MAYBERRY
INVESTMENTS LIMITED

1985 - 2018
33
CELEBRATING 33 YEARS

ANNUAL REPORT 2017

Investing in Jamaica,
Land We Love.

Contents

Our Vision:

Transforming lives positively through lasting relationships.

Our Mission:

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

Our Core Values:

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

TEN YEAR PERFORMANCE HIGHLIGHTS

As at 31 December	2008	2009	2010	2011
PROFIT AND LOSS	**$'000**	**$'000**	**$'000**	**$'000**
Operating Revenue	942,527	723,816	675,562	978,397
Interest Income	2,373,218	2,093,929	1,536,409	1,332,550
Net Interest Income	352,907	258,216	316,670	474,171
Net Other Income	589,620	465,600	358,892	504,226
Operating Expenses	601,599	542,508	556,683	694,362
Profit before Taxation	356,146	211,235	176,257	347,242
Net Profit	469,501	245,473	174,530	282,122
BALANCE SHEET				
Total Assets	24,040,766	25,478,756	20,469,484	24,204,564
Total Liabilities	21,587,599	22,567,703	17,398,922	20,501,901
Stockholders' Equity	2,453,167	2,911,053	3,070,562	3,702,663
Number of issued shares (units)	1,201,149	1,201,149	1,201,149	1,201,149
KEY FINANCIAL RATIOS				
Earnings per stock unit	$0.39	$0.20	$0.15	$0.23
Book Value Per share	2.04	2.42	2.56	3.08
Return on Equity	19%	8%	6%	8%
Return on Average Assets	2%	1%	1%	1%
Asset Growth(%)	1%	6%	-20%	18%
Net Profit Growth (%)	26%	-48%	-29%	62%

2012	2013	2014	2015	2016	2017
$'000	$'000	$'000	$'000	$'000	$'000
1,132,263	894,199	1,528,692	998,618	1,207,296	2,200,004
1,285,601	1,021,716	1,051,676	890,263	733,835	722,007
525,817	413,643	240,452	345,866	133,961	151,318
606,446	480,556	1,288,240	652,752	1,073,335	2,048,686
758,106	681,330	970,360	981,602	1,079,083	1,926,063
474,103	(21,992)	679,639	58,104	194,011	478,433
439,354	102,343	726,080	145,460	172,115	425,173
20,777,983	22,078,825	21,983,602	20,735,714	21,838,705	24,366,725
17,107,163	18,308,606	17,799,603	14,490,228	14,595,033	15,009,489
3,670,820	3,770,219	4,183,999	6,245,486	7,243,672	9,357,236
1,201,149	1,201,149	1,201,149	1,201,149	1,201,149	1,201,149
$0.37	$0.09	$0.60	$0.12	$0.14	$0.35
3.06	3.14	3.48	5.20	6.03	7.79
12%	3%	17%	2%	2%	5%
2%	0.46%	3%	1%	1%	2%
-14%	6%	-0.4%	-6%	5%	12%
56%	-77%	609%	-80%	18%	147%

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 31st Annual General Meeting of MAYBERRY INVESTMENTS LIMITED will be held at the Knutsford Court Hotel, 11 Ruthven Road, Kingston 10 on Wednesday, June 20, 2018 at 3:00 p.m. for the following purposes:

1.To receive the audited accounts for the year ended December 31, 2017.

Resolution 1

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

"That the audited accounts of the Company for the year ended December 31, 2017, together with the reports of the directors and auditors thereon, be and are hereby adopted."

2. To declare interim dividend as the final dividend for the year:

Resolution 2

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

"That the interim dividend of $0.23 per ordinary stock unit paid on 28 June 2017 to ordinary stockholders on record as at 21 June 2017, be approved and declared as a final dividend for the year ended 31 December 2017.

3.To elect directors

Resolutions 3-6

The Directors retiring by rotation pursuant to Article 91 of the Articles of Association of the Company are Messrs. Christopher Berry, Benito Palomino and Dr. David McBean and who being eligible, offer themselves for re-election.

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

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

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

"That the retiring director, Dr. David McBean, be and is hereby re-elected a director of the Company."

In accordance with Article 97 of the Company's Articles of Incorporation, Mrs. Tania Waldron-Gooden, having been appointed to the Board of Directors of the Company since the last Annual General Meeting to fill a casual vacancy, now vacates office and, being eligible for election to the Board, offers herself for election to the Board

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

"That Mrs. Tania Waldron-Gooden be and is hereby elected a director of the Company."

4. To fix the remuneration of the directors

Resolution 7

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

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

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

Resolution 8

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

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

"BY ORDER OF THE BOARD

Konrad M Berry

Secretary

NOTICE OF ANNUAL GENERAL MEETING

NOTE FOR THOSE UNABLE TO ATTEND THE AGM:

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his behalf.

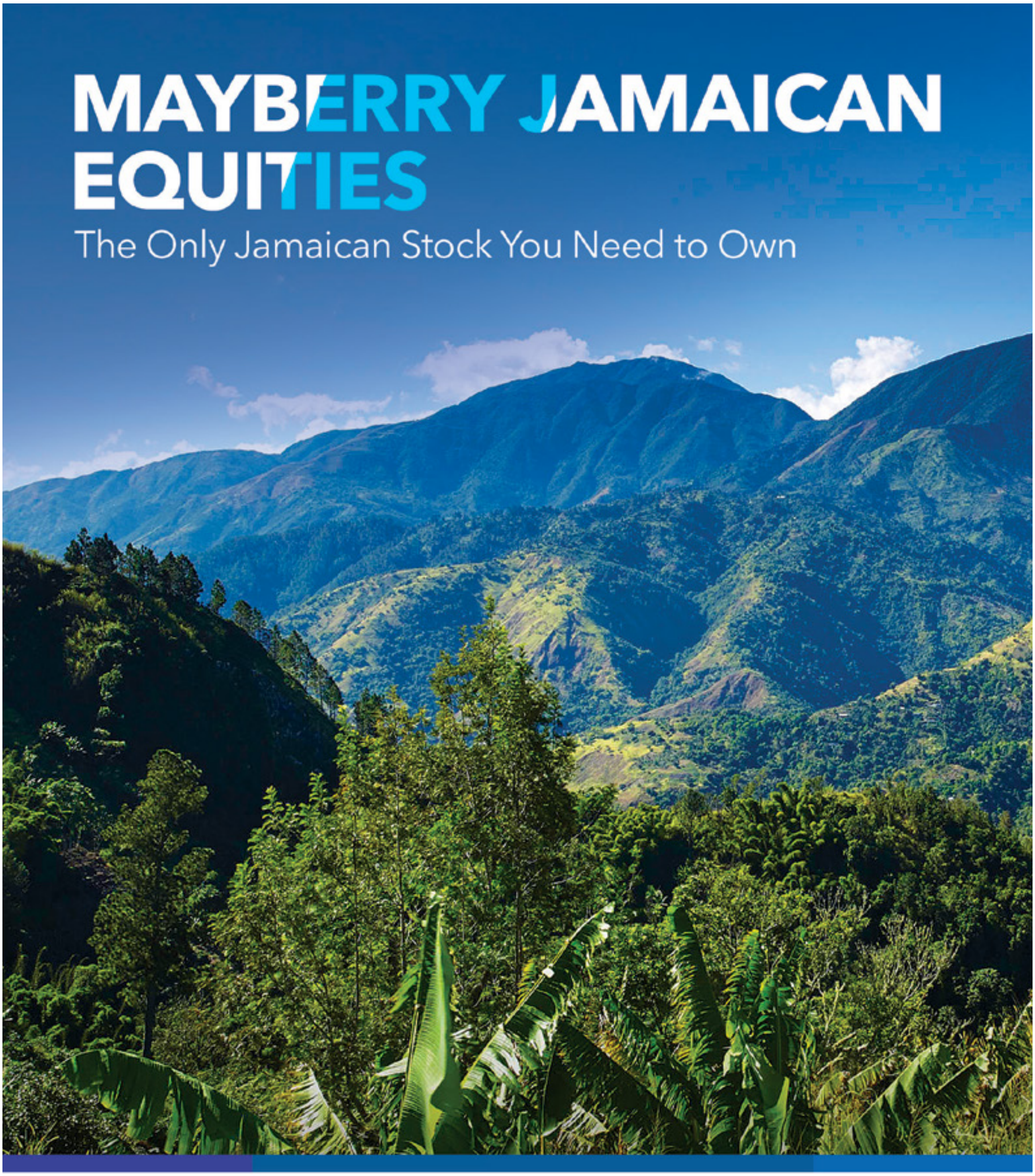
A proxy need not be a member of the Company.

A suitable Form of Proxy is enclosed for your convenience.

If you wish to appoint a proxy, the Form of Proxy must be completed and signed and lodged at the registered office of the Company (1½ Oxford Road, Kingston 5) not less than 48 hours before the time appointed for the meeting.

The Form of Proxy will bear stamp duty of J$120.00 which may be paid by adhesive stamped and cancelled. The Company reserves the right to pay stamp duty on un-stamped Forms of Proxy.

A corporate shareholder may, instead of appointing a proxy, appoint a corporate representative in accordance with Article 75 of the Company's Articles of Association.


MAYBERRY JAMAICAN
EQUITIES
The Only Jamaican Stock You Need to Own

DIRECTORS

Christopher Berry

B.Sc. (Hons.)
Executive Chairman

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

Gary Peart

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

Mr. Gary Peart has been the Chief Executive Officer of Mayberry Investments Limited since May 2005 and was first appointed to the Board of Directors of Mayberry Investments Limited in April 2006. He has over twenty years of corporate financial experience in Jamaica's financial industry having worked in senior positions at leading financial institutions. Mr. Peart currently serves as the Deputy Chairman on the Board of the Jamaica Stock Exchange. He is also a Director on several other Boards; Supreme Ventures Limited, Lasco Financial Services Limited, Lasco Distributors Limited, IronRock Insurance Company Limited and Jamaica Anti-Doping Commission. Mr. Peart has been honoured by several organizations and was named Top CEO in Jamaica for financial year 2015.

He is a member of the Project Steering Committee and Managing Committee.

Konrad Mark Berry

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

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

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

DIRECTORS

Erwin Angus

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

Mr. Erwin Angus joined Mayberry in 1986 as its Managing Director and has since held that post. He was awarded the Commander of the Order of Distinction (CD) in October 1976 for contribution to the bauxite negotiations and he became a Justice of the Peace (JP) in 1977.

Mr. Angus is a member of the company's Managing Committee, Assets and Liabilities Committee and Audit Committee.

Tania S. Waldron-Gooden

B.Sc., M.B.A.
Executive Director

Mrs. Tania Waldron-Gooden is the Director of Investment Banking at Mayberry Investments Limited. She joined Mayberry in June 2006 as a Management trainee and has since worked in several departments including Research, Asset Management, Equity Trading and Corporate Finance.

Before joining Mayberry, she worked in Pension Fund and Client Portfolio Management at Capital & Credit Securities Limited.

Mrs. Waldron-Gooden also serves as a Director of three (3) Junior Market companies; namely, Derrimon Trading Company Limited, Main Event Entertainment Group Limited and Express Catering Limited.

Dr. David McBean

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

Dr. David McBean was appointed to the Board of Directors of Mayberry Investments Limited in August of 2005. He is currently the Executive Director of the Mona School of Business & Management at the University of the West Indies. Dr. McBean has over twenty years' experience in the Information Technology, Media & Telecommunications sectors where he has held various senior management positions. He has served as Managing Director of the Spectrum Management Authority; Managing Director, Products & Services - LIME Caribbean; Chief Executive Officer of the CVM Communications Group, as well as an independent Management & Technology Consultant for various clients.

Dr. McBean was awarded a Jamaica Rhodes Scholarship in 1988. He obtained a B.Sc. in Electrical Engineering from the University of the West Indies in 1986 and a D.Phil. in Engineering Science (Micro Electronics) from the University of Oxford, U.K. Dr. McBean is a member of the Company's Audit Committee.

DIRECTORS

Gladstone Lewars

B.Sc. (Econ.) Hons., M.Sc. (Econ.), M.Sc. (Accounting), FCA.,

Non-Executive Director

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

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

Benito F. Palomino

LLB (Hons.), B.Sc., (Hons.), M.Sc. Accounting

Non-Executive Director

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

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

"Sushil was a special person, always learning, always teaching, always kind, always thoughtful. We miss him and thank him for all he did." - Chris Berry

"Sushil was well read and had vast knowledge and understanding of investing and accounting principles. He was always interested in sharing his insights with those who were interested to learn, no matter their status in life. We were honoured to have had him on our Board." - Mark Berry

"Sushil Jain was the consummate Board member whose interventions were always constructive. We were all made better Board members because he pushed us to accept nothing but the best of ourselves." - Erwin Angus

"Sushil Jain was an exemplar of information, advice and opinion. He was always willing to share his views on all matters, economic and financial." - Benito Palomino

"His advice was timeless and will never be forgotten" - Gary Peart

Tributes to

Sushil Jain

"His attention to detail - not comparable. A great mentor and leader, a man who stood by his beliefs despite the status quo."
-Tania Waldron-Gooden

"Sushil's thoughtful and insightful commentaries were his main contribution to the Board. He was equally comfortable with the big picture or the minutiae of our business. Jovial, jocular, always smiling, he made our social interactions pleasant. He is sorely missed." - David McBean

"Sushil's vast experience and deep knowledge of Finance and Corporate Governance will be greatly missed by the Board; so too his sharp intellect and penetrating questions often displayed at our monthly Investor Fora. His objectivity was such, that if a Director could convince him otherwise, he would certainly amend his position and do so without being egotistic." - Gladstone Lewars

"Sushil was a special human being, who dedicated his life to learning, teaching and mentoring. Those of us who had the privilege to have known him are all better off for it. We miss him dearly, but he lives on in our hearts through all that he imparted to us."
Anika Jengelley

DIRECTORS' REPORT

The Directors submit herewith the Consolidated Statement of Profit or Loss and Comprehensive Income of Mayberry Investments Limited for the year ended December 31, 2017, together with the Consolidated Statement of Financial Position as at the same date.

The Consolidated Statement of Profit or Loss and Comprehensive Income shows the following:

Financial Results	$'000
Operating revenue	2,200,004
Profit before taxation	478,433
Taxation charge	53,260
Net profit	425,173
Net unrealized gains on financial instruments	1,964,655
Total Comprehensive Income for the Year	2,389,828

DIRECTORS

The Directors as at December 31, 2017 are Messrs. Christopher Berry, Konrad Berry, Gary Peart, Erwin Angus, Benito Palomino, Gladstone Lewars and Dr. David McBean and Mrs. Tania Waldron-Gooden.

Mr. Sushil Jain sadly passed away in October 2017 and was an esteemed member of our board since September 2006.

Mrs. Tania Waldron-Gooden was appointed to the Board of Directors, effective 31 October 2017.

In accordance with Article 97 of the Company's Articles of Incorporation, Mrs. Tania Waldron-Gooden, having been appointed to the Board of Directors of the company since the last Annual General Meeting, will retire from office and being eligible, offers herself for election to the Board.

The Directors to retire by rotation in accordance with Article 91 of the Articles of Association are Messrs. Christopher Berry and Benito Palomino and Dr. David McBean but being eligible, offer themselves for re-election.

AUDITORS

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

DIVIDEND

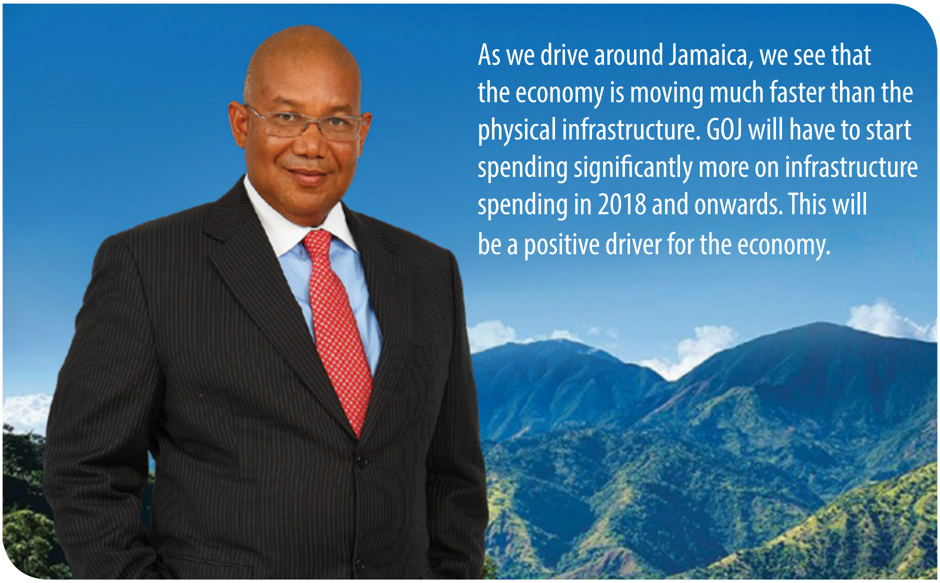
The dividend of $0.23 per share paid on 28 June 2017 is proposed to be the final dividend in respect of the financial year ended 31 December 2017.

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

On behalf of the Board of Directors

Christopher Berry
Chairman

CHAIRMAN'S STATEMENT



2017 marks the 32nd year in the life of our company. We did predict that 2017 would not have been as good a year for the Jamaica Stock Exchange (JSE) as 2016 but we still felt confident that the Government of Jamaica (GOJ) policy direction would be sufficient to ensure a moderate but lower expansion of the local stock market. In the end, the JSE actually did much better than we were forecasting for 2017. We feel that this was primarily because the positive sentiment was much stronger than the reality of corporate performance. The multiples in the JSE Main Market rose on average to 16.14 times and the JSE Junior Market to 20.30 times. Even these multiples are high by Jamaican standards and we feel that these multiples reflect the sentiment for the market realities going forward. Growth in the economy for 2017 was weak.

Our view is that 2018 will be a better year for Jamaica than 2017 and we expect the JSE performance to exceed 20% during the up-coming year. With J$ fixed income delivering a negative return on investment, the best places to put money, in our opinion, will be real estate and equities. Unless growth in Jamaica improves significantly, we expect the Central Bank (BOJ) to continue its accommodative stance with lower or neutral JMD interest rates and a relatively low depreciation of the dollar. It is important to watch energy prices and the current account balance as significant increases in energy could cause the BOJ to change its policies.

As we drive around Jamaica, we see that the economy is moving much faster than the physical infrastructure. GOJ will have to start spending significantly more on infrastructure spending in 2018 and onwards. This will be a positive driver for the economy.

As we exit the current agreement with the International Monetary Fund (IMF) in 2019, we do not expect the GOJ to enter into a new agreement with the IMF. The private sector and the GOJ must craft a transparent framework for how they will work with the labour market to secure higher levels of growth and lower levels of unemployment going forward. Alternatively, the gains over the past 8 years will be lost.

Mayberry & Its Business

In 2017, we decided to focus much more of our time to help the market understand our performance and that this will be reflected in the stock price. During the year, we decided that listing Mayberry West Indies Limited on the JSE would be beneficial to our shareholders. In order to facilitate this, we paid out a dividend of 10% of Mayberry West Indies to all shareholders. At December 31st, this dividend had a value of $688 million. At the time of writing, this had increased in value to $956 million or 39%, in the first quarter alone.

In order to meet the listing criteria of the JSE, we will sell another 10% to the public in an Initial Public Offering (IPO) sometime during the first half of 2018. This IPO will give preference to investors aged 19 – 29 years, Mayberry Managed Equity Portfolio clients and Mayberry's shareholders. The offer will be fully underwritten by Christopher and Konrad Berry.

The Jamaican dollar was less volatile during 2017 than in previous years, closing the year with an annual depreciation of only 2.36%. The JSE Main market appreciated by 50% and the Junior market by 5.34%. During 2017, the value of Mayberry West Indies Limited increased by 38%, thus allowing us to achieve consolidated comprehensive income of $2.39 billion and equity exceeding $9 billion.

Trading Business

Our trading revenues declined by $316 million, due to a significant reduction in our Fixed income bond portfolio. Trading gains comprise of gains from bond and foreign exchange trading.

Investment Banking

This year, we raised over $16 billion in debt and equity for Jamaican businesses, an increase of almost 200%. Revenues from Investment Banking grew by over 100% in this year. This is our fastest growing business line and we expect it to continue on its growth path over the next 3 years. Our customized financial solutions have been gaining traction with clients seeking capital while rewarding investors with an above average return.

Asset Management

Income from our Asset management business increased by 34% during 2017. Our main categories of business also produced industry leading investment returns as follows:

Pensions	20.9%
Managed Equities	15%
Investment Grade Bonds	6.5%

Treasury

Shareholder value increased by approximately $2.1 billion this year after paying a dividend valued at $276 million in June 2017. Closing Book value per share was $7.79 as at December 31, 2017 vs $6.03 compared to the corresponding period in 2016. Since our IPO in 2005, Mayberry has paid out J$1.83 billion in dividends to its shareholders.

The majority of the improvement in shareholder value was generated from our equity portfolio. With US interest rates rising, it is unlikely that we will be significantly increasing our exposure to international bonds during 2018.

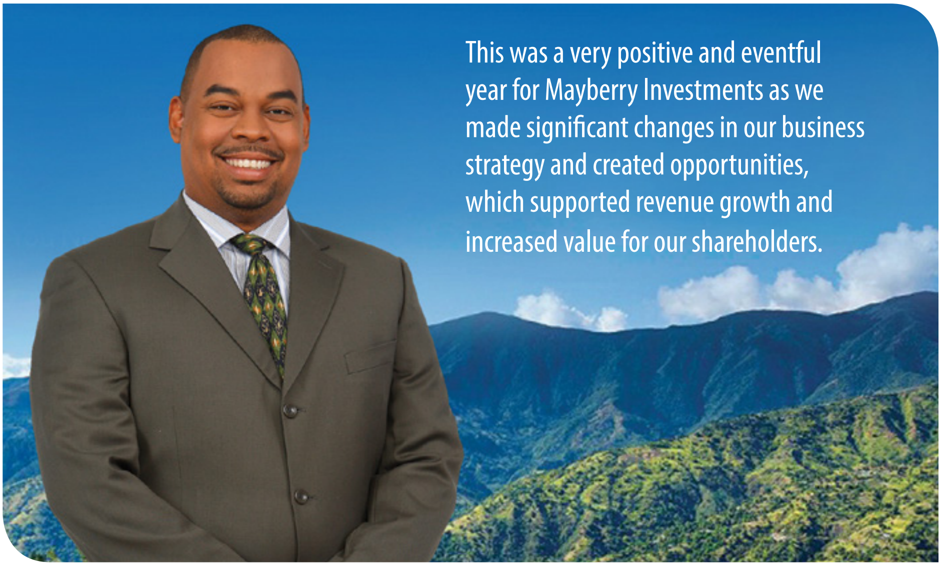
Looking Forward - 2018

We expect 2018 to be a good year for equities and real estate investments in Jamaica. Fixed income will deliver low to negative returns and should be used only for holding short term cash needs. We expect the economy to continue to expand during 2018.

We wish to thank all our clients, shareholders and well-wishers for their support during our 32 years of operation in Jamaica. During 2018, we will re-focus our efforts on aiding businesses and investors to attain their financial goals with increasing ease and convenience.

Christopher Berry
Chairman

CEO'S STATEMENT



Dear Valued Shareholders,

As I look back on 2017, our 32nd year of doing business in "Jamaica, Land we love", it is fulfilling to see how much our company has accomplished by helping our clients with their investment needs. This was coupled with service to our communities and our contribution to nation building. This was a very positive and eventful year for Mayberry Investments Limited as we made significant changes in our business strategy and created opportunities, which supported revenue growth and increased value for our shareholders. The resultant effect of this was a growth of 150% year over year in Earnings per share (EPS) from J$0.14 to J$0.35, with a Net Profit at December 31, 2017 of J$425 million.

Throughout the year, we also focused on serving you better by enhancing customer experience through innovation.

We strongly believe that the current market trends of improving productivity through greater digitization and innovation, is the way forward. Consequently, we launched our Mayberry App to improve the access of our clients to our financial services, offering greater flexibility and convenience.

Additionally, we made progress in our operational efficiencies and continued to transform our business by adapting to changes in the global marketplace, with improvements in our core business processes.

Global economic growth is on track to be the fastest since 2011. More importantly, growth is expected to be broad based, rather than dependent on a few countries. In Jamaica, economic recovery continued to benefit from structural macro-economic reforms. For 2017, unemployment was at a record 8-year low, inflation was modest, net international reserves were at a comfortable level and external borrowing costs were at historical lows.

The Jamaica Stock Exchange (JSE) saw the additional listing of seven companies in 2017, two on the JSE Main Market and five on the JSE Junior Market. Mayberry Investments Limited was the lead broker for two of the Initial Public Offerings (IPO), namely, Main Event Entertainment Group in Feb-

ruary and Express Catering Limited in July. Both companies have performed exceptionally well subsequent to listing on the stock exchange, tripling their listing prices.

We maintained our strong participation in the equities market, closing out 2017 as the number one trader on the JSE's Junior market and ranked second in both value and volume of trades executed for the JSE Main market.

Our company has also benefited significantly from the improved performance of other listed companies on both JSE markets, mainly through growth in our dividend income, an increase of J$57 million over 2016. High levels of liquidity coupled with low interest rates continue to provide a perfect climate for a vibrant stock exchange. This creates momentum for positive stock performance which we believe will persist in the foreseeable future.

We continue to be a trailblazer in the area of brokerage and advisory services for IPOs and have successfully tendered for the Wigton Windfarm public offering. This company should be listed in the third quarter of 2018.

The improvement in the fiscal and macro-economic environment presented great opportunities for our Corporate Advisory services. The total value of debt structured for the year was J$11.3 billion, representing growth of 68% over prior year 2016.

Total consulting fees and commissions of J$508 million were recorded for the 2017 financial year, with an increase of J$231 million in Brokerage fees and $32 million in Structured Financing fees. The unrealised gains earned from revaluation of investments for 2017 was $1.17 billion or 11 times greater than 2016.

All the successes of 2017 could not have been achieved without the hard work, commitment and dedication of our talented employees. The team has been resilient when faced with an ever-changing, dynamic and sometimes, challenging industry. Nevertheless, we are passionate about serving our customers at the highest standards and seek to further improve our productivity and service levels in the coming year. We recognise the immeasurable contribution of our valued team members and applaud their sustained efforts to deliver our targets.

CEO'S STATEMENT

MAYBERRY WEST INDIES LIMITED

At the last Annual General Meeting, a resolution was passed authorising the Directors of Mayberry Investments Limited to re-organise Mayberry West Indies Limited, its subsidiary. Further, we were tasked with reviewing the possible ways to unlock the shareholders' value of this subsidiary.

This strategic undertaking commenced with the sale of the company's unquoted assets on December 1, 2017 to Widebase Ltd., which is a wholly owned subsidiary of Mayberry Investments Limited. Subsequently, there was a reduction in the shareholdings of our equity investments in the four (4) former associates, namely Lasco Financial Services Ltd., Blue Power Ltd., Caribbean Producers (Jamaica) Ltd. and IronRock Insurance Ltd.

These four (4) entities were deemed associated companies and as such, the market value of the equity investments were not previously recorded in our books. Following a change in their status, resulting from the sale on December 29, 2017 and loss of significant influence, we now measure and account for these investments at fair value through profit or loss.

THE WAY FORWARD

Looking ahead to 2018, we will aim to:

- achieve sustainability, growth and stability through continuous improvement in our core competencies
- continually improve long-term shareholder value while satisfying our clients' short-term needs;
- focus on further innovation and digitization of processes
- increase market share as we maintain and improve our position as one of the leading stockbrokers in the country
- develop human capital and foster creativity
- align our strategies with a customer-centric focus

I would like to sincerely thank our staff for their invaluable contribution, our Board of Directors for their strategic leadership, our clients and other partners for their business and confidence in our company and you, our valued shareholders for your support and trust over the past 32 years. We look forward to exceeding the customers' expectations and to delivering solutions to realize each client's investment goals.

Gary Peart
Chief Executive Officer


MAYBERRY MANAGED EQUITY PORTFOLIO
PORTFOLIO COMPRISES STOCKS AND CASH
MAYBERRY
INVESTMENTS LIMITED
1985 - 2018
33
CELEBRATING 33 YEARS
Sales Inquries
managedequity@mayberryinv.com
General & Sales Inquries
(876) 929-1908-9
Fax
(876) 929-1501
mayberryinvja
www.facebook.com/mayberryinvja
CONDITIONS APPLY*

Our Management Team

Seated L-R:

Shadaya Small, Assistant VP- Research
Shadaya joined the Mayberry Team in 2010. Her primary responsibilities include providing financial and economic information and recommendations on financial assets to Mayberry's internal and external clients. She also provides financial analysis which aids the investment process and assists with financial solutions for Corporate clients.

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

Jason Martinez, Manager-Research
Jason joined the Mayberry Team in 2014. In his capacity, he provides financial and economic analysis and is a key member of the team that provides recommendations to Mayberry's internal and external clients.

Standing L-R:

Damian Whylie, General Manager, Asset Management
Damian joined the Mayberry team in 2016 and has direct oversight of Mayberry's Managed Portfolios of equities and bonds. He is also responsible for pension funds management and the company's digital strategy.

Dianne Tomlinson-Smith, Chief Financial Officer
Dianne joined Mayberry in May 2017 and leads the Finance and Accounting team. In her capacity, she has oversight for the financial operations of the company, to include the development of financial strategies and the ongoing monitoring of control systems designed to safeguard company assets. She is also responsible for the reporting of timely, relevant and accurate financial results.

Our Management Team

Seated L-R:

Nadine Anderson, Data Manager

As Data Manager, Nadine is responsible for managing the movement of data across multiple systems as well as supervising activities which protect or enhance the value of the organization's data.

Jamie Turner, Senior Manager, Markets and Trading

Mr Jamie Turner joined the Mayberry family in 2016 as the Senior Manager – Markets & Trading. He is tasked with the day-to-day treasury operations and the trading of Equities, Foreign Exchange and Fixed Income for the company. Jamie has over 13 years' experience within the Financial Industry.

Kayree Berry Teape, Chief Executive Officer, Mayberry Foundation

Mrs. Berry-Teape joined the Mayberry team in 2002 and has been in charge of the Mayberry Foundation since 2008. The Foundation's major focus has been to build capacity in the key areas of health, youth and community development, education and the environment

Standing L-R:

Krishna Singh, Chief Information Officer

Krishna joined Mayberry Investments in 2016 and leads the company's Information Technology (IT) department. His areas of responsibility include the formulation and execution of the IT strategic plan, as well as the management of IT business solutions, infrastructure, data and vendor relationships.

Racquel Anderson- Wilson, Business Solutions Manager

Racquel re-joined Mayberry in 2013. She is charged with the responsibility of providing oversight of the management and implementation of the company's IT business solutions. In doing so, she ensures there is alignment with the company's strategic objectives..

Our Management Team

Seated L-R:

Andrea Ho-Sang, Senior VP-Operations and Administration

Andrea joined Mayberry in August 1990 as a Junior Equity Trader. She is currently responsible for overseeing the Processing, Securities and Settlement units within the Operations department. She also oversees the Administration department.

Kristen Raymore Reynolds, VP-Human Resources

Kristen joined the Mayberry Team in June 2015. She is responsible for developing and maintaining Human Resource best practices and objectives that provide an employee-oriented, high-performance culture which emphasizes empowerment, engagement, quality, productivity, goal attainment and talent acquisition in the ongoing development of a superior workforce.

Standing L-R:

Renee Manzari, VP-Compliance & Risk

Renee joined the Mayberry team in 2016 and as the Head of Compliance and Risk, she ensures the company is conducting its business in full compliance with all regulations. Renee also oversees the risk, anti-money laundering and internal control areas of the organization.

Oneil Roberts, Operations Manager-Securities

Oneil Roberts joined Mayberry in the Securities Department in August 2005. In April 2017, he was promoted to Operations Manager with responsibility for Securities. His key functions are the preparation of regulatory reports, purchases/sales of all GOJ/BOJ securities and the management of all matters relating to Securities.

Philbert Perry, Senior VP-Sales & Marketing

Philbert Perry joined the Mayberry team in April 2008 as an Investment Advisor and has transitioned through the ranks to his current role as Senior Vice President - Sales & Marketing. His primary role entails Business Development and Portfolio management, whilst directly supervising, coaching and mentoring the Sales Team, along with full oversight of the Marketing Department.

Our Management Team

Seated L-R:

Shirnette Mason, Manager - Financial Planning & Analysis (FP&A)

Shirnette joined the Mayberry team in May 2006 as a Financial Analyst and today serves as the company's FP&A Manager. She is a key member of the Accounting & Finance Team and has full oversight of the company's strategic budget, financial analysis and reporting. She also serves as part of the company's Policy Committee.

Dionne-Marie Harrison, Digital Marketing Manager

Dionne-Marie Harrison began her tenure at Mayberry Investments in May 2015 as part of the company's Marketing Department. She currently serves as Digital Marketing Manager with responsibility for determining and executing the company's digital marketing strategy for all social media channels, including the company's app and website.

Standing L-R:

Tania Waldron-Gooden, Director - Investment Banking,

Since joining the Mayberry Team in 2006, Tania has been a key member in managing the products and services offered by the company. She was promoted in 2017 to Director-Investment Banking and leads that team in providing corporate solutions such as Financial Advisory Services and arranging and structuring Debt and Equity transactions.

Vaughn Cunningham, Manager - Forex Trading

Vaughn Cunningham joined Mayberry investments in March 2017 and brings over 20 years' financial industry experience to the team. As a Manager in the Markets and Trading department, he is responsible for all foreign exchange trading.

Dan Theoc, Senior VP - Energy

Dan joined Mayberry in January 2018 as part of the Investment Banking team. He is charged with helping to grow the business and has a special focus on energy and infrastructure projects.

Our Management Team

Seated L-R:

Peter Fraser, Infrastructure Manager

Peter Fraser re-joined Mayberry Investments Limited in the Information Technology Department in August 2017. His job functions revolve around IT vendor oversight and the auditing and security of the company's network.

Willett Wilson, Financial Controller, Mayberry West Indies Limited

Willett Wilson joined Mayberry in August 2011 as Financial Controller, responsible for financial accounting and reporting in accordance with regulatory standards and company policies. Aligning with the Group's dynamically changing strategy, she has now transitioned in a similar capacity, with responsibility for the subsidiary, **Mayberry West Indies Limited**.

Standing L-R:

Wayne Campbell, Financial Controller, Mayberry Investments Ltd.

Wayne Campbell re-joined Mayberry's Finance Team in December 2017. His key function is to provide oversight of all accounting functions and to develop, implement and monitor accounting policies and controls consistent with International Financial Reporting standards, regulatory requirements and company policies.

Venise Thompson, Operations Manager - Processing

Venise Thompson joined the company in June 1994 as a Registration Officer. She is currently the Manager of Processing in the Operations department, with the key responsibility of ensuring that all transactions are processed in a timely manner.

Dwayne Morris, Operations Manager - Settlement

Dwayne Morris joined the Mayberry team in May 2002 as part of the Registration Department. His key function as Operations Manager for the Settlement unit is to manage all payments and receipts on behalf of both our clients and the company.

Our Team

Treasury and Trading and Asset Management

Seated L-R:
Cydoney Cooke, Stephanie Umraugh, Karen Mitchell, Nadralee Smith,
Standing L-R:
Damali Morgan, Karel Ellington, Vaughn Cunningham, Kimoy Haughton, Jamie Turner

Research and Investment Banking

Seated L-R:
Rachel Kirlew, Jason Martinez, Crystal Gayle
Standing L-R:
Tania Waldron-Gooden, Mckoy Jackson, Shadaya Small, Tamika Becky, Dayton Thomas, Iyeeka Walters, Oniel Edwards, Dan Theoc

Information Technology and Human Resources

Seated L-R:
Krishna Singh, Racquel Anderson-Wilson, Petre-Gay Bailey, Kristen Raymore Reynolds
Standing L-R:
Jason Robinson, Chander-Paul Reid, Nadine Anderson, Jason Fong, Peter Fraser

Our Team

Administration

Seated L-R:
Debborah Dowding,
Ash-Sham Gillette
Standing L-R:
Michelle Graham, Dean
Whittingham, Michelle Chung

Ancillary and Facilities

L-R:
John Douse, Rodney Bushay,
Sandra Lake, Richard James,
Bryan Davidson

Compliance, Risk & Client Relations

L-R:
Antoinette Hamilton-Williams,
Sheldon Thomas, Renee Manzari

Our Team

Operations

Seated L-R: Andrea L. Ho-Sang, Kerine Hewitt, Michelle Berry
Standing L-R: Venise Thompson, Andrew Johnson, Garcia Hamilton, Dwayne Morris, Tishema Graham, O'shane Brown, Ammoya Patrick

Accounting & Finance

Seated L-R: Wayne Campbell, Dianne Tomlinson-Smith, Shirnette Mason, Mikol Mortley
Standing L-R: Paul Reid, Aneka Lee, Tiffany Asphall, Willett Wilson, Alicia Walker, Aisha Marrow, Roger Salmon

Sales & Marketing

Seated L-R: Floyd Wilson, Sherace Pinnock, Giovanni Campbell, Karen Hall, Edward Downes, Sharie-Lee McKoy
Standing: Fabian Anderson, Philbert Perry, Doreen Holness, Marvin Samuels, Renee Hamilton, Ian Laidlaw, Diana Watson-Chong, Gavin Roye, Jodie-Ann Bennett, Davia Knox-Campbell, Dionne-Marie Harrison, Winston Wong, Jason Ricketts, Shane Hussett, Christopher Thompson, Dwayne Neil, Okelia Parredon

Corporate Governance

Mayberry Investments Limited ("Mayberry") is committed to high standards of corporate governance which ensures it meets its obligations and responsibilities to the company, its shareholders and stakeholders. We believe that corporate governance does contribute to value creation through enhanced accountability, more effective risk management, clear performance management, greater transparency and effective leadership.

The Board has adopted and approved a Corporate Governance Policy, which complies with the applicable laws and regulations, as well as locally and internationally accepted best practices. This includes the provisions of the PSOJ Corporate Governance Code 2016 and Rules of the Jamaica Stock Exchange. The Mayberry Corporate Governance Policy is available on our website at www.mayberryinv.com.

Board Role and Function

The Board is ultimately responsible for overseeing the management of the company in accordance with the law, the regulations and the Articles of Association of Mayberry Investments Limited, with the objective of creating sustainable value in the interest of the company and its various stakeholders.

In line with the Board's general oversight function, the Board takes the lead on all decisions regarding the company's strategy, central policies, risk appetite, corporate culture, defining the company's structure and fostering the appropriate policies in matters relating to corporate social responsibility.

Particularly, in the exercise of its responsibility, the Board:

- Sets the company's strategic plans and approves the annual budget
- Ensures that the necessary resources are in place for the company to meet its objectives and reviews management's performance
- Ensures the integrity of the company's financial accounting and reporting
- Oversees the enterprise risk management framework and ensures that the "three lines of defence" model (risk management, control, compliance and internal audit) is met
- Monitors the effectiveness of the company's Corporate Governance practices
- Sets the company's values and standards to ensure that its obligations to its shareholders and others are understood and met.

In carrying out their obligations, the Direc-

tors are expected to exercise independent judgment on all issues facing the company. In discharging this obligation, the Directors rely on the honesty and integrity of the company's management and its external advisors and auditors. The Board monitors and holds management accountable for the company's operational, strategic and financial performance. Consequently, management is open and transparent with the Board, bringing all significant issues to its attention.

Board Composition and Structure

As at December 31, 2017, the Board has eight (8) members and is chaired by Mr. Christopher Berry. Of the eight (8) members currently sitting on the Board, three (3) Directors are non-executive and five (5) are Executive Directors.

Director Sushil Jain died in October 2017 and the Board vacancy created by his passing was filled by the casual appointment of Mrs. Tania Waldron-Gooden. Mrs. Waldron-Gooden will vacate office at the Annual General meeting but is making herself available for election to the Board.

The Board is effective and considered to be of an appropriate size for the company. All members are distinguished by their professional ability, integrity and independence of opinion. The Board considers all of the non-executive Directors to be independent Directors.

A non-executive Director is deemed to be independent if:

- The Director is not an employee of the company within the last five years
- The Director or Director's spouse does not have a significant interest in a class of the company's shares
- The Director does not have close family ties with any of the company's advisors, Directors or senior employees

Collectively, the background of the Board members provides for a balanced mix of knowledge, competence and experience that enable the Board to fulfill its duties and responsibilities. The breadth of experience on the Board includes investment banking, legal, human resources, strategic management, information technology and overall business management. Also, Directors are trained internally to develop their skills and knowledge in other disciplines. The Board is now more diverse in terms of gender following the appointment of Mrs. Tania Waldron Gooden, Director – Investment Banking, to the Board of Directors on October 31, 2017.

The roles of the Chairman, Chief Executive Officer and Managing Director are separate. Separating these roles facilitate an appropriate balance of power that leads to increased transparency, accountability and improved decision-making, independent of management. A clear division of these responsibilities at board level ensures that no one Director has unlimited powers in decision-making.

Despite being the controlling shareholder of Mayberry, the Board has satisfied itself that neither the Chairman's significant interest in the company nor any of his positions held outside Mayberry interfere with his ability to execute and fulfill all of his obligations and responsibilities to the Board and Mayberry.

The Directors have free and open contact with management at all levels and full access to all relevant information. The Board's constant interactions with management strengthen the company's decision making and ensure an appropriate balance of power.

Mayberry's Board of Directors

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

Asset and Liabilities Committee
Directs and monitors the investment management of portfolio assets and liabilities based on the company's appetite for risk.

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

Nominations and Corporate Governance Committee
Recommends new candidates for the Board of Directors and oversees the effective functioning of the Board.

Remunerations Committee
Sets the over-arching principles, parameters and governance framework of the company's remuneration policy

Project Steering Committee
Reviews the feasibility of all projects undertaken, provides governance and oversight of these projects, as well as the achievement of their outcomes.

Board Committee Composition

Names	Position	Audit	ALCO	Conduct Review	Nominations and Corporate Governance	Project Steering	Remuneration
Christopher Berry	Executive Chairman				Chairman		
Gary Peart	Executive Director/Chief Executive Officer		Member		Member	Member	Chairman
Konrad Berry	Executive Vice Chairman/ Company Secretary	Member	Member		Member	Chairman	
Sushil Jain	Independent Director	Member	Chairman				
David McBean	Independent Director	Member					
Erwin Angus	Managing Director	Member	Member				
Gladstone Lewars	Independent Director	Member	Member		Member		
Benito Palomino	Independent Director	Chairman		Chairman	Member		
Tania Waldron-Gooden	Executive Director		Member				

Corporate Governance

Director's Attendance: Board and Committee Meetings

Names	Position	Board	Audit	ALCO	Conduct Review	Nominations and Corporate Governance	Project Steering	Remuneration	AGM
Number of Meetings		11	2	8	0	1	0	1	1
Christopher Berry	Executive Chairman	10	1		-	1	-	1	1
Gary Peart	Executive Director/ Chief Executive Officer	11	2	7	-	1	-	1	1
Konrad Berry	Executive Vice Chairman/Company Secretary	11	2	3	-	1	-	1	1
Sushil Jain *died October 10, 2017	Independent Director	8	2	6	-	1	-	-	1
David McBean	Independent Director	9	1	-	-	1	-	-	1
Erwin Angus	Managing Director	11	2	8	-	1	-	-	1
Gladstone Lewars	Independent Director	8	2	1	-	1	-	-	1
Benito Palomino	Independent Director	9	2	-	-	1	-	-	1
Tania Waldron-Gooden * appointed October 31, 2017	Executive Director	2	-	-	-	-	-	-	-

Board Committees

The Board has established committees to improve its effectiveness and efficiency in the execution of its fiduciary duties and responsibilities. The Chairman of each Board Committee reports to the Board on the matters discussed at the Committee meetings. The table above details the standing Committees of the Board of Directors.

Audit Committee

The Audit Committee has responsibility for matters relating to financial reporting and its internal control systems, as well as monitoring the effectiveness of the company's risk management system, particularly the internal audit system as well as compliance with applicable laws and regulations.

The specific roles and responsibilities of the Audit Committee are documented in the Audit Committee Charter, which was approved by the Board and can be found on the company's website at www.mayberryinv.com. The Audit Committee Charter acknowledges the principles set out in the Jamaica Stock Exchange/Private Sector Organisation of Jamaica Corporate Governance Code which provides that at least three members of the Audit Committee must be independent non-executive members and one of whom should have recent and relevant financial experience.

The Audit Committee held two meetings during the year to review and assess internal audit reports presented throughout the year, to evaluate and determine the main areas of operational risk and internal control processes and to review the activities of the internal and external auditors. The committee also considered and approved the bi-annual supervisory stress test results and assessed the level of compliance with legal and regulatory requirements. All issues identified were addressed satisfactorily.

The Committee comprises six Directors, three of whom are independent non-executive Directors.

Internal Auditor

All internal audit services are provided by PricewaterhouseCoopers (PwC). Their primary role is to help the company accomplish its objectives by providing independent and objective assurance of the company's risk management framework, internal control and governance processes, with primary focus on the areas of highest risk.

The Audit Committee concluded that the Internal Audit function remained effective.

Nominations and Corporate Governance Committee

The Nominations and Corporate Governance Committee has responsibility for leading the board appointment process and for identifying and nominating potential candidates for appointment to the Board. This Committee also strives to achieve best practice standards in corporate governance.

The Committee met once in 2017 to review and approve the revised Corporate Governance Policy and currently comprises five Directors, two of whom are independent non-executive Directors.

Remuneration Committee

The Remuneration Committee supports the Board in the appropriate structuring of the remuneration system for the Executive Directors and other senior management employees. The Committee also ensures the remuneration system is aligned with the business strategy, focused on the company's sustainable development and the remuneration strategies of the company.

The Committee met once during 2017 to review and approve the remuneration structure for categories of employees and currently comprises three executive directors.

Directors' Remuneration

Mayberry compensates its Directors fairly and responsibly and aligns remuneration with the company's strategy. The remuneration of Directors is made up of attendance fees, which are determined by their membership on various committees and any other objective circumstances that the Board may take into account.

Directors do not receive any share-based compensation. However, they are encouraged to purchase shares on the open market.

Board Self-Assessment

The Board is committed to regular, independent evaluation of its effectiveness. In 2017, the Board focused on action items arising from the board self-assessment that was conducted in December 2016. These action items were tracked throughout the 2017 financial year and reported to the Board.

Given the ongoing nature of these actions, a follow-up review is to be conducted during the up-coming financial year, the outcome of which will be published in the 2018 Annual Report.

Training and Development

Training and development are provided to each Director and is regularly reviewed by the company's Chairman. During the period under review, the Directors participated in the annual mandatory POCA Anti-Money Laundering and Counter Financing of Terrorism training.

Additionally, the Directors participated in the annual Corporate Governance training. This training addressed Corporate Governance best practices, the Board's role and procedures, financial stewardship, accountability and strategic leadership within Jamaica's business operations.

In addition, all Executive Directors develop and refresh their skills and knowledge through regular interactions and briefings with Senior management of the business.

A mandatory Ethics training will be provided for all Directors and employees during the second quarter of the 2018 financial year.

Business Conduct and Ethical Practices

The company's Code of Conduct approved by the Board maintains its commitment to the highest standards of ethical conduct. The Code of Conduct is supplemented by an Ethics Policy approved by the Board and applies to Mayberry's Directors, officers and employees.

The Code of Conduct outlines the company's rules and expectations regarding proper business conduct and ethical behaviour of Directors, officers and employees of the company including:

i. adhering to the law wherever the company does business;
ii. avoiding putting themselves or the company in a conflict of interest;
iii. conducting themselves honestly and with integrity;
iv. respecting confidentiality, and protecting the integrity and security of assets, communications, information and transactions;
v. treating everyone fairly, equitably and professionally - whether customers, suppliers or service providers, employees or others who deal with the Company.

The Board shall obtain reasonable assurance that there is an ongoing, appropriate and effective process in place for ensuring adherence to the Company's Code of Conduct and Ethics Policy. Mayberry promotes a strong compliance culture by strictly enforcing the Company's Code of Conduct and Ethics Policy and by taking decisive disciplinary action where warranted. Both the Code of Conduct and the Ethics Policy can be found on the company's website at www.mayberryinv.com.

Whistleblower Policy

Mayberry has a Whistleblower Policy approved by the Board. Through this policy, the Board seeks to provide a medium for all employees to confidentially and anonymously report any illegal, unethical, or questionable practices without fear of reprisals. The policy is designed to protect the integrity of the company's financial reporting, its business dealings and to support compliance with the Code of Conduct. The Whistleblower Policy can be found on the company's website at www.mayberryinv.com.

Health and Safety

Mayberry is committed to undertaking all reasonable steps to ensure the health, safety and welfare of the company's clients and employees, as well as those who work with us by complying with all applicable Occupational Safety and Health Act, 2017 (OSHA) standards.

Mayberry has a responsibility to help to create a safe working environment and employees are encouraged and empowered to report any concerns.

Employee Share Plan

Mayberry operates an employee stock ownership plan (ESOP) under which options are granted for Mayberry's ordinary shares. Subject to leave provisions, options are exercisable after one year. During 2017,

options for Mayberry's ordinary shares were granted to eligible employees at the market price quoted on the Jamaica Stock Exchange.

Shareholder Rights and Responsibilities

In accordance with the principles of transparency, equal treatment and protection of shareholder interests, the Board is committed to maintaining dialogue with shareholders and improving the Company's existing relations with those stakeholders.

The company has a number of communication channels that provide all shareholders with timely and equal access to information. These include:

- Annual General Meetings (AGM)
- The Annual Report
- Financial Results Announcements
- Monthly Investor Forums
- The company's website
- Monthly Strategic Magazine
- Traditional and social media marketing

At every AGM, individual shareholders are given the opportunity to pose questions to the Chairman and to other members of the Board that may be present. In addition, the minutes of the AGMs are prepared and made available to shareholders for review at the meeting. To complement these, the Investor Relations section of the company's website at www.mayberryinv.com provides access to company announcements, media releases and audited financial statements and annual reports.

Enquiries from individuals and institutional investors on matters relating to their shareholdings and Mayberry's business are welcomed. Please feel free to contact the Chief Executive Officer at gary.peart@mayberryinv.com to share your opinions, suggestions and concerns with us.

Corporate Data

BOARD OF DIRECTORS

Executives

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

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

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

Gary H. Peart, M.B.A., B.Sc. (Econ) (Hons.)
Chief Executive Officer

Tania Waldron-Gooden, MBA, B.Sc. (Hons.), Post. Dip.
Director, Investment Banking

Non-Executives

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

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

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

Managers

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

Dianne Tomlinson-Smith
FCA, FCCA, B.Sc. (Hons.)
Chief Financial Officer

Wayne Campbell, MBA, ACCA
Financial Controller, Mayberry Investments Limited

Willett Wilson, MBA, ACA, FCCA
Financial Controller, Mayberry West Indies Limited

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

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

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

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

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

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

Shadaya Small, B.Sc.
Assistant Vice President - Research

Jason Martinez, B.Sc.
Manager - Research

Oneil Roberts, B.B.A.
Operations Manager - Securities

Venise Thompson, Dip.
Operations Manager - Processing

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

Corporate Data

Vaughn Cunningham, B.Sc.
Manager - FX Trading

Dwayne Morris, Dip. (Hons.)
Operations Manager - Settlement

Nadine Anderson, B.Sc.
Data Manager

Naciena Kayiga
Facilities Manager

Racquel Anderson-Wilson B.Sc., PMP
Business Solutions Manager

Peter Fraser
Infrastructure Manager

Dan Theoc, MBA, ACCA
Senior Vice President - Energy

Stephanie Harrison, B.Sc.
Digital Marketing Manager

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

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

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

Registered Office

1 ½ Oxford Road
Kingston 5
Jamaica

Company Secretary

Konrad M. Berry

Registrar – Transfer Agent

Jamaica Central Securities Depository
40 Harbour Street
Kingston
Jamaica

Auditors

BDO
26 Beechwood Avenue
Kingston 5
Jamaica

Attorneys-at-Law

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

Bankers

Bank of Jamaica
Citigroup
National Commercial Bank Jamaica Limited
Bank of Nova Scotia Jamaica Limited

Investment Banks

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

Management's Discussion and Analysis of Financial and Operating Performance

CORPORATE OVERVIEW

Core Activities

Mayberry Investments Limited is a leading investment banking, securities and brokerage company that provides a wide range of financial services and products to a diversified client base including corporations, financial institutions, governments and individuals in the capital market.

Our activities include strategic financial advisory services with emphasis on mergers & acquisitions, debt and equity restructuring, investment management services including managed portfolios, brokerage services, cambio and research services.

Business focus 2018

We have been adapting to the changes in the regulatory environment as we continue to serve our customers, manage our assets and deliver returns to our shareholders. Following on the retail repurchase agreements (retail repo) reform by the Financial Services Commission in 2015, an amendment was published by the regulator to expand the pool of allowable securities that can be used as underlying assets for these transactions. This change, which took effect on January 2, 2018, allows other dematerialized and/or immobilized securities to be used for retail repos. One such security is local currency denominated corporate bonds which result in an increase of repo offerings to retail clients. We continue to adjust our business operations in response to ongoing developments in the regulatory, economic and competitive environments, in which we operate.

Additionally, we will pay keen attention to the global economies and financial market activities, the geopolitical environment, and regulatory and legislative developments in the international marketplace.

Our 2018 growth strategy will be:

- **Profitability** - continuing to identify our key profit drivers and developing and enhancing organizational strategies to improve these business lines as we grow our revenues while mitigating the associated risks.
- **Cost Containment** – focusing on controlling expenses within or below planned budgetary constraints and containing these expenses to only what is necessary or intended.
- **Relationship strengthening** - continuing to develop a customer-centric culture and service excellence by practicing total customer engagement and strengthening our valued trusted relationships while fulfilling their investment goals.
- **Operational efficiency** - continuing to streamline our core business processes to effectively respond to the continually changing market forces. We will ensure that the company has a competitive advantage by achieving the required value added in the most cost-effective manner.
- **Risk Management -** applying a disciplined approach to capital and liquidity management as well as optimization of our portfolio performance. We are committed to meeting our regulatory obligations and as such we will integrate risk management and compliance into performance management programs.
- **Technology** - focusing on further automation of our business processes in an effort to enhance the experience and quality service that we provide to our customers. Technology also makes human connections more valuable and so the continual upgrading of our website and our mobile app is a key objective for 2018.
- **Our People** - striving to be the employer of first choice where we attract and retain top talents. We will continue to evaluate our performance management programs and the professional development of our people whilst ensuring that we provide a healthy work environment.
- **Corporate Social Responsibility.** We wish to have a positive impact on society and our country on a whole, Jamaica, land we love. We embrace the fact that it is a part of our responsibility to engender healthy, resilient and sustainable communities. Our focus continues to be on social, economic and environmental matters and through the Mayberry Foundation, we will continue to support sports, education and healthcare, which drives economic development.

ECONOMIC AND BUSINESS ENVIRONMENT

International

Global economic activities remained firm throughout the 2017 financial year. The recovery was underpinned by stronger than expected growth in the Euro Area, and to a lesser extent, the United States of America (USA) and Japan, driven by positive financing conditions, accommodative policies and improved confidence. It should be noted, however, that even though global re-

covery is on the rebound, it is still subjected to geopolitical risks, increased protectionism and the possibility of financial stress.

The United Kingdom (U.K.) continued to show resilience and reported growth of 1.8%, notwithstanding the uncertainty surrounding the impact of Britain's exit from the European Union ('BREXIT').

The Eurozone economy expanded by 2.5% in 2017, its best performance since 2007 when it grew by 3 percent. This performance was underpinned by renewed domestic demand and increased confidence in the single currency economy after fears of a break up largely dissipated. The European Central Bank's (ECB) massive stimulus program and its move to slash interest rates have contributed to the robust growth recovery in the Eurozone. Despite efforts from the ECB to inject newly created money in the economy through a bond buying initiative, inflation remains problematic for the region as an up-tick in prices have failed to materialize.

China's economy grew by 6.9 % in the 2017 financial year despite concerns about financial risks associated with the government's economic restructuring. While there was strong growth, there have been signs of weakening momentum in the economy as firms face higher funding costs and the government tries to rein in credit.

Global financing conditions benefited from higher growth and lower interest rates despite prospects of monetary policy normalization in some larger advanced economies. During the 2017 financial year, the Federal Reserve had three rate hikes or a cumulative increase of 125 basis points (bps) in policy interest rates, referencing an improved economy and labour market. Additionally, the ECB announced further reduction of its asset purchase program to begin in 2018.

Despite these measures, bond yields remained low in the USA and Eurozone throughout 2017, driven mostly by low interest and inflation rates.

It is expected that the upswing in the world's major economies will abate in the short term, as risks associated with political unrest and trade wars, will effect a retardation in growth.

The regional growth outlook continues to be subjected to considerable downside risks associated with policy uncertainty, additional disruptions from natural disasters, negative spillovers from international financial markets and a rise in U.S. trade protectionism. However, the International Monetary Fund (IMF), stated that economic prospects for the region are generally improving and modest growth is expected in 2018 and 2019 supported by growth in the USA, following the recent tax reform.

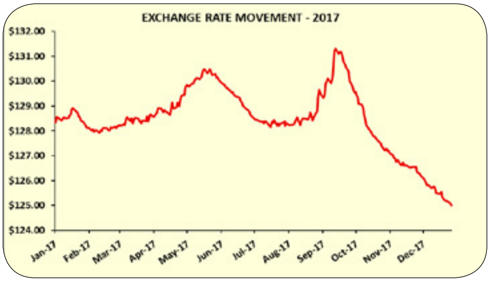
They further advised that the 2018 growth projections for the largest economies are 2.4 percent for the euro area (up by 0.5 percentage point), 1.2 percent for Japan (up by 0.5 percentage point), 6.6 percent for China (up by 0.1 percentage point), and 2.9 percent for the USA (up by 0.6 percentage point).

Local

The positive trends of 2017 were underpinned by increased investor confidence and investment activities along with ongoing economic reforms. Unemployment was at an 8-year low with record high employment levels, according to *the Statistical Institute of Jamaica* (STATIN). Business expectations reached its second highest level in seventeen years and inflation levels remained modest, despite weather swings experienced in the economy during the year. Additionally, Standard & Poor (S&P) Global Ratings affirmed its 'B' short and long-term foreign and local currency sovereign credit ratings on the country. They further stated that the stable outlook on Jamaica reflects the expectation that the Government of Jamaica (GOJ) will continue to meet strict fiscal targets, including a high primary surplus, over the next several years. The rating agency also indicated that the strong commitment from the GOJ will support the gradual reduction in the country's debt and interest burdens.

Gross Domestic Product (GDP)

The Jamaican economy continues to benefit from improvements in external competitiveness as a result of continued structural macro-economic reforms under the IMF Stand-By Agreement (SBA). According to STATIN, total value added at constant prices for the Jamaican economy grew by 1.1 % in the fourth quarter of 2017 when compared to the similar quarter of 2016. This performance was reflective of the buoyant growth in the Tourism Sector influenced by increased hotel stays, as well as the Goods Producing Industries. Improved expansion in mining and quarrying activities benefited from higher production levels at the alumina plants.



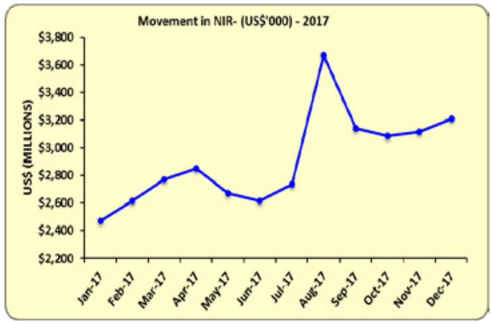
Foreign Exchange

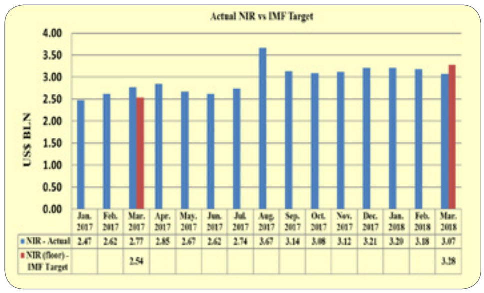
The Jamaican dollar traded at a monthly average rate of J$128.58:US$1 at the start of the year and at the end of 2017, at J$125.55:US$1.00. This represented a 2.36 percent appreciation for 2017, relative to a 5.2 % depreciation in the prior year. Of note, the year saw the FX market appreciating 146 times compared to 66 times in 2016 and depreciating 103 times when compared to 183 times in 2016. Following this and through to the end of the year was an appreciation in the Jamaican dollar as the Bank of Jamaica introduced a new strategy with its BOJ Foreign Exchange Intervention and Trading Tool (B-FXITT). According to the Central Bank, B-FXITT represents a competitive market-based tool to buy and sell foreign exchange while reducing its presence in the market. As a part of the new strategy, the BOJ now announces its intervention schedule at least a month in advance, as well as publishes a mid-day exchange rate.

Looking ahead, the expected trend in the foreign exchange market is more for cyclical appreciation and depreciation as the market forces of demand and supply now take control. This cyclical movement is, however, contingent on the market expectation stemming from business and consumer confidence as well as the government fostering a stable macro-prudential environment with steady inflation and healthy reserves.

Net International Reserves

As at December 31, 2017, Net International Reserves (NIR) were US$3.21 billion relative to **US$2.72 billion recorded as at December 31, 2016, an increase of US$488.89 million or 17.8%.** The country surpassed the benchmark NIR target of US$2.54 billion outlined by the International Monetary Fund in the 14th Review and Adjusted Agreement under the Extended Fund Facility (EFF). The new target outlined for fiscal year 2017/2018 was $3.28 billion which was surpassed in August 2017 when the reserves peaked to $3.67 billion. The expectation is that the NIR will continue on an upward trajectory notwithstanding fluctuations due to debt obligations and B-FXITT based interventions in 2018.





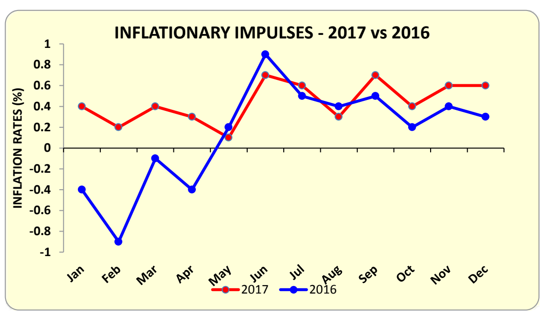
Inflation

Consumer prices in Jamaica increased 5.2 percent in 2017, relative to 1.7 percent for the corresponding period 2016. High inflation in 2017 was a direct result of adverse weather effects on food and beverage prices, mainly vegetables and starchy foods.

According to the Statistical Institute of Jamaica (STATIN), the movement was largely attributed to the upward movement recorded in the index for the divisions of Food and Non-Alcoholic Beverages - 0.8 % and Housing Water, Electricity, Gas and Other Fuels - 1.2 %. The upward movement for the heaviest weighted division, Food and Non-Alcoholic Beverages, was primarily influenced by higher prices for vegetables and starchy foods.

Meanwhile, the increase for the division of Housing Water, Electricity, Gas and Other Fuels was due mainly to a rise in the cost of electricity.

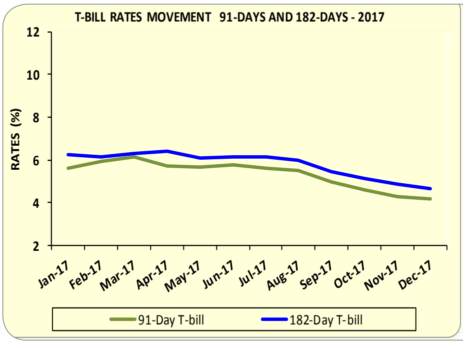
Notably, Consumer prices moved to 247.3 points at year end when compared to 236.3 for the corresponding year in 2016.

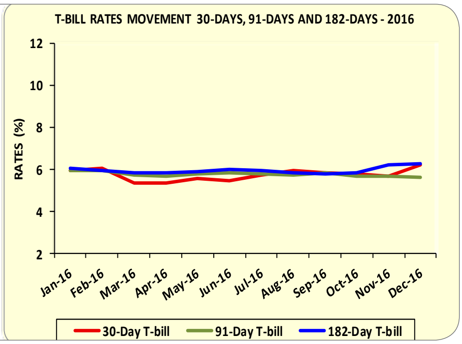


Interest Rates

The downward trend in interest rates continues to support a stable and attractive macro-economic environment. On July 1, 2017, the Bank of Jamaica transitioned its policy rate from the 30-Day Certificate of Deposit (CD) rate to the Overnight Deposit rate. The new signal rate has been lowered by a total 50 bps from 3.75% in July 2017 to 3.25% in December of the same year. The reductions are in line with the monetary policy direction of the Central Bank to keep inflation between 4% to 6% and is consistent with the GOJ's commitment to fiscal consolidation.

The Central Bank also lowered the rate of its overnight Standing Liquidity Facility (SLF) to 6.25%, to bring the width of the interest rate corridor to 300 bps in line with changes in the Overnight Deposit rate. In July 2017, the BOJ began to issue 30-day CDs in fixed volumes by competitive multiple price auctions while also reducing the volumes. Additionally, GOJ discontinued its offer of 30-day Treasury Bills (T-bills) thus transferring the implicit demand to overnight deposits.





The year 2017 saw T-bill rates in Jamaica declining throughout the year to levels which are more aligned with the Central Bank's new overnight reference rate. Of note, T-bill rates fell eight times throughout the financial year with the 91 days instrument settling at an average of 4.18% in December, relative to 6.2% in 2016 and after starting the year at 5.62%. The 182 days instrument fell to 4.64% relative to 6.27% in prior year 2016.

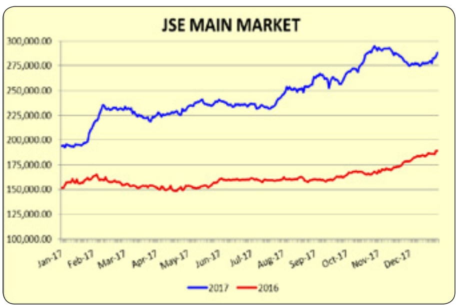
Over the medium-term, nominal interest rates are expected to trend downward and remain relatively low in the context of subdued inflation expectations and the outlook for a generally stable macro-economic environment.

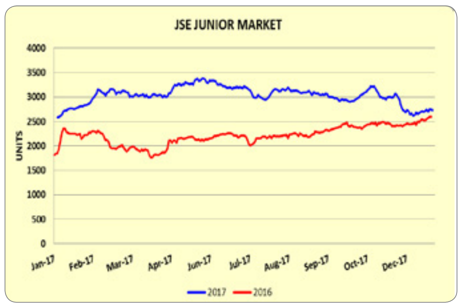
Equities Market

JSE Main & Junior Markets

Investments in equities continued to provide higher returns relative to foreign currency and domestic money market investments for 2017. The continued strong performance of the JSE indices occurred against the background of improvements in investors' appetite. Additionally, growth in the equity market was influenced by positive developments in the macro-economy, which included growth in real economic activity, low inflation, improved liquidity conditions, as well as investors' continued approval of the 3-year precautionary Stand-By Arrangement by the GOJ with the IMF. There were seven (7) new listings during the year, four (4) junior market listings and three (3) on the main market.

In 2017, the Jamaica Stock Exchange remained one of the top ten performing stock exchanges in the world. The JSE Main market volumes increased from 192,276.64 points on December 30, 2016, to 288,382 points at close of trading on December 29, 2017, representing an index growth of approximately 50%.





On the JSE Junior Market, volumes moved from 2593.71 units in December 2016, to 2732.13 points in December 2017, an increase of 5.34%. Notably, the total trades executed on the Junior Market grew by 43.07% in 2017, while Main Market transactions increased by 41.47% for 2017.

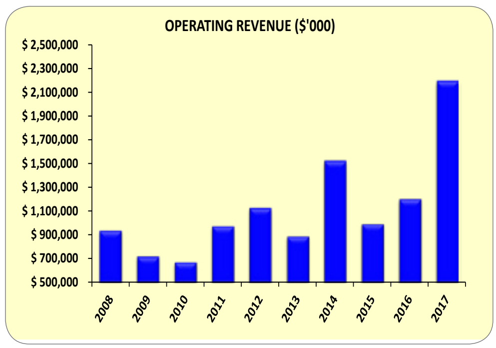
The outlook for 2018 is continued growth in both markets with the addition of new companies through Initial Public Offerings as well as additional secondary market transactional growth as new investors continue to enter the market.

FINANCIAL PERFORMANCE

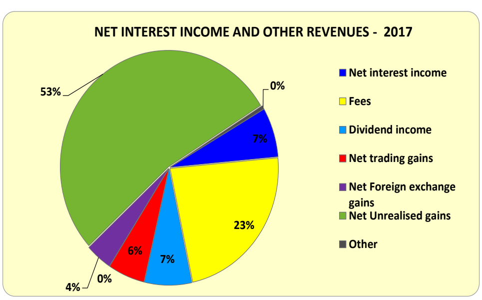
Profit Performance

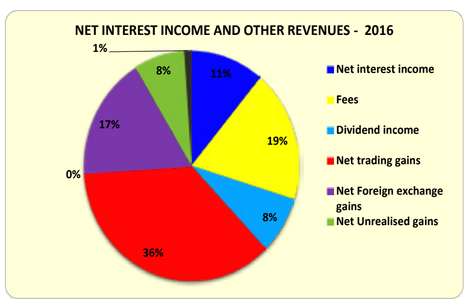
Mayberry recorded Net Profit for financial year ended December 31, 2017 of $425.17 million, an increase of $253.06 million or 147% when compared to $172 million for the comparative period 2016. This performance translated to earnings per share of $0.35 compared to $0.14 for the corresponding period 2016.

The company's Net Interest Income and Other Operating Revenues totaled $2.2 billion, an increase of $992.81 million or 82.23% when compared to the corresponding period 2016. One of our core objectives for this year was to increase our revenues through our fee-based product offerings by increasing the volume of transactions. We were able to achieve this objective through increased transaction offerings in our Advisory Services and Consulting business lines.



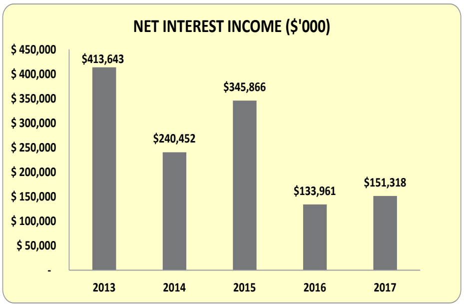
Increases were noted in Consulting Fees and Commissions of $283.5 million; Dividend Income of $154.94 million and Unrealized Gains on Investment Revaluation of $1.17 billion. These increases were offset by reductions in Net Trading Gains which totaled $121.23 million, Net Foreign exchange gains of $87.14 million as well as Other income of $11.04 million.





Net Interest Income

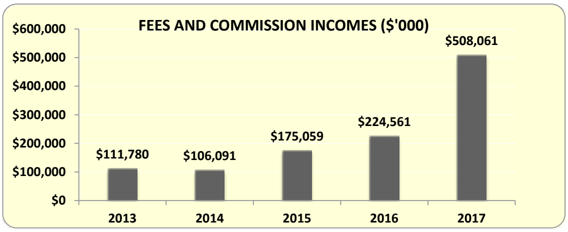
The company's Net Interest Income for the period amounted to $151.32 million, an increase of $17.36 million or 12.96% when compared to the corresponding period 2016. The increase in our Net Interest Income was attributed to lower cost of funding with our international brokers.



Gains from trading activities declined for this year 2017 due to reduced volumes of bonds traded. As such, Net Trading Gains of $121.23 million represented a reduction of $315.79 million or 72.26% over prior year 2016.

Fees and Commission

We continued to focus on our revenue generating activities, specifically, our fee-based activities and this reaped real rewards for our company.

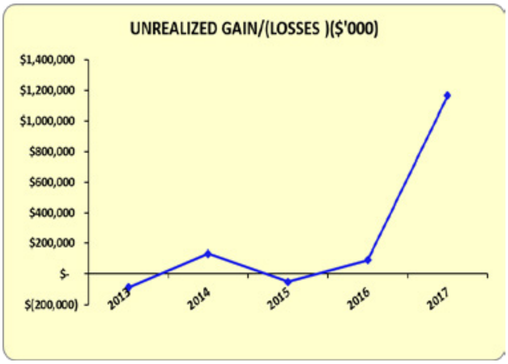


Consulting Fees and Commissions totaled $508.06 million, an increase of $283.5 million or 126.25% over prior year 2016. This increase was attributed to an increase of $230.92 million or 154.04% in Brokerage Fees and Commissions; an increase of $32.37 million or 208.76% in Structured Financing Fees and $20.21 million or 34.16% increase in Portfolio Management.

Dividend Income amounted to $154.94 million, an increase of $57.22 million or 58.6% when compared to the corresponding period 2016. The increase noted was attributed to improved profit performance and higher dividend payout from listed companies whose stocks are held in our equities portfolio.

Gains from foreign exchange trading activities for the year amounted to $87.14 million, a reduction of $ $122.13 million or 58.36%. Of note, gains from Cambio trading activities amounted to $151 million but was impacted by revaluation losses on our foreign currency asset positions as well as reduced FX trading volumes for the year.

Unrealized gains on investment revaluations amounted to $1.17 billion, an increase of $1.07 billion or 11.6 times when compared to the corresponding period 2016. The increase noted was as a result of the mark-to-market price movements on assets held in our investments portfolio.

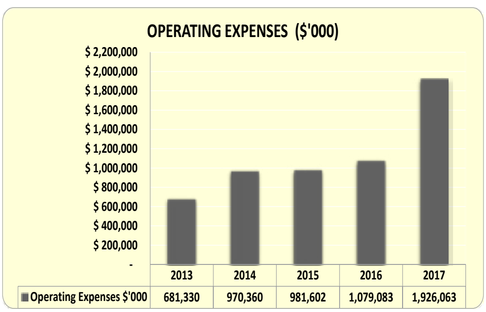


Share of Results in former Associates

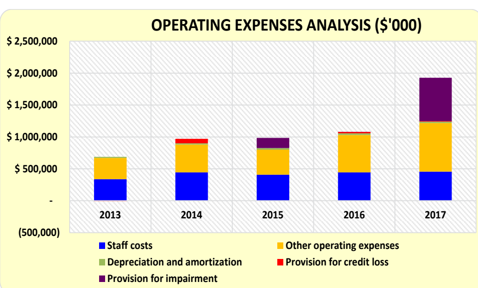
At year-end, the share of results in our former associates amounted to $134.47 million, an increase of $68.67 million or 104.37% over the corresponding period 2016. The increase noted was attributable to improved profit performance of some of our former associated companies. At year-end, the Group de-recognized 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.

OPERATING EXPENSES

Operating expenses for the year amounted to $1.93 billion compared to prior year figure of $1.08 billion, an increase of $846.98 million or 78.49%. Staff costs amounted to $456 million, an increase of $12.12 million or 2.72% when compared to 2016. Provision for impairment on investments accounted for 35% of the expenses for this year and increased by $677.53 million when compared to 2016. Depreciation was $22.76 million, up $2.20 million or 8.82%.



Provision for credit losses was $7.96 million, a reduction of $14.76 million or 64.96% when compared to $22.72 million for the corresponding period 2016. There was growth in our loan portfolio and as such we have made adequate provision to cover the associated risks.

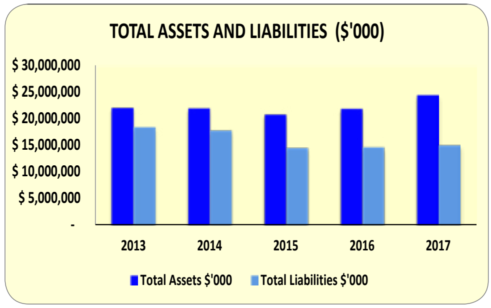


Other Operating expenses amounted to $760.9 million compared to $586.61 million for the corresponding period 2016, an increase of $174.3 Million or 29.71%. Legal Fees which amounted to $106.8 million had an increase of $27.97 million or 35.46% and Licensing Fees were $79.2 million, an increase of $24 million or 43.9% when compared to 2016.

STATEMENT OF FINANCIAL POSITION

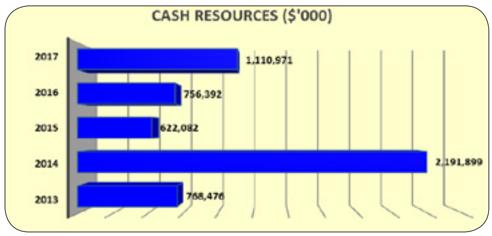
Assets

Total Assets of the company stood at $24.37 billion compared to $21.84 billion recorded in 2016, an increase of $2.53 billion or 11.58%. The increase noted was due mainly to growth in our Cash resources, Reverse repurchase agreements, Promissory notes, Loans and Receivables and Other Assets. These increases were countered by reduction in Interest receivables, Property, plant and equipment and Deferred taxation.

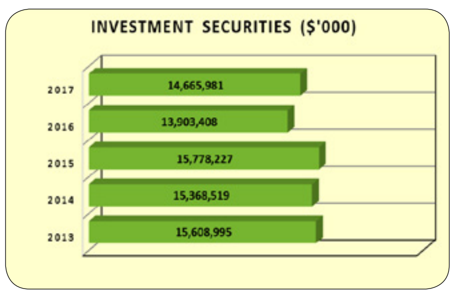


Asset Categories

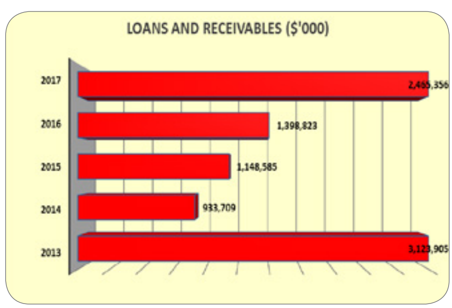
Cash resources, which represents amounts used for day to day operational activities, totaled $1.11 billion, an increase of $354.58 million or 46.88% when compared to cash held at year-end 2016.



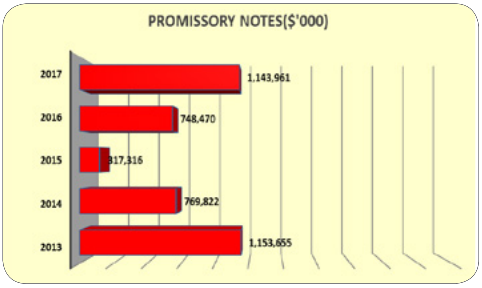
The **Investment securities** portfolio consists of bonds and equities classified at fair value through profit and loss, amortized costs, as well as equities at fair value through other comprehensive income. These securities, net of Provision for impairment, totaled $14.67 billion, an increase of $762.48 million or 5.48% when compared to the corresponding period 2016. The portfolio comprises of GOJ Securities - $2.28 billion; Foreign Government Securities - $329.58 million; Corporate Debt Securities - $2.18 billion and Equities of $9.91 billion. In addition, there was a provision of $34.79 million for impairment on our Debt Securities portfolio.



Loans and other receivables comprise of Client margins, Withholding tax recoverable, Advance on corporation tax, and Other receivables, totaling $2.47 billion at year end 2017. This represented an increase of $1.07 billion or 76.25% when compared to the corresponding period 2016. Client margins which are secured against their equity portfolios amounted to $1.34 billion, an increase of $615 million or 84.97% when compared to the corresponding period in 2016. The growth in this area was in line with our business strategy for 2017.



There was also an increase in Other receivables of $ 440.24 million or 123.97% and Advance on corporation tax of $13.37 million or 17.59%. A reduction was noted in Withholding tax recoverable which amounted to $240.93 million at year end 2017.



As at December 31, 2017, Promissory notes amounted to $1.14 billion after specific allowance for impairment, an increase of $395.49 million or 52.84% when compared to the corresponding period in 2016.

During the year, we continued to seize opportunities while managing the associated risks which contributed to the growth in this portfolio. Additionally, we continued to monitor our Promissory notes portfolio to minimize our credit exposure and took the necessary actions to recover outstanding amounts due to us.

Reverse repurchase agreements mainly represent GOJ debt securities used as collateral. As at December 31, 2017, repurchase agreements amounted to $3.92 billion, an increase of $1.32 billion or 50.76%, relative to the $2.6 million recorded in 2016.

Interest receivables amounted to $103.15 million, a reduction of $45.16 million or 30.45%, when compared to prior year 2016. Reductions were also noted in Deferred taxation and Property, plant and equipment which amounted to $82.16 million and $120.51 million, respectively.

Investment in associates was nil compared to $1.29 billion in the prior year, as the Group de-recognized its investments in associate companies, namely, Lasco Financial Services Limited, Blue Power Group Limited, Caribbean Producers (Jamaica) Limited and IronRock Insurance Company Limited. The Group no longer has associated companies in its corporate structure. Notably, our equity investments in these companies have reaped real rewards for our company and has contributed to the performance of the group throughout the years.

Other assets represent properties foreclosed which were collateral for loans in our portfolio that subsequently defaulted. As at year-end 2017, Other assets amounted to $742.98 million, an increase of $36.76 million or 5.21% when compared to prior year. The company assesses the fair value of the properties based on independent appraisal and expected realizable value.

Liabilities

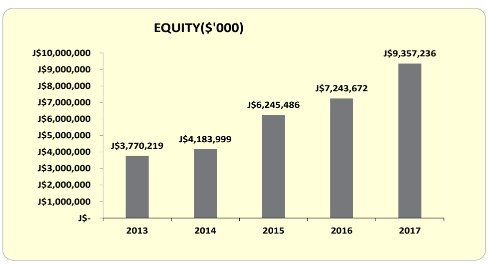
As at December 31, 2017, total liabilities amounted to $15.01 billion, an increase of $414.46 million or 2.84% over prior year. Securities sold under repurchase agreement (repos) amounted to $7.01 billion, a reduction of $315.03 million or 4.30% when compared to prior year 2016. Interest payable showed a marginal increase of $4.18 million or 13.15% while Loans, which comprise of demand obligations with our international trading counterparts, amounted to $4.89 billion, down $444.36 million or 8.33%. During the year, the company made a strategic decision to reduce its demand loan balances with its international brokers. This reduction in loans was represented by a $533.93 million reduction in demand loans from Oppenheimer, $147.01 million from Morgan Stanley and $105.47 million from Raymond James. Notably, these reductions were offset by an increase in term loans (unsecured commercial papers) amounting to $341.1 million or 22.96%.

Equity

Equity as at December 31, 2017 totalled $9.36 billion, an increase of $2.11 billion or 29.18% when compared to $7.24 billion for the corresponding period 2016. The increase in total equity was driven mainly by growth of $899.82 million or 39.6% in fair value reserves, which totalled $3.17 billion. Additionally, Retained earnings, the largest contributor to total equity, increased by $1.21 billion or 36.66% over prior year. This translates to a book value per stock unit of $7.79 for 2017 compared to $6.03 for prior year, an increase of $1.76 per share.

Market Share

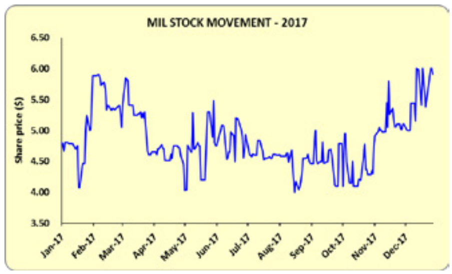
Mayberry Investments continues to have a strong presence in the equities market in Jamaica. Our company was responsible for 40% of the volume of trades executed in overall market activities in 2017 placing



us at the number one position in the market. Additionally, we were ranked second in both value and number of trades for the year, contributing 24.95% and 16.17% to market share, respectively.

On the JSE main market, we were ranked second in both value and volume of trades executed during the year and third for the number of trades. However, on the JSE Junior market, we were ranked first in both Value and Volume of trades that crossed the trading floor and third in the number of trades executed in 2017. We are happy to be able to continue to deliver world class customer service to our customers and clients, while building investor base. We remain committed to maintaining a strong presence in the equities market while supporting the development of small and medium-sized enterprises in Jamaica.

Mayberry's Stock Trading



As at December 31, 2017, Mayberry's last traded price on the JSE was J$6.39. Our stock traded at a high price of $6.39 and a low of $4.00 with a total of 28,729,587 units crossing the trading floor during the year. Our company has been in the JSE select index since January 1, 2008.

Enterprise Risk Management Framework

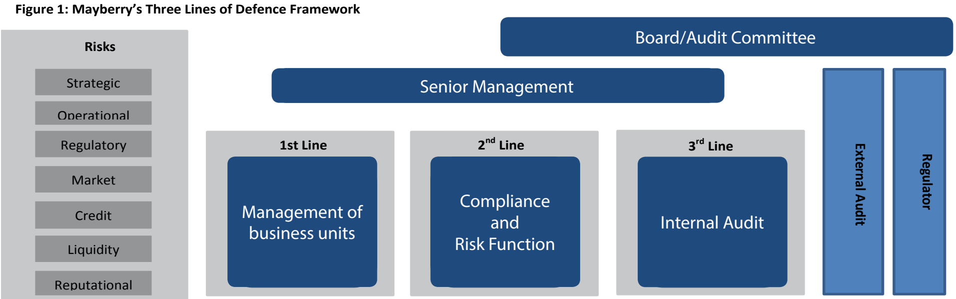
Prudent risk-taking, aligned with the strategic objectives, is of primary importance to Mayberry Investments Limited. Mayberry's Enterprise Risk Management (ERM) programme has been designed to monitor, evaluate and manage the principal risks assumed by the business. Specifically, the activities that Mayberry engages in, and the associated risks, are consistent with our strategic objectives and risk appetite. Therefore, it is always important to the company that we maintain an appropriate balance between risk and reward.

Mayberry Investments' approach to managing risk is set out in the company's ERM Framework which utilizes an integrated approach across the organization and all risk types. The ERM Framework is supported by a strong risk and compliance culture where Management is responsible for identifying and managing risks in their day-to-day business activities. This framework is governed by policies and procedures and provides a robust foundation for the management of risk across the organization. A key element is a detailed risk appetite statement which is aligned with our business strategy and risk profile.

Risk Oversight

Mayberry's ERM Programme is based on three lines of defence which promote transparency, accountability and consistency through the clear identification and segregation of roles: (i) Management of business lines, (ii) Independent Compliance and Risk function and (iii) Internal Audit. The three lines of defence collaborate with each other in structured forums and processes to bring various perspectives together and to steer the organization towards outcomes that are in the clients' best interests and create economic value. to manage market, credit, compliance, reputational and operational risks in a manner consistent with the company's risk appetite. This establishes policies and guidelines for risk assessment and risk management and contributes to the controls and tools used to manage, measure and mitigate risks taken by the organization. The Compliance and Risk function is also responsible for producing independent management information and risk management reporting for Senior management, the Board of Directors and regulatory authorities. The Vice President - Compliance and Risk reports

Figure 1: Mayberry's Three Lines of Defence Framework



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

The first line of defence is made up of the management of business lines. It is the responsibility of first-line management to identify and manage risks. This involves at an operational level, the day-to-day effective management of risks in accordance with agreed risk policies, risk appetite, and controls including primary responsibility for compliance with relevant legal and regulatory requirements.

The second line of defence involves the Compliance and Risk function, which provides independent oversight and assurance to the CEO and the Audit Committee. The incumbent has regular and unrestricted access to the Audit Committee and the Board of Directors to address risks and issues identified through the Compliance and Risk department's activities.

The third line of defence is the Internal Audit function that provides independent and objective assurance to the Board of Directors and Senior Management on the effectiveness of controls across various functions and operations, including risk management and governance practices.

All three levels report to the Board of Directors, either directly or indirectly through the Assets and Liabilities Committee and/or Audit Committee.

Enterprise Risk Management Processes and Tools

Mayberry is inherently exposed to a myriad of risks by virtue of its business model, risk-taking due to our business lines and by economic factors. These risks include: (i) operational (ii) strategic, (iii) regulatory, (iv) market, (v) credit, (vi) liquidity and (vii) reputational risks. As part of our Enterprise Risk Management Framework, we use a wide range of risk management tools to address the variety of risks that arise from our business activities.

The key risks and risk management tools are summarised below:

Risks	Description	Mitigation
Strategic Risk	Strategic risks are those associated with changes in the business environment, the effect of poor business decisions, incorrect implementation of decisions, or the inability to respond effectively to changes in the business environment.	**Strategic risk is managed by:** Calculating the costs and benefits of a specific strategy and comparing the competing approaches. Selecting a risk management strategy usually involves some cost, but the added risk-reducing benefit should outweigh the implementation costs. Careful analysis of the potential impact of each alternative is necessary to understand which strategy fits best.
Regulatory Risk	Regulatory risk is the risk of regulatory sanctions, material financial loss, or loss of reputation MIL may suffer as a result of its failure to comply with legal and regulatory obligation.	**Regulatory risk is managed through:** Establishing policies and communicating appropriate policies and procedures, training employees in them, and monitoring activity to help ensure their observance. Proactive risk control and/or remediation work is undertaken where required. Close engagement with regulators to help ensure that new requirements can be implemented effectively. Implementing an effective AML compliance programme, including the establishment of new technology and systems to manage AML/CFT risk.
Market Risk	Market risk refers to the uncertainty of future earnings resulting from movements in interest rates, foreign exchange rates, commodity prices, investment market prices, market volatility and market liquidity.	**Market Risks is managed through:** A framework of approved risk limits and delegated authorities. Managing the duration assets in relation to that of liabilities. A gapping approach, scenario analysis, and a value-at-risk approach are used to manage the market risk of the portfolios. Matching maturity and amounts of foreign currency assets with foreign currency liabilities Monitor capital position monthly and conduct a bi-annual stress testing analysis under various hypothetical stress scenarios on capital adequacy ratios.
Credit Risk	Credit risk is the risk of financial loss if a customer or counterparty fails to satisfy their financial obligation under that contract due to non-payment of a loan, reverse repo, bond, or other credit.	**Credit risk is managed by:** Setting credit risk limits for each position, and portfolio. Maintaining a robust credit review process including risk rating of clients and counterparties and monitoring exposure against policy limits Obtain adequate collateral as required after a thorough credit analysis process.
Liquidity Risk	Liquidity risk is the risk that it will not be possible to sell a holding of a particular investment security at its theoretical price or a firm does not have sufficient financial resources to meet its obligations as they fall due or that it can only do so at an excessive cost.	**Liquidity risk is managed by:** Establishing liquidity risk limits for each portfolio or position. Maintaining a percentage of liquid assets in cash, short-term repo, and marketable securities. The matching and controlled mismatching of the maturities and interest rates of assets and liabilities.
Reputational Risk	Reputation risk is the risk of an event significantly affecting stakeholder's perceived trust and confidence and which could result in financial or other loss arising from negative public opinion.	**Reputational risk is managed through:** Enforcement of policies, standards, and guidelines including Human Resource training programs. There is a clear structure of committees and individuals charged with mitigating reputational risk.

Departmental Reports

TREASURY AND TRADING DEPARTMENT

The Treasury and Trading department continued to play its critical role for the company, being the crucial link between financial markets and customer-facing operations, managing the company's liquidity and mitigating its operational, financial and reputational risks.

For the financial year 2017, net of interest income, the department contributed 20% to the core revenues of the company. The major contributors to this performance were cambio trading and bond income which contributed 53% and 52%, respectively.

As a result of the continued transitioning of our retail repo business to managed products, there was a decline in interest income earned for the year 2017. Additionally, there is an ongoing reduction in the Central Bank's policy rates, which translated into lower market interest rates. However, the reduction in interest rates was offset by lower liability costs.

EQUITY TRADING

Mayberry has once again maintained 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 trading floor in the Junior Market and Main Market, respectively.

As 2018 progresses, re-balancing portfolios will become increasingly important in order to realise capital gains as well as earn interest in the fixed income market. We will continue to strengthen our department by adding resources to assist us in achieving the department's targets and serving our internal and external customers.

INVESTMENT BANKING DEPARTMENT

The Investment Banking Department had a successful year in 2017, posting revenue growth of 135% year-over-year. Revenue from Advisory Services grew by 324% when compared to prior year, while Brokerage Fees from Debt and Equity were up 185.2% and 203.4%, respectively. Margins and Client Debit Interest income grew by 51.1%, while Interest income on JMD and USD Reverse Repo grew by 300.8% and 48.1%, respectively, relative to 2016. Margin, Reverse Repo & Hypothecation Processing Fees collectively grew by 208.8% year-over-year.

For this financial year ended December 31, 2017, we continued our focus on creating and presenting investment opportunities for our clients as well as guiding with their investment decisions. During the year the department delivered a comprehensive range of innovative advisory and capital raising solutions to achieve our clients' strategic objectives. We remained active in the financial markets, assisting companies in raising capital by way of both debt and or equity, as well as advising clients on strategic investment decisions and opportunities.

During the year, the department listed both a tourism-focused and an entertainment company on the JSE Junior Market, raising over J$600 million for our clients and maintained our lead in listing securities. The team also structured, brokered and executed approximately US$30 million in private equity transactions. The department was also a dynamic player in the debt market, structuring over J$11 billion in 2017 which represented an increase of 68.7% year-over-year.

In 2017, we executed the first merger on the Jamaica Stock Exchange - Derrimon Trading Limited and Caribbean Flavours and Fragrances Limited. The Investment Banking team structured and acted as lead broker in the J$5.09 billion leveraged buy-out transaction.

Our clients remained satisfied with our Margin and Corporate Secured Line of Credit as is evident by the J$2.57 billion volume extended in 2017.

Overall, the department seeks to continue to make its mark in the financial industry by being a key player in the capital markets and providing relevant information and recommendations to guide our client's investment decisions.

SALES AND MARKETING DEPARTMENT

SALES

We are pleased to report a continued upward trajectory with regards to revenue. The Sales team bettered a 13% prior year growth rate with the delivery of 19% revenue growth for 2017. The year 2017 saw a more balanced scorecard with six out of twelve revenue lines exceeding budget, compared to two of twelve in the prior year. Our key revenue drivers were bond trading, equities and cambio transactions.

A key strategy employed throughout 2017 was a structured and purposed approach to re-align our clients' bond portfolios based on very favourable price recovery, mixed with lower international volatility.

Key highlights

-We were able to grow :

- **our managed funds' revenue year-over-year by 110%.**
- **selling fees from debt instruments by a mammoth 213%.**

The year ahead is filled with exciting growth opportunities based on a pipeline of anticipated new listings on the Jamaica Stock Exchange, along with a robust capital market characterised by the floating of new corporate debt instruments.

We have charted a key strategic objective of growing the Sales team via an expansion of the distribution network with highly trained, skilled and motivated investment advisors across the island. The year 2018 will continue to be characterised by the Mayberry vision of "transforming lives positively through lasting relationships."

Departmental Reports

MARKETING

For the year 2017, the focus of the Marketing department was the widening of our reach in the digital space as well as executing our marketing and public relations initiatives within budget, without compromising the quality of our output.

The year saw us become much more competitive with our larger competitors in our reach across social media platforms. This effort was aided by the launch of our revamped website, which served as the nucleus of our digital marketing promotions and our public relations initiatives.

Our work in the community was again a top priority for the department. Key sponsorships for the year included: the 19th staging of the Annual Mayberry Investments Limited Swim Meet, the 5th staging of the Mayberry Investments Limited Open Junior Tennis Championships, the St George's College Track and Field Programme and the Police National Athletic Championship for 2017, which saw us help the National Police Sports Council raise over $4 million for the event staging from the corporate community.

The 19th season of the staging of our monthly Investor Forums was also a success. We hosted 10 Forums during the year, which was again led off with an address by the sitting Minister of Finance and ended with a presentation from the International Finance Corporation (IFC) on corporate governance. Other themes of significance during the year were: Stock Market Outlook, Estate Planning and Review of the 2017 Budget and Tax Packages.

We endeavour to maintain a strong focus on managing our brand and promoting our business. We are proud to be a company that is known for its philanthropic initiatives and working alongside our Mayberry Foundation, the beneficiaries of these efforts for 2017 were: The Retired Nurses Special Interest Group, The UWI Scholarship Fund, Jamaica Down Syndrome Association, Best Care Foundation and Missionaries of the Poor.

RESEARCH DEPARTMENT

The Research Department continued its drive in assisting the company to provide timely information and add value to the financial markets. Our goal is to inform and educate our external clients while providing support to the revenue generating units of Mayberry. With this goal in mind, the research team provided a plethora of useful financial and economic information to internal and external clients, through our reports such as daily recommendations and weekly picks. In addition, we circulate pertinent international and local news items relating to securities held in our clients' portfolios. We also provided ad hoc sensitivity analyses, stress testing and submission papers.

For 2018, the department will continue its drive on delivering relevant information and recommendations to guide our clients' investment decisions. We are also focused on exploring various methodologies which will aid in adding value to the capital markets.

COMPLIANCE AND RISK DEPARTMENT

As one of the leading brokerage firms in Jamaica, managing risk is integral to Mayberry's everyday activities. In 2017, the Compliance and Risk department played a vital role in coordinating the business functions to navigate an ever-changing financial environment while managing the associated risks. This was done in a manner that balanced the interests of clients and other key stakeholders in protecting the safety and soundness of the company. The key to Mayberry's long-term sustainable growth

and profitability is to manage our risk exposures on a consistent basis, to ensure the compliance of all relevant legal and regulatory requirements and to ensure our risk appetite is aligned to our strategy.

The company continued to make positive strides in the management of conscientious risk-taking as, in 2017, we developed a risk appetite statement which was aligned with our strategy and values. This will assist us in further embedding the risk appetite framework and serve as a guide for strategic and operational decision-making within the company.

In addition, the company enhanced its approach to embedding the use of stress testing as an internal risk management tool. We conducted stress tests as a matter of course during the year, to assess our ability to withstand prevailing and emerging risks and to ensure that we have, at all times, sufficient liquidity and capital resources to continue operating under systemic stress events.

Our compliance programme was strengthened through the acquisition and adoption of advanced technology to effectively manage our customer due diligence review enabling the company to screen clients for Anti Money Laundering or Combating the Financing of Terrorism (AML/CFT) risks; detect blacklisted persons or entities; create risk profiles for clients and investigate suspicious financial activities.

Ongoing training and awareness of money laundering and counter-financing of terrorism remained a critical focus in 2017. As such, the Compliance and Risk department developed a broad programme of

> Ongoing training and awareness of money laundering and counter-financing of terrorism remained a critical focus in 2017. As such, the compliance and risk function developed a broad programme of education and awareness initiatives to build and maintain a strong risk and compliance culture with the emphasis on conduct and ethical business practices.

education and awareness initiatives to build and maintain a strong Compliance and Risk culture with the emphasis on conduct and ethical business practices. These initiatives included the roll-out and uptake of a new on-line AML/CFT training solution to facilitate the annual training of all our team members. In addition, we have also launched a new Compliance and Risk newsletter across the company to educate our team members on the serious nature of money laundering and terrorism financing and to sensitize them on their obligations under the Proceeds of Crime Act (POCA).

In 2018, the Compliance and Risk Department will continue to focus on enhancing the Enterprise Risk Management Framework that underpins the company's risk appetite. Additionally, there will be an on-

going customer-centric focus, by ensuring that system implementation, training and other initiatives are integrated with compliance and risk principles to support appropriate outcomes for clients and wider stakeholders.

FINANCE DEPARTMENT

Following on the mandate for 2017, the Accounting and Finance team focused on the achievement of operational excellence through its delivery of timely, accurate and insightful financial information for the company. Additionally, the department continued to deliver on one of its main objectives which is to facilitate the creation of the company's budget and to monitor these targets by providing monthly variance analyses to track revenue and expenditure.

The structural and transactional changes that commenced in 2016 were further enhanced with new resources. These were coupled with the implementation of strategies, effected to increase team productivity, improve the company's business processes and thus resulting in greater efficiencies. Throughout the year 2017, the team continued to assess and measure key performance indicators (KPIs) designed to grow the business, mitigate risks and drive profitability.

The overall objective of the team for 2018 is to strive to maintain the high standard in the reporting of financial information, as well as supporting the company's goals while executing the corporate strategic plan. The team is committed to providing detailed, useful reports and analyses for timely and sound decision-making. Our goal is to enhance the internal and external customer experience in 2018 by further automation of our processes with a view to shorten delivery and turn-around times of our financial reports. We will continue to improve our performance through staff training and professional development, areas which are paramount to strengthening our team and achieving excellence.

ASSET MANAGEMENT DEPARTMENT

For the financial year 2017, the Asset Management department continued its focus on providing first class portfolio management solutions to our clients.

We achieved an increase in off-balance sheet funds under management of over 100% in 2017. This growth was driven by our Fixed Income portfolio performance as well as above average performance of our equities portfolio. Additionally, we achieved an increase of 33% growth in our Pension product portfolio as we continued to work with our clients to achieve a stable return and add value to our members' retirement funds.

We would like to thank our clients for continuing to make us their principal broker of choice and we remain committed to continuing to exceed expectations in 2018.

INFORMATION TECHNOLOGY DEPARTMENT

The Information Technology (IT) Department made great strides in 2017 with the implementation of technology solutions that improved internal efficiencies and enhanced the interactive experience with our customers.

We focused on revamping our corporate website to present a clearer public understanding of who we are and what we do. We also implemented our mobile app which made portfolio information easily accessible to our clients in a contemporary and intuitive layout. Additionally, our focus on Compliance was further strengthened by the implementation of a world-class screening system.

Our Business Solutions and Infrastructure teams continued to work closely with staff to ensure that we were in a position to provide the necessary systems and support to meet their daily processing demands and plan for future systems implementation in 2018.

Our Systems Analysis team was able to provide the important data-mining techniques to drive the back-end platforms powering our applications and also to spearhead application development required to improve operational efficiency.

The IT Department will continue to focus on the improvement of business processes in 2018 that will ultimately lead to the bolstering of Mayberry's performance through the use of new technologies to drive efficiencies and client satisfaction.

HUMAN RESOURCES DEPARTMENT

For 2017, the department continued to focus on more strategic initiatives, looking at maximizing opportunities and mitigating risks as it relates to the company's human capital. The Human Resource Department specifically, sought to apply our human capital expertise more effectively to support the business, deliver results and improve the capabilities of management and staff. We continue to support internal, cross-departmental career mobility by identifying opportunities and offering training and development which allowed employees to develop the skills necessary to take up new roles within the organization. In addition to supporting the execution of strategic measures, internal mobility allows employees to have more diverse and accomplishing careers. This function is guided by its long-term vision of working in partnership with department heads to create an environment where employees can thrive and are enabled to deliver sustainable organizational performance.

Employee engagement illustrates the commitment and energy that employees bring to work and is a key indicator of their involvement and dedication to the organization. Against this background, greater efforts were made to improve this area as we strive to have our employees engaged and be more productive, contented and remain loyal to the organization.

Notably, Mayberry has a Human Development Policy, approved by the Board of Directors, which will provide further information on human resources in our company. The Human Development Policy can be found on the company's website at www.mayberryinv.com.

Corporate Social Responsibility

"***Mayberry is committed to giving back to our community. We are especially focused on youth. We reach out to them by helping to build capacity in the key areas of Health, Education, Environment, Youth and Community Development as well as Financial Literacy.***

We are passionate about our natural environment and support capacity building to preserve and enhance the environment, which we believe is Jamaica's most valuable resource."

This is the philosophy of our Executive Chairman, Christopher Berry.

At Mayberry Investments Limited, we believe that serving our communities is not only integral to running a business successfully, but it is a part of our individual responsibility. The mission of our Corporate Social Responsibility is to bring to life an important area of the Mayberry family, that through good corporate citizenship and supporting communities, we enhance the lives of our employees, customers, business partners and other stakeholders while contributing to nation building. Further information on our Corporate Social Responsibility Policy can be found at the company's website at www.mayberryinv.com.

Through our philanthropic arm, the Mayberry Foundation, we contribute to numerous charities and non-profit associations to aid them in becoming more efficient and effective fundraisers in their own right. We are firmly committed to working for economic empowerment and financial inclusion of organizations and special interest groups by extending our generosity in the support of the following targeted areas:

HEALTH

We sponsor organizations that promote a healthy lifestyle for our employees, communities, suppliers, customers and the general public. The Mayberry Foundation has been supporting health and wellness programs and continues to encourage the practices that enable better work-life balance.

EDUCATION

Our youth have the ability and aspiration to excel academically. The Mayberry Foundation is devoted to investing in education for our youth as we support programmes that help build their skills and confidence. We focus on partnering with educational programmes by extending support to secure students' future through the financing of scholarships for the less fortunate at the primary, secondary and tertiary levels.

ENVIRONMENT

As part of our effort to promote an eco-friendly environment, the Mayberry Foundation has committed to and assisted in sustaining the improvement and development of the country's environment. We participate in discussions on environmental issues and the promotion of environmental practices especially in our agricultural sector and by extension, the economy.

YOUTH AND COMMUNITY DEVELOPMENT

The Mayberry Foundation gives back to the community through participating in initiatives that recognise the importance of sports and the positive impact it has on the youth development. We are proud to provide financial aid through scholarships for the deserving student athletes who maintain the necessary academic, behavioural and athletic performance standards.

FINANCIAL LITERACY

Mayberry Foundation continues to align its objectives with the social, educational and development needs of the Jamaican people. We promote financial knowledge as the pathway to economic prosperity to employees, customers, business partners and other stakeholders in an effort to drive business development and provide invaluable contribution to nation building.

While Mayberry supports a variety of charities and charitable initiatives, there are some in particular that we have pledged to funding annually. These are:

- **The Annual Mayberry Investments Swimming Championships – Flagship Sponsorship**
- **The Mayberry Investments Open Junior Tennis Championships**
- **The Annual National Athletic Championships, in association with the Police Sports Council and the Jamaica Police Co-op Credit Union Limited.**
- **Retired Nurses Association of Jamaica's Annual Christmas Luncheon.**

We recognize how significant it is to understand the desires of our clients, and as such our sponsorships focus on developing key relationships, building loyalty, empowering youth and embracing different cultures.

We aim to financially support activities that reflect our brand, our mission and is true to our vision of "transforming lives positively through lasting relationships".

Mayberry Foundation

Jamaica Environmental Trust (JET):
The Mayberry Foundation donated $2.5 million to help support the operations of the environmental non-profit, the Jamaica Environmental Trust (JET). Pictured here, we have our Executive Chairman handing over the sponsorship cheque to JET founder and Chief Executive Officer, Diana McCaulay.

POLICE NETBALL TEAM:
The Mayberry Foundation was proud to sponsor the Police Netball Team. Pictured here, Kayree Berry-Teape, CEO of the Mayberry Foundation, presents Neville Knight, 2nd Vice Chairman of the Police Sports Council, with a sponsorship cheque.

ST GEORGE'S COLLEGE TRACK AND FIELD PROGRAMME:
In 2017, Mayberry Foundation supported the St George's Track and Field Programme. (From left) Mayberry's Asst. VP of Marketing, Anika Jengelley, and CEO of the Mayberry Foundation, Kayree Berry-Teape, presents Kalonji Grant, student-athlete representative on behalf of the St George's College Track Team, a scholarship cheque while Margaret Campbell, Principal of St George's College and Lyndon Latore, Manager of the St George's College Track Team. share in the moment.

ANNUAL RETIRED NURSES ASSOCIATION CHRISTMAS LUNCHEON:
Mayberry is once again proud to sponsor the annual Retired Nurses Association Christmas Luncheon. Represented here (left) CEO of the Mayberry Foundation, Kayree Berry-Teape and Digital Marketing Manager, Dionne-Marie Harrison (right), presents a cheque to representatives of the Retired Nurses Association, Audrey Brown and Merel Hanson, O.D.

COLOUR ME HAPPY CHARITY RUN:
Mayberry Foundation sponsored and participated in the Colour Me Happy Run.

Mayberry in the Community 2017

ANNUAL NATIONAL ATHLETIC CHAMPIONSHIPS:
In 2017 , Mayberry was again privileged to continue its partnership with the Police Co-op Credit Union to stage the Annual National Athletic Championship. (From left) Mayberry's Digital Marketing Manager, Stephanie Harrison; Head of Communications of the JCF, Stephanie Lindsay Clarke; Minister of National Security, Hon. Robert Montague; Mayberry's Assistant VP of Marketing , Anika Jengelley; Commissioner of Police, George Quallo and Senator Matthew Samuda shared a light moment together during the day's sporting activities.

SWIM MEET:
The Mayberry Investments Limited All Island Swim Meet, in its 19th staging in 2017. We are committed to investing heavily in the development of youth sports, both in schools and in our communities. Pictured here, Anika Jengelley (second right), Assistant VP of Marketing, hands over the company's sponsorship cheque to Handel Lamey, president, Amateur Swimming Association of Jamaica. Looking on are Wolmer's Preparatory students (from left) Jessica Betty, Nyles Davis and Christanya Shirley.

CB UWI 5K AND SMART EGGS KIDS K:
Mayberry resumed partnership with The University of the West Indies for the sixth annual staging of the CB Group UWI 5K and Smart Eggs Kids K. Our Digital Marketing Manager, Stephanie Harrison, hands over a sponsorship cheque to Elizabeth Buchanan Hind, Executive Director of The University of the West Indies.

TENNIS CHAMPIONSHIPS:
The Mayberry Investments' Open Junior Tennis Championship celebrated 6 years in 2017. Here, Mayberry's (2nd row): Stephanie Harrison, Digital Marketing Manager (far left), Anika Jengelley, Assistant VP of Marketing, (3rd left), Leyroy Brown, Honourary Secretary, Tennis Jamaica (3rd right) and Llockett McGregor, Tournament Director of Mayberry Investments Open Junior Tennis Championship, are pictured with the winners and runners-up of each category.

PCJ 2017 SCHOOLS ENERGY PROGRAMME:
Mayberry is proud in sponsoring The Petroleum Corporation of Jamaica School's Energy Programme. Pictured here is Stephanie Harrison, Mayberry's Digital Marketing Manager, presenting a prize to student, Marsha Williams, who won the essay competition.

MAYBERRY INVESTMENTS LIMITED 1985 - 2018 33 CELEBRATING 33 YEARS

Forum 2017

Mayberry's Executive Chairman, Christopher Berry greets the Hon Audley Shaw, MP upon his arrival for January's Investor Forum.

February's Investor Forum, which featured guest speakers Mayberry CEO, Gary Peart (2nd right) along with Prime Asset Management's CEO, Rezworth Burchenson (2nd left) and Financial Analyst Keith Collister (far right) joined here by Mayberry Director and moderator, Sushil Jain, discussing the 2017 trends and outlook for the stock market.

(L-R) Allison Peart, Country Managing Partner at Ernst & Young, Sushil Jain, Mayberry Director and Brian Denning, Tax Services Partner at PricewaterhouseCoopers, were the guest presenter's for March's Investor Forum on the review of the 2017/2018 Budget and Tax Packages.

April's Investor Forum was a discussion on International Investing. Guest speakers from Mayberry, Director, Sushil Jain, General Manager of Asset Management, Damian Whylie, joined here by Assistant VP of Marketing, Anika Jengelley engage in conversation after the evening's presentation.

Attorney-at-Law and Estate Planning Consultant, Katia Denise Henry was May's Investor Forum featured guest speaker discussing the fundamentals of Estate Planning, joined here by the host for the evening Okelia Parredon, Mayberry's Executive Investment Advisor.

June's forum featured an investor update on the performance of Derrimon Trading Company Limited. Pictured here, Derrimon Trading's Derrick Cotterell (far left) and Ian Kelly (far right) are joined by Mayberry's Tania Waldron-Gooden (2nd left), Director of Investment Banking and Anika Jengelley, Assistant VP of Marketing for a photo op.

At July's Investor Forum, (L-R) Gary Peart, CEO Mayberry, Carla Dear and husband Ian Dear, CEO of Express Catering Limited, Karen Hall, Executive Investment Advisor and Tania Waldron-Gooden, Director of Investment Banking at Mayberry and Rolande Clarke, CFO of Express Catering, share in a light moment.

September's Investor Forum, which featured 3 female business leaders detailing their respective journeys to success, entrepreneurs (L-R) Jacki Stewart Lechler, Director of Stewarts Automotive Group, Audrey Hinchcliffe, CEO of Manpower & Maintenance Services Limited and Michelle Chong, CEO of Honeybun (1982) Limited.

At October's Investor Forum, Hon Lascelles Chin (2 nd left), OJ, Chairman of the LASCO Affiliated Companies along with his executive management team, Peter Chin (far left), managing director of LASCO Distributors Limited, James Rawle (far right), managing director of LASCO Manufacturing Limited and Jacinth Hall-Tracey, managing director of LASCO Financial Services Limited, presented an Investor Update on the Group's performance.

Forum guest presenter was the IFC's Regional Program Manager of Corporate Governance for Latin America and the Caribbean, Oliver Orton, share a light moment with Mayberry's CEO, Gary Peart. Mr. Orton presented on the Investor's Perspective on Corporate Governance.

1985 - 2018

MAYBERRY INVESTMENTS LIMITED

CELEBRATING 33 YEARS

Charities & Sponsorships

Some Organisations we Supported in 2017

Amateur Swimming Association of Jamaica
Association of Anaesthetists in Jamaica
Association of Friends and Families of Substance Abusers
Brotherhood of St. Andrew
Calvary Evangelistic Assembly
Campion College C087 Association
CARIMAC
Chinese Benevolent Association
Church of St. John of the Evangelist
Freemason's Association (Jamaica) Limited
Friends of Mona Rehabilitation Centre
Glenmuir High School Past Students' Association
Immaculate Conception High School
Jamaica- China Friendship Association
Jamaica Down's Syndrome Foundation
Jamaica Paralympic Association
Jamaica Society for the Blind
Jamaica Theological Seminary
JCC Sameer Younis Foundation
JPENT Studios
Judy Mowatt Outreach Ministries
Kiwanis Club of Eastern St. Andrew
Kiwanis Club of New Kingston
Kiwanis Club of Stony Hill
Lay Magistrates Association of Jamaica
Lodge of St. John
Mustard Seed Communities
Northern Caribbean University
Petroleum Corporation of Jamaica
Portland Lodge No 7740 EC
Press Association of Jamaica
Private Sector Organization of Jamaica
Retired Nurses Association
Richard and Diana Stewart Foundation
Rotary Club of St Andrew North
Rusea's Old Students' Association
Sandals Foundation
Saxthorpe Methodist Foundation
Saxthorpe Methodist Women's League
Shortwood Teachers College
Shortwood United Church
St. Andrew Care Centre
St. Andrew Justice of the Peace Association
St. Hugh's Past Students Association
St. Andrew Parish Church
St. George's College Foundation
St. Jude's Church
Stella Maris Church
Sunshine Foundation
New Testament Church of God
The Association of Surgeons in Jamaica
The Jamaica Government Pensioners Association
The National Prayer Breakfast Committee
The Rex Nettleford Foundation
The Rotaract Clubs of Jamaica East
The University of the West Indies
Tivoli Garden High School
True Craftsman Lodge
Webster Memorial United Church
Webster Memorial Women's Fellowship
Wolmer's Preparatory School
Youth Reaching Youth

Top Ten Shareholders and Connected Persons

December 31, 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

Name	Shareholdings
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

December 31, 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	
**Includes holdings in joint accounts		

BDO

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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.

BDO

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.

BDO

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

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

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

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

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

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

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

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

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

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

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

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

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2017

	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

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.

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.

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.

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.

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.

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	Group's Percentage Interest 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%

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.

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.

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

(l) **Borrowings**

Borrowings including those arising under securitization arrangements are recognized initially at cost, being their issue proceeds, net of transaction costs incurred. Subsequently, borrowings are stated at amortised cost and any difference between net proceeds and the redemption value is recognized in the statement of income over the period of the borrowings using the effective yield method.

(m) **Share capital**

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets.

Preference share capital is classified as equity except where it is redeemable on a specific or determinable date or at the option of the shareholders and/or if dividend payments are not discretionary, in which case it is classified as a liability. Dividend payments on preference shares classified as a liability are recognized in the statement of income as interest expense. There were no preference shares in issue at the end of the reporting period.

(n) **Employee benefits**

(i) Pension scheme costs:

The company operates a defined contribution pension scheme (note 34), the assets of which are held in a separate trustee administered fund. Contributions to the scheme are fixed and are made on the basis provided for in the rules. Contributions are charged to the statement of income when due. The company has no legal or constructive obligation beyond paying these contributions.

(ii) Profit-sharing and bonus plan:

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

(iii) Other employee benefits:

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

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

(o) **Leases**

(i) As lessee:

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

(ii) As lessor:

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

(p) **Taxation**

Taxation expense in the statement of income comprises current and deferred tax charges.

Current taxation charge is the expected taxation payable on the taxable income for the year, using tax rates enacted at the reporting date and any adjustment to tax payable and tax losses in respect of previous years.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realized or the liability will be settled based on enacted rates.

Current and deferred tax assets and liabilities are offset when they arise from the same taxable entity and relate to the same Tax Authority and when the legal right of offset exists. Deferred tax is charged or credited in the statement of income except where it relates to items charged or credited to equity, in which case deferred tax is also accounted for in equity. The principal temporary differences arise from depreciation of property, plant and equipment, revaluation of certain financial assets and tax losses carried forward.

(q) **Provisions**

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

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

(r) **Financial instruments**

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

(s) **Cash and cash equivalents**

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

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

(t) **Funds under management**

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

(u) **Dividends**

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

(v) **Segment reporting**

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

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

3. **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:**

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

(i) Impairment losses on loans and receivables:

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

(ii) Income taxes:

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

(iii) Depreciable assets:

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

(iv) Fair value of financial assets:

The management uses its judgment in selecting appropriate valuation techniques to determine fair values of financial assets adopting valuation techniques commonly used by market practitioners supported by appropriate assumptions (note 33).

4. NET INTEREST INCOME:

	Group		Company	
	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

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).

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

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

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

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

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).

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

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

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).

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

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

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 $'000	2016 $'000	2017 $'000	2016 $'000	2017 US$'000	2016 US$'000	2017 $'000	2016 $'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).

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).

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.

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

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

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

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).

32. FINANCIAL RISK MANAGEMENT:

Risk Management Framework

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

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

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

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

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

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

(a) **Liquidity risk**

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

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

Risk Management Framework (cont'd)

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

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

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

	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.

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

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.

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

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.

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

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

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	-	-

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

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

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.

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.

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

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%).

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 %

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

(h) **Regulatory capital management (cont'd)**

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

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

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

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

Capital Allocation

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

33. FAIR VALUES OF FINANCIAL INSTRUMENTS:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value of a financial instrument. However, market prices are not available for a number of the financial assets and liabilities held and issued by the Group. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at the end of the reporting period.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

(i) Investment securities classified as fair value through profit or loss and fair value through other comprehensive income are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or discounted cash flows or other recognized valuation techniques.

(ii) The fair values of liquid assets and other assets maturing within one year are assumed to approximate their carrying amount. This assumption is applied to liquid assets and short term elements of all financial assets and financial liabilities.

(iii) The fair values of variable rate financial instruments are assumed to approximate their carrying amounts.

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

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

The Group uses the following hierarchy in determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

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

	Group			
	Level 1	Level 2	Level 3	Total
31 December 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

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

	Company			
	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	408,459	-	-	408,459
	1,892,170	-	-	1,892,170

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

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.

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.

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MAYBERRY INVESTMENTS LIMITED
- Established 1985 -

I/We...

of ....

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

..

or failing him or her ....

of ....
as my/our proxy to vote on my/our behalf at the 31st Annual General Meeting of the above-named Company to be held at the Knutsford Court Hotel, 11 Ruthven Road, Kingston 10 on Wednesday, June 20, 2018 at 3:00 p.m. and at any adjournment thereof.

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

	FOR	**AGAINST**
Resolution 1 To receive reports and audited accounts		
Resolution 2 To declare interim dividend as final dividend		
Resolution 3 To re-elect Mr. Christopher Berry a Director		
Resolution 4 To re-elect Mr. Benito Palomino a Director		
Resolution 5 To re-elect Dr David McBean a Director		
Resolution 6 To elect Mrs. Tania Waldron-Gooden a Director		
Resolution 7 To fix the remuneration of the Directors		
Resolution 8 To re-appoint the Auditors and fix their remuneration		

Date this...............................day of 2018

Place
J$120
Stamp Here

..
Signature

..
Signature

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

To be valid this proxy must be signed, duly stamped in accordance with the Stamp Duty Act (stamp duty - J$120.00) and deposited with the Corporate Secretary of the Company at 1 ½ Oxford Road, Kingston 5, not less than 48 hours before the time appointed for holding the meeting. The stamp duty may be denoted by postage stamps. The Company reserves the right to stamp un-stamped proxy forms.

A proxy need not be a member of the Company.