follows:

	2013 $'000	2012 $'000
2013	-	23,949
2014	23,233	23,233
2015	4,659	4,659
	27,892	51,841

NOTES

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MAYBERRY INVESTMENTS LIMITED

Form of Proxy

I/We……………………………………………………………………………………

Of …………………………………….………………………………………….

Being a member(s) of Mayberry Investments Limited hereby appoint

…………………………………….………………………………………….

or failing him or her ………………..…………………………………………………

of ………………………………….…………………………………………………

as my/our proxy to vote on my/our behalf at the Annual General Meeting of the above-named Company to be held at the Knutsford Court Hotel, 11 Ruthven Road, Kingston 10 on Wednesday, 18 June 2014 at 4:00 p.m. and at any adjournment thereof.

		FOR	AGAINST
Resolution 1	To receive reports and audited accounts		
Resolution 2	To re-elect Mr. Konrad Berry a Director		
Resolution 3	To re-elect Mr. Sushil Jain a Director		
Resolution 4	To re-elect Mrs. Sharon Harvey - Wilson a Director		
Resolution 5	To fix the remuneration of the Directors		
Resolution 6	To re-appoint the Auditors and fix their remuneration		
Resolution 7	To To authorise the reduction of the Capital Redemption Reserve fund of the Company		

Date this…………………………..day of …………………………2014

Place
$100
Stamp
Here

…………………………………………………………………..
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, duly stamped and deposited with the Corporate Secretary of the Company at 1 ½ Oxford Road, Kingston 5, not less than 48 hours before the time appointed for holding the meeting.

A proxy need not be a member of the Company.

MAYBERRY
INVESTMENTS LIMITED
- Established 1985 -
1 1/2 Oxford Road, Kingston 5.
www.mayberryinv.com