2018

Audited Accounts

Financial Year ended 31 December 2018

MAYBERRY
INVESTMENTS LIMITED

1985 - 2019

34

CELEBRATING 34 YEARS

MAYBERRY INVESTMENTS LIMITED
- Established 1985 -

MAYBERRY GROUP (CONSOLIDATED)

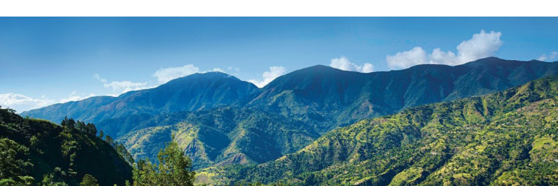
PERFORMANCE HIGHLIGHTS

TOTAL COMPREHENSIVE INCOME
55%
INCREASE OVER 2017
2018: $3.7 B
2017: $2.4 B

NET BOOK VALUE PER SHARE
43%
INCREASE OVER 2017
2018: $11.12
2017: $7.79

TOTAL ASSETS
25%
INCREASE OVER 2017
2018: $30.4 B
2017: $24.4 B

TOTAL EQUITY
43%
INCREASE OVER 2017
2018: $13.4 B
2017: $9.4 B



MAYBERRY INVESTMENTS LIMITED
- Established 1985 -

MAYBERRY INVESTMENTS LIMITED (COMPANY)

PERFORMANCE HIGHLIGHTS

STOCK PRICE
54%
INCREASE OVER 2017
2018: $9.10
2017: $5.91

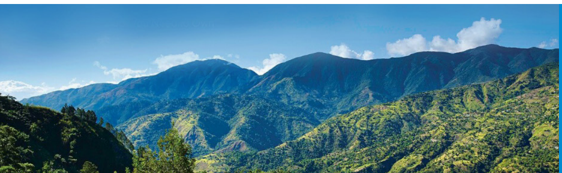
1st PLACE | **VOLUME TRADED** JUNIOR MARKET

TOTAL REVENUE
34%
INCREASE OVER 2017
2018: $1.3 B
2017: $936.3 M

1st PLACE | **VALUE TRADED** JUNIOR MARKET

TOTAL ASSETS
4%
INCREASE OVER 2017
2018: $17.4 B
2017: $16.7 B

2nd PLACE | **VOLUME TRADED AND # OF TRADES** OVERALL MARKET



MAYBERRY GROUP

Management Discussion & Analysis

YEAR ENDED DECEMBER 31, 2018

- Mayberry Group's Net Book Value per share for year ended December 31, 2018 moved to $11.12, a 42.7% increase over the corresponding period in 2017, due to an increase in Equity Investments of $5.9 billion.

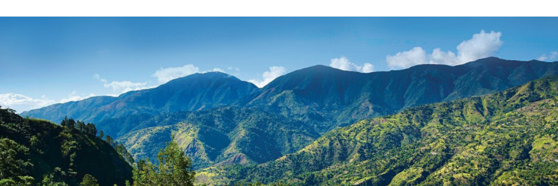
- Total Revenues reported for Mayberry Group ended 2018 was $1.84 billion relative to $2.2 billion for the comparative period in 2017. The Group's after-tax profit was $105.8 million compared to $425.2 million for 2017. This resulted in Earnings per share (EPS) of $0.13 versus $0.35 for the 2017 financial period. This was mainly due to lower unrealized gains on investment revaluation of $901.3 million.

- Corporate Finance had a very strong performance for yet another year, with Debt Selling Fees, Equity Selling fees and Corporate Advisory fees recording year-over-year higher growth rates of 76.2%, 143.7% and 48.6%, respectively.

- Dividend Income increased by 135.1% or $209.3 million representing dividends received from equity holdings , mainly Supreme Ventures Limited, Caribbean Producers (Jamaica) Limited, Lasco Distributors Limited and Express Catering Limited.

- Total Comprehensive income for the year ended 2018 amounted to $3.7 billion, compared to $2.4 billion for the corresponding period of 2017; an increase of $1.3 billion or 55.2%. This was due to an improvement in the unrealized fair value gains on available for sale securities of approximately $1.2 billion.

- Total assets grew to $30.4 billion for the year ended 2018 compared to $24.4 billion for the comparative period for 2017. This represents a $6.0 billion increase or 24.6% in our asset base due mainly to increased value of quoted equities and increases in Loans and Other Receivables.

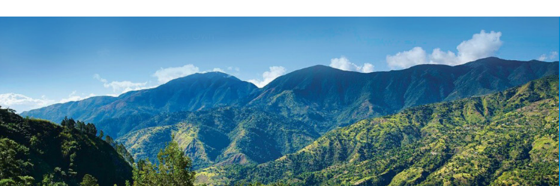


- Total Liabilities increased over 2017 by $1.4 billion to $16.4 billion. This resulted from an increase in Loans which was a Corporate Bond issued and arranged by Sagicor Investments of $2.2 billion. Accounts Payables increased by $1.9 billion and was further offset by a 43.5% reduction in securities sold under repurchase agreements.

- Funds under management grew by $1.1 billion to $19.7 billion, up from $18.6 billion. This portfolio was mainly driven by growth in the Mayberry Gold product of 91% and Mayberry Managed Equity Portfolio of 30%.

- Mayberry Group’s capital base continues its robust growth and remained in good standing, resulting from higher profitability, with Retained earnings moving from $4.5 billion to $5.7 billion and Fair value reserves of $6.0 billion, up from $3.2 billion.

- We wish to thank our clients, shareholders and staff for their commitment and contribution to the successful milestones of the company.



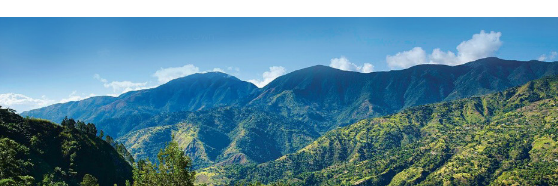
Top Ten Shareholders and Connected Persons

31 December 2018

Name	Shareholdings
PWL BAMBOO HOLDINGS LIMITED	473,414,758
KONRAD BERRY	433,686,104
KONRAD LIMITED	28,607,890
GARY PEART	24,566,665
VDWSD LTD	19,990,000
THE MAYBERRY FOUNDATION LTD	11,874,243
CHRISTINE WONG	8,103,167
VMWEALTH EQUITY FUND	6,699,799
MAYBERRY INVESTMENTS LTD. PENSION SCHEME	6,481,590
MAYBERRY MANAGED CLIENTS ACCOUNT	3,509,806

Connected Persons

Apex Pharmacy	3,568,916
A+ Plus Medical Centre	500,000
Mayberry Managed Client Account	3,509,806
Mayberry Individual Retirement Scheme	1,000,000
Doris Berry	732,262
Mayberry Staff Investment Club	115,772
Est. Maurice Berry	10



MAYBERRY INVESTMENTS LIMITED
- Established 1985 -

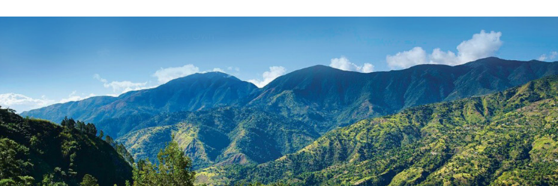
Shareholdings of Directors and Senior Management

31 December 2018

Directors	Shareholdings	Connected Persons
Christopher Berry	-	481,079,493
Konrad Berry**	433,686,104	32,316,053
Gary Peart**	19,990,000	22,504,868
Erwin Angus	1,000,000	2,507,886
Gladstone Lewars **	1,431,500	
Tania Waldron-Gooden **	166,666	
Benito Palomino	583,105	
David McBean**	1,446,521	

Managers		
Kayree Berry-Teape**	2,727,416	31,080
Dianne Tomlinson-Smith	20,000	
Andrea HoSang**	1,365,267	
Kristen Raymore-Reynolds	100,000	
Dan Theoc	2,040	
Damian Whylie	129,724	

** Includes holdings in joint accounts



Financial Statements

Financial Year ended 31 December 2018

MAYBERRY INVESTMENTS LIMITED

- Established 1985 -

MAYBERRY INVESTMENTS LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2018

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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 71, which comprise the group and the company's statement of financial position as at 31 December 2018, 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 2018, 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.

Deferred taxation asset

See notes 2(s) 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. There is also uncertainty involved in estimating the timing of utilization of the tax losses.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Mayberry Investments Limited

Key Audit Matters (Cont'd)

Deferred taxation asset (cont'd)

How our audit addressed the key audit matter

Our audit procedures included amongst others evaluating management supports for recoverability of the deferred tax assets based on profit projections which contain estimates of, and strategies for, future revenue generation.

We tested the budget forecasts and assessed the assumptions and judgments included in these forecasts by considering the historical accuracy of forecasts and the sensitivities of the profit forecasts.

We 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 found the assumptions reasonable and in line with expectations.

Expected credit losses in respect of investment securities and promissory notes (loans)

See notes 2(j), 14, and 16 to the consolidated financial statements for management's related accounting policies and disclosures.

At 31 December 2018, investment securities and promissory notes at amortised cost, net of provision for credit losses amounted to $22 billion or 73% of total assets of the group. Impairment provisions of $373 million has been recognised for the group.

Under IFRS 9, establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL require significant judgement.

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 judgement by management.

How our audit addressed the key audit matter

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.

We evaluated management's model development for validity and reviewed the forward looking assumptions and judgments incorporated in the model. We tested for the completeness of management's listing of potentially impaired promissory notes by reperforming the process using management's impairment criterion.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Mayberry Investments Limited

Key Audit Matters (Cont'd)

Expected credit losses in respect of investment securities and promissory notes (loans) (cont'd)

How our audit addressed the key audit matter (cont'd)

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. Based on the audit evidence obtained, we determined that the provisioning was reasonable.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 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.

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)

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.

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

1 March 2019

MAYBERRY INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2018

	Note	2018 $'000	2017 $'000
Net Interest Income and Other Revenues			
Interest income		729,047	722,007
Interest expense		(553,933)	(570,689)
Net interest income	4	175,114	151,318
Consulting fees and commissions	5	759,109	508,061
Dividend income	6	364,287	154,942
Net trading gains	7	30,004	121,225
Net unrealized gains on financial instruments - FVPL		265,013	1,166,280
Net foreign exchange gains		240,583	87,139
Other income		6,772	11,039
		1,840,882	2,200,004
Operating Expenses			
Salaries, statutory contributions and other staff costs	8	531,108	456,749
Provision for credit losses		151,000	7,963
Provision for impairment on investments		-	677,690
Depreciation		22,206	22,758
Other operating expenses		980,101	760,903
	9	1,684,415	1,926,063
Operating Profit		156,467	273,941
Share of results of former associates	21	-	134,471
Gain on disposal of holdings in former associates	21	-	70,021
Profit before taxation		156,467	478,433
Taxation charge	10	(50,673)	(53,260)
Net Profit for the Year	11	105,794	425,173
Attributable to:			
Stockholders of the parent		160,398	425,173
Non-controlling interest	33	(54,604)	-
		105,794	425,173

		2018 $	2017 $
EARNINGS PER STOCK UNIT	12(a)	0.13	0.35

MAYBERRY INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2018

	Note	2018 $'000	2017 $'000
Net Profit for the Year		105,794	425,173
Other Comprehensive Income Net of Taxation:			
Item that will not be reclassified to profit or loss			
Net unrealized gains on financial instruments - FVOCI		3,602,692	1,964,655
Total Comprehensive Income for the Year		3,708,486	2,389,828
Total Comprehensive Income Attributable to:			
Stockholders of the parent		3,461,289	2,389,828
Non-controlling interest	33	247,197	-
		3,708,486	2,389,828

MAYBERRY INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2018

	Note	2018 $'000	2017 $'000
ASSETS			
Cash resources	13	1,330,836	1,110,971
Investment securities	14	20,582,142	14,665,891
Reverse repurchase agreements	15	1,747,162	3,919,483
Promissory notes	16	1,486,657	1,143,961
Interest receivable		77,179	103,149
Loans and other receivables	18	4,187,875	2,465,356
Deferred taxation	19	66,974	82,162
Property, plant and equipment	20	112,621	120,506
Taxation recoverable		2,441	-
Due from related company	31	-	12,269
Other assets	23	742,977	742,977
Intangible asset	30	34,744	-
Total Assets		30,371,608	24,366,725
LIABILITIES			
Bank overdraft	13	56,210	20,651
Securities sold under repurchase agreements		3,961,398	7,013,670
Interest payable		201,656	35,965
Loans	24	7,202,604	4,888,957
Deferred taxation	19	62,298	40,871
Accounts payable	25	4,912,636	3,009,375
Total Liabilities		16,396,802	15,009,489
EQUITY			
Share capital	26	1,582,516	1,582,381
Fair value reserves	27	5,992,017	3,172,356
Other reserves	28	77,939	77,939
Retained earnings	29	5,708,130	4,524,560
Equity Attributable to Shareholders of the Parent		13,360,602	9,357,236
Non-Controlling Interests	33	614,204	-
Total Equity		13,974,806	9,357,236
Total Equity and Liabilities		30,371,608	24,366,725

		2018 $	2017 $
NET BOOK VALUE PER STOCK UNIT	12(b)	11.12	7.79

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

Christopher Berry
Chairman

Gary Peart
Director

MAYBERRY INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2018

	No. of Shares	Share Capital $'000	Fair Value Reserves $'000	Other Reserves $'000	Retained Earnings $'000	Non-Controlling Interest $'000	Total $'000
Balance at 1 January 2017	1,201,149,291	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	-	-
TRANSACTION WITH OWNERS							
Dividend paid (note 32)	-	-	-	-	(276,264)	-	(276,264)
Balance at 31 December 2017	1,201,149,291	1,582,381	3,172,356	77,939	4,524,560	-	9,357,236
TOTAL COMPREHENSIVE INCOME							
Net profit	-	-	-	-	160,398	(54,604)	105,794
Other comprehensive income	-	-	3,300,891	-	-	301,801	3,602,692
	-	-	3,300,891	-	160,398	247,197	3,708,486
TRANSFER BETWEEN RESERVES							
From fair value reserves	-	-	(481,230)	-	481,230	-	-
TRANSACTIONS WITH OWNERS							
Dividend paid (note 32)	-	-	-	-	(146,540)	-	(146,540)
Preference share issued (note 26	1	135	-	-	-	-	135
Realised gain on partial disposal of subsidiary	-	-	-	-	688,482	-	688,482
	1	135	-	-	541,942	-	542,077
Change in ownership interest in subsidiary (note 33)	-	-	-	-	-	367,007	367,007
Balance at 31 December 2018	1,201,149,292	1,582,516	5,992,017	77,939	5,708,130	614,204	13,974,806

MAYBERRY INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2018

	Note	2018 $'000	2017 $'000
Cash Flows from Operating Activities			
Profit before taxation		156,467	478,433
Adjustments for:			
Provision for credit losses		151,000	7,963
Depreciation		22,206	22,758
Provision for impairment on investments		-	677,690
Interest income	4	(729,047)	(722,007)
Interest expense	4	553,933	570,689
Realised fair value gains transferred to retained earnings		481,230	1,064,831
Impairment loss on unquoted investment		-	803,026
Unrealised fair value gains on financial instruments -FVPL		(473,115)	(1,166,280)
Unrealised foreign exchange losses		113,162	99,270
Share of after tax profit of former associates	21	-	(134,471)
Gain on disposal of associate holdings in former associates		-	(70,021)
Income tax charge		(50,673)	(53,260)
		225,163	1,578,621
Changes in operating assets and liabilities:			
Loans and other receivables		(1,722,519)	(1,066,533)
Investments		(2,222,409)	1,140,056
Due from subsidiary		12,269	-
Promissory notes		(493,696)	(403,454)
Reverse repurchase agreements		2,172,321	(1,319,720)
Accounts payable		1,903,261	1,163,037
Securities sold under repurchase agreements		(3,052,272)	(315,033)
Loans		2,136,223	(444,356)
		(1,041,659)	332,618
Income tax paid		-	(5,452)
Interest received		755,017	767,162
Interest paid		(388,242)	(566,509)
Cash provided by operating activities c/f (page 11)		(674,884)	527,819

MAYBERRY INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2018

	Note	2018 $'000	2017 $'000
Cash provided by operating activities brought forward (page 10)		(674,884)	527,819
Cash Flows from Investing Activities			
Purchase of intangible asset		(34,744)	-
Additions to property, plant and equipment	20	(14,321)	(27,548)
Proceeds from disposal of property, plant & equipment		-	8,652
Dividends received from former associate companies	21	-	12,430
Proceeds from partial disposal of investment in subsidiary		908,293	-
Proceeds from disposal of holding in former associate companies		-	137,264
Cash provided by/(used in) investing activities		859,228	130,798
Cash Flows from Financing Activities			
Dividend payment	32	-	(276,264)
Issue of preference shares		135	-
Cash provided by/(used in) financing activities		135	(276,264)
Net Increase in Cash and Cash Equivalents		184,479	382,353
Exchange loss on foreign cash balances		(173)	(15,645)
Cash and cash equivalents at beginning of year		1,090,320	723,612
Cash and Cash Equivalents at End of Year	13	1,274,626	1,090,320

MAYBERRY INVESTMENTS LIMITED

STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2018

	Note	2018 $'000	2017 $'000
Net Interest Income and Other Revenues			
Interest income		777,374	713,903
Interest expense		(512,765)	(566,891)
Net interest income	4	264,609	147,012
Consulting fees and commissions	5	759,109	501,877
Dividend income	6	14,998	7,215
Net trading gains	7	55,315	173,760
Net unrealized (losses)/gains on investment revaluation		(104,051)	27,286
Net foreign exchange gains		258,865	71,958
Other income		6,772	7,169
		1,255,617	936,277
Operating Expenses			
Salaries, statutory contributions and other staff costs	8	530,568	456,248
Provision for credit losses		151,000	7,963
Write back of provision for impairment on investments		-	(125,337)
Depreciation		22,206	22,758
Other operating expenses		529,908	496,824
	9	1,233,682	858,456
Profit before Taxation		21,935	77,821
Taxation charge	10	(58,013)	(41,712)
Net (Loss)/Profit for the Year	11	(36,078)	36,109

MAYBERRY INVESTMENTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2018

	2018 $'000	2017 $'000
Net (Loss)/Profit for the Year	(36,078)	36,109
Other Comprehensive Income Net of Taxation:		
Item that will not be reclassified to profit or loss		
Net unrealized gains on financial instruments - FVOCI	95,026	86,051
Total Comprehensive Income for the Year	58,948	122,160

MAYBERRY INVESTMENTS LIMITED

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2018

	Note	2018 $'000	2017 $'000
ASSETS			
Cash resources	13	1,092,151	916,513
Investment securities	14	6,143,103	4,966,377
Reverse repurchase agreements	15	1,747,162	3,919,483
Promissory notes	16	1,486,657	1,143,961
Interest receivable		77,179	100,200
Due from subsidiaries	17	738,261	928,107
Loans and other receivables	18	4,093,527	2,287,550
Deferred taxation	19	66,974	82,162
Property, plant and equipment	20	112,621	120,506
Investments in subsidiaries	22	1,101,801	1,468,152
Other assets	23	742,977	742,977
Total Assets		17,402,413	16,675,988
LIABILITIES			
Bank overdraft	13	56,210	20,651
Securities sold under repurchase agreements		3,961,398	7,013,670
Interest payable		198,453	35,821
Loans	24	5,019,595	4,888,957
Accounts payable	25	4,593,391	2,758,852
Due to subsidiary	17	1,014,439	-
Total Liabilities		14,843,486	14,717,951
EQUITY			
Share capital	26	1,582,381	1,582,381
Fair value reserves	27	338,242	243,216
Other reserves	28	77,939	77,939
Retained earnings	29	560,365	54,501
Total Equity		2,558,927	1,958,037
Total Equity and Liabilities		17,402,413	16,675,988

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

....
Christopher Berry
Chairman

....
Gary Peart
Director

MAYBERRY INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2018

	No. of Shares	Share Capital $'000	Fair Value Reserves $'000	Other Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2017	1,201,149,291	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	-
TRANSACTION WITH OWNERS						
Dividend paid (note 32)	-	-	-	-	(276,264)	(276,264)
Balance at 31 December 2017	1,201,149,291	1,582,381	243,216	77,939	54,501	1,958,037
TOTAL COMPREHENSIVE INCOME						
Net profit	-	-	-	-	(36,078)	(36,078)
Other comprehensive income	-	-	95,026	-	-	95,026
	-	-	95,026	-	(36,078)	58,948
TRANSACTION WITH OWNERS						
Dividend paid (note 32)	-	-	-	-	(146,540)	(146,540)
Realised gain on partial disposal of subsidiary	-	-	-	-	688,482	688,482
	-	-	-	-	541,942	541,942
Balance at 31 December 2018	1,201,149,291	1,582,381	338,242	77,939	560,365	2,558,927

MAYBERRY INVESTMENTS LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2018

	Note	2018 $'000	2017 $'000
Cash Flows from Operating Activities			
Profit before taxation		21,935	77,821
Adjustments for:			
Provision for credit losses		151,000	7,963
Depreciation	20	22,206	22,758
Write back of impairment on investments		-	(125,337)
Interest income	4	(777,374)	(713,903)
Interest expense	4	512,765	566,891
Realised fair value gains transferred to retained earnings		-	15,386
Unrealised gains on investment revaluation		104,051	(27,286)
Unrealised foreign exchange losses		95,222	90,495
Income tax charge		(58,013)	(41,712)
		71,792	(126,924)
Changes in operating assets and liabilities:			
Loans and other receivables		(1,805,977)	(917,474)
Investments		(1,264,721)	2,511,283
Promissory notes		(493,696)	(403,454)
Reverse repurchase agreements		2,172,321	(1,319,720)
Due from subsidiary		189,846	(516,414)
Due to subsidiary		1,014,439	-
Accounts payable		1,834,539	1,102,475
Securities sold under repurchase agreements		(3,052,272)	(315,033)
Loans		130,638	(346,916)
		(1,203,091)	361,655
Interest received		800,395	733,228
Interest paid		(350,133)	(560,408)
Cash (used in)/provided by operating activities c/f (page 17)		(752,829)	534,475

MAYBERRY INVESTMENTS LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2018

	Note	2018 $'000	2017 $'000
Cash (used in)/provided by operating activities brought forward (page 16)		(752,829)	534,475
Cash Flows from Investing Activities			
Additions to property, plant and equipment	20	(14,321)	(27,548)
Proceeds from disposal of property, plant & equipment	20	-	8,652
Proceeds from partial disposal of investment in subsidiary		908,293	(125)
Cash provided by/(used in) investing activities		893,972	(19,021)
Cash Flow from Financing Activity			
Dividend payment	32	-	(276,264)
Cash used in financing activity		-	(276,264)
Net Increase in Cash and Cash Equivalents		141,143	239,190
Exchange loss on foreign cash balances		(1,064)	(10,030)
Cash and cash equivalents at beginning of year		895,862	666,702
Cash and Cash equivalents at End of Year	13	1,035,941	895,862

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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 comprise 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 was incorporated in St. Lucia under the International Business Companies Act. On 5 January 2018 Mayberry West Indies Limited changed its name to Mayberry Jamaican Equities Limited (MJEL) under the International Business Companies Act, Cap 12.14. On 28 February 2018, 10% of the company's ordinary shares were issued to the shareholders of the parent company, Mayberry Investments Limited, as a dividend in specie. Further, on 31 July 2018, 10% of MJEL ordinary shares were listed on the Main Market of the Jamaica Stock Exchange through an Initial Public Offering (IPO). On 28 September 2018, the company also transferred an additional 5% of its ordinary shares in MJEL to a related entity. This resulted in the company's ownership being reduced to 75%.

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

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

The financial statements for the year ended 31 December 2018 have been approved for issue by the Board of Directors on 1 March 2019.

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.

(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.

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

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.

(a) **Basis of preparation**

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:

IFRS 9, 'Financial Instruments', (effective for accounting periods beginning on or after 1 January 2018). In 2009 the group adopted the 2009 version of IFRS 9 "Financial instruments" which was issued in November 2009. The final version of IFRS 9 was issued in 2014. The classification categories for financial assets under IFRS 9 reflect the measurement, namely amortised cost, fair value through profit or loss (FVPL) and fair value through other comprehensive income (FVOCI). The decision regarding classification 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 instruments. IFRS 9 also includes guidance on hedge accounting requirements, the measurement of financial liabilities, derecognition of financial instruments and an expected credit loss (ECL) model for calculating impairment of financial assets.

The expected credit loss model means that a loss event no longer needs to occur before an impairment allowance is recognized. The expected credit loss model includes a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the rules mean that entities have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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

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

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

IFRS 9, 'Financial Instruments', (effective for accounting periods beginning on or after 1 January 2018) (cont'd)

There was no impact on the group's accounting for financial liabilities, as the requirements of IFRS 9 only impacted financial liabilities that are designated at fair value through profit or loss, and the company does not currently have any such liabilities.

The group assessed its operations and concluded that the classification and measurement categories of financial assets under the 2009 version of IFRS 9 as well as other guidance relevant to its operations are similar to the 2014 version which became effective during the year and, therefore, there were no material transitional effects on its financial statements.

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.

IFRIC 22, 'Foreign currency transactions and advance consideration', (effective for accounting periods beginning on or after 1 January 2018). The interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date if initial recognition of the non-monetary asset or non-monetary liability. Also, the interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. The group is currently assessing the impact of future adoption of the amendments on its financial statements.

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. An optional exemption exists for short term and low-value leases. The accounting by lessors will not significantly change.

The group expects to adopt the standard using a modified retrospective approach where the cumulative effect of initially applying it is recognized as an adjustment to the opening balance of retained earnings and comparatives are not restated. The group is still assessing the impact of the adoption of this standard, however it is not expected to be significant.

IFRIC 23, 'Uncertainty over income tax treatments', (effective for annual periods 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 IFRIC 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**

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 75% owned subsidiary, Mayberry Jamaican Equities Limited and its wholly subsidiary, Widebase Ltd., presented as a single economic entity. Intra-group transactions, balances and unrealized gains and losses are eliminated in preparing the consolidated financial statements.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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

(c) **Foreign currency translation**

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Jamaican dollars, which is the company'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) **Impairment of Non-Financial Assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(e) **Intangible Assets**

Computer software is deemed to have a finite useful life of five years and is measured at cost, less accumulated amortisation and accumulated impairment losses, if any.

(f) **Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for services provided in the ordinary course of the group's business and is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured taking into account contractually defined terms of payment.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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

(f) **Revenue recognition (cont'd)**

The specific recognition criteria are described below-

i. Interest income and change in fair value of financial instruments:

Interest income is recognized in the consolidated statement of income for all interest-bearing instruments on the accrual basis using the effective yield method. Income includes coupons earnings on fixed income investments and trading securities and changes in fair value of instruments elected to be fair value through profit or loss.

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.

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 related to investment funds are recognized over the period the service is provided. Performance linked fees or fee components are recognized when the performance criteria are fulfilled.

(g) **Interest expense**

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

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

(h) **Investment securities**

Debt instruments

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.

Debt instrument securities subsequently measured at fair value are either designated fair value through profit or loss (FVPL) or fair value through other comprehensive income (FVOCI). 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 re-measured at fair value. All related realised and unrealised gains and losses are included in net trading income.

Debt instrument securities subsequently measured at fair value through other comprehensive income are all other equity investments, designated at purchase to recognise unrealised and realised 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, solely for the payment of principal and interest (SPPI). All other debt instruments are measured at fair value through profit or loss.

Equity Instruments

The fair values of quoted instruments are based on the spread between the bid and ask prices at valuation date. Upon initial recognition, the group elects to value its equity instruments at fair value through profit or loss (FVPL). Occasionally the group elects to irrevocably classify some of its equity investments as equity instruments at fair value through other comprehensive income (FVOCI) when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Equity instruments at FVOCI are not subject to an impairment assessment.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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

(i) **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.

(j) **Loans and receivables and provisions for credit losses**

The group recognizes loss allowances for expected cred losses (ECL) on financial instruments that are not measured at fair value. 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 based on lifetime ECL which is the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

The amount of the provision is the derived based on model which takes account of, among other factors, 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 and probability of default.

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 the group determines that there is no realistic prospect of recovery. Write offs are charged against previously established provisions for credit losses. 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):**

(k) **Financial Instruments: Financial Assets and Liabilities**

Date of recognition

Financial assets and liabilities are initially recognised on the settlement date, which is the date that an asset is delivered to or by the group. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount.

Measurement categories of financial assets and liabilities

Financial assets

The group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms and they are measured at either fair value through other comprehensive income (FVOCI), fair value through profit or loss (FVPL) or amortised cost.

(i) **Fair value through other comprehensive income (FVOCI)**

The group has a number of strategic investments in listed entities which are not accounted for as subsidiaries, associates or jointly controlled entities. For those investments, the group has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the group considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

The group's financial assets measured at FVOCI are some equity securities in the statement of financial position.

(ii) **Fair value through profit or loss (FVPL)**

This category comprises financial instruments which are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income in the "financial instruments – FVPL" line. The group has debit securities and equity instruments held for trading for which it has voluntarily classified these financial assets as being at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(k) **Financial Instruments: Financial Assets and Liabilities (cont'd)**

Measurement categories of financial assets and liabilities (cont'd)

Financial assets (cont'd)

(ii) **Fair value through profit or loss (FVPL) (cont'd)**

The group's financial assets measured at FVPL are all other equity securities not measured at FVOCI and other debit securities not measured at amortised cost in the statement of financial position.

(iii) **Amortised cost**

These assets arise principally from the provision of goods and services to customers (eg. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest (SPPI). They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The group's financial assets measured at amortised cost comprise cash resources, some investment securities for which the objective is to hold these investment securities in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest, reverse repurchase agreements, promissory notes, other receivables, interest receivable and amounts due from related companies in the statement of financial position.

Financial liabilities

The group's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. At the reporting date, the following items were classified as financial liabilities: bank overdraft, securities sold under repurchase agreements, interest payable, accounts payable, debt security in issue and amount due to related company.

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

(l) **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.

(m) **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.

(n) **Investments in subsidiaries**

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

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

(o) **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.

(p) **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.

(q) **Employee benefits**

(i) Pension scheme costs:

The company operates a defined contribution pension scheme (note 36), 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 group 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):**

(r) **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.

(s) **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.

(t) **Provisions**

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

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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

(u) **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 and bank overdraft.

(v) **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.

(w) **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.

(x) **Segment reporting**

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

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

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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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 35).

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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4. NET INTEREST INCOME:

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Interest income				
Investment securities	232,189	372,177	280,516	349,179
Loans and advances	496,858	349,830	496,858	364,724
	729,047	722,007	777,374	713,903
Interest expense				
Finance charges	107,002	26,934	65,834	26,934
Repurchase agreements	155,075	275,357	155,075	271,559
Commercial paper	209,635	154,289	209,635	154,289
Other	82,221	114,109	82,221	114,109
	553,933	570,689	512,765	566,891
	175,114	151,318	264,609	147,012

5. CONSULTING FEES AND COMMISSIONS:

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Brokerage fees and commissions	614,009	380,818	614,009	374,634
Structured financing fees	36,920	47,889	36,920	47,889
Portfolio management	108,180	79,354	108,180	79,354
	759,109	508,061	759,109	501,877

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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6. DIVIDEND INCOME:

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Trading securities	16,511	7,206	14,447	7,206
Securities classified in other comprehensive income	347,776	147,736	551	9
	364,287	154,942	14,998	7,215

7. NET TRADING GAINS:

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Equities – trading securities	10,714	6,335	13,634	6,335
Fixed income – trading securities	19,290	114,890	41,681	167,425
	30,004	121,225	55,315	173,760

8. SALARIES, STATUTORY CONTRIBUTIONS AND STAFF COSTS:

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Wages and salaries	452,791	391,127	452,251	390,626
Profit share and bonus	-	3,220	-	3,220
Statutory contributions	43,121	35,760	43,121	35,760
Pension contributions	14,233	12,762	14,233	12,762
Training and development	5,053	5,064	5,053	5,064
Meal allowance	326	1,412	326	1,412
Staff welfare	15,584	7,404	15,584	7,404
	531,108	456,749	530,568	456,248

The number of employees at year end was 129 (2017 – 107).

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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9. **EXPENSES BY NATURE:**

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Sales, marketing and public relations	67,112	60,209	58,752	60,209
Auditors' remuneration	9,377	6,450	6,840	5,200
Computer expenses	31,289	21,351	31,289	21,351
Bad debts recovered	-	(2,629)	-	(2,629)
Depreciation	22,206	22,758	22,206	22,758
Provision for credit losses	151,000	7,963	151,000	7,963
Provision for/(write back of) impairment on Investments	-	677,690	-	(125,337)
Insurance	13,072	9,903	13,072	9,903
Licensing fees	87,233	79,179	85,819	79,179
Operating lease rentals	10,255	9,825	10,255	9,825
Other operating expenses	79,631	76,422	79,257	74,095
Printing, stationery and office supplies	10,528	9,290	10,528	9,290
Legal and professional fees	137,401	106,830	83,048	92,517
Repairs and maintenance	10,578	14,079	10,578	14,079
Investment, incentive and management fee	382,843	244,285	-	-
Salaries, statutory contributions and staff costs (note 8)	531,108	456,749	530,568	456,248
Security	17,640	12,595	17,640	12,595
Traveling and motor vehicles	44,403	40,690	44,091	38,786
Assets tax	36,421	33,435	36,421	33,435
Utilities	42,318	38,989	42,318	38,989
	1,684,415	1,926,063	1,233,682	858,456

10. **TAXATION:**

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

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Current year income tax at 33 1/3%	90,330	-	90,330	-
Current year income tax at 1%	66	1,274	-	-
Under provision of prior year tax	1,645	-	-	-
Deferred tax charge (note 19)	(41,368)	51,986	(32,317)	41,712
Taxation charge	50,673	53,260	58,013	41,712

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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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.

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Profit before taxation	156,467	478,433	21,935	77,821
Tax calculated at a tax rate 33 1/3%	52,156	159,478	7,312	25,940
Adjustments for the effects of:				
Under provision of prior year	1,645	-	-	-
Expenses not deductible for tax	53,065	22,831	53,065	22,831
Income not subject to tax	(118,297)	(7,625)	(1,867)	(6,148)
Income from subsidiary taxed at 1%	(44,844)	(65,373)	-	-
Share of profit of associates shown net of tax	-	(44,824)	-	-
Net effect of other charges and allowances	106,948	(11,227)	(497)	(911)
Taxation charge	50,673	53,260	58,013	41,712

(b) Subject to agreement with Tax Administration Jamaica, the company has tax losses of approximately $596 million (2017 - $867 million) available for set-off against future taxable profits. The group's subsidiary also has tax losses of approximately $155 million (2017 - $13 million) available for set – off against future taxable profits.

11. NET (LOSS)/PROFIT:

	2018 $'000	2017 $'000
Dealt with in the financial statements of:		
The company	(36,078)	36,109
Subsidiaries	141,872	389,064
	105,794	425,173
Attributable to:		
Stockholders of the parent	160,398	425,173
Non-controlling interest	(54,604)	-
	105,794	425,173

MAYBERRY INVESTMENTS LIMITED

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12. FINANCIAL RATIOS:

(a) Earnings per stock unit:

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

	2018	2017
Net profit attributable to stockholders of the parent ($'000)	160,398	425,173
Number of ordinary stock units in issue ('000)	1,201,149	1,201,149
Basic earning per stock unit	$0.13	$0.35
Fully diluted earning per stock unit	$0.13	$0.35

(b) Net book value per stock unit:

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

	2018	2017
Stockholders equity ($'000)	13,360,602	9,357,236
Number of ordinary stock units in issue ('000)	1,201,149	1,201,149
Net book value per stock unit	$11.12	$7.79

(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.

	2018	2017
Closing bid price per stock unit as at 31 December	$9.00	$5.50
Number of ordinary stock units in issue ('000)	1,201,149	1,201,149
Market value of ordinary stock units ($'000)	10,810,341	6,606,320

MAYBERRY INVESTMENTS LIMITED

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13. CASH RESOURCES:

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Current accounts - Jamaican dollar	213,562	213,378	172,077	213,368
Current accounts - Foreign currencies	1,113,737	894,707	916,537	700,259
Jamaican dollar deposits	1,488	1,487	1,488	1,487
Cash in hand	2,049	1,399	2,049	1,399
	1,330,836	1,110,971	1,092,151	916,513

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

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Cash resources	1,330,836	1,110,971	1,092,151	916,513
Bank overdraft	(56,210)	(20,651)	(56,210)	(20,651)
	1,274,626	1,090,320	1,035,941	895,862

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 (2017: 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 (2017: 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:

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Investing activities – Retained interest in former associated companies transferred to investment securities	-	1,348,557	-	-
Operating activities – Forfeited loan balance transferred from from loans and receivables to other assets	-	13,790	-	13,790

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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14. INVESTMENT SECURITIES:

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Fair value through profit or loss				
Debt securities				
- Government of Jamaica	23,054	453,113	23,054	453,113
- Foreign governments	247,785	317,553	247,785	317,553
- Corporate	1,235,551	713,045	1,235,551	713,045
Equities	2,935,832	2,540,557	43,810	53,006
	4,442,222	4,024,268	1,550,200	1,536,717
Financial instruments at amortised cost				
Debt securities				
- Government of Jamaica	3,045,438	1,829,450	3,046,894	1,829,450
- Foreign governments	12,223	12,022	12,223	12,022
- Corporate	1,018,058	1,465,193	1,018,058	1,267,528
	4,075,719	3,306,665	4,077,175	3,109,000
Equity securities at fair value through other comprehensive income	12,098,994	7,369,751	550,521	355,453
	20,616,935	14,700,684	6,177,896	5,001,170
Less: provision for impairment	(34,793)	(34,793)	(34,793)	(34,793)
Total	20,582,142	14,665,891	6,143,103	4,966,377

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).

On 3 October 2018, the group entered into an irrevocable call option agreement to sell 1,000,000 units of its Supreme Ventures Limited shares to an agreed party at a strike price of $16 on or before October 2020.

In 2017 equity securities owned by the group were hypothecated in accordance with the terms and conditions of the agreement for a credit facility which was obtained by the company, from JMMB Merchant Bank Limited. The loan was repaid during the year (note 24).

MAYBERRY INVESTMENTS LIMITED

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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 2018 the company held J$1,747,162,000 (2017: J$3,919,483,000) of securities, representing Government of Jamaica debt securities, as collateral for repurchase and reverse repurchase agreements.

16. **PROMISSORY NOTES:**

	2018 $'000	2017 $'000
Gross loans	1,824,947	1,331,251
Specific allowance for impairment	(338,290)	(187,290)
	1,486,657	1,143,961

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.

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

	2018 $'000	2017 $'000
Balance at beginning of year	187,290	179,327
Net increase in provision	151,000	7,963
	338,290	187,290

17. **DUE FROM/TO SUBSIDIARIES:**

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

	2018 $'000	2017 $'000
Due from -		
Mayberry Jamaican Equities Limited	289,413	497,837
Widebase Ltd.	448,848	430,270
	738,261	928,107
Due to -		
Mayberry Jamaican Equities Limited	1,014,439	-

MAYBERRY INVESTMENTS LIMITED

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18. LOANS AND OTHER RECEIVABLES:

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Client margins	3,336,942	1,339,660	3,336,942	1,339,660
Withholding tax recoverable	230,473	240,928	230,473	212,735
Advance on corporation tax	-	89,401	-	85,249
Other receivables	620,460	795,367	526,112	649,906
	4,187,875	2,465,356	4,093,527	2,287,550

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:

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Net balance at beginning of year	41,291	137,088	82,162	159,202
Deferred tax credit (note 10)	41,368	(51,986)	32,317	(41,712)
Deferred tax charge on investment securities	(77,983)	(43,811)	(47,505)	(35,328)
Net balance at end of year	4,676	41,291	66,974	82,162

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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19. DEFERRED TAXATION (CONT'D):

Deferred income taxation is due to the following items:

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Deferred income tax assets:				
Interest payable	66,144	12,137	66,144	11,939
Property, plant and equipment	1,713	1,834	1,713	1,834
Unrealized foreign exchange loss	12,493	-	12,493	-
Provisions	15,030	17,655	15,030	17,655
Tax losses carried forward	200,190	288,901	198,640	288,901
	295,570	320,527	294,020	320,329
Deferred income tax liabilities:				
Property, plant and equipment	11,185	12,342	11,185	12,342
Investment securities				
- Trading	11,437	20,484	7,746	9,094
- Other comprehensive income	242,548	164,565	182,391	134,886
Unrealised foreign exchange gain	-	48,449	-	48,449
Interest receivable	25,724	33,396	25,724	33,396
	290,894	279,236`	227,046	238,167
Net balance at year end	4,676	41,291	66,974	82,162
Deferred tax asset	66,974	82,162	66,974	82,162
Deferred tax lability	(62,298)	(40,871)	-	-

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).

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NOTES TO THE FINANCIAL STATEMENTS

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20. PROPERTY, PLANT AND EQUIPMENT:

	Leasehold Improvements $'000	Computer Equipment $'000	Office Equipment $'000	Furniture Fixture & Fittings $'000	Motor Vehicles $'000	Total $'000
Cost -						
At 1 January 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
Additions	-	12,942	966	413	-	14,321
At 31 December 2018	78,931	197,569	26,590	62,296	18,984	384,370
Accumulated Depreciation -						
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
Charge for the year	1,579	16,550	991	2,897	189	22,206
At 31 December 2018	24,138	153,923	24,816	49,998	18,874	271,749
Net Book Value -						
31 December 2018	54,793	43,646	1,774	12,298	110	112,621
31 December 2017	56,372	47,254	1,799	14,782	299	120,506

21. FORMER ASSOCIATES:

In 2017, portions of the holdings in the various entities were disposed of. This disposal along with other considerations rendered the continuing holdings no longer being classified as associates, resulting in a derecognition of the investments in associates.

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22. **INVESTMENT IN SUBSIDIARIES:**

	2018 $'000	2017 $'000
Balance at beginning of the year	1,468,152	1,468,152
10% disposal through dividend in specie	(146,540)	-
10% disposal through public offering	(146,540)	-
5% disposal through share incentive plan	(73,271)	-
	1,101,801	1,468,152

The company disposed of 25% of its ownership in its subsidiary, Mayberry Jamaican Equities Limited, through a 10% dividend in specie to its shareholders and a 10% public offering of its shareholdings in MJEL. A further 5% was transferred to a related party which is to be placed in the company's Share Incentive Plan.

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.

	2018 $'000	2017 $'000
Balance at beginning of the year	742,977	706,216
Unrealised gain on revaluation	-	22,971
Transfers from loans and receivables	-	13,790
	742,977	742,977

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

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24. LOANS:

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Demand loans -				
Oppenheimer & Co. Inc.	148,561	264,720	148,561	264,720
Morgan Stanley	702,599	462,171	702,599	462,171
Raymond James	693,435	685,802	693,435	685,802
Term loans –				
Commercial paper (unsecured)	2,725,000	1,826,264	2,725,000	1,826,264
Commercial paper (secured)	750,000	750,000	750,000	750,000
JMMB Merchant Bank Limited	-	900,000	-	900,000
Corporate bond	2,183,009	-	-	-
	7,202,604	4,888,957	5,019,595	4,888,957

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. (2017 – 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 (2017 - 6.5%). The Secured Commercial Paper is backed by real estate and attracts a weighted average rate of interest at 8.25% per annum (2017 – 8.25%).

The JMMB Merchant Bank Limited (JMMBMB) revolving loan of $900,000,000 was repaid in July 2018.

On 24 September 2018 the company's subsidiary, Mayberry Jamaican Equities Limited, completed a secured corporate bond issue amounting to $2.2 billion. The above amount is shown net of transaction costs which are being amortised over the life of the bond. The bond matures in 2023 and is at a fixed interest rate of 7.25% per annum which is paid quarterly. The bond was arranged by Sagicor Investments Jamaica Limited and is registered with JCSD Trustee Services Limited.

The bond is secured by some of the group's quoted equity investments in various entities that are being traded on the Jamaica Stock Exchange. These shares are required to have a fair value coverage of 1.75 times the principal amount and a maintenance margin of 1.5 times. At the reporting date the company's quoted equities used as security were valued at $10,946,969,000 with a coverage of 4.98 times the loan balance.

MAYBERRY INVESTMENTS LIMITED

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25. ACCOUNTS PAYABLE:

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Accounts payable	819,416	470,607	500,171	220,084
Client payables	4,093,220	2,538,768	4,093,220	2,538,768
	4,912,636	3,009,375	4,593,391	2,758,852

Included in client payables are debit balances totalling $3,923 million (2017 - $1,502 million).

26. SHARE CAPITAL:

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Authorized – 2,120,000,000 Ordinary Shares				
- 380,000,000 Redeemable Cumulative Preference Shares				
- 1 special rights preference share (2017 – Nil)				
Issued and fully paid –				
1,201,149,291 ordinary shares	1,582,381	1,582,381	1,582,381	1,582,381
1 preference share	135	-	-	-
	1,582,516	1,582,381	1,582,381	1,582,381

During the year, the company divested itself of 25% of its holdings in the subsidiary, Mayberry Jamaican Equities Limited. As part of the divestment arrangement, the company received a Special Preference Share in the subsidiary which gave it especial rights as set out in section 10A of the amended Articles of Association of that subsidiary.

MAYBERRY INVESTMENTS LIMITED

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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:**

	2018 $'000	2017 $'000
Capital redemption reserve fund	51,343	51,343
Stock option reserve	26,596	26,596
	77,939	77,939

29. **RETAINED EARNINGS:**

	2018 $'000	2017 $'000
Reflected in the financial statements of:		
The Company	560,365	54,501
Subsidiaries	5,147,765	4,470,059
	5,708,130	4,524,560

30. **INTANGIBLE ASSET:**

This represent software development which was not yet completed at the reporting date and as such no amortisation charge was incurred. The estimated balance committed to be expended is $29,953,000.

MAYBERRY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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31. RELATED PARTY TRANSACTIONS AND BALANCES:

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

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

	The Group		The Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Loans and other receivables:				
Subsidiaries (note 17)	-	-	738,261	928,107
Companies controlled by directors and related by virtue of common directorship	417,302	615,857	417,302	603,588
Directors and key management personnel	386,696	369,808	386,696	369,808
Due from related company:				
Mayberry Asset Managers Limited	-	12,269	-	12,269
Due to related company:				
Mayberry Jamaican Equities Limited (note 17)	-	-	1,014,439	-
Payables:				
Companies controlled by directors and related by virtue of common directorships	473,805	613,104	159,816	368,819
Directors and key management personnel	10,940	37,029	10,940	37,029
Key Management Compensation:				
Key management include directors (executive and non-executive) and Senior Vice Presidents				
Directors emoluments:-				
Fees	23,735	25,510	23,735	25,510
Executive directors remuneration	119,183	91,088	118,643	90,587
Other key management personnel	63,315	74,410	63,315	74,410
Other operating expenses:				
Companies controlled by directors and related by virtue of common directorships	391,972	253,372	9,129	9,087

MAYBERRY INVESTMENTS LIMITED

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

On 15 February 2017, the company's subsidiary, Mayberry Jamaican Equities Limited, 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 $69,471,000 (2017 – $47,246,000) of which $616,000 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 accrued and charged with effect from 1 January 2016, on 31 December of each year. The amount charged for the year was $313,372,000 (2017 - $197,039,000) and is included in other payables.

During the year, the company transferred 5% (60,057,464) of the issued stock units in its subsidiary, Mayberry Jamaican Equities Limited to Mayberry Asset Management Limited for the establishment of an Executive and Staff Incentive Plan (note 1).

32. **DIVIDENDS DECLARED:**

	The Group	
	2018 $'000	2017 $'000
Final dividend to ordinary shareholders – 23 cents per share (2017 -23 cents per share)	-	276,264
Final dividend in specie to ordinary shareholders	146,540	-
	146,540	276,264

On 28 February 2018 a dividend in specie of 10% of the net book value of its subsidiary, Mayberry Jamaican Equities Limited (MJEL) was paid by the company.

The dividend in specie was effected by a transfer of the relevant MJEL shares to the company's shareholders.

MAYBERRY INVESTMENTS LIMITED

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33. **NON-CONTROLLING INTEREST:**

The table below shows the summarised financial information for Mayberry Jamaican Equities Limited that has non-controlling interest:

	2018 $'000	2017 $'000
Statement of financial position		
Total assets	15,047,648	-
Total liabilities	(2,567,652)	-
Net assets	12,479,996	-
Attributable to non-controlling interest	367,007	-
Statement of comprehensive income		
Revenue	638,314	-
Profit for the period	103,514	-
Other comprehensive income	3,507,666	-
Total comprehensive income	3,611,180	-
Profit/(loss) allocated to non-controlling interest	(54,604)	-
Other comprehensive income allocated to non-controlling interest	301,801	-
Attributable to non-controlling interest	247,197	-
Accumulated non-controlling interest	614,204	-

34. **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.

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

Risk Management Framework (cont'd)

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.

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.

MAYBERRY INVESTMENTS LIMITED

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

Risk Management Framework (cont'd)

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

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:

	2018	2017
At 31 December	1.46:1	1.30:1
Average for the period	1.30:1	1.21:1
Maximum for the period	1.46:1	1.70:1
Minimum for the period	1.29:1	1.08:1

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

MAYBERRY INVESTMENTS LIMITED

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31 DECEMBER 2018

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

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

	Group 2018					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
Financial Liabilities						
Bank overdraft	56,210	-	-	-	-	56,210
Securities sold under repurchase agreements	1,719,155	1,873,664	368,579	-	-	3,961,398
Interest payable	3,203	198,453	-	-	-	201,656
Loans	-	-	3,640,000	4,569,596	-	8,209,596
Other liabilities	4,562,387	313,988	-	-	-	4,876,375
Total liabilities (contractual maturity dates)	6,340,955	2,386,105	4,008,579	4,569,596	-	17,305,235

	Group 2017					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'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

MAYBERRY INVESTMENTS LIMITED

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

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

	Company 2018					
	Within 3 Months $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
Financial Liabilities						
Bank overdraft	56,210	-	-	-	-	56,210
Securities sold under repurchase agreements	1,719,155	1,873,664	368,579	-	-	3,961,398
Interest payable	-	198,453	-	-	-	198,453
Loans	-	-	3,475,000	1,544,596	-	5,019,596
Other liabilities	4,560,387	-	-	-	-	4,560,387
Total liabilities (contractual maturity dates)	6,335,752	2,072,117	3,843,579	1,544,596	-	13,796,044

	Company 2017					
	Within 3 Months $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'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

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

(b) **Market risk**

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security, its issuer or factors affecting all securities traded in the market. The group manages this risk through extensive research and monitors the price movement of securities on the local and international markets. The group's portfolio is balanced with respect to the duration of the securities included in order to minimize exposure to volatility, based on projected market conditions.

Management of market risks

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

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

Exposure to market risks

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

MAYBERRY INVESTMENTS LIMITED

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34. **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 2018 and during the period is as follows:

	2018			
	31 December $'000	Average $'000	Maximum $'000	Minimum $'000
Foreign Currency Risk	6,117	6,042	8,515	4,861
Interest Rate Risk				
Domestic securities - amortized cost	91,431	136,228	225,822	46,635
Global securities - amortized cost	122,219	175,726	205,862	68,713
Global securities - trading	32,008	44,606	69,577	19,427
Other Price Risk (Equities)				
Domestic securities - other comprehensive income	176,321	213,172	267,041	134,307
Domestic securities - trading	7,844	13,520	17,979	2,718

	2017			
	31 December $'000	Average $'000	Maximum $'000	Minimum $'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

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.

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

(c) **Interest rate risk**

	Group						
	Within 1 Months $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Assets							
Cash resources	1,330,836	-	-	-	-	-	1,330,836
Investment securities at amortised cost	1,231,790	152,252	806,620	989,110	809,806	51,348	4,040,926
Investment securities – FOCI (1)	-	-	-	-	-	12,098,994	12,098,994
Investment securities – FVPL (2)	2,090	123	134,424	136,404	731,862	3,437,319	4,442,222
Reverse repurchase agreements	887,263	859,899	-	-	-	-	1,747,162
Promissory notes	701,763	426,468	-	-	-	358,426	1,486,657
Interest receivable	-	77,179	-	-	-	-	77,179
Loans and other receivables	4,149,134	-	-	-	-	120,014	4,269,148
Total assets	8,302,876	1,515,921	941,044	1,125,514	1,541,668	16,066,101	29,493,124
Liabilities							
Bank overdraft	56,210	-	-	-	-	-	56,210
Securities sold under repurchase agreements	1,719,155	1,873,664	368,579	-	-	-	3,961,398
Interest payable	-	201,656	-	-	-	-	201,656
Loans	-	-	3,640,000	4,569,596	-	-	8,209,596
Other	-	-	-	-	-	4,876,375	4,876,375
Total liabilities	1,775,365	2,075,320	4,008,576	4,569,596	-	4,876,375	17,305,235
Total interest rate sensitivity gap	6,527,511	(559,399)	(3,069,535)	(3,444,082)	1,541,668	11,189,726	12,187,889
Cumulative interest rate sensitivity gap	6,527,511	5,968,112	2,900,577	(543,505)	998,163	12,187,889	
As at 31 December 2017							
Total assets	6,926,864	2,248,258	1,041,350	723,238	4,559,766	8,867,249	24,366,725
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	

1. Fair value through other comprehensive income - FOCI

2. Fair value through Profit or Loss - FVPL

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NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

34. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Interest rate risk (cont'd)

	Company						
	Within 1 Months $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Assets							
Cash resources	1,092,151	-	-	-	-	-	1,092,151
Investment securities at amortised cost	1,231,790	152,252	806,620	989,110	809,806	52,844	4,042,422
Investment securities – FOCI (1)	-	-	-	-	-	550,521	550,521
Investment securities – FVPL (2)	2,090	123	134,424	136,404	731,862	545,297	1,550,200
Reverse repurchase agreements	887,263	859,899	-	-	-	-	1,747,162
Promissory notes	701,763	426,468	-	-	-	358,426	1,486,657
Interest receivable	-	77,179	-	-	-	-	77,179
Due from subsidiaries	-	-	249,413	-	-	488,848	738,261
Loans and other receivables	3,973,513	-	-	-	-	120,014	4,093,527
Total assets	7,888,570	1,515,921	941,044	1,374,927	1,541,668	2,115,950	15,378,080
Liabilities							
Bank overdraft	56,210	-	-	-	-	-	56,210
Securities sold under repurchase agreements	1,719,155	1,873,664	368,579	-	-	-	3,961,398
Interest payable	-	198,453	-	-	-	-	198,453
Loans	-	-	3,475,000	1,544,596	-	-	5,019,595
Other	-	-	-	-	-	4,560,387	4,560,387
Total liabilities	1,775,365	2,072,117	3,843,579	1,544,596	-	4,560,387	13,796,044
Total interest rate sensitivity gap	6,113,205	(556,196)	(2,902,535)	(169,669)	1,541,668	(2,444,437)	1,582,036
Cumulative interest rate sensitivity gap	6,113,205	5,557,009	2,654,474	2,484,805	4,026,473	1,582,036	
As at 31 December 2017							
Total assets	6,554,600	2,245,309	1,041,350	536,291	2,073,669	4,224,769	16,675,988
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 rate sensitivity gap	3,125,180	3,012,385	(87,267)	(963,669)	492,120	1,958,037	

1. Fair value through other comprehensive income - FOCI

2. Fair value through Profit or Loss - FVPL

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31 DECEMBER 2018

34. **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.

	JA$	US$
	%	%
Assets		
Investment securities	4.56	5.38
Reverse repurchase agreements	2.58	1.82
Promissory notes	8.89	8.49
Liabilities		
Securities sold under repurchase agreements	2.34	1.27
Loans	7.25	3.27
Commercial papers	7.38	-

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:

	2018					
	Daily Return	100 bp parallel increase	100 bp parallel decrease	Daily return (Globals)	50bp parallel increase	50 bp parallel decrease
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
Statement of income						
Domestic – Amortised	665	(25,892)	26,736	-	-	-
Globals - Trading	-	-	-	567	(31,526)	33,494

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NOTES TO THE FINANCIAL STATEMENTS

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

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

	2017					
	Daily Return	100 bp parallel increase	100 bp parallel decrease	Daily return (Globals)	50bp parallel increase	50 bp parallel decrease
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
At 31 December 2017						
Statement of income						
Domestic – Amortised	447	(13,953)	11,182	-	-	-
Globals - Trading	-	-	-	317	(412)	1,085

(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:

	2018			
	GBP	US$	CAN$	EURO
	J$'000	$'000	J$'000	J$'000
Assets				
Cash resources	571,118	329,462	10,959	-
Investment securities	-	3,751,840	-	-
Promissory notes	-	666,435	-	-
Interest receivable	-	57,992	-	-
Loans and other receivables	5	16,528	671	43,917
Total	571,123	4,822,257	11,630	43,917
Liabilities				
Securities sold under repurchase agreements	-	2,052,845	-	-
Loans and other payables	604,276	2,489,208	2,700	-
Interest payable	-	182,615	-	-
Total	604,276	4,724,668	2,700	-
Net position	(33,153)	97,589	8,930	43,917
As at 31 December 2017				
Total Assets	7,149	7,275,882	12,366	45,840
Total Liabilities	30,785	7,135,883	14,395	-
Net Position	(23,636)	139,999	(2,029)	45,840

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34. **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:

	Change in Currency Rate 2018 %	Effect on Profit before Taxation 2018 $'000	Change in Currency Rate 2017 %	Effect on profit before Taxation 2017 $'000
Currency:				
GBP	-4	(1,326)	-4	(945)
GBP	+2	663	+2	473
US$	-4	3,904	-4	5,600
US$	+2	(1,952)	+2	(2,800)
CAN$	-4	357	-4	(81)
CAN$	+2	(179)	+2	41
EURO	-4	1,768	-4	1,834
EURO	+2	(884)	+2	(917)

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 (2017 – 4% weakening and 2% 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.

34. **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.

34. FINANCIAL RISK MANAGEMENT(CONT'D):

(e) Credit risk (cont'd)

	Promissory Notes		Loans and Other Receivables	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Carrying amount	1,486,657	1,143,961	4,187,875	2,465,356
Past due but not impaired				
Grade 1 - 3 - Low - fair risk	-	-	4,010,160	2,279,432
Grade 4 - Medium risk	48,195	182,368	177,715	185,924
Grade 5 - Medium high risk	353,385	167,065	-	-
Carrying amount	401,580	349,433	4,187,875	2,465,356
Past due comprises:				
30 - 60 days	44,460	103,767	932,206	1,603,428
60 - 90 days	-	-	-	-
90 - 180 days	4,142	12,186	-	-
180 days +	352,978	233,080	3,255,669	861,928
Carrying amount	401,580	349,433	4,187,875	2,465,356
Neither past due nor impaired				
Grade 1 - 3 - Low - fair risk	-	-	-	-
Grade 4 - Medium - high risk	1,085,077	794,928	-	-
Carrying amount	1,085,077	794,928	-	-
Includes accounts with renegotiated terms	-	-	-	-
Total carrying amount	1,486,657	1,143,961	4,187,875	2,465,356

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.

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34. **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	
	2018 $'000	2017 $'000
Against past due but not impaired		
Property	294,428	232,216
Equities	15,369	16,470
Other	13,470	7,775
Against neither past due nor impaired		
Property	45,000	45,000
Debt securities	-	-
Equities	-	1,189,825
Other	11,790	78,789
Total	380,057	1,570,075

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	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Carrying amount	1,486,657	1,143,961	4,187,875	2,465,356
Concentration by sector				
Corporate	1,259,636	945,484	-	-
Retail	227,021	198,477	4,187,875	2,465,356
Total	1,486,657	1,143,961	4,187,875	2,465,356

(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.

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

(f) **Settlement risk (cont'd)**

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 15.41% (2017: 14.93%).

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 15.41% and 14.70%, as of December 31, 2018, 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.

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

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

	2018 $'000	2017 $'000
Tier 1 Capital		
Ordinary share capital	1,582,381	1,582,381
Other reserve	51,343	51,343
Retained earnings	560,365	54,501
Total Tier 1 Capital	2,194,089	1,688,225
Tier 2 Capital - other reserve	26,596	26,596
Total Regulatory Capital	2,220,685	1,714,821
Risk Weighted Assets	14,411,796	11,481,328
Capital Ratio to Risk Weighted Assets Ratio	15.41%	14.93%
Regulatory requirement	10.0%	10.0%
Capital	2,558,927	1,958,037
Total Assets	17,402,413	16,647,905
Capital to Total Assets	14.70%	11.75%
Regulatory Requirement	6.0%	6.0%

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.

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

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

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.

35. **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 the fair value of a financial instrument. However, market prices are not available for some of the financial assets held 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.

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

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

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

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

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

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

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

MAYBERRY INVESTMENTS LIMITED

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35. 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:

The Group

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2018				
Financial assets -				
Debt securities				
- Government of Jamaica	23,054	-	-	23,054
- Foreign government	247,785	-	-	247,785
- Corporate bonds	1,235,551	-	-	1,235,551
Quoted equity securities	14,546,668	-	-	14,546,668
Unquoted equity securities	-	-	488,158	488,158
	16,053,058	-	488,158	16,541,216

The Group

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2017				
Financial assets -				
Debt securities				
- Government of Jamaica	453,113	-	-	453,113
- Foreign government	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

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

The Company

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2018				
Financial assets -				
Debt securities				
- Government of Jamaica	23,053	-	-	23,053
- Foreign government	247,785	-	-	247,785
- Corporate bonds	1,235,551	-	-	1,235,551
Quoted equity securities	43,811	-	-	43,811
	1,550,200	-	-	1,550,200

The Company

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

As at 31 December 2018, 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	4,075,719	7,104,051	4,077,175	5,555,510

36. **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 $14,232,000 (2017: $12,762,000).

37. **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 $19,691,931,000 (2017: $18,571,808,000).

38. **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 2018, 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 2018, 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.

39. **OPERATING LEASE PAYMENTS:**

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

	2018 $'000	2017 $'000
2018	28,891	25,371
2019	-	16,909
	28,891	42,280