MAYBERRY
INVESTMENTS LIMITED
- Established 1985 -

Sustaining our growth,
driving profitability.

ANNUAL REPORT 2016

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 31 December	2007	2008	2009	2010
	$'000	$'000	$'000	$'000
PROFIT OR LOSS				
Operating Revenue	991,822	942,527	723,816	675,562
Interest Income	2,028,249	2,373,218	2,093,929	1,536,409
Net Interest Income	301,701	352,907	258,216	316,670
Net Other Income	690,121	589,620	465,600	358,892
Operating Expenses	518,201	601,599	542,508	556,683
Profit before Taxation	489,577	356,146	211,235	176,257
Net Profit	372,619	469,501	245,473	174,530
BALANCE SHEET				
Total Assets	23,895,425	24,040,766	25,478,756	20,469,484
Total Liabilities	20,530,304	21,587,599	22,567,703	17,398,922
Stockholders' Equity	3,365,121	2,453,167	2,911,053	3,070,562
Number of issued shares (units)	1,201,149	1,201,149	1,201,149	1,201,149
KEY FINANCIAL RATIOS				
Earnings per stock unit	$0.31	$0.39	$0.20	$0.15
Book Value Per share	2.80	2.04	2.42	2.56
Return on Equity	11%	19%	8%	6%
Return on Average Assets	2%	2%	1%	1%
Asset Growth(%)	9%	1%	6%	-20%
Net Profit Growth (%)	43%	26%	-48%	-29%

2011	2012	2013	2014	2015	2016
$'000	$'000	$'000	$'000	$'000	$'000
978,397	1,132,263	894,199	1,528,692	998,618	1,207,296
1,332,550	1,285,601	1,021,716	1,051,676	890,263	733,835
474,171	525,817	413,643	240,452	345,866	133,961
504,226	606,446	480,556	1,288,240	652,752	1,073,335
694,362	758,106	681,330	970,360	981,602	1,079,083
347,242	474,103	(21,992)	679,639	58,104	194,011
282,122	439,354	102,343	726,080	145,460	172,115
24,204,564	20,777,983	22,019,842	21,983,602	20,735,714	21,838,705
20,501,901	17,107,163	18,249,623	17,799,603	14,490,228	14,595,033
3,702,663	3,670,820	3,770,219	4,183,999	6,245,486	7,243,672
1,201,149	1,201,149	1,201,149	1,201,149	1,201,149	1,201,149
$0.23	$0.37	$0.09	$0.60	$0.12	$0.14
3.08	3.06	3.14	3.48	5.20	6.03
8%	12%	3%	17%	2%	2%
1%	2%	0%	3%	1%	1%
18%	-14%	6%	12%	-6%	5%
62%	56%	-77%	609%	-80%	18%


MAYBERRY MANAGED EQUITY PORTFOLIO
PORTFOLIO COMPRISES STOCKS AND CASH
Sales Inquries
managedequity@mayberryinv.com
Fax
(876) 929-1501
General & Sales Inquries
(876) 929-1908-9
mayberryinvja
www.facebook.com/mayberryinvja
MAYBERRY
INVESTMENTS LIMITED
1985 - 2017
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CELEBRATING 32 YEARS

Board of Directors

Christopher Berry
B.Sc. (Hons.)
Executive Chairman

Gary Peart
B.Sc. (Hons.) M.B.A.
Executive Director
Chief Executive Officer

Konrad Mark Berry
B.Sc. (Hons.)
Executive Vice Chairman
Company Secretary

Mr. Christopher Berry has been the Executive Chairman of Mayberry Investments Limited since 1993. He sits on several boards, Apex Health Care Associates Limited, Apex Pharmacy Limited, Lasco Financial Services Limited, Caribbean Producers (Jamaica) Limited and IronRock Insurance Company Limited. He has over thirty years experience in the securities industry, having joined Mayberry Investments Limited in 1987. Mr. Berry has also served on the Board of the Jamaica Stock Exchange from 1993 to 2016.

Mr. Gary H. Peart, has been the Chief Executive Officer of Mayberry Investments Limited since May 2005. He has over twenty years of corporate financial experience in the Jamaican Financial Industry having worked in senior positions at leading financial institutions. He was first appointed to the Board of Directors of Mayberry Investments Limited in April 2006. Mr. Peart currently serves as the Deputy Chairman on the Board of the Jamaica Stock Exchange. He is also a Director on several other Boards; Lasco Financial Services Limited, Lasco Distributors Limited, IronRock Insurance Company Limited and Jamaica Anti-Doping Commission. He is the current Treasurer of the Jamaica Securities Dealers Association.

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

Mr. Peart has been honored by several organizations and was named Top CEO in Jamaica for financial year 2015. He is a member of the Rotary Club of St. Andrew North.

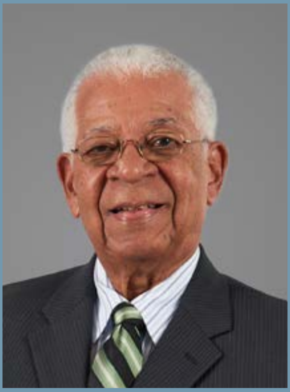
Mr. Konrad Berry joined Mayberry Investments Limited at its inception and was one of its founding Directors. He has been the Company Secretary since 1985, He served as Finance Director 1992-1995, and in 1995 assumed his present position of Executive Vice Chairman. Mr. Berry currently serves as a Director of Caribbean Producers (Jamaica) Limited.

Mr. Berry is a member of the Managing Committee, Project Steering Committee, Assets and Liabilities Committee and Audit Committee.

Board of Directors

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

Dr. David McBean
B.Sc. (Hons), D.Phil
Non-Executive Director



Erwin Angus
C.D., J.P., B.A. (Hons.)
Managing 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 subjects of Management and Investment 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 was appointed to the Board of Directors of Mayberry Investments Limited in August of 2005. He is currently the Managing Director of Spectrum Management Authority. Dr. McBean has over twenty years experience in the Information Technology, Media & Telecommunications sector where he has held various senior management positions. He has served as Managing Director, Products & Services LIME Caribbean, and as Chief Executive Officer of the CVM Communications Group as well as an independent Management & Technology Consultant for various clients.

Dr. McBean 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 is a member of the Company's Audit Committee.

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.

Board of Directors

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

Mr. Gladstone "Tony" Lewars is a Chartered Accountant. He was appointed to the Board of Directors at Mayberry Investments Limited in September 2012. Mr. Lewars has consulted extensively in Organization Development, Human Resource Management and Financial Effectiveness Reviews in Jamaica and other Caribbean territories. He currently serves as the Chairman of the Board of Directors at the Holy Trinity High School and is the former Chairman of the Students' Loan Bureau and a former partner of PricewaterhouseCoopers where he was the Leader of the Advisory division of the firm. He is also the Secretary/Treasurer of the Jamaica College Trust.

Mr. Lewars is a member of the Company's Audit Committee and the Assets and Liabilities Committee.

Benito F. Palomino
LLB (Hons.), B.Sc., (Hons.) M.Sc. Accounting
Non-Executive Director

Mr. Benito F. Palomino is an Accountant, Licensed Financial Advisor (Ontario) and an Attorney at law who practices in Ontario, Canada and Jamaica. He was appointed to the Board of Directors of Mayberry Investments Limited in December 2004.

Mr. Palomino has over twenty-six years of experience in the legal fraternity with special focus on banking, investment securities, financial consultancy, real estate, estate planning and commercial law. Mr. Palomino is the Chairman the Company's Audit Committee and also serves as a member of the Conduct Review Committee and Corporate Governance Committee.

Directors' Report

The directors submit herewith the Consolidated Statement of Profit or Loss and Other Comprehensive Income of Mayberry Investments Limited for the year ended December 31, 2016, together with the Consolidated Statement of Financial Position as at the same date. The Consolidated Statement of Profit or Loss and Other Comprehensive Income shows the following:

Financial Results	$'000
Operating revenue	1,207,296
Profit before taxation	194,011
Taxation charge	21,896
Net profit	172,115
Net unrealized gains on financial instruments	1,090,324
Total Comprehensive Income for the Year	1,262,439

DIRECTORS

The Directors as at December 31, 2016 are Messrs. Christopher Berry, Konrad Berry, Gary Peart, Erwin Angus, Benito Palomino, Sushil Jain, Gladstone Lewars and Dr. David McBean.

The Directors to retire by rotation in accordance with Article 91 of the Articles of Association are Messrs. Erwin Angus, Sushil Jain and Gary Peart but 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

The Board of Directors of Mayberry Investments Limited (MIL) recognizes that adhering to rigorous standards of good corporate governance is essential for the company to grow in a sustainable manner and deliver value to stakeholders.

The company has adopted a Corporate Governance Policy which complies with the applicable laws and regulations of the financial sector, as well as local and international acceptable best practices which are consistent with the provisions of the PSOJ Corporate Governance Code 2016 and the Rules of the Jamaica Stock Exchange. The Corporate Governance policy is reviewed and updated annually and is available on our website at www.mayberryinv.com.

BOARD ROLE AND FUNCTION

The primary role of the Board of Directors is to provide oversight and effective leadership of the Company's affairs for the benefit of its shareholders, stakeholders, including its customers, team members, suppliers, regulators and the local community. They also challenge, support and guide the Executive team in ensuring the safe and sound operation of the organization. In this context, the Board examines the soundness of the company's financial policies, business strategies, the effectiveness of its internal controls and risk management framework and approves the risk appetite and strategic plans presented by management geared towards achieving its objectives. The fundamental objective is to ensure transparency, all in an effort to protect shareholders and stakeholders value. While the primary responsibility of the executive team is to execute Board directives and manage the day to day operations of the business in accordance with the objectives and policies set out by the Board, the Board of Directors is primarily accountable to the company's stakeholders for the company's financial performance and adherence to laws and sound business practice.

The Board is therefore responsible for the following key duties and functions:

- Ensure adequate succession planning is in place for CEO and the executive team leaders and other positions deemed critical to the organization.
- Steer the strategic direction of the company by establishing clearly defined well documented strategic objectives and policies to ensure that activities are undertaken in accordance with the approved business strategy.
- Ensure that the competencies and capacity of the organisation are expanding to match the needs of the strategic plan.
- Ensure that an adequate and effective risk management framework is in place for identifying, measuring, controlling and monitoring all material risks to which the Group is exposed.
- Oversee the investments in subsidiaries and associated companies to the benefit of the shareholders.
- Understand the statutory obligations with which the Group must comply

Mayberry Board of Directors

Audit Committee
Monitors the effectiveness of the enterprise risk management and internal control systems, including compliance with applicable laws and regulations.

Asset and Liabilities Committee
Directing and monitoring the investment management of portfolio assets and liabilities based on the Company's appetite for risk.

Conducts Review Committee
Ensures compliance with policies, procedures and best practice standards to ensure that the company conducts business responsibly and consistently and adheres to Mayberry's Code of Conduct.

Nomination Committee
Identifying and nominating candidates for appointment by the Board.

Remunerations Committee
Setting the overarching principles, parameters and governance framework of the company's remuneration policy and remuneration of senior management

Project Steering Committee
Provide governance and oversight of all projects undertaken, as well as review the feasibility, business case and the achievement of outcomes of the company's projects.

and ensure that there is an effective compliance system in place for all applicable laws and regulations.

- Ensure that the Company adhere to core values.
- Agree on the composition and terms of reference of the board sub committees and assess routinely whether the Board and its committee are functioning effectively.

In discharging their obligations, the Directors are expected to exercise independent thinking and sound business judgement in what they reasonably believe to be in the best interest of the company. In discharging this obligation, the Directors may rely on the honesty and integrity of the company's management and its external advisors and internal auditors.

BOARD COMPOSITION AND STRUCTURE

As at December 31, 2016, the Board of Directors comprised of eight (8) members and is chaired by Mr. Christopher Berry. Four (4) directors are independent non-executive directors who bring diverse perspectives to board deliberations and constructively challenge management. The board is effective and considered to be of an appropriate size for the company.

Collectively, the Board members provides a balanced blend of knowledge, competence and experience needed to fully understand the company's material activities and associated risks enabling the Board to carry out its functions effectively. The breadth of experience on the Board includes investment banking, legal, human resource and strategic management. Additionally, directors are provided internal training to develop their skills and knowledge in other disciplines.

Board Committee Composition

Names	Position	Audit	ALCO	Conduct Review	Nominations	Projects Steering
Christopher Berry	Executive Chairman				Chairman	
Gary Peart	Executive Director/ Chief Executive Officer		Member		Member	Member
Konrad Berry	Executive Vice Chairman/Company Secretary	Member	Member		Member	Chairman
Sushil Jain	Independent Director	Member	Chairman		Member	
David McBean	Independent Director	Member			Member	
Erwin Angus	Managing Director	Member	Member		Member	
Gladstone Lewars	Independent Director	Member	Member		Member	
Benito Palomino	Independent Director	Chairman		Chairman	Member	

An independent director means a director:

Who is not an employee of the Company within the last five years.

The director or the director's spouse does not have a significant interest in a class of the Company's shares

The director does not have close family ties with any of the Company's advisors, directors or senior employees.

The roles of Chairman, Chief Executive Officer and Managing Director are separate roles. Separating these roles facilitates an appropriate balance of power which leads to increased transparency, accountability and improved decision-making, independent of management. A clear division of these responsibilities at the board level ensures that no one director has unrestricted powers in decision-making. Of note, The Directors have free and open contact with management at all levels and the Board's in depth interactions with management helps to strengthen the company's decision making to ensure an appropriate balance of power.

Board Committees

The Board has established board committees to improve their effectiveness and efficiency through the establishment of various subcommittees to provide vital support in the execution of their fiduciary duties and responsibilities. The Chairman of each Board Committee reports to the Board on the matters discussed at the Committee meetings. The Committees are as follows:

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

Director's Attendance: Board and Committee Meetings

Names	Position	Board	Audit	ALCO	Conduct Review	Nominations	Projects Steering
Number of Meetings		14	3	11	0	2	4
Christopher Berry	Executive Chairman	12	1	2		2	1
Gary Peart	Executive Director/ Chief Executive Officer	14	3	10		2	1
Konrad Berry	Executive Vice Chairman/Company Secretary	11	1	7		2	4
Sushil Jain	Independent Director	13	3	9		2	-
David McBean	Independent Director	12	3	2		2	-
Erwin Angus	Managing Director	14	3	10		2	-
Gladstone Lewars	Independent Director	14	3	-		2	-
Benito Palomino	Independent Director	12	3	-		2	-

Chairman's Statement

THE YEAR 2016

2016 marks the 31st year in the life of our company. As a company that invests so much of its resources in Jamaican businesses we felt it would become a watershed year for our country.

The former PNP Administration was able to implement a level of fiscal discipline never before seen in Jamaica. The 2016 General elections delivered a change in leadership of our country and the million-dollar question was whether the incoming JLP led Administration would continue with the level of fiscal discipline of the prior Administration. The Andrew Holness led Government has promised a continuation of the policy which they have delivered so far.

Even though tax revenues grew at approximately 11% per annum, the Government of Jamaica (GOJ) implemented new taxes during the year. These new taxes had the unintended effect of slowing economic growth which was trending to 2% for the year ending 2016 but ended up being at approximately 1.4%.

Our view is that if the GOJ continue to deliver a fiscal surplus of 7% without increasing the taxes collected as a percentage of GDP, now 26 per cent, then the economy will expand at about 2% for quite a long time. This would be extremely positive for the real estate and equity markets and by extension increase employment in the Jamaican economy. We don't expect growth to accelerate further than 2% as the physical and institutional infrastructure required to support higher levels of growth remain absent.

MAYBERRY AND ITS BUSINESS

In 2016 we exited the Retail Repurchase Agreement (Repo) business which caused our Net Interest Income to decline to $133.9 Million compared to $345 Million in the prior year. This should reduce even further during 2017. We expect that this income will be replaced by fees from Investment Banking, Asset Management and spreads from Securities trading.
Comprehensive income fell to $1.26 Billion from $2.3 Billion in the comparative year. This reduction was expected as the stock market was more fairly valued during 2016 and price increases were driven more by profit growth and much smaller multiple expansion. By the end of 2016 your shareholder value has more than doubled since 2013.
During financial year 2016 we continues to increase our investments in 'growth companies where we have a say' and this trend will continue in 2017. We purchased

21.75 per cent of shareholdings in IronRock Insurance Company Limited, a company we believe has excellent growth prospects. We feel that continued fiscal discipline by the Government will support the current levels of growth in the economy for some time to come and that this will be positive for growth in equities and expansion in the economy.

TRADING BUSINESS

Our trading revenues increased from $261 Million in 2015 to $437 Million in 2016, an increase of 67.43 per cent. Growth in this area is important if we are to maintain growth in our non-investment related profits in 2017.

INVESTMENT BANKING

This year we raised over $6.7 Billion in debt and $315 Million in equity for Jamaican businesses. We were also able to increase our income from Advisory and Debt structuring and we expect this business to continue to expand in 2017.

ASSET MANAGEMENT

Income from our Asset management business increased by 10% during 2016. The main categories we operate in also produced industry leading investment returns as follows:

Pensions	**33.0%**
Managed Equities	**42.0%**
USD Investment Grade Bonds	**6.2%**

TREASURY

Shareholder value increased by approximately $1.0 Billion this financial year after paying a dividend of $264 Million and not including $739 Million of market appreciation of the value invested in associated companies not represented in the financial statements of the company. Closing Book value per share was $6.03 as at December 31, 2016 compared to $5.20 as at December 31, 2015.

LOOKING FORWARD- 2017

For 2017 I expect that the Jamaica Stock Exchange(JSE) will outperform most international indices and the Jamaican dollar will depreciate by about 5 per cent. This should result in the average stock on the JSE becoming overvalued and remaining that way for some time to come as there is a serious shortage of investable companies relative to investable cash.

We feel that it is still a good time to invest in Jamaican equities as continued fiscal discipline by the Government of Jamaica will support a gradual but weak expansion of the Jamaican economy and growth in profits of corporate entities.

We will continue to invest in our business, our people and our communities as we are aware that when customers, communities and employees succeed we succeed.

I wish to say thanks to our Board of Directors, our valued shareholders and our team members, all whom have contributed to the journey and success of this organization for the past 31 years.

Thank you for investing in Mayberry Investments Limited.

Christopher Berry
Chairman

CEO's Statement

We continue to make strides in improving our company's position in the financial sector by reinvesting for the future. As such, we continue to position ourselves for strategic acquisitions to support our growth.

Dear fellow shareholders,

The year 2016 was one of great reflection for our company as it was our 31st year of operations. For this financial year we navigated through a change in government, new regulatory requirements for the financial sector, uncertainties in international markets, a slow- down in global growth and a very challenging business environment. Despite these challenges, we did not lose focus of our commitment to serve our clients, our communities, you our shareholders, and to also earn a profit. During the year, we focussed on improving our operational efficiencies and as such we invested in technology, infrastructure and talent, which are pillars needed to move our company forward.

FINANCIAL PERFORMANCE

We recorded a strong performance across our business lines for 2016. We were able to achieve this improved revenue growth through exploration of new opportunities, building deeper relationships with our customers, managing our risks and with the continued dedication of our exceptional team members.

This year, we recorded comprehensive income attributable to shareholders amounting to $1.262 billion relative to $2.301 for 2015, a reduction of $1 billon or 45 per cent. The reduction was attributable to lower performance of the Jamaica Stock Exchange for this financial year compared to the historic performances for 2015 which impacted gains on our financial instruments. Our company recorded an 18.3 per cent increase in net profit after tax of $172 million, which translated to earnings per share of $0.14 , relative to $145 million and earnings per share of $0.12 for prior year 2015. This performance represents growth in our revenues lines which collectively increased by

$209 million or 21%.

Notably, this year we returned to Shareholders the highest dividend paid to date by our company $0.22 per ordinary share, which amounted to $264 million.

We worked hard to manage our expenses during the year, however also we recognized there was need to create operational leverage for the future, hence the increase in our operational expenses for the period.

Our asset base remains strong. Total assets increased to $21.8 billion relative to $20.8 billion for the corresponding period 2015, an increase of $1.09 billion or 5.2%. Conversely, our liabilities remained relatively unchanged for the year. The increase in our asset base was funded by the corresponding movement in Stockholders' equity.

INVESTMENTS IN ASSOCIATES

We continue to make strides in improving our company's position in the financial sector by reinvesting for the future. As such, we continue to position ourselves for strategic acquisitions to support our growth. During the year, we made an additional investment in associates. I am pleased to inform you our valued shareholders that we have invested in start-up company IronRock Insurance Company Limited by purchasing 21.75 per cent stake holdings. We believe this company is poised for growth and represents value-added to our company.

Our associate companies continue to perform creditably during the year. At the end of the year, the market value of our four associate companies was $2.03 billion, an increase of 100 per cent more than the original investment cost of $1 billion.

REVENUE SEGMENTS PERFORMANCE

Our Investment banking team structured approximately $6.7 billion in private debt transactions for our clients during the year representing growth of 53 per cent over prior year. We continue to solidify our place as a Leading Broker in the equities market and as such through our Asset Management Business, we realized an increase in our Managed Product Portfolios by over 100 per cent, as well as provided our clients with better than market returns on their Equity Portfolios. Our best performing product continues to be our Mayberry Managed Equity Portfilio(MMEP) whose market value doubled and provided an above market return of 12.5 per cent to our clients. Of note,

the JSE Combined Index offered investors an average of 29.5 per cent return while our MMEP product provided our clients with a return of 42 per cent. Additionally, our Treasury Trading business continue to be the major revenue generating area for our company and contributed 36 per cent to total revenues this financial year. Our Sales remain the core driver for all our business lines throughout the year. The department realized a 53 per cent growth in its trading revenues, its largest revenue generator, and by extension a 13% growth in its overall revenues generated for the financial year.

STOCK BROKERAGE RECOGNITION

Our company received several accolades during this financial year, which again is validation of the company and our efforts in social and community development which is a vital part of our business. We were the winner of the JCDC's Spirit of Independence Award 2016 Best Decorated Office, and were honoured for our outstanding display of our Jamaican heritage and culture. We were also recognised for our strong standing in the business community by being nominated for the prestigious Jamaica Chamber of Commerce (JCC) Best of Chamber Award (Large Category) for our presence in the business community. Additionally, for the 8th consecutive year, we also received a Certificate of Award from the Jamaica Stock Exchange's Member Dealers Award, this time for Revenue Generation & Market Activity. We are very appreciative of these awards and recognitions and we are committed to having a continued strong presence in the Jamaican business sector.

OUR PEOPLE

Our success depends on our valued team members. We recognise that the immeasurable contribution of our team remains the driver of our performance and we will strive to improve their overall work experience. We remain committed to improving our efforts to provide them with the tools and support necessary to perform at their zenith through our human resource management initiatives and our digitisation strategy.

I want to thank the Board of Directors, Management and Staff of our company for their hard work, dedication, knowledge, experience and leadership that have allowed us to accomplish what we already have. With the continued commitment from us all, I have the utmost confidence that we will realise our full potential as a company.

THE WAY FORWARD

As we look ahead, we understand that advancement in technology and increased customer expectations will continue to drive the financial sector and as such change is eminent to have a competitive advantage and remain sustainable. To this end, we have already embarked on digitizing our operations. We are aware that we operate in a very competitive environment and our ability to strengthen our core competencies and generate operational efficiency will allow us the opportunity to optimise our service delivery, which remains a vital element in driving customer loyalty and growth.

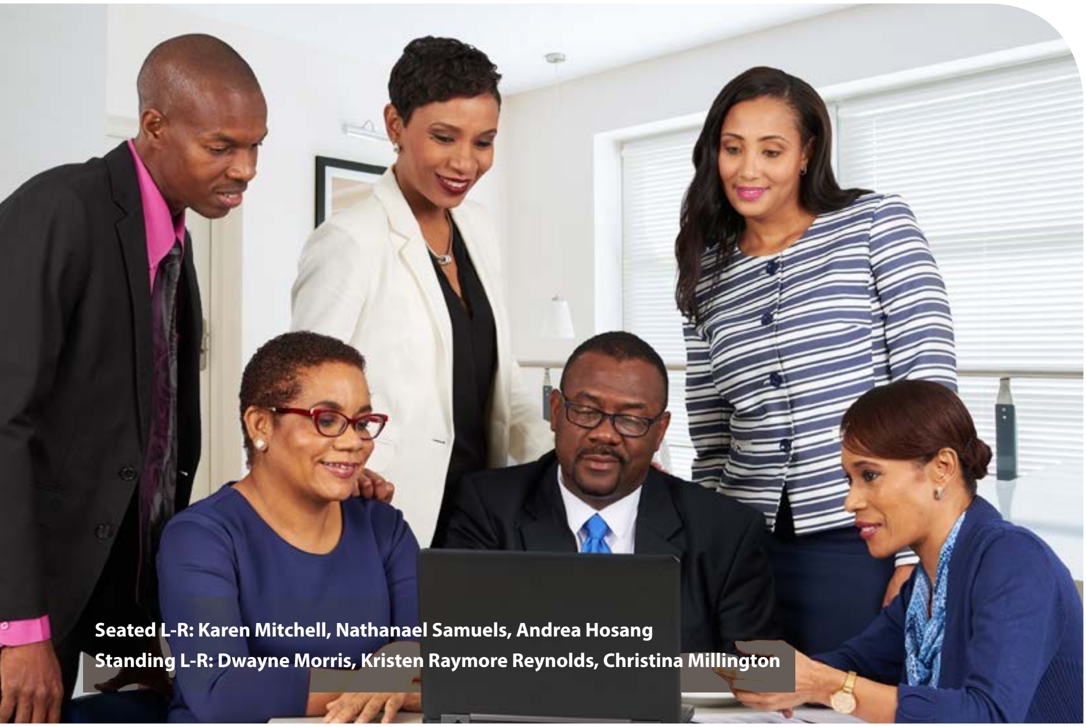
With the re-instatement of the Jamaica Stock Exchange (JSE) Junior market incentives we will continue to promote investment in Jamaica's entrepreneurship, employment and economic development by assisting companies in raising capital and to be listed on the JSE Junior market.

We are committed to continue our focus on relationship building which remains the main pivot of our operations for the past 31 years.

We will continue to grow our core and strategic capabilities and continue to create value for you our valued shareholders by generating attractive, sustainable and distributable returns to you and we believe that we are poised to achieving this.

Thank you for your loyalty and unwavering support and for trusting us with your investing needs in the past years and for years to come.

Gary Peart
Chief Executive Officer


Seated L-R: Karen Mitchell, Nathanael Samuels, Andrea Hosang
Standing L-R: Dwayne Morris, Kristen Raymore Reynolds, Christina Millington

Our Management Team

Dwayne Morris, Operations Manager
Dwayne joined the Mayberry team in 2002 as a registration officer and has worked his way up to his current position. In his current role he manages the settlement of all transactions of the company and is a key member of the Operations team.

Kristen Raymore Reynolds, Assistant VP Human Resources
Kristen started at Mayberry in 2015 and is charged with developing and maintaining an inclusive and dedicated culture. She oversees the implementation of Human Resource strategies enabling employees to perform optimally, and delivering on performance objectives in a professional environment.

Christina Millington, Senior Manager Corporate and Retail Financing
Christina joined Mayberry in 2014 as a part of the Research, Corporate Finance & Special Projects team. In her capacity, she assists in providing clients with advisory services and is a key member of the team that helps companies raise capital.

Karen Mitchell, Senior VP –Treasury and Trading
Karen joined Mayberry in 2014. She is responsible for the effective management of the company's liquidity as well as the development and implementation of strategies for the growth and management of all the company's investment portfolios.

Nathanael Samuels, Chief Financial Officer
Nathanael joined Mayberry in December 2016 and leads the Finance and Accounting team. His key functions are to assess and safeguard the financial health of the organization. Additionally, he contributes to driving the organization toward achieving its objectives.

Andrea L. Ho-Sang, Senior VP Operations and Administration
Andrea joined the team in 1990 as a Junior Equity Trader. Since then she has moved into the Registration unit and has become the team lead of the Operations and Securities unit.

Seated L-R: Naciena Kayiga, Richard Deane
Standing L-R: Kayree Berry-Teape, Jamie Turner, Renee Manzari, Alana Lawrence

Our Management Team

Naciena Kayiga, Facilities Manager
Naciena joined the Mayberry team in 2012 and currently heads the Auxiliary and Administrative department. Her primary responsibility is the overall management of the company's property, security and offices.

Kayree Berry-Teape,
CEO of the Mayberry Foundation
Kayree has been in charge of the Mayberry Foundation since 2008. The Foundation's major focus has been to build capacity in institutions that support education, as well as social and community development.

Richard Deane, Global Fixed Income Strategist
Richard joined Mayberry in 2010, and today works with Portfolio Managers to manage institutional fixed income accounts as well as ensuring timely and accurate execution of investment strategies across portfolios.

Jamie Turner, Senior Manager
Treasury and Trading
Jaime joined the team in 2016, and manages all fixed income, equities and currency trading for clients. He is also integrally involved in the oversight of the execution of all proprietary trading of the company.

Renee Manzari, VP-Compliance and Risk
Renee joined Mayberry in 2016 and is charged with ensuring that the company is in full compliance with all relevant regulations. She also oversees Risk, Anti-Money Laundering (AML) and the internal control areas of the organisation.

Alana Lawrence, Senior Manager
Research & Special Projects
Alana joined Mayberry in 2010. Her primary responsibilities include providing current financial and economic information and recommendations on financial assets to Mayberry's internal and external clients.

Seated L-R: Anika Jengelley, Miguel Christie, Willett Wilson
Standing L-R: Damian Whylie, Shirnette Mason, Tania Waldron-Gooden

Our Management Team

Anika N Jengelley, Assistant VP-Marketing
Anika joined the Mayberry Team in 2013, and since then has led the management of the Mayberry brand. Her areas of responsibility include: advertising, public and media relations, events and sponsorships.

Damian Whylie, General Manager-Asset Management
Damian has been a member of the team since 2016 and heads the Asset Management unit. He is responsible for the strategic management of all the company's Managed Portfolios as well as management and administration of the Pension Product.

Shirnette Mason, Manager Financial Analysis & Planning
Shirnette joined Mayberry in 2006 as a Financial Analyst. Since then she has had full oversight of the company's strategic budget as well as financial analysis and reporting and is a key memeber of the Finance & Accounting team. She is a member of the company's Policy committee.

Tania Waldron-Gooden, Senior VP Investment Banking
Tania joined the Mayberry Team in 2006 and since then has played an integral role in the management of product and service offerings to include but not limited to Financial Advisory Services, Arranging and Structuring Debt and Equity transactions.

Miguel Christie, Client Relations Manager
Miguel joined the Mayberry Team in 2012, and has led the management of the Client Relations Department. He is responsible for developing and maintaining relationships with clients by ensuring excellent customer service and client satisfaction.

Willett Wilson, Financial Controller
Willett has been at the helm of Mayberry's accounting team for almost 6 years, where she ensures that the financial performance of the company, as depicted by numbers, is adequately maintained.

Seated L-R: Krishna Singh, Nadine Anderson
Standing L-R: Shadaya Small, Philbert Perry, Trudy-Ann Edwards

Our Management Team

Krishna Singh, Chief Information Officer
Krishna joined Mayberry in 2016 and manages the company's Information Technology(IT) systems and functions. His areas of responsibility include: directing and managing computing and IT strategic plans, infrastructure, data and vendor.

Nadine Anderson, Data Manager
Nadine joined Mayberry in 2014 and is responsible for managing the movement of data across multiple systems as well as supervising activities which protect or enhance the value of the organisation's data.

Shadaya S Small, Manager-Research & Corporate Finance
Since joining the Mayberry Team in 2010, Shadaya has worked with the Research & Corporate Finance Team to provide the company with financial analysis which aids the investment decisions and financial solutions for corporate clients.

Philbert Perry, Senior VP-Sales & Marketing
Philbert joined the Mayberry Team in 2008 as an Investment Advisor. He is currently responsible for managing the Sales Team and its synergetic alliance with the marketing initiatives of the company, as well as overseeing the development of strategic solutions for clients.

Trudy Ann Edwards, Manager-Compliance
Trudy-Ann joined the Mayberry team in 2012 and is charged with the responsibility of overseeing the Compliance & Risk area of the company.

Racquel Anderson-Wilson, EPMO Manager (Not Pictured)
Racquel has full oversight of the Project Management Office since 2013, and is responsible for providing a structure for the execution of the organisation's strategic projects. She sees to the standardisation of processes while leveraging the company's resources to complete projects efficiently.

Our Team

Compliance, Risk & Client Relations

Seated L-R: Shelaine Jackson-Brown, Miguel Christie
Standing L-R: Antoinette Hamilton-Williams, Renee Manzari, Sheldon Thomas

Accounting & Finance

L-R: Samoya Whyte, Shirnette Mason, Willett Wilson

Sales and Marketing

Seated L-R: Karen Hall, Shanique Anderson, Anika Jengelley, Sherace Pinnock, Cherrice Lewis, Okelia Parredon. **Standing L-R:** Gavin Roye, Renee Hamilton, Floyd Wilson, Jason McPherson, Winston Wong, Diana Watson-Chong, Dionne-Marie Harrison, Ian Laidlaw, Giovanni Campbell, Philbert Perry, Jason Ricketts, Dwayne Neil

Our Team

Information Technology and Human Resources

Seated L-R: Kristen Raymore Reynolds, Nadine Anderson, Petre-Gay Bailey. **Standing L-R:** Chander-Paul Reid, Jason Robinson, Shauna Vassell, Krishna Singh

Treasury Trading and Asset Management

Seated L-R: Cydoney Coke, Karen Mitchell, Keva Taylor
Standing L-R: Jamie Turner, Richard Deane, Jovano Johnson, Damian Whylie

Operations

Seated L-R: Michelle Sarju, Kerine Hewitt, Racquel Brown, Andrea Hosang, Sharie-Lee McKoy. **Standing L-R:** Andrew Johnson, Tishema Graham, Dwayne Morris, Cordell Bennett, Roger Salmon, Aneka Lee, Venice Thompson, Ammoya Patrick, Dwayne Neil

Our Team

Research, Corporate Finance & Special Projects

Seated L-R: Oliver Grace, Tania Waldron-Gooden, Damali Morgan
Standing L-R: Jason Martinez, Christina Millington, Mckoy Jackson, Shadaya Small, Tamika Becky, Alana Lawrence

Administration

Seated L-R: Karel Ellington, Nadralee Smith
Standing L-R: Michelle Chung, Deborah Dowding, Michelle Graham, Ash-Sham Gillette

Ancillary and Facilities

Standing L-R: Rodney Bushay, Dwain McLeod, Sandra Lake, Brian Davidson, Demar Linton

Corporate Data

BOARD OF DIRECTORS

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. (Econ) (Hons.)
Chief Executive Officer

Non-Executives

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

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

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

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

Managers

Kayree Berry-Teape
MBA (Distinction), B.Sc. (Hons.)
B.A. (Hons.), Dip.
CEO - Mayberry Foundation

Nathanael Samuels
M.Sc., B.Sc. (Hons.), Dip.
Chief Financial Officer

Willett Wilson, MBA, ACA, FCCA
Financial Controller

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

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

Shirnette Mason, MBA, B.B.A. (Hons.)
Manager - Financial Analysis & Planning

Renee Manzari, MBA, B.B.A. (Hons.)
Vice President - Compliance & Risk

Krishna Singh, B.Sc. (Hons.)
Chief Information Officer

Anika Jengelley, M.A., B.A. (Hons.)
Assistant Vice President - Marketing

Kristen Raymore Reynolds
MBA, B.Sc. , Post. Dip.
Assistant Vice President - Human Resources

Alana Lawrence, B.Sc. (Hons.)
Senior Manager - Research,
Corporate Finance & Special Projects

Christina Millington
M.Sc., B.Sc., CA
Senior Manager - Corporate & Retail Finance

Jamie Turner, MBA, B.Sc.
Snr. Manager Markets & Trading

Dwayne Morris, Dip. (Hons.)
Operations Manager

Miguel Christie, B.Sc. (Hons.)
Client Relations Manager

Nadine Anderson
Data Manager

Naciena Kayiga
Facilities Manager

Racquel Anderson-Wilson B.Sc., PMP
EPMO Manager

Richard Deane, B.B.A.
Global Fixed Income Strategist

Shadaya Small, B.Sc.
Manager - Research & Corporate Finance

Trudy Ann Edwards, MBA, B.B.A. (Hons.)
Manager - Compliance & Risk

Karen Mitchell, MBA, B.Sc. (Hons.)
Senior Vice President - Treasury & Trading

Philbert Perry, MBA, B.Sc. (Hons.)
Senior Vice President – Sales & Marketing

Damian Whylie, MBA, B.Sc. (Hons.)
General Manager - Asset Management

Registered Office

1 ½ Oxford Road
Kingston 5
Jamaica

Company Secretary

Konrad M. Berry

Registrar – Transfer Agent

Jamaica Central Securities Depository
40 Harbour Street
Kingston
Jamaica

Auditors

BDO
26 Beechwood Avenue
Kingston 5
Jamaica

Attorneys-at-Law

Patterson, Mair, Hamilton
Douglas Thompson
Palomino, Gordon-Palomino
Rattray, Patterson, Rattray
Hart Muirhead Fatta
Carolyn Reid & Company

Bankers

Bank of Jamaica
Citigroup
National Commercial Bank
Jamaica Limited
First Caribbean International Bank
Bank of Nova Scotia Jamaica Limited

Investment Banks

Morgan Stanley
Raymond James and Associates
(formerly Morgan Keegan)
Oppenhiemer
RBC Dominion Securities
Standard Bank

Management's Discussion and Analysis of Financial and Operating Performance

for the Year Ended 31 December 2016

Our mission of transforming lives positively through lasting relationships affords us the opportunity to help our clients better understand their money and develop better investing practices through the provision of sound financial advice and excellent customer service to execute business transactions and to realize their financial objectives.

CORPORATE OVERVIEW

Core Activities

At Mayberry, we offer individuals and institutions a wide range of investment banking services and products in the capital market. Our service offering includes strategic financial advisory services with emphasis on mergers & acquisitions, debt and equity restructuring, investment management services through separate and comingled managed portfolios, brokerage services, cambio and research services. We create deep enduring relationships with our customers by determining their needs and delivering the most relevant product and service solutions to realize their investment objectives.

Business focus 2017

For this new financial year, we will focus on the achievement of growth and profitability through enhanced operational efficiencies. Emerging technologies and practices, excellent customer service delivery and changing market conditions have become the new norms that will shape the financial sector. Mayberry Investments Limited has adapted to these changes and remains strategically focused on new technologies to drive operational efficiencies, improve customer needs, grow and sustain our business. There will be challenges as we implement and embrace the new paradigm shift in technological driven business processes, however, management and staff are committed to the success of these changes to achieve the company's objective.

Additionally, keen attention is paid to the global economies and financial markets, the geopolitical environment, and regulatory and legislative developments in the United States of America(USA) and other countries where we do business.

For 2017 we will continue our focus on:

- **Revenue Growth:** We plan to achieve revenue growth through our diversified fee based product offerings by increasing the volume of transactions we execute daily while enhancing our product offerings to our clients.

- **Relationship building:** Our passion for serving customers motivates our team members consequently we will continue to foster a culture of service excellence by:
    - Development of our customer-centric culture to drive brand loyalty.
    - Ensuring full customer engagement to enhance our trusted relationships and realize their objectives.
- **Operational efficiency:** We will continue to transform our business operating model by developing efficiencies to improve on our core business processes. This is to ensure the required value added is effectively achieved, enabling the company to have a competitive advantage.
- **Risk Management:** The financial sector is plagued by new and emerging risks and challenges, nevertheless we are committed to protecting our critical infrastructures through a number of new initiatives to respond in a timely and effective manner. Risk management continues to be an enterprise-wide focus for our orgaization, and as such we are committed to continue the process to integrate risk management, compliance and ethics into our organization's culture by reinforcing a strong tone across each function and business line, through training. **Technology:** Digitizing our business processes to enhance the experience and quality service we provide to our customers will be a critical focus in 2017. Technology underpins all that we do, hence digitizing our processes allows us to seamlessly execute client transactions, operate more efficiently and meet both internal and external reporting requirements.
- **Human Resource:** To be the employer of first choice where talented individuals aspire to work is a key objective for our business. We will continue to improve our employee engagement through service value and empowerment in an effort to attract and retain top talents. We will also re-evaluate rewards and recognition and ensure that we provide a healthy and supportive work environment for our employees.
- **Corporate Social Responsibility:** We acknowledge and embrace our responsibility to help maintain healthy, resilient and sustainable communities. Our focus on positively impacting the social, economic and environmental challenges facing Jamaica is unwavering. Through our foundation we will continue to support sports, education and healthcare, which are pivots for Jamaica's economic development.

ECONOMIC AND BUSINESS ENVIRONMENT

International

Stagnant global trade, subdued investment, and policy uncertainty were caveats that framed the Global economic activities and by extension global growth for financial year 2016. According to a publication by the IMF, *Global Economic Prospects*, global economic performance was lackluster and as such global growth was estimated to be around 3.1per cent (2015:3.2per cent). Amid many land mark events were the slowdown of activities in the United States(US) specifically due to uncertainty associated with policies of the new administration, slowdown in China's economic growth and falling commodity prices, as well as the vote by the United Kingdom (UK), to leave the European Union(EU).

In the UK the referendum caused heightened speculation and uncertainty in the financial markets, with the Pound Sterling plummeting, losing 15 per cent of its value at year end as investors sought alternative investments denominated in other currencies that were considered to be safe. Even though expectations were that the UK would be hit hard following the referendum, the economy remained resilient as it grew 0.6 per cent in the last quarter of the year, the same pace as the two previous quarters and year over year 2 per cent when all is combined, down from 2.2 per cent in 2015. According to the IMF, the world saw an orderly repricing in the financial markets after the initial shock reaction to the vote.

The Eurozone's economy demonstrated remarkable resilience to geopolitical uncertainties in 2016, defying earlier expectations of a slower recovery. For the year, the economy expanded 1.7 per cent relative to 1.9 per cent recorded in 2015. However, aftershocks from the euro crisis continue to affect the region during the year, especially in areas where there was instability in the financial sector, where non-performing loans remain substantial and continue to constrain credit in the region, contributing to market

volatility. Additionally, as it relates to the implementation of reform programs, unemployment, stagnating living standards and a lack of policy coordination are still plaguing the sustainability of the Eurozone's recovery and are all threatening the economy's pace of recovery.

In 2016, the Chinese economy expanded 6.7 per cent, which was slightly below the 6.9 per cent expansion in 2015, recording its slowest growth in 26 years. Growth was however within the Chinese Government's target range of 6.5 -7 per cent as the country continued to rebalance its economy from industry to services. China is a key driver of the global economy and continued growth slowdown has become a major concern for investors globally. Growth for the year was underpinned by weak investments and lower consumption levels.

Local

Macroeconomic stability evidenced by low inflation, a decline in the current account deficit, an accumulation of foreign currency reserves, as well as a bullish capital market have contributed to the economy's strong performance for financial year 2016. During the year the IMF approved a new precautionary Stand-By Arrangement (SBA) for Jamaica. This SBA replaces the Extended Fund Facility arrangement (EFF) that has been in place for the past three years. Of note, the IMF has stated that this agreement is intended to provide insurance against unforeseen adverse external economic shocks, while focusing on reform efforts to deliver better growth and job outcomes, as well as reduce poverty, while sustaining macroeconomic stability.

Against this background and with sustained fiscal consolidation and the new administration's strong commitment to continued reforms to reduce the high debt burden, international rating agency, Moody's upgraded the country's credit ratings from Caa2 to B3 and changed its outlook to stable from positive. With this improved economic outlook, firms remained optimistic while consumers' confidence remained favorable throughout the year. According to the *Jamaica Chamber of Commerce* survey on Business and Consumer Confidence, the buoyant outlook resulted in almost 70 per cent of all firms anticipating an improved financial situation for their business, with 74 per cent of firms forecasting that they expect their profits to improve.

While economic fundamentals remain positive, there are concerns about growth and job creation which have been slow to materialize under the reform programme.

Gross Domestic Product (GDP)

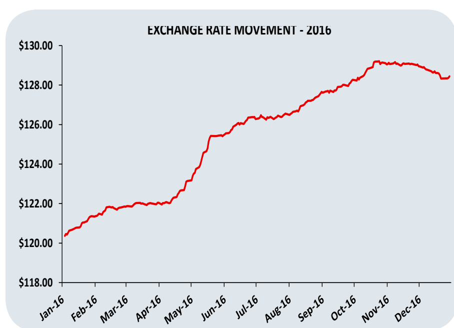
Despite challenges such as a chronic crime rate and high unemployment, growth in the domestic economy is estimated to have accelerated for the eighth consecutive quarter and reflected higher value added from both the Goods Producing and Services Industries. Growth was underpinned by a

stable business-friendly macroeconomic environment and continued structural reforms. In fact the economy grew 1.4 per cent for the year when compared to 2015 according to data released by *Statistical Institute of Jamaica (STATIN)*. The uptick was attributable to improved performance in the Goods Producing industries, specifically the Agriculture, Forestry and Fishing division which grew by 12.8 per cent relative to a decline in the corresponding quarter 2015.

Notably, business and consumer confidence remained high during the year and there were favorable weather conditions for 2016 supported by increased local demand for agricultural crops compared to 2015, which contributed to economic growth for the calendar year. It is expected that the economy will continue to grow at a faster pace for 2017 than that recorded for 2016.

Foreign Exchange

The depreciation of the local currency remained a major concern to pundits as it was deemed excessive and was not reflective of the positive macro-economic upticks experienced in the economy. The Jamaican dollar when matched with its major trading counterpart, the US dollar, spiraled downwards for all months except December during financial year 2016. The local dollar opened the year trading against the US dollar at an average monthly rate of J$120.86: US$1.00 and closed the year trading at J$128.64: US$1.00, depreciating by $7.78 or 6.44 per cent, relative to $4.92 or 4.27 per cent for the corresponding year 2015.

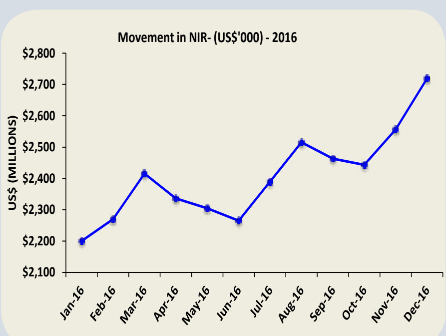


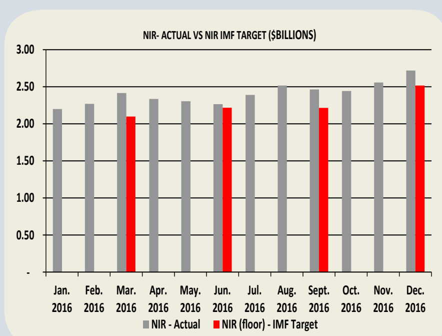
The increased pace of depreciation noted was as a result of increased speculation and low investor confidence relating to the

correct value of the Jamaican dollar, as well as an uptick in investor demand for high yielding foreign currency denominated instruments. Towards the end of the year the Central Bank implemented measures to control the accelerated pace of depreciation of the dollar by raising cash and liquid assets reserves for foreign currency liabilities to equal that of domestic currency as well as offered early repayments of its US dollar Certificate of Deposits(CD's). This initiative resulted in a moderate appreciation of the dollar. It is expected that the dollar will continue to depreciate but at a reduced pace, as foreign exchange inflows continue to be strong.

Net International Reserves(NIR)

For the review period, the Bank of Jamaica (BOJ) continued to increase its Reserves as stipulated by the IMF in the new three-year precautionary SBA. The Reserves fluctuated throughout the year reflecting the Bank's sale of foreign currency demand debt obligations. Despite the fluctuations and the BOJ's increase in sales to the market, the BOJ assessment suggested that the NIR targets under the IMF-supported EFF Programme for each quarter were comfortably attained and the NIR increased by US$281.4 Million or 12per cent to US$2,719.4 Million as at December 31, 2016.

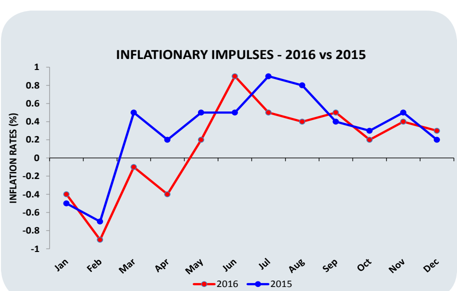




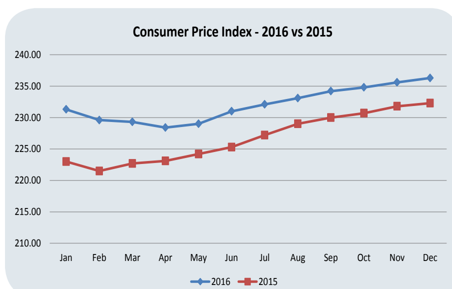
At current level, the NIR is adequate to purchase 38.40 weeks of goods import and 22.27 weeks of goods and services imports. With increased measures to ease depreciatory pressure on the Jamaican dollar, it is expected that the NIR will continue on an upward trajectory for 2017.

Inflation

According to Statin, calendar year inflation as measured by the All Jamaica 'All Divisions' Consumer Price Index (CPI) was 1.7 per cent for 2016 and remains at a record low. This was 2.0 percentage points lower than 3.7 per cent recorded for calendar year 2015. Notably, the outturn was the lowest level of inflation recorded for a calendar year in 52 years. The deceleration in inflation for the year reflects the impact of favorable weather conditions and weak though improving domestic demand, partly offset by the faster pace of exchange rate depreciation.



The Consumer Price Index advanced to 236.3 for the year relative to 232.3 in December 2015. Of note the other two measures of core inflation also remained subdued when compared to 2015; fiscal year-to-date and point-to-point rates were 3.1 per cent and 1.7 per cent respectively.

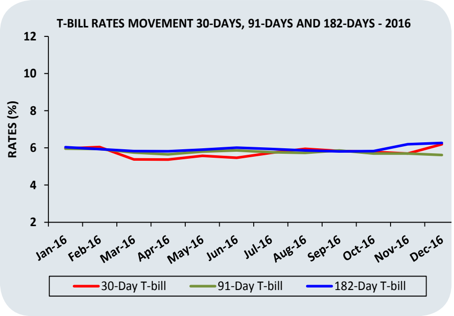


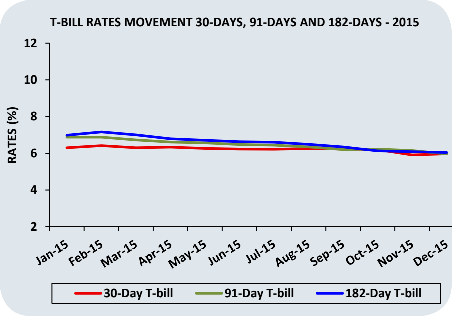
Interest Rates

According to the BOJ's *The Economy & Monetary Review*, weighted average yields on Government of Jamaica Treasury Bills generally declined during the year relative to the corresponding period 2015, specifically the yields on 30-day and 90-day T-bills which decreased by 33 and 32 bps to 5.64 and 5.68 per cent respectively. The reductions noted were in the first and last quarters. In the first quarter of the year, there were reductions on the 30-day and 90-day T-bills driven by increased liquidity from GOJ debt payment of NDX bonds that matured during the quarter.

The reduction in the last quarter, of the year resulted from increased demand for short term instruments. In the second quarter, increases were noted on all tenors with the 180-day T-bill tenors showing the highest movement. The movement of the rates in the third quarter was towards the short end of the interest rate spectrum underpinned by speculations in the foreign exchange market. The yields on the longer term instruments reduced.

Notably, during the year the Bank continued its monetary policy stance by lowering its bench mark interest rate payable on 30-day CD's by 25 basis points to 5per cent driven by favorable macro-economic conditions and favorable outlook for inflation for the near to medium term.





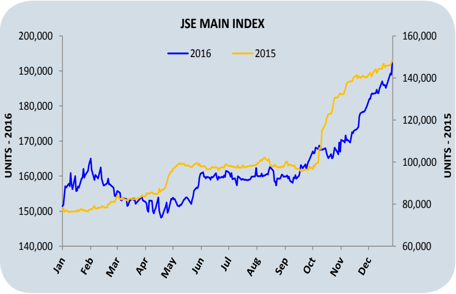
Looking ahead, given the relative stability of inflation, nominal interest rates are expected to remain relatively low over the near-to medium-term and are expected to bolster prospects for new investments and overall output expansion.

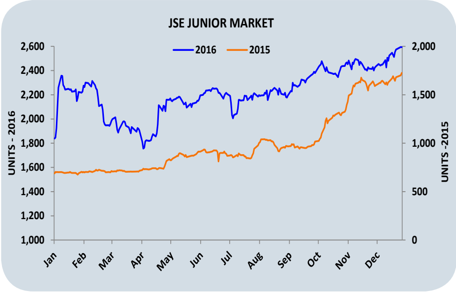
Equities Market

Improvement in business and consumer confidence translated to a positive performance of listed companies and further advances in all Jamaica Stock Exchange(JSE) market indices for financial year 2016. This performance was supported by a positive macro-economic environment which includes real growth in the economy, improved liquidly conditions, low inflation as well as Jamaica's successful completion of the Extended Fund Facility (EFF) supported programme with the IMF. Additionally, stock splits, rights issue, bonus issues also bolstered the favorable performance of the stock market.

During the year investors continued to prefer the equities market as it provided greater returns relative to foreign currency and domestic money market instruments. According to the BOJ in its *Economy and Monetary policy review*, equities offered a 12-month average return of 27.8 percent while GOJ globals offered an average return of 12.8 per cent.

For the year ended December 31, 2016, the Jamaica Stock Exchange (JSE) Main Market index advanced to 192,276.64 points an improvement of 27.6 per cent or 41,582 points relative to 2015. The JSE Junior market which helped to propel the JSE to historic levels in prior year climbed to 2,593.71 points an improvement of 802.66 points or 44.8 percent when compared to 2015. Notably, the JSE Combined Index rose by 46,690 points or 29.5 percent when compared to prior year.





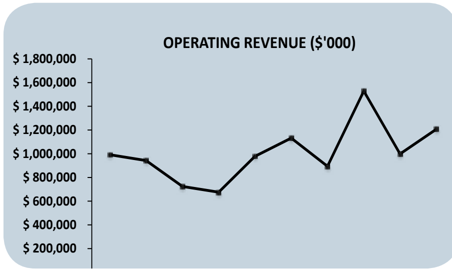
The overall Main Market activity resulted from increases in the number of transactions and value of stocks traded which grew by 41 per cent and 25 per cent relative to growth of 35.5 per cent and 59.7 per cent respectively for the corresponding year. For the financial year 2016 the JSE Main Market added one new listing while the Junior market added six new companies to its list.

CONSOLIDATED FINANCIAL PERFORMANCE

PROFIT PERFORMANCE

Net profit for financial year ended December 31, 2016 amounted to $172 Million, an increase of $27 Million or 18 per cent when compared to $145 Million for the corresponding period 2015. This performance translated to earnings per share of $0.14 compared to $0.12 for the comparative period 2015.

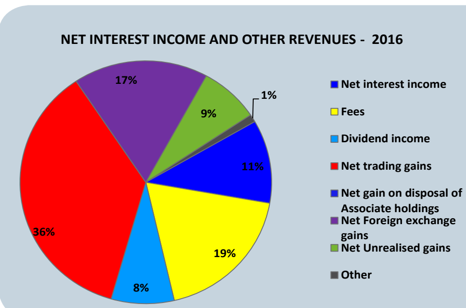
Net interest income and other operating revenues totaled $1.2 Billion, an increase of $209 Million or 21 per cent compared to $999 Million for the corresponding period 2015. The growth across most of our lines of business was as a result of our commitment to our business strategy for the financial year.

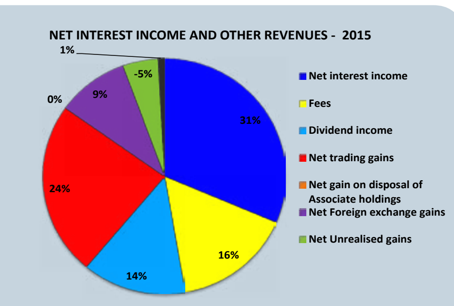


The major changes in revenue by category over the review period December 31, 2016 compared to December 31, 2015 were as follows:

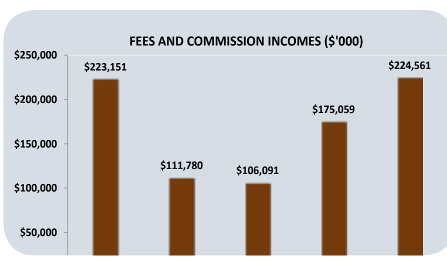
Net Interest Income declined by $211 Million or 61 per cent, moving from $346 Million to $134 Million. The reduction noted was due to a decrease in our investment securities portfolio and a marginal increase in the average cost of funding during the year.

Dividend Income declined by $54 Million or 36 per cent, moving from $152 Million to $98 Million. The reduction in dividend income resulted from fewer listed companies paying out dividends during the 2016 financial year despite favourable market conditions.

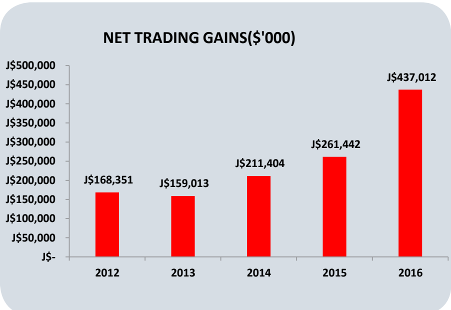




Fees and commissions increased by $50 Million or 29 per cent moving from $175 Million to $225 Million in 2016. The chart below shows changes in fees and commission income over the past five years.

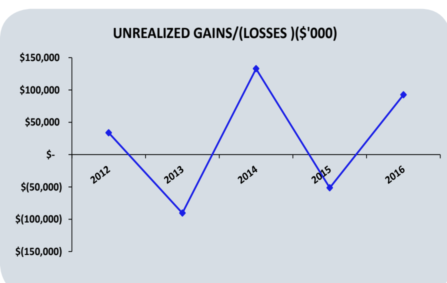


Net Trading Gains increased by $176 Million or 67 per cent, moving from $261 Million to $437 Million, We achieved this growth through increaed trading activities, seizing market opportunities and managing the associated risks to realize revenue objectives.



Net Foreign Exchange Gains increased by $103 Million or 97 per cent moving from $106 Million to $209 Million. The increase reported, resulted from increased trading activities of our cambio as well as translation gains on our foreign currency asset position.

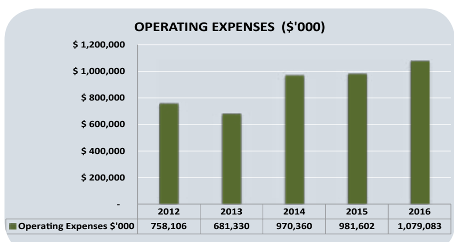
Net Unrealized Gains on Investments Revaluation increased by $144 Million or 280 per cent to $92 Million compared to net unrealized loss on investments revaluations of $51 Million for comparative period 2015. The increase resulted from the mark-to-market price movements on the bond portfolio.



Share of Results of Associates. At year end Share of results of associates amounted $66 million, an increase of $25 million or 60 per cent over comparative period 2015. The increase is attributable to improved profit performance of some of our associated companies. During the year we increased our investments in associate companies by acquiring 21.75 per cent of start-up company IronRock Insurance Company Limited.

OPERATING EXPENSES

Operating expenses totaled $1.08 Billion compared to $982 Million, an increase of $97 Million or 10 per cent. A core strategy of our company is to maintain operational efficiency, through cost containment measures which are reviewed monthly. However, we have been steadily investing in technology, expanded our sales force and invested in other infrastructure improvements to better serve our clients and grow our business. Significant improvement has been achieved in controlling operating expenses, however the devaluation of the Jamaican dollar has impacted some expenses denominated in United States dollars.

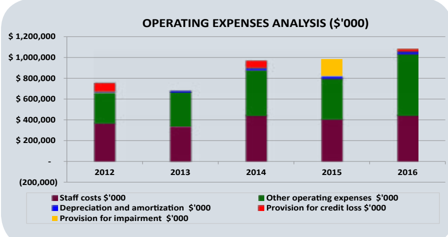


Staff costs amounted to $445 Million an increase of $36 Million or 9 per cent when compared to prior year 2015.The increase noted was driven by staff salary review for the year, as well costs related to an increase in the executive team leads.

Provision for credit losses amounted to $23 Million, an increase of $25 Million or 1005 per cent due to a write back of $3 Million for the corresponding period 2015. Our loan portfolio increased and as such we have made adequate provision to cover the associated risks.

There was a marginal reduction in **depreciation and amortization** costs which amounted to $25 Million, a reduction of $500 thousand or 2 per cent when compared to $25 Million for the comparative period 2015. The reduction was driven by a marginal decrease in property plant and equipment.

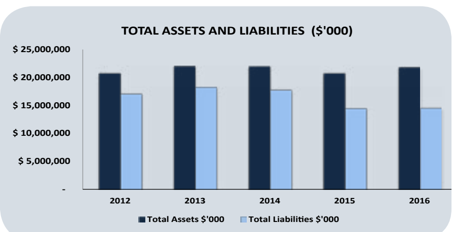
Other operating expenses amounted to $587 Million compared to $390 Million for the corresponding period 2015, an increase of $197 Million or 51 per cent when compared to 2015. Significant increases were noted in our legal fees which amounted to $79 Million compared to $49 Million for corresponding, an increase of $30 Million or 61 per cent; Sales, Marketing and Public Relations which amounted to $58 Million compared to $38 Million for the comparative an increase of $20 Million or 53 per cent. Additionally, increases were also noted in other operating expenses which amounted to $208 Million (as per note 9) compared to $73 Million for the corresponding period, an increase of $135 Million or 185 per cent when compared to prior year. The increase was driven primarily by increased operational activities incurred during the year.



STATEMENT OF FINANCIAL POSITION

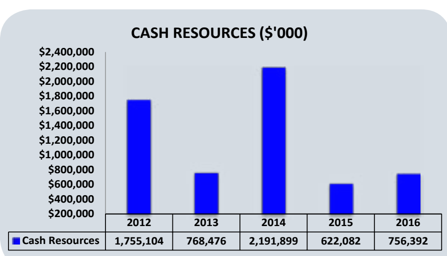
Assets

As at December 31, 2016 total asset amounted to $22 Billion an increase of $1 Billion or 5 per cent when compared to $21 Billion for the corresponding year 2015. The increase was due mainly to increases in our Cash resources, Reverse repurchase agreements, Promissory notes, Loans and receivables, Investments in associates and other Assets which were offset by decreases in our Investment securities, Loans and receivables and Property plant and equipment.

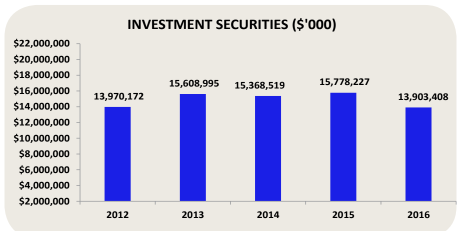


Asset Categories

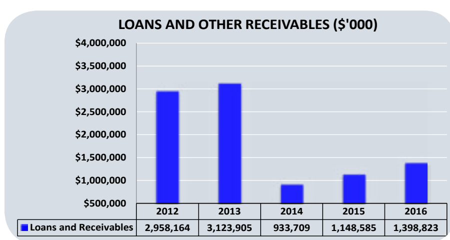
Cash resources totaled $756 Million, compared to $622 Million for the corresponding period 2015, an increase of $134 million or 22 per cent when compared to prior year.



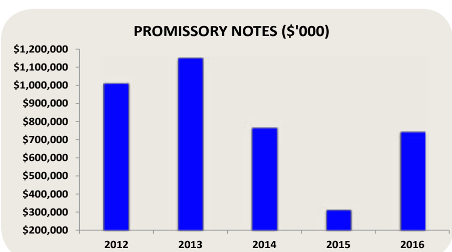
Investment securities portfolio consists of bonds and equities classified at fair value through profit or loss, amortized costs, as well as equities at fair value through other comprehensive income. These securities, net of provision for impairment totaled $14 Billion, a decrease of $ 1.87 Billion or 12 per cent when compared to the corresponding period 2015. The portfolio comprises Government of Jamaica (GOJ) Securities - $3.2 Billion, Foreign Government Securities - $438.8 Million, Corporate Debt Securities - $5.08 Billion and Equities of $5.46 Billion.



Loans and other receivables comprise client margins, withholding tax recoverable, advance on corporation tax, and other receivables. For the year 2016 Loans and other receivables totaled $1.4 Billion, an increase of $250 Million or 22 per cent over 2015 when the total was $1.15 Billion. Client margins which are secured against their equity portfolios amounted to $724 Million an increase of $156 Million or 27 per cent when compared to $568 Million for the corresponding period 2015. There was also an increase in Other receivables which totaled $355 Million an increase of $117 Million or 49 per cent when compared to corresponding period 2015.



The growth in the **Promissory notes** portfolio was due to strategic initiatives acted on during the year. As at December 31, 2016 Promissory notes totaled $748 Million net of specific allowance for impairment, an increase of $431 Million or 136 per cent when compared to $317 Million for the corresponding period 2015. During the year, we continued to monitor the Promissory notes portfolio to minimize credit exposure and took the necessary actions to recover outstanding amounts due.



Reverse repurchase agreements primarily represent Government of Jamaica securities used as collateral for repurchase and reverse repurchase agreements. There was a $2 Billion or 341 per cent increase in our Reverse repurchase agreement portfolio compared to 2015. During the year, a strategic decision was made to increase the amount of debt securities held by the company.

Investments in Associates totaled $1.3 Billion an increase of $190 Million or 17 per cent. During the year we made an additional investment. We purchased shareholding in IronRock Insurance Company Limited increasing the total Investments in associate companies to four; Lasco Financial Services Limited, Blue Power Group Limited, Caribbean Producers (Jamaica) Limited and now IronRock Insurance Company Limited.

Other assets represent properties foreclosed which were collateral for loans in our portfolio for a protracted period and the obligators have defaulted. As at year end Other assets amounted to $706 Million an increase of $7 Million or 1 per cent when compared to prior year. Of note this amount represents the fair value of the properties less cost to sell. The company assesses the fair value of the properties based on independent appraisal and expected realizable value. Additionally, it should be noted that the company uses some of these properties as collateral for Commercial papers issued.

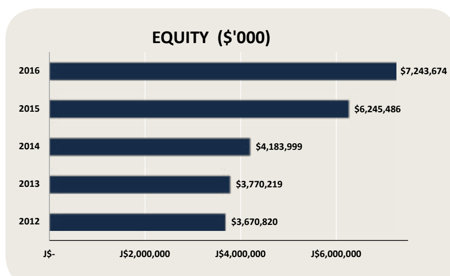
Liabilities

Liabilities totaled $15 Billion as at December 31, 2016, an increase of $88 Million or 0.61 per cent over 2015 and are driven by increases in loans and bank overdraft, tempered by a decrease in Securities sold under repurchase agreements. During the year the company continued its strategy to reposition itself away from Securities sold under repurchase agreement (repos), which was reduced by $1.4 Billion or 16 per cent and amounted to $7 Billion when compared to $8.7 Billion for prior period. Consequent on the reduction in repos, the associated interest payable also declined to $32 million compared to $45 for the corresponding period 2015, a reduction of $13 million or 29 per cent.

Loans comprise demand loans with our international trading counterparts and term loans which comprise loans with local trading counterparts as well as commercial papers issued by the company. At year end our loan obligation totaled $5.3 Billion compared to $3.5 Billion for the corresponding year 2015, an increase of $1.8 Billion or 53 per cent. The increase in loans was driven mainly by unsecured commercial paper which totaled $1.5 Billion, an increase of $803 Million or 115 per cent when compared to $682 Million for the comparative period 2015, as well as a new loan with one of our local trading counterpart amounting to $900 Million.

Equity

Total equity as at December 31, 2016 amounted to $7.2 Billion, an increase of $1 Billion or 16per cent when compared to $6.2 Billion for the corresponding period 2015. The increase in total equity was driven mainly by a $609 million or 37 per cent increase in fair value reserves which totalled $2.3 billion compared to $1.7 billion for prior year 2015. Stockholders' equity resulted in a book value per share of $6.03 compared to $5.20 for 2015.



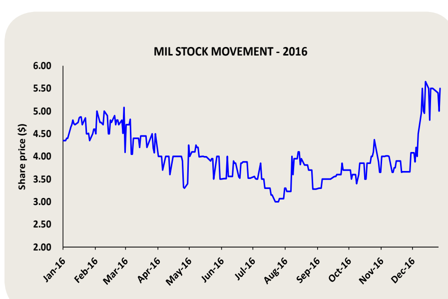
Stock Brokerage Recognition

Once again, we were recognized by the Jamaica Stock Exchange for our contribution to the equities market. This year we were second runner up for the Revenue Generation and Market Activity category. We are proud of this achievement and we are happy to be recognized for our contribution to the equities market. The Mayberry team is committed to maintaining a strong presence in the equities market and will always strive to create wealth for our clients and investors.

Mayberry's Stock Trading

As at December 31, 2016 Mayberry's last traded share price on the Jamaica Stock Exchange (JSE) was J$5.50, an improvement of $1.15 or 26 per cent relative to 2015. Our stock traded at a high price of $5.65 and a low price of $3.00 compared to 2015 when it traded at high and low prices of $5.00 and $1.70 respectively. Notably a total of 74,668,154 units crossed the trading floor during this financial year, relative to 2015 when 42,067,929 units crossed the floor.

For the financial year 2016 Mayberry remained one of the Lead Brokers in the equities market. In the overall market share position, your company was ranked second for the largest volume of trades, number of trades and fourth for the highest dollar value of trades executed on the JSE Main Market. Additionally, your company was ranked first in the largest volume of trades, highest dollar value of trades and second for the number of trades executed on the JSE Junior Stock Exchange. Notably, Mayberry Investments Limited has been in the JSE Select Index since January 1, 2008.



RISK MANAGEMENT FRAMEWORK

At Mayberry we maintain a risk management framework which is aligned with the organization's strategy and supported by a strong risk and compliance culture where Management is responsible for identifying, managing and mitigating risks in the day-to-day business activities of the company. The company's risk management framework is governed by goals, roles and expectations that are defined through governance, policies and procedures which provide a robust foundation for risk appetite setting and management across the organization.

Mayberry manages its risks through each of its three lines of defense; promoting transparency, accountability and consistency through the clear identification and segregation of roles: (i) management of business lines, (ii) independent Compliance and Risk function (iii) Internal Audit. The three lines of defense collaborate with each other in structured forums and processes to bring various perspectives together and to steer the organization towards outcomes that are in the clients' best interests and create economic value.

Adapted from the Three Lines of Defense in Effective Risk Management and Control, (Altamonte Springs, FL: The Institute of Internal Auditors Inc, January 2013)

The Company's first line of defense consists of the management of business lines. At this level the responsibility is on first line management to identify and manage risks at the operational level, for the effective management of risks in accordance with agreed risk policies, risk appetite and controls of the organization. Mayberry's second line of defense involves the Compliance and Risk function, which provides an independent oversight and assurance to manage market, credit, compliance as well as reputational and operational risks in a manner consistent with the Company's risk appetite. The third line of defense is the internal audit function that provides independent and objective assurance to the Board and Senior Management on the effectiveness

of controls across various functions and operations, including risk management and governance practices.

ENTERPRISE RISK MANAGEMENT FRAMEWORKS

The company's enterprise risk management framework is governed by policies and procedures and provides a robust foundation for risk appetite setting and management across the organization. A key element of the framework is a detailed statement of a Board-approved risk appetite which is aligned to the company's business strategy and risk profile which is continuously evaluated by the board and senior management. Mayberry uses a wide range of risk management practices to address the majority of risks that arise from business activities. Some key components of the company's risk management practices include policies, transaction limits, guidelines, processes, standards, risk assessment, measurement methodologies, risk monitoring and reporting. The company's risk management practices complement each other in the analysis of potential losses, support the identification of interdependencies and interactions of risks across the organization, carefully manage risk concentrations and provide a comprehensive view of our exposures.

The primary evaluation methods used by Mayberry to assess quantifiable risks include stress testing, scenario analysis and Value at Risk (VaR). VaR captures market, credit and other risks and is a key component of our risk appetite framework with limits determined to control aggregate risks. The company also uses stress testing, which also captures market risks, credit risks as well as operational risks and provides an evaluation method capable of capturing both historic and forward looking scenarios to ensure that the aggregate risks the company faces are managed within the Company's approved risk appetite.

Senior Management and the Board regularly review and update the risk management practices to ensure consistency with the business activities and relevance to the business strategies.

Departmental Reports

ACCOUNTS & FINANCE

The Accounting and Finance Department is driven by its passion for excellence and is committed to providing sound, accurate and timely accounting services and financial support to other departments and the organization on a whole. Against this background, during the financial year 2016 we embarked on a significant organizational transformation, both structural and transactional changes required to improve our operational efficiency and focus on key performance indicators (KPIs). The changes were geared towards improving the fundamental functions of the department to provide reports based on an accurate and timely method of accounting, record keeping, budgetary projections and variance analyses. We continued to measure and assess the new KPIs implemented during the year to ensure the overall attainment of strategic and operational objectives.

For 2017 the Accounting and Finance team remains committed to meeting the long term operational objectives and obligations of the company as well as accounting and regulatory requirements. We will continue to produce reliable quality financial reporting within increasingly tight lead times to satisfy operational requirements. Enhanced, new and innovative reports will be our benchmark output for 2017 as we strive to optimize our efficiency and effectiveness.

ASSET MANAGEMENT

Asset management has evolved and has become a core business line of organizations' services today, and is used to improve on their performance, create value for stakeholders, customers and themselves.

For the year 2016, the Asset Management Department remained a true value-added to the corporate framework of the company and continued its focus on providing first class portfolio management solutions to our clients. The department achieved an increase in our Managed Product Portfolios of over 100% for this financial year. This growth was driven by an above average performance of our equities portfolio, as well as a focused and targeted approach to Fixed Income growth. Our best performing product continues to be our Mayberry Managed Equity Portfolio (MMEP) whose market value doubled and provided an above market return of 12.5 per cent to our clients. Of note, the JSE Combined Index offered investors an average of 29.5 per cent return while our MMEP product provided our clients with a return of 42 per cent. Additionally, we achieved an increase of 33% growth in our Pension product line. Notably, we managed this portfolio to achieve a stable return and add value to our members' retirement.

Mayberry Investments Limited continues to position itself as one of the top two Equity

Brokers in Jamaica and was responsible for 18.16% of the traded volumes that crossed the floor in 2016. We were ranked second in the overall market in the number of trades executed during 2016.

We would like to thank our customers, clients and shareholders for continuing to make us their principal Broker and we are committed to continuing to exceed expectations in 2017.

COMPLIANCE AND RISK

The year 2016 was characterised by the enhancement of resource capability together with the enhancement of the anti-money laundering (AML) and counter financing of terrorism programme.

During the year, we took additional steps to strengthen our AML compliance programme in line with global best practices. Accordingly, we worked to tighten AML compliance controls and processes, while embarking on implementing an automated AML and terrorist financing control and monitoring system to improve AML control process effectiveness of the company.

Additionally, the department developed and spearheaded various training interventions including an enterprise risk management, new and/or revised policies training to build a more risk-aware and compliance culture. This included training of staff in identifying, documenting and reporting risk exposures and implementing controls to effectively mitigate those identified risk exposures. The Executive Management supported and actively engaged in both the promotion of compliance training, and consequence management for non-completion thereof.

For 2017, we will continue to expand our risk and compliance culture to create value for the company. We will continue to ensure that our risk and compliance programmes are in line with leading international standards. The Department will seek to further integrate stress testing in our strategic and financial planning. Additionally we will also focus on greater collaboration between the compliance and risk function, and the business functions of the company to effectively plan for and manage the material risks the company faces.

TREASURY AND TRADING DEPARTMENT

Bond trading

For the financial year 2016, the Treasury and Trading department continues to be the major revenue generating area for our company and contributed 36 per cent to total revenues this financial year compared to 26 per cent for prior year 2015. The major contributor to this performance was securities trading which improved by 65 per cent over prior year 2015.

Given the uncertainty regarding the expected level of interest rate increases in the United States and the potential adverse impact on bond prices in 2017, we will continue to pursue opportunities to realign our investment portfolio and provide value to the Company.

Local net income declined over the prior year largely as a result of the continued transition of the repo business to our managed products portfolios.

Foreign exchange trading

This business line performed well for this financial year. In fact it contributed 17 per cent to the total revenues of the company for 2016. Of note, net foreign exchange gains increased by 97 per cent over prior year 2015. During the financial year, the Jamaican Dollar depreciated by approximately by $7.78 or 6.44 per cent, relative to $4.92 or 4.27 per cent for the corresponding year 2015. This was driven by strong demand from both dealers and end-users particularly in the final quarter, as merchants prepared to purchase goods for the holiday season. There were also a few capital market transactions in the earlier part of the year which also increased the demand for the US dollar.

We will continue to closely monitor the impact of the global regulatory environment on the operations of local cambio dealers for 2017.

INVESTMENT BANKING

The Investment Banking Department continued its focus on guiding our clients with their investment decisions as well as creating and presenting investment opportunities for them.

During the year we remained active in the financial markets assisting companies in raising capital by way of both debt and or equity. We contributed to the equity market by way of private and public transactions by raising J$315 million and successfully listed a start-up company on the Jamaica Stock Exchange Junior Market. Additionally, we spearheaded the sale of another private company to private investors and successfully executed a stock split for a Junior Market company. Notably the department also raised approximately J$317 million by way of a rights issue for another Junior Market company. The Research, Corporate Finance & Special Projects Department also structured approximately J$6.7 billion for Jamaican companies, by way of private debt, representing an increase of 53% over the prior year.

Additionally, through our Research Department we continue to provide our internal and external clients with useful value added financial and economic information. The department continues to share a wealth of information through our Daily Recommendations and Weekly picks reports which provided insight in local equities and other financial instruments and assisted our clients with their investment decisions. Our Monthly economic, Government Operations report as well as other economic publications also allowed stakeholders to remain abreast of economic happenings in Jamaica and major economies across the world.

For 2017, the department will continue to provide relevant financial information and recommendations to guide our client's investment decisions. We will continue to make waves in the financial industry and continue to be a key player in the capital markets.

SALES AND MARKETING DEPARTMENT

Sales

The Sales Department saw a 13% growth in revenues year over year, with the key growth areas being fee income. This performance was attributable to the continued acceleration of the Local equities market which caused strong investor interest and increased trading activities on the Jamaica Stock Exchange Main and Junior Markets.

We are also happy to report that we saw a 100% spike in our US Dollar Money Market Portfolio and a 220% increase in our flagship Jamaican dollar Money Market product -Mayberry Gold. The growth in these portfolios resulted from the company's continued thrust and the regulatory requirement to discontinue the Repurchase agreements product to retail clients in prior year 2015.

The improved performance of our product offerings were not achieved without its fair share of challenges. The continued volatility of the Global Bond market affected our interest income at varying points throughout the year. Nonetheless, trading activities in Global Bonds continue to be the top earner for the department, accounting for 53% of Department's overall revenue.

We are optimistic at the prospects for 2017 as we look forward to revolutionize our client's experience through Digital on-boarding and our new efficient internal processes.

Marketing

For the 2016 financial year, the marketing department continued its transition out of a traditional media focused strategy to a more digital focused strategy. To this end, our social media platforms became strong media for advertising not only our products and services, but also to build awareness around our key sponsorships and corporate social responsibility initiatives.

The nature of our business allows us to build lasting relationships. We design strategies and plans for our business in collaboration with communities and governments. Against the background, the department maintained key sponsorships this financial year, such as the Annual Mayberry Investments Swim Meet, the Annual Mayberry Investments Open Junior Tennis Championships and the St George's College Track and Field Programme. Additionally, we resumed our partnership with the National Police Sports Council and the Jamaica Police Co-Operative Credit Union Limited in staging their Annual National Athletics Championships. We were also the major sponsor for the 2nd staging of the Jamaica International Badminton Championships 2016.

The monthly Investor Forums for the year also played a key role in our effort to promote greater client interaction. The department led the staging of 9 forums in 2016, including an address from the Minister of Finance at the beginning of the financial year. Notably, other forum themes for the year included a discussion on the impact of Brexit on our economy as well as estate planning and entrepreneurship.

Mayberry strives to be a positive and active participant in community life. The company continued its generosity by supporting numerous charities and community development programmes, as we believe these to be vital to the health and economic well-being of our nation. Among the beneficiaries of donations this financial year were the Retired Nurses Special Interest Group, the UWI Scholarship Programme, Papine High School and KSAFA.

OPERATIONS DEPARTMENT

Having being responsible for the smooth running of our organization, the Operations Department's main focus for 2016 centred around the streamlining of our business processes to improve our work flow to increase the overall operational efficiencies of the organization.

During the year we re-designed our workflow for process improvement and to create a more efficient operation system. We were able to segment out our operations unit into three different areas; Processing, Securities and Settlements to strengthen work flow and internal business processes of the organization. The change resulted in staff re-deployment and we were able to capitalize on the synergies that were presented by retaining key talents to ensure that productivity does not suffer and for the company to achieve its strategic objective. We have assessed the change and have noted that our processing timelines have noticeably improved without compromising on our high quality controls.

For 2017 the operations team remains committed to ensuring that our processes and transactions are executed accurately, while minimising risk and maximising quality of service in order to meet the strategic objective of the company.

INFORMATION TECHNOLOGY DEPARTMENT

The Information Technology (IT) Department underwent leadership changes in 2016 with the goal of leveraging technology towards gains in operational efficiency and productivity. The core IT Team was able to focus on operational projects and activities as the IT infrastructure and security services remain outsourced.

This financial year, our Systems Analysis team paid particular attention to the accessibility of key client data and the use of data mining to provide the organisation with detailed reports critical to decision-making. This also allowed enhancements to be made to our Customer Relationship Management (CRM) system to provide more detailed and usable views of customer data.

Our Project Management unit underwent staff growth in 2016 and, in addition to the CRM enhancement; they were able to successfully manage the deployment of a new PBX telephone system which greatly improved the call reliability and features for the company.

The IT Department will continue to provide top class support to the organisation in 2017 with planned resource growth in the Systems Analysis and Business Analysis areas which will greatly aid the department to continue to meet, and ultimately surpass the expectations of the organisation and improve on the level of service provided to internal and external customers.

HUMAN RESOURCE DEPARTMENT

The department's theme for 2016 was Company Culture. We pride ourselves on having an employee centric culture and our drivers for maintaining this culture was our management and leadership body. This body developed and implemented strategies that strengthened the business performance by communicating clear departmental objectives, coached and developed employees to meet key performance objectives.

We also embarked on an intense recruitment and selection drive adding three new executives to our leadership team. This was a strategic decision by the company as we sought to strengthen areas we thought required greater focus. The decision was to create a forward-thinking team that will boost the advancement and growth of the company and to help us cement our competitive advantage and hold a strong position in the business sector.

For 2017, we will focus on employee engagement and retention to ensure that we retain the best talent. We will seek to align talents with our company's strategic objectives to enhance operational efficiency. We are aware that our company possesses a wealth of young and experienced employees with diverse skillsets; as such, we will seek to provide continuous training programs geared towards their development which will increase retention, boost satisfaction and ultimately boost the organization's productivity.

Top Ten Shareholders and Connected Persons

December 31, 2016

Name	Shareholdings
Bamboo Group Holdings Limited	481,582,886
Konrad Mark Berry**	437,377,507
Mayberry Employee Share Scheme	37,346,392
Gary Peart**	24,566,665
Konrad Limited	28,607,890
Mayberry Foundation	11,117,343
VDWSD	10,000,000
Christine Wong	8,103,167
Mayberry Investments Limited Superannuation Fund	6,406,472
Sharon Harvey-Wilson	6,230,858

Connected Persons

Mayberry Employee Share Scheme	37,346,392
Mayberry Managed Client Account	3,263,549
Mayberry Foundation	11,117,343
Konrad Limited	28,607,890
Mayberry West Indies Limited	1,307,607
Mayberry Investments Limited Superannuation Fund	6,406,472
Mayberry Investments Limited Retirement Scheme	1,000,000
Apex Pharmacy	3,000,000
Doris Berry	732,262
Est. Maurice Berry	10

Shareholdings of Directors and Senior Management

December 31, 2016

Directors	Shareholdings	Connected Persons
Christopher Berry	481,582,886	
Konrad Berry**	437,377,507	28,607,890
Erwin Angus**	1,000,000	2,507,886
Benito Palomino	2,283,105	
David McBean	1,446,521	
Gary Peart**	24,566,665	10,174,250
Sushil Jain	2,317,696	
Gladstone "Tony" Lewars	1,390,000	
Managers		
Andrea Hosang	1,045,000	
Kayree Berry-Teape	2,897,392	31,080
Tania Waldron-Gooden	2,000	
**Includes holdings in joint accounts		

MAYBERRY INVESTMENTS LIMITED 1985 - 2017 32

Mayberry in the Community 2016

COLOUR ME HAPPY CHARITY RUN: Mayberry's running team represented well at the the Colour Me Happy Run.

TENNIS CHAMPIONSHIPS: The Mayberry Investments Open Junior Tennis Championship celebrated 5 years in 2016. Here, Assistant VP of Marketing, Anika Jengelley, and Marketing Officer, Dionne-Marie Harrison are pictured with the winners and runners-up of each age category.

CB UWI 5K AND SMART EGGS KIDS K: Mayberry's running team, including friends and family of our staff, stopped for a photo after completing the 5K.

ANNUAL CHRISTMAS LUNCHEON: Mayberry has neem sponsoring the Retired Nurses Association Special Interest Group's Annual Christmas Luncheon for the past several years. The group, represented here by Audrey Brown, (left) and Merel Hanson, OD (right), is presented with the sponsors cheque by Assistant VP of Marketing, Anika Jengelley.

KSAFA: Each year, KSAFA hosts the David Hunt Management Seminar, which provides business training for coaches within the KSAFA league. Mayberry were sponsors of the seminar's 2016 staging. CEO, Gary Peart (2nd right) and Assistant VP of Marketing, Anika Jengelley (2nd left), who were both presenters at the Seminar, are pictured at its launch with KSAFA representatives, Ambassador AB Stewart Stephens (centre), President, Andrew Pryce (far right), Chairman of the Technical Committee and Dwayne Dillon, Assistant General Secretary.

BADMINTON: Mayberry partnered with the Jamaica Badminton Association for the second staging of the Jamaica International Badminton Championships. This event was an Olympic qualifying event that saw entrants from over 14 countries across the world. Pictured here is Marketing Officer, Dionne-Marie Harrison with the 1st, 2nd and 3rd place finishers in the men's event.

ST GEORGE'S COLLEGE TRACK AND FIELD PROGRAMME: In its continued support for the St George's College Track and Field Programme, Mayberry's Executive Chairman, Christopher Berry (2nd left) hosted Principal, Margaret Campbell (4th left), President of the Old Boy's Association, Lyndon Latore (3rd right), team managers, Dennis Charley (far right), Ryan Peralto (3rd left) and Peter Brooks (5th left), head coach, (2nd right) Orville Byfield and athletes for an evening of relaxation at his home in gratitude for a year of hard work.

SWIM MEET:
The Annual Mayberry Investments Swimming Championships, in its 18th year in 2016, has now become the largest swim meet in Jamaica. Zanetta Alvaranga, pictured here with Assistant VP of Marketing, Anika Jengelley, was swimming in her last meet in the Prep/Primary School segment where she holds several records in a variety of events.

ANNUAL NATIONAL ATHLETIC CHAMPIONSHIPS:
In 2016, Mayberry resumed its partnership with the Police Sports Council and the Jamaica Police Co-op Credit Union, to stage the Annual National Athletic Championship. Chairman of the Police Sports Council, SSP Terrence Bent receives the Mayberry Championship trophy from our Marketing Officer, Dionne-Marie Harrison, while Dale Powell, Manager of the Jamaica Police Co-op Credit Union.

MAYBERRY INVESTMENTS LIMITED 1985 - 2017 32 CELEBRATING 32 YEARS

Forum 2016


Mayberry CEO, Gary Peart and Assistant VP of Marketing, Anika Jengelley, greet Dr the Hon Peter Phillips, MP upon his arrival for January's Investor Forum.


At March's Investor Forum, Mayberry's Executive Chairman, Christopher Berry and CEO, Gary Peart, share a light moment with the evening's presenter, the late Brian George. Mr George was giving an Investor Update on Supreme Ventures.


April's Investor Forum featured an Investor Briefing on The Lasco Affiliated Companies by Executive Chairman, Hon Lascelles A. Chin, OD, joined here by Mayberry Director, Sushil Jain and CEO, Gary Peart.


Mayberry Investment Advisor Winston Wong, greets Herbert and Michelle Chong, of Honey Bun (1982) Limited, who were the evening's presenters on their company's performance at may's Investor Forum.


Juris Partners Managing Partner, Georgette Wiltshire and Senior Partner, Candice Chambers, were June's Investor Forum featured guest speakers, discussing Estate Planning.


(L-R) James Moss-Solomon, Executive-In-Residence at Mona School of Business, Dennis Chung, CEO of the Private Sector Organisation of Jamaica and Ambassador Anthony Hylton, former Minister of Government and Attorney-at-law, were the guest presenter's for July's Investor Forum on the fallout from BREXIT.


At September's Investor Forum, Caribbean Cream Limited's CEO, Christopher Clarke (far left), engaged by Mayberry CEO, Gary Peart (far right) and Director, Sushil Jain (2nd right) while Chief Publisher of IC Investor Magazine, John Jackson listens in.


October's Investor Forum featured an Investor Update on Paramount Trading Jamaica Limited. Presenter for the evening and Paramount's Managing Director, Hugh Graham, is joined here by Mayberry CEO, Gary Peart (left) and Attorney-at-law, Andrea Rattray for a photo op.


November's Investor Forum, which featured 3 entrepreneurs detailing their respective journeys to success, entrepreneur himself, Anand James (far right), captures the attention of fellow entrepreneurs: Mayberry's Executive Chairman, Christopher Berry (2nd left), Derrimon Trading's Chairman and CEO, Derrick Cotterell (far left) and Equity Investor, Chrisopher Zacca.


Forum guest panellists, Howard Mitchell (2nd left), Attorney-at-law and Chairman of Corrpak Jamaica Limited, Peter McConnell (3rd left), Managing Director of Trade Winds Citrus Limited and Harry Maragh (2nd right), Chairman and CEO of Lannaman and Morris (Shipping) Limited, are joined here by fellow entrepreneur and PSOJ Hall of Fame inductee, Dr Glen Christian, OJ,OD,JP, Chairman of Cari-Med Limited, and from Mayberry, Senior VP of Investment Banking, Tania Waldron-Gooden (far right) and Executive Investment Advisor , Karen Hall.

MAYBERRY INVESTMENTS LIMITED 1985 - 2017 32 CELEBRATING 32 YEARS

Charities & Sponsorships

Some Organisations we Supported in 2016

St. Georges College Foundation
The Rex Nettleford Foundation
Best Care Foundation
Jamaica Down Syndrome Foundation
Jamaica Cancer Society
Jamaica Aids Support for Life
Judy Mowatt Outreach Ministries
Jamaica Medical Foundation
Webster Memorial Church
Church of John of the Evangelist
Lucea United Church
Stella Maris Church
Andrews Memorial Seventh Day
Adventist Church
The Jamaica Evangelistic Association
Jamaica Theological Seminary
University of the West Indies
Campion College Alumni Association
Lodge Collegium Fabrorum
Kingston Lodge

True Craftsman Lodge
Rotary Club of Saint Andrew North
Kiwanis Club of New Kingston
Lions Club of Kingston
Rotaract Club of New Kingston
Jamaica Chamber of Commerce
Retired Nurses Association of Jamaica
Jamaica China Friendship Association
Chinese Benevolent Association
Lady Magistrates Association of Jamaica
Police Sports Council
The Press Association of Jamaica
The Greater Kingston Community Development Projects Ltd.
Chancellor Hall Committee
Petroleum Company of Jamaica
Domtar Sports Club
Glenmiur Past Students Association
The Mico University College Alumni
Hope Valley Expirmental School

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Chartered Accountants
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Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mayberry Investments Limited set out on pages 65 to 134, which comprise the group and the company's statement of financial position as at 31 December 2016, and the group and the company's statements of profit or loss, statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the group and the company's financial position as at 31 December 2016, 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 (IFRSs) and the requirements of the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the group and the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Revenue recognition *See notes 2(d), 4, 5, 6 and 7 to the consolidated financial statements for management's related accounting policies and disclosures.* Revenue is an important measure used to evaluate the performance of the group. Therefore, revenue recognition has been identified as a risk primarily relating to the following: • Interest income and net trading gains together represent 65% of revenue. Interest income of $784 million includes manual calculation of interest accrued on or around year end. Net trading gains are affected by the volatility of the bond market. • The completeness and accuracy of the interest income and net trading gains and the timing of revenue recognition for interest accrued on or around year end. • Due to the significant volume of transactions and the complexity of the supporting IT systems, minor errors in transactions could, in aggregate, have a material impact on the financial statements.	Our audit procedures to address the risk of material misstatement relating to revenue recognition, which was considered to be a significant risk included: • Testing of controls, assisted by our IT specialists, including, among others, controls over interest income and net trading gains generation; • Detailed analysis of revenue and the timing of its recognition based on expectations derived from our industry knowledge and external market data, following up variances from our expectations; • Performing test on journal entries using computer assisted profiling techniques to test for any management override of internal controls related to revenue recognition. • Re-performing calculation of interest generated.
Deferred taxation asset *See notes 2(p) and 19 to the consolidated financial statements for management's related accounting policies and disclosures.* The group has a significant amount of deferred tax assets, mainly resulting from tax losses carried forward. We focus on this area as the assessment of the amount of deferred tax assets to be recognised for tax losses involves judgements and estimates in relation to future taxable profits and hence the capacity to utilise available tax assets. The risk exists that future taxable profits may not be sufficient to fully utilize the deferred tax assets. Changes in the economic environment and in regulations may impact these projections.	The valuation of deferred tax assets is significant to our audit because the assessment process is complex and is based on estimates of future taxable income. Management supports the recoverability of the deferred tax assets mainly with income projections which contain estimates of and tax strategies for future taxable income. We focused on the forecasts and critically assessed the assumptions and judgments included in these forecasts by considering the historical accuracy of forecasts and the sensitivities of the profit forecasts. Based on our procedures performed we consider management's key assumptions to be within a reasonable range.

Key audit matter	How our audit addressed the Key audit matter
	We also assessed the adequacy of the tax disclosures (note 19) in the financial statements setting out the basis of the deferred tax balance and the level of estimation involved. We were assisted by tax specialists in assessing the appropriateness of the level of deferred tax asset balance recognized.
Impairment losses on investment securities and promissory notes (loans) *See notes 2(b) and 21 to the consolidated financial statements for management's related accounting policies and disclosures.* At 31 December 2016, investment securities and promissory notes, net of provision for credit losses represented $14.6 billion or 67% of total assets of the group. Impairment provisions of $428 million has been recognised for the group. We focused on the impairment assessment as the assumptions used for estimating both the amount and timing of future cash flows are complex and involve significant judgment by management.	We assessed and tested the design and operating effectiveness of the controls over impairment data and calculations. These controls included those over identification of which investment securities and promissory notes were impaired. We determined whether we could rely on these controls for the purposes of our audit. We challenged management's process by examining a sample of investment securities and promissory notes which had not been identified by management as potentially impaired and, from evaluation, formed our own judgement as to whether that was appropriate. The criteria we used to determine if there is objective evidence of impairment included: • Indications of financial difficulty of the borrower, for example, considerations granted to a borrower which would not otherwise have been considered were it not for the borrower's financial difficulty; • Default or delinquency in interest or principal payments; • Observable market data indicating that there is a measurable decrease in the estimated future cash flows from the portfolios. We tested for the completeness of management's listing of potentially impaired promissory notes by reperforming the process using management's impairment criterion.

Key audit matter	How our audit addressed the Key audit matter
	Where impairment indicators had been identified, we examined the forecasts of future cash flows prepared by management to support the calculation of the impairment, challenging the assumptions and comparing estimates to external evidence where available. We evaluated the performance of the investment securities and promissory note portfolios subsequent to the end of the reporting period to identify significant adjusting subsequent events and did not identify any such events.

Other Information

Management is responsible for the other information. The other information comprises the Annual Report but does not include the consolidated and stand-alone financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated and stand-alone financial statements does not cover the other information and we do not and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and stand-alone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and stand-alone financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and stand-alone financial statements in accordance with IFRS and the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and stand-alone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and stand-alone financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and stand-alone financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and stand-alone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on additional matters as required by 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, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Raynold McFarlane.

BDO

Chartered Accountants

28 February 2017

Consolidated Statement of Profit or Loss

YEAR ENDED 31 DECEMBER 2016

	Note	2016 $'000	2015 $'000
Net Interest Income and Other Revenues			
Interest income		733,835	890,263
Interest expense		(599,874)	(544,397)
Net interest income	4	133,961	345,866
Fees and commissions	5	224,561	175,059
Dividend income	6	97,723	152,088
Net trading gains	7	437,012	261,442
Net unrealized gains/(losses) on investment revaluation		92,591	(51,335)
Net foreign exchange gains		209,273	106,022
Other income		12,175	9,476
		1,207,296	998,618
Operating Expenses			
Salaries, statutory contributions and other staff costs	8	444,633	408,659
Provision for/(write back of) credit losses		22,723	(2,511)
Provision for impairment on investments		155	159,976
Depreciation		24,961	25,499
Other operating expenses		586,611	389,979
	9	1,079,083	981,602
Operating Profit		128,213	17,016
Share of results of associates	21	65,798	41,088
Profit before Taxation		194,011	58,104
Taxation (charge)/credit	10	(21,896)	87,356
Net Profit for the Year	11	172,115	145,460
Profit Attributable to Stockholders		172,115	145,460

		2016 $	2015 $
EARNINGS PER STOCK UNIT	12(a)	0.14	0.12

Consolidated Statement of Comprehensive Income

YEAR ENDED 31 DECEMBER 2016

	2016 $'000	2015 $'000
Net Profit for the Year	172,115	145,460
Other Comprehensive Income Net of Taxation:		
Items that may be reclassified to profit or loss		
Net unrealized gains on financial instruments	1,090,324	2,156,257
Total Comprehensive Income for the Year	1,262,439	2,301,717
Total Comprehensive Income Attributable to Stockholders	1,262,439	2,301,717

Consolidated Statement of Financial Position

YEAR ENDED 31 DECEMBER 2016

	Note	2016 $'000	2015 $'000
ASSETS			
Cash resources	13	756,392	622,082
Investment securities	14	13,903,408	15,778,227
Reverse repurchase agreements	15	2,599,763	589,951
Promissory notes	16	748,470	317,316
Interest receivable		148,304	148,698
Loans and other receivables	18	1,398,823	1,148,585
Deferred taxation	19	159,202	215,534
Property, plant and equipment	20	124,368	127,656
Investments in associates	21	1,293,759	1,104,138
Other assets	23	706,216	699,507
Total Assets		21,838,705	20,751,694
LIABILITIES			
Bank overdraft	13	32,780	10,741
Securities sold under repurchase agreements		7,328,703	8,709,309
Interest payable		31,785	44,910
Loans	24	5,333,313	3,484,941
Deferred taxation		22,114	15,980
Accounts payable	25	1,846,338	2,240,327
Total Liabilities		14,595,033	14,506,208
EQUITY			
Share capital	26	1,582,381	1,582,381
Fair value reserves	27	2,272,532	1,663,532
Other reserves	28	77,939	77,939
Retained earnings	29	3,310,820	2,921,634
Total Equity		7,243,672	6,245,486
Total Equity and Liabilities		21,838,705	20,751,694

	Note	2016 $	2015 $
NET BOOK VALUE PER STOCK UNIT	12(b)	6.03	5.20

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

Christopher Berry
Chairman

Gary Peart
Director

Consolidated Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2016

	Share Capital $'000	Fair Value Reserves $'000	Other Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2015	1,582,381	(299,808)	77,939	2,823,487	4,183,999
TOTAL COMPREHENSIVE INCOME					
Net profit	-	-	-	145,460	145,460
Other comprehensive income	-	2,156,257	-	-	2,156,257
	-	2,156,257	-	145,460	2,301,717
TRANSFER BETWEEN RESERVES					
From fair value reserves	-	(192,917)	-	192,917	-
	-	1,963,340	-	338,377	2,301,717
TRANSACTION WITH OWNERS					
Dividends paid (note 31)	-	-	-	(240,230)	(240,230)
	-	1,963,340	-	98,147	2,061,487
Balance at 31 December 2015	1,582,381	1,663,532	77,939	2,921,634	6,245,486
TOTAL COMPREHENSIVE INCOME					
Net profit	-	-	-	172,115	172,115
Other comprehensive income	-	1,090,324	-	-	1,090,324
	-	1,090,324	-	172,115	1,262,439
TRANSFER BETWEEN RESERVES					
From fair value reserves	-	(481,324)	-	481,324	-
	-	609,000	-	653,439	1,262,439
TRANSACTION WITH OWNERS					
Dividends paid (note 31)	-	-	-	(264,253)	(264,253)
	-	609,000	-	389,186	998,186
BALANCE AT 31 DECEMBER 2016	1,582,381	2,272,532	77,939	3,310,820	7,243,672

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2016

	Note	2016 $'000	2015 $'000
Cash Flows from Operating Activities			
Profit before taxation		194,011	58,104
Adjustments for:			
Provision for/(write back of) credit losses		22,723	(2,511)
Depreciation	20	24,961	25,499
Provision for impairment on investments		155	159,976
Loss on disposal of property, plant & equipment		40	
Interest income	4	(733,835)	(890,263)
Interest expense	4	599,874	544,397
Realised fair value gains transferred to retained earnings		481,324	192,917
Unrealised (gains)/losses on investment revaluation		(92,591)	51,335
Unrealised foreign exchange (gains)/losses		(75,372)	1,884
Share of after tax profit of associates	21	(65,798)	(41,088)
Foreclosure of loans		-	(298)
Income tax (charge)/credit		(21,896)	87,356
		333,596	187,308
Changes in operating assets and liabilities:			
Loans and other receivables		(250,238)	(214,876)
Investments		2,652,754	1,141,705
Promissory notes		(453,877)	455,017
Reverse repurchase agreements		(2,009,812)	900,599
Accounts payable		(388,499)	1,566,478
Securities sold under repurchase agreements		(1,380,606)	(5,458,044)
Loans		1,848,372	636,526
		351,690	(785,287)
Income tax paid		(5,490)	(283)
Interest received		734,229	956,890
Interest paid		(612,999)	(597,721)
Cash provided by/(used in) operating activities c/f page 12		467,430	(426,401)

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2016

	Note	2016 $'000	2015 $'000
Cash provided by/(used in) operating activities brought forward (page 11)		467,430	(426,401)
Cash Flows from Investing Activities			
Additions to property, plant and equipment	20	(22,547)	(33,507)
Proceeds from disposal of property, plant & equipment		834	-
Dividends received from associate companies	21	24,017	7,687
Investment in associate companies		(129,000)	(919,484)
Cash used in investing activities		(126,696)	(945,304)
Cash Flows from Financing Activities			
Dividend payment	31	(264,253)	(240,230)
Cash used in financing activities		(264,253)	(240,230)
Net Increase/(Decrease) in Cash and Cash Equivalents		76,481	(1,611,935)
Exchange gain on foreign cash balances		35,790	42,846
Cash and cash equivalents at beginning of year		611,341	2,180,430
Cash and Cash Equivalents at End of Year	13	723,612	611,341

Statement of Profit or Loss

YEAR ENDED 31 DECEMBER 2016

	Note	2016 $'000	2015 $'000
Net Interest Income and Other Revenues			
Interest income		682,209	745,022
Interest expense		(564,472)	(512,301)
Net interest income	4	117,737	232,721
Fees and commissions	5	224,561	175,059
Dividend income	6	572,444	15,112
Net trading gains	7	409,836	260,949
Net unrealized gains/(losses) on investment revaluation		92,591	(51,335)
Net foreign exchange gains		117,279	57,864
Other income		12,175	9,476
		1,546,623	699,846
Operating Expenses			
Salaries, statutory contributions and other staff costs	8	444,145	408,659
Provision for/(write back of) credit losses		22,723	(2,511)
Provision for/(write back of)		155	159,976
Depreciation		24,961	25,499
Other operating expenses		469,764	389,117
	9	961,748	980,740
Profit/(Loss) before Taxation		584,875	(280,894)
Taxation (charge)/credit	10	(16,561)	88,338
Net Profit/(Loss) for the Year	11	568,314	(192,556)

Statement of Comprehensive Income

YEAR ENDED 31 DECEMBER 2016

	2016 $'000	2015 $'000
Net Profit/(Loss) for the Year	568,314	(192,556)
Other Comprehensive Income Net of Taxation: Items that may be reclassified to profit or loss		
Net unrealized gains on financial instruments	51,202	143,527
Total Comprehensive Income/(Loss) for the Year	619,516	(49,029)

Statement of Financial Position

YEAR ENDED 31 DECEMBER 2016

	Note	2016 $'000	2015 $'000
ASSETS			
Cash resources	13	699,482	596,351
Investment securities	14	7,294,558	8,856,910
Reverse repurchase agreements	15	2,599,763	589,951
Promissory notes	16	748,470	317,316
Interest receivable		119,525	108,260
Due from subsidiary	17	411,693	314,266
Loans and other receivables	18	1,370,076	1,119,838
Deferred taxation	19	159,202	215,534
Property, plant and equipment	20	124,368	127,656
Investment in subsidiary	22	1,468,027	1,468,027
Other assets	23	706,216	699,507
Total Assets		15,701,380	14,413,616
LIABILITIES			
Bank overdraft	13	32,780	10,741
Securities sold under repurchase agreements		7,328,703	6,877,787
Interest payable		29,338	43,939
Loans	24	4,542,041	3,484,941
Accounts payable	25	1,656,377	2,239,331
Total Liabilities		13,589,239	12,656,739
EQUITY			
Share capital	26	1,582,381	1,582,381
Fair value reserves	27	172,551	132,524
Other reserves	28	77,939	77,939
Retained earnings	29	279,270	(35,967)
Total Equity		2,112,141	1,756,877
Total Equity and Liabilities		15,701,380	14,413,616

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

Christopher Berry
Chairman

Gary Peart
Director

Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2016

	Share Capital $'000	Fair Value Reserves $'000	Other Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2015	1,582,381	(24,392)	77,939	410,208	2,046,136
TOTAL COMPREHENSIVE LOSS					
Net loss	-	-	-	(192,556)	(192,556)
Other comprehensive income	-	143,527	-	-	143,527
	-	143,527	-	(192,556)	(49,029)
TRANSFER BETWEEN RESERVES					
From fair value reserves	-	13,389	-	(13,389)	-
	-	156,916	-	(205,945)	(49,029)
TRANSACTION WITH OWNERS					
Dividends paid (note 31)	-	-	-	(240,230)	(240,230)
	-	156,916	-	(446,175)	(289,259)
Balance at 31 December 2015	1,582,381	132,524	77,939	(35,967)	1,756,877
TOTAL COMPREHENSIVE INCOME					
Net profit	-	-	-	568,314	568,314
Other comprehensive income	-	51,202	-	-	51,202
	-	51,202	-	568,314	619,516
TRANSFER BETWEEN RESERVES					
From fair value reserves	-	(11,175)	-	11,175	-
	-	40,027	-	579,489	619,516
TRANSACTION WITH OWNERS					
Dividends paid (note 31)	-	-	-	(264,252)	(264,252)
	-	40,027	-	315,237	355,264
Balance at 31 December 2016	1,582,381	172,551	77,939	279,270	2,112,141

Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2016

	Note	2016 $'000	2015 $'000
Cash Flows from Operating Activities			
Profit/(Loss) before taxation		584,875	(280,894)
Adjustments for:			
Provision for/(write back of) credit losses		22,723	(2,511)
Loss on disposal of property, plant & equipment		40	-
Depreciation	20	24,961	25,499
Provision for impairment on investments		155	159,976
Interest income	4	(682,209)	(745,022)
Interest expense	4	564,472	512,301
Realised fair value gains/(losses) transferred to retained earnings		11,175	(13,389)
Unrealised (gains)/losses on investment revaluation		(92,591)	51,335
Unrealised foreign exchange losses		3,618	48,682
Foreclosure of loans		-	(298)
Income tax (charge)/credit		(16,561)	88,338
		420,658	(155,983)
Changes in operating assets and liabilities:			
Loans and other receivables		(250,238)	(211,921)
Investments		1,705,689	2,218,705
Promissory notes		(453,877)	455,017
Reverse repurchase agreements		(2,009,812)	900,599
Due from subsidiary		(97,427)	(680,206)
Accounts payable		(582,954)	1,565,385
Securities sold under repurchase agreements		450,916	(6,328,815)
Loans		1,057,100	636,526
		240,055	(1,600,693)
Interest received		670,944	830,991
Interest paid		(579,073)	(565,566)
Cash provided by/(used in) operating activities c/f page 18		331,926	(1,335,268)

Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2016

	Note	2016 $'000	2015 $'000
Cash provided by/(used in) operating activities brought forward (page 17)		331,926	(1,335,268)
Cash Flows from Investing Activities			
Additions to property, plant and equipment	20	(22,547)	(33,507)
Proceeds from disposal of property, plant & property	20	834	-
Cash used in investing activities		(21,713)	(33,507)
Cash Flows from Financing Activities			
Dividend payment	31	(264,253)	(240,230)
Cash used in financing activities		(264,253)	(240,230)
Net Increase/(Decrease) in Cash and Cash Equivalents		45,960	(1,609,005)
Exchange gain on foreign cash balances		35,132	41,567
Cash and cash equivalents at beginning of year		585,610	2,153,048
Cash and Cash Equivalents at End of Year	13	666,702	585,610

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 activities 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. The company relinquished its license for International Banking Business under the International Banks Act cap.12.17. Consequently, Mayberry West Indies Bank Limited with the consent of the Registrar of International Business Companies reverted to its previous business name of Mayberry West Indies Limited. The amendment to the company's name was granted on 12 April 2016.

Mayberry West Indies Limited has shareholdings in the following companies, which are all incorporated in Jamaica and related as associated companies:

Entity	Date of Acquisition	Nature of Business	Percentage Ownership by the Group	
			2016	2015
Lasco Financial Services Limited	26 May 2015	Money services	20.14%	20.13%
Blue Power Group Limited	15 July 2015	Manufacturing and retailing	20.93%	20.48%
Caribbean Producers (Jamaica) Limited	11 November 2015	Food trading	20.64%	20.17%
IronRock Insurance Company Limited	10 March 2016	Insurance products	21.75%	-

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

The financial statements for the year ended 31 December 2016 have been approved for issue by the Board of Directors on 28 February 2017.

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. Amounts are rounded to the nearest thousand, unless otherwise stated.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), and their interpretations adopted by the International Accounting Standards Board and have been prepared under the historical cost convention as modified by the revaluation of investment securities at fair value through other comprehensive income and investment securities at fair value through profit or loss. They are also prepared in accordance with requirements 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 equity, the statement of cash flows and the notes.

The preparation of financial statements in conformity with IFRSs 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 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 more judgement in complexity or areas where assumptions or estimates are significant to the financial statements are disclosed in note 3.

New, revised and amended standards and interpretations that became effective during the year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following new standards, interpretations and amendments are immediately relevant to its operations:

Amendment to IAS 1, 'Presentation of Financial Statements: Disclosure Initiative', (effective for accounting periods beginning on or after 1 January 2016). These amendments clarify the existing requirements of IAS 1 and provide additional assistance to apply judgement when meeting the presentation and disclosure requirements in IFRS. The amendment does not affect recognition and measurement and is not expected to have a significant impact on the financial statements.

Amendments to IAS 16, 'Property, Plant and Equipment', (effective for accounting periods beginning on or after 1 January 2016). In these amendments, the International Accounting Standards Board (IASB) has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The Group does not expect any impact from the adoption of the amendments on its financial statements as it does not use revenue-based depreciation or amortisation methods.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

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

Amendments to IAS 27, 'Equity Method in Separate Financial Statements', (effective for accounting periods beginning on or after 1January 2016). The amendments allow the use of the equity method in separate financial statements, and apply to the accounting for subsidiaries, associates and joint ventures.

Amendments to IFRS 10, 'Consolidated Financial Statements' and IAS 28, 'Investments in Associates and Joint Ventures', (effective for accounting periods beginning on or after 1 January 2016). The amendments require that when a parent loses control of a subsidiary in a transaction with an associate or joint venture, the full gain be recognised when the assets transferred meet the definition of a 'business' under IFRS 3, Business Combinations.

Amendments to IFRS 10, 'Consolidated Financial Statements' IFRS 12, 'Disclosure of Interests in Other Entities' and IAS 28, 'Investments in Associates and Joint Ventures', (effective for accounting periods beginning on or after 1 January 2016), The standards have been amended to introduce clarifications on which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit or loss. IFRS 10 was amended to confirm that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity. An investment entity shall measure at fair value through profit or loss all of its subsidiaries that are themselves investment entities. IAS 28 was amended to provide an exemption from applying the equity method for investment entities that are subsidiaries and that hold interests in associates and joint ventures. IFRS 12 was amended to clarify that the relevant disclosure requirements in the standard apply to an investment entity in which all of its subsidiaries are measured at fair value through profit or loss.

IASB Annual Improvements - The IASB annual improvements project for the 2012 - 2014 cycle resulted in amendments to the following standards which are relevant to the company's operations. These amendments are effective for the accounting periods beginning on or after 1 January 2016.

IAS 34, 'Interim Financial Reporting'. The amendment clarifies that certain disclosures, if they are not included in the notes to interim financial statements, may be disclosed "elsewhere in the interim financial report". The interim financial report is incomplete if the interim financial statements and any disclosures incorporated by cross-reference are not made available to users of the interim financial statements on the same terms and at the same time.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

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

IFRS 7, 'Financial Instruments: Disclosures'. This amendment clarifies the circumstances when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognised in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset -e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'. IFRS 7 has also been amended to clarify that the additional disclosures required by *Disclosures: Offsetting Financial Assets* and *Financial Liabilities (Amendment to IFRS 7)* are not specifically required for inclusion in condensed interim financial statements for all interim periods; however, they are required if the general requirements of IAS 34, *Interim Financial Reporting*, require their inclusion.

The amendments did not result in any effect on the Group's financial statements.

Early adoption of standards

The Group had early adopted IFRS 9 "Financial instruments" (2009).

This version of IFRS 9 was issued in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

IFRS 9 was subsequently reissued to incorporate new requirements in October 2010, in November 2013 and yet again in July 2014. The 2014 version is effective for financial periods beginning on or after 1 January 2018. The company has not early-adopted provisions from any of the later versions.

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

Amendments to IAS 7, 'Statement of Cash Flows', (effective for accounting periods beginning on or after 1 January 2017), requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

New standards, amendments and interpretation not yet effective and not early adopted (cont'd)

Amendment to IAS 12, 'Income Taxes', (effective for accounting periods beginning on or after 1 January 2017). The amendment clarifies the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. The amendments confirm that a temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period, an entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit, where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type and that tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets.

IFRS 9, 'Financial Instruments', (effective for accounting periods beginning on or after 1 January 2018). The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the existing guidance in *IAS 39 Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

The Group is still assessing the potential impact of adoption of the revision and whether it should consider early adoption but it is not possible at this stage to quantify the potential effect. The company expects some impacts on adoption of the revised standard. The company expects that, in many instances, the classification and measurement outcomes will be similar to IFRS 9 (2009) for its operations, which was already adopted. Although differences may arise, for example, regarding credit loss provisioning, the company expects that, as a result of the recognition and measurement of impairment under IFRS 9 (2014) being more forward-looking than under the previous standard, the resulting impairment charge may tend to be more volatile.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

New standards, amendments and interpretation not yet effective and not early adopted (cont'd)

IFRS 15, 'Revenue from Contracts with Customers', (effective for accounting periods beginning on or after 1 January 2018). The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.

IFRS 16, 'Leases', (effective for accounting periods beginning on or after 1 January 2019). The new standard eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with IAS 17. Leases are now recorded in the statement of financial position by recognizing a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognized lease assets and financial liabilities.

The directors are still assessing the potential impact on the financial statements of the adoption of the standards, amendments and interpretations, which are relevant in future periods.

(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 to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are considered. 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:

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of 20% and the voting rights. Investments in associates are accounted for using the equity method of accounting, and are initially recognised at cost. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss after the date of acquisition.

The results of associates with financial reporting year-ends that are different from the Group are determined by prorating the results for the audited period as well as the period covered by management accounts to ensure that a year's result is accounted for, as applicable.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

The Group determines at each reporting date whether there is any objective evidence that investments in associates are impaired. If this is the case, the Group recognises an impairment charge in the income statement for the difference between the recoverable amount of the associate and its carrying value.

The Group's associated companies are as follows:

Entity	Year End	Financial Reporting Period	Nature of Business	Group's Percentage Interest	
				2016	2015
Lasco Financial Services Limited	31 March	31 December	Money services	20.14%	20.13%
Blue Power Group Limited	30 April	31 October	Manufacturing and retailing	20.93%	20.48%
Caribbean Producers (Jamaica) Limited	30 June	30 September	Food trading	20.64%	20.17%
IronRock Insurance Company Limited	31 December	31 December	Insurance products	21.75%	-

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(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, unless otherwise stated.

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 closing exchange rate 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 at 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.

(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 measuring the recoverable amount. However, such amounts as would have been determined under IFRS are immaterial.

ii. Dividend income:

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(d) Revenue recognition (cont'd)

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.

(f) Investment securities

The Group early adopted IFRS 9 "Financial Instruments" (2009). Investment securities are classified into the following categories: those to be measured subsequently at fair value and those to be measured subsequently at amortised cost. Management determines the appropriate classification of investments at the time of purchase based on the objectives of the 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(f) Investment securities (cont'd)

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.

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

(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 years
Office equipment	5 years
Computer equipment	5 years
Motor vehicles	3 years
Leasehold improvements	30 years

Depreciation methods, useful lives and carrying 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) Other assets

This represents foreclosed assets which are classified as held-for-sale and are initially measured at fair value less cost to sell. Subsequent gains or losses on re-measurement are recognised in profit or loss. The Company conducts an assessment of the fair value based on independent appraisal of the properties at least once every three years.

(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. There were no preference shares in issue at the end of the reporting period.

(n) Employee benefits

(i) Pension scheme costs:

The Company operates a defined contribution pension scheme (note 34), 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):

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(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, interest receivable and payable, bank overdraft, loans, other liabilities and securities sold under repurchase agreements.

(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 JUDGEMENTS AND ESTIMATES:

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) Depreciable assets:

Estimates of the useful and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The company applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

(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 (note 33).

4. NET INTEREST INCOME:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Interest income				
Investment securities	545,019	775,915	435,465	630,674
Loans and advances	188,816	114,348	246,744	114,348
	733,835	890,263	682,209	745,022
Interest expense				
Finance charges	32,627	16,100	32,627	16,100
Repurchase agreements	300,202	435,103	264,891	402,959
Commercial paper	159,006	69,789	159,006	69,789
Other	108,039	23,405	107,948	23,453
	599,874	544,397	564,472	512,301
	133,961	345,866	117,737	232,721

5. FEES AND COMMISSIONS:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Brokerage fees and commissions	149,902	115,354	149,902	115,354
Structured financing fees	15,510	6,299	15,510	6,299
Portfolio management	59,149	53,406	59,149	53,406
	224,561	175,059	224,561	175,059

6. DIVIDEND INCOME:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Trading securities	14,783	1,826	14,783	1,826
Securities classified in other comprehensive income	82,940	150,262	557,661	13,286
	97,723	152,088	572,444	15,112

7. NET TRADING GAINS:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Equities – trading securities	5,387	(1,994)	5,387	392
Fixed income - trading securities	431,625	263,436	404,449	260,557
	437,012	261,442	409,836	260,949

8. SALARIES, STATUTORY CONTRIBUTIONS AND STAFF COSTS:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Wages and salaries	375,177	323,170	374,689	323,170
Profit share and bonus	5,600	29,300	5,600	29,300
Statutory contributions	32,727	32,109	32,727	32,109
Pension contributions	12,345	11,132	12,345	11,132
Training and development	4,856	4,111	4,856	4,111
Meal allowance	824	423	824	423
Staff welfare	13,104	8,414	13,104	8,414
	444,633	408,659	444,145	408,659

The number of employees at year end was 106 (2015 – 102).

9. EXPENSES BY NATURE:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Sales, marketing and public relations	57,990	38,470	57,990	38,470
Auditors' remuneration	5,460	4,960	4,600	4,300
Computer expenses	24,253	22,775	24,253	22,775
Bad debts written off	8,599	6,191	8,599	6,191
Depreciation	24,961	25,499	24,961	25,499
Provision for credit losses	22,723	(2,511)	22,723	(2,511)
Provision for impairment on investments	155	159,976	155	159,976
Insurance	8,949	7,890	8,949	7,890
Licensing fees	55,022	49,535	55,022	49,535
Operating lease rentals	10,176	14,244	10,176	10,434
Other operating expenses	207,713	72,740	98,041	72,233
Printing, stationery and office supplies	6,425	5,223	6,425	5,223
Legal and professional fees	78,860	48,865	78,093	52,980
Repairs and maintenance	8,279	7,267	8,279	7,267
Salaries, statutory contributions and staff costs (note 8)	444,633	408,659	444,145	408,659
Security	11,620	12,237	11,620	12,237
Traveling and motor vehicles expenses	38,369	20,593	32,821	20,593
Assets tax	30,992	49,164	30,992	49,164
Utilities	33,904	29,825	33,904	29,825
	1,079,083	981,602	961,748	980,740

10. TAXATION:

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

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Current year income tax at 33 1/3%	6,832	-	6,832	-
Current year income tax at 1%	2,246	674	-	-
Underprovision of prior year tax	2,686	-	-	-
Deferred tax charge/(credit) (note 19)	10,132	(88,030)	9,729	(88,338)
Taxation charge/(credit)	21,896	(87,356)	16,561	(88,338)

10. 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	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Profit/(Loss) before taxation	194,011	58,104	584,875	(280,894)
Tax calculated at a tax rate of 33 1/3%	64,670	19,368	194,958	(93,631)
Adjustments for the effects of:				
Expenses not deductible for tax	11,847	19,159	11,847	19,159
Income not subject to tax	(4,616)	(4,918)	(190,618)	(4,918)
Income from subsidiary taxed at 1%	(33,587)	(98,976)	-	-
Share of profit of associates shown net of tax	(21,933)	(13,696)	-	-
Net effect of other charges and allowances	5,515	(8,293)	374	(8,948)
Taxation charge/(credit)	21,896	(87,356)	16,561	(88,338)

(b) Subject to agreement with Tax Administration Jamaica, the Company has tax losses of approximately $768,670,000 (2015 - $789,072,000) available for set-off against future taxable profits.

11. NET PROFIT/(LOSS):

	2016 $'000	2015 $'000
Dealt with in the financial statements of:		
the company	568,314	(192,556)
Dividend from subsidiary eliminated on consolidation	(557,422)	-
Subsidiary	161,223	338,016
	172,115	145,460

12. FINANCIAL RATIOS:

(a) 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.

	2016	2015
Net profit attributable to stockholders ($'000)	172,115	145,460
Number of ordinary stock units in issue ('000)	1,201,149	1,201,149
Basic earning per stock unit	$0.14	$0.12
Fully diluted earning per stock unit	$0.14	$0.12

(b) Net book value per stock unit:

Net book value per stock unit is calculated by dividing the stockholders equity by the weighted average number of ordinary stock units in issue during the year.

	2016	2015
Stockholders equity ($'000)	7,243,672	6,245,486
Number of ordinary stock units in issue ('000)	1,201,149	1,201,149
Net book value per stock unit	$6.03	$5.20

(c) Market value of ordinary stock units:

Market value of ordinary stock units is calculated by multiplying the closing bid price per stock unit as quoted on the Jamaica Stock Exchange by the weighted average number of ordinary stock units in issue during the year.

	2016	2015
Closing bid price per stock unit as at 31 December	$3.95	$4.40
Number of ordinary stock units in issue ('000)	1,201,149	1,201,149
Market value of ordinary stock units ($'000)	4,744,539	5,285,056

13. CASH RESOURCES:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Current accounts - Jamaican dollar	63,353	89,029	63,343	89,029
Current accounts - Foreign currencies	690,424	531,205	633,524	505,474
Jamaican dollar deposits	1,459	1,420	1,459	1,420
Cash in hand	1,156	428	1,156	428
	756,392	622,082	699,482	596,351

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

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cash resources	756,392	622,082	699,482	596,351
Bank overdraft	(32,780)	(10,741)	(32,780)	(10,741)
	723,612	611,341	666,702	585,610

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 (2015: US$319,000), to cover its overdraft facility of J$120,000,000. NCB also holds as security Government of Jamaica Benchmark Note with a nominal value of J$6,000,000 or lien over idle cash balances (2015: J$6,000,000) to cover 10% of the un-cleared effects limit of J$60,000,000 i.e. J$6,000,000.

Significant non-cash transactions are as follows:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Investing activities -				
Equities transferred from investment securities to investments in associates	18,840	151,253	-	-
Operating activities -				
Loan balance transferred from loans and receivables to other assets	6,709	-	6,709	-

14. INVESTMENT SECURITIES:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Fair value through profit or loss				
Debt securities				
- Government of Jamaica	428,670	63,113	428,670	63,113
- Foreign governments	273,038	221,735	273,038	221,735
- Corporate	725,849	1,093,710	725,849	1,093,710
Equities	37,661	60,461	37,661	60,461
	1,465,218	1,439,019	1,465,218	1,439,019
Financial instruments at amortized cost				
Debt securities				
- Government of Jamaica	2,748,196	3,548,795	2,748,196	3,548,795
- Foreign governments	165,808	159,893	33,792	159,893
- Corporate	4,350,178	6,418,245	2,933,653	3,634,006
	7,264,182	10,126,933	5,715,641	7,342,694
Equity securities at fair value through other comprehensive income	5,420,968	4,459,080	273,830	235,173
	14,150,368	16,025,032	7,454,689	9,016,886
Less: provision for impairment	(246,960)	(246,805)	(160,131)	(159,976)
Total	13,903,408	15,778,227	7,294,558	8,856,910

The Government and Corporate bonds are used as collateral for the Group's demand loans received from, Oppenheimer and Co. Inc., Raymond James and Morgan Stanley (note 24).

Included in the Group balances of equity securities at fair value through other comprehensive income are the carrying values of shares held in Lasco Financial Services Limited - $1,050,504 Blue Power Group Limited - $452,549, Caribbean Producers (Jamaica) Limited - $5,428,839 and IronRock Insurance Company Limited - $3,541,323. These shares are traded, and the amounts are included in the Group carrying values shown in note 21 for purposes of determining the Group's interest at year end.

Equity securities owned by the Group have been hypothecated in accordance with the terms and conditions of the agreement for a credit facility with JMMB Merchant Bank Limited (note 24).

15. 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 2016 the Company held J$2,763,191,000 (2015: J$589,951,000) of securities, representing Government of Jamaica debt securities, as collateral for repurchase and reverse repurchase agreements.

16. PROMISSORY NOTES:

	2016 $'000	2015 $'000
Gross loans	927,797	481,914
Specific allowance for impairment	(179,327)	(164,598)
	748,470	317,316

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

	2016 $'000	2015 $'000
Balance at beginning of year	164,598	167,109
Bad debt write-off	(7,994)	-
Net increase/(write-back)/in provision	22,723	(2,511)
Balance at end of year	179,327	164,598

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

17. DUE FROM SUBSIDIARY:

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

18. LOANS AND OTHER RECEIVABLES:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Client margins	724,245	568,114	724,245	568,114
Withholding tax recoverable	243,422	259,962	215,274	259,962
Advance on corporation tax	76,027	82,859	76,027	82,859
Other receivables	355,129	237,650	324,530	208,903
	1,398,823	1,148,585	1,370,076	1,119,838

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

19. 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	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Balance at beginning of year	199,554	194,921	215,534	192,346
Deferred tax (charge)/credit (note 10)	(10,132)	88,030	(9,729)	88,338
Deferred tax charge on investment securities	(52,334)	(83,397)	(46,603)	(65,150)
Balance at end of year	137,088	199,554	159,202	215,534

19. DEFERRED TAXATION (CONT'D):

Deferred income taxation is due to the following items:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Deferred income tax assets:				
Interest payable	9,803	14,655	9,778	14,645
Property, plant and equipment	3,010		3,010	
Investment securities				
- Trading	-	17,110	-	17,110
Unrealized foreign exchange loss	9,433		9,433	
Provisions	60,603	73,414	60,603	73,414
Tax losses carried forward	256,485	256,005	256,198	255,674
	339,334	361,184	339,022	360,843
Deferred income tax liabilities:				
Property, plant and equipment	9,564	5,321	9,564	5,321
Investment securities				
- Trading	30,860	-	30,860	-
- Other comprehensive income	120,776	68,391	99,558	52,956
Unrealized foreign exchange gain	920	51,431	-	50,949
Interest receivable	40,126	36,487	39,838	36,083
	202,246	161,630	179,820	145,309
Balance at year end	137,088	199,554	159,202	215,534
Deferred tax asset	159,202	215,534	159,202	215,534
Deferred tax liability	(22,114)	(15,980)	-	-

Deferred income taxes are recognized for tax losses carried forward only to the extent that realization of the related tax benefit is probable (note 10).

20. 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 2015	77,213	128,673	23,532	60,955	23,768	314,141
Additions	-	17,419	1,043	36	15,009	33,507
At 31 December 2015	77,213	146,092	24,575	60,991	38,777	347,648
Additions	1,718	11,586	870	472	7,901	22,547
Disposals					(5,350)	(5,350)
At 31 December 2016	78,931	157,678	25,445	61,463	41,328	364,845
Accumulated Depreciation -						
At 1 January 2015	17,871	99,571	20,777	38,207	18,067	194,493
Charge for the year	1,544	11,129	918	6,096	5,812	25,499
At 31 December 2015	19,415	110,700	21,695	44,303	23,879	219,992
Charge for the year	1,565	11,813	1,091	3,292	7,200	24,961
Relieved on disposal					(4,476)	(4,476)
At 31 December 2016	20,980	122,513	22,786	47,595	26,603	240,477
Net Book Value -						
31 December 2016	57,951	35,165	2,659	13,868	14,725	124,368
31 December 2015	57,798	35,392	2,880	16,688	14,898	127,656

21. INVESTMENTS IN ASSOCIATES:

The balance represents the Group's investment in Lasco Financial Services Limited, Blue Power Group Limited, Caribbean Producers (Jamaica) Limited and IronRock Insurance Company Limited (note 1).

The balance at year end comprises:-

	2016 $'000	2015 $'000
Balance at beginning of the year	1,104,138	-
Transfer of shares from investment securities	18,840	151,253
Purchase of shares during the year	129,000	919,484
Share of profit	65,798	41,088
Share of dividend paid	(24,017)	(7,687)
	1,293,759	1,104,138

21. INVESTMENTS IN ASSOCIATES (CONT'D):

The assets, liabilities, revenue and results of associates for the 12 month period ended 30 September/31 October/31 December are summarized as follows:-

	Lasco Financial Services Limited		Blue Power Group Limited		Caribbean Producers (Jamaica) Limited		IronRock Insurance Company Limited	
	2016	2015	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	US$'000	US$'000	$'000	$'000
Assets	1,641,496	1,094,911	709,165	581,063	54,824	58,619	678,412	-
Liabilities	(512,778)	(156,411)	(90,248)	(66,474)	(35,872)	(38,104)	(90,690)	-
Revenues	1,047,910	837,730	1,285,502	1,135,220	91,628	88,835	18,633	-
Net profit/(loss)	212,983	205,815	107,541	66,624	473	3,473	(48,195)	-

For Lasco Financial Services Limited and IronRock Insurance Company Limited, the financial reporting period is 31 December, for Caribbean Producers (Jamaica) Limited,30 September and for Blue Power Group Limited, 31 October.

21. INVESTMENTS IN ASSOCIATES (CONT'D):

The carrying values of investments in associates plus the amounts held for trading purposes (note 14) and the values indicated by prices quoted on the Jamaica Stock Exchange ("JSE Indicative value") as at 31 December 2016 are as follows:

	Number of Shares Held	Group Carrying Value $'000	JSE Indicative Value $'000
Lasco Financial Services Limited	252,671,102	383,524	788,334
Blue Power Group Limited	11,824,592	119,799	331,089
Caribbean Producers (Jamaica) Limited	227,039,131	675,043	737,877
IronRock Insurance Company Limited	46,541,323	125,866	186,165
		1,304,232	2,043,465

There are no investments in associates held directly by the company.

Equity securities owned by the Group have been hypothecated in accordance with the terms and conditions of the agreement for a credit facility with JMMB Merchant Bank Limited (note 24).

22. INVESTMENT IN SUBSIDIARY:

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

23. OTHER ASSETS:

This represents the foreclosure on certain loans which have been outstanding in the company's loan portfolio for a protracted period, after exhausting other legal remedies. This amount represents the fair value of the properties, less cost to sell. The Company assesses the fair value of the properties based on independent appraisal and expected realisable value.

	2016 $'000	2015 $'000
Balance at beginning of the year	699,507	699,209
Foreclosure of loans	-	298
Transferred from loans and receivables	6,709	-
	706,216	699,507

Some of these properties are used as collateral for the company's commercial paper (note 24).

24. LOANS:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Demand loans -				
Oppenheimer & Co. Inc.	798,651	1,060,290	798,651	1,060,290
Morgan Stanley	609,180	1,007,288	609,180	1,007,288
Raymond James	791,272	-	-	-
Term loans -				
Commercial paper (unsecured)	1,485,210	682,013	1,485,210	682,013
Commercial paper (secured)	749,000	735,350	749,000	735,350
JMMB Merchant Bank Limited	900,000	-	900,000	-
	5,333,313	3,484,941	4,542,041	3,484,941

The demand loans attract interest at 2.66% per annum - Oppenheimer & Co. Inc., 1.52% per annum - Morgan Stanley and 5% per annum – Raymond James. (2015 – 2.313% per annum - Oppenheimer & Co. Inc. and 1.18% per annum – Morgan Stanley). The collaterals for the demand loans are investment securities which were purchased with the proceeds of the loans received from Morgan Stanley, Oppenheimer & Co. Inc. and Raymond James (note 15).

The Unsecured Commercial Paper attracts interest at 6.5% per annum (2015 - 9.5%). The Secured Commercial Paper is backed by real estate and attracts a weighted average rate of interest at 8.83% per annum (2015 – 8.76%).

The JMMB Merchant Bank Limited (JMMBMB) loan attracts interest at 12.5% per annum and is repayable over eighteen months. Interest payments are due monthly with principal due prior to the expiry date.

The loan is secured by hypothecation of equity securities owned by the Group and a full liability corporate guarantee by the subsidiary to the extent of the facility. In the event of a default pursuant to the provisions of the loan agreement, the dividends with respect to the full aggregate of assigned equities pledged as security will be paid over to JMMBMB.

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

24. LOANS (CONT'D):

At 31 December 2016, the carrying values of the equity securities owned by the Group which were pledged to maintain the credit facility with JMMBMB are as follows:

	2016 $'000	2015 $'000
Investment securities (note 14)	2,374,112	-
Investments in associates (note 21)	313,200	-
	2,687,312	-

25. ACCOUNTS PAYABLE:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Accounts payable	487,684	98,786	297,723	97,790
Client payables	1,358,654	2,141,541	1,358,654	2,141,541
	1,846,338	2,240,327	1,656,377	2,239,331

Included in client payables are debit balances totalling $1,502 million (2015 - $4,163 million).

26. SHARE CAPITAL:

	2016 $'000	2015 $'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

27. 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.

28. OTHER RESERVES:

	2016 $'000	2015 $'000
Capital redemption reserve fund	51,343	51,343
Stock option reserve	26,596	26,596
	77,939	77,939

29. RETAINED EARNINGS:

	2016 $'000	2015 $'000
Reflected in the financial statements of:		
The Company	279,270	(35,967)
Subsidiary	3,031,550	2,957,601
	3,310,820	2,921,634

30. 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	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Loans and other receivables:				
Subsidiary	-	-	643,823	686,699
Companies controlled by directors and related by virtue of common directorships	120,294	313,008	120,294	313,008
Directors and key management personnel	169,406	169,331	169,406	169,331
Payables:				
Companies controlled by directors and related by virtue of common directorships	150,196	297,333	44,346	297,333
Directors and key management personel	161,993	98,857	161,993	98,857
Subsidiary	-	-	-	372,433
Key Management Compensation:				
Key management include directors (executive and non-executive) and Senior Vice Presidents				
Directors emoluments:-				
Fees	33,645	24,108	33,645	24,108
Key Management remuneration	104,075	148,107	103,587	148,107
Other key management personnel	77,667	39,287	77,667	39,287
Other operating expenses:				
Companies controlled by directors and related by virtue of common directorships	114,937	10,034	9,087	10,034

30. RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):

Mayberry West Indies Limited has, as of 15 February 2017, entered into an agreement with Mayberry Asset Managers Limited, a company incorporated in St. Lucia that is controlled by Christopher Berry and K. Mark Berry. The said agreement ratifies and confirms a course of conduct that had been entered into by Mayberry West Indies Limited whereby the principals of Mayberry Asset Managers Limited had previously performed investment management services. The new agreement provides for the following fees to be paid to Mayberry Asset Managers Limited as compensation for the services rendered, and expenses borne by it, calculated as follows:

(i) A management fee calculated as 0.50% of the net asset value; and

(ii) An incentive fee calculated as 8.00% of the increase in the comprehensive income.

The Management Fee will accrue and be charged with effect from 1 January 2017, quarterly in arrears.

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

31. DIVIDENDS DECLARED:

	Company	
	2016	2015
	$'000	$'000
Final dividend to Ordinary Shareholders -22 cents per share (2015 – 20 cents per share)	264,253	240,230
	264,253	240,230

The dividends paid for 2016 represented dividend per stock unit of $0.22 (2015 - $0.20).

32. 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.

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.

32. FINANCIAL RISK MANAGEMENT(CONT'D):

Risk Management Framework (cont'd)

(a) Liquidity risk (cont'd)

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:

	2016	2015
At 31 December	1.10:1	1.15:1
Average for the period	1.12:1	1.34:1
Maximum for the period	1.21:1	1.57:1
Minimum for the period	1.05:1	1.13:1

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.

32. FINANCIAL RISK MANAGEMENT(CONT'D):

(a) Liquidity risk (cont'd)

	Group					
	2016					
	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						
Bank overdraft	32,780	-	-	-	-	32,780
Securities sold under repurchase agreements	4,007,000	1,488,955	704,473	-	1,128,275	7,328,703
Interest payable	2,447	29,338	-	-	-	31,785
Loans	791,272	-	3,134,211	1,407,830	-	5,333,313
Other liabilities	1,846,338	-	-	-	-	1,846,338
Total liabilities (contractual maturity dates)	6,679,837	1,518,293	3,838,684	1,407,830	1,128,275	14,572,919

	2015					
	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						
Bank overdraft	10,741	-	-	-	-	10,741
Securities sold under repurchase agreements	2,476,298	2,381,596	841,285	94,146	2,915,984	8,709,309
Interest payable	-	44,910	-	-	-	44,910
Loans	-	-	1,417,363	2,067,578	-	3,484,941
Other liabilities	2,240,327	-	-	-	-	2,240,327
Total liabilities (contractual maturity dates)	4,727,366	2,426,506	2,258,648	2,161,724	2,915,984	14,490,228

32. FINANCIAL RISK MANAGEMENT(CONT'D):

(a) Liquidity risk (cont'd)

	Company					
	2016					
	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						
Bank overdraft	32,780	-	-	-	-	32,780
Securities sold under repurchase agreements	4,007,000	1,488,955	704,473	-	1,128,275	7,328,703
Interest payable	-	29,338	-	-	-	29,338
Loans	-	-	3,134,211	1,407,830	-	4,542,041
Other liabilities	1,656,377	-	-	-	-	1,656,377
Total liabilities (contractual maturity dates)	5,696,157	1,518,293	3,838,684	1,407,830	1,128,275	13,589,239

	2015					
	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						
Bank overdraft	10,741	-	-	-	-	10,741
Securities sold under repurchase agreements	2,476,298	2,381,596	841,285	-	1,178,608	6,877,787
Interest payable	-	43,939	-	-	-	43,939
Loans	-	-	1,417,363	2,067,578	-	3,484,941
Other liabilities	2,239,331	-	-	-	-	2,239,331
Total liabilities (contractual maturity dates)	4,726,370	2,425,535	2,258,648	2,067,578	1,178,608	12,656,739

32. 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.

32. FINANCIAL RISK MANAGEMENT(CONT'D):

(b) Market risk (cont'd)

Exposure to market risks (cont'd)

A summary of the VaR position of the Group's portfolios at 31 December 2016 and during the period is as follows:

	2016			
	31 December	Average	Maximum	Minimum
	$'000	$'000	$'000	$'000
Foreign Currency Risk	12,132	14,292	24,179	9,894
Interest Rate Risk				
Domestic securities - amortized cost	5,204	6,788	8,618	5,197
Global securities - amortized cost	12,255	16,228	33,279	10,429
Global securities - trading	603	5,173	16,908	1,138
Other Price Risk (Equities)				
Domestic securities - other comprehensive income	138,926	158,675	293,123	98,826
Domestic securities - trading	1,505	1,277	1,826	872

32. FINANCIAL RISK MANAGEMENT(CONT'D):

(b) Market risk (cont'd)

Exposure to market risks (cont'd)

	2015			
	31 December	Average	Maximum	Minimum
	$'000	$'000	$'000	$'000
Foreign Currency Risk	5,821	8,451	19,442	5,206
Interest Rate Risk				
Domestic securities - amortized cost	8,422	10,335	13,232	8,422
Global securities - amortized cost	30,190	31,882	36,483	29,281
Global securities - trading	1,893	2,218	2,704	1,893
Other Price Risk (Equities)				
Domestic securities - other comprehensive income	145,737	295,552	886,379	139,742
Domestic securities - trading	4,044	5,147	8,355	2,844

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.

32. 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	756,392	-	-	-	-	-	756,392
Investment securities at amortized cost	617,515	796,845	641,726	1,575,583	3,254,820	217,562	7,104,051
Investment securities - FOCI(1)	-	-	-	-	-	5,334,139	5,334,139
Investment securities - FVPL(2)	166,112	1,224	36,338	570,759	653,124	37,661	1,465,218
Reverse repurchase agreements	1,766,832	487,378	345,553	-	-	-	2,599,763
Promissory notes	331,792	-	-	-	-	416,678	748,470
Interest receivable	-	148,304	-	-	-	-	148,304
Loans and other receivables	1,361,097	-	-	-	-	37,726	1,398,823
Other	-	-	-	-	-	989,786	989,786
Investment in Associate						1,293,759	1,293,759
Total assets	4,999,740	1,433,751	1,023,617	2,146,342	3,907,944	8,327,311	21,838,705
Liabilities							
Bank overdraft	32,780	-	-	-	-	-	32,780
Securities sold under repurchase agreements	4,007,000	1,488,955	704,473	-	1,128,275		7,328,703
Interest payable	2,447	29,338	-		-	-	31,785
Loans	791,272	-	3,134,211	1,407,830	-	-	5,333,313
Other	1,846,338	-	-	-	-	22,114	1,846,338
Total liabilities	6,679,837	1,518,293	3,838,684	1,407,830	1,128,275	22,114	14,572,919
Total interest rate sensitivity gap	(1,680,097)	(84,542)	(2,815,067)	738,512	2,779,669	8,305,197	7,243,672
Cumulative interest rate sensitivity gap	(1,680,097)	(1,764,639)	(4,579,706)	(3,841,194)	(1,061,525)	7,243,672	
As at 31 December 2015:							
Total Assets	2,554,744	610,796	23,563	1,879,263	8,671,159	7,012,169	20,751,694
Total Liabilities	6,558,888	2,426,506	2,258,648	2,067,578	1,178,608	15,980	14,506,208
Total Interest rate sensitivity gap	(4,004,144)	(1,815,710)	(2,235,085)	(188,315)	7,492,551	6,996,189	6,245,486
Cumulative interest rate sensitivity gap	(4,004,144)	(5,819,854)	(8,054,939)	(8,243,254)	(750,703)	6,245,486	

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

32. 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	699,482	-	-	-	-	-	699,482
Investment securities at amortized cost	617,515	796,845	641,726	424,307	2,934,985	140,132	5,555,510
Investment securities-FOCI[(1)]	-	-	-	-	-	273,830	273,830
Investment securities-FVPL[(2)]	166,112	1,224	36,337	570,759	653,125	37,661	1,465,218
Reverse repurchase agreements	1,766,832	487,378	345,553	-	-	-	2,599,763
Promissory notes	331,792	-	-	-	-	416,678	748,470
Interest receivable	-	119,525	-	-	-	-	119,525
Investment in subsidiary	-	-	-	-	-	1,468,027	1,468,027
Due from subsidiary	-	-	-	-	-	411,693	411,693
Loans and other receivable	1,332,350	-	-	-	-	37,726	1,370,076
Other	-	-	-	-	-	989,786	989,786
Total assets	4,914,083	1,404,972	1,023,616	995,066	3,588,110	3,775,533	15,701,380
Liabilities							
Bank overdraft	32,780	-	-	-	-	-	32,780
Securities sold under repurchase agreements	4,007,000	1,488,955	704,473	-	1,128,275		7,328,703
Interest payable	-	29,338	-		-	-	29,338
Loans	-	-	3,134,211	1,407,830	-	-	4,542,041
Other	1,656,377	-	-	-	-	-	1,656,377
Total liabilities	5,696,157	1,518,293	3,838,684	1,407,830	1,128,275	-	13,589,239
Total interest rate sensitivity gap	(782,074)	(113,321)	(2,815,068)	(412,764)	2,459,835	3,775,533	2,112,141
Cumulative interest sensitivity gap	(782,074)	(895,395)	(3,710,463)	(4,123,227)	(1,663,392)	2,112,141	
As at 31 December 2015:							
Total assets	2,500,266	570,358	23,563	1,519,456	6,331,634	3,468,339	14,413,616
Total liabilities	4,726,370	2,425,535	2,258,648	2,067,578	1,178,608	-	12,656,739
Total interest rate sensitivity gap	(2,226,104)	(1,855,177)	(2,235,085)	(548,122)	5,153,026	3,468,339	1,756,877
Cumulative interest sensitivity gap	(2,226,104)	(4,081,281)	(6,316,366)	(6,864,488)	(1,711,462)	1,756,877	

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

32. 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	6.33	5.58	-
Reverse repurchase agreements	6.59	2.02	-
Promissory notes	9.70	9.32	-
Liabilities			
Securities sold under repurchase agreements	5.75	1.75	-
Loans	12.50	1.67	-
Commercial papers	7.67	-	-

32. 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 100 basis point (bp) parallel rise and a 100 basis point (bp) parallel fall in the yield curve applicable to Government of Jamaica local instruments and a 100 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:

	2016					
	Daily Return	100 bp parallel increase	100 bp parallel decrease	Daily return (Globals)	100 bp parallel increase	50 bp parallel decrease
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
Statement of Income						
Domestic -Amortised	306	(17,291)	16,821	-	-	-
Globals – Trading	-	-	-	1,564	(30,395)	13,485

	2015					
	Daily Return	100 bp parallel increase	150 bp parallel decrease	Daily return (Globals)	100 bp parallel increase	50 bp parallel decrease
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
At 31 December 2015						
Statement of Income						
Domestic -Amortised	(548)	(10,221)	11,730	-	-	-
Globals – Trading	-	-	-	63	(1,965)	1,911

32. 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:

	2016			
	GBP	**US$**	**CAN$**	**EURO**
	J$'000	**J$'000**	**J$'000**	**J$'000**
Assets				
Cash resources	56,724	552,549	8,926	329
Investment securities	64	7,835,940	-	-
Promissory notes	-	1,486,208	-	-
Interest receivable	3	145,017	-	-
Loans and other receivables	1,699	207,216	61	41,521
Total	58,490	10,226,930	8,987	41,850
Liabilities				
Securities sold under repurchase agreements	-	5,343,413	-	-
Loans and other payables	67,211	3,720,090	1,668	-
Interest payable	-	15,611	-	-
Total	67,211	9,079,114	1,668	-
Net position	(8,721)	1,147,816	7,319	41,850
As at 31 December 2015				
Total Assets	16,943	10,108,592	27,569	46,309
Total Liabilities	8,060	9,394,223	2,717	-
Net Position	8,883	714,369	24,852	46,309

32. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Currency risk (cont'd)

Sensitivity analysis

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

Currency	Change in Currency rate	Effect on profit before Taxation	Change in Currency rate	Effect on profit before taxation
	2016	2016	2015	2015
	%	$'000	%	$'000
GBP	-6	(523)	-8	712
GBP	+1	87	+1	(89)
US$	-6	68,869	-8	57,150
US$	+1	(11,478)	+1	(7,144)
CAN$	-6	439	-8	1,988
CAN$	+1	(73)	+1	(249)
EURO	-6	2,511	-8	3,705
EURO	+1	(418)	+1	(463)

The analysis assumes that all other variables, in particular interest rates, remain constant. It is performed on the basis of 6% weakening and 1% strengthening (2015 – 8% 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.

32. 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 policies 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.

32. FINANCIAL RISK MANAGEMENT(CONT'D):

(e) Credit risk (cont'd)

	Promissory Notes		Loans and Other Receivables	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Carrying amount	748,470	317,316	1,398,823	1,148,585
Past due but not impaired				
Grade 1-3 - Low - fair risk	-	457	1,370,076	1,120,436
Grade 4 – Medium risk	48,120	52,057	28,747	28,149
Grade 5 – Medium - high risk	276,502	219,552	-	-
Carrying amount	324,622	272,066	1,398,823	1,148,585
Past due comprises:				
30 – 60 days	7,913	1,819	679,528	580,471
60 – 90 days	-	-	-	-
90 – 180 days	11,635	13,057	-	-
180 days +	305,074	257,190	719,295	568,114
Carrying amount	324,622	272,066	1,398,823	1,148,585
Neither past due nor impaired				
Grade 1-3 - Low - fair risk	-	-	-	-
Grade 4 – Medium – high risk	423,848	45,250	-	-
Carrying amount	748,470	45,250	-	-
Includes accounts with renegotiated terms	-	-	-	-
Total carrying amount	748,470	317,316	1,398,823	1,148,585

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.

32. 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	
	2016	2015
	$'000	$'000
Against past due but not impaired		
Property	213,841	58,000
Equities	26,886	8,460
Other	11,885	-
Against neither past due nor impaired		
Property	57,452	328,479
Debt securities	-	3,153
Equities	831,200	-
Other	85,699	90,474
Total	1,226,963	488,566

32. 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	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Carrying amount	748,470	317,316	1,398,823	1,148,585
Concentration by sector				
Corporate	497,060	135,464	-	-
Retail	251,410	181,852	1,398,823	1,148,585
Total	748,470	317,316	1,398,823	1,148,585

(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 14.60% (2015: 13.80%).

32. FINANCIAL RISK MANAGEMENT(CONT'D):

(g) Regulatory capital management (cont'd)

The objective of Management is the maintenance of a strong and efficient capital position at all times. Through the capital management framework, the goal is to maintain capital consistent with the Company's risk profile, strategic objectives, and applicable regulatory standards and guidelines.

Mayberry is subject to regulatory capital standards issued by the Financial Services Commission which, are largely guided by international criteria set by the Basel Committee on Banking Supervision (BCBS). The Financial Services Commission requires the Company to maintain stated minimum of capital to total risk-weighted assets ratio and capital to total assets ratio of 10% and 6%, respectively.

The Company remains adequately capitalized above minimum regulatory capital adequacy requirements. As indicated in the table below, Mayberry's capital to total risk-weighted assets ratio and capital to total assets ratios were 14.33% and 13.45%, as of December 31, 2016, respectively, well in excess of the stated minimum requirements under the Financial Services Commission capital regulatory standards. This further underscores the strength and resilience of our business to the increase in regulatory capital requirements and is a key component of the company's growth strategy.

	2016	2015
	$'000	$'000
Tier 1 Capital		
Ordinary share capital	1,582,381	1,582,381
Other reserve	77,939	77,939
Retained earnings	279,270	(35,967)
	1,939,590	1,624,353
Fair value reserve	172,551	132,524
Total Tier 1 Capital	2,112,141	1,756,877
Tier 2 Capital - other reserve	-	-
Total Regulatory Capital	2,112,141	1,756,877
Risk Weighted Assets	14,490,650	12,730,273
Capital Ratio to Risk Weighted Assets Ratio	14.33%	13.80%
Regulatory Requirement	10.0%	10.0%
Capital	2,112,141	1,756,877
Total Assets	15,701,380	14,413,618
Capital to Total Assets	13.45%	12.2%
Regulatory Requirement	6.0%	6.0 %

32. FINANCIAL RISK MANAGEMENT(CONT'D):

(h) Regulatory capital management (cont'd)

In addition, the Company is subject to bi-annual Stress Testing by the Financial Services Commission to determine if capital is sufficient to absorb losses during economic and financial market stress as well as effective capital planning processes.

The Company's capital adequacy ratios have passed all individual and combined shocks applied to its balance sheet data in the bi-annual stress tests. Passing the bi-annual stress tests underscores the company's commitment to a sustained capital planning process that satisfies the expectations of our stakeholders. A key focus for the year ahead will be to ensure that the company remains adequately capitalized and positioned to respond to higher capital requirements prescribed by the regulatory authority.

The Company's policy is to maintain a strong capital base to ensure investor, creditor and market confidence and to sustain the 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 higher returns that might be possible with greater leverage and the advantages and security afforded by a sound capital position.

The Company has complied with all regulatory 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 operations or activities, it is not the sole basis used for decision making. Account is also 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.

33. FAIR VALUES OF FINANCIAL INSTRUMENTS:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value of a financial instrument. 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.

33. 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 2016	$'000	$'000	$'000	$'000
Financial assets -				
Debt securities				
- Government of Jamaica	428,670	-	-	428,670
- Foreign governments	273,038	-	-	273,038
- Corporate bonds	725,849	-	-	725,849
Quoted equity securities	4,204,608	-	-	4,204,608
Unquoted equity securities	-	-	1,167,192	1,167,192
	5,632,165	-	1,167,192	6,799,357

	Group			
	Level 1	Level 2	Level 3	Total
31 December 2015	$'000	$'000	$'000	$'000
Financial assets -				
Debt securities				
- Government of Jamaica	63,113	-	-	63,113
- Foreign governments	221,735	-	-	221,735
- Corporate bonds	1,093,710	-	-	1,093,710
Quoted equity securities	3,266,971	-	-	3,266,971
Unquoted equity securities	-	-	1,165,741	1,165,741
	4,645,529	-	1,165,741	5,811,270

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

	Company			
	Level 1	Level 2	Level 3	Total
31 December 2016	$'000	$'000	$'000	$'000
Financial assets -				
Debt securities				
- Government of Jamaica	428,670	-	-	428,670
- Foreign governments	273,038	-	-	273,038
- Corporate bonds	725,849	-	-	725,849
Quoted equity securities	311,491	-	-	311,491
	1,739,048	-	-	1,739,048

	Company			
	Level 1	Level 2	Level 3	Total
31 December 2015	$'000	$'000	$'000	$'000
Financial assets -				
Debt securities				
- Government of Jamaica	63,113	-	-	63,113
- Foreign governments	221,735	-	-	221,735
- Corporate bonds	1,093,710	-	-	1,093,710
Quoted equity securities	295,634	-	-	295,634
	1,674,192	-	-	1,674,192

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

As at 31 December 2016, 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	7,104,051	4,876,291	5,555,510	2,779,786

34. 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 10%. The Company's contribution for the year amounted to $12,344,600 (2015: $12,600,000).

35. 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 $17,597,781,000 (2015: $13,351,887,000).

36. 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 2016, 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 2016, 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.

37. OPERATING LEASE PAYMENTS:

The Company, in the ordinary course of business entered into operating lease arrangements for motor vehicles.

	2016 $'000	2015 $'000
2017	6,308	-
2018	6,308	-
2019	2,622	-
	15,238	-

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MAYBERRY
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- Established 1985 -

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