2017
Audited Accounts

Financial Year ended 31 December 2017

MAYBERRY
INVESTMENTS LIMITED

1985 - 2018

33

CELEBRATING 33 YEARS

Chief Executive Officer's Commentary

I take pleasure in presenting your financial results, for the year ended December 31, 2017, as Mayberry celebrates our 33rd year of operations.

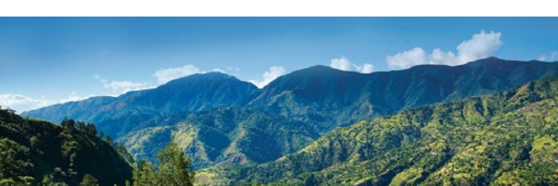
The Company has retained its place as one of the top equity brokers in Jamaica and was responsible for approximately 61% and 30% of the traded volumes that crossed the JSE's trading floor in the Junior and Main markets, respectively, during 2017.

[In 2017, the Company paid its highest dividend to date of $276 Million, an increase of 4.5% over the payout in 2016.]

The year's results reflect a comprehensive income for the year of J$2.389 billion. This is the third consecutive year your company has recorded in excess of a billion dollars of income. This represents an increase of 89% when compared to 2016.

Stockholders' equity increased by $2.1 billion or 29% to close the year at $9.36 Billion or J$7.79 per share.

We achieved an increase of 5.5% in total funds under management by moving from J$17.6B to J$18.6B, year over year. This growth was driven by our Fixed Income portfolio performance as well as an above average increase in our Equities portfolio. The Realized gains on equities amounted to J$1.064B and based on the accounting standard, IFRS 9, the net increase in equity gains is recorded in fair value reserves in the balance sheet and not in the profit and loss account.



MAYBERRY INVESTMENTS LIMITED
- Established 1985 -

Significantly, the Group de-recognized its investments in associates which resulted from the sale of shares in these entities, namely, Lasco Financial Services Limited, Blue Power Group Limited, Caribbean Producers (Jamaica) Limited and IronRock Insurance Company Limited. Consequently, the Group no longer has associated companies in its structure.

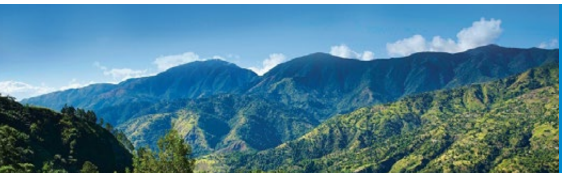
Summary of Financial Position

SUMMARY OF CHANGES ON THE STATEMENT OF FINANCIAL POSITION				
Description	**2017 ($'000)**	**2016 ($'000)**	**Change ($'000)**	**% Change**
Total Assets	24,366,725	21,838,705	2,528,020	11.6%
Total Liabilities	15,009,488	14,595,033	(414,455)	-2.8%
Stockholders' Equity	9,357,237	7,243,672	2,113,565	29.2%
Net Book Value Per Share	$ 7.79	$ 6.03	$ 1.76	29.2%

There was a $2.53 billion increase in our total assets whilst total liabilities increased by 2.8% to $15 billion. The increase in total assets was primarily funded by the corresponding improvement of stockholders' equity.

Profit Performance

SUMMARY OF CHANGES IN INCOME AND EXPENDITURE				
Description	**2017 ($'000)**	**2016 ($'000)**	**Change ($'000)**	**% Change**
Net Interest Income and Other Revenues	2,200,004	1,207,296	992,708	82.2%
Operating Expenses	1,926,063	1,079,083	(846,980)	-78.5%
Share of Profit/losses in Associate Companies	134,471	65,798	68,673	104.4%
Profit before Taxation	478,433	194,011	284,422	146.6%
Net Profit	425,173	172,115	253,058	147.0%
Other Comprehensive Income	1,964,655	1,090,324	874,331	80.2%
Total Comprehensive Income	2,389,828	1,262,439	1,127,389	89.3%
Earnings Per Share(EPS)	$ 0.35	$ 0.14	$ 0.21	147.0%



For the financial year 2017, we recorded revenues of $2.2 billion, a year-over-year increase of $993 million when compared to 2016 or an increase of 82%. This increase resulted from increases in Corporate financial advisory fees and commissions detailed below, as well as unrealized gains on investment revaluation of $1.1 billion. These were offset by lower net trading and foreign exchange gains.

Our operating expenses for the year 2017, were $1.926 billion which was 78% higher than the year ended 31 December 2016. The $847 million increase was driven by an increase in impairment of investments of $677 million.

Corporate Financial Advisory

Revenue from our Advisory Service grew by 324% year over year, while Brokerage Fees from Debt and Equity were up 185.2% and 203.4%, respectively, over the previous year.

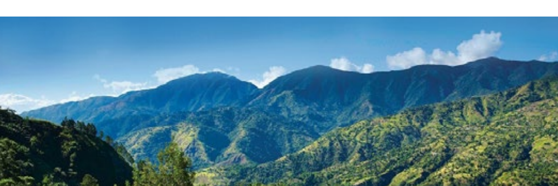
Margins & Client Debit Interest income increased over 2016 by 51% with Reverse Repo & Hypothecation Processing Fees recording a growth of 208.8% year-over-year.

During the year, we listed both a tourism-focused and an entertainment company on the Junior Market Exchange, raising over J$600 million for our clients; adding to and maintaining our lead in listing securities. The team also structured, brokered and executed over US$40 million in equity transactions.

Listing of Mayberry Jamaican Equities Limited (formerly Mayberry West Indies Limited)

The Board of Mayberry West Indies Limited (re-named "Mayberry Jamaican Equities Limited") passed a resolution authorizing the parent company to take all the necessary steps to cause Mayberry Jamaican Equities Limited to be listed on the Jamaica Stock Exchange, before the end of the 1st quarter of 2018.

This has been re-scheduled to 2nd quarter 2018.



A dividend in specie (representing 10% of the net book value of Mayberry West Indies Limited as at November 30, 2017) was subsequently paid to the shareholders of Mayberry Investments Limited on February 28, 2018.

This was done as a first step to initiate the listing process.

At December 31, 2017, the Net Book value per share of Mayberry West Indies Limited (re-named "Mayberry Jamaican Equities Limited") was J$7.38.

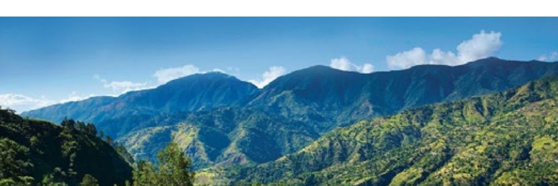
Regulatory Capital

We continue to exceed the regulatory capital requirements of 10% and 50% for risk weighted capital and tier one capital, respectively. Our risk weighted capital ratio was 14.93% and tier one capital ratio was 98%.

I wish to thank our valued and loyal clients for their business over the past thirty-two years.

Also, my sincerest thanks to the Board of Directors, Management and Staff for their commitment and hard work during the year.

Gary Peart
Chief Executive Officer

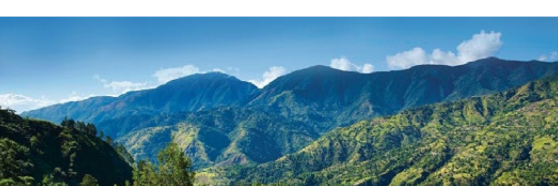


Top Ten Shareholders and Connected Persons

31 December 2017

Name	Shareholdings
PWL Bamboo Holdings Limited	472,800,953
Konrad Mark Berry	433,686,104
Mayberry Employee Share Scheme	40,205,677
Konrad Limited	28,607,890
Gary Peart	24,566,665
VDWSD	19,990,000
Mayberry Foundation	11,298,116
Christine Wong	8,103,167
Mayberry Investments Ltd. Superannuation Fund	6,406,472
Sharon Harvey-Wilson	6,230,858

Connected Persons	
Apex Pharmacy	3,568,916
Mayberry Managed Client Account	3,534,201
Mayberry West Indies	1,755,010
Mayberry Individual Retirement Scheme	1,000,000
Doris Berry	732,262
Mayberry Staff Investment Club	115,772
Est. Maurice Berry	10

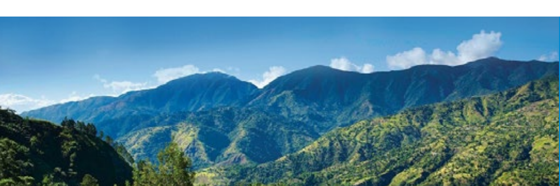


Shareholdings of Directors and Senior Management

31 December 2017

Directors	Shareholdings	Connected Persons
Christopher Berry	-	472,813,923
Konrad Berry**	437,377,507	28,624,650
Gary Peart**	25,443,191	
Erwin Angus	1,000,000	2,507,886
Gladstone Lewars **	1,431,500	
Tania Waldron-Gooden	35,333	
Benito Palomino	2,283,105	
David McBean**	1,446,521	
Managers		
Kayree Berry-Teape**	2,594,083	31,080
Andrea HoSang**	1,231,934	
Kristen Raymore-Reynolds	100,000	

** Includes holdings in joint accounts



Financial Statements

Financial Year ended 31 December 2017

MAYBERRY
INVESTMENTS LIMITED
- Established 1985 -

MAYBERRY INVESTMENTS LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2017

I N D E X

BDO

Tel: (876) 926-1616/7, 926-4421
Fax: (876) 926-7580
www.bdo.com.jm

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

INDEPENDENT AUDITORS' REPORT

To the Members of
Mayberry Investments Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mayberry Investments Limited set out on pages 7 to 75, which comprise the group and the company's statement of financial position as at 31 December 2017, 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 2017, 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 (IFRS) 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Mayberry Investments Limited

Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the Key audit matter
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.	Our audit procedures included amongst others evaluating management supports for recoverability of the deferred tax assets based on income projections which contain estimates of and tax strategies for, future taxable income. We focused on the budget 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. 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(f), 14 and 16 to the consolidated financial statements for management's related accounting policies and disclosures.* At 31 December 2017, investment securities and promissory notes, net of provision for credit losses represented $15.8 billion or 65% of total assets of the group. Impairment provisions of $222 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Mayberry Investments Limited

Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the Key audit matter
	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. 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Mayberry Investments Limited

Other Information (Cont'd)

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 Consolidated and Stand-alone 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Mayberry Investments Limited

Auditors' Responsibilities for the Audit of the Consolidated and Stand-alone Financial Statements (Cont'd)

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinion.

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.

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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Mayberry Investments Limited

Report on additional matters as required by the Jamaican Companies Act (Cont'd)

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

15 March 2018

MAYBERRY INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2017

	Note	2017 $'000	2016 $'000
Net Interest Income and Other Revenues			
Interest income		722,007	733,835
Interest expense		(570,689)	(599,874)
Net interest income	4	151,318	133,961
Consulting fees and commissions	5	508,061	224,561
Dividend income	6	154,942	97,723
Net trading gains	7	121,225	437,012
Net unrealized gains on investment revaluation		1,166,280	92,591
Net foreign exchange gains		87,139	209,273
Other income		11,039	12,175
		2,200,004	1,207,296
Operating Expenses			
Salaries, statutory contributions and other staff costs	8	456,749	444,633
Provision for credit losses		7,963	22,723
Provision for impairment on investments		677,690	155
Depreciation		22,758	24,961
Other operating expenses		760,903	586,611
	9	1,926,063	1,079,083
Operating Profit		273,941	128,213
Share of results of former associates	21	134,471	65,798
Gain in disposal of holdings in former associates	21	70,021	-
Profit before Taxation		478,433	194,011
Taxation charge	10	(53,260)	(21,896)
Net Profit for the Year	11	425,173	172,115
Profit Attributable to Stockholders		425,173	172,115

		2017 $	2016 $
EARNINGS PER STOCK UNIT	12(a)	0.35	0.14

MAYBERRY INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2017

	2017 $'000	2016 $'000
Net Profit for the Year	425,173	172,115
Other Comprehensive Income Net of Taxation:		
Items that will not reclassified to profit or loss		
Net unrealized gains on financial instruments	1,964,655	1,090,324
Total Comprehensive Income for the Year	2,389,828	1,262,439
Total Comprehensive Income Attributable to Stockholders	2,389,828	1,262,439

MAYBERRY INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2017

	Note	2017 $'000	2016 $'000
ASSETS			
Cash resources	13	1,110,971	756,392
Investment securities	14	14,665,891	13,903,408
Reverse repurchase agreements	15	3,919,483	2,599,763
Promissory notes	16	1,143,961	748,470
Interest receivable		103,149	148,304
Loans and other receivables	18	2,465,356	1,398,823
Deferred taxation	19	82,162	159,202
Property, plant and equipment	20	120,506	124,368
Due from related company	30	12,269	-
Investments in associates	21	-	1,293,759
Other assets	23	742,977	706,216
Total Assets		24,366,725	21,838,705
LIABILITIES			
Bank overdraft	13	20,651	32,780
Securities sold under repurchase agreements		7,013,670	7,328,703
Interest payable		35,965	31,785
Loans	24	4,888,957	5,333,313
Deferred taxation	19	40,871	22,114
Accounts payable	25	3,009,375	1,846,338
Total Liabilities		15,009,489	14,595,033
EQUITY			
Share capital	26	1,582,381	1,582,381
Fair value reserves	27	3,172,356	2,272,532
Other reserves	28	77,939	77,939
Retained earnings	29	4,524,560	3,310,820
Total Equity		9,357,236	7,243,672
Total Equity and Liabilities		24,366,725	21,838,705

		2017 $	2016 $
NET BOOK VALUE PER STOCK UNIT	12(b)	7.79	6.03

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

Christopher Berry
Chairman

Gary Peart
Director

MAYBERRY INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2017

	Share Capital $'000	Fair Value Reserves $'000	Other Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2016	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
TOTAL COMPREHENSIVE INCOME					
Net profit	-	-	-	425,173	425,173
Other comprehensive income	-	1,964,655	-	-	1,964,655
	-	1,964,655	-	425,173	2,389,828
TRANSFER BETWEEN RESERVES					
From fair value reserves	-	(1,064,831)	-	1,064,831	-
	-	899,824	-	1,490,004	2,389,828
TRANSACTION WITH OWNERS					
Dividends paid (note 31)	-	-	-	(276,264)	(276,264)
	-	899,824	-	1,213,740	2,113,564
BALANCE AT 31 DECEMBER 2017	1,582,381	3,172,356	77,939	4,524,560	9,357,236

MAYBERRY INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2017

	Note	2017 $'000	2016 $'000
Cash Flows from Operating Activities			
Profit before taxation		478,433	194,011
Adjustments for:			
Provision for credit losses		7,963	22,723
Depreciation	20	22,758	24,961
Provision for impairment on investments		677,690	155
Loss on disposal of property, plant & equipment		-	40
Interest income	4	(722,007)	(733,835)
Interest expense	4	570,689	599,874
Realised fair value gains transferred to retained earnings		1,064,831	481,324
Impairment loss on unquoted investment		803,026	-
Unrealised gains on investment revaluation		(1,166,280)	(92,591)
Unrealised foreign exchange losses/(gains)		99,270	(75,372)
Share of after tax profit of former associates	21	(134,471)	(65,798)
Gain on disposal of associate holdings in former associates		(70,021)	-
Income tax charge		(53,260)	(21,896)
		1,578,621	333,596
Changes in operating assets and liabilities:			
Loans and other receivables		(1,066,533)	(250,238)
Investments		1,140,056	2,652,754
Promissory notes		(403,454)	(453,877)
Reverse repurchase agreements		(1,319,720)	(2,009,812)
Accounts payable		1,163,037	(388,499)
Securities sold under repurchase agreements		(315,033)	(1,380,606)
Loans		(444,356)	1,848,372
		332,618	351,690
Income tax paid		(5,452)	(5,490)
Interest received		767,162	734,229
Interest paid		(566,509)	(612,999)
Cash provided by operating activities c/f page 12		527,819	467,430

MAYBERRY INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2017

	Note	2017 $'000	2016 $'000
Cash provided by operating activities brought forward (page 11)		527,819	467,430
Cash Flows from Investing Activities			
Additions to property, plant and equipment	20	(27,548)	(22,547)
Proceeds from disposal of property, plant & equipment		8,652	834
Dividends received from former associate companies	21	12,430	24,017
Investment in former associate companies		-	(129,000)
Proceeds from disposal of holding in former associate companies		137,264	-
Cash provided by/(used in) investing activities		130,798	(126,696)
Cash Flows from Financing Activities			
Dividend payment	31	(276,264)	(264,253)
Cash used in financing activities		(276,264)	(264,253)
Net Increase in Cash and Cash Equivalents		382,353	76,481
Exchange (loss)/gain on foreign cash balances		(15,645)	35,790
Cash and cash equivalents at beginning of year		723,612	611,341
Cash and Cash Equivalents at End of Year	13	1,090,320	723,612

MAYBERRY INVESTMENTS LIMITED

STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2017

	Note	2017 $'000	2016 $'000
Net Interest Income and Other Revenues			
Interest income		713,903	682,209
Interest expense		(566,891)	(564,472)
Net interest income	4	147,012	117,737
Consulting fees and commissions	5	501,877	224,561
Dividend income	6	7,215	572,444
Net trading gains	7	173,760	409,836
Net unrealized gains on investment revaluation		27,286	92,591
Net foreign exchange gains		71,958	117,279
Other income		7,169	12,175
		936,277	1,546,623
Operating Expenses			
Salaries, statutory contributions and other staff costs	8	456,248	444,145
Provision for credit losses		7,963	22,723
(Write back of)/provision for impairment of investments		(125,337)	155
Depreciation		22,758	24,961
Other operating expenses		496,824	469,764
	9	858,456	961,748
Profit before Taxation		77,821	584,875
Taxation charge	10	(41,712)	(16,561)
Net Profit for the Year	11	36,109	568,314

MAYBERRY INVESTMENTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2017

	2017 $'000	2016 $'000
Net Profit for the Year	36,109	568,314
Other Comprehensive Income Net of Taxation:		
Items that will not be reclassified to profit or loss		
Net unrealized gains on financial instruments	86,051	51,202
Total Comprehensive Income for the Year	122,160	619,516

MAYBERRY INVESTMENTS LIMITED

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2017

	Note	2017 $'000	2016 $'000
ASSETS			
Cash resources	13	916,513	699,482
Investment securities	14	4,966,377	7,294,558
Reverse repurchase agreements	15	3,919,483	2,599,763
Promissory notes	16	1,143,961	748,470
Interest receivable		100,200	119,525
Due from subsidiaries	17	928,107	411,693
Loans and other receivables	18	2,287,550	1,370,076
Deferred taxation	19	82,162	159,202
Property, plant and equipment	20	120,506	124,368
Investment in subsidiaries	22	1,468,152	1,468,027
Other assets	23	742,977	706,216
Total Assets		16,675,988	15,701,380
LIABILITIES			
Bank overdraft	13	20,651	32,780
Securities sold under repurchase agreements		7,013,670	7,328,703
Interest payable		35,821	29,338
Loans	24	4,888,957	4,542,041
Accounts payable	25	2,758,852	1,656,377
Total Liabilities		14,717,951	13,589,239
EQUITY			
Share capital	26	1,582,381	1,582,381
Fair value reserves	27	243,216	172,551
Other reserves	28	77,939	77,939
Retained earnings	29	54,501	279,270
Total Equity		1,958,037	2,112,141
Total Equity and Liabilities		16,675,988	15,701,380

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

Christopher Berry
Chairman

Gary Peart
Director

MAYBERRY INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2017

	Share Capital $'000	Fair Value Reserves $'000	Other Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2016	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
TOTAL COMPREHENSIVE INCOME					
Net profit	-	-	-	36,109	36,109
Other comprehensive income	-	86,051	-	-	86,051
	-	86,051	-	36,109	122,160
TRANSFER BETWEEN RESERVES					
From fair value reserves	-	(15,386)	-	15,386	-
	-	70,665	-	51,495	122,160
TRANSACTION WITH OWNERS					
Dividends paid (note 31)	-	-	-	(276,264)	(276,264)
	-	70,665	-	(224,769)	(154,104)
Balance at 31 December 2017	1,582,381	243,216	77,939	54,501	1,958,037

MAYBERRY INVESTMENTS LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2017

	Note	2017 $'000	2016 $'000
Cash Flows from Operating Activities			
Profit before taxation		77,821	584,875
Adjustments for:			
Provision for credit losses		7,963	22,723
Loss on disposal of property, plant & equipment		-	40
Depreciation	20	22,758	24,961
(Write back of)/provision for impairment on investments		(125,337)	155
Interest income	4	(713,903)	(682,209)
Interest expense	4	566,891	564,472
Realised fair value gains transferred to retained earnings		15,386	11,175
Unrealised gains on investment revaluation		(27,286)	(92,591)
Unrealised foreign exchange losses		90,495	3,618
Income tax charge		(41,712)	(16,561)
		(126,924)	420,658
Changes in operating assets and liabilities:			
Loans and other receivables		(917,474)	(250,238)
Investments		2,511,283	1,705,689
Promissory notes		(403,454)	(453,877)
Reverse repurchase agreements		(1,319,720)	(2,009,812)
Due from subsidiary		(516,414)	(97,427)
Accounts payable		1,102,475	(582,954)
Securities sold under repurchase agreements		(315,033)	450,916
Loans		346,916	1,057,100
		361,655	240,055
Interest received		733,228	670,944
Interest paid		(560,408)	(579,073)
Cash provided by operating activities c/f page 18		534,475	331,926

MAYBERRY INVESTMENTS LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER2017

	Note	2017 $'000	2016 $'000
Cash provided by operating activities brought forward (page 17)		534,475	331,926
Cash Flows from Investing Activities			
Additions to property, plant and equipment	20	(27,548)	(22,547)
Investment in subsidiary		(125)	-
Proceeds from disposal of property, plant & property	20	8,652	834
Cash used in investing activities		(19,021)	(21,713)
Cash Flows from Financing Activities			
Dividend payment	31	(276,264)	(264,253)
Cash used in financing activities		(276,264)	(264,253)
Net Increase in Cash and Cash Equivalents		239,190	45,960
Exchange (loss)/gain on foreign cash balances		(10,030)	35,132
Cash and cash equivalents at beginning of year		666,702	585,610
Cash and Cash Equivalents at End of Year	13	895,862	666,702

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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.

On 17 November 2016, Widebase Ltd. was incorporated in St. Lucia, under the International Business Companies Act. Widebase Ltd. is a 100% subsidiary of the company.

In the previous year Mayberry West Indies Limited held interests in entities classified as associates. As at 31 December 2017, the group derecognised its investments in associates which resulted from the sale of shares in all entities and a loss of significant influence in these former associated companies.

The Group's retained interest in these former associated companies are as follows:

Entity	Date of Acquisition	Nature of Business	Percentage Ownership by the Group	
			2017	2016
Lasco Financial Services Limited	26 May 2016	Money services	19.90%	20.14%
Blue Power Group Limited	15 July 2016	Manufacturing and retailing	19.90%	20.93%
Caribbean Producers (Jamaica) Limited	11 November 2016	Food trading	19.90%	20.64%
IronRock Insurance Company Limited	10 March 2017	Insurance products	19.90%	21.75%

The company and its subsidiaries are referred to as "the group".

The financial statements for the year ended 31 December 2017 have been approved for issue by the Board of Directors on 15 March 2018.

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

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and their interpretations adopted by the International Accounting Standards Board and have been prepared under the historical cost convention as modified by the revaluation of 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 IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and contingent liabilities at the end of the reporting period and the total comprehensive income during the reporting period. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will 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

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 relevant to its operations:

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.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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)

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.

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.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

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

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

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. The group expects some impacts on adoption of the revised standard. The group 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 group 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.

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

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

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

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

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

Annual Improvements (2014 - 2016), (effective for annual periods beginning on or after 1 January 2018). These amendments include changes from the 2014 – 2016 cycle of the annual improvements project, that affect the following standard: IFRS 12, 'Disclosure of interests in other entities' regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017. The adoption of these amendments will have no significant impact on the group as the group does not have interests in entities classified as held-for-sale.

IFRIC 23, 'Uncertainity over income tax treatments', (effective for annual period beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income Taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. The adoption of this standard is not expected to have a significant impact on the group.

(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 subsidiaries, Mayberry West Indies Limited and Widebase Ltd., presented as a single economic entity. Intra-group transactions, balances and unrealized gains and losses are eliminated in preparing the consolidated financial statements.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

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

(ii) Associates:

The Group divested portions of its holdings in former associated companies on 29 December 2017 by private agreement and also lost significant influence. Consequently, investments in associates were derecognized and the equity method discontinued.

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.

As at 31 December 2017, the Group's retained interest in its former associated companies are as follows:

Entity	Year End	Financial Reporting Period	Nature of Business	Group's Percentage Interest 2017	2016
Lasco Financial Services Limited	31 March	31 December	Money services	19.90%	20.14%
Blue Power Group Limited	30 April	31 October	Manufacturing and retailing	19.90%	20.93%
Caribbean Producers (Jamaica) Limited	30 June	30 September	Food trading	19.90%	20.64%
IronRock Insurance Company Limited	31 December	31 December	Insurance products	19.90%	21.75%

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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. Consulting fees and commission income:

Consulting fees and commission income are recognized on an accrual basis when the service has been provided. Consulting 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.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(i) **Property, plant and equipment**

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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 profit or loss.

(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) **Investments in subsidiaries**

Investments by the company in its subsidiaries are stated at cost less impairment loss.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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).

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

4. NET INTEREST INCOME:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Interest income				
Investment securities	372,177	545,019	349,179	435,465
Loans and advances	349,830	188,816	364,724	246,744
	722,007	733,835	713,903	682,209
Interest expense				
Finance charges	26,934	32,627	26,934	32,627
Repurchase agreements	275,357	300,202	271,559	264,891
Commercial paper	154,289	159,006	154,289	159,006
Other	114,109	108,039	114,109	107,948
	570,689	599,874	566,891	564,472
	151,318	133,961	147,012	117,737

5. CONSULTING FEES AND COMMISSIONS:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Brokerage fees and commissions	380,818	149,902	374,634	149,902
Structured financing fees	47,889	15,510	47,889	15,510
Portfolio management	79,354	59,149	79,354	59,149
	508,061	224,561	501,877	224,561

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

6. DIVIDEND INCOME:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Trading securities	7,206	14,783	7,206	14,783
Securities classified in other comprehensive income	147,736	82,940	9	557,661
	154,942	97,723	7,215	572,444

7. NET TRADING GAINS:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Equities – trading securities	6,335	5,387	6,335	5,387
Fixed income - trading securities	114,890	431,625	167,425	404,449
	121,225	437,012	173,760	409,836

8. SALARIES, STATUTORY CONTRIBUTIONS AND STAFF COSTS:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Wages and salaries	391,127	375,177	390,626	374,689
Profit share and bonus	3,220	5,600	3,220	5,600
Statutory contributions	35,760	32,727	35,760	32,727
Pension contributions	12,762	12,345	12,762	12,345
Training and development	5,064	4,856	5,064	4,856
Meal allowance	1,412	824	1,412	824
Staff welfare	7,404	13,104	7,404	13,104
	456,749	444,633	456,248	444,145

The number of employees at year end was 107 (2016 – 106).

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

9. EXPENSES BY NATURE:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Sales, marketing and public relations	60,209	57,990	60,209	57,990
Auditors' remuneration	6,450	5,460	5,200	4,600
Computer expenses	21,351	24,253	21,351	24,253
Bad debts (recovered)/written off	(2,629)	8,599	(2,629)	8,599
Depreciation	22,758	24,961	22,758	24,961
Provision for credit losses	7,963	22,723	7,963	22,723
Provision for/(write back of) impairment on investments	677,690	155	(125,337)	155
Insurance	9,903	8,949	9,903	8,949
Licensing fees	79,179	55,022	79,179	55,022
Operating lease rentals	9,825	10,176	9,825	10,176
Other operating expenses	76,422	101,862	74,095	98,041
Printing, stationery and office supplies	9,290	6,425	9,290	6,425
Legal and professional fees	106,830	78,860	92,517	78,093
Repairs and maintenance	14,079	8,279	14,079	8,279
Investment incentive and management fee	244,285	105,851	-	-
Salaries, statutory contributions and staff costs (note 8)	456,749	444,633	456,248	444,145
Security	12,595	11,620	12,595	11,620
Traveling and motor vehicles expenses	40,690	38,369	38,786	32,821
Assets tax	33,435	30,992	33,435	30,992
Utilities	38,989	33,904	38,989	33,904
	1,926,063	1,079,083	858,456	961,748

10. TAXATION:

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

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Current year income tax at 33 1/3%	-	6,832	-	6,832
Current year income tax at 1%	1,274	2,246	-	-
Underprovision of prior year tax	-	2,686	-	-
Deferred tax charge (note 19)	51,986	10,132	41,712	9,729
Taxation charge	53,260	21,896	41,712	16,561

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Profit before taxation	478,433	194,011	77,821	584,875
Tax calculated at a tax rate of 33 1/3%	159,478	64,670	25,940	194,958
Adjustments for the effects of:				
Expenses not deductible for tax	22,831	11,847	22,831	11,847
Income not subject to tax	(7,625)	(4,616)	(6,148)	(190,618)
Income from subsidiary taxed at 1%	(65,373)	(33,587)	-	-
Share of profit of associates shown net of tax	(44,824)	(21,933)	-	-
Net effect of other charges and allowances	(11,227)	5,515	(911)	374
Taxation charge/(credit)	53,260	21,896	41,712	16,561

(b) Subject to agreement with Tax Administration Jamaica, the company has tax losses of approximately $866,971,000 (2016 - $752,183,000) available for set-off against future taxable profits.

11. NET PROFIT:

	2017 $'000	2016 $'000
Dealt with in the financial statements of:		
the company	36,109	568,314
Dividend from subsidiary eliminated on consolidation	-	(557,422)
Subsidiaries	389,064	161,223
	425,173	172,115

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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.

	2017	2016
Net profit attributable to stockholders ($'000)	425,173	172,115
Number of ordinary stock units in issue ('000)	1,201,149	1,201,149
Basic earning per stock unit	$0.35	$0.14
Fully diluted earning per stock unit	$0.35	$0.14

(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.

	2017	2016
Stockholders equity ($'000)	9,357,236	7,243,672
Number of ordinary stock units in issue ('000)	1,201,149	1,201,149
Net book value per stock unit	$7.79	$6.03

(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.

	2017	2016
Closing bid price per stock unit as at 31 December	$5.50	$3.95
Number of ordinary stock units in issue ('000)	1,201,149	1,201,149
Market value of ordinary stock units ($'000)	6,606,320	4,744,539

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

13. CASH RESOURCES:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Current accounts – Jamaican dollar	213,378	63,353	213,368	63,343
Current accounts – Foreign currencies	894,707	690,424	700,259	633,524
Jamaican dollar deposits	1,487	1,459	1,487	1,459
Cash in hand	1,399	1,156	1,399	1,156
	1,110,971	756,392	916,513	699,482

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

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Cash resources	1,110,971	756,392	916,513	699,482
Bank overdraft	(20,651)	(32,780)	(20,651)	(32,780)
	1,090,320	723,612	895,862	666,702

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$286,000 (2016: 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 (2016: 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	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Investing activities -				
Retained interest in former associated companies transferred to investment securities	1,348,557	-	-	-
Equities transferred from investment securities to investments in associates	-	18,840	-	-
Operating activities –				
Forfeited loan balance transferred from loans and receivables to other assets	13,790	6,709	13,790	6,709

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

14. **INVESTMENT SECURITIES:**

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Fair value through profit or loss				
Debt securities				
- Government of Jamaica	453,113	428,670	453,113	428,670
- Foreign governments	317,553	273,038	317,553	273,038
- Corporate	713,045	725,849	713,045	725,849
Equities	2,540,557	37,661	53,006	37,661
	4,024,268	1,465,218	1,536,717	1,465,218
Financial instruments at amortized cost				
Debt securities				
- Government of Jamaica	1,829,450	2,748,196	1,829,450	2,748,196
- Foreign governments	12,022	165,808	12,022	33,792
- Corporate	1,465,193	4,350,178	1,267,528	2,933,653
	3,306,665	7,264,182	3,109,000	5,715,641
Equity securities at fair value through other comprehensive income	7,369,751	5,420,968	355,453	273,830
	14,700,684	14,150,368	5,001,170	7,454,689
Less: provision for impairment	(34,793)	(246,960)	(34,793)	(160,131)
Total	14,665,891	13,903,408	4,966,377	7,294,558

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).

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).

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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 2017 the Company held J$3,919,483,000 (2016: J$2,599,763,000) of securities, representing Government of Jamaica debt securities, as collateral for repurchase and reverse repurchase agreements.

16. **PROMISSORY NOTES:**

	2017 $'000	2016 $'000
Gross loans	1,331,251	927,797
Specific allowance for impairment	(187,290)	(179,327)
	1,143,961	748,470

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

	2017 $'000	2016 $'000
Balance at beginning of year	179,327	164,598
Bad debt write-off	-	(7,994)
Net increase in provision	7,963	22,723
Balance at end of year	187,290	179,327

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 SUBSIDIARIES:**

This represents amounts due for transactions done on behalf of its subsidiaries.

	2017 $'000	2016 $'000
Mayberry West Indies Limited	497,837	411,693
Wdebase Ltd.	430,270	-
	928,107	411,693

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

18. LOANS AND OTHER RECEIVABLES:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Client margins	1,339,660	724,245	1,339,660	724,245
Withholding tax recoverable	240,928	243,422	212,735	215,274
Advance on corporation tax	89,401	76,027	85,249	76,027
Other receivables	795,367	355,129	649,906	324,530
	2,465,356	1,398,823	2,287,550	1,370,076

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 subsidiaries. The movement in the net deferred income tax balance is as follows:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Net balance at beginning of year	137,088	199,554	159,202	215,534
Deferred tax charge (note 10)	(51,986)	(10,132)	(41,712)	(9,729)
Deferred tax charge on investment securities	(43,811)	(52,334)	(35,328)	(46,603)
Net balance at end of year	41,291	137,088	82,162	159,202

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

19. DEFERRED TAXATION (CONT'D):

Deferred income taxation is due to the following items:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Deferred income tax assets:				
Interest payable	12,137	9,803	11,939	9,778
Property, plant and equipment	1,834	3,010	1,834	3,010
Investment securities				
- Trading	-	-	-	-
Unrealized foreign exchange loss	-	9,433	-	9,433
Provisions	17,655	60,603	17,655	60,603
Tax losses carried forward	288,901	256,485	288,901	256,198
	320,527	339,334	320,329	339,022
Deferred income tax liabilities:				
Property, plant and equipment	12,342	9,564	12,342	9,564
Investment securities				
- Trading	20,484	30,860	9,094	30,860
- Other comprehensive income	164,565	120,776	134,886	99,558
Unrealized foreign exchange gain	48,449	920	48,449	-
Interest receivable	33,396	40,126	33,396	39,838
	279,236	202,246	238,167	179,820
Net balance at year end	41,291	137,088	82,162	159,202
Deferred tax asset	82,162	159,202	82,162	159,202
Deferred tax liability	(40,871)	(22,114)	-	-

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).

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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 2016	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
Additions	-	26,949	179	420		27,548
Disposals	-				(22,344)	(22,344)
At 31 December 2017	78,931	184,627	25,624	61,883	18,984	370,049
Accumulated Depreciation -						
At 1 January 2016	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
Charge for the year	1,579	14,860	1,039	3,340	5,774	26,592
Adjustment				(3,834)		(3,834)
Relieved on disposal					(13,692)	(13,692)
At 31 December 2017	22,559	137,373	23,825	47,101	18,685	249,543
Net Book Value -						
31 December 2017	56,372	47,254	1,799	14,782	299	120,506
31 December 2016	57,951	35,165	2,659	13,868	14,725	124,368

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

21. INVESTMENTS IN ASSOCIATES:

The balance represents the Group's investments in former associated companies (note 1).

The balance at year end comprises:-

	2017 $'000	2016 $'000
Balance at beginning of the year	1,293,759	1,104,138
Transfer of shares from investment securities	-	18,840
Purchase of shares during the year	-	129,000
Share of results	134,471	65,798
Share of dividend paid	(12,430)	(24,017)
Disposal of shares in associates	(67,243)	-
Transfer of retained interest in former associates to investment securities	(1,348,557)	-
	-	1,293,759

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

21. **INVESTMENTS IN ASSOCIATES (CONT'D):**

The assets, liabilities, revenue and results of former 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	
	2017	2016	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	US$'000	US$'000	$'000	$'000
Assets	3,264,903	1,641,496	807,063	709,165	58,912	54,824	919,265	678,412
Liabilities	(1,931,628)	(512,778)	(90,563)	(90,248)	(36,592)	(35,872)	(302,627)	(90,690)
Revenues	1,344,664	1,047,910	1,458,916	1,285,502	98,021	91,628	111,634	18,633
Net profit/(loss)	268,468	212,983	116,912	107,541	2,406	473	(37,658)	(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.

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).

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

21. INVESTMENTS IN ASSOCIATES (CONT'D):

In the prior year the Group held interests in entities which it accounted for as investments in associates. On 29 December 2017, partial disposal of interest in the entities and loss of significant influence resulted in derecognition of the investments in associate companies and the Group measured the retained interest at fair value through profit or loss. The shares sold are expected to be transferred once the related documents have been lodged with the relevant agencies. The transactions resulted in the recognition of gain on disposal of interest in former associates, calculated as follows:

	$'000
Proceeds of disposal	137,264
Less carrying amount of investments on the date of disposal	(67,243)
Gain recognized	70,021

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

22. INVESTMENT IN SUBSIDIARIES:

This represents the Company's equity investments in Mayberry West Indies Limited of $1,468,027,000 and in Widebase Ltd. of $124,715.

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.

	2017 $'000	2016 $'000
Balance at beginning of the year	706,216	699,507
Unrealised gain on revaluation	22,971	-
Transferred from loans and receivables	13,790	6,709
	742,977	706,216

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

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

24. **LOANS:**

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Demand loans -				
Oppenheimer & Co. Inc.	264,720	798,651	264,720	798,651
Morgan Stanley	462,171	609,180	462,171	609,180
Raymond James	685,802	791,272	685,802	-
Term loans -				
Commercial paper (unsecured)	1,826,264	1,485,210	1,826,264	1,485,210
Commercial paper (secured)	750,000	749,000	750,000	749,000
JMMB Merchant Bank Limited	900,000	900,000	900,000	900,000
	4,888,957	5,333,313	4,888,957	4,542,041

The demand loans attract interest at 2.66% per annum - Oppenheimer & Co. Inc., 2.314% per annum - Morgan Stanley and 2.296% per annum – Raymond James. (2016 – 2.66% per annum - Oppenheimer & Co. Inc. and 1.52% 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 (2016 - 6.5%). The Secured Commercial Paper is backed by real estate and attracts a weighted average rate of interest at 8.25% per annum (2016 – 8.83%).

On 1 November 2017, the JMMB Merchant Bank Limited (JMMBMB) revolving loan of $900,000,000 was renewed with an interest rate of 9.75% 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.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

24. **LOANS (CONT'D):**

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.

At 31 December 2017, the carrying values of the equity securities owned by the group which were pledged to maintain the credit facility with JMMBMB are as follows:

	2017 $'000	2016 $'000
Investment securities (note 14)	2,063,279	2,374,112
Investments in associates (note 21)	-	313,200
	2,063,279	2,687,312

25. **ACCOUNTS PAYABLE:**

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Accounts payable	470,607	487,684	220,084	297,723
Client payables	2,538,768	1,358,654	2,538,768	1,358,654
	3,009,375	1,846,338	2,758,852	1,656,377

Included in client payables are debit balances totalling $3,923 million (2016 - $1,502 million).

26. **SHARE CAPITAL:**

	2017 $'000	2016 $'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

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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:

	2017 $'000	2016 $'000
Capital redemption reserve fund	51,343	51,343
Stock option reserve	26,596	26,596
	77,939	77,939

29. RETAINED EARNINGS:

	2017 $'000	2016 $'000
Reflected in the financial statements of:		
The Company	54,501	279,270
Subsidiaries	4,470,059	3,031,550
	4,524,560	3,310,820

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Loans and other receivables:				
Subsidiaries (note 17)	-	-	928,107	643,823
Companies controlled by directors and related by virtue of common directorships	615,857	120,294	603,588	120,294
Directors and key management personnel	369,808	169,406	369,808	169,406
Due from related company:				
Mayberry Asset Managers Limited	12,269	-	12,269	-
Payables:				
Companies controlled by directors and related by virtue of common directorships	613,104	150,196	368,819	44,346
Directors and key management personnel	37,029	161,993	37,029	161,993
Key Management Compensation:				
Key management include directors (executive and non-executive) and Senior Vice Presidents				
Directors emoluments:-				
Fees	25,510	33,645	25,510	33,645
Key Management remuneration	91,088	104,075	90,587	103,587
Other key management personnel	74,410	77,667	74,410	77,667
Other operating expenses:				
Companies controlled by directors and related by virtue of common directorships	253,372	114,937	9,087	9,087

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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 is accrued quarterly in arrears. The amount charged for the year was $47,246,000 (2016 – $NIL) and is included in other payables.

The Incentive Fee is calculated on the last day of each calendar year with reference to the comprehensive income earned for the calendar year in question. The incentive fee is accrue and charged with effect from 1 January 2016, on 31 December of each year. The amount charged for the year was $197,039,000 (2016 - $105,851,000) and is included in other payables.

31. **DIVIDENDS DECLARED:**

	Company	
	2017 $'000	2016 $'000
Final dividend to Ordinary Shareholders –23 cents per share (2016 – 22 cents per share)	276,264	264,253
	276,264	264,253

The dividends paid for 2017 represented dividend per stock unit of $0.23 (2016 - $0.22).

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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:

	2017	2016
At 31 December	1.30:1	1.10:1
Average for the period	1.21:1	1.12:1
Maximum for the period	1.70:1	1.21:1
Minimum for the period	1.08:1	1.05:1

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.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

32. **FINANCIAL RISK MANAGEMENT(CONT'D):**

(a) **Liquidity risk (cont'd)**

	Group					
	2017					
	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	20,651	-	-	-	-	20,651
Securities sold under repurchase agreements	4,026,659	2,322,283	664,728	-	-	7,013,670
Interest payable	144	35,821	-	-	-	35,965
Loans	-	-	3,476,264	1,412,693	-	4,888,957
Other liabilities	2,930,817	-	-	-	-	2,930,817
Total liabilities (contractual maturity dates)	6,978,271	2,358,104	4,140,992	1,412,693	-	14,890,060

	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

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

32. **FINANCIAL RISK MANAGEMENT(CONT'D):**

(a) **Liquidity risk (cont'd)**

	Company					
	2017					
	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	20,651	-	-	-	-	20,651
Securities sold under repurchase agreements	4,026,659	2,322,283	664,728	-	-	7,013,670
Interest payable		35,821	-	-	-	35,821
Loans	-	-	3,476,264	1,412,693	-	4,888,957
Other liabilities	2,686,532	-	-	-	-	2,686,532
Total liabilities (contractual maturity dates)	6,733,842	2,358,104	4,140,992	1,412,693	-	14,645,631

	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

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.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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 2017 and during the period is as follows:

	2017			
	31 December	Average	Maximum	Minimum
	$'000	$'000	$'000	$'000
Foreign Currency Risk	30,373	28,746	50,003	14,686
Interest Rate Risk				
Domestic securities – amortized cost	6,130	5,275	7,894	4,143
Global securities – amortized cost	63,020	895,114	3,726,898	63,020
Global securities – trading	239	725	1,147	239
Other Price Risk (Equities)				
Domestic securities – other comprehensive income	415,895	270,711	418,810	161,040
Domestic securities – trading	24,758	30,223	67,132	11,225

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

32. **FINANCIAL RISK MANAGEMENT(CONT'D):**

(b) **Market risk (cont'd)**

Exposure to market risks (cont'd)

	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

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.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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	1,110,971	-	-	-	-	-	1,110,971
Investment securities at amortized cost	618,788	650,819	656,424	187,870	1,091,308	66,663	3,271,872
Investment securities – FOCI(1)	-	-	-	-	-	7,369,751	7,369,751
Investment securities – FVPL(2)	2,516	-	17,926	535,368	3,468,458	-	4,024,268
Reverse repurchase agreements	2,058,193	1,494,290	367,000	-	-	-	3,919,483
Promissory notes	730,971	-	-	-	-	412,990	1,143,961
Interest receivable	-	103,149	-	-	-	-	103,149
Loans and other receivables	2,405,425	-	-	-	-	59,931	2,465,356
Other	-	-	-	-	-	957,914	957,914
Total assets	6,926,864	2,248,258	1,041,350	723,238	4,559,766	8,867,249	24,366,725
Liabilities							
Bank overdraft	20,651	-	-	-	-	-	20,651
Securities sold under repurchase agreements	3,408,769	2,322,283	664,738	-	617,880		7,013,670
Interest payable	144	35,821	-		-	-	35,965
Loans	-	-	3,476,264	1,412,693	-	-	4,888,957
Other	-	-	-	-	-	3,050,246	3,050,246
Total liabilities	3,429,564	2,358,104	4,141,002	1,412,693	617,880	3,050,246	15,009,489
Total interest rate sensitivity gap	3,497,300	(109,846)	(3,099,652)	(689,455)	3,941,886	5,817,003	9,357,236
Cumulative interest rate sensitivity gap	3,497,300	3,387,454	287,802	(401,653)	3,540,233	9,357,236	
As at 31 December 2016:							
Total Assets	4,999,740	1,433,751	1,023,617	2,146,342	3,907,944	8,327,311	21,838,705
Total Liabilities	6,679,837	1,518,293	3,838,684	1,407,830	1,128,275	22,114	14,595,033
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	

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

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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	916,513	-	-	-	-	-	916,513
Investment securities at amortized cost	618,788	650,819	656,424	923	1,092,762	54,491	3,074,207
Investment securities-FOCI[(1)]	-	-	-	-	-	355,453	355,453
Investment securities-FVPL[(2)]	2,516	-	17,926	535,368	980,907	-	1,536,717
Reverse repurchase agreements	2,058,193	1,494,290	367,000	-	-	-	3,919,483
Promissory notes	730,971	-	-	-	-	412,990	1,143,961
Interest receivable	-	100,200	-	-	-	-	100,200
Investment in subsidiary	-	-	-	-	-	1,468,152	1,468,152
Due from subsidiaries	-	-	-	-	-	928,107	928,107
Loans and other receivable	2,227,619	-	-	-	-	59,931	2,287,550
Other	-	-	-	-	-	945,645	945,645
Total assets	6,554,600	2,245,309	1,041,350	536,291	2,073,669	4,224,769	16,675,988
Liabilities							
Bank overdraft	20,651	-	-	-	-	-	20,651
Securities sold under repurchase agreements	3,408,769	2,322,283	664,738	-	617,880		7,013,670
Interest payable	-	35,821	-		-	-	35,821
Loans	-	-	3,476,264	1,412,693	-	-	4,888,957
Other	-	-	-	-	-	2,758,852	2,758,852
Total liabilities	3,429,420	2,358,104	4,141,002	1,412,693	617,880	2,758,852	14,717,951
Total interest rate sensitivity gap	3,125,180	(112,795)	(3,099,652)	(876,402)	1,455,789	1,465,917	1,958,037
Cumulative interest sensitivity gap	3,125,180	3,012,385	(87,267)	(963,669)	492,120	1,958,037	
As at 31 December 2016:							
Total assets	4,914,083	1,404,972	1,023,616	995,066	3,588,110	3,775,533	15,701,380
Total liabilities	5,696,157	1,518,293	3,838,648	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	

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

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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	6.48	5.25	-
Reverse repurchase agreements	8.83	2.86	-
Promissory notes	5.07	4.67	-
Liabilities			
Securities sold under repurchase agreements	3.70	4.22	-
Loans	9.75	1.85	-
Commercial papers	6.50	-	-

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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 50 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:

	2017					
	Daily Return	100 bp parallel increase	100 bp parallel decrease	Daily return (Globals)	50 bp parallel increase	50 bp parallel decrease
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
Statement of Income						
Domestic -Amortised	447	(13,953)	11,182	-	-	-
Globals – Trading	-	-	-	317	(412)	1,085

	2016					
	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 2016						
Statement of Income						
Domestic -Amortised	306	(17,291)	16,821	-	-	-
Globals – Trading	-	-	-	1,564	(30,395)	13,485

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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:

	2017			
	GBP	US$	CAN$	EURO
	J$'000	J$'000	J$'000	J$'000
Assets				
Cash resources	6,853	680,374	12,366	678
Investment securities	-	4,467,336	-	-
Promissory notes	-	2,018,710	-	-
Interest receivable	86	83,784	-	-
Loans and other receivables	210	25,678	-	45,162
Total	7,149	7,275,882	12,366	45,840
Liabilities				
Securities sold under repurchase agreements	-	3,099,830	-	-
Loans and other payables	30,783	4,029,419	14,395	-
Interest payable	2	6,634	-	-
Total	30,785	7,135,883	14,395	-
Net position	(23,636)	139,999	(2,029)	45,840
As at 31 December 2016				
Total Assets	58,490	10,226,930	8,987	41,850
Total Liabilities	67,211	9,079,114	1,668	-
Net Position	(8,721)	1,147,816	7,319	41,850

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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
	2017	2017	2016	2016
	%	$'000	%	$'000
GBP	-4	(945)	-6	(523)
GBP	+2	473	+1	87
US$	-4	5,600	-6	68,869
US$	+2	(2,800)	+1	(11,478)
CAN$	-4	(81)	-6	439
CAN$	+2	41	+1	(73)
EURO	-4	1,834	-6	2,511
EURO	+2	(917)	+1	(418)

The analysis assumes that all other variables, in particular interest rates, remain constant. It is performed on the basis of 4% weakening and 2% strengthening (2016 – 6% 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.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

32. **FINANCIAL RISK MANAGEMENT(CONT'D):**

(e) **Credit risk (cont'd)**

	Promissory Notes		Loans and Other Receivables	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Carrying amount	1,143,961	748,470	2,025,743	1,398,823
Past due but not impaired				
Grade 1-3 - Low - fair risk	-	-	2,279,432	1,370,076
Grade 4 – Medium risk	182,368	48,120	185,924	28,747
Grade 5 – Medium - high risk	167,065	276,502	-	-
Carrying amount	349,433	324,622	2,465,356	1,398,823
Past due comprises:				
30 – 60 days	103,767	7,913	1,603,428	679,528
60 – 90 days	-	-	-	-
90 – 180 days	12,186	11,635	-	-
180 days +	233,080	305,074	861,928	719,295
Carrying amount	349,433	324,622	2,465,356	1,398,823
Neither past due nor impaired				
Grade 1-3 - Low - fair risk	-	-	-	-
Grade 4 – Medium - high risk	794,928	423,848	-	-
Carrying amount	1,143,961	748,470	-	-
Includes accounts with renegotiated terms	-	-	-	-
Total carrying amount	1,143,961	748,470	2,465,356	1,398,823

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.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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	
	2017	2016
	$'000	$'000
Against past due but not impaired		
Property	232,216	213,841
Equities	16,470	26,886
Other	7,775	11,885
Against neither past due nor impaired		
Property	45,000	57,452
Debt securities		-
Equities	1,189,825	831,200
Other	78,789	85,699
Total	1,570,075	1,226,963

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Carrying amount	1,143,961	748,470	2,465,356	1,398,823
Concentration by sector				
Corporate	945,484	497,060	-	-
Retail	198,477	251,410	2,465,356	1,398,823
Total	1,143,961	748,470	2,465,356	1,398,823

(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 ratio was 14.93% (2016: 14.33%).

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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 14.93% and 11.75%, as of December 31, 2017, 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.

	2017 $'000	2016 $'000
Tier 1 Capital		
Ordinary share capital	1,582,381	1,582,381
Other reserve	51,343	77,939
Retained earnings	54,501	279,270
	1,688,225	1,939,590
Fair value reserve	-	172,551
Total Tier 1 Capital	1,688,225	2,112,141
Tier 2 Capital - other reserve	26,596	-
Total Regulatory Capital	1,714,821	2,112,141
Risk Weighted Assets	11,481,328	14,490,650
Capital Ratio to Risk Weighted Assets Ratio	14.93%	14.33%
Regulatory Requirement	10.0%	10.0%
Capital	1,958,037	2,112,141
Total Assets	16,647,905	15,701,380
Capital to Total Assets	11.75%	13.45%
Regulatory Requirement	6.0%	6.0 %

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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 2017	$'000	$'000	$'000	$'000
Financial assets -				
Debt securities				
- Government of Jamaica	453,113	-	-	453,113
- Foreign governments	317,553	-	-	317,553
- Corporate bonds	713,045	-	-	713,045
Quoted equity securities	9,479,913	-	-	9,479,913
Unquoted equity securities	-	-	430,395	430,395
	10,963,624	-	430,395	11,394,019

	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

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

	Company			
31 December 2017	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets -				
Debt securities				
- Government of Jamaica	453,113	-	-	453,113
- Foreign governments	317,553	-	-	317,553
- Corporate bonds	713,045	-	-	713,045
Quoted equity securities	408,459	-	-	408,459
	1,892,170	-	-	1,892,170

	Company			
31 December 2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'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

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

As at 31 December 2017, 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	3,271,872	7,104,051	3,074,207	5,555,510

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 $12,761,725 (2016: $12,344,600).

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 $18,571,808,000 (2016: $17,597,781,000).

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 2017, 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 2017, 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.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

37. **OPERATING LEASE PAYMENTS:**

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

	2017 $'000	2016 $'000
2017	25,371	6,308
2018	16,909	6,308
2019	12,000	2,622
	54,280	15,238

38. **SUBSEQUENT EVENTS**

The company's subsidiary, Mayberry West Indies Limited, had requested an amendment of its name to Mayberry Jamaican Equities Limited. This was granted by the Registrar of International Business Companies on 5 January 2018.

A dividend in specie was declared by Mayberry Jamaican Equities Limited on 28 February 2018.