2014

STERLING INVESTMENTS LTD.


"If you follow the dolphin, you will never run aground."
– Roger Stewart
(Sterling Asset Management Client)

CONTENTS

INVESTMENT MANDATE

To deliver attractive risk adjusted returns to its shareholders by actively and prudently managing their funds across a variety of portfolios. The company achieves this through the successful execution of opportunities in the global capital markets and the real economy.

DIRECTORS' REPORT
for the year ended December 31, 2014

"It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change."
– Charles Darwin

The Directors are pleased to present their report for the year ended December 31, 2014. The report represents the results for Sterling Investments Limited.

- Operating revenue net of interest expense was J$68.21 million (2013: J$56.33 million).
- The profit after income tax was J$58.63 million (2013: J$45.89 million).
- Shareholders' equity was J$539.49 million (2010: J$440.38 million).
- KPMG Eastern Caribbean, the external auditors, have indicated their willingness to continue in office as auditors of the company.

The Directors wish to thank the management and all team members for their performance during the year under review. As always, we express our deep and sincere appreciation to the shareholders for their continued support and partnership.

By Order of the Board
Dated this April 16, 2015

CORPORATE PROFILE

Sterling Investments Limited (SIL) offers investors the opportunity to enjoy:
- A hedge against devaluation and inflation
- Higher risk adjusted returns
- Diversification
- Access to the global capital markets
- Access to experienced and successful investment managers

Sterling Investments Limited (SIL) is registered as an international business company in St. Lucia. SIL is an investment holding company that was formed in 2012 and exists to protect and grow the capital of its shareholders. Early investors in SIL avoided the National Debt Exchange, 14% devaluation in 2013 and 8% devaluation in 2014. SIL listed its ordinary shares on the Main Market of the Jamaica Stock Exchange in October 2014. The company invests primarily in an array of high quality fixed income securities denominated in United States dollars. A small part of its portfolio is also dedicated to private equity investments that serve to boost the company's return on equity.

The company generates income in two ways: (a) through interest income earned on the securities in the portfolio and (b) through capital gains as a result of increases in the price of the securities. It offers investors the opportunity to enjoy:
- A hedge against devaluation and inflation
- Higher risk adjusted returns
- Diversification
- Access to the global capital markets
- Access to experienced and successful investment managers

SIL has the highest net profit margin and lowest efficiency ratio of any company on the Jamaica Stock Exchange. This is a direct result of the company's unique and competitive business model. Sterling Asset Management Limited (SAM) is the investment manager for SIL and owns preference shares in the company. The preference share holder receives the following compensation for managing SIL's affairs and executing the company's investment strategy:
- Management fee of 2% per annum on the value of assets under management
- Performance dividend of 25% of profits which exceed the 10 year UST plus 300 basis points.

INVESTMENT MANAGER OVERVIEW

Sterling Asset Management Limited is a 14 year old boutique investment management firm in Jamaica. With one of the highest capital adequacy ratios on the island, the company is one of the strongest financial institutions in the region. Sterling was one of the first local institutions to bring high quality USD fixed income investments to Jamaican investors. These investments have provided a source of consistent growth and a safe haven to sophisticated investors locally and internationally. Sterling's hallmark product is an offshore USD mutual fund which has delivered returns of over 13% per annum between 2003 and 2014. **US$100,000 invested in the fund in 2003 would be worth over US$445,000 at the end of 2014**. SIL's investment strategy has been modelled in a similar way, but incorporates a private equity component to boost long term returns.

SIL has the highest net profit margin and lowest efficiency ratio of any company on the Jamaica Stock Exchange


"A calm sea does not make a skilled sailor."
– Unknown

BOARD OF DIRECTORS

STERLING INVESTMENTS LIMITED

The Board of Sterling Investments Limited [SIL] is comprised of:

DEREK JONES – CHAIRMAN

Derek is a seasoned lawyer with over 40 years of experience across a wide variety of civil, criminal and commercial matters. He enjoys the rare distinction of being ranked by Chambers and Partners in two jurisdictions, Jamaica and Cayman. After retiring from Myers Fletcher & Gordon in 2010, Derek became the Regional Managing Partner with Higgs & Johnson, Cayman.

MICHAEL BERNARD

A former Managing Director of Carreras Group Limited, Michael possesses over 20 years of experience in leading and growing some of Jamaica's largest corporations. In addition to his extensive local and international business experience, Michael holds a B.A. and B.SC. in Business Administration and Forest Management respectively, and an MBA from the Harvard Graduate School of Business Administration.

MAXIM ROCHESTER

A former Territory Senior Partner of PricewaterhouseCoopers, has over 30 years' experience in the auditing of Jamaica's largest banking and insurance corporations. As such, Max is intimately familiar with the operations, financial systems, regulatory environment and reporting requirements of the local financial sector. His expertise is an invaluable asset to Sterling's operations.

CHARLES ROSS

Charles is a founding director of Sterling Asset Management Limited. In his role as President for the past 14 years, the company has generated a return on equity in excess of 35% per annum. He is a qualified engineer with over 15 years' experience in the field. Charles left the field of engineering, to act as the Executive Director of the PSOJ. In this capacity, he managed the investments and income of the organization and became one of the PSOJ's principal spokespersons on macro-economic policy and on social issues of national concern.

STERLING ASSET MANAGEMENT LIMITED

The Board of Sterling Asset Management Limited [SAM] is comprised of:

ROBERT TAYLOR

Robert possesses extensive experience in risk management, corporate banking, commercial and real estate law, and, real estate development. He spent 11 years at Citibank and left as the Resident Vice President, Financial Institutions & Public Sector Unit. Robert subsequently launched a full time law practice specializing in Real Estate and Commercial law.

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MARIAN ROSS

For the past 5 years, Marian has helped to develop and execute Sterling's business strategy. Previously, she worked as a Credit Analyst in Corporate Banking at First Citizens, Trinidad where she worked with some of the region's largest conglomerates. She holds an honor's degree in economics.

CHAIRMAN'S MESSAGE

STRATEGIC VISION AND MISSION

In August 2012 Sterling Asset Management had the foresight to design a product specifically for pension funds and Jamaican dollar earners to protect them from devaluation, inflation and debt exchanges. This was the genesis of Sterling Investments Limited, or SIL, a St. Lucia based investment holding company dedicated to investing in high quality hard currency assets. Fortuitously, this happened just before NDX and an annual devaluation of 14% in 2013. In our first capital raise in 2012, we received strong support from independent pension funds and savvy independent investors who, subsequently benefitted from the protection and the above-average performance provided by SIL. We are truly grateful to these pioneering investors, pension funds, trustees and investment managers who placed their confidence in the tried and true Sterling investment strategy. It is my pleasure, to give a review of the company's performance in the 2014 financial year.

FINANCIAL OVERVIEW:

SIL's historical performance has been marked by a steady increase in net book value. SIL returned 21.4% to investors in 2013 and 10.71% in 2014, before dividends were taken into account; beating devaluation and inflation by leaps and bounds. This reflects the appreciation in bond prices and the retention of profits in the company. While bond prices ended 2014 below their mid-year highs, the company believes that asset prices will recover in 2015 and the portfolio will continue to provide attractive levels of hard currency income to shareholders.

In 2014, SIL's total profit increased by approximately 28% from J$45.895 million in 2013 to J$58.63 million in 2014. This reflects the acquisition of new USD denominated fixed income assets that provide a stable source of income for shareholders. The company continued to use low cost forms of financing such as margin loans, to finance additional bond purchases and thereby bolster returns to shareholders. This is reflected in the company's robust net interest margin of 92.8%. SIL remains one of the most profitable companies listed on the local stock exchange.

During 2014, SIL paid $12,708,697.87 to shareholders in dividends, representing a dividend yield of roughly 3%. Dividends have historically been paid in USD. The dividend payout ratio has averaged 40% since inception. During the early years of SIL's life, the Directors thought it prudent to retain some profits in the company to fuel growth and bolster capital. This allows the company to more effectively weather volatility in the international capital markets. Given the strong growth of the company's equity over the last two years, the Board is prepared to contemplate higher payout ratios that achieve the optimum balance between reinvestment and shareholder dividend yield.

SIL returned 21.4% to investors in 2013 and 10.71% in 2014, before dividends

SIL maintains a modest investment in a private equity project domiciled in the Eastern Caribbean. This project involves the development of a beachfront hotel in St. Kitts and Nevis. The units in the hotel are priced in United States Dollars and are being sold to applicants of the island's citizenship by investment program. Construction commenced in August 2014 and is proceeding according to schedule. The geopolitical crises and civil unrest in the Middle East, North Africa and the rising wealth in China have fueled strong citizenship applications to the island. We anticipate that this investment will provide a boost to SIL's overall return on equity in the medium term.

MAJOR MILESTONES

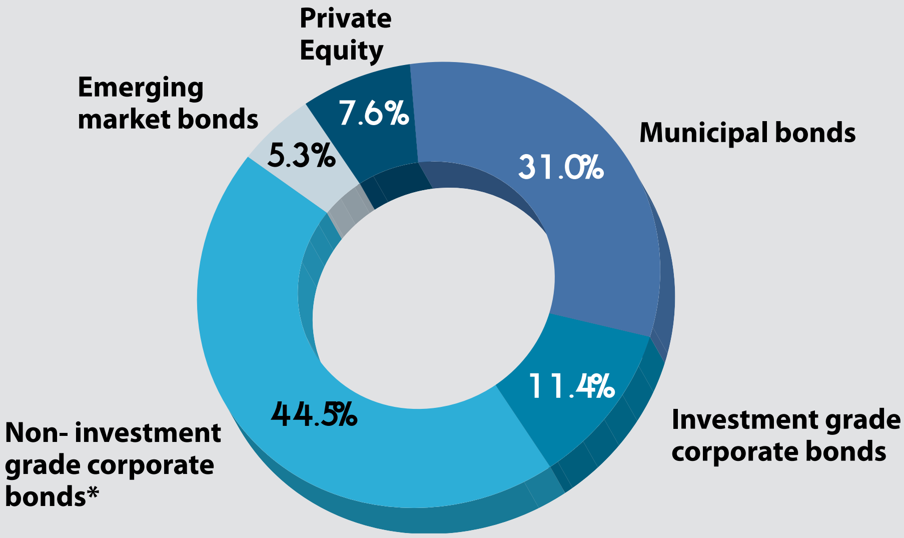
In October 2014 SIL listed its ordinary shares on the Jamaica Stock Exchange. SIL was the first investment of its kind to be listed on the Jamaican Stock Exchange. This allowed a wide array of local investors to get access to safer investments denominated in USD and world class investment management expertise.

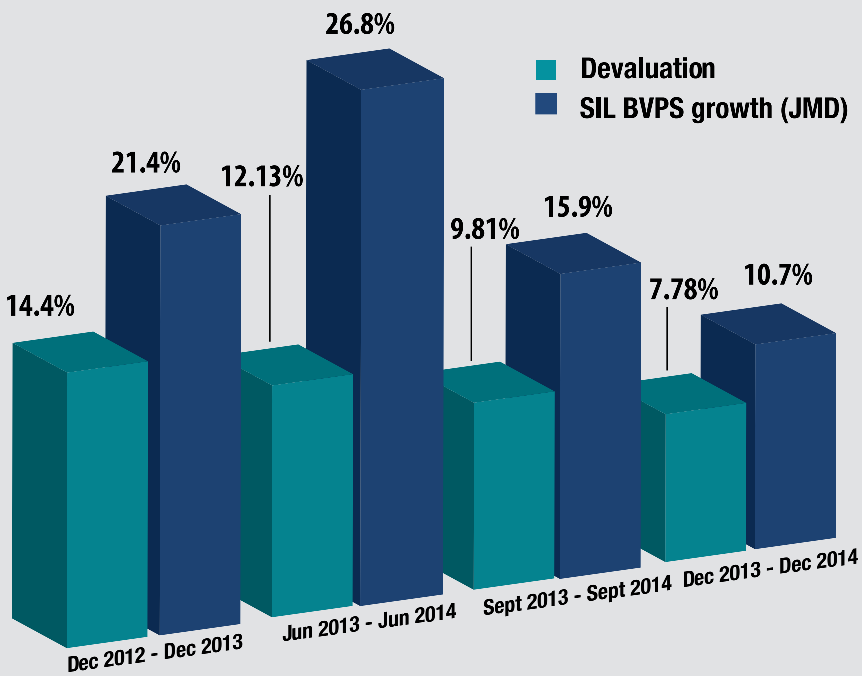
PERFORMANCE SUMMARY

The company maintains a robust net interest margin of 92.8%. SIL remains one of the most profitable companies listed on the local stock exchange.

OUTLOOK

Sterling Investments Limited looks forward to taking advantage of new opportunities in the global capital markets. With the pending change in monetary policy in the U.S. and Europe, we anticipate a rise in volatility and more fluctuations in asset prices. This volatility will provide new trading opportunities and the Directors remain committed to ensuring that shareholders enjoy the best risk adjusted returns in the market. On behalf of the Board of Directors, I would like to sincerely thank our shareholders who have had the courage and foresight to be part of the innovations in the local investment landscape.



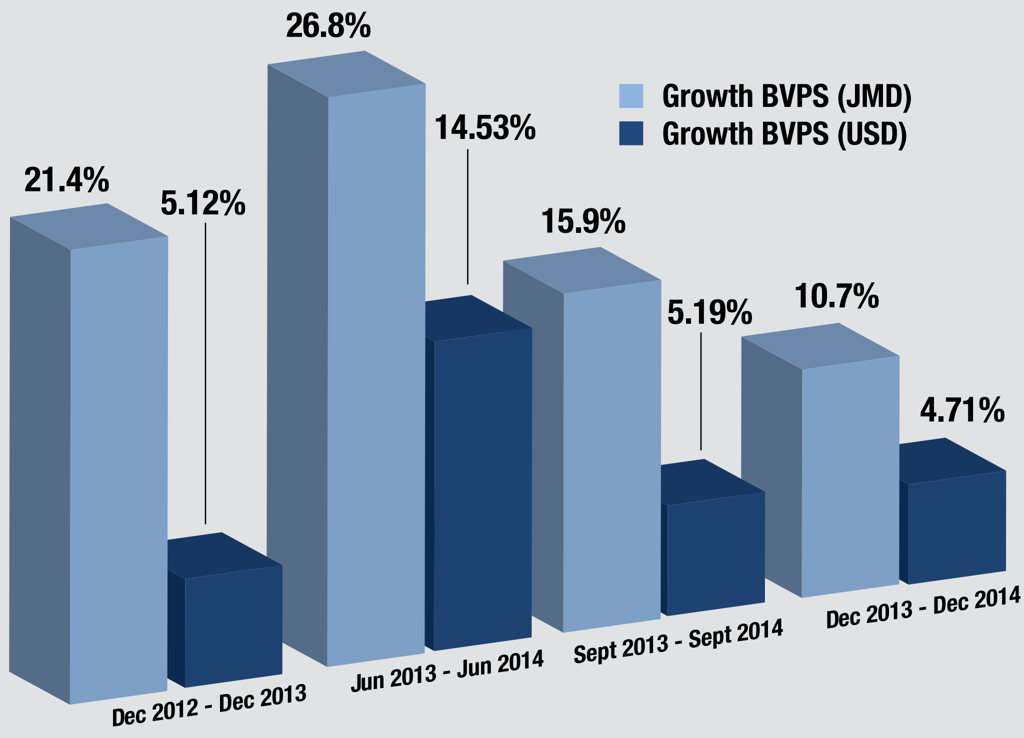


*Investment grade issuer

PERFORMANCE SUMMARY cont'd

SIL generates positive USD returns.

SIL has generated positive risk adjusted returns in real and nominal terms



Weighted average coupon rate = 8.34%
Weighted average yield to call/maturity = 8.59%

MANAGEMENT'S DISCUSSION & ANALYSIS

BALANCE SHEET ANALYSIS

SIL's total assets increased by roughly 60% from J$491.7 million in December 2013 to J$787.04 million in December 2014. This reflects the purchase of additional securities funded by a capital raise conducted in December 2013. The proceeds of the capital raise were used to purchase USD denominated fixed income securities that provided a sustainable source of hard currency income for the portfolio.

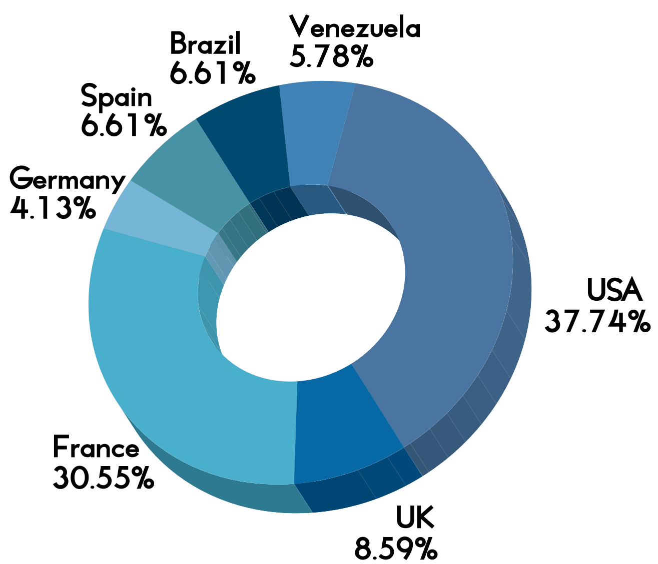
Total profit increased 28%

The company's liabilities also expanded from J$51.3 million in 2013 to J$247 million in 2014. This was driven by an increase in "margin loans payable" from J$31.551 million in December 2013 to J$223.886 million in December 2014. The increase in capital permitted the company to expand its portfolio and take on additional leverage. Despite this increase, margin loans represented just 28.44% of total assets in December 2014, compared to 6.4% in December 2013. The company employs modest amounts of leverage to enhance returns to shareholders.

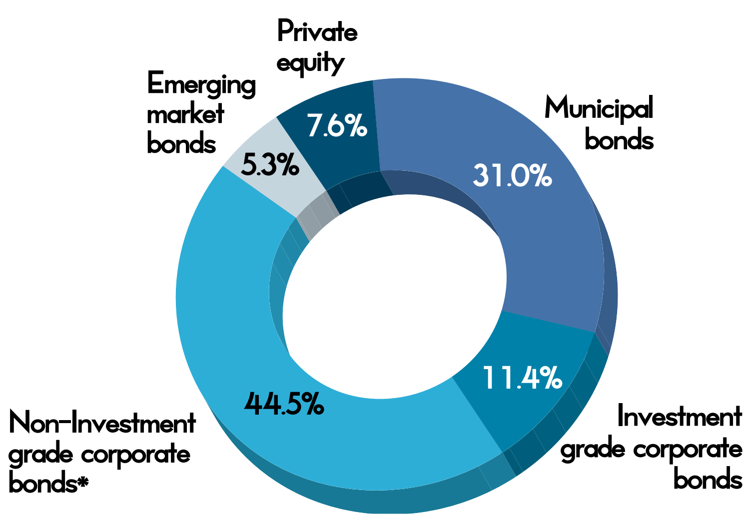
Total equity increased by over 20% from J$440.378 million in 2013 to J$539.493 million in 2014. The increase in shareholder value was driven by a 116% increase in retained earnings from J$42.089 million in December 2013 to J$91.219 million in December 2014.

While the 12% increase in share capital from J$387.47 million to J$437.3 million was a contributing factor, the strong increase in the book value of the company is primarily a result of the strong performance of the USD fixed income securities in the company's portfolio and the retention of profits to sustain growth.

Asset allocation by country



Asset allocation by investment category



**Investment grade issuer*

MANAGEMENT'S DISCUSSION & ANALYSIS cont'd

PRIVATE EQUITY UPDATE

Approximately 7.7% of SIL's investment portfolio is comprised of a preference share investment in a St. Kitts and Nevis real estate development project. The project involves the construction and sale of a 226 unit condominium hotel on land located at Frigate Bay, St. Kitts. The condominiums are part of the island's 'Citizenship by Investment' programme and are being purchased by applicants who wish to obtain a St. Kitts and Nevis passport. There has been a strong and identifiable global demand for this form of real estate and the St. Kitts passport. Upon completion the hotel will be operated under a well-known international brand.

INCOME STATEMENT ANALYSIS

Total profit increased by approximately 28% from J$45.895 million in 2013 to J$58.63 million in 2014. This is primarily the result of higher levels of interest income and gains on the sale of investments.

SIL generates income through a number of different activities. The company's primary source of revenue is interest income generated by the securities in its portfolio. Total interest income increased by 89% from J$29.116 million to J$55.016 million. This was a result of the larger portfolio of fixed income securities that generated a strong flow of USD income. The investment manager successfully acquired USD generating assets at attractive yields and coupon rates.

The company also earns income from gains generated by the purchase and sale of securities within its portfolio. Income from this activity increased by 27% year on year. Realized gains generated by the sale of securities increased from J$3.9 million in 2013 to J$4.9 million in 2014. The significant rally in bond prices in 2014, made it difficult for the company to replace its existing securities with assets of a similar quality and yield. Instead of selling securities within the portfolio to take advantage of the unrealized gains accrued, the company sought to hold on to the attractive assets within the portfolio.

Unrealized foreign exchange gains of J$36.07 million remained the same year on year as the pace of JMD devaluation slowed in 2014 (Relative to 2013).

EXPENSES:

SIL maintains one of the highest efficiency ratios and net profit margins on the Jamaica Stock Exchange (JSE). Consistent with the rise in assets, the company's operating expenses increased from J$11.365 million in 2013 to J$24.541 million. This was primarily a result of a 100% increase in auditing fees, fees associated with the company's listing on the JSE and the recognition of a full year of Directors' fees.

We provided a sustainable source of hard currency income for the portfolio

Sterling Asset Management (SAM) receives a management fee of 2% of the value of assets under management. As a result of the increase in the size of the portfolio, management fees increased from J$6.8 million in 2013 to J$10.65 million in 2014. In addition to the management fee, SAM also receives a performance fee when the return on equity exceeds the 10 year United States Treasury Yield (UST) plus 300 basis points. This fee declined by approximately 10.5% from J$10.36 million in 2014 to J$9.27 million in 2014.

OUTLOOK

With negative interest rates in Europe and quantitative easing underway, the company anticipates a continued rise in the value of bond prices issued by entities in that region. This will bode well for our portfolio.

The U.S. Federal Reserve has explicitly communicated its intent to increase interest rates in 2015. Over the past 18 months, the company has focused on locking in good yields and interest income to provide stability to its shareholders during the anticipated rise in volatility that will accompany the Fed's rate hike.

Additionally, the company has significantly shortened the duration of its portfolio to minimize price risk and is actively seeking structured notes and other types of fixed income instruments that are suitable for an environment of rising interest rates. It is anticipated that more leverage will be utilized as a method of enhancing returns to shareholders. The company maintains its focus on USD instruments of high credit quality.

RISK MANAGEMENT

Effective risk management and optimization is essential to sustaining and furthering the success of our business. Risk is continuously analyzed with the objective of maximizing profits from upside risks (the risk of upward movement in the value of an asset) while also avoiding and minimizing potential losses arising from downside risks (the risk of losses arising from adverse movements in the market).

Risk management is incorporated as part of the company's culture and is an ongoing, consultative, forward-looking and dynamic process. Risk is analyzed within a well-defined framework shaped by the company's risk appetite, strategic objectives, competitive advantages and the prevailing regulatory and macroeconomic environment.

The Investment Management Committee oversees the formation of and adherence to the company's general risk guidelines. Sterling measures risk using an array of quantitative and qualitative measures. General explanations of the key risk mitigation strategies are described below.

KEY RISKS

SIL assumes market risks in the conduct of its business. Market risk is a generic term for price risk and liquidity risk.

PRICE RISK

Price risk measures the sensitivity of the Group's earnings to changes in: interest rates, commodity prices (including foreign exchange rates), and derivative prices. The company assumes price risk commensurate with its budgeted targets, capacity to manage risk, and the sophistication of the markets it opts to invest in. SIL monitors and manages price risk by establishing a series of limits and observing the performance of the assets in the portfolio relative to these limits. A combination of the following limits are used to manage price risk:

- Limits on the size of the positions in various asset classes or structures that can be held in the portfolio
- Limits on the length of time the asset can be held
- Factor sensitivity limits
- Potential loss amount limits

Liquidity Risk: Liquidity risk measures the capacity of an institution to adequately and promptly satisfy all scheduled and unscheduled contractual funding obligations. Effective liquidity management is essential to maintaining market confidence, meeting regulatory requirements, maintaining the flexibility necessary to capitalize on attractive asset purchases and business expansion opportunities, and protecting the company's capital base. SIL pursues effective liquidity management to achieve these objectives through:

- The placement of limits on maximum amounts of funding that will become due during different time periods under business-as-usual conditions
- Active liability management focused on the diversification of funding sources, instruments, and the synchronization of the maturities of its assets and liabilities.
- A contingency funding plan, which is a formal plan for maintaining liquidity under adverse conditions

RISK MANAGEMENT cont'd

- Active analysis and monitoring of the macroeconomic and interest rate environments in its operating jurisdictions

SIL also mitigates market risk by conducting regular sensitivity analysis and stress tests on the company's portfolio and capital base and through the continuous validation of the adequacy and integrity of policies, assumptions, practices, and procedures that form part of the risk management strategy.

With the anticipated change in U.S. monetary policy, price risk is one of the most important considerations that currently inform SIL's dynamic investment strategy. The investment manager has sought to minimize price risk by shortening the duration of the fixed income portfolio. The investment manager has also positioned the portfolio to take advantage of the upside price risk presented by the low interest regime in Europe. However, the prices of financial assets are likely to remain volatile and shareholders can expect to see continued fluctuations in the 'fair value reserve' and market value of the underlying securities. The profit that has been retained in the company will act as a strong buffer for the capital base of the company.

The company's strong liquidity position has been bolstered by the modest use of leverage and strong flow of interest income. The rise in interest rates is expected to be gradual and slow. This is unlikely to immediately affect the cost of funding (in the form of margin loans) for the company in the short term.

CREDIT RISK

SIL assumes the credit risk inherent in the financial instruments it holds in its portfolio. Credit risk describes the likelihood that the issuer or guarantor of the instrument will fail to repay the principal or interest due on the security. SIL refers to the credit rating assigned to an issuer or instrument as a guide when making investment decisions. However, the company generally performs independent technical or credit review analysis in line with the objective of the purchase.

To mitigate credit risk, the company seeks to ensure that the majority of its investment portfolio is concentrated in instruments issued by institutions or Governments of a high credit quality. Concentration limits and maximum piece sizes guide the purchasing decisions for the Group's investment portfolio.

OPERATIONAL RISK

The standard industry definition of operational risk describes the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. SAM mitigates operational risk through the existence of an independent audit function. SAM's operational procedures, business and accounting practices are audited annually by an independent audit firm. This firm reports directly to SAM's Audit Committee on a monthly basis to report on the findings of its internal audits. The company has proactively implemented international best practices that govern the execution of its daily activities.

PRIVATE EQUITY RISK MANAGEMENT

SIL explores private equity opportunities through formal partnerships with experienced and reputable firms of professionals in the relevant industries. These partnerships provide one-off viable projects as well as the relevant expertise to execute them. However, all projects will be rigorously assessed and approved by SIL's team of analysts and the Board of Directors respectively. To mitigate risks associated with private equity projects, the investment manager rigorously analyzes and evaluates the feasibility of each investment. The Board of Directors must approve all private equity investments. On an on-going basis, the investment manager actively monitors the execution and business strategies of these projects.

CORPORATE GOVERNANCE

The Board of Directors of SIL has the following responsibilities:

- Overseeing and monitoring the performance of the investment manager
- Periodically reviewing the investment strategy and risk criteria to ensure that return on equity is being optimized
- Enforcing good corporate and risk governance and ethical codes of conduct

The company's corporate governance guidelines can be found at: **www.sterling.com.jm**

BOARD SUB COMMITTEES

AUDIT COMMITTEE

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities by monitoring and assessing critical areas of the company's operations and regularly reporting to the Board of Directors on same. The key focus areas consist of, but are not limited to: the integrity of financial record keeping and reporting, the risk and control environment, the Internal Audit, the External Audit, Regulatory Compliance internationally and locally and the company's codes of ethical and business conduct.

PRINCIPAL ACTIVITIES OF AUDIT COMMITTEE

The Principal activities of the Audit Committee are to assess and approve:

- The integrity of financial record keeping and reporting
- Monthly in-house management accounts and explanations for divergence from budget
- The system of internal controls and procedures
- Stability and security of IT infrastructure
- Internal audit report & findings and implementation of recommendations
- Internal audit focus & budget for the financial year
- Appointment of Internal Auditors
- Annual audited financial statements with a view to ensuring they are complete, utilizing the appropriate accounting principles and consistent with information known to Committee members.
- Appointment of External Auditors
- Local and international regulatory submissions
- Codes of ethical and business conduct

Meet privately with:
Internal Auditors as deemed necessary
External Auditors as deemed necessary

INVESTMENT MANAGEMENT COMMITTEE (IMC)

The Investment Management Committee aims to ensure that the assets and liabilities of Sterling Investments Limited are effectively managed to maximize return on equity, bolster the capital base and to safeguard the company against adverse consequences of changes in interest rate and liquidity risk. These objectives are pursued in the context of a framework of strong risk management, investment and liquidity policy guidelines, which are outlined in the investment policy. The Committee's mandate is to oversee the management of the company's assets and liabilities in the context of these objectives and budgeted targets.

The principal activities of the Investment Management Committee are to assess:

- Local and international macroeconomic conditions and the implications for the company's investment strategy
- Management of market, liquidity and credit risk
- Investment strategies employed to maximize risk adjusted return on equity
- Quality and structure of funding and asset base
- Adherence to liquidity, capital and trading policy limits
- Achievement of budgeted profitability targets

TOP TEN SHAREHOLDERS

For Sterling Investment Limited
As at December 31, 2014

NAME	VOLUME	PERCENTAGE
ATL GROUP PENSION FUND TRUSTEES NOMINEE LIMITED	1,000,000	24.90
GRACEKENNEDY LIMITED PENSION SCHEME	522,727	13.02
STEPHEN GAGER	345,517	8.61
PAM-CABLE & WIRELESS PENSION REAL ESTATE FUND	300,000	7.48
SATYANARAYANA PARVATANENI	193,763	4.83
WINNIFRED M MULLINGS	184,276	4.59
CHARLES A. ROSS	173,782	4.33
EVERTON LLOYD MCDONALD	134,979	3.36
TREVOR E BARRETT	105,959	2.64
KATHLEEN COARD	101,352	2.52

DIRECTORS' & CONNECTED PARTIES' REPORT

For Sterling Investment Limited
As at December 31, 2014

NAME	POSITION	RELATIONSHIP	UNITS	PERCENTAGE
Charles Ross	Director	Connected Party Holdings	40,681	0.0000
		Combined Holdings	214,463	5.3
Derek Jones	Director	Connected Party Holdings	0.00	0.0000
		Combined Holdings	0.00	0.0000
Michael Bernard	Director	Connected Party Holdings	0.00	0.0000
		Combined Holdings	0.00	0.0000
Maxim Rochester	Director	Connected Party Holdings	0.00	0.0000
		Combined Holdings	0.00	0.0000

SHAREHOLDINGS OF DIRECTORS AND CONNECTED PERSONS

	Number of shares	% of total
Charles Ross	173,782.00	4.30%
Marian Ross	18,739.00	0.50%
Sterling Asset Management	11,945.00	0.30%
Charles Andrew Ross	9,997.00	0.20%

AUDITED FINANCIAL STATEMENTS

STERLING INVESTMENTS LIMITED

Financial Statements

December 31, 2014

STERLING INVESTMENTS LIMITED

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Fax (758) 45 3-6507
e-Mail kpmg@kpmg.lc

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
STERLING INVESTMENTS LIMITED

We have audited the financial statements of Sterling Investments Limited ("the Company") set out on pages 21 to 51,which comprise the statement of financial position as at December 31, 2014, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Shareholders of
STERLING INVESTMENTS LIMITED

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2014, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

KPMG

KPMG Eastern Caribbean
February 21, 2015

Castries, Saint Lucia

STERLING INVESTMENTS LIMITED

Statement of Financial Position
December 31, 2014

	Notes	2014	2013
ASSETS			
Cash and cash equivalents	4	1,343,020	3,465,648
Accounts receivable	5	18,963,875	9,711,165
Investment securities	6	766,737,135	478,531,699
TOTAL ASSETS		$787,044,030	491,708,512
LIABILITIES			
Margin loans payable	7	223,886,387	31,551,950
Other payables	8	12,508,133	11,787,673
Due to related company	9	10,650,889	7,799,970
Manager's preference shares	10	10,000	10,000
Income tax payable		495,510	180,421
		247,550,919	51,330,014
EQUITY			
Share capital	11	437,296,904	387,469,691
Fair value reserve	12	10,976,493	10,818,949
Retained earnings		91,219,714	42,089,858
		539,493,111	440,378,498
TOTAL LIABILITIES AND EQUITY		$787,044,030	491,708,512

The financial statements on pages 21 to 51 were approved for issue by the Board of Directors on February 21, 2015 and signed on its behalf by:

Director
Charles Ross

Director
Maxim Rochester

The accompanying notes form an integral part of the financial statements.

STERLING INVESTMENTS LIMITED

Statement of Profit or Loss and Other Comprehensive Income
Year ended December 31, 2014
(With comparatives for the sixteen-month period ended December 31, 2013)

	Notes	2014	2013
Revenue:			
Interest income	13	55,016,387	29,116,138
Foreign exchange gains		36,708,090	36,779,330
Gain on disposal of available-for-sale securities		4,979,908	3,915,580
		96,704,385	69,811,048
Expenses:			
Interest		(3,953,304)	(2,112,119)
Other operating	14	(24,541,621)	(11,365,062)
		(28,494,925)	(13,477,181)
Operating profit		68,209,460	56,333,867
Other income		7,493	104,299
Manager's preference share interest expense		(9,271,165)	(10,362,673)
Profit before taxation		58,945,788	46,075,493
Taxation	15	(315,089)	(180,421)
Profit for the year/period		58,630,699	45,895,072
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Realized gain on disposal of available-for-sale securities reclassified to profit for the year		(2,765,914)	-
Unrealised change in fair value of available-for-sale securities		2,923,458	10,818,949
		157,544	10,818,949
Total comprehensive income for the year/period		$58,788,243	56,714,021
Basic earnings per stock unit	16	$ 15.09	12.65
Diluted earnings per share	16	$ 17.43	15.46

The accompanying notes form an integral part of the financial statements.

STERLING INVESTMENTS LIMITED

Statement of Changes in Equity
Year ended December 31, 2014
(With comparatives for the sixteen-month period ended December 31, 2013)

	Share capital (note 11)	Fair value (note 12)	Retained earnings	Total
Comprehensive income:				
Profit for the period	-	-	45,895,072	45,895,072
Other comprehensive income:				
Item that may be reclassified to profit or loss				
Unrealised change in fair value of available-for-sale securities	-	10,818,949	-	10,818,949
Total comprehensive income	-	10,818,949	45,895,072	56,714,021
Transactions with owners:				
Shares issued during the period	387,469,691	-	-	387,469,691
Dividends (note 17)	-	-	(3,805,214)	(3,805,214)
	387,469,691	-	(3,805,214)	383,664,477
Balances at December 31, 2013	387,469,691	10,818,949	42,089,858	440,378,498
Comprehensive income:				
Profit for the year	-	-	58,630,699	58,630,699
Other comprehensive income:				
Item that may be reclassified to profit or loss				
Realized gain on disposal of available-for-sale securities reclassified to profit for the year	-	(2,765,914)	-	(2,765,914)
Unrealised change in fair value of available-for-sale securities	-	2,923,458	-	2,923,458
Total other comprehensive income	-	157,544	-	157,544
Total comprehensive income	-	157,544	58,630,699	58,788,243
Transactions with owners:				
Shares issued during the year	49,827,213	-	-	49,827,213
Dividends (note 17)	-	-	(9,500,843)	(9,500,843)
	49,827,213	-	(9,500,843)	40,326,370
Balances at December 31, 2014	$437,296,904	10,976,493	91,219,714	539,493,111

The accompanying notes form an integral part of the financial statements.

STERLING INVESTMENTS LIMITED

Statement of Cash Flows
Year ended December 31, 2014
(With comparatives for the sixteen-month period ended December 31, 2013)

	2014	2013
Cash flows from operating activities		
Profit for the year/period	58,630,699	45,895,072
Adjustments for:		
Interest income	(55,016,387)	(29,116,138)
Interest expense	3,953,304	2,112,119
Taxation	315,089	180,421
Manager's preference share interest expense	9,271,165	10,362,673
	17,153,870	29,434,147
Changes in:		
Accounts receivable	(2,008)	(1,870)
Margin loans payable	192,334,437	31,551,950
Other payables	1,811,968	1,425,000
Due to related company	2,850,919	7,799,970
	214,149,186	70,209,197
Interest received	45,765,685	19,406,843
Interest paid	(3,953,304)	(2,112,119)
Net cash provided by operating activities	255,961,567	87,503,921
Cash flows from investing activity		
Investment securities, being net cash used by investing activity	(288,047,892)	(467,712,750)
Cash flows from financing activities		
Issue of preference shares	-	10,000
Issue of ordinary shares	49,827,213	387,469,691
Manager's preference shares interest paid	(10,362,673)	-
Dividends paid	(9,500,843)	(3,805,214)
Net cash provided by financing activities	29,163,697	383,674,477
(Decrease)/increase in cash and cash equivalents	(2,122,628)	3,465,648
Cash and cash equivalents at beginning of year/period	3,465,648	-
Cash and cash equivalents at end of year/period	$ 1,343,020	3,465,648

The accompanying notes form an integral part of the financial statements.

1. Identification

Sterling Investments Limited ("the Company") was incorporated on August 21, 2012 in St. Lucia under the International Business Companies Act, and commenced operations on December 1, 2012. The Company's registered office is located at 20 Micoud Street, Castries, St. Lucia.

The principal activities of the Company are holding and trading of tradable and other securities and other investments.

The company has no employees and its activities are administered by Sterling Asset Management Limited to which management fees are paid [note 9(d)].

2. Statement of compliance and basis of preparation

(a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

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

Certain new standards and interpretations, and certain amendments, which were in issue, came into effect for the current financial year. Their adoption did not result in any change in accounting policies and did not have any effect on the amounts and disclosures in the financial statements.

New, revised and amended standards and interpretations not yet effective:

At the date of approval of the financial statements, certain new, revised and amended standards and interpretations, were in issue but were not yet in effect and had not been early-adopted by the Company. The Company has assessed their relevance and has determined that the following may be relevant to its operations:

- IFRS 15, *Revenue from Contracts with Customers*, is effective for annual reporting periods beginning on or after January 1, 2017. It replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers*, and SIC-31, *Revenue - Barter Transactions Involving Advertising Services*.

  The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.

2. Statement of compliance and basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

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

- *Improvements to IFRS*, *2010-2012 and 2011-2013* cycles, contain amendments to certain standards and interpretations and are effective for annual reporting periods beginning on or after July 1, 2014. The main amendments applicable to the Company are as follows:

    - IFRS 13*, Fair Value Measurement*, has been amended to clarify that issuing of the standard and consequential amendments to IAS 39 and IFRS 9 did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.

    - *IAS 24, Related Party Disclosures,* has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.

2. Statement of compliance and basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

- *Improvements to IFRS, 2012-2014* cycle, contain amendments to certain standards and interpretations and are effective for annual reporting periods beginning on or after January 1, 2016. The main amendments applicable to the Company are as follows:

  - IFRS 7, *Financial Instruments: Disclosures,* has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognized in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset -e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'.

    IFRS 7 has also been amended to clarify that the additional disclosures required by "Amendments to IFRS 7, *Disclosures: Offsetting Financial Assets and Financial Liabilities,"* are not specifically required for inclusion in condensed interim financial statements for all interim periods; however, they are required if the general requirements of IAS 34, *Interim Financial Reporting,* require their inclusion.

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

The Company is assessing the impact that the new standards and amendments will, when they become effective, have on its financial statements.

(b) Functional and presentation currency

The financial statements are presented in Jamaica dollars, which is the functional currency of the Company.

(c) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make estimates, based on assumptions, and judgements. The estimates and judgements affect the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the period then ended. Actual amounts could differ from those estimates.

2. Statement of compliance and basis of preparation (cont'd)

(c) Use of estimates and judgements (cont'd)

The estimates, and the assumptions underlying them, are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements and estimates made by management in the application of IFRS that have a significant effect on these financial statements and/or have a significant risk of material adjustment in the next financial year are set out below:

(i) Judgements

For the purpose of these financial statements, prepared in accordance with IFRS, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the agreed principles set out in IFRS.

The determination of whether a security may be classified as 'loans and receivables' (note 6) or whether a security's fair value may be classified as 'Level 1' in the fair value hierarchy [note 19(a)] requires judgement as to whether a market is active.

(ii) Uncertainties arising from the use of estimates

(1) Allowance for impairment losses

In determining amounts recorded for impairment of debt securities and other financial assets in the financial statements, management makes assumptions in assessing whether certain facts and circumstances, such as significant financial difficulty of the issuer or obligor, repayment default, and adverse economic conditions, are indicators that there may be a measurable decrease in the estimated future cash flows from outstanding financial asset balances –ie, they are impaired. Management also makes estimates of the likely estimated future cash flows from financial assets that it determines are impaired, as well as the timing of cash flows. If the financial assets are individually significant, the amount and timing of cash flows are estimated for each asset individually. Where indicators of impairment are not observable on individually significant assets, or on a group or portfolio of assets that are not individually significant, management estimates the impairment by classifying each financial asset or group or portfolio of financial assets according to their characteristics, such as credit risks, and applying appropriate factors, such as historical loss experience, to each class with similar characteristics.

The use of assumptions makes uncertainty inherent in such estimates.

2. Statement of compliance and basis of preparation (cont'd)

(c) Use of estimates and judgements (cont'd)

(ii) Uncertainties arising from use of estimates (cont'd)

(2) Fair value of financial instruments

The Company's accounting policies and disclosures require the measurement of fair values for financial assets and liabilities. When measuring the fair value of an asset or liability, the Company uses observable data, such as prices quoted in an active market, as far as possible. In the absence of quoted market prices, other inputs, including judgements about the market and assumptions about the future, are used to estimate for value. The greater the number and/or significance of inputs that are unobservable, the greater the fair value estimation uncertainty. Fair values are categorized into different levels in a three-level fair value hierarchy based on the degree to which the inputs used in the valuation techniques include unobservable data, as follows:

The techniques used to estimate fair values, together with the inputs used, are described in note 19.

The estimation uncertainty because of the use of estimates, based on assumptions, means that the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

3. Significant accounting policies

(a) Financial instruments – Classification, recognition and de-recognition, and measurement

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements, financial assets comprise cash and cash equivalents, accounts receivable, and investment securities. Financial liabilities comprise margin loans payable, other payable, due to related company and preference shares.

Financial instruments are classified, recognised and measured in accordance with the substance of the terms of the contracts, as set out herein.

(i) Classification of financial instruments

The Company classifies non-derivative financial assets into the following categories. Management determines the appropriate classification of investments at the time of purchase, taking account of the purpose for which the investments were purchased.

3. Significant accounting policies (cont'd)

(a) Financial instruments – Classification, recognition and de-recognition, and measurement (cont'd)

(i) Classification of financial instruments (cont'd)

Loans and receivables: Securities acquired and loans granted with fixed or determinable payments and which are not quoted in an active market, are classified as loans and receivables. The Company's financial instruments included in this classification are resale agreements, local and foreign currency denominated securities which do not have a quoted market price in an active market and whose fair values cannot be reliably determined, and interest-bearing deposits

Held-to-maturity: Securities with fixed or determinable payments and fixed maturities that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity. The Company's financial instruments included in this classification are the Government of Jamaica-issued fixed rate accreting notes.

Fair value through profit or loss: Securities that are held for trading (ie, acquired to generate short-term profits or are part of a portfolio of financial assets managed together for that purpose) or are designated as 'at fair value through profit or loss' upon initial recognition.

Available-for-sale: Securities are classified as available-for-sale, because they are designated as such or are not classified in any of the other categories. The Company's financial instruments included in this classification are securities with quoted prices in an active market or for which the fair values are otherwise determinable, interest in funds managed by agents.

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

(ii) Recognition and derecognition - Non-derivative financial assets and financial liabilities

The Company recognises a financial instrument when it becomes a party to the contractual terms of the instrument. The Company initially recognises loans and receivables and debt securities on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains all or substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

3. Significant accounting policies (cont'd)

(a) Financial instruments – Classification, recognition and de-recognition, and measurement (cont'd)

(ii) Recognition and derecognition - Non-derivative financial assets and financial liabilities

The Company derecognises a financial liability when its contractual obligations expire or are discharged or cancelled.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has the legal right to offset the amounts and intends either to settle them on a net basis, or to realise the assets and settle the liabilities simultaneously.

(iii) Measurement and gains and losses - Non-derivative financial assets

Loans and receivables: On initial recognition they are measured at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost, using the effective interest method, less impairment losses. Premiums and discounts are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

Where securities classified as loans and receivables become quoted in an active market, such securities will not be reclassified as available-for-sale securities. An active market is one where quoted prices are readily and regularly available from an exchange dealer, broker or other agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Held-to-maturity: On initial recognition they are measured at fair value, plus any directly attributable transaction costs. Premiums and discounts are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument. Subsequent to initial recognition, they are measured at amortised cost, using the effective interest method, less impairment losses.

Any sale or reclassification of a significant amount of held-to-maturity investments that is not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the company from classifying investment securities as held-to-maturity for the financial year in which sale or reclassification occurs and the following two financial years.

Fair value through profit or loss: Financial assets which are held for trading or are designated as at fair value through profit or loss are measured at fair value. Changes in fair value are recognised in profit or loss.

3. Significant accounting policies (cont'd)

(a) Financial instruments – Classification, recognition and de-recognition, and measurement (cont'd)

(iii) Measurement and gains and losses- Non-derivative financial assets (continued)

A*vailable-for-sale:* On initial recognition, they are measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value, with unrealised gains and losses arising from changes in fair value treated as follows:

- Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income.

- When securities classified as available-for-sale are sold or impaired, and therefore derecognised, the accumulated fair value adjustments accumulated in other comprehensive income are reclassified to profit or loss.

(iv) Specific financial instruments

(1) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents comprise short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term commitments (these investments include short-term deposits where the maturities do not exceed three months from the acquisition date). Cash and cash equivalents are measured at cost.

(2) Accounts receivable

Accounts receivable is stated at amortised cost, less impairment losses.

(3) Margin loans payable and other payables

Margin loans payable and other payables are stated at amortised cost.

3. Significant accounting policies (cont'd)

(b) Revenue recognition

Revenue is income that arises in the course of the ordinary activities of the Company. Accordingly, revenue comprises interest income and income and gains from holding and trading securities.

(i) Interest income

Interest income is recognised in profit or loss for all interest-earning instruments on the accrual basis using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the carrying amount of the financial asset. The effective interest rate is established on initial recognition of the financial asset and is not revised subsequently. Interest income includes coupons earned on fixed income investments, accretion of discount on treasury bills and other discounted instruments, and amortisation of premium on instruments bought at a premium.

IFRS requires that when loans become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

(ii) Gain or loss on holding and trading securities

Gain or loss on securities trading is recognised when the Company becomes a party to a contract to dispose of the securities, or, in the case of financial assets measured at fair value, upon re-measurement of those assets.

(c) Interest expense

Interest expense is recognised in profit or loss on the accrual basis using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability to the carrying amount of the financial liability.

(d) Foreign currencies

Foreign currency balances at the reporting date are translated at the foreign exchange rates ruling at that date. Transactions in foreign currencies are converted at the foreign exchange rates ruling at the dates of the transactions. Gains and losses arising from fluctuations in exchange rates are recognised in profit or loss.

3. Significant accounting policies (cont'd)

(e) Share capital

The Company classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. In the case of its preference share capital, it is classified as:

(i) equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary; in such a case, dividends thereon are recognised as distributions within equity;

(ii) liability if it is redeemable on a specific date or at the option of the stockholders, or if dividends are not discretionary; in such a case, dividends thereon are recognised as interest in profit or loss.

The Company's preference shares bear contractual entitlements to dividends that are cumulative, and not at the discretion of the directors. Accordingly, they are presented as a financial liability.

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

(f) Identification and measurement of impairment

(i) Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Company on terms that the Company would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3. Significant accounting policies (cont'd)

(f) Identification and measurement of impairment (cont'd)

(i) Impairment of financial assets (cont'd)

Impairment losses on *available-for-sale investment securities* are recognised by transferring the cumulative loss that has been recognised directly in other comprehensive income to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If in a subsequent period the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each financial year end to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent of other assets and groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4. Cash and cash equivalents

	2014	2013
Cash	3,000	-
Demand deposit accounts	1,340,020	3,465,648
	$1,343,020	3,465,648

5. Accounts receivable

	2014	2013
Interest receivable	18,959,997	9,709,295
Other	3,878	1,870
	$18,963,875	9,711,165

6. Investment securities

	2014	2013
Available-for-sale		
Corporate bonds (i)	473,039,584	330,333,099
Municipal bonds (ii)	236,537,551	95,198,600
Loans and receivables		
Unquoted preference shares (iii)	57,160,000	53,000,000
	$766,737,135	478,531,699

(i) Corporate bonds earn interest at rates ranging from 5.125% to 12.75% per annum and mature over the period 2016 to 2049.

(ii) Municipal bonds earn interest at rates ranging from 5.00% to 10.00% per annum and mature over the period 2023 to 2040.

(iii) Unquoted preference shares represent investments in cumulative redeemable preference shares issued by a related party. They earn interest at 8% interest per annum and are redeemable.

7. Margin loans payable

These are margin loans due to overseas brokers. The loans bear interest at rates ranging from 2.07% to 2.25% per annum, are collateralised by securities purchased from the brokers with the loan proceeds, and have no set repayment date.

8. Other payables

	2014	2013
Manager's preference shares interest payable [note 9(c)(i)]	9,271,165	10,362,673
Other payables and accruals	3,236,968	1,200,000
Commission payable	-	225,000
	$12,508,133	11,787,673

9. Related party balances and transactions

(a) Definition of related party

A related party is a person or entity that is related to the Company.

(i) A person or a close member of that person's family is related to the Company if that person:

(1) has control or joint control over the Company;

(2) has significant influence over the Company; or

(3) is a member of the key management personnel of the Company or of a parent of the the Company.

(ii) An entity is related to the Company if any of the following conditions applies:

(1) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(3) Both entities are joint ventures of the same third party.

(4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(5) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.

(6) The entity is controlled, or jointly controlled by a person identified in (i).

(7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged.

(b) Identity of related parties

The company has related party relationships with its directors, investment manager and other entities under the common control of its investment manager.

9. Related party balances and transactions (cont'd)

(c) Related party amounts

(i) The statement of financial position includes balances with related parties, arising in the ordinary course of business, as follows:

	2014 $	2013 $
Related company		
Unquoted preference shares	57,160,000	53,000,000
Interest receivable	8,482,857	3,625,490
Total [note 18(a)(ii)]	65,642,857	56,625,490
Investment manager		
Manager's preference shares interest payable (note 8)	(9,271,165)	(10,362,673)
Due to related company	(10,650,889)	(7,799,970)
Directors		
Other payables	(548,736)	-

(ii) The statement of profit or loss and other comprehensive income includes income earned from, and expenses incurred in, transactions with related parties, in the ordinary course of business, as follows:

	2014 $	2013 $
Related company		
Interest on unquoted preference shares	4,509,527	3,483,425
Investment manager		
Manager's preference shares interest expense	(9,271,165)	(10,362,673)
Management fees (note 14)	(10,650,889)	(6,851,955)
Directors		
Directors fees (note 14)	(2,133,120)	(506,880)

10. Manager's preference shares

(a) This represents 10,000 manager's cumulative preference shares (see note 11). The terms and conditions of these shares include the following:

(i) The block of manager's cumulative preference shares, at all times, regardless of the number of ordinary shares issued and held, enjoy voting control to the extent of 51% of such votes as may be cast by shareholders of the Company with respect to any and all decisions by such shareholders;

(ii) The manager's cumulative preference shares rank *pari passu* as between and among themselves;

10. Manager's preference shares (cont'd)

(a) This represents 10,000 manager's cumulative preference shares (see note 11). The terms and conditions of these shares include the following (cont'd):

(iii) The manager's cumulative preference shares are entitled to a cumulative annual preference dividend of twenty five per cent (25%) of the Company's return on equity earned in excess of the hurdle rate (computed in accordance with the formula set out in the terms and conditions of issue) applied to the United States dollar value of the Company's profit and equity. The return on equity is calculated as the net profit of the Company divided by the value of the Company's average equity as at the end of the financial year, expressed in United States dollars and substantiated by the audited financial statements;

(iv) Apart from the right to the cumulative annual preference dividend, the manager's cumulative preference shares have no economic rights or entitlements save for the right in a winding up to the repayment of the capital paid thereon on a *pari passu* basis with the capital paid on the ordinary shares; and

(v) In the event that an entity which is (or becomes) the investment manager subsequently ceases to be the investment manager in accordance with the relevant provisions of the Company's Articles of Association, each of the manager's cumulative preference shares held by that entity shall thereupon automatically be converted into a fully paid ordinary share in the Company.

(b) The dividend payment is recorded as manager's preference shares interest expense in the statement of profit or loss and other comprehensive income.

11. Share capital

	2014	2013
(i) Authorised:		
25,000,000 ordinary shares of no par value		
10,000 manager's cumulative preference shares of no par value		
(ii) Issued and fully paid:		
4,014,547 (2013: 3,628,599) ordinary shares	437,296,904	387,469,691
10,000 manager's cumulative preference shares	10,000	10,000
	437,306,904	387,479,691
Less: Manager's preference shares reclassified to liability (note 10)	10,000	10,000
	$437,296,904	387,469,691

12. Fair value reserve

This represents the unrealised gains, net of losses, on the revaluation of available-for-sale investment securities.

13. Revenue

This represents income earned from holding and trading investment securities.

14. Operating expenses

The following are among the items included in operating expenses:

	2014	2013
Management fees [note 9(c)(ii)]	10,650,889	6,851,955
Stock exchange listing	5,737,213	-
Auditors' remuneration - current year	2,440,732	1,200,000
- prior year	390,295	-
Other	2,819,571	1,495,528
Directors fees [note 9(c)(ii)]	2,133,120	506,880
Professional fees	369,801	1,310,699
	$24,541,621	11,365,062

15. Taxation

(a) The charge for income tax is computed at 1% of profit for the year/period as adjusted for tax purposes, and is made up as follows:

	2014	2013
Profit before taxation	$58,945,788	46,075,493
Computed "expected" tax charge at 1% (2013: 1%)	589,458	460,755
Tax effect of differences between profit for financial statements and tax reporting purposes:		
Unrealized foreign exchange gains	(367,081)	(383,961)
Manager's preference share interest expense	92,712	103,627
Current tax charge, being total taxation charge	$ 315,089	180,421

16. Earnings per share

(a) Basic earnings per share

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

	2014	2013
Net profit attributable to ordinary shareholders	$58,630,699	45,895,072
Weighted average number of ordinary stock units in issue	3,885,898	3,628,599
Basic earnings per stock unit	$ 15.09	12.65

16. Earnings per share (cont'd)

(b) Diluted earnings per share

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary shareholders by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

	2014	2013
Net profit attributable to ordinary shareholders	58,630,699	45,895,072
Interest expense of convertible preference shares	9,271,165	10,362,673
	$67,901,864	56,257,745
Weighted average number of ordinary shares	3,885,898	3,628,599
Effect of conversion of convertible preference shares	10,000	10,000
	3,895,898	3,638,599
Diluted earnings per share	$ 17.43	15.46

17. Dividends

	2014	2013
Distribution to ordinary shareholders at $2.3667 (2013: $0.1522) per share	$9,500,843	3,805,214

18. Financial risk management

The Company has exposure to credit, liquidity and market risks from its use of financial instruments. The Company's affairs are administered by the Investment Manager, a related Company, which, together with the Board of Directors, has overall responsibility for the establishment and oversight of the Company's risk management framework. The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, products and services offered.

(a) Credit risk

Credit risk is the risk of financial loss to the Company that one party to a financial instrument will fail to discharge its contractual obligations, and arises principally from the Company's investment securities. The Board of Directors is responsible for oversight of the Company's credit risk, including formulating policies, establishing the authorisation structure for the approval of credit facilities, reviewing and assessing credit risk, and limiting concentration of exposure to counterparties. Additionally, the Investment Manager reports to the Board of Directors on a regular basis about credit quality, and the appropriate action is taken.

18. Financial risk management (cont'd)

(a) Credit risk (cont'd)

(i) The Company manages the exposure to credit risk in the following way:

It maintains cash and cash-equivalents and resale agreements with major financial institutions which management regards as strong. These financial institutions are continually reviewed by the Investment Manager. Investments are held substantially in United States of America Government Agency and corporate securities.

Collateral is not held for balances with banks or broker/dealers.

Total credit exposure is the total of receivables and debt securities on the statement of financial position as there are no credit exposures not recognised in the statement of financial position.

(ii) Concentration of credit risk

The Company monitors concentration of credit risk by issuer and by geographic location. An analysis of concentrations of credit risk at the reporting date is shown below:

	2014	2013
Issuer:		
Corporate – unrelated parties	479,756,588	335,245,888
Corporate – related party [note 9(c)(i)]	65,642,857	56,625,490
Municipals	240,297,687	96,369,616
Banks	1,343,020	3,465,648
Other	3,878	1,870
Total financial assets	$787,044,030	491,708,512

	2014	2013
Location:		
Europe	383,074,993	254,091,018
North America	272,061,678	162,571,298
Caribbean	66,989,755	75,046,196
South America	64,917,604	-
Total financial assets	$787,044,030	491,708,512

18. Financial risk management (cont'd)

(a) Credit risk (cont'd)

(iii) Credit quality

Credit quality is measured primarily by the extent of breaches of contractual terms of debt securities.

- Impaired securities

  Impaired securities are securities for which the Company determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the securities.

- Past due but not impaired securities

  These are securities where contractual interest or principal payments are past due but the Company believes that impairment is not appropriate on the basis of the level of security or collateral available or the stage of collection of amounts owed to the Company.

- Write-off policy

  The Company writes off loan or security balances (and any related allowances for impairment losses) when the Company determines that the loans or securities are uncollectible. This determination is usually made after considering information such as changes in the borrower's financial position, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

(iv) Settlement risk

The Company's activities may give rise to settlement risk at the time of settlement of trades and other transactions. Settlement risk is the risk of loss due to the failure of a party to honour its obligation to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions, the Company mitigates this risk by conducting settlements through its broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and ensuring the availability of funding through an adequate amount of committed facilities.

18. Financial risk management (cont'd)

(b) Liquidity risk (cont'd)

Management of liquidity risk

Due to the dynamic nature of the underlying business, the Company manages this risk by monitoring its cash needs and obtaining liquidity support from custodian brokers and related companies. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and abnormal conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The daily liquidity position is monitored and regular liquidity testing is conducted under a variety of scenarios covering both normal and more severe market conditions. The Company maintains the daily balances from the bank and broker accounts in order to ensure that sufficient funds are available to meet the liability demands.

The following table presents the undiscounted cash flows payable (both interest and principal cash flows) based on contractual repayment obligations:

	2014				
	Within 3 months	3 to 12 months	No specific maturity	Gross outflow	Carrying value
Margin loans payable	225,127,196	-	-	225,127,196	223,886,387
Due to related company	-	10,650,889		10,650,889	10,650,889
Other payables	12,508,133	-	-	12,508,133	12,508,133
Manager's preference shares	-	-	10,000	10,000	10,000
	$237,635,329	10,650,889	10,000	248,296,218	247,055,409

	2013				
	Within 3 months	3 to 12 months	No specific maturity	Gross outflow	Carrying value
Margin loans payable	32,932,111	-	-	32,932,111	31,551,950
Due to related companies	-	6,851,955	948,015	7,799,970	7,799,970
Other payables	11,787,673	-	-	11,787,673	11,787,673
Manager's preference shares	-	-	10,000	10,000	10,000
	$44,719,784	6,851,955	958,015	52,529,754	51,149,593

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the returns for the given level of risk accepted.

The market risks relevant to the Company and the manner in which it measures and manages them are as follows:

18. Financial risk management (cont'd)

(c) Market risk (cont'd)

(i) Interest rate risk

The following table summarises the carrying amounts of assets, liabilities and equity to arrive at the Company's interest rate sensitivity gap, based on the earlier of contractual repricing and maturity dates:

	2014			
	Within 3 months	Over 12 months	Non-rate sensitive	Total
Cash and cash equivalents	-	-	1,343,020	1,343,020
Investment securities	-	766,737,135	-	766,737,135
Accounts receivable	-	-	18,963,875	18,963,875
Total assets	-	766,737,135	20,306,895	787,044,030
Margin loans payable	223,886,387	-	-	223,886,387
Due to related company	-	-	10,650,889	10,650,889
Other payables	-	-	12,508,133	12,508,133
Manager's preference shares	-	-	10,000	10,000
Income tax payable	-	-	495,510	495,510
Equity	-	-	539,493,111	539,493,111
Total liabilities and equity	223,886,387	-	563,157,643	787,044,030
Total interest rate sensitivity gap	$(223,886,387)	766,737,135	(542,850,748)	-
Cumulative gap	$(223,886,387)	(542,850,748)	-	-

	2013			
	Within 3 months	Over 12 months	Non-rate sensitive	Total
Cash and cash equivalents	-	-	3,465,648	3,465,648
Investment securities	-	478,531,699	-	478,531,699
Accounts receivable	-	-	9,711,165	9,711,165
Total assets	-	478,531,699	13,176,813	491,708,512
Margin loans payable	31,551,950	-	-	31,551,950
Due to related company	-	-	7,799,970	7,799,970
Other payables	-	-	11,787,673	11,787,673
Manager's preference shares	-	-	10,000	10,000
Income tax payable	-	-	180,421	180,421
Equity	-	-	440,378,498	440,378,498
Total liabilities and equity	31,551,950	-	460,156,562	491,708,512
Total interest rate sensitivity gap	$(31,551,950)	478,531,699	(446,979,749)	-
Cumulative gap	$(31,551,950)	446,979,749	-	-

18. Financial risk management (cont'd)

(c) Market risk (cont'd)

(i) Interest rate risk (cont'd)

Sensitivity to interest rate movements

The following table indicates the sensitivity to interest rate movements at the reporting date, in terms of the effect on the Company's profit and shareholders' equity of a reasonably probable change in interest rates at the reporting date. The analysis assumes that all other variables, in particular, foreign currency rates, remain constant.

	2014		2013	
	Effect on profit	Effect on equity	Effect on profit	Effect on equity
	$	$	$	$
Change in basis points:				
-50bps	1,119,432	34,704,169	157,760	19,642,132
+50bps	(1,119,432)	(31,991,798)	(157,760)	(18,139,180)

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The company is exposed to foreign currency risk on transactions that it undertakes, or balances denominated, in foreign currencies. The main foreign currencies giving rise to this risk is the United States dollar (US$). The company ensures that the risk is kept to an acceptable level by monitoring its foreign currency exposure and, when necessary, adjusting its foreign currency positions in response to fluctuations in exchange rates.

At the reporting date, exposure to foreign currency risk was as follows:

	2014	2013
Assets:		
Cash and cash equivalents	5,290	27,694
Accounts receivable	165,850	91,614
Investment securities	6,706,938	4,514,450
	6,878,078	4,633,758
Liabilities:		
Margin loans payable	1,958,418	297,660
Other payables	26,150	11,321
	1,984,568	308,981
Net foreign currency assets	US$4,893,510	4,324,777

18. Financial risk management (cont'd)

(c) Market risk (cont'd)

(ii) Foreign currency risk (cont'd)

Sensitivity to foreign exchange rate movements

This sensitivity is computed by simulating the effect on profit and equity of a different but reasonably probable rate at the reporting date.

A weakening or strengthening of the Jamaica dollar against the United States dollar at the reporting date would, respectively, increase or decrease profit by the amounts shown in the table below. The analysis assumes that all other variables, in particular, interest rates, remain constant.

	2014		
	% Change in Currency rate	Effect on profit $'000	Effect on equity $'000
Currency:			
USD	1% Revaluation	(5,594)	(5,594)
USD	15% Devaluation	83,914	83,914

	2013		
	% Change in Currency rate	Effect on profit $'000	Effect on equity $'000
Currency:			
USD	1% Revaluation	(4,584)	(4,584)
USD	15% Devaluation	68,764	68,764

19. Fair value of financial instruments

(a) Fair value definition and fair value hierarchy

The Company's accounting policies and disclosures require the measurement of fair values for financial assets and liabilities. 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.

When measuring fair value of an asset or liability, the Company uses observable data, such as quoted market prices, as far as possible. In the absence of quoted market prices, other inputs, including judgements about the market and assumptions about the future, are used to estimate fair value. Fair values are categorized into different levels in a three-level fair value hierarchy based on the degree to which inputs used in the valuation techniques are observable, as follows:

19. Fair value of financial instruments (cont'd)

(a) Fair value definition and fair value hierarchy (cont'd)

Level 1

Included in the Level 1 category are financial assets and liabilities that are measured by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

Included in the Level 2 category are financial assets and liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions, and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in funds with fair values obtained via fund managers, and assets that are valued using a model whereby the majority of assumptions are market observable.

Level 3

Included in the Level 3 category are financial assets and liabilities that are measured using non-market observable inputs. This means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

There is estimation uncertainty because the use of estimates, based on assumptions, means that the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

The techniques used to estimate fair values, together with the inputs used, are described at note 19(b)(ii).

. Fair value of financial instruments (cont'd)

(b) Accounting classifications and fair values

(i) The fair values of financial assets and financial liabilities, together with the carrying amounts and their classifications shown in the statement of financial position, are as follows:

	2014							
	Carrying amount				Fair value			
	Loan and receivables $'000	Available for sale $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets measured at fair value:								
Corporate bonds	-	473,040	-	473,040	-	473,040	-	473,040
Municipal bonds	-	236,538	-	236,538	-	236,538	-	236,538
	-	709,578	-	709,578	-	709,578	-	709,578
Financial assets not measured at fair value:								
Cash and cash equivalents	1,343	-	-	1,343				
Accounts receivable	18,964	-	-	18,964				
Unquoted preference shares	57,160	-	-	57,160	-	57,160	-	57,160
	77,467	-	-	77,467				
Financial liabilities not measured at fair value:								
Margin loans payable	-	-	223,886	223,886				
Other payables	-	-	12,508	12,508				
Due to related company	-	-	10,651	10,651				
Manager's preference shares	-	-	10	10				
	-	-	247,055	247,055				

Fair value of financial instruments (cont'd)

(b) Accounting classifications and fair values (cont'd)

	2013							
	Carrying amount				Fair value			
	Loan and receivables $'000	Available for sale $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets measured at fair value:								
Corporate bonds	-	330,333	-	330,333	-	330,333	-	330,333
Municipal bonds	-	95,199	-	95,199	-	95,199	-	95,199
	-	425,532	-	425,532	-	425,532	-	425,532
Financial assets not measured at fair value:								
Cash and cash equivalents	3,466	-	-	3,466				
Accounts receivable	9,711	-	-	9,711				
Unquoted preference shares	53,000	-	-	53,000	-	53,000	-	53,000
	66,177	-	-	66,177				
Financial liabilities not measured at fair value:								
Margin loans payable	-	-	31,552	31,552				
Other payables	-	-	11,788	11,788				
Due to related company	-	-	7,800	7,800				
Manager's preference shares	-	-	10	10				
	-	-	51,150	51,150				

The Company has not disclosed the fair values of financial instruments such as cash and cash equivalents, accounts receivable, margin loans payable, other payables, due to related company and manager's preference shares, because their carrying amounts are a reasonable approximation of fair values.

No items were moved from one level to another.

19. Fair value of financial instruments (cont'd)

(b) Accounting classifications and fair values (cont'd)

(ii) Measurement of fair values:

The following tables show the valuation techniques used in measuring the fair values of financial assets in the Level 2 category.

- Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Municipal and corporate bonds	Market comparison The fair values are based on broker quotes Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments	N/A	N/A

- Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Unquoted preference Shares	Estimated on the basis of the price of a new issue of identical shares (at par) close to the reporting date	N/A	N/A