1985 – 2019

MAYBERRY
INVESTMENTS LIMITED

34
CELEBRATING 34 YEARS

2018 | ANNUAL REPORT

SERVING OUR CLIENTS, TRANSFORMING LIVES

CONTENTS

OUR VISION:

TRANSFORMING LIVES
POSITIVELY THROUGH
LASTING RELATIONSHIPS.

OUR MISSION:

WE CREATE OPPORTUNITIES
FOR CUSTOMERS TO REALIZE THEIR
FINANCIAL OBJECTIVES, LOCALLY AND
INTERNATIONALLY, THROUGH OUR TEAM OF
HIGHLY TRAINED AND DEDICATED
PROFESSIONALS ADDING VALUE FOR ALL.

OUR CORE VALUES:

INTEGRITY

ACCOUNTABILITY

CREATING VALUE THROUGH KNOWLEDGE

ATTENTION TO DETAIL-GETTING IT RIGHT THE FIRST TIME

WE CARE ABOUT OUR FAMILY OF CUSTOMERS, EMPLOYEES, SHAREHOLDERS AND THE COMMUNITY AT LARGE.

What our Clients say about us

Mrs. Daphne Wilson, O.D.,
Retired Attorney-at-Law

"I have been with Mayberry from the early days (over 30 years), when the company started in downtown Kingston. Over the years I have been very satisfied with the services offered. The Advisors are helpful and polite and I am always made to feel welcome whenever I visit the office. I have had no hesitation recommending this company to anyone".

AG Smith, Retiree,
Former General Manager
Churches Co-operative Credit Union

"I was privileged to engage the services of this ever improving and growing entity, at the time of commencement of business in 1985. Mayberry's stockbroking services and investment vehicles are second to none; the service has always been personal and loaded with advice. There was never a rush. I am happy I did business and continue to do business with Mayberry. Thanks for making me a member of the Mayberry Family and assisting in securing the future".

Garth Channer,
Chief Financial Officer,
Caribbean Broilers, Ltd.

"Over the years, Mayberry Investments Limited has been my investment advisor of choice. During this period, I have found them to be very knowledgeable and always seeking out new opportunities for investors, whilst treating their clients as part of the family. My Executive Advisor is simply the best! She keeps me informed about what is happening in the market and is always recommending changes to my portfolio to maximize my returns. My advice to all investors – "If you want to be financially merry, check Mayberry".

Mack & Bibi Singh

"We consider it both pride and privilege to be a member of the Mayberry family. Our experiences, with Staff, Front Desk, our Alpharians and especially our Executive Advisor, have been very pleasant. Our Advisor's professional expertise and keen insights have provided us with wise investment guidance. She is truly a worthy ambassador of this reputable Company. We shall continue to rely on Mayberry in the foreseeable future".

Ian Kelly, Chief Financial Officer, Derrimon Trading Co. Ltd.

"Our relationship with Mayberry Investments Limited has grown considerably and has been mutually beneficial and most rewarding. Mayberry continues to provide a bespoke service with sound and beneficial financial advice, all of which have been instrumental in aiding the transition and growth of our company over the past six (6) years. We can attest that one of Mayberry's strengths is the quality and capability of its Corporate Finance and Advisory team. This team guided the execution of our successful IPO in 2013, several corporate acquisitions and various corporate financing restructures. We can celebrate a great partnership with Mayberry as it has been a rewarding journey to date".

TEN YEAR PERFORMANCE HIGHLIGHTS

AS AT DECEMBER 2018	2009	2010	2011	2012
PROFIT AND LOSS	**$'000**	**$'000**	**$'000**	**$'000**
Operating Revenue	723,816	675,562	978,397	1,132,263
Interest Income	2,093,929	1,536,409	1,332,550	1,285,601
Net Interest Income	258,216	316,670	474,171	525,817
Net Other Income	465,600	358,892	504,226	606,446
Operating Expenses	542,508	556,683	694,362	758,106
Profit before Taxation	211,235	176,257	347,242	474,103
Net Profit	245,473	174,530	282,122	439,354
Net Profit Attributable to Shareholders	245,473	174,530	282,122	439,354
Total Comprehensive Income Attributable to Shareholders	553,978	255,601	728,193	220,398

BALANCE SHEET

Total Assets	25,478,756	20,469,484	24,204,564	20,777,983
Total Liabilities	22,567,703	17,398,922	20,501,901	17,107,163
Stockholders' Equity	2,911,053	3,070,562	3,702,663	3,670,820
Number of issued shares (units)	1,201,149	1,201,149	1,201,149	1,201,149

KEY FINANCIAL RATIOS

Earnings per stock unit	$0.20	$0.15	$0.23	$0.37
Book Value Per share	2.42	2.56	3.08	3.06
Return on Equity	8%	6%	8%	12%
Return on Average Assets	1%	1%	1%	2%
Asset Growth(%)	6%	(20%)	18%	(14%)
Net Profit Growth (%)	(48%)	(29%)	62%	56%

2013	2014	2015	2016	2017	2018
$'000	$'000	$'000	$'000	$'000	$'000
894,199	1,528,692	998,618	1,207,296	2,200,004	1,840,882
1,021,716	1,051,676	890,263	733,835	722,007	729,047
413,643	240,452	345,866	133,961	151,318	175,114
480,556	1,288,240	652,752	1,073,335	2,048,686	1,665,768
681,330	970,360	981,602	1,079,083	1,926,063	1,684,415
(21,992)	679,639	58,104	194,011	478,433	156,467
102,343	726,080	145,460	172,115	425,173	105,794
102,343	726,080	145,460	172,115	425,173	160,398
99,399	557,918	2,301,717	1,262,439.00	2,389,828	3,461,289

22,078,825	21,983,602	20,735,714	21,838,705	24,366,725	30,371,608
18,308,606	17,799,603	14,490,228	14,595,033	15,009,489	16,396,802
3,770,219	4,183,999	6,245,486	7,243,672	9,357,236	10,854,841
1,201,149	1,201,149	1,201,149	1,201,149	1,201,149	1,201,149

$0.09	$0.60	$0.12	$0.14	$0.35	$0.13
3.14	3.48	5.20	6.03	7.79	9.04
3%	17%	2%	2%	5%	1%
0.46%	3%	1%	1%	2%	0.3%
6%	(0.4%)	(6%)	5%	12%	25%
(77%)	609%	(80%)	18%	147%	(62%)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 33rd Annual General Meeting of MAYBERRY INVESTMENTS LIMITED will be held at the Knutsford Court Hotel, 11 Ruthven Road, Kingston 10 on Wednesday, June 19, 2019 at 3:00 pm for the following purposes:

1.To receive the audited accounts for the year ended December 31, 2018.

Resolution 1

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

"That the audited accounts of the Company for the year ended December 31, 2018, together with the reports of the directors and auditors thereon, be and are hereby adopted."

2.To ratify the declaration of dividend in specie

Resolution 2

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

"That the Directors having been duly authorised by a resolution of the stockholders passed at the 32nd annual general meeting, the dividend *in specie* of shares in Mayberry Jamaican Equities Limited declared and distributed by the Directors, be and is hereby ratified, confirmed and approved."

3.To elect Directors

Resolutions 3-5

The Directors retiring by rotation pursuant to Article 91 of the Articles of Association of the Company are Messrs. Konrad Berry, Gladstone Lewars and Erwin Angus and who being eligible, offer themselves for re-election.

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

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

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

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

4. To fix the remuneration of the Directors

Resolution 6

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

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

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

Resolution 7

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

"That the Directors be and are hereby authorised to appoint the Auditors and agree their remuneration in respect of the period ending with the conclusion of the next Annual General Meeting."

BY ORDER OF THE BOARD

Konrad M. Berry
Secretary

NOTE FOR THOSE UNABLE TO ATTEND THE AGM:

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

A proxy need not be a member of the Company.

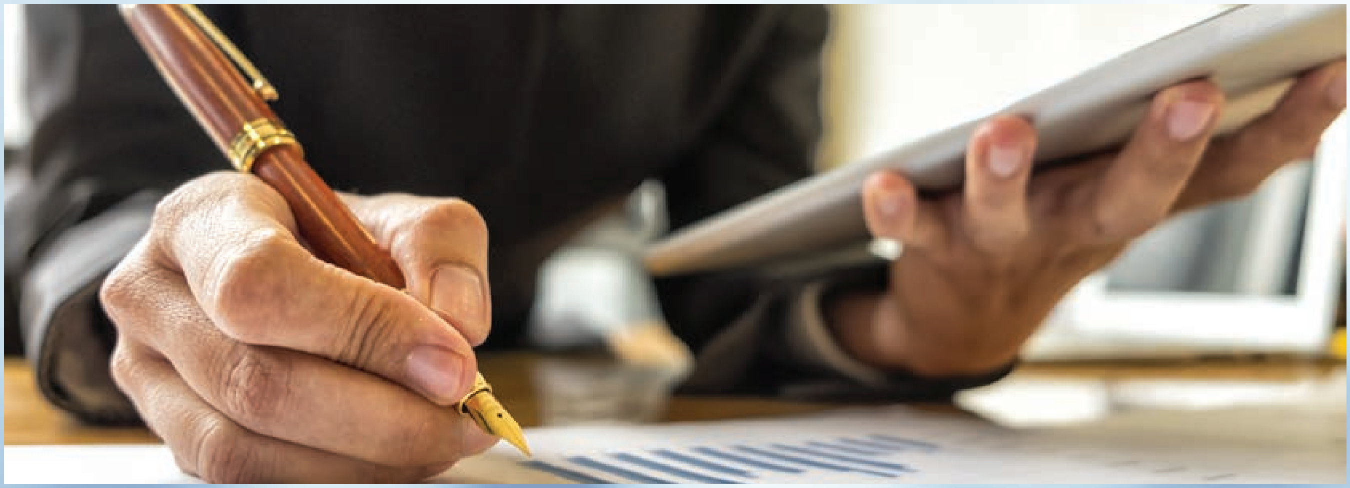
A suitable Form of Proxy is enclosed for your convenience.

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

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

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

DIRECTORS' REPORT



DIRECTORS' REPORT

The Directors submit herewith the Consolidated Profit or Loss of Mayberry Investments Limited and for the year ended December 31, 2018, together with the Consolidated Statement of Financial Position as at the same date.
The Consolidated Statement of Profit or Loss and Comprehensive Income shows the following:

Financial Results	$'000
Operating revenue	1,840,882
Profit before taxation	156,467
Taxation charge	50,673
Net profit	105,794
Net profit attributable to Stockholders	160,398
Net Unrealized gains on financial instruments (FVOCI)	3,602,692
Total Comprehensive Income for the Year attributable to Stockholders	3,461,289

DIRECTORS

The Directors as at December 31, 2018 are Messrs. Christopher Berry, Konrad Berry, Gary Peart, Erwin Angus, Benito Palomino, Gladstone Lewars and Dr. David McBean and Mrs. Tania Waldron-Gooden.

The Directors to retire by rotation in accordance with Article 91 of the Articles of Association are Messrs. Konrad Berry, Gladstone Lewars and Erwin Angus but being eligible, offer themselves for re-election.

EXTERNAL AUDITORS

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

The Directors wish to thank the Management and Staff for their commitment and hard work during the year.

On behalf of the Board of Directors

Christopher Berry
Chairman

BOARD OF DIRECTORS

Christopher Berry
EXECUTIVE CHAIRMAN

Gary Peart
CEO,
EXECUTIVE DIRECTOR

Konrad Berry
VICE-CHAIRMAN,
COMPANY SECRETARY

Erwin Angus
MANAGING DIRECTOR

Dr. David McBean
NON-EXECUTIVE DIRECTOR

Tania Waldron-Gooden
EXECUTIVE DIRECTOR

Gladstone Lewars
NON-EXECUTIVE DIRECTOR

Benito Palomino
NON-EXECUTIVE DIRECTOR

DIRECTORS' PROFILE

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

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

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

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

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

Mr. Konrad Berry is one of the founding Directors of Mayberry Investments Limited. He has served as the Company Secretary since 1985 and as Finance Director from 1992 - 1995. In 1995, he assumed his present position of Executive Vice Chairman. He currently serves on the Board of Directors of Caribbean Producers (Jamaica) Limited.
Mr. Berry is Chairman of the Project Steering Committee and a member of the Managing Committee, Assets and Liabilities Committee and Audit Committee.

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

Mr. Erwin Angus joined Mayberry in 1986 and has since held the post of Managing Director. He was awarded the Commander of the Order of Distinction (CD) in October 1976 for contribution to Jamaica's bauxite industry and became a Justice of the Peace (J.P.) in 1977.
Mr. Angus is a member of the company's Managing Committee, Assets and Liabilities Committee and Audit Committee.

Tania Waldron-Gooden, B.Sc., M.B.A., Executive Director, Director - Investment Banking

Mrs. Waldron-Gooden is the Director of Investment Banking at Mayberry Investments Limited and was appointed to the Board of Directors on October 30, 2017.

She holds a Bachelor of Science degree in Geology from the University of the West Indies and a Master of Business Administration degree from the University of Sunderland, U.K.

Mrs. Waldron-Gooden serves on the Board of Derrimon Trading Company Ltd., Main Event Entertainment Group Ltd., Express Catering Ltd. and Caribbean Assurance Brokers Ltd.

She is also a member of the Private Sector Organization of Jamaica Standing Committee on Economic Policy & Tax Reform, a mentor to Caribbean Flavours and Fragrances Limited and an advisor to the Board of Paramount Trading Co. Ltd.

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

Dr. David McBean was appointed to the Board of Directors of Mayberry Investments Limited in August 2005. He is currently the Executive Director of the Mona School of Business & Management at the University of the West Indies.

Dr. McBean obtained a B.Sc. in Electrical Engineering from the University of the West Indies and was the Jamaica Rhodes Scholar in 1988. He holds a D.Phil. in Engineering Science (Micro Electronics) from the University of Oxford, U.K.

Dr. McBean has over twenty years' experience in the Information Technology, Media & Telecommunications sector where he has held various senior management positions.

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

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

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

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

Mr. Benito F. Palomino is an Accountant, Licensed Mortgage Agent and Financial Advisor (Ontario) and an Attorney-at-law who practices in Ontario, Canada and Jamaica. He was appointed to the Board of Directors of Mayberry Investments Limited in December 2004. Mr. Palomino has over twenty-eight years of experience in the legal fraternity with special focus on banking, investment securities, financial consultancy, real estate, estate planning and commercial law.

Mr. Palomino is the Chairman of the company's Audit Committee and also serves as a member of the Corporate Governance Committee.

CHAIRMAN's STATEMENT

The year 2018

2018 marks the 33rd year in the life of our company. During 2018, we completed the Initial Public Offer (IPO) of our subsidiary, Mayberry Jamaican Equities Limited (MJE). This IPO generated $623 million of Retained earnings for Mayberry Investments Limited (MIL) from a sale of 10% of the company to the public. This was part of a planned restructuring to improve shareholder value. As a consequence of this restructuring, we saw the shares of MIL rising by 93%, from $4.66 in June 2017 to $9.00 by December 2018. The IPO highlighted the considerable value of our subsidiary, MJE, which was not taken into consideration by the market, prior to this.

In 2018, the stock market increased in value by approximately 30%. During this period, our Net Book Value increased by 16%, after the granting of a dividend in specie to our shareholders, valued at $147 million.

Mayberry & Its Business

Mayberry's revenue is concentrated in three (3) segments:

1. Revenue generated by own capital *i.e. Treasury operations and long-term investments;*
2. Asset Management; and
3. Investment Banking.

All three (3) segments had improvements on a year-over-year basis.

Trading Business

Our trading revenues increased to $446 million, an increase of approximately 24%.

Investment Banking

This year, we raised over $21 billion in Debt and Equity for Jamaican businesses. Revenues from Investment Banking grew by 83% year-over-year. Our customized financial solutions have been gaining traction with clients seeking capital and, also, investments which give an above average return. We provide tailor-made solutions for your financial needs.

Asset Management

Income from our Asset Management business increased by 36% during 2018. Our main categories that we operate in also produced industry leading returns as follows:

Pensions	25.0%
Managed Equities	35.2%
Mayberry Jamaican Equities	50.0%
Investment Grade Bonds	6.5%

Treasury

Shareholder value increased by approximately $1.5 billion this year after paying a dividend in specie valued at $147 million. Closing Book value per share was $9.04 as at December 31, 2018 compared to $7.79 as at December 31st, 2017. Since our IPO in 2005, Mayberry has paid out $1.97 billion in dividends to its shareholders.

Looking Forward to 2019

For 2019, we will continue to grow and enhance our network of Investment Advisors, to ensure that they are prepared to provide our clients with the expert advice that they have come to expect from us. Each Mayberry client has an assigned Investment Advisor, a level of customer service which we were the first to adopt in the Jamaican financial industry.

To be able to provide you with more efficient and improved service, we will continue the expansion of our digital platform.

This, we recognize, has had a tremendous impact on our clients and how we are able to transact business.

Our focus will be to enhance our service delivery by simplifying the process for clients to manage their money, while having access to their own personal Investment Advisor who will help to guide their financial decisions.

Investment Banking continues to be our fastest growing business line. We have a strong cadre of promising bankers and an even stronger demand for these services. We will continue to invest and grow this area of the business.

For the last 16 quarters, Jamaica has been stuck below an annualized 2% rate of growth. Official projections are for this to continue at just below 2%. We are more optimistic and expect Jamaica to punch through the 2% level this year. With stronger growth, we will achieve expansion in corporate profits and further growth in the Jamaica Stock Exchange.

We wish to thank all our clients, shareholders and well-wishers for their support during our 33 years of operation in Jamaica.

Christopher Berry
Chairman

CEO's STATEMENT

Dear Valued Shareholders,

The year 2018 was an important one for us. Not only did our Group return good financial results but we were also successful in listing our subsidiary, Mayberry Jamaican Equities Limited (MJE) on the Main Market of the Jamaica Stock Exchange (JSE). The initial public offering (IPO) and subsequent listing of MJE was truly a manifestation of your confidence in us, and the tireless work of our Board of Directors, management and staff. This move helped shape the year's activities for us and will have a profound impact on how we do business going forward. We continue to manoeuvre our way through a challenging international financial market, our own local economic developments and the beginning of the digital revolution for businesses everywhere. It was truly remarkable how much we were able to accomplish for you, our valued shareholders, our clients and our communities. We can all be pleased with our track record and a promising future ahead for our company.

> Our stock price for the year showed phenomenal improvement, growing by 52% from the beginning to the end of 2018. The stock traded as low as $4 during the year but peaked at $11.50, with a total of 22,327,189 units traded on the JSE's Main Market. It closed the year at $9.00. Our stock price is a measure of the progress that we have made over the years, continually seeking out and making strong investments even under the most unfavourable economic conditions.

> "The year 2018 was an important one for us. Not only did our Group return good financial results but we were also successful in listing our subsidiary, Mayberry Jamaican Equities Limited on the Main Market of the Jamaica Stock Exchange ."

Financial performance

Our Group recorded comprehensive income of $3.5 billion, which represents an increase of 45% over the prior year. Net book value per share moved to $9.04, a growth of 16%. Total revenues for the Group was $1.84 billion, while Net Profit was $160.4 million, resulting in Earnings per share of $0.13. Total assets for the Group grew by 25% to $30.4 billion over the prior year's total of $24.4 billion, driven mainly by an increase in the value of quoted equities and increases in Loans and Other Receivables. Our Funds under Management also went up by $1.1 billion to close the year at $19.7 billion and this resulted from growth in some of our managed products. Our capital base remained in good standing and closed the year at $10.9 billion. A strong capital position will enable us to take advantage of new opportunities for growth and we strive to maintain the ability to do so.

For 2018, we rewarded you for your confidence in us, with a dividend in specie of shares in MJE (formerly Mayberry West Indies Limited). This amounted to 10% of MJE's Net Book Value, approximately J$688 million, which was distributed pro rata to all shareholders. This is the highest dividend paid to date by our company. The value of the shares at the time it was distributed was approximately $5.73 while the IPO price was $7.56, showing a growth in value of 32% for the shares by the time they began trading. Our stock price for the year showed phenomenal improvement, growing by 52% from the beginning to the end of 2018. The stock traded as low as $4 during the year but peaked at $11.50, with a total of 22,327,189 units traded on the JSE's Main Market. It closed the year at $9.00. Our stock price is a measure of the progress that we have made over the years, continually seeking out and making strong investments even under the most unfavourable economic conditions.

Revenue segments

Our Investment Banking team showed a strong performance for yet another year. In this area, we recorded growth rates of 76.2% in Debt selling fees, 143.7% in Equity selling fees and 48.6% in Corporate Advisory fees. This as we continue to provide our clients with innovative solutions to help finance their growth and development. Dividend income increased for the year by $209 million, an increase of 135.1% over the prior year. This represents dividends received from equity holdings, mainly in Supreme Ventures Limited, Caribbean Producers (Jamaica) Limited, Lasco Distributors Limited and Express Catering Limited.

Digitisation

Our business will continue to face intense competition as well as compressed margins. Our strategy to differentiate ourselves from the major players is to continue to focus on delivering superior customer service to our clients by providing them with the best ideas and service through cutting edge technology. Also, we aim to improve our operational efficiencies through digitisation. The journey to becoming a fully digitised operation began 3 years ago and since then we have managed to chart a clear path and

have taken tangible steps towards reaching our goal. In considering what we can possibly gain from an investment in becoming fully digitised, we point to you our valued shareholders and our clients, who stand to benefit from a greater client experience in having access to faster, better and simpler ways of doing business with us.

In today's global marketplace, one key to success is providing the client base with convenient and mobile channels of doing business. We are proud to report the launch of the Mayberry App, which offers our clients real-time viewing access to their portfolios and the ability to initiate trading of stocks. This initiative, which is one of the pillars of our digitisation strategy and one that we will continue to develop and improve day to day, is significant for us, as we are one of a few investment banks in Jamaica to offer the convenience of an app to our clients. We were the first company locally to offer the ability to trade shares via this platform. This shows our commitment to a world class level of service delivery to our clients and our focus on ensuring that they are afforded a superior experience with us.

Whilst some areas of our business, such as Marketing, are already largely digitised, we will work on getting other support areas onboard this year. A digital back office will allow for a fully functional mobile sales team, which in turn removes traditional limitations such as geography or transaction volumes. Our business stands to loom even larger than it does now, with the capacity to operate without such constraints.

Looking ahead

The last decade has seen us navigate our way through periods of profound political and economic changes not only in Jamaica, but globally and our company has remained steadfast in its dedication to its clients and its communities, while earning a return for you our valued shareholders.

The seeds of our current success were planted years ago, in the strategies we implemented that now serve as anchors of our growth. We have always believed in Jamaica by supporting our local businesses and helping to create and shape the infrastructural framework. Our investments in the local economy will continue, as we aim to develop a sustainable business environment for the long term. Our team will continue to undertake new challenges and build on our strategies to ensure that we maintain our position as a pillar in the Jamaican financial community. I would like to thank our clients, who chose us as their financial partner, our Board of Directors for their guidance, our staff for their dedication to our ideals and you, our valued shareholders, for your confidence in us. We look forward to a long future of partnership and service to you with the highest standards of excellence.

Gary Peart
Chief Executive Officer

MAYBERRY

USD Corporate Note Portfolio

Current yield – 6.5%*

Investment Inquires
sales@www.mayberryinv.com

General Inquires
(876) 929-1908-9

Fax
(876) 929-1501

MAYBERRY INVESTMENTS LIMITED

1985 - 2019
34
CELEBRATING 34 YEARS

*conditions apply

@MayberryInvJA

OUR MANAGEMENT TEAM

1 **McKoy Jackson,**
Senior Manager – Investment Banking
McKoy joined Mayberry in 2016 and is currently a key member of the Investment Banking team which provides Financial Advisory Services, Arranging and Structuring of Debt and Equity.

2 **Kristen Raymore Reynolds,**
VP - Human Resources & Facilities
Kristen joined the Mayberry team in June 2015. She is responsible for formulating and implementing human resource policies and best practices that provide an employee-oriented, high performance culture; fostering staff engagement, productivity, retention and the ongoing development of a world class workforce.

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

4 **Tania Waldron-Gooden,**
Director – Investment Banking
Tania joined Mayberry as a Management Trainee approximately 11 years ago and has rotated through several departments including Research, Asset Management, Equity Trading and Corporate Finance. She leads the Investment Banking team in providing corporate solutions such as Financial Advisory Services and Arranging and Structuring Debt and Equity transactions. She was appointed to the Board of Directors of Mayberry on October 30, 2017.

5 **Dianne Tomlinson-Smith,**
Chief Financial Officer
Dianne joined Mayberry in May 2017 as Senior VP, Financial Projects and Planning and today, leads the Finance and Accounting team. She is responsible for producing detailed, timely and accurate reporting on the financial status of the company to the Board of Directors, CEO, regulators and shareholders. Dianne has oversight for the ongoing development and monitoring of control systems designed to safeguard company assets.

6 **Adrian Dunkley,**
VP - Compliance and Risk
Adrian joined Mayberry Investments in 2018 and leads the company's Compliance and Risk department. In doing so, he ensures that MIL conducts its business in full compliance with all regulations and internal policies. Adrian also oversees MIL's Internal Audit and Enterprise Risk Management (ERM) framework, with a focus on applying data analytics and machine learning to mitigate risk.

7 **Damali Morgan,**
Assistant Manager - Investment Banking
Damali joined the Mayberry Team in 2017 as a Research Analyst and has served Mayberry in various roles. He is currently a key member of the Investment Banking Team which provides Financial Advisory services.

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

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

10 **Anika Jengelley,**
Assistant VP - Marketing
Anika joined the Mayberry Team in 2013, and since then has led the marketing of the Mayberry brand. Her areas of responsibility include: Advertising, Public and Media Relations, Events and Sponsorships.

11 **Wayne Campbell,**
Financial Controller
Wayne Campbell re-joined Mayberry's Finance Team in December 2017, having worked in this department previously. He provides daily oversight of all accounting functions and is responsible for developing, implementing and monitoring accounting policies and controls consistent with accounting standards and principles, regulatory requirements and company directives.

12 **Cedric Stewart,**
Sales Manager
Cedric joined Mayberry in March 2018. He is the head of Sales and Client Services. In his capacity, he is responsible for creating client engagement strategies, ensuring an exceptional customer experience and leading the team in achieving their sales targets. He has over 25 years in financial sector experience and has worked within the commercial banking sector in Branch Management, Operations, Business Development and Sales.

OUR MANAGEMENT TEAM

13 **Rachel Kirlew,**
Manager - Research & Investment Banking Projects
Rachel joined Mayberry in 2018. In her capacity, she provides the company with financial and economic analysis, assisting with financial solutions for corporate clients and is a key member of the team that provides support to the Investment Banking Unit.

14 **Dionne-Marie Harrison,**
Digital Marketing Manager
Dionne-Marie began her tenure at Mayberry Investments in May 2015 as part of the company's Marketing Department. She has responsibility for leading the execution of the company's digital marketing strategy for all social media channels, including the company's app and website with the goal of improving brand recognition and client satisfaction.

15 **Jamie Turner,**
Senior Manager – Markets & Trading
Jamie joined the Mayberry family in 2016. He is tasked with managing the day-to-day treasury operations and Equity, Cambio and Fixed Income trading for the company. Jamie has over 13 years' experience within the Financial Industry.

16 **Kayone Burke,**
Financial Controller – Mayberry Jamaican Equities Ltd.
Kayone joined the Mayberry team in 2018 as Financial Controller, seconded to the company's subsidiary - Mayberry Jamaican Equities Ltd. She is responsible for the financial accounting and reporting functions of that subsidiary, in accordance with regulatory requirements, accounting standards and organisational policies.

17 **Vaughn Cunningham,**
Manager - FX Trading
Vaughn A. Cunningham joined Mayberry Investments in March 2017 in the Markets and Trading department. His core function is to lead the Foreign Exchange Trading Unit whilst operating in the regulatory Cambio environment. Vaughn has over 20 years' experience in the financial industry.

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

19 **Venise Thompson ,**
Operations Manager - Processing
Venise joined the company on June 1, 1994 as a Registration Officer in Operations. She worked in various roles over this period and currently has oversight of the processing of all operational transactions. Venise has the key responsibility of ensuring that all transactions are processed on a timely manner.

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

21 **Andrea Ho-Sang,**
Senior VP – Operations & Administration
Andrea joined Mayberry in August 1990 as a Junior Equity Trader. She is currently responsible for overseeing the Processing, Securities and Settlement Units of the Operations department. She is also the Project Manager for the Business Process Transformation currently being undertaken.

22 **Marcia Messado,**
Manager - Financial Planning & Analysis (FP&A)
Marcia joined the Mayberry team in July 2018 as the company's FP&A Manager. She is a key member of the Accounting & Finance Team and has full oversight of the company's strategic budget, financial analysis and reporting.

23 **Dan Theoc,**
Senior VP - Energy
Dan joined Mayberry in January 2018 as part of the Investment Banking team. He is charged with helping to grow the business and has a special focus on energy and infrastructure projects.

24 **Rene Mitchell,**
Senior Manager - Compliance and Risk
Rene joined Mayberry Investments in September 2018 as the Senior Manager – Compliance and Risk. She is tasked with ensuring that MIL operates in accordance with regulatory guidelines and mitigating risks to the company, its employees, clients, assets and interests of stakeholders. Rene has over 15 years of experience in the financial industry.

25 **Krishna Singh,**
Chief Information Officer
Krishna joined Mayberry Investments in 2016 and leads the company's Information Technology (IT) department. His areas of responsibility include the formulation and execution of the IT strategic plan, as well as the conceptualization and execution of the company's overall digitization strategy.


TREASURY & TRADING/ASSET MANAGEMENT

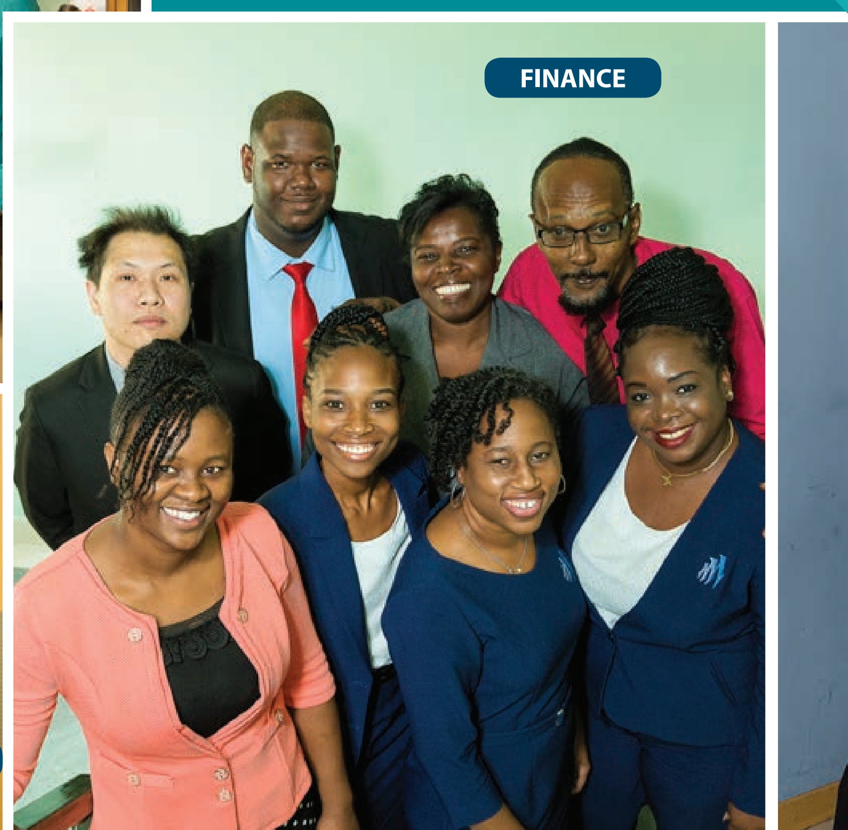

MARKETING


OPERATIONS

MAYBERRY


INVESTMENT BANKING / RESEARCH


INFORMATION TECHNOLOGY / HR


FINANCE

FACILITIES

ADMINISTRATION

COMPLIANCE

FAMILY

CLIENT RELATIONS

SALES

CORPORATE GOVERNANCE

> "We believe that corporate governance does contribute to value creation through enhanced accountability, more effective risk management, clear performance management, greater transparency and effective leadership."

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

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

Board Role and Function

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

In line with the Board's general oversight function, the Board takes the lead on all central policies, risk appetite, corporate culture, on defining the company's structure and fostering the appropriate policies in matters relating to corporate social responsibility.
In carrying out their obligations, the Directors are expected to exercise independent

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

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

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

Board Composition and Structure

As at December 31, 2018, the Board has eight (8) members and is chaired by Mr. Christopher Berry. Of the eight (8) members currently serving on the Board, three (3) Directors are Non-Executive, and five (5) are Executive Directors.

The Board is effective and considered to be of an appropriate size for the company. All members are distinguished by their professional ability and integrity. All Directors are expected to act with "independence", meaning that in making decisions on behalf of the company the focus is firstly placed on what is in the best interest of the company and decisions are not to be influenced by personal relationships, such as familial ties, friendships or contracts made with the company. The Board considers all non-executive Directors to be independent Directors. A non-executive Director is deemed independent if they meet the aforementioned description of independence and have not been employed by the company within the last five years.

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

The roles of the Chairman, Chief Executive Officer, and Managing Director are separate. Separating these roles facilitate an appropriate balance of power that leads to increased transparency, accountability and improved decision-making, independent of management.

"Collectively, the background of the board members provides for a balanced mix of knowledge, competence and experience that enable the Board to fulfill its duties and responsibilities. The breadth of experience on the Board includes investment banking, legal, human resources, strategic management, information technology and overall business management."

A clear division of these responsibilities at Board level ensures that no one director has unlimited powers in decision-making.

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

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

Lead Independent Director

Mr. Gladstone Lewars is the Lead Independent Director.

Diversity

Applied diversity is a strategic success factor. Different career and educational backgrounds facilitate the fulfillment of duties and obligations in accordance with statutory requirements, the provisions of the company's Articles of Association and rules of procedure. The company's increasing globalisation requires leadership of diverse teams. Without this capability and experience, it would be impossible to take appropriate account of cultural backgrounds within the Group. A balanced age structure ensures regular regeneration and retention of knowledge as well as career and life experiences, for as long as possible in the company's interest.

AUDIT COMMITTEE	ASSETS AND LIABILITIES COMMITTEE
Monitors the effectiveness of the enterprise risk management and internal control systems, including compliance with applicable laws and regulations.	Directs and monitors the investment management of portfolio assets and liabilities based on the company's appetite for risk.
CONDUCT REVIEW COMMITTEE	**NOMINATIONS AND CORPORATE GOVERNANCE COMMITTEE**
Monitors compliance with policies, procedures and best practice standards to ensure that the company conducts business responsibly and consistently adheres to the Code of Conduct.	Recommends new candidates for the Board of Directors and oversees the effective functioning of the Board.
REMUNERATION COMMITTEE	**PROJECT STEERING COMMITTEE**
Sets the overarching principles, parameters and governance framework of the company's remuneration policy.	Reviews the feasibility of all projects undertaken, provides governance and oversight of these projects, as well as the achievement of outcomes.

BOARD COMMITTEE COMPOSITION

Names	Positions	Audit	ALCO	Nominations and Corporate Governance	Project Steering	Remuneration
Christopher Berry	Executive Chairman			C		C
Gary Peart	Executive Director/Chief Executive Officer	M	M		M	
Konrad Berry	Executive Vice Chairman/ Company Secretary	M	M		C	
Tania Waldron-Gooden	Executive Director/Director-Investment Banking			M		
David McBean	Independent Director	M		M		
Erwin Angus	Managing Director	M	M			
Gladstone Lewars	Independent Director	M	C	M		M
Benito Palomino	Independent Director	C		M		M

LEGEND: M - MEMBER | C - CHAIRMAN

DIRECTORS' ATTENDANCE: BOARD AND COMMITTEE MEETINGS

Names	Positions	Board	Audit	ALCO	Nominations and Corporate Governance	Project Steering	Remuneration	AGM
Christopher Berry	Executive Chairman	7			1		1	1
Gary Peart	Executive Director/Chief Executive Officer	7	2	2		1		1
Konrad Berry	Executive Vice Chairman/ Company Secretary	7	2	3		1		1
Tania Waldron-Good-en	Executive Director	7			1			1
David McBean	Independent Director	7	2		1			1
Erwin Angus	Managing Director	7	2	3				1
Gladstone Lewars	Independent Director	7	1	3			1	1
Benito Palomino	Independent Director	7	2		1		1	1
Number of Mettings		7	2	3	1	1	1	1

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

Board Committees

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

Audit Committee

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

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

The Audit Committee held two meetings during the year to review and assess internal audit reports presented throughout the year, to evaluate and determine the main areas of operational risk and internal control processes and to review the activities of the internal and external auditors. The Committee also considered and approved the bi-annual supervisory stress test results and assessed the level of compliance with legal and regulatory requirements. All issues identified were addressed satisfactorily. The Committee comprises five (5) Directors, three (3) of whom are independent non-executive Directors.

Internal Auditor

All internal audit services are provided by PricewaterhouseCoopers (PwC). Their primary role is to help Mayberry accomplish its objectives by providing independent and objective assurance of the design and operating effectiveness of the company's risk management framework, internal control and governance processes, with primary focus on the areas of highest risk.
The Audit Committee concluded that the Internal Audit function remained effective.

Nominations and Corporate Governance Committee

The Nominations and Corporate Governance Committee has responsibility for leading the Board appointment process and for identifying and nominating potential candidates for appointment to the Board. This Committee also strives to achieve best practice standards in Corporate Governance. The Committee met once in 2018 and currently comprises four (4) Directors, two (2) of whom are independent non-executive Directors.

The Board uses the feedback to build development plans that will improve the Board's culture, communication, effectiveness and performance.

Remuneration Committee

The Remuneration Committee supports the Board in the appropriate structuring of the remuneration system for the Executive Directors and other senior management employees. The Committee also ensures the remuneration system is aligned with the business strategy focused on the company's sustainable development and the remuneration strategies of the company.
The Committee met once during 2018 to review the remuneration structure for categories of employees and currently comprises three (3) Directors.

Directors' Remuneration

Mayberry compensates its Directors fairly and aligns remuneration with the company's strategy. The remuneration of Directors is made up of attendance fees, which are determined by their membership on various committees and any other objective circumstances that the Board may take into account.
Directors do not receive any share-based compensation. However, they are encouraged to purchase shares on the open market.

Board Evaluation and Self-Assessment

The Board is committed to regular, independent evaluation of its effectiveness. In December 2018, the Board conducted its annual self-assessment to gauge performance, conduct, leadership culture and impact. The assessment was broken down into 5 sections;

1. The Board's overall performance and effectiveness;
2. The performance of individual Board members;
3. The Board's conduct;
4. The quality of the relationship with staff and how well the Board is supported;
5. The Board's relationship with the CEO and Chairman.

The results of the assessment are summarised below.

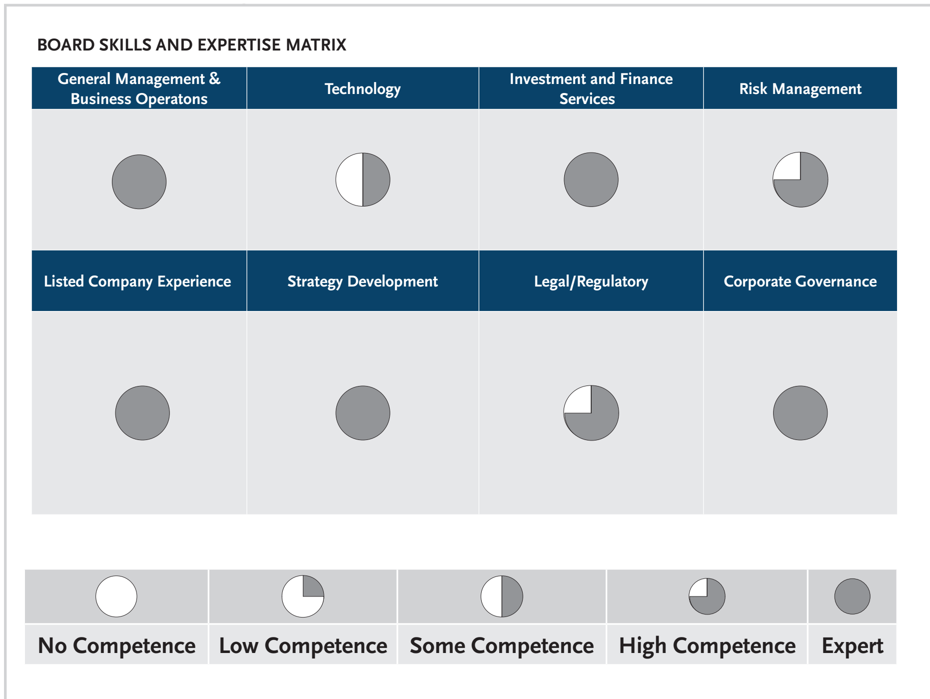
Results

DIMENSION	SCORE out of 100	SCORE LEVEL
The Board's overall performance effectiveness	93	Very Good
The performance of individual Board Members	86	Good
The Board's Conduct	91	Very Good
The quality of the relationship with staff and how well the Board is supported	89	Very Good
The Board's relationship with the CEO and Chairman	86	Good

The Board uses the feedback to build development plans that will improve the Board's culture, communication, effectiveness and performance.

Board Skills and Expertise Matrix

The matrix represents some of the key skills that our Board has identified as valuable for effective oversight and execution of strategy.



Board Training and Development

Training and development is provided to each Director and is regularly reviewed by the company's Chairman. During the period under review, the Directors participated in the annual mandatory POCA Anti-Money Laundering and Counter Financing of Terrorism training, during the fourth quarter of 2018. Additionally, the Directors participated in the annual Corporate Governance training. This training addressed Corporate Governance best practices, the Board's role and procedures, financial stewardship, accountability and strategic leadership within Jamaica's business environment. In addition, all Executive Directors developed and refreshed their skills and knowledge through regular interactions and briefings with Senior Management of the business.
A mandatory Ethics training was provided for all Directors and employees during the second quarter of 2018.

Business Conduct and Ethical Practices

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

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

i. Adhering to the law wherever the company does business;
ii. Avoiding conflicts of interest;
iii. Conducting themselves honestly and with integrity;
iv. Respecting confidentiality and protecting the integrity and security of assets, communication, information and transactions; and
v. Treating everyone fairly, equitably and professionally - whether customers, suppliers, service providers, employees or other stakeholders.

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

Whistle-blower Policy

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

Health and Safety

Mayberry is committed to undertaking all reasonable steps to ensure the health, safety and welfare of the company's clients and employees, as well as those who work with us. This is done by complying with all applicable Occupational Safety and Health Act, 2017 (OSHA) standards.
Mayberry has a responsibility to help create a safe working environment and employees are encouraged and empowered to report any concerns.

Environmental Policy

Mayberry is committed to protecting and conserving the environment by ensuring that development is environmentally and socially sustainable, through the conduct of our activities. This policy was approved by the Board on April 27, 2018 and can be accessed on the company's website at www.mayberryinv.com/investor-relations.

Employee Share Plans

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

Shareholder Rights and Responsibilities

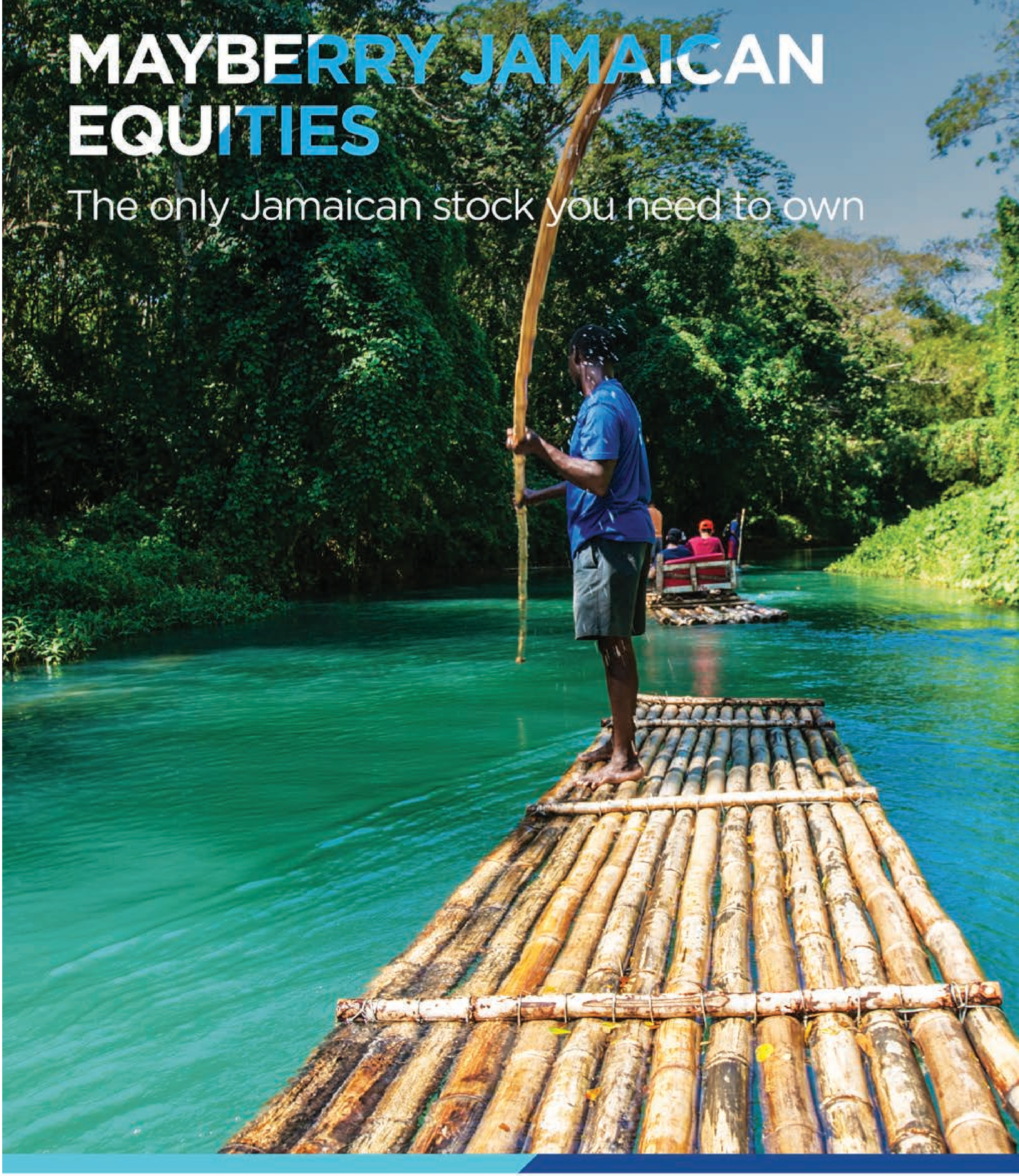
In accordance with the principles of transparency, equal treatment and protection of shareholder interests, the Board is committed to maintaining dialogue with shareholders and improving the company's existing relations with those stakeholders.

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

i. Annual General Meetings (AGM)
ii. The Annual Report
iii. Financial Results Announcements
iv. Monthly Investor Forums
v. The company's website
vi. The Monthly Strategic Magazine
vii. Traditional and social media marketing

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

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


MAYBERRY JAMAICAN
EQUITIES
The only Jamaican stock you need to own

CORPORATE DATA

Board of Directors

Executives

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

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

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

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

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

Non-Executives

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

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

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

Managers

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

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

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

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

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

Dan Theoc, MBA, FCA,
Senior VP – Energy

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

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

Adrian Dunkley, M.Sc. (Distinction), B.Sc. (Hons.), PRM,
VP - Compliance & Risk

Kristen Raymore Reynolds, MBA, B.Sc., Post. Dip.,
VP - Human Resources & Facilities

Wayne Campbell, MBA, ACCA,
Financial Controller - MIL

Cedric Stewart, M.Sc., Dip.,
Sales Manager

Anika Jengelley, M.A., B.A. (Hons.),
Assistant VP – Marketing

Shadaya Small, B.Sc.,
Assistant VP – Research

McKoy Jackson, B.Sc.,
Snr. Manager - Investment Banking

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

Rene Mitchell, MBA(Distinction), B.B.A.,
Snr. Manager - Compliance & Risk

Dionne-Marie Harrison, B.Sc.,
Digital Marketing Manager

Jason Martinez, B.Sc.,
Manager – Research

Kayone Haynes-Burke, B.B.A, Dip.,
Financial Controller – MJE

Nadine Anderson, B.Sc.,
Data Manager

Naciena Kayiga,
Facilities Manager

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

Peter Fraser,
Infrastructure Manager

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

Marcia Messado, M.Sc., B.B.A., Dip.,
Manager - Financial Planning & Analysis

Vaughn Cunningham, B.Sc.,
Manager - FX Trading

Rachel Kirlew, M.S.c (Distinction), B.Sc.,
Manager - Research & Investment Banking Projects

Venise Thompson, Dip.,
Operations Manager – Processing

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

Registered Office
1 ½ Oxford Road
Kingston 5
Jamaica

Company Secretary
Konrad M. Berry

Registrar – Transfer Agent
Jamaica Central Securities Depository
40 Harbour Street
Kingston
Jamaica

Auditors
BDO Jamaica
26 Beechwood Avenue
Kingston 5
Jamaica

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

Bankers
Bank of Jamaica
Citigroup
National Commercial Bank Jamaica Ltd.
Bank of Nova Scotia Jamaica Ltd.

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

MANAGEMENT DISCUSSION AND ANALYSIS

SERVING OUR CLIENTS THROUGH LASTING RELATIONSHIPS

CORPORATE OVERVIEW

CORE ACTIVITIES

Mayberry Investments Limited is a leading investment banking, securities and investment management company that provides a wide range of financial services and products to a diversified client base of corporations, financial institutions, governments and individuals. Our service offerings include strategic financial advisory services with emphasis on mergers & acquisitions, debt and equity restructuring, investment management services through separate managed portfolios, brokerage and Cambio services.

Our vision of "transforming lives positively through lasting relationships" affords us the opportunity to create deep enduring relationships with our customers, by being attuned to their needs and delivering the most relevant products and services to realise their investment objectives.

Our 2019 focus will be on the following prongs:

Financial – with a focus to increase profits year-over-year, increase return on equity and reduce operating expenses.

Customer – to strengthen engagement with our existing customers and attract new ones; using digitisation to optimise customer experience.

Internal – to improve the effectiveness and efficiency of the business processes; using automation in the business process transformation.

Learning and Growth – to focus on talent management, a culture that supports the corporate values and developing a high performance team.

ECONOMIC AND BUSINESS ENVIRONMENT

International

Rising interest rates and an unfriendly trade environment, underpinned by the USA and China trade war has threatened to halt the longest running bull market in history. This ever-present trade tension is fuelling anxieties about the global economy, with the International Monetary Fund (IMF) reducing its global growth projection to the lowest since the financial crisis. Global stocks declined on an annual basis for the first time since 2015 after a punishing fourth-quarter sell off.

Our 2019 focus:
Financial – with a focus to increase profits year over year, increase return on equity and reduce operating expenses.
Customer – to strengthen engagement with our existing customers and attract new ones; using digitisation to optimise customer experience.
Internal – to improve the effectiveness and efficiency of the business; using automation in the business process transformation.
Learning and Growth – to improve the management of talent, implement a culture that supports the corporate values and creating a high performance team.

Oil prices for the most part trended upwards through 2018; propelled by U.S.A. sanctions on Iran as well as the decline of Venezuelan oil production. Oil prices plummeted below US$50 per barrel by the end of 2018.

In this financial year, the Brits struggled to reach consensus over a Brexit plan, as Prime Minister May's plan led to widespread resignation in her cabinet as well as two votes of no confidence. Article 50 which states by law that Britain must leave the European Union, takes effect in June 2019, unless further extended. The impact either way could send further shock waves of uncertainty and could affect the Pound Sterling as well as stocks listed on the London Stock Exchange. Brexit has been referred to by economists as "an experiment of undoing globalisation" and will be a template for how the world will manage new trade barriers.

The stable macro-fiscal conditions in Jamaica continue to attract attention from the international community. During the year, the three major rating agencies gave Jamaica a positive outlook.

Growth is projected to reach to 3.9% in 2019 but the expansion is becoming less even and risks of achieving this are mounting. The rate of expansion appears to have peaked in some major economies and growth has become less synchronized.

As tensions heighten in Venezuela, the region is left to manoeuvre the geopolitics related to the support of this oil-producing nation, a long time ally of Jamaica and the Caribbean region. Despite this, the Economic Commission for Latin America and the Caribbean (ECLAC) projected that the region would end 2018 with average growth of 1.2%. However, with global uncertainties looming, this will have an impact on the growth of the economies of Latin America and the Caribbean, which, on average, are seen expanding 1.7%.

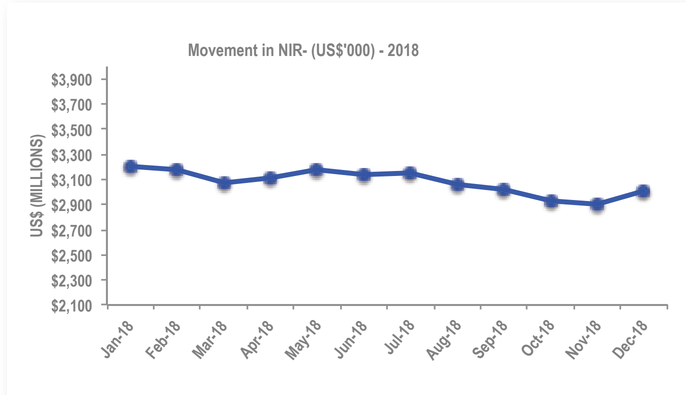
LOCAL

Our local economy continues to show signs that the institutional reforms and the new era of fiscal discipline are starting to bear fruit. Business and consumer confidence have grown to record levels during the year. Investors believe that the economy will continue to grow and have indicated their willingness to invest more into their businesses, both in physical assets as well as capital investment. Consumers are optimistic about increasing income, job creation, as well as increased savings and acquisition of personal assets, such as housing.
In 2018, Jamaica recorded the lowest unemployment rates in 50 years of 8.4%, recorded in July; signalling trends that based on economic growth, more people are employed formally. The downward movements in unemployment are attributed to growth in the service-related industries; such as business process outsourcing, tourism and hospitality as well as growth in the mining, construction and civil development sectors.

Tourist arrivals continued to increase throughout 2018 with the Sangster International Airport (MBJ) processing more than four (4) million passengers while our hotels continued to experience record numbers of room bookings. We expect further growth in tourist arrivals in 2019 as MBJ expects to grow the number of visitors to more than five (5) million passengers for the year.
Exports grew by roughly 30% in 2018 and are expected to continue along the same path for 2019. As a Small Island Developing State (SIDS), Jamaica remains susceptible to adverse conditions in the international market and suffers from trade imbalance issues but with sector growth, innovation and increased exports, this should catapult into a stable economy and well needed foreign exchange.
The stable macro-fiscal conditions in Jamaica continue to attract attention from the international community. During the year, the three major rating agencies gave Jamaica a positive outlook. Standard and Poor's (S&P) rated Jamaica as a B, Fitch was a B+, whilst Moody's gave Jamaica a B3 rating.

GROSS DOMESTIC PRODUCT (GDP)

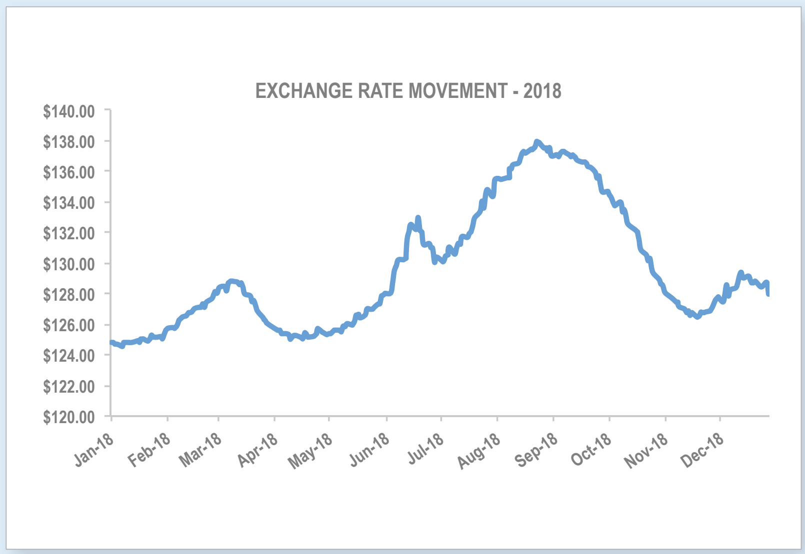
At the end of the financial year 2018, Jamaica experienced 14 consecutive quarters of economic growth which has the indirect potential to alleviate poverty, as a result of a simultaneous increase in employment opportunities and increased labour productivity. The Jamaican economy grew on average 1.8% for 2018; propelled by advances in Mining and Quarrying, Agriculture, Forestry and Fishing, as well as Construction. Quarterly growth mainly remained within the target of 1% – 2%. However, this was surpassed in the second quarter at a level of 2.2%.



FOREIGN EXCHANGE

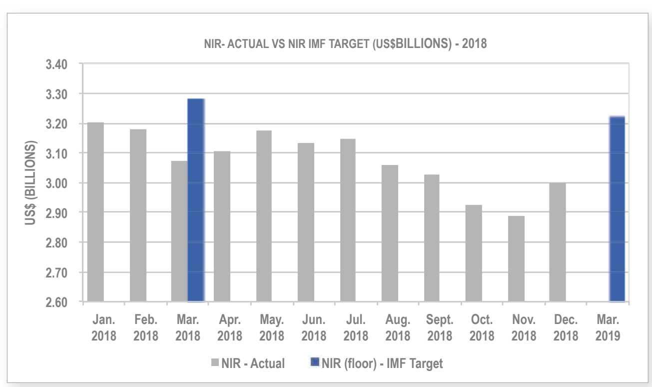
The foreign exchange (FX) market in Jamaica can now be characterized by two-way movements in the exchange rate. The year has seen record highs as well as lows consistent with rates from 2017. Using daily rates, the highest recorded was in August 2018 at J$137.96:US$1 while the lowest recorded was J$124.55:US$1 in January. The average rate for the year was J$129.59:1, representing an average depreciation of 0.9% over the previous year.

Steady two-way movements mean a more active market, particularly for Cambios as demand and supply forces are now expected to be responsible for movement in the exchange rates. Underpinned by lower inflation, the Jamaican FX market should become more predictable for buyers and sellers alike.



NET INTERNATIONAL RESERVES

As at December 31, 2018, Net International Reserves (NIR) was US$3.01 billion relative to US$3.21 billion recorded as at December 31, 2017, a reduction of US$205 million or 6%. The country fell shy of the benchmark NIR target for Adjusted Agreement under the Extended Fund Facility (EFF) of US$3.28 billion, outlined by the IMF for financial year 2017/18. The new target outlined for fiscal year 2018/2019 is US$3.22 billion, and whilst the NIR took a significant dip in November 2018, it is expected to continue on an upward trajectory in 2019 to meet the new IMF target.

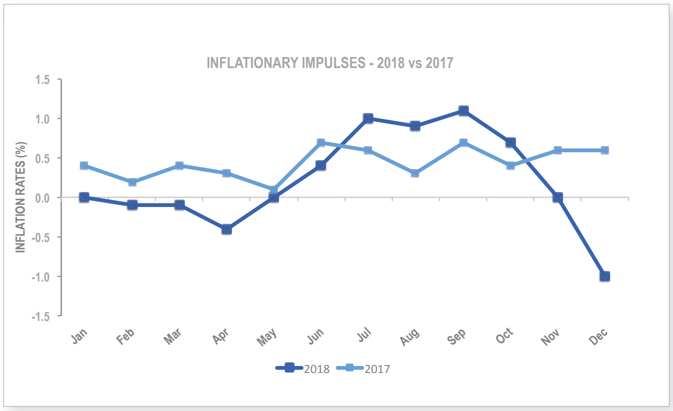


INFLATION

Based on information from STATIN, annual inflation at December 2018 was 2.4%, compared to 4.8% at January 2018. Consumer prices moved to 254.70 points at the end of 2018 compared to 248.60 points at the beginning of the year. The first five months of 2018 recorded average deflation of 0.1%, recording up to 0.4% deflation in April. The rest of the year saw average inflation of about 0.7% with the highest being recorded in September of about 1.1% as well as 1% and 0.9% in July and August, respectively. This was consistent with rising oil prices and exchange rates. For the year, actual inflation fell below the target of 4% - 6%.

Key industry movements were reductions in prices of Food and Non-Alcoholic Beverages: (-1.5%), Housing, Water, Electricity, Gas and Other Fuels: (-1.3%) as well as Transport: (-1.5%). These are matched against minimal increases in prices of Alcoholic Beverages and Tobacco: (0.2%), Furnishing, Household Equipment and Routine Household Maintenance: (0.1%), Health: (0.1%), Recreation and Culture: (0.1%), Restaurants and Accommodation Services: (0.1%) and Miscellaneous Goods and Services: (0.2%), while relatively no change in Clothing and Footwear: (0.0%), Education: (0.0%) and Communication: (0.0%), in the basket of goods and services.

While the Consumer Price Index trended upwards in 2018, it did so at a reduced rate when compared to 2017. In 2019, the Bank of Jamaica (BOJ) is expected to roll out a full-fledged inflation targeting regime where the bank's primary objective is maintaining low and stable inflation rates.

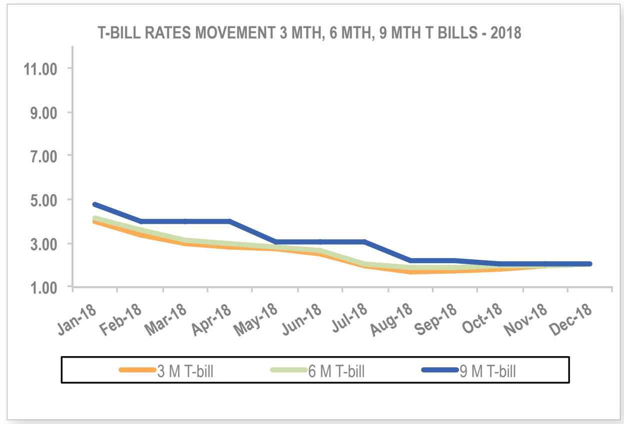


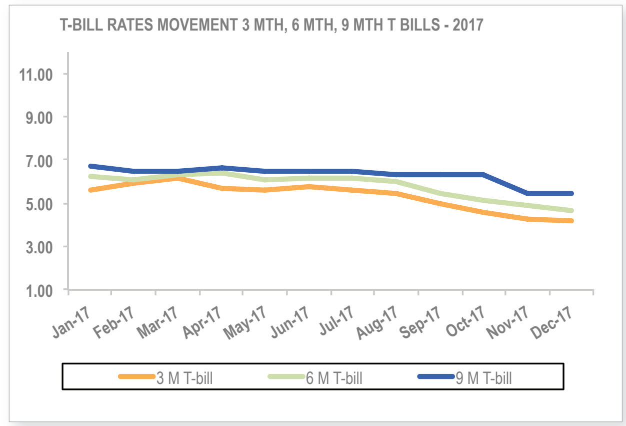
The positive economic results for 2018 included higher Net International Reserves of US$3B, a lower unemployment rate, a reduced government debt appetite resulting in lower debt levels and positive consecutive quarterly economic growth results.

INTEREST RATES

The downward trend in interest rates continues to support a stable and attractive macro-economic environment. The BOJ's policy interest rate was adjusted downwards on four occasions in 2018, from a high of 3% in January to a low of 1.75% in December. The policy interest rate is the benchmark rate used by financial institutions to set their respective deposit and loan rates. The Treasury bill (T-Bill) sub market in 2018 continued along the same trend as 2017, with rates declining to be more aligned with the Central Bank's new overnight reference rate. Of note, T-bill rates fell ten times throughout the financial year with the 3-month instrument settling at an average of 2.05% in December, relative to 4.63% in 2017. The 9-month instrument fell to 2.06%, relative to 5.45% in prior year (PY) 2018.

The BOJ's move to lower interest rates is an attempt to stimulate growth. Much of the developed world has experienced a low-interest rate environment in recent years. This should mean that borrowing costs become cheaper and will, therefore, encourage private investments as well as debt refinancing to Jamaican dollar denominated debt and debt securities. A low interest rate environment also shifts preferences in investment securities from the bond market to alternative forms of investments, such as real estate, venture finance, real assets and, in particular, equities.



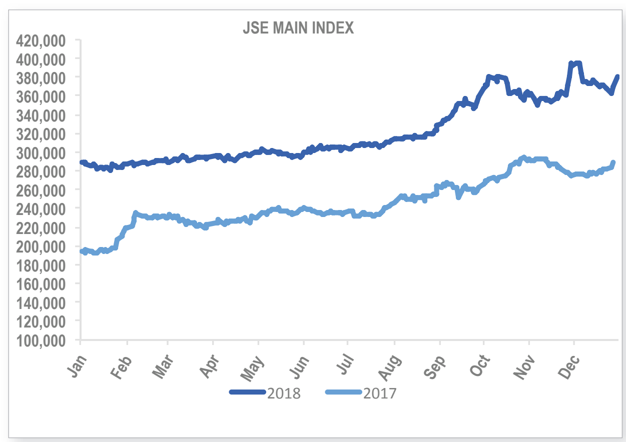


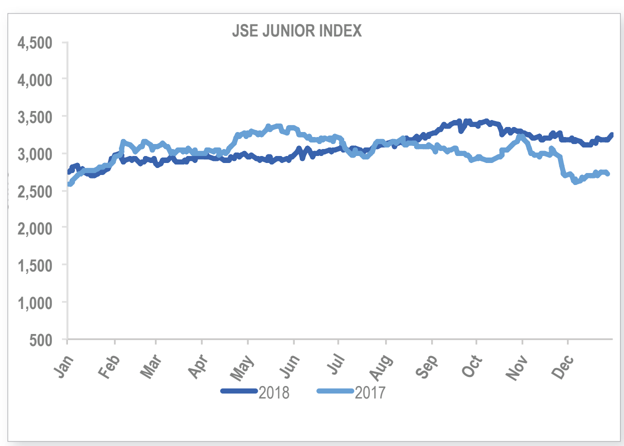
EQUITIES MARKET

JSE Main & Junior Markets

The Jamaica Stock Exchange (JSE) maintained its rally in 2018 and closed the year to be the number one performing stock exchange, globally. The positive economic results for 2018 included higher Net International Reserves of US$3B, a lower unemployment rate, a reduced government debt appetite resulting in lower debt levels and positive consecutive quarterly economic growth results. These are tenets that supported active participation in the equities market. With 37 companies listed on the JSE during 2018, the JSE Main-Market closed at 379,790 points at the end of 2018, an increase of approximately 32%, when compared to 2017. In addition, the JSE Junior Market grew by 514.6 points or 18.8% as at year to date December 2018. Transaction numbers, values and volumes have also been on the rise indicating that both markets have more active participants, as well as more shares are changing hands on the secondary market.

The outlook for 2019 is for continued high levels of liquidity, coupled with low interest rates. This will continue to provide a perfect climate for a bullish stock market. The JSE in 2019 will introduce its Financial Index which will track and provide useful information on the performance of companies in insurance, micro-finance, banking, diverse financial services and consumer finance on both the Main and Junior Markets.





2018 PERFORMANCE HIGHLIGHTS

25%
ON PENSION YIELD

25%
ON FUNDS UNDER MANAGMENT

$1.8B
FUNDS RAISED FROM LAST 4 IPOs

2018 FINANCIAL HIGHLIGHTS

MAYBERRY GROUP (CONSOLIDATED)

TOTAL COMPREHENSIVE INCOME

45% INCREASE OVER 2017
2018: $3.7B
2017: $2.4B

NET BOOK VALUE

16% INCREASE OVER 2017
2018: $9.04
2017: $7.79

TOTAL ASSETS

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

TOTAL EQUITY

16% INCREASE OVER 2017
2018: $10.9B
2017: $9.4B

MAYBERRY INVESTMENTS LIMITED (COMPANY)

STOCK PRICE

52% INCREASE OVER 2017
2018: $9.00
2017: $5.91

TOTAL REVENUE

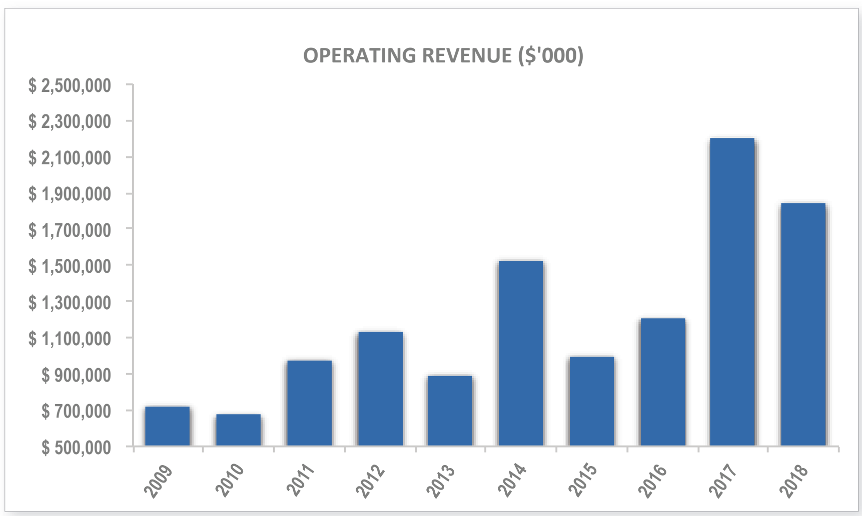
34% INCREASE OVER 2017
2018: $1.3B
2017: $936.3M

TOTAL ASSETS

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

MAKING PROGRESS

FINANCIAL PERFORMANCE
PROFIT PERFORMANCE



Mayberry Group achieved a Net Profit attributable to shareholders of $160.4 million influenced by higher net interest income. Coupled with lower operating expenses this resulted in an Earnings per share (EPS) of $0.13 compared to $0.35 for 2017.

The Group recorded Net interest income and Other Revenues of $1.8 billion for year ended 31st December 2018, compared to $2.2 billion or 16.3% lower than that of the comparative period. A decline of 0.7% was recorded for Repo income, resulting from the shift in this product offering and declining yields in the Bond market. Bond income of $286 million in 2018 declined by 23.7% when compared to $374.8 million for 2017.

A strong performance was reported for Fees and Commission income of $759.1 million, increasing by 49.4%. Dividend Income of $364.3 million grew by 135.1% and Net Foreign Exchange gains of $240.6 million grew by 176.7%. Conversely, Net Trading gains of $30 million declined by 75.3%; Other Income of $6.8 million declined by 38.7% and Net Unrealized gains on financial instruments of $265 million decreased by 77.3%, due mainly to unrealized losses incurred on the current bond portfolio. Fees and Commission Income accounted for 41.2% of Total Operating Revenues, followed by Dividend Income which accounted for 19.8%.

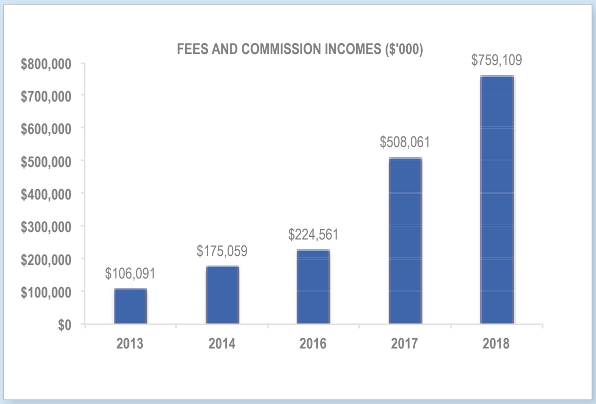
REVENUE PERFORMANCE

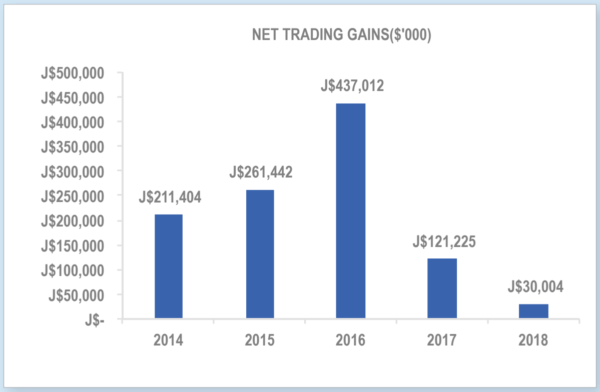
Net interest income amounted to $175 million for 2018 compared to $151 million for the corresponding period in 2017. Interest earned on Client margin balances of $239 million grew robustly from $142.4 million when compared to 2017. Lower funding costs of $405.9 million were reported in 2018 for Reverse Repurchase agreements, Bonds, and Commercial papers when compared to $429.6 million for PY 2017. Finance costs of $148.1 million were marginally higher by $6.6 million than that of the comparative period, due to borrowings in 2018. This resulted in improved net interest margins of 24% for year ending 2018 when compared to 20.9% for year ending 2017.

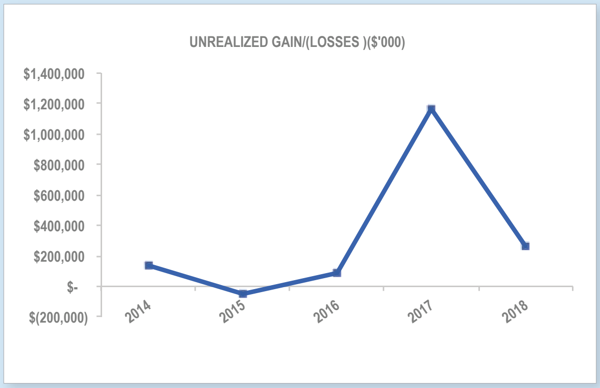
The Group's Unrealized gains on Financial Investments and Net Trading gains decreased by $901.3 million and $91.4 million, respectively. Net Trading gains were adversely affected by the fall in prices in the global bond market. On the other hand, Net Foreign Exchange gains of $240.6 million increased by $153.6 million or 176.7% when compared to the same period in 2017. These larger spreads were spurned by higher levels of Jamaican dollar liquidity.

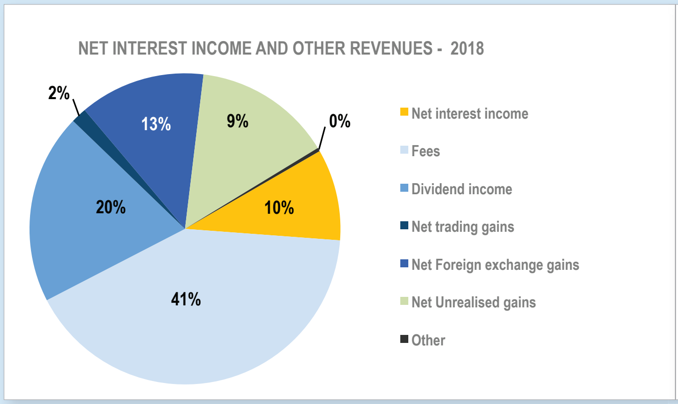
Products and services offered by our Investment Banking team were widely sought after with Debt Selling fees, IPO fees and Corporate Advisory fees recording high growth rates of 76.2%, 143.7% and 48.6%, respectively. In addition, Equity Commission fees grew by 42.6% to close at $148 million, arising from investors' greater confidence in the Equities market. The thrust behind Corporate Advisory services will progress into the future as Mayberry seeks to provide our clients with the best business solutions.

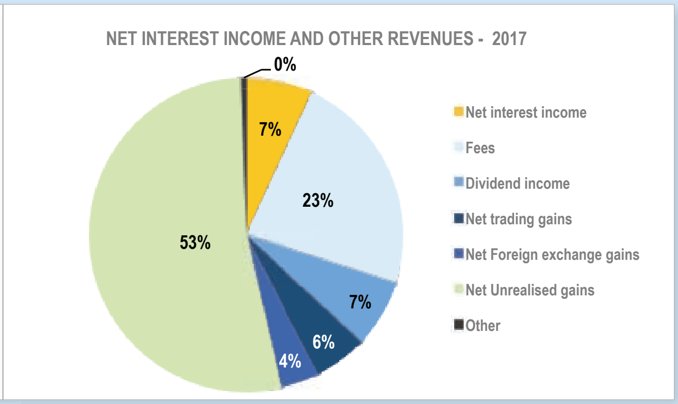
Dividend Income of $364.3 million grew from $154.9 million or 135.1% when compared to 2017 representing dividend earned for quoted securities held. Dividends were received mainly from holdings in Supreme Ventures Limited, Caribbean Producers Jamaica Limited, Lasco Distributors Limted and Blue Power Group Limited.









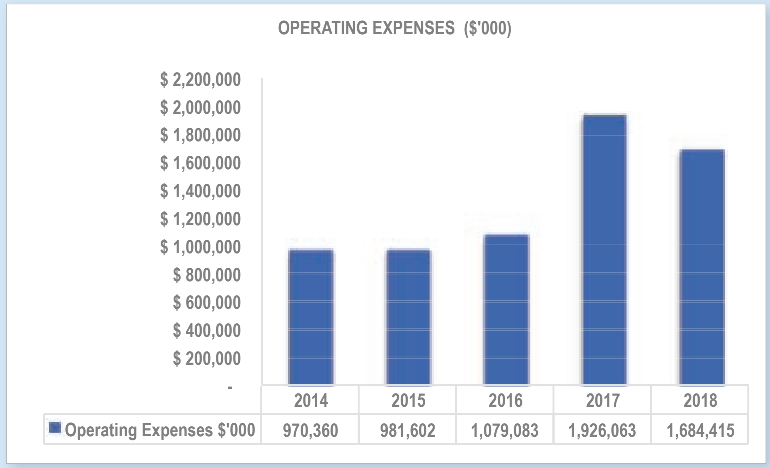


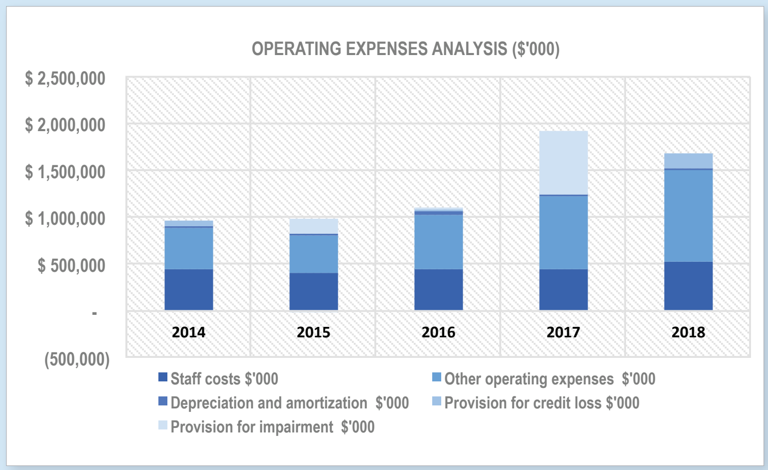
OPERATING EXPENSES

The Group's Operating Expenses were reduced to $1.68 billion by $207.8 million, when compared to $1.93 billion for the corresponding period. This movement was due mainly to a nil provision for impairment of investments in the 2018 financial year.

Staff costs of $531.1 million were higher by $74.4 million, due to a higher head count. Also, an additional bad debt provision was booked based on the latest assessment of the loan portfolio. Administrative Expenses of $980.1 million were higher by $219.2 million due to increased Management & Incentive Fees and Computer Licencing fees of $76.9 million (with the commissioning of new software to drive efficiencies). Increases in Legal and Professional fees of $79.2 million and Motor Vehicle leases of $28.9 million were also contributors to this uplift in expenses over the 2017 financial year.

These were further offset by savings in Public Relations of $8.5 million, Consulting Fees of $3.3 million, Directors Travelling of $11 million and General expenses of $9.9 million, when compared to the corresponding period for 2017.





TOTAL COMPREHENSIVE INCOME

The Group reported Other Comprehensive Income of $3.5 billion, an increase of $1.1 billion or 45% when compared to year ended 31 December 2018.

Despite lower profits than the comparative financial period, there was a significant increase in unrealized fair value gains on quoted equities held in the Mayberry Jamaican Equities Limited's stock portfolio.

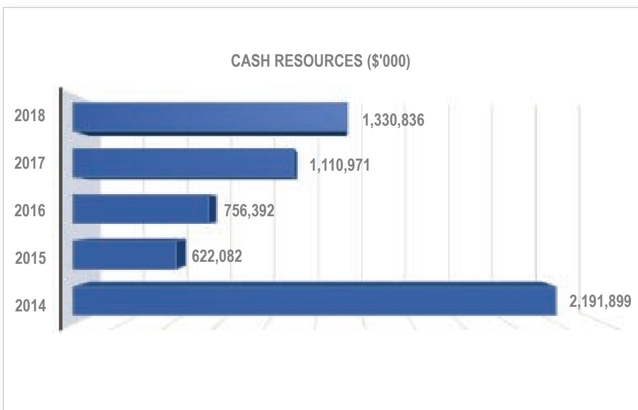
STATEMENT OF FINANCIAL POSITION

Assets

Total Assets at year ended 31 December 2018 grew by $6 billion to reach $30.4 billion when compared to prior year December 2017. Growth in asset balances were attributable primarily to the increase in value of Investment Securities of $5.9 billion or 40.3%.

Asset Categories

Cash Resources, held for operational business, accumulated at year ended 31 December 2018 to $1.3 billion, an increase of $219.9 million or 19.8%, when compared to cash held at year end 2017, of $1.1 billion.



The Group's **Investment Securities**, net of provision for impairment of investments, totalled $20.6 billion, an increase of $5.9 billion when compared to the financial period of 2017. The portfolio comprises of Government of Jamaica (GOJ) Securities, Foreign Government Securities, Corporate Debt Securities and Equities.

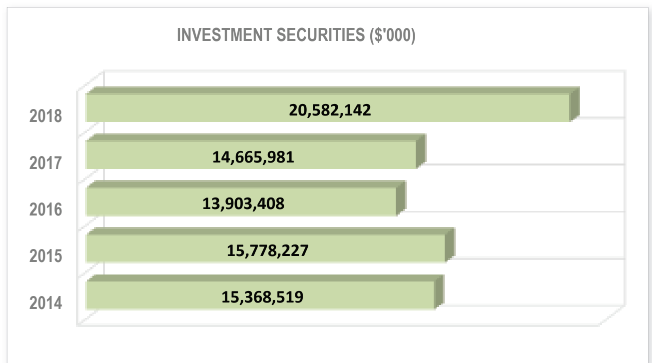
Loans and Other Receivables closed the year at $4.2 billion, an increase of $1.7 billion or 70% when compared to the corresponding period 2017. Client Margins, accounting for 80% of Loans and Other Receivables, are mostly secured against equity portfolios and closed the year at $3.3 billion. This represented a growth of $2 billion or 149.1% when compared to PY 2017.

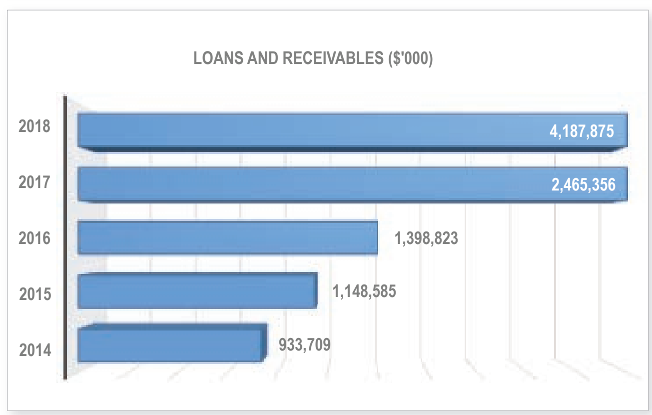
The **Group's Promissory Notes** year-end balance was $1.49 billion, comprising of JMD and USD promissory notes for clients. Whilst the Group's objective is to continue growing this portfolio, risk monitoring initiatives will continue to satisfy the rigorous guidelines.

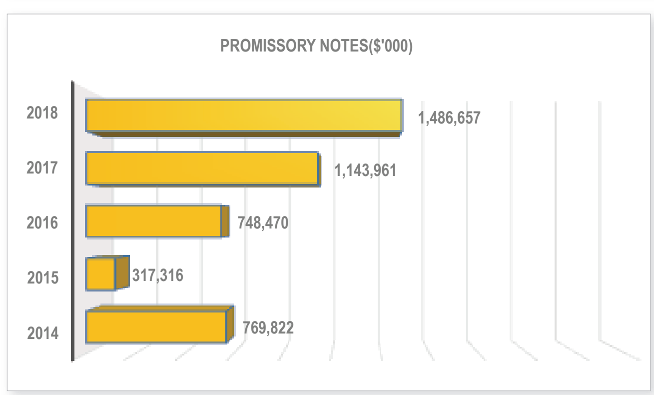
Reverse repurchase agreements, were reduced to $1.74 billion from $3.9 billion, a reduction of $2.2 billion or 55.4% when compared to 2017.

Interest receivables for the Group amounted to $77.2 million, a reduction of $25.9 million or 25.2% when compared to the financial period for 2017. This reduction was mainly due to the timing of receipts.

Other Assets were flat when compared to the corresponding 2017 financial period. This balance represents the fair value of properties owned by Mayberry. The company conducts a fair value assessment of these properties once every three (3) years.

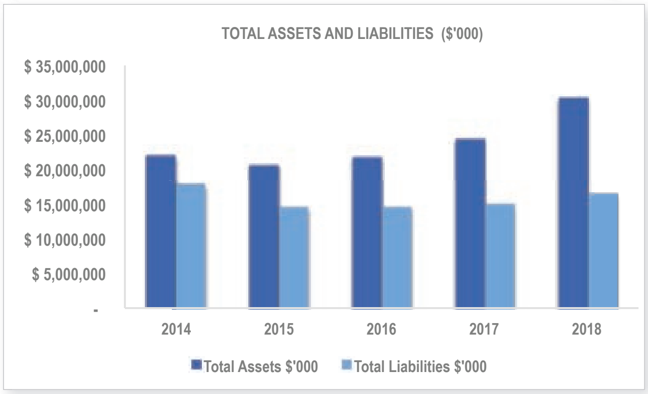






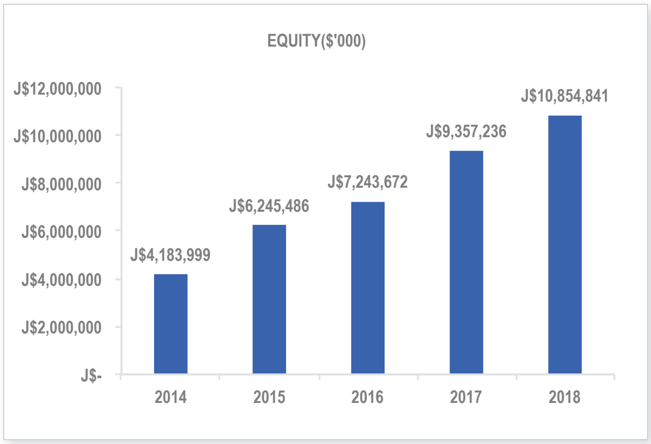
Liabilities

Total Liabilities increased by $1.4 billion to close at $16.4 billion, a 9.2% increase over PY. The assets were funded in part by Loans of $7.2 billion. Repurchase agreements closed 2018 at $4 billion, when compared to $7 billion for the comparative period.



Equity

The Group recorded equity of $10.9 billion which resulted in Net Book value per share closing at $9.04, when compared to $7.79 or a 16% increase over the corresponding 2017 financial period. The capital growth of $1.5 billion in 2018 was mainly due to an increase in fair value reserves of $1.6 billion. Retained earnings moved to $4.4 billion for the year ended 31 December 2018, from $4.5 billion in the corresponding period.



Market Share

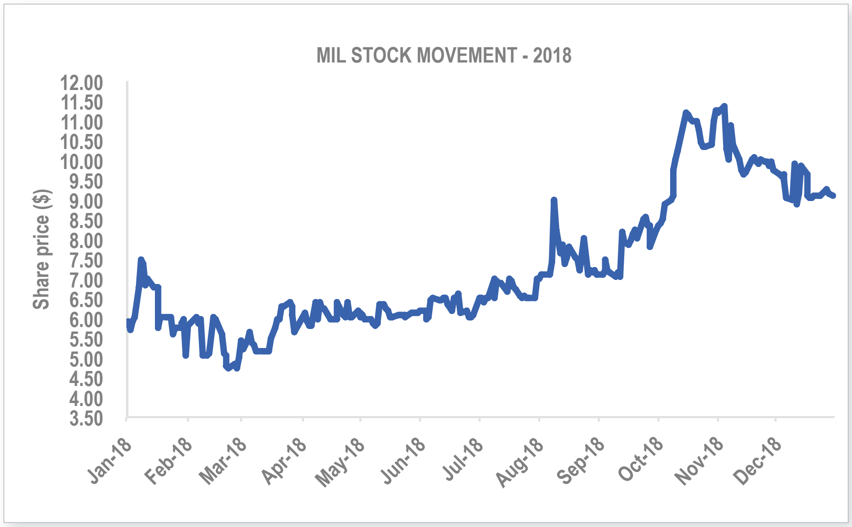
Mayberry Investments Limited's rankings for the JSE junior market showed improvement for value and volumes traded by placing first for both categories and second for number of trades. The company's overall market performance in volumes traded continued to be strong for 2018, ranking second with 18.4% of the market. In addition, for the number of trades, the company's ranking did not change from second place when compared to the corresponding 2017 financial period.

The company, focusing on its 2019 strategic objectives, will:

1. engage digitization techniques to enhance its business processes,
2. foster sustainability, growth and stability by continually improving its core competencies,
3. continue to build lasting relationships with its customers,
4. manage and mitigate all risks involved in doing business to continue to build lasting relationships with its customers.

Mayberry's Stock Trading

The parent company, Mayberry Investments Limited, closed trading on the JSE floor at $9.00 on 31 December 2018, amounting to a 52% increase since the start of 2018. Trading reached a high of $11.50 and a low of $4.00, during the year, with a total of 22,327,189 units crossing the floor.



Enterprise Risk Management Framework

The prudent taking of risks in line with strategic objectives is of primary importance to the Mayberry Group of companies. Mayberry's Enterprise Risk Management (ERM) programme has been designed to monitor, evaluate and manage the principal risks assumed by the business. Specifically, the activities that Mayberry engages in, and the associated risks, must be consistent with the strategic objectives and risk appetite. Therefore, it is important to maintain an appropriate balance between risk and reward.

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

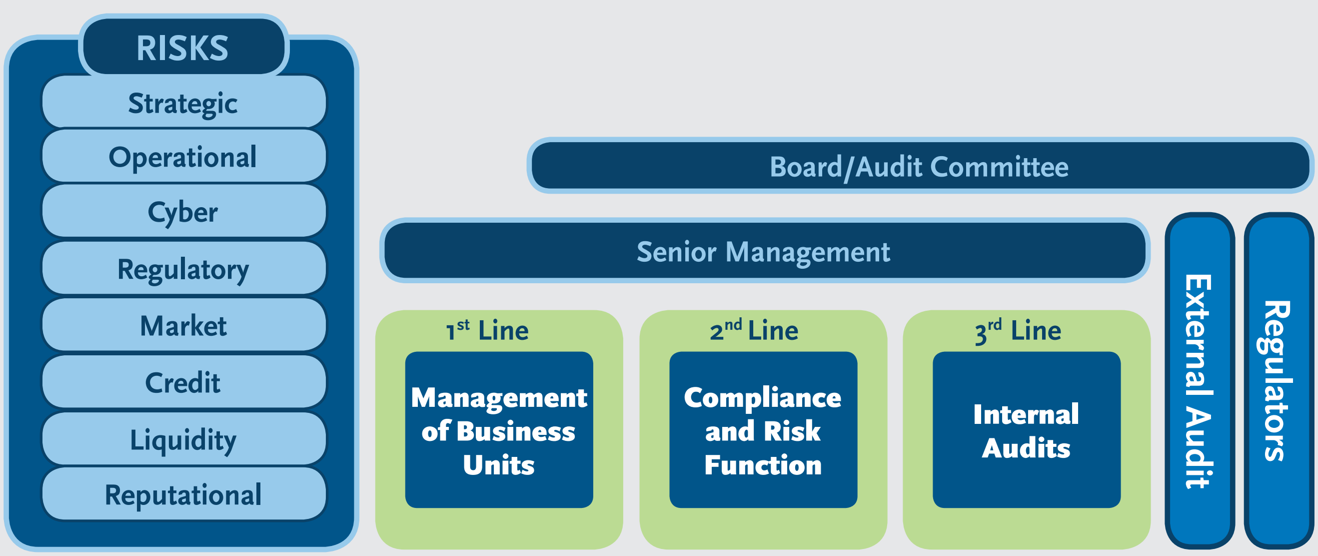
Risk Oversight

Mayberry's enterprise risk management programme is based on three lines of defence which promote transparency, accountability and consistency through the clear identification and segregation of roles: (i) management of business lines, (ii) independent Compliance and Risk function (iii) Internal Audit. The three lines of defence collaborate with each other in structured forums and processes to bring various perspectives together and to steer the organization towards outcomes that are in the clients' best interests and create economic value.

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

The **second line of defence** involves the Compliance and Risk function, which provides independent oversight and assurance to manage market, credit, compliance, reputational and operational risks in a manner consistent with the company's risk appetite. This establishes policies and guidelines for risk assessment and risk management and contributes to the controls and tools to manage, measure and mitigate risks taken by the organization, and monitors compliance. It is also responsible for producing independent management information and risk management reporting for Senior Management, Board, and regulatory authorities. The Vice President of Compliance and Risk reports to the Chief Executive Officer and the Audit Committee of the Board of Directors. The incumbent has regular and unrestricted access to the Audit Committee of the

Figure 1: Mayberry's Three Lines of Defence Framework



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

Board and also to the Board of Directors to address risks and issues identified through daily activities.

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

All three levels report to the Board, either directly or through the Assets & Liabilities Committee and Audit Committee.

Enterprise Risk Management Processes and Tools

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

RISKS	DESCRIPTION	MITIGATION
STRATEGIC	Strategic risks are those associated with changes in the business environment, the effect of poor business decisions, incorrect implementation of decisions, or the inability to respond effectively to changes in the business environment.	Calculating the costs and benefits of a specific strategy and comparing the competing approaches.
		Selecting a risk management strategy usually involves some cost, but the added risk-reducing benefit should outweigh the implementation costs. Careful analysis of the potential impact of each alternative is necessary to understand which strategy fits best.
OPERATIONAL	Operational risk is the risk of loss arising from inadequate or failed internal processes, systems, or human factors, or from external events.	The maintenance of a system of company-wide policies and procedures.
		Established Code of Conduct setting the standards of ethical behavior.
		Clear lines of accountability and separation of duties.
		Effective internal audits and internal control mechanisms to deter or minimize identified risks.
		Timely review and update of policies and procedures.
		Continuous training and awareness to support compliance with risk management practices.
CYBER	Risk associated with financial loss, disruption to operations or damage to an organisation's reputation from a negative event impacting the organisation's information and/or information systems.	Cyber-security infrastructure and data backups. Restricting administrative privileges, patching applications, whitelisting and hardening.
		I.T. system audits and vulnerability testing.

RISKS	DESCRIPTION	MITIGATION
REGULATORY / COMPLIANCE	The risk of regulatory sanctions, material financial loss, or loss of reputation MIL may suffer as a result of its failure to comply with legal and regulatory obligation.	Establishing policies and communicating appropriate policies and procedures, training employees in them, and monitoring activity to help ensure their observance.
		Proactive risk control and/or remediation work is undertaken where required.
		Close engagement with regulators to help ensure that new requirements can be implemented effectively.
		Implementing an effective AML compliance programme, including the establishment of new technology and systems to manage AML/CFT risk.
MARKET	Market risk refers to the uncertainty of future earnings resulting from movements in interest rates, foreign exchange rates, commodity prices, investment market prices, market volatility and market liquidity.	A framework of approved risk limits and delegated authorities.
		Managing the duration of assets in relation to that of liabilities.
		A gapping approach, scenario analysis, and a value-at-risk approach are used to manage the market risk of the portfolios.
		Matching maturity and amounts of foreign currency assets with foreign currency liabilities.
		Monitor capital position monthly and conduct a bi-annual stress testing analysis under various hypothetical stress scenarios on capital adequacy ratios.
CREDIT	The risk of financial loss if a customer or counterparty fails to satisfy their financial obligation under that contract due to non-payment of a loan, reverse repo, bond, or other credit.	Setting credit risk limits for each position, and portfolio.
		Maintaining a robust credit review process including risk rating of clients and counterparties and monitoring exposure against policy limits.
		Obtain adequate collateral as required after a thorough credit analysis process.
LIQUIDITY	The risk that it will not be possible to sell a holding of a particular investment security at its theoretical price or a firm does not have enough financial resources to meet its obligations as they fall due or that it can only do so at an excessive cost.	Establishing liquidity risk limits for each portfolio or position.
		Maintaining a percentage of liquid assets in cash, short-term repo, and marketable securities.
		The matching and controlled mismatching of the maturities and interest rates of assets and liabilities.
REPUTATIONAL	The risk of an event significantly affecting stakeholder's perceived trust and confidence, and which could result in financial or other loss arising from negative public opinion.	Enforcement of policies, standards, and guidelines including Human Resource training programs.
		There is a clear structure of committees and individuals charged with mitigating reputational risk.


Access your
MIL Portfolio
ANYWHERE!
try today
GET IT ON Google Play
Available on the App Store
9:41
Done
Carrier
7:35 PM
My Portfolio
Bonds Stocks Cash
34.02%
15.71%
50.25%
My Accounts
Portfolio data as at the last business day
7000 John Client
JMD $155,005,887.09
Assets Bonds | Stocks | Cash
Manager Birgit Bachmeier
Recent Portfolio Activity
View your most recent Portfolio Activity
Total Bonds: $77,895,675.86
Total Stocks: $52,748,102.17
Total Securities: $130,643,778.03
Total Cash: $24,362,109.06
Total: $155,005,887.09
Download our app today and use at your convenience

DEPARTMENTAL REPORTS

We would like to thank our clients for continuing to make us the principal broker and we are committed to continuing to exceed expectations in 2019.

ASSET MANAGEMENT DEPARTMENT

The Asset Management department continued its focus on providing first class portfolio management solutions to clients. We achieved an increase in funds under management of 37% in 2018. This growth was driven by our Fixed Income portfolio which grew by 91%. Our managed equity portfolio performed extremely well achieving an average return of 35.6%. In 2018, we added a USD Fixed Income portfolio product and expect to see significant growth for this business line item in 2019. Our Pension portfolio continued its growth trend achieving a yield of 25% in 2018. We will continue to manage our discretionary portfolios with the goal of achieving a stable return for our clients and to add value to our members' retirement plans.

We would like to thank our clients for continuing to make us the principal broker and we are committed to continuing to exceed expectations in 2019.

ACCOUNTING AND FINANCE

The main objective for the Accounting and Finance Team in 2018 was to maintain high standards in the reporting of financial information, through the streamlining of the roles and processes performed by the Unit. The department further partnered with the Information Technology Department and has begun initial stakeholder meetings to bring additional automation to existing key processes. This will significantly assist in the provision of timely, accurate and relevant financial reports to support the company's strategic financial goals.

Our 2019 mandate is to continue the build-out of automation for existing manual processes which is aligned with Mayberry's digitisation strategy. This will allow for enhanced financial and regulatory reporting. The focus will also be on cementing stronger working relationships with internal and external stakeholders and promoting the training and development of the team.

INFORMATION TECHNOLOGY DEPARTMENT

In keeping with Mayberry's digital transformation initiative, the Information Technology (IT) Department has placed great focus on the use of technology to automate processes throughout the company.

During 2018, our Data Team was able to further extend our data-mining capabilities to satisfy our reporting needs and decision-making capabilities.
Enhancements were made to our mobile app that now allow clients to place their equity orders through an intuitive interface, while still being able to view their portfolio balances via their mobile devices, at their convenience.

Our Business Solutions and Infrastructure teams ensured that our core business needs were fulfilled through the provision of all the required hardware, network security and internal systems to comfortably handle our banking and processing requirements. Great focus was also placed on the equipping of relevant staff members with technology that allowed them to be fully mobile. Going into 2019 and beyond, we will be providing the digital path that will open doorways to greater efficiencies and excellent client satisfaction.

COMPLIANCE AND RISK DEPARTMENT

As one of the leading brokerage firms in Jamaica, managing risk is integral to Mayberry's everyday activities. In 2018, the Compliance and Risk Department played a vital role in coordinating the business functions to navigate an ever-changing financial environment while managing the associated risks. This was done in a manner that balanced the interests of clients and other key stakeholders, while protecting the soundness of the company.

The department continued to make positive strides in the management of risks. We introduced new risk models to guide strategic, financial and operational decision-making within the company.

Our compliance programme was strengthened using IT solutions and transaction monitoring methods, to effectively manage our customer due diligence review at on-boarding and throughout the client life cycle. Ongoing training and awareness of Anti-money laundering and counter-financing of terrorism (AML/CFT) policies remained a critical focus in 2018. As such, the Compliance and Risk Department upgraded its programme of education and awareness initiatives, to maintain a strong Compliance and Risk culture, with the emphasis on conduct and ethical business practices. These initiatives included internal and external sensitization sessions and the deployment of new AML/CFT assessment and risk management tools to forecast potential downside risks and AML/CFT events. In addition, communication of risk and compliance information to key stakeholders continues to be optimized, by using different visualization and reporting approaches.

In 2019, the Compliance and Risk Department will continue to focus on enhancing the Enterprise Risk Management Framework that underpins the company's risk appetite. Additionally, there will be increased usage of data and analytics to guide decision making, coupled with an on ongoing customer-centric focus.

HUMAN RESOURCE MANAGEMENT

For 2018, the Human Resources team placed renewed focus on talent acquisition, employee development and workforce planning. Most importantly, we improved our employee onboarding process and created a succession management framework.
Employee onboarding for us is strategic, comprehensive and consistent. The main goals of the onboarding process are to socialize new hires within the organization, reduce the "new hire time to productivity" ratio and encourage staff retention. We also recognised that succession management is critical to business continuity and have implemented strategies and programmes which ensure that the organisation has the right talent in key positions.

This comprehensive plan addresses future staffing requirements to ensure a pipeline of talent is available to execute the organization's strategies and objectives. It also ensures that there is continuous development of potential leaders and renewal of learning and development which benefits both the employee and the organization.

INVESTMENT BANKING

The Investment Banking department had a successful year in 2018. For this financial year, we continued to focus on creating and unlocking investment opportunities for our clients whilst issuing strategic investment advice. During the year, the department delivered a comprehensive range of innovative advisory and capital raising solutions to achieve our clients' financial objectives. We remained active in the financial markets, assisting companies in raising capital by way of both debt and equity. We continue to maintain our relationships and remain focused on superior customer service delivery.

For the financial year ended December 31, 2018, the team posted revenue growth of 83.4% year-over-year. Revenue from Advisory Services grew by 48.6% when compared to prior year, while Brokerage Fees from Debt and Equity were up 110.3% and 143.6%, respectively. We continue to see strong utilization of our margin product by our clients as Interest income grew by 83.1% year over year.

During the year, the team was a dynamic player in the debt market, structuring over J$20.3 billion which represented an increase of 81% year-over-year. Notably, the team structured and raised a J$5.2 billion dollar note secured at 7.25% and a J$2.86 billion dollar note at 7.75%, These notes accounted for 40.3% of total debt raised by the company in 2018. We were a major player in the debt market during the year and accounted for 10% of debt issued under exempt distribution guidelines, as per the Financial Services Commission. We also executed the acquisition of Woodcats International Limited by Derrimon Trading Limited and successfully listed Mayberry Jamaican Equities Limited, with a strategic focus on Millennial Investor participation.

Overall, the department seeks to continue to make its mark in 2019, by being a key player in the capital markets and providing relevant information and recommendations to guide our client's investment decisions. We will also seek to focus on our advisory services; guiding new and existing clients to higher growth levels and continuing to remain partners in each client's growth. Digitization of our services will be the forefront of improving departmental efficiencies. As we take on these initiatives, we are positive in the success of our strategic growth prospects as we ensure that customers remain our primary focus.

MARKETING

For the year 2018, our marketing efforts were focused on reaching our clients and other stakeholders in the digital space. Having begun the shift from traditional media four (4) years ago, the department now focuses its efforts fully on populating digital touch points with information for the public.

Remaining true to our mission of creating lasting relationships, we again partnered with various clients, associates and community organisations in strategic partnerships that not only helped in driving our public relations efforts, but also solidified our standing as drivers of community development.

Our 2018 Investor Forum series catered to the real-time investment needs of our clients, particularly in re-aligning their portfolios, functioning within the framework of the current economic climate and understanding the companies listed on our local stock exchange.

Going forward, as our organisation moves to becoming fully digitised, we will support this effort by creating the necessary communication channels to ensure that our clients and shareholders are able to experience the benefits of our transformation. We have already began our drive to improve our customer service delivery, and we look forward to collaborating with our internal teams to truly make our company the home it is meant to be, for those we serve.

TREASURY AND TRADING DEPARTMENT

The Treasury and Trading department reported revenues of $339.3 million relative to last year's performance of $167.5 million and contributed 27% to the company's profits.

The major contributor to this improved performance was Cambio Trading which amounted to 21.9% of the company's revenues and 81% of the department's contribution. The Bank of Jamaica continued the gradual lowering of its policy rate and coupled with strong Jamaican dollar (JMD) liquidity, there was a steady decline in market rates. This translated into lower funding costs for JMD liabilities and reduced yields on assets.

Mayberry maintained its place as one of the top equity brokers in Jamaica. We were responsible for approximately 37% and 11.7% of the traded volumes that crossed the Jamaica Stock Exchange trading floor in the Junior Market and Main Market, respectively.

The financial year 2018 showed another strong performance in the local equity market amidst falling interest rates, robust JMD liquidity and a number of Initial Public Offerings (IPOs) which propelled growth across the major indices.

RESEARCH DEPARTMENT

The Research Department continued its mandate to disseminate decision-oriented information to our clients. Our department thrives on providing relevant and real-time information to our external clients as we aim to effectively assist in achieving their goals. In 2018, we kept abreast of emerging issues, circulating daily market reports including recommendations for actions, weekly stock pictures and pertinent international and local news items, relating to securities held in our clients' portfolios. In light of our booming financial market, we constantly keep clients and the company up-to-date with the current market and economic issues facing the world.

In addition to assisting clients to achieve their goals, we support the revenue generating departments with ad-hoc sensitivity analyses, stress testing and research papers. Our reports are underpinned by top quality research and relevant analysis. For 2019, we aim to continue this drive and continuously enhance the quality and timeliness of the reports disseminated to our internal and external clients.

Mayberry maintained its place as one of the top equity brokers in Jamaica and was responsible for approximately 37.0% and 11.7% of the traded volumes that crossed the JSE trading floor in the Junior Market and Main Market, respectively.

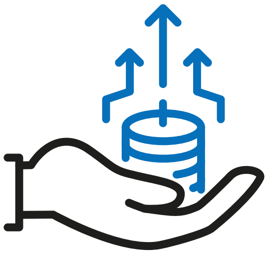
SALES

The 2018 revenue performance for the Sales department was flat compared to 2017. We achieved total revenue of $315.4 million in 2018, a 1.6% growth over 2017 revenues of $310.2 million. The department's contribution was 25% to the company's overall revenue.
Conversely, Bond trading saw a decline in revenue of $60.5 million in 2018 when compared to 2017.

We continue to focus on the department's objective of expanding the distribution network with highly skilled, trained and motivated Investment Advisors.
The recruitment push will continue in 2019 and the team expects to recover ground and grow revenues by 27% in 2019 over 2018.

Growth in Business:

Fees & Income grew



24.1%

year over year.

Cambio growth

83.3%.

TOP TEN SHAREHOLDERS AND CONNECTED PERSONS

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	Shareholdings
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

SHAREHOLDINGS OF DIRECTORS AND SENIOR MANAGEMENT

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

1985 - 2019

MAYBERRY INVESTMENTS LIMITED

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CELEBRATING 34 YEARS

CHARITIES & SPONSORSHIPS

Some Organisations we Supported in 2018

• Amateur Swimming • Association of Jamaica • Association of Surgeons of Jamaica • Best Care Foundation • CARIMENZA • CARIFTA • Campion College C087 Association • CB UWI 5K • Chinese Benevolent Association • Church of St. John the Evangelist • Church of St. Margaret • Churches Women United Jamaica • Churches Women United Jamaica • Combined Disabilities Association • Creative Language Based Learning • Diocese of Jamaica & the Cayman Islands • Friendship of the Hope Institute • Glenmuir High School Past Students' Association • Hampton Girls' Association • Holy Rosary Church • International Proxy Parents • Jamaica China Friendship Association • Jamaica Constabulary Force • Jamaica Epilepsy Association • Jamaica Musical Theatre Company • Jamaica Society for the Blind • Jamaican Down's Syndrome Foundation • Judy Mowatt Outreach Ministries • Kingston & St. Andrew Parish Library Network • Kingston Lodge • Kingston Western Division • Kiwani's Club of Stony Hill • Liguanea Lodge • Lions Club of Kingston • Lions Club of Mona • Lodge St. John • Love & Hope Ministres • Missionaries of the Poor • Morant Bay Parish Church • Mustard Seeds Communities • National Police Sports Council • Papine High School • Petroleum Corporation of Jamaica • Portland Lodge No. 7740 EC • Private Sector Organization of Jamaica • Retired Nurses Association • Richard and Diana Stewart Foundation • Rotary Club of Kingston • Rotary Club of St. Andrew• S.W. Isaac Track and Field Invitational Meet • Saxthorpe Methodist Church • Saxthorpe Methodist Men's Fellowship • Saxthorpe Methodist Women's League • Special Olympics Jamaica • St. Andrew Settlement • St. Hugh's Past Students Association • St. Andrew Justice of the Peace • St. Georges College Foundation • St. Michael's Church • Stella Maris Church • The National Prayer Breakfast Committee • The Rex Nettleford Foundation • The Rotaract Club of New Kingston • The Salvation Army Eastern Jamaica • United Nations Women's Guild • UWI Smoker Medical Class 2018 • Webster Memorial United Church • Webster Memorial Women's Fellowship • World Robot Olympiad Association

CORPORATE SOCIAL RESPONSIBILITY

Our path to sustainability has been deeply rooted in the dimensions of people, environment and performance.

This demands that we create the perfect balance between our growth and success and our environmental and social responsibilities. We strive to ensure that our success leads to a positive outcome for the entire Mayberry family: our shareholders, clients, staff and communities. While we support numerous organisations and initiatives through our philanthropic arm, Mayberry Foundation, we are proud to highlight some of the key areas of focus.

EDUCATION

For the second year, we were proud sponsors of the Creative Language Based Learning Summer Programme, which is responsible for implementing the globally accredited Lindamood-Bell instructional strategy in select schools locally. Creative Language Based Learning started out by assisting students in local schools to access the instructional strategy that helps those with reading deficiencies. These students might not be able to afford access to such a programme. Though the programme is designed to help people of any age, the focus in Jamaica has been on Early Childhood Education. Each year, teachers and students are interviewed for entry into an intensive summer immersion programme, which tends to be selective because of the cost implications. Ultimately, those who are chosen, undergo the programme over the course of several weeks, guided by instructors sent here directly from the Lindamood-Bell facility. The progress of the students is monitored on an ongoing basis, while the teachers take methodology back to their schools for implementation in their classes.

New to our list of beneficiaries for 2018 was Halls of Learning, an institution that runs the pre-eminent robotics programme in Jamaica. We had the privilege of partnering with them on hosting the Jamaica finals of the World Robot Olympiad. Robotics, a branch of science and engineering that supports the STEM development in students, has become a proven means of promoting the development of creativity, collaboration, communication and critical thinking in children at an early age.

YOUTH AND COMMUNITY DEVELOPMENT (THROUGH SPORTS)

We have always believed in the development of students not just in the classroom but also as people who will go on to live, work and help support our communities. The idea of the student athlete has always been one that we strongly encourage. As such, we generally take the opportunity to support sports programmes whether in schools or for school aged youth, as much as we can.
For the year 2018, we continued our support of the St George's College Track and Field programme. In the years since the beginning of our partnership, we have not only seen success in the sport but also the creation of avenues for student athletes to access a tertiary education. Elements of the programme include: a meal programme for after school training, which all students on the track team are able to access. We also provide equipment, gear, medical supplies and scholarships.

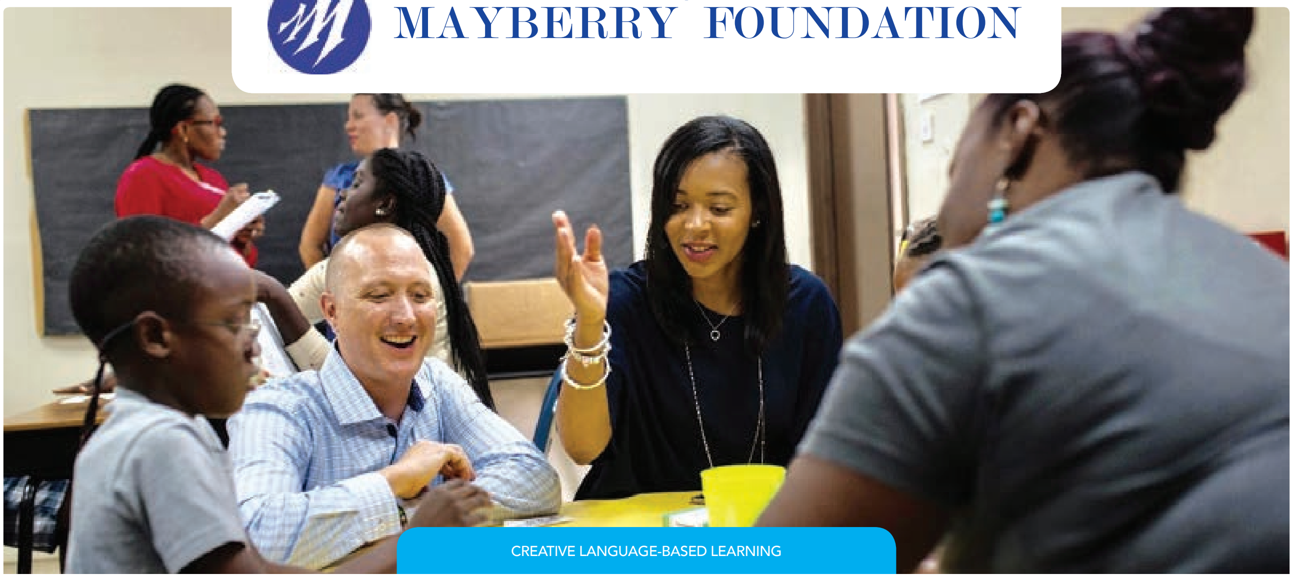
The Mayberry Investments Limited Annual Swim Meet was staged for the 21st consecutive year in 2018. The meet has, for years, been a key developmental event on the calendar of the Amateur Swimming Association of Jamaica (ASAJ). Mayberry's Swim Meet is still the only one in Jamaica where swimmers from primary/prep, secondary and tertiary levels all compete across the two-day event.
During the year, we had the 7th staging of the Mayberry Investments Limited Junior Open Tennis Championships. This event created an opportunity for local junior tennis players to earn points towards their national ranking.
At the secondary level, we sponsored the 4th staging of the S.W. Isaac Henry Track & Field Invitational meet hosted by the St Andrew Technical High School. A pre-Champs event, this meet helps to prepare athletes for the main athletic competition for the track and field season.

HEALTH AND WELLNESS

Impact at the community level was maintained through work with some of our long-standing beneficiaries as well as new partners. We again supported the Retired Nurses of Jamaica by sponsoring their Annual Christmas Luncheon. We also joined a growing public/private partnership with the Caribbean Institute of Mental Health and Substance Abuse (CARIMENSA), a self-financing centre of the University of the West Indies.

Through our belief in driving inclusive growth, we will continue to undertake significant short and long-term initiatives and invest strategically in areas of great impact to our communities, such as: developing our youth, expanding small businesses and promoting financial and physical health. We look forward to continuing to make a real difference in people's lives through our philanthropic contributions.

MAYBERRY FOUNDATION

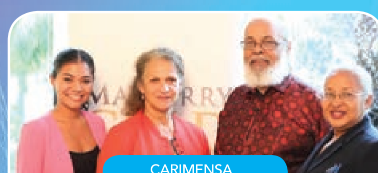


CREATIVE LANGUAGE-BASED LEARNING

The Mayberry Foundation was a proud sponsor of the Creative Language-Based Learning Summer Programme, which is responsible for implementing the globally accredited Lindamood-Bell instructional strategy in select schools locally. Our Assistant-VP of Marketing, Anika Jengelley, along with Dave Kiyvyra, a representative from the Lindamood-Bell Center, observed the teaching technique with a group of elementary students, and a Jamaican teacher trained in using the strategy.

ANNUAL RETIRED NURSES ASSOCIATION CHRISTMAS LUNCHEON

A devoted sponsor of the Retired Nurses Association's Annual Christmas Luncheon for the past several years, The Mayberry Foundation was represented at the 2018 staging by CEO, Kayree Berry-Teape, as she presents the sponsorship cheque to the Association's president, Isolyn Cunningham.



CARIMENSA

Mayberry Investments' Digital Marketing Manager, Stephanie Harrison (far left) and The Mayberry Foundation's CEO, Kayree Berry-Teape (far right), are joined here by Chairman of the Frantz Fanon Foundation, Mirielle Fanon Mendes France, and Executive Director of the Caribbean Institute of Mental Health and Substance Abuse (CARIMENSA), Professor Frederick Hickling, as Mayberry announces the beginning of a partnership with the self-financing centre, a part of the University of the West Indies. CARIMENSA is one of the few institutions globally that only deals with prevention of mental illness, rather than its treatment.

WORLD ROBOT OLYMPIAD ASSOCIATION

Doreen Holness, Investment Advisor, is seen here presenting a trophy on behalf of the Mayberry Foundation at the National Competition of the World Robot Olympiad, held on October 6 at the University of the West Indies Auditorium. The event featured teams competing using LEGO Mindstorms Robotics kits to design, build and programme a robot to perform specified tasks.

CARIFTA

The Mayberry Foundation was the proud sponsor of Jamaican swimmer, Zaneta Alvaranga, in her 2018 CARIFTA campaign by providing her with the latest in swim gear. Zaneta, who holds several records at our own Mayberry Swim Meet, is currently a student at Immaculate Conception High School. Joining her here is The Mayberry Foundation's CEO, Kayree Berry-Teape (far left), Mayberry Investments' Digital Marketing Manager, Stephanie Harrison (2nd left) and Zaneta's father and coach, Rory Alvaranga.

SW ISAAC-HENRY TRACK & FIELD INVITATIONAL

The Mayberry Foundation's CEO, Kayree Berry-Teape (far right) shakes hands with acting St Andrew Technical High School's (STATHS) Principal, Yvonne Mamher-Tafari at the launch of the 4th staging of the SW Isaac-Henry Track & Field Invitational. Joining the ladies are Robert Hill (far left), Chairman of the Board of STATHS and Leroy Cooke, Chairman of the meet's organising committee.

MAYBERRY INVESTMENTS LIMITED
Established 1985

IN THE COMMUNITY

THE MICO COLLEGE UNIVERSITY

Mayberry Investments Limited continues to provide financial aid through the Maurice Berry Scholarship programme, awarded to students of Mico College who have maintained specific criteria of the academic curriculum. Represented here, CEO of the Mayberry Foundation, Kayree Berry-Teape (second left), Mayberry's Digital Marketing Manager, Stephanie Harrison, and final year students from Mico College University, math student, Latoya Dubidad (far left) and special education student, Troy Fuller.

ROTARY CLUB OF KINGSTON

Mayberry was honoured to have participated in the Rotary Club of Kingston's project, "Nation Builders: Jamaica's Journey to Freedom", by sponsoring the crafting of the National Hero bust for Nanny of the Maroons. Pictured here helping to unveil the bust are Mayberry's Executive Chairman, Christopher Berry and CEO, Gary Peart.

CB UWI 5K AND SMART EGGS KIDS K

Mayberry continued its partnership with The University of the West Indies for the seventh annual staging of the CB Group UWI 5K and Smart Eggs Kids K. Pictured here is Digital Marketing Manager, Stephanie Harrison handing over a sponsorship cheque to Elizabeth Buchanan-Hind, Executive Director of The University of the West Indies.

ALL ISLAND SWIM MEET

The Mayberry Investments Limited All Island Swim Meet had its 20th staging in 2018. Represented here are Stephanie Harrison (far left), Mayberry's Digital Marketing Manager, Martin Lyn (Centre), President of the Amateur Swimming Association of Jamaica (ASAJ), and Jodi-Ann Wallace (far right), Marketing Coordinator at LASCO Financial Services Limited. Picture with them at the launch of the meet are some of the weekend's competitors.

TENNIS CHAMPIONSHIPS

The Mayberry Investments Limited Open Junior Tennis Championships celebrated 7 years in 2018. Here, Mayberry's Assistant VP of Marketing, Anika Jengelley, Honourary Secretary of Tennis Jamaica, Leroy Brown and Tournament Director, Llockett McGregor pose with some of the winners and runners-up of each category at the trophy ceremony.

THE KINGSTON WESTERN DIVISION - ANNUAL GOLDEN AGE TREAT:

Mayberry was proud to have partnered with the JCF - Kingston Western Division, in planning their Annual Golden Age Treat, where they host three hundred indigents from various communities that fall within the division. Pictured here, Community Safety and Security Branch Territorial Officer Assistant, Superintendent Noel Daley (right) presents 96-year-old Margarette Pryce (left) with her goodies while Mayberry's Digital Marketing Manager, Stephanie Harrison looks on.

UWI SMOKER 2018

Mayberry was proud to support UWI Smoker 2018 whose beneficiary was the Port Maria Hospital. Anika Jengelley (3rd left), Assistant VP of Marketing, hands over the sponsorship cheque to Vikram Asnani (far left), chairperson for the Smoker 2018 committee. Looking on are other members of the committee: Mica Cunningham, class president and sponsorship manager, Dwanique Passley, producer, Amelia Dunkley and Chinelle Miller, both co- playwrights.

READ ACROSS JAMAICA PROJECT:

The Mayberry Team, in support of the Read Across Jamaica Project 2018, went to share some book time with the Grade 4 children of St. Thomas Moore Prep School. Represented here are CEO Gary Peart, VP of Human Resources, Kristen Raymore Reynolds, Investment Advisor, Renee Hamilton, and Digital Marketing Manager, Stephanie Harrison.

MAYBERRY INVESTMENTS LIMITED

1985 - 2019

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CELEBRATING 34 YEARS

FORUM HIGHLIGHTS 2018

JANUARY

Mayberry's CEO Gary Peart (left), and Executive Chairman, Christopher Berry (right) share a light moment with the Minister of Finance and Public Service, The Hon Audley Shaw after the evening's presentation for January's Investor Forum.

FEBRUARY

February's Investor Forum was an Investor Update on Caribbean Flavours and Fragrances Limited. (L-R) Guest speakers Derrick Cotterell, Chairman and Chief Executive Officer of Derrimon Trading Company Limited and Anand James, Director of Caribbean Flavours and Fragrances Limited was greeted by Mayberry's Director of Investment Banking, Tania Waldron-Gooden upon their arrival.

MARCH

Caribbean Producers Jamaica Limited's Chief Executive Officer, David Lowe was April's featured guest speaker who gave an Investor Update on his company's performance, joined by Paul Hanworth, Chairman and Chief Executive Officer of PANJAM.

APRIL

At the March's Investor Forum, special guest speaker was Peter Donkersloot, Managing Director of Caribbean Cement Company Limited, who gave our audience an Investor Update on his Company's performance, was flanked by Mayberry's CEO, Gary Peart and Executive Chairman, Christopher Berry.

MAY

At June's Investor Forum, featured guest speaker Katia Denise Henry, Attorney-at-Law, Estate Planning Consultant, provided the audience on the fundamentals of Estate Planning. Pictured here, Mayberry's Executive Investment Advisor, Okelia Parredon (left) and Assistant VP of Marketing, Anika Jengelley (right), joined in a conversation with Katia Denise Henry after her presentation.

JUNE

June's Forum featured an investor performance of Supreme Ventures Limited. Pictured here, Mayberry's CEO, Gary Peart (2nd left) and Director, Tony Lewars (far left) engages in conversation with the special guest speaker, Ann-Dawn Young Sang, President and CEO of Supreme Ventures Limited before the evening's presentation.

SEPTEMBER

At September's monthly Investor Forum, Mayberry's own Executive Chairman, Christopher Berry and Chief Executive Officer, Gary Peart, discussed the local stock market, and gave insight into how to value companies listed on the exchange. Pictured here, Mayberry's Executive Chairman, Christopher Berry (left), and CEO, Gary Peart (right), poses for a photo with Ann-Dawn Young Sang, President and CEO of Supreme Ventures Limited.

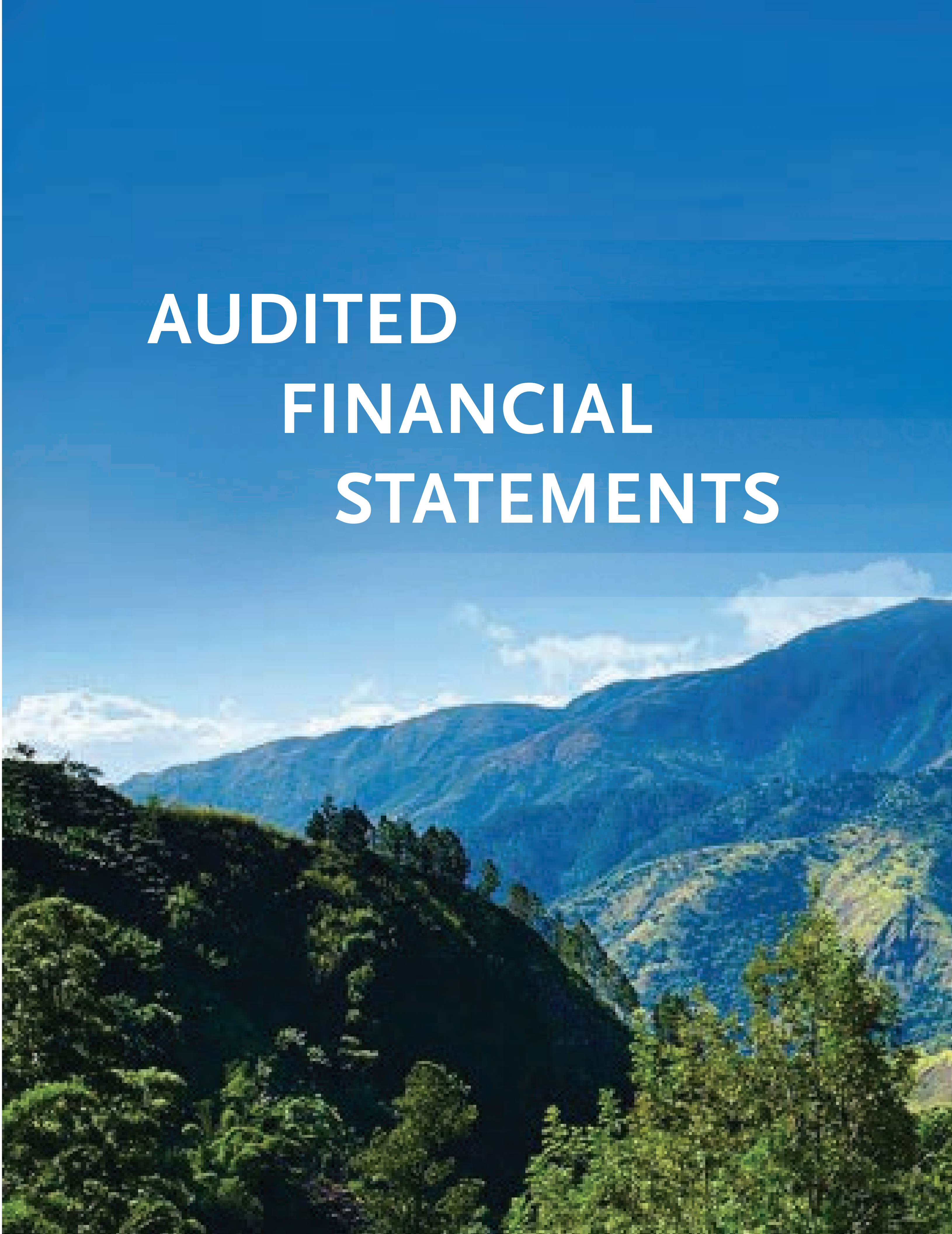
OCTOBER

FosRich Company Limited's Managing Director, Cecil Foster (2nd left), joined by his CFO, Peter Knibb (far right) and members of the Mayberry team, Assistant VP-Marketing, Anika Jengelley (far left), Investment Advisor and host for the evening, Christopher A Thomas (3rd left), Director of Investment Banking, Tania Waldron-Gooden (front) and Slaes Manager, Cedric Stewart, gave our audience and Investor Update on his company's performance.

NOVEMBER

At the finale of the 2018 Mayberry Investor Forum Series held in November, our audience was treated to a presentation on the Investment Opportunities in the Business Process Outsourcing Sector. The two guest presenters were Yoni Epstein, Executive Chairman, itelbpo and Gloria Henry, Assistant VP of Operations and Customer Relations, Port Authority of Jamaica (PAJ). (L-R) Mayberry's CEO, Gary Peart poses for a photo op with Gloria Henry, Assistant VP of Operations and Customer Relations, Port Authority of Jamaica (PAJ and Yoni Epstein, Executive Chairman, itelbpo.

AUDITED FINANCIAL STATEMENTS



BDO

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

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

INDEPENDENT AUDITORS' REPORT

To the Members of
Mayberry Investments Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mayberry Investments Limited set out on pages 7 to 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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

YEAR ENDED 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	4,804,924	3,172,356
Other reserves	28	77,939	77,939
Retained earnings	29	4,389,462	4,524,560
Equity Attributable to Shareholders of the Parent		10,854,841	9,357,236
Non-Controlling Interests	33	3,119,965	-
Total Equity		13,974,806	9,357,236
Total Equity and Liabilities		30,371,608	24,366,725

	Note	2018 $	2017 $
NET BOOK VALUE PER STOCK UNIT	12(b)	9.04	7.79

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

.... Christopher Berry, Chairman

.... Gary Peart, Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 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	-	-	(1,187,093)	-	(1,318,668)	2,872,768	367,007
Balance at 31 December 2018	1,201,149,292	1,582,516	4,804,924	77,939	4,389,462	3,119,965	13,974,806

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

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

YEAR ENDED 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

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

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.

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.

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.

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.

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.

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.

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).

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

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).

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

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

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 attributable to stockholders of the parent ($'000)	10,854,841	9,357,236
Number of ordinary stock units in issue ('000)	1,201,149	1,201,149
Net book value per stock unit	$9.04	$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

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

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).

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	-

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

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).

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.

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).

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.

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.

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	3,829,097	4,470,059
	4,389,462	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.

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

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.

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	3,119,965	-
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	-

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.

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.

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

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.

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.

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

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

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

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

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.

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	2017
	$'000	$'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	2017	2018	2017
	$'000	$'000	$'000	$'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.

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.

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.

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

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

NOTES

MAYBERRY INVESTMENTS LIMITED

FORM OF PROXY

I/We...

Of ....

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

....

or failing him or her ....

of ....

as my/our proxy to vote on my/our behalf at the Annual General Meeting of the above-named Company to be held at the Knutsford Court Hotel, 11 Ruthven Road, Kingston 10 on Wednesday, June 19, 2019 at 3:00 p.m. and at any adjournment thereof.

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

	FOR	AGAINST
Resolution 1 To receive reports and audited accounts		
Resolution 2 To ratify the declaration of dividend in specie		
Resolution 3 To re-elect Mr. Konrad Berry a Director		
Resolution 4 To re-elect Mr. Gladstone Lewars a Director		
Resolution 5 To re-elect Mr. Erwin Angus a Director		
Resolution 6 To fix the remuneration of the Directors		
Resolution 7 To appoint the Auditors and fix their remuneration		

Dated this.............................day of 2019

Place
J$120
Stamp
Here

....
Signature

....
Signature

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

To be valid this proxy must be signed, duly stamped in accordance with the Stamp Duty Act (stamp duty - J$120) and deposited with the Corporate Secretary of the Company at 1 ½ Oxford Road, Kingston 5, not less than 48 hours before the time appointed for holding the meeting. The stamp duty may be denoted by postage stamps. The Company reserves the right to stamp un-stamped proxy forms.

A proxy need not be a member of the Company.

MAYBERRY
INVESTMENTS LIMITED