Divergent thinking and decisive strategies are what define us

ANNUAL REPORT 2007

MAYBERRY
INVESTMENTS LIMITED

Understanding Our Company

Overview

Since 1985, Mayberry Investments Limited has grown from strength to strength, overcoming diverse challenges in the marketplace. Surmounting these challenges has strengthened our capabilities and assisted us to achieve our strategic targets. Partly as a consequence, the company achieved the number one status in all three Jamaica Stock Exchange trading categories - number of trades, volume and value of shares traded. We owe these results to the capabilities of our team and to the faith of our clients. Our performance also confirms the viability of our business strategies even as we continue to seek new ways to maximize value to all our stakeholders.

Business Model

At Mayberry, we ensure that we maintain and exceed regulatory requirements in order to remain in good regulatory standing. Mayberry Investments Limited's business model is driven by our shareholders' expectation of returns on their investments. We constantly strive to increase profitability in order to be able to maximize shareholders' returns. We also constantly seek to increase the levels of competence and expertise of our team in order to give our best to our clients.

Our Mandate

Mayberry Investments Limited operates in an environment of trust in which our clients can develop and pursue their investment objectives confidently and securely.

The company continuously invests in solutions and resources that will enable our clients, stakeholders and shareholders to capitalize on current and future investment opportunities.

We base our success on the quality of the relationships we have established over the years, which have allowed our clients to achieve their investment goals through our knowledge and expertise.

Contents

Financial Performance Highlights

Five Year Summary

	2007 $'000	2006 $'000	2005 $'000	2004 $'000	2003 $'000
Interest Income	2,174,517	2,361,389	1,853,261	2,316,297	3,229,084
Net Interest Income	301,701	362,542	453,143	414,974	144,399
Net Other Income	655,913	254,504	245,043	218,818	116,742
Profit before Taxation	489,577	279,669	22,279	397,264	83,587
Operating Expenses	518,201	407,530	464,745	402,708	221,499
Unrealised Gains/(Losses)	34,208	65,364	(192,711)	166,180	43,945
Net Profit	372,619	261,203	88,131	378,384	98,695
Total Assets	23,895,425	21,851,207	17,356,430	16,436,204	17,516,821
Total Liabilities	20,530,304	19,097,884	14,776,966	15,474,136	16,947,423
Stockholders' Equity	3,365,121	2,753,323	2,579,464	962,068	569,398
Number of issued shares (units)	1,201,149,291	1,201,149,291	1,201,149,291	171,250,000	85,625,000
Earnings per stock unit	$0.31	$0.22	$0.08	$0.44	$1.15
Return on Equity	11%	9%	3%	39%	17%

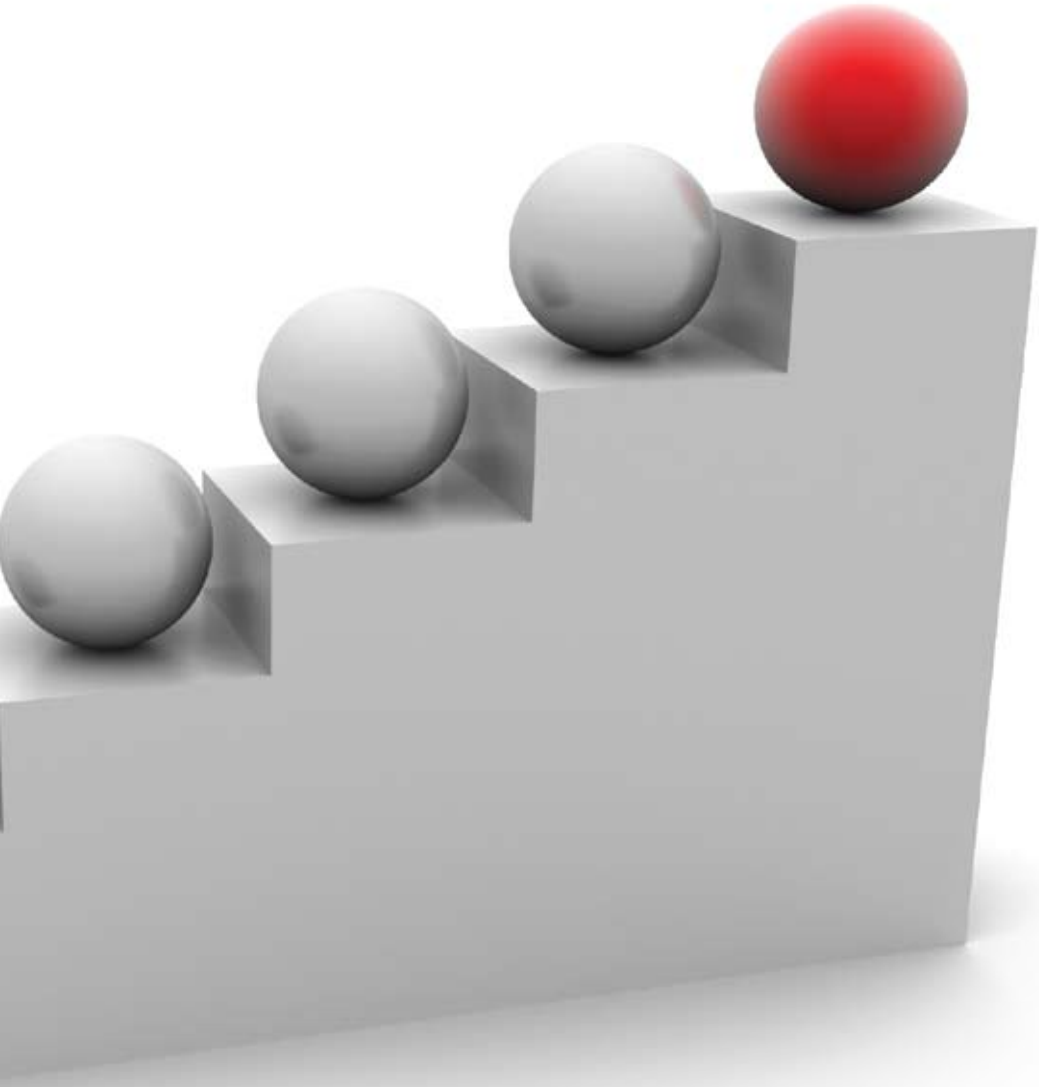
Comparative Quarterly Results

Quarterly Results (Unaudited)

	2007 Quarters			
	First $'000	Second $'000	Third $'000	Fourth $'000
Interest Income	502,143	574,653	550,303	547,418
Interest Expense	(417,999)	(474,293)	(539,570)	(440,954)
Net Interest Income	84,144	100,360	10,733	106,464
Unrealised (Losses)/Gains	(17,436)	(21,248)	210,429	(137,537)
Other Operating Income	103,133	68,289	21,678	462,813
Total Net Interest and Operating Income	**169,841**	**147,401**	**242,840**	**431,740**
Operating Expenses	(97,058)	(106,261)	(117,425)	(197,457)
Profit from operations	**72,783**	**41,140**	**125,415**	**234,283**
Share of results of associate	2,063	3,954	2,539	7,400
Profit before Taxation	**74,846**	**45,094**	**127,954**	**241,683**
Provision for Taxation Charge	(16,452)	(10,399)	(34,021)	(56,086)
Net Profit	**58,394**	**34,695**	**93,933**	**185,597**
Earnings per share	$0.05	$0.03	$0.08	$0.15

	2006 Quarters			
	First $'000	Second $'000	Third $'000	Fourth $'000
Interest Income	455,778	634,518	689,077	582,016
Interest Expense	(318,345)	(580,590)	(616,431)	(483,481)
Net Interest Income	137,433	53,928	72,646	98,535
Unrealised (Losses)/Gains	(69,862)	21,665	48,418	65,143
Other Operating Income	40,608	37,393	10,578	165,925
Total Net Interest and Operating Income	**108,179**	**112,986**	**131,642**	**329,603**
Operating Expenses	(88,041)	(94,930)	(93,072)	(131,487)
Profit from operations	**20,138**	**18,056**	**38,570**	**198,116**
Share of results of associate	-	-	3,337	1,452
Profit before Taxation	**20,138**	**18,056**	**41,907**	**199,568**
Provision for Taxation Credit / (Charge)	13,435	5,037	7,981	(44,919)
Net Profit	**33,573**	**23,093**	**49,888**	**154,649**
Earnings per share	$0.03	$0.02	$0.04	$0.13

For the year under review, the company experienced improvement in total net interest and operating income in each of 4 corresponding quarters when compared to 2006.



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 22nd Annual General Meeting of **MAYBERRY INVESTMENTS LIMITED** ("the Company") will be held at the Knutsford Court Hotel, 11 Ruthven Road, Kingston 10 on Wednesday, June 18, 2008 at 4:30 p.m. for the following purposes:

ORDINARY RESOLUTIONS

1. **To receive the audited accounts for the year ended 31 December 2007:**

   Resolution 1

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

   "THAT the audited accounts of the Company for the year ended 31 December 2007, together with the reports of the directors and auditors thereon, be and are hereby adopted."

2. **To approve the payment of the dividend for the year:**

   Resolution 2

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

   "THAT the interim dividend of $0.20 per ordinary stock unit declared by the Board of Directors of the Company on 18 January 2008, which was paid to ordinary stockholders of the Company on 28 February 2008, be approved and declared as a final dividend for the year ended 31 December 2007."

Notice of Annual General Meeting (Cont'd)

3. To elect Directors

Resolutions 3-5

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

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

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

"THAT the retiring director, Mr. Gary Peart, be and is hereby re-elected a Director of the Company."

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

4. To fix the remuneration of the Directors.

Resolution 6

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

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

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

Resolution 7

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

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

SPECIAL BUSINESS

6. To approve the setting aside of ordinary stock units for the Employee Stock Option Plan of the Company:

Resolution 8

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

"THAT the Board of Directors of the Company be and are hereby authorised to set aside thirty million (30,000,000) authorised but un-issued ordinary stock units in the Company for allocation and sale to directors, managers and staff pursuant to an Employee Stock Option Plan of the Company."

Dated this 23rd day of April 2008

BY ORDER OF THE BOARD

Konrad Mark Berry
Company Secretary

IMPORTANT NOTE FOR MEMBERS WHO ARE NOT ABLE TO ATTEND:

A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to vote on his behalf. A Proxy need not also be a member. A suitable form of proxy accompanies this notice.

The proxy form must be signed and deposited at the registered office of the Company, 1 1/2 Oxford Road, Kingston 5, not less than 48 hours before the time of the meeting. The proxy form will attract stamp duty of J$100 which may be paid by affixing postage stamp(s) or stamp duty impressed by the Stamp Office.

Directors' Report

The Directors take pleasure in submitting their Annual Report for Mayberry Investments Limited, for the year ended 31 December 2007.

The Statement of Revenues and Expenses shows pre-tax profits for the year of $489.6 million, taxation charge of $116.9 million and net profit of $373 million.

DIRECTORS

The Directors as at 31 December 2007 are Messrs. Christopher Berry, Konrad Berry, Erwin Angus, Gary Peart, Benito Palomino, Sushil Jain, Dr. David McBean and Mesdames Doris Berry and Sharon Harvey-Wilson.

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

AUDITORS

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

DIVIDEND

The dividend of $0.20 per share paid on 28 February 2008 is proposed to be final dividend in respect of the financial year ended 31 December 2007.

The Directors wish to thank our clients for their support and the management and staff for their continued dedication and hard work during the year.

On behalf of the Board of Directors

Christopher Berry
Chairman

Seated Left to Right:

Erwin L. Angus, *Managing Director,* **Sharon L. Harvey-Wilson**, *Director-Finance, Administration and Compliance,* **Christopher W. Berry**, *Chairman,* **Gary H. Peart**, *Chief Executive Officer,* **Doris M. Berry**, *Non-Executive Director.*

Standing Left to Right:

Sushil K. Jain, *Non-Executive Director,* **Konrad M. Berry**, *Vice-Chairman,* **David P. McBean**, *Non-Executive Director*, **Benito F. Palomino**, *Non-Executive Director.*

Board of Directors

With your support we continue to build on our strategy for growth.

Our Managers

Standing Left to Right:

Wade Mars
Asset Manager

Dwight Newman
VP Foreign Exchange Operations

Denise Marshall-Miller
Fixed Income Trading- Asst., Manager

Neilson Rose
Equity Manager

Rex Shettlewood
Research Manager

Seated Left to Right:

Andrea HoSang
Operations Manager

Tania Waldron-Gooden
Business Development and Special Projects Manager

Sandra Ottey
Securities and Treasury Manager

Not Pictured:

Bob Russell
Manager, Structured Finance and Mutual Funds

David thomas
Information Technology Manager

Transforming lives positively through lasting relationships.

Standing Left to Right:

Gladstone Wynter
Sales Manager

Shereen Segree
Compliance Manager

Tania McDonald-Tomlinson
Human Resources Manager

Paul Buchanan
Sales Manager

Not Pictured:

Maria Martin
Senior Sales Manager

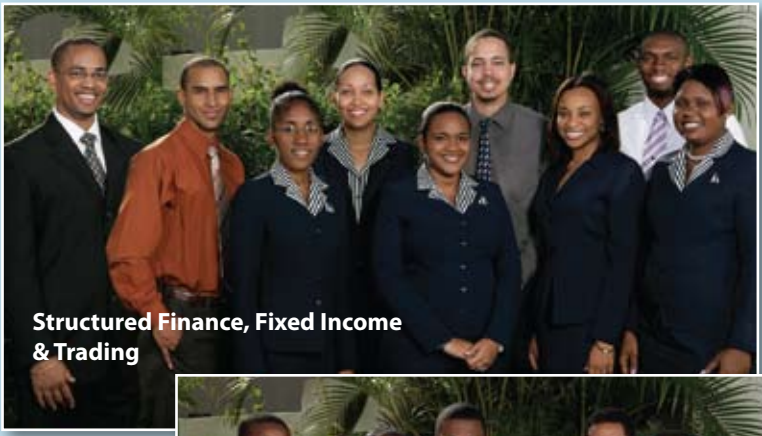
Seated Left to Right:

Camille Campbell-Drummond
Customer Relations Manager

Kayree Berry-Teape
Marketing Manager

Gabrielle O'Connor
Financial Controller

Our Family



Left to R ight:
Bob Russell
Richard Graham
Nicole Brooks
Cyndi Clarke
Ronalda Blackwood
Greg Anderson
Genevieve Robinson
Andres Pierce
Taneta Johnson

Left to R ight:
Dwayne Morris
Kimo Smith
Theo Brown
Aneka Lee-Graham
Sheldon Campbell
Ricknell Dunbar
Juliet Morris

Left to R ight:
Lyndon McLaren
Lavaughn Francis
Kevon Green
Sontonia Williams
Ryan Myers
Odette McFarlane
Robert Thaxter
Luke Fong

Left to R ight:
Camille Chambers
Michelle Chung
Kelly-Anne Adams
Roger Salmon
Nicolette Bennett
Nieka Green
Keisha Wong-Sang
Ann Francis
Janice Samuels
Millicent Gauntlett

# of Employees

Back Row L - R: *Oneil Roberts, Ricky Willliams, Wayne Campbell, Priscilla Russell, Noel Francis, Josie Clarke, Christopher Johns, Georgia Munroe.*

Front Row L - R: *Anthony Wright, Sharon Hetridge, Karen Powell, Sharon Donaldson, Dwayne Redwood, Shirnette Mason, Cordell Bennett-Pike.*

Back Row L - R:
John Martin
Diana Watson-Chung
Ian Laidlaw
Kevin Jones
Stanley Thompson
Maurice Vacciani
Authurine Wallace

Front Row L - R:
Marion Bailey
Jillian Evans
Akil Hutchinson
Natalie McIntosh
Maria Martin
Odessa Wade

Back Row L - R:
Brian Davidson
Richard James
John Douse
Damion white
Jahmarrah Johnson
Kirk Gordon
Nodhil Bryant

Front Row L - R:
Sandra Lake
Audrey Clarke
Evadney Allen

Corporate Data

Board of Directors

Executives

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

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

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

Gary H. Peart *B.Sc, M.B.A.*
Chief Executive Officer

Sharon L. Harvey-Wilson
FCA, FCCA, M.B.A.
Director - Finance, Administration and Compliance

Non-Executives

Sushil K. Jain *B.Com, B.L., FCA, FCCA, FCMA, FCIS, FICWA, FCS*

Doris M. Berry

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

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

Managers

Kayree Berry-Teape *B.Sc. (Hons), E.M.B.A., Dip (Hotel Management)*
Marketing Manager

Paul Buchanan *B.B.A, Dip (Bus. Admin)*
Sales Manager

Camille Campbell-Drummond
B.B.A, Dip (Finance)
Client Services Manager

Andrea Ho-Sang *B.B.A, Dip (Bus. Admin)*
Operations Manager

Wade Mars *B.Sc. (Hons)*
Manager - Asset Management

Denise Marshall-Miller *B.B.A. (Hons.), Dip (Finance)*
Fixed Income Trading- Asst., Manager

Maria Martin *(AAS), RN*
Senior Sales Manager

Tania McDonald-Tomlinson
A.A. (Hons.), B.Sc. (Hons)
Human Resources Manager

Dwight Newman *B.Sc. (Hons)*
VP Foreign Exchange Operations

Gabrielle Edwards-O'Connor *ACCA Dip (Bus. Admin)*
Financial Controller

Sandra Ottey *B.Sc. (Hons)*
Securities & Treasury Manager

Neilson Rose
Associate Degree - (Computing & Management)
Equity Manager

Bob Russell *B.Sc. (Hons) M.B.A., CFA, FRM*
Manager, Structured Finance & Mutual Funds

Shereen Segree *ACCA*
Compliance Manager

Rex Shettlewood *B.Sc. (Hons.), M.Sc.*
Research Manager

David Thomas *B.Sc.*
Information Technology Manager

Tania Waldron-Gooden *B.Sc. (Hons.), Dip (Bus. Admin)*
Manager, Business Development and Special Projects

Gladstone Wynter
Sales Manager

Registered Office
1 1/2 Oxford Road
Kingston 5
Jamaica

Company Secretary
Konrad M. Berry

Registrar - Transfer Agent
Jamaica Central Securities
Depository Limited
40 Harbour Street
Kingston

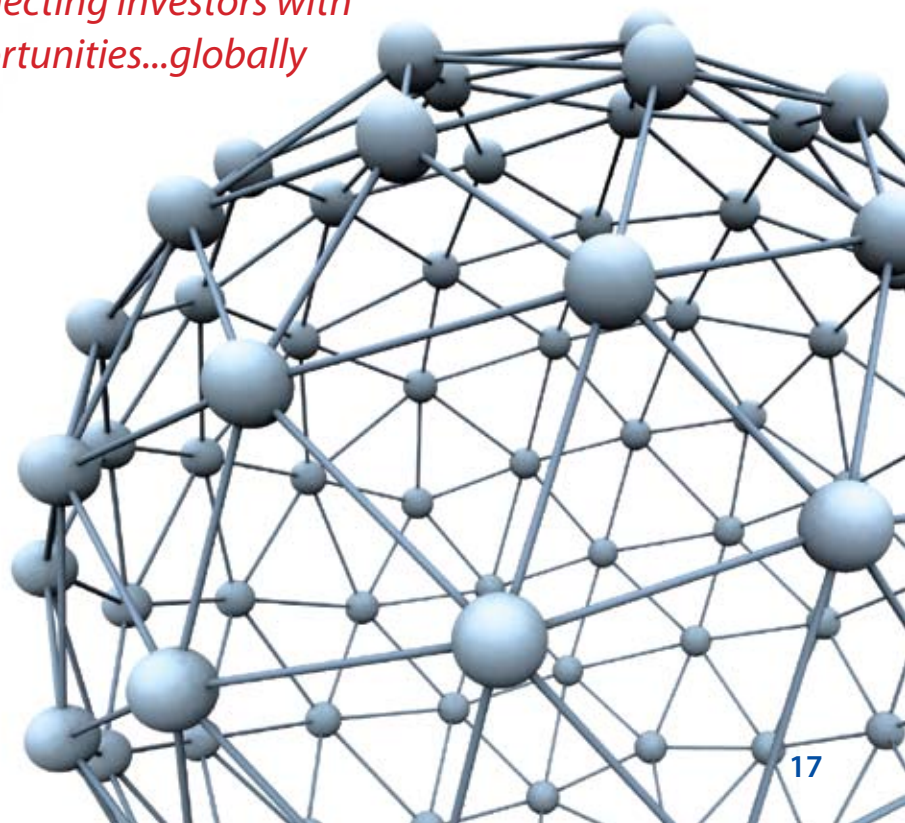
Auditors
BDO Jamaica
26 Beechwood Avenue
Kingston 5
Jamaica

Attorneys-at-Law
Patterson, Mair, Hamilton
Douglas Thompson
Palomino, Gordon, Palomino
Nigel Jones & Company
Rattray, Patterson, Rattray

Bankers
Bank of Jamaica
Bank of Nova Scotia (Jamaica) Limited
Citigroup
National Commercial Bank Jamaica Limited
RBTT Bank Jamaica Limited
Standard Bank

Investment Banks
Deutsche Bank Alex Brown
Oppenheimer & Company Inc.
MacQuarie Securities (USA) Inc.
Bear Stearns & Company Inc.

Connecting investors with opportunities...globally



Christopher Berry
Chairman

Chairman's Statement

A Vision Realised

Reflections at the 21 year mark

In 2007, our strategy of long-term value investing was validated through the sale of Lascelles de Mercado to Angostura Holdings of Trinidad, for which Mayberry was the lead broker. This transaction will generate over $900 million cash. We will also record substantial profits for your company in the first quarter of 2008.

Revenues in 2007 increased by 45 percent over 2006 to $991 million dollars. Our net interest income has continued to decline as projected and has been replaced by other sources of income. As stated in 2005, our target is to replace the portion of our net interest income earnings with other core dealer earnings over the next few years.

The most significant improvement in our results in 2007 took place in net trading gains, which increased by 267 percent to $374 million. Most of these gains were derived from our fixed income portfolio.

Operating expenses increased by 14 percent, after adjusting for staff bonuses.

Earnings per share were up by 41 percent to 31 cents per share.

We increased financing to the productive sector by more than 100 percent to more than $ 2 billion in 2007. An important objective for us is to contribute towards growing the Jamaican economy.

Returns from Access Financial, which specializes in loans to micro businesses, increased to $ 15 million.

Number 1 Stockbroker

We were ranked number 1 broker by the Jamaica Stock Exchange. Mayberry was ranked 1st for the largest number of trades, 1st for the largest volume of shares traded and 1st for the highest dollar value of trades. This has been the first in recent times that any broker in this market has attained number 1 in all three categories.

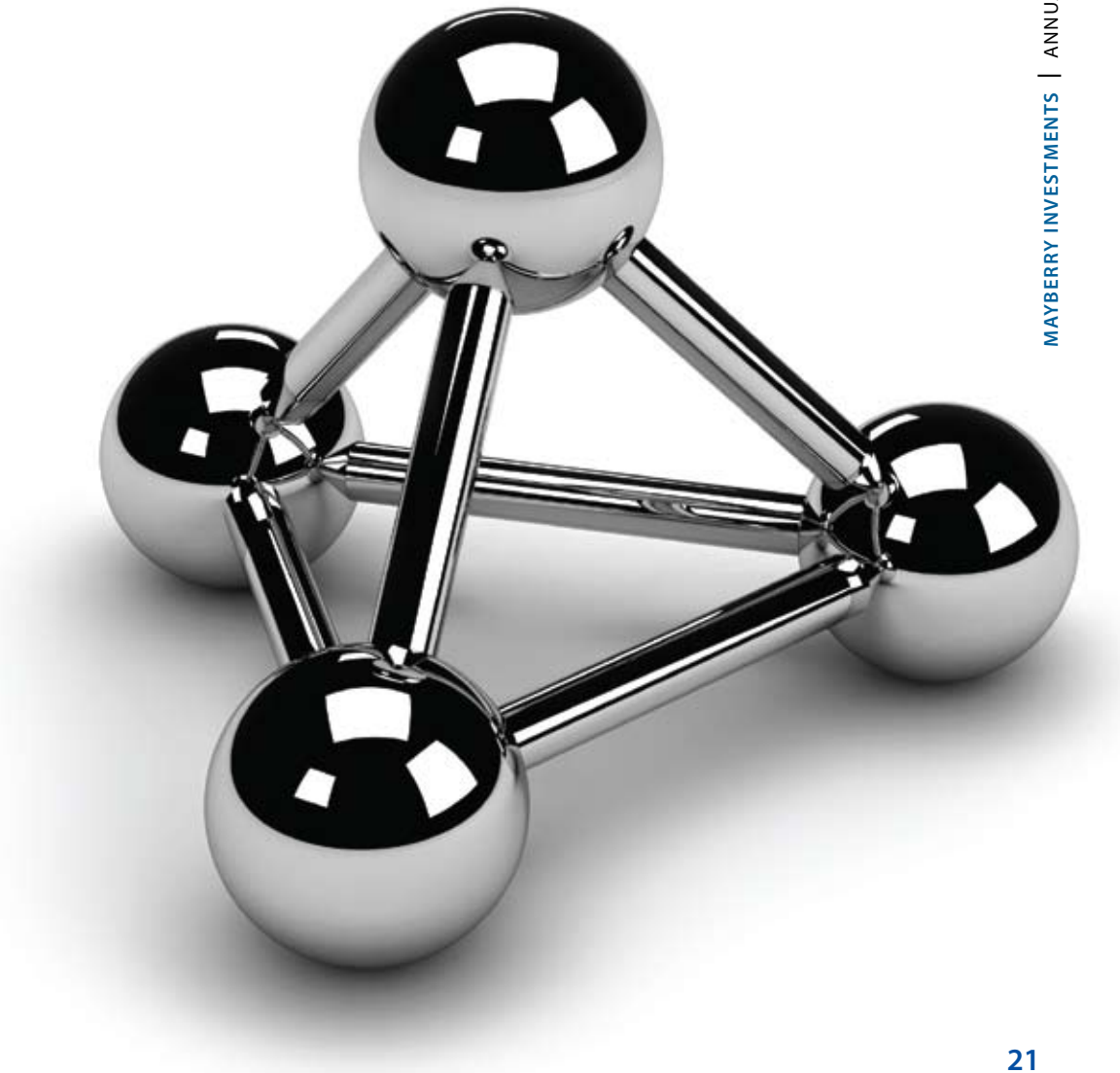
Mayberry Outreach

We continued our outreach programme in support of the Jamaica Children's Heart Fund; the Forestry Conservancy; Mayberry Swim meet for children; the Racketeers Badminton Tournament, and to several other events and charities. In 2008, we will expand our programmes targeted at education and the environment.

We wish to thank our employees, directors, clients, friends and shareholders for their continued support during 2007. The Mayberry family wishes you all success, health and happiness for 2008.

Christopher Berry
Chairman

Our capital base remains strong. Capital to risk weighted asset ratio stands at 57% against the Financial Services Commission benchmark minimum of 14%.



Chief Executive Officer's Statement

A Year of

Strategic Diversification

Two thousand and seven was a year of strategic diversification. We realigned our equities portfolio; we stepped up our bond placements; and we increased our fee income activity. This has resulted in placing the company in an even stronger financial position, which has enhanced our ability to pass along greater value to our shareholders.

Balanced Scorecard

Our results in 2007 have been driven overall by carefully planned deployment of our human and material resources under our balanced scorecard strategic planning, which has assisted us to strengthen our competitive advantages.

Profitability

Our profit before taxation moved from $279.7 million in 2006 to $489.6 million in 2007, an increase of 75 percent. Net profit moved up by 42.6 percent from $261.2 million in 2006 to $372.6 million. Net interest income and other revenues registered a 45.3 percent increase from $682.4 million in 2006 to $991.8 million in 2007.

Operating expenses increased by 27.2 percent from $407.5 million to $518.2 million, primarily due to increased marketing promotions, employee training and improved staff benefits.

Access Financial

Our investment in Access Financial Services Limited continues to meet our expectations, with actual balance sheet and profit growth in line with budgeted figures.

Core Business Ratio

Our core business produced gross income of $644 million for the year ended December 31, 2007 compared with $248 million for the year ended December 31, 2006. This performance produced a core dealer ratio of 65.0 percent compared with the Financial Services Commission's recommended ratio of 50 percent.

Dividends

Declared dividends for the 2007 financial year end, at $0.20 per share, doubled the dividend paid for the 2006 financial year.

Preference Shares

Mayberry's 12.0 percent preference share issue was over subscribed, raising $501 million within two weeks.

Equity trading

The previously combined equity trading and asset management units were separated into distinct cost and revenue centres at the end of the first quarter. The equity trading unit focused on growing the company's retail trades with the assistance of our highly motivated sales force. The unit was successful in working with the fixed income trading and asset management units to grow our institutional client base in order to increase equity trades from these areas. The unit also succeeded in driving high value transactions through teamwork with senior executives.

The equity trading unit met its targets, contributing over J$70 million in commission income, which strengthened the company's profitability for the year.

The end result was that the equity trading unit met its targets, contributing over $70 million in commission income, which strengthened the company's profitability for the year.

The major highlights for the year included the listing of Mayberry's over subscribed 12% Preference Share Issue and the facilitating of Angostura's offer to buy majority ownership of Lascelles deMercado.

Asset Management

The Asset Management Unit is responsible for designing and managing pooled investments and pension products for all classes of investors. The unit's Managed Equity Portfolio (MEP) product consistently outperforms the Jamaica Stock Exchange Indices and continues to surpass the performance of comparable products in the industry. In the year under review, the product was strategically realigned to generate maximum return to our clients.

The company was licensed as an administrative and investment manager for pension funds. In the first year of pension fund management, we were able

to produce a return of over 17% on funds managed by us. In keeping with the focus to grow our revenue aggressively in this area, we have customized new pension and retirement products to suit the needs of our clients. The department is now well poised as one of the main areas of growth for the company in 2008.

Sales

During the past year, there was a shift in the focus of the unit to meet the mandated objective of achieving excellence in client relationships and in quality of service. This has resulted in a marked improvement in the quality of our customer relationships, resulting in increased profitability and in measurable improvement in the unit's efficiency.

The management of the department was restructured to allow greater focus on key areas such as regulation, compliance, and targeted staff training.

There was also continued success with the management of the unit's first point of contact relating to the intake and processing of applications for regional and international listed company leveraged buyouts and acquisitions.

Markets & Trading

The Markets & Trading department is responsible for managing the company's fixed income and foreign exchange services. The department is also responsible for sourcing and minimizing the company's cost of funding and for daily liquidity management.

The unit's most significant achievement in 2007 was its contribution to the increase in net trading gains, which rose by 267% to $374 million in 2007.

Of particular note, was 845% increase in income from foreign exchange trading and revaluation of our foreign currency holdings, which moved from a $9 million loss in 2006 to a gain of $70.5 million in 2007.

Structured Finance & Mutual Funds

The performance of our Structured Finance and Mutual funds segment increased significantly in 2007. Our loan portfolio grew from approximately $500 million to $1.5 billion. We did this by establishing relationships with various commercial entities. We also sought to complement the services of these entities by offering structured finance facilities to their customers. We provided a quick turnaround time for financing requests as well as innovative solutions for varying financial needs. In this way, we were able to provide additional services for our existing clients while building relationships with new ones.

We developed our CI Mutual Fund index, which allows us to track the performance of our recommendations to our clients .This attention to the quality of service that we offer to our clients enabled us to more than triple our sales of CI mutual funds, when compared with 2006.

Research

The Research Department continues to play an integral role in Mayberry's business strategy and customer focus. We improved our product delivery, with enhanced coverage and reporting via the monthly newsletter and through the improved financial and economic content of our award-winning website.

We consistently seek to strengthen our ties with the institutions we cover, enhancing our investment decision-making process. Our team of qualified professionals has expanded to facilitate the build out of our research capabilities, covering local and regional financial and economic data.

A company's strength depends on the strength of each individual unit. We are committed to recruiting and nurturing the best talent available.

Jamaica Stock Exchange Ranking

We were ranked number one broker on the Jamaica Stock Exchange in terms of number of trades, volume of shares traded and for the dollar value of the shares traded. Being number one in all three categories is a first on the Jamaica Stock Exchange in recent memory.

In addition, Mayberry was included in the Select Index of the Jamaica Stock Exchange effective January 1, 2008. The JSE Select Index comprises the fifteen most actively traded stocks, which are considered to be among the market's blue chip stocks.

We were ranked number one broker on the Jamaica Stock Exchange in terms of number of trades, volume of shares traded and for the dollar value of the shares traded.

Our people are the foundation of your company's success.

I wish to record my thanks and appreciation to the staff for putting effort above ego and purpose above self as shown in the manner in which they contributed to your company's continued growth and success in 2007.

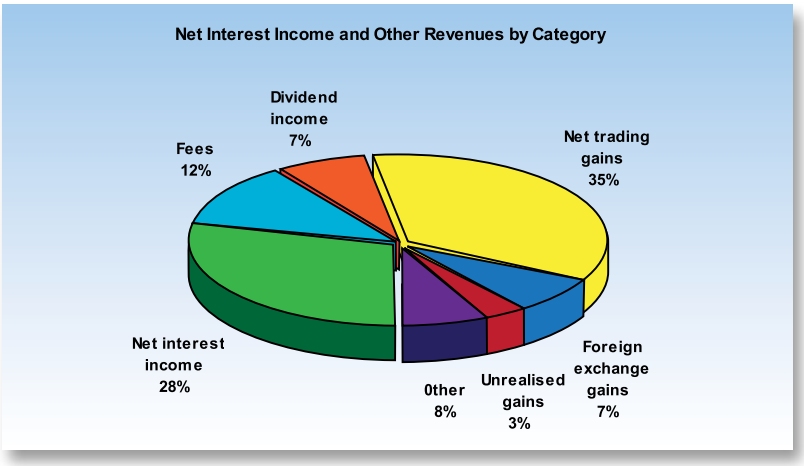
Gary Peart
Chief Executive Officer

Management's Discussion and Analysis of Financial and Operating Performance

Financial Performance Overview

Our growth in profitability continued throughout 2007 resulting in our achieving consistent increase in our quarterly and annual net profits when compared with 2006.

Profit before tax increased by 75% from $280 million for 2006 to $490 million for 2007. Net interest income and other revenues were $992 million compared with $682 million in 2006. We achieved record growth in our trading profits, which increased by $272 million or 267%. Net trading gains were driven by fixed income securities trading transactions. We did not record any net gains from equities trading. During the period, we sold certain equity holdings for which our outlook was not strong and our average costs were above market prices, resulting in a net loss of $15 million on equities trading.



We recorded a 74% growth in other realised revenues, counterbalancing the reduction of 17% in net interest income which resulted from tighter market liquidity conditions and increased cost of our international obligations. Our fees and commissions recorded an increase of 12% over 2006. Total fees and

commissions were $122.4 million for 2007. Brokerage fees and commissions comprised 78% of this total and increased by 19% over 2006. We were able to increase our level of equity transactions executed on the Jamaica Stock Exchange and were ranked number 1 broker by the Jamaica Stock Exchange.

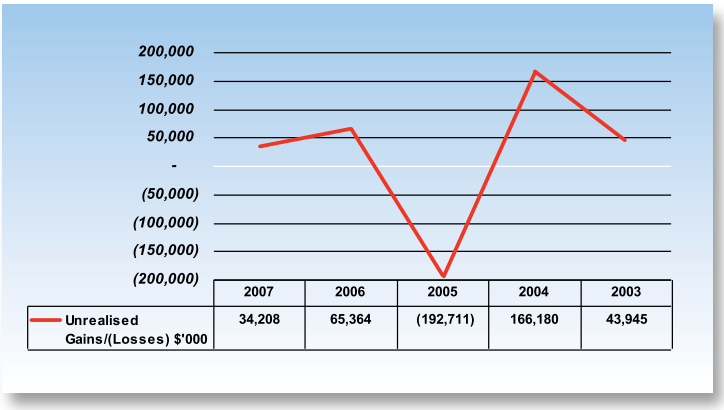
We recorded $71 million in net gains from foreign exchange trading operations and revaluation of our foreign currency holdings, compared to a loss of $9.5 million in 2006.

Our loan portfolio increased by a record 190%. This is a result of our initiative to promote this segment as well as to streamline activities in the management and administration of our structured finance products, by achieving a quick turnaround in processing times and increased delivery. Our fees from this activity increased by 167% over 2006.

Our dividend income returns from our equity portfolio increased by 80% over 2006. This was due to the fact that more companies paid dividends in 2007 when compared with 2006 as well as a substantial increase in dividend income from our foreign equity portfolio.

Unrealized gains on investment revaluation

We recorded $34 million unrealized gain on investment compared with $65 million in the corresponding period in 2006. This reflects a decline of $31 million or 47% due to the effects of a lesser revaluation gain being recorded on our equity portfolio..

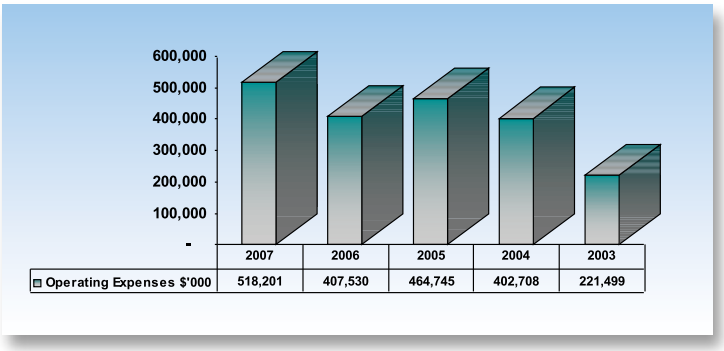


	2007	2006	2005	2004	2003
Unrealised Gains/(Losses) $'000	34,208	65,364	(192,711)	166,180	43,945

The total unrealized gain was $12 million from our equity trading portfolio compared with $95 million in 2006. The JSE All Jamaica composite index closed at 106,782.86 points at the end of December 2007 which is a slight decline from 107,213 points at the end of December 2006. The stock market experienced a higher rebound of the index in 2006 when compared to 2007.

Operating Expenses

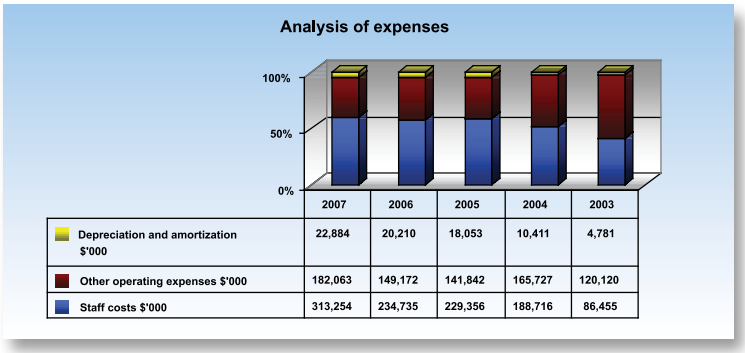
Our operating expenses increased by 27% when compared with 2006.



	2007	2006	2005	2004	2003
Operating Expenses $'000	518,201	407,530	464,745	402,708	221,499

Staff costs increased by $78.5 million or 33% compared with 2006 due mainly to provision for staff incentive bonuses for the financial year 2007.

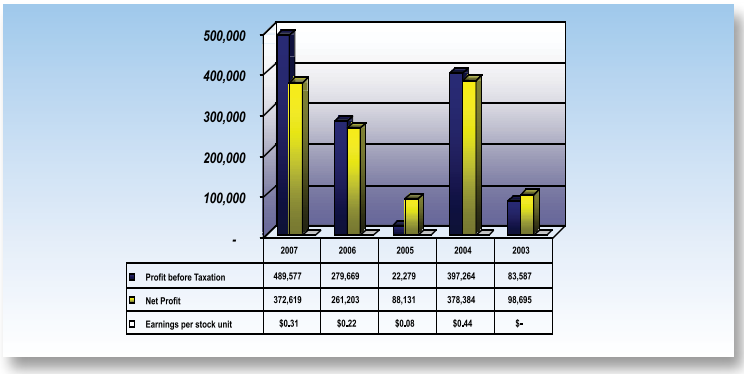
Operating expenses increased by $33 million or 22% due mainly to advertising and promotional expenses, which increased by $20 million or 107% over 2006, and licensing fees, which increased by $5.3 million or 60% over 2006.



	2007	2006	2005	2004	2003
Depreciation and amortization $'000	22,884	20,210	18,053	10,411	4,781
Other operating expenses $'000	182,063	149,172	141,842	165,727	120,120
Staff costs $'000	313,254	234,735	229,356	188,716	86,455

The cost structure in our company is fairly fixed and does not fluctuate with earnings. Management monitors expenses on a periodic basis to achieve systematic cost reduction as well as cost containment.

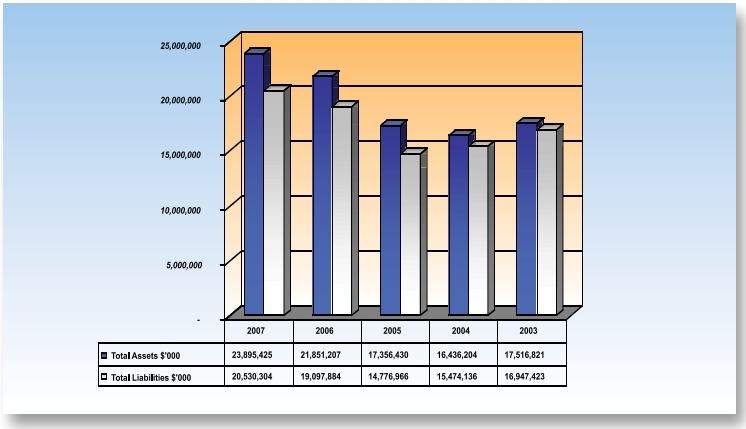
Net Profits and Earnings per Share



	2007	2006	2005	2004	2003
Profit before Taxation	489,577	279,669	22,279	397,264	83,587
Net Profit	372,619	261,203	88,131	378,384	98,695
Earnings per stock unit	$0.31	$0.22	$0.08	$0.44	$-

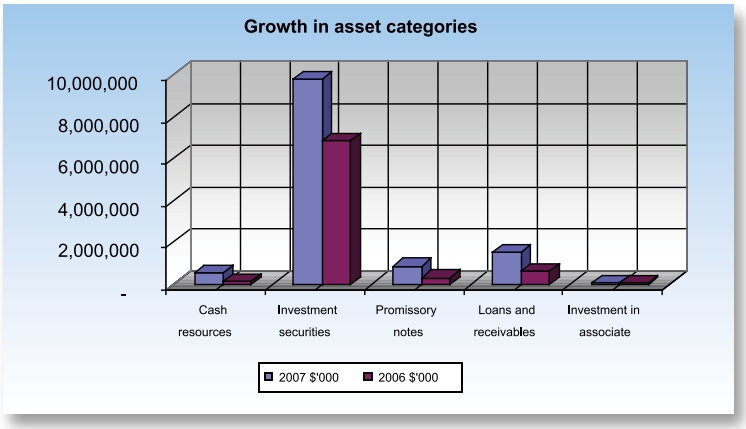
Earnings per share was $0.31, increasing by 41% over 2006. Our book value per share was $2.80, which increased by 22% over 2006.

Assets and Liabilities



	2007	2006	2005	2004	2003
Total Assets $'000	23,895,425	21,851,207	17,356,430	16,436,204	17,516,821
Total Liabilities $'000	20,530,304	19,097,884	14,776,966	15,474,136	16,947,423

The total asset base as at the year ended 31 December 2007 was $23.9 billion compared with $21.85 billion for the corresponding year ended 31 December 2006, which represents an increase of 9%. The increase in assets was due to growth in our : cash resources – 439%, investment securities – 44%, promissory notes – 190%, loans and receivables - 136% and investment in associate – 37%.



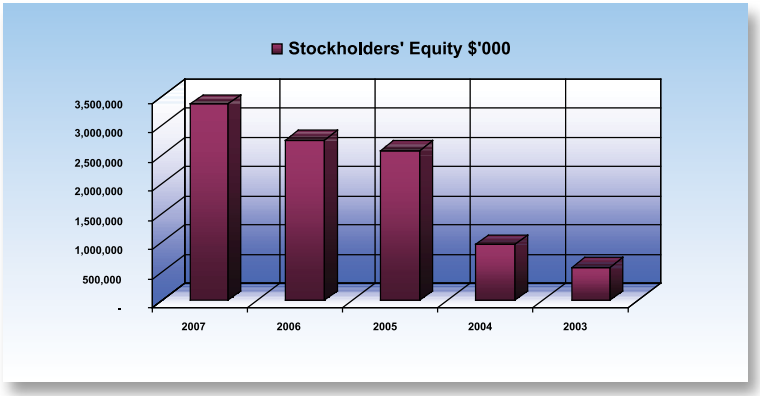
The funding for the growth in assets was provided through increases in our loan liabilities and redeemable preference shares. Our loans funding increased by $992 million or 86% over 2006. We raised $501million in loan capital through our offer of 12% redeemable preference shares to investors in October 2007.

Our investment securities primarily comprise: equities - $2.5 billion, Government of Jamaica securities - $1.37 billion, corporate bonds - $5.8 billion. Our equity portfolio comprises mainly blue chip stocks in the Jamaica Stock Exchange (JSE) Select Index. The majority of corporate bonds held in our portfolio have been rated "A and B" by Moody's and Standard & Poor's, rating agencies; the outlook for these bonds remain stable.

Our liabilities at year end also comprised trade payables - $915 million, which included balances arising from securities trading and other broker-dealer activities at year end.

Stockholders' Equity

Stockholders' equity increased by 22% over the corresponding year ended 2006. Stockholders' equity stood at $3.36 billion compared to $2.75 billion for the corresponding period. The increase in equity was due to increase in our net profit, which totaled $372.6 million for the year, representing a 43% increase over the corresponding year. We recorded an increase of 1,079% in our fair value reserves when compared with 2006. This was a result of increase in mark to market gains on our equity portfolio.



Regulatory Capital Requirements

The Company's lead regulator, Financial Services Commission (FSC), sets and monitors capital requirements. The FSC requires the Company to maintain a minimum of 10% capital to total risk weighted assets. At year end, the Company's capital to total risk weighted assets was 57% (2006: 67%).

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return

is also recognized and the Company acknowledges the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

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

Mayberry's Stock Trading

Mayberry started the year trading at $3.85 and closed the end of the year at $4.90. The daily average volume traded for 2007 was 2,284,028 units. Our stock price traded at a low of $2.12 in July 2007 and a high of $5.18 in November 2007. The actual volumes traded ranged from 1,000 to 427,496,875 units. The Jamaica Stock Exchange has included Mayberry in the JSE Select Index since January 1, 2008.

Risk Management Framework

The Company's principal business activities – securities dealing, brokerage and asset management, are by their nature, highly competitive and subject to various risks, including volatile trading markets and fluctuations in the volume of market activity. Consequently, the Company's net income and revenues have been, and are likely to continue to be , subject to wide fluctuations, reflecting the effects of many factors, including general economic conditions, securities market conditions, the level and volatility of interest rates and equity prices, competitive conditions, liquidity of global markets, international and regional political conditions, regulatory and legislative developments, monetary and fiscal policy, investor sentiment, availability and cost of capital, technological changes and events, changes in currency values, inflation, credit ratings and the size and volume of transactions.

These and other factors can affect the volume of new securities issuances, mergers and acquisitions and business restructuring; the stability and liquidity of the securities market and the ability of issuers and counterparties to perform on their obligations.

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

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

The Group, through its training and management standards and procedures, aims to develop disciplined and constructive control environment, in which all employees understand their roles and obligations.

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

Corporate Governance

During the year, our board met on a monthly basis to review the results of business activities and give guidance on strategic initiatives and results. Our sub-committees also meet periodically. Our board committees are as follows:

- ***Credit Committee***
- ***Asset and Liabilities Committee***
- ***Conducts Review Committee***
- ***Nominations Committee***
- ***Audit Committee***
- ***Remunerations Committee***
- ***Information Technology Steering Committee***

These committees have a mandate to promote high standards of corporate governance within our Company whilst overseeing the Company's financial policies and strategies and risk management functions.

The members of the audit committee are Messrs. Benito Palomino, Erwin Angus and Konrad Berry. The committee is chaired by Mr. Palomino, a non-executive director. KPMG is the appointed Internal Auditor.

During 2007, the audit committee met to review the results of the internal audit review. There was no incidence of fraud or other irregularities which the committee is aware of during the financial year.

Our Involvement in our Communities

Mayberry Investments Ltd. invests in resources which will reap long term benefits and from which the Jamaican community will benefit. That most important resource is the support and development of our human capital, focusing on those with the most potential …our children. Our initiatives cover the areas of education, training, sport, health and community development and among those organizations with whom Mayberry has partnered are Jamaican Childrens' Heart Fund, Food for the Poor, Amateur Swimming Association of Jamaica, Jamaica Cancer Society, UTECH Foundation, Mico College and others.

MAYBERRY SUPPORTS HEALTH CARE

Mayberry became aware of the critical need for the provision of cardiac care for Jamaican children, as provided by the Jamaican Children's Heart Fund Inc. (JCHF) medical mission team from the Joe DiMaggio Children's Hospital in Hollywood, Florida. Over the past 12 years, the JCHF have provided this gift of life to 116 children in Jamaica.

The volunteers of the JCHF, headed by Dr. Richard Perryman, Cardiothoracic Surgeon, are passionate advocates for the wellbeing of all children, but more so, those who do not have the means to obtain the needed healthcare. Each year, an average of 200 children are born with congenital heart defects in Jamaica. JCHF is one of two visiting open-heart surgical teams, which are able to provide the needed surgery for an average of 30 cases combined annually. The already extensive waiting list increases in number each year and unfortunately, without increased missions annually, some children die before help arrives.

GG Lends Support
(l-r) The Honourable Kenneth Hall, the Governor General of Jamaica, Michael Grant of JCHF, Rheima Hall, Chris Berry Mayberry's Chairman, Muna Issa of SuperClubs, William Clarke of Scotia Group with Dr. Paul Ramphal a Jamaican Paediatric Cardiac Surgeon were all seen at the Kings House reception held to recognize the Florida Group for their charitable work.

INVESTOR EDUCATION

In this ever-changing global economic climate, Mayberry Investments continues its efforts to present investors with information that will allow them to make informed investment decisions. The monthly forum series is the first of its kind in Jamaica and has been held consistently over the past ten years, since its inception.

(l-r) William A. McConnell Managing Director of Lascelles, deMercado & Co. Ltd, Gary Peart Mayberry's CEO with Erwin Angus Managing Director of Mayberry Investments all exchanging pleasantries at Mayberry's Investor's Forum. Mr. McConnell presented on "An investor's update on Lascelles". In the latter part of the year, investors reaped the benefit of their holdings as the long awaited upsurge in the price of the Lascelles stock came into being with the offer made by Angostura Holdings in 2007.

SPORTS

STARS SHINE AT THE MAYBERRY SWIM MEET 2007

Take Stock, Invest Today for your Future Tomorrow.

Immaculate (551points) wins Top High School Female Division and here receiving trophy from Gary Peart CEO Mayberry are Donesha McKenzie & Venecia Johnson of Immaculate Conception High School.

Mayberry believes its commitment to the investment in Jamaica's youth is invaluable to the development of the country, as the children not only learn to invest in themselves but also in their financial future at an early age. Over the years winners of the events have been awarded with shares of companies listed on the Jamaica Stock Exchange.

Over 1,000 swimmers turned out for the tenth Mayberry Investments Swim Meet, held at the National Stadium Pool on Friday, 9th February, 2007 with the High/University division, followed on Saturday, 10th February with the Prep/Primary Division. Stars from 55 schools arrived to vie for their place on the Jamaican team that will go to the CARIFTA Championships.

On Friday, stiff competition gave way to 12 records being broken, with Kendese Nangle of Campion College besting the 50-metre backstoke at 34.29 seconds and the 50-metre butterfly at 32 seconds.

MAYBERRY FOR EDUCATION THROUGH SPORT

Educational opportunities are available through sport. Providing these opportunities is the mantra of Mayberry Investments Limited, who sponsored the 13th staging of the Racketeers Badminton Club (RBC) Tournament, which was held from Friday, 20th July until Monday 30th July, 2007 at the racquets complex of the Constant Spring Golf Club.

Racketeers Badminton,
(L-R) Sharon Harvey-Wilson, Mayberry's Director of Finance, Administration & Compliance presents a cheque to Raymond Webb Treasurer of the Racketeers Badminton Club, for Mayberry's sponsorship of the Open Division of the Racketeers Badminton Tournament, held in July 2007, with Joseph Clarke (centre) President of the Racketeers Badminton Club looking on.

The RBC was originally formed for the purpose of the advancement of the younger players in the sport, as well as identifying talented players from less fortunate circumstances. Joseph Clarke, President of RBC, commented that, "Inner-city kids have natural raw physical talent, giving them the advantage, but they do not have the right coaches, the right diet and the discipline. The only thing that will hold them back is education. If they could attain a high level of education then opportunities in universities abroad would open themselves up to these local players."

The inner-city kids did well, as the pair Tossante Taylor and Shawna-Kay Bailey beat the Danish Lone and Frank Hesel, 21-16 15-21 23-21 in an exciting match in the Open Mixed Doubles to advance to the semi finals, where they were beaten by the current Open champions Gareth and Geordine Henry.

The RBC President concluded, "The RBC takes this opportunity to thank Mayberry Investments Ltd. once again for being the sponsors of the Open Division of the 2007 (RBC) Tournament".

Mayberry Investments Ltd. dedicated to the development of our youth through sport.

MAYBERRY PARTNERS WITH FOOD FOR THE POOR

Food for the Poor, in collaboration with Corporate Jamaica, officially launched the 2007 Schools Sanitary Project in Manchester on 14 June 2007. Gary Peart, Mayberry's CEO, officially opened the newly donated sanitary facilities for Huntley All Age School. "The existing sanitary facilities which were pit latrines were clean, well kept and beautifully painted," he remarked. The parents and teachers of Huntley All Age School, who are also a part of the agricultural community of Manchester, upon receiving the gift from Mayberry, corporate Jamaica and Food for the Poor, gave a gift of a pumpkin, from their bounty.

Gary Peart, Mayberry's CEO officially opened the newly donated sanitary facilities for Huntley All Age in Manchester.

Mayberry recognizes the need to give children a solid foundation on which to build their future. Children need a safe environment where they can express themselves, learn to work out their differences, and learn the skills so that they can be productive members of the society. It is also vital to provide improved facilities where children can feel comfortable in school as they participate in their learning experience.

Food for the Poor started this project in December 2006, and has officially opened sanitary facilities in five schools across the island. They aim to open sanitary facilities in at least 3 schools per week this year.

Disclosure of Shareholdings

AS AT DECEMBER 31, 2007

Top Ten Shareholders

Names	Units
Bamboo Group Holdings	443,062,500
K. Mark Berry	427,884,380
MF&G Trust & Finance Ltd	27,142,183
Mayberrry Employee Share Scheme	11,666,600
Sun Assset Services Inc.	10,915,525
Mayberry Foundation	10,431,297
Anup Chandiram/Colin Steele	10,391,041
Bruce Bicknell	9,005,532
Mayberry Managed Clients Account	8,538,207
Dr. Patricia Yap	7,098,513

Connected Persons

Mayberry Employee Share Scheme	11,666,600
Mayberry Foundation	10,431,297
Mayberry Managed Client Account	8,538,207
Dr. Patricia Yap	7,098,513
Konrad Limited	1,281,230
Mayberry Investments Limited Pension Scheme	780,313
M.B. L. Partners Limited	836,934
Est. Maurice Berry	10

Shareholdings of Directors and Senior Management

Directors	Shareholdings	Connected Persons
Christopher Berry	-	443,062,500
Konrad Berry	427,884,380	1,281,230
Erwin Angus	2,443,424	22,081
Benito Palomino	2,283,105	-
Doris Berry	732,262	101,958
David McBean	1,146,521	-
Gary Peart**	4,066,571	313,794
Sharon Harvey-Wilson	730,838	-
Sushil Jain	45,840	-

Executive Management

Christopher Berry	-	443,062,500
Konrad Berry	427,884,380	1,281,230
Erwin Angus	2,443,424	22,081
Gary Peart**	4,066,571	313,794
Sharon Harvey-Wilson	730,838	-

Managers

Andrea HoSang**	1,074,051	-
Kayree Berry-Teape	2,204,290	29,080
Tania McDonald-Tomlinson	75,799	-
David Thomas	437,225	-
Wade Mars	109,736	-
Sandra Ottey**	29,116	-
Bob Russell**	181,918	-

** Includes holdings in joint accounts

BDO

BDO Jamaica
Chartered Accountants

26 Beechwood Avenue, P O Box 351
Kingston 5, Jamaica
Telephone: (876) 926-1616-7, 926-4421
Telefax: (876) 926-7580
Website: www.bdojamaica.com

INDEPENDENT AUDITORS' REPORT
To the Members of
Mayberry Investments Limited

We have audited the financial statements of Mayberry Investments Limited set out on pages 46 to 105, which comprise the group and the company's balance sheet as at 31 December 2007, and the group and the company's statements of income, changes in stockholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and consistently applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these 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 about whether 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 the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the group and the company'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 group and the company's internal controls. 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.

In our opinion, proper accounting records have been kept and the financial statements which are in agreement therewith give a true and fair view of the group and the company's financial position as at 31 December 2007, and of the group and the company's financial performance, changes in stockholders' equity and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the provisions of the Jamaican Companies Act.

BDO Jamaica.

CHARTERED ACCOUNTANTS
8 February 2008

Partners: V.K. Markman, K.A. Wilson, R.L. McFarlane, S.M. McFarlane
• Offices in Montego Bay, Mandeville and Ocho Rios
A member firm of BDO International

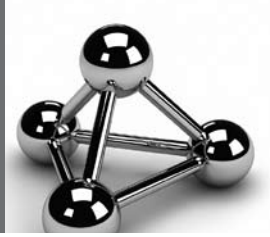
CONSOLIDATED STATEMENT OF REVENUES AND EXPENSES

YEAR ENDED 31 DECEMBER 2007

	Note	2007 $'000	2006 $'000
Net Interest Income and Other Revenues			
Interest income		2,174,517	2,361,389
Interest expense		(1,872,816)	(1,998,847)
Net interest income	4	301,701	362,542
Fees and commission	5	122,368	102,672
Dividend income	6	77,966	43,412
Net trading gains	7	374,678	102,189
Net foreign exchange gain/(loss)		70,576	(9,476)
Unrealised gain on investment revaluation		34,208	65,364
Loan provision recovered/written back – net		6,037	13,698
Other income		4,288	2,009
		991,822	682,410
Operating Expenses			
Salaries, statutory contributions and other staff costs	8	313,254	234,735
Provision for credit losses		-	3,413
Depreciation and amortization		22,884	20,210
Other operating expenses		182,063	149,172
	9	518,201	407,530
		473,621	274,880
Share of results of associate	23	15,956	4,789
Profit before Taxation	10	489,577	279,669
Taxation charge	11	(116,958)	(18,466)
Net Profit	12	372,619	261,203
BASIC AND DILUTED EARNINGS PER STOCK UNIT	13	$0.31	$0.22

CONSOLIDATED BALANCE SHEET

31 DECEMBER 2007



	Note	2007 $'000	2006 $'000
ASSETS			
Cash resources	14	532,680	98,755
Investment securities	15	9,832,954	6,842,336
Government securities purchased under resale agreements	16	7,808,513	10,289,693
Capital management fund	17	2,873,282	2,989,905
Promissory notes	18	859,117	296,438
Interest receivable		281,086	505,373
Loans and other receivables	20	1,511,642	639,546
Deferred taxation	21	-	4,500
Property, plant and equipment	22	137,046	141,512
Investment in associate	23	59,105	43,149
Total Assets		23,895,425	21,851,207
LIABILITIES			
Bank overdraft	14	9,472	208,750
Capital management fund obligation	17	2,873,282	2,989,905
Securities sold under repurchase agreements		13,821,596	13,621,648
Interest payable		222,606	239,129
Loans	25	2,138,750	1,146,738
Accounts payable	26	915,449	891,714
Deferred taxation	21	47,806	-
Redeemable preference shares	27	501,343	-
Total Liabilities		20,530,304	19,097,884
STOCKHOLDERS' EQUITY			
Ordinary share capital	27	1,582,381	1,582,381
Fair value reserves	28	323,131	(33,612)
Other reserves	29	2,551	-
Retained earnings	30	1,457,058	1,204,554
Total Stockholders' Equity		3,365,121	2,753,323
Total Stockholders' Equity and Liabilities		23,895,425	21,851,207

Approved for issue by the Board of Directors on 8 February 2008 and signed on its behalf by:

Christopher Berry Chairman

Konrad Berry Vice Chairman, Company Secretary

Sharon Harvey-Wilson Director

MAYBERRY INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

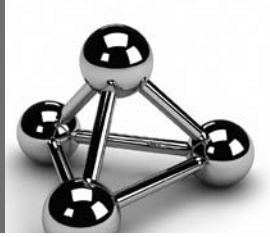
YEAR ENDED 31 DECEMBER 2007

	Ordinary Share Capital	Preference Share Capital	Fair Value Reserves	Other Reserves	Retained Earnings	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2006	1,582,381	-	53,732	-	943,351	2,579,464
Realized fair value gains transferred to consolidated statement of revenues and expenses	-	-	(42,418)	-	-	(42,418)
Unrealized losses on available for sale investments; net of taxes	-	-	(44,926)	-	-	(44,926)
Net losses recognized directly in equity	-	-	(87,344)	-	-	(87,344)
Net profit	-		-	-	261,203	261,203
Total recognized income and expense for the year			(87,344)	-	261,203	173,859
Balance at 31 December 2006	1,582,381	-	(33,612)	-	1,204,554	2,753,323
Realized fair value losses transferred to consolidated statement of revenues and expenses	-	-	98,104	-	-	98,104
Unrealized gains on available for sale investments; net of taxes	-	-	258,639	-	-	258,639
Net gains recognized directly in equity	-	-	356,743	-	-	356,743
Net profit	-	-	-	-	372,619	372,619
Total recognized income and expense for the year	-	-	356,743	-	372,619	729,362
Issue of preference shares (Note 27)	-	501,343	-	-	-	501,343
Transfer to financial liability	-	(501,343)	-	-	-	(501,343)
Share-based payments (Note 29)	-	-	-	2,551	-	2,551
Dividends (note 32)	-	-	-	-	(120,115)	(120,115)
Balance at 31 December 2007	1,582,381	-	323,131	2,551	1,457,058	3,365,121

MAYBERRY INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2007



	Note	2007 $'000	2006 $'000
Cash Flows from Operating Activities			
Profit before taxation		489,577	279,669
Adjustments to reconcile profit to net cash provided by/(used in) operating activities -			
Loan provision recovered/written back		(6,037)	(10,285)
Gain on disposal of property, plant and equipment		(1,976)	(605)
Depreciation and amortisation	22	22,884	20,210
Interest income	4	(2,174,517)	(2,361,389)
Interest expense	4	1,872,816	1,998,847
Unrealised gain on investment revaluation		(34,208)	(65,364)
Unrealised foreign exchange gains		(63,185)	(68,622)
Share of after tax profit of associate		(15,956)	(4,789)
Income tax charge		(85,256)	-
		4,142	(212,328)
Changes in operating assets and liabilities			
Loans and other receivables		(872,096)	77,970
Investments		(2,504,994)	(2,509,365)
Promissory notes		(556,642)	(76,022)
Securities purchased under resale agreements		2,481,180	(1,632,432)
Accounts payable		23,735	658,628
Securities sold under resale agreements		199,948	3,976,494
Loans		992,012	(725,492)
		(232,715)	(442,547)
Interest received		2,398,804	2,384,706
Interest paid		(1,889,339)	(2,019,969)
Income tax paid		(287)	-
Net cash provided by/(used in) operating activities		276,463	(77,810)
Cash Flows from Investing Activities			
Additions to property, plant and equipment	22	(19,918)	(7,462)
Investment in associate		-	(38,360)
Proceeds from disposal of property, plant and equipment		3,476	605
Net cash used in investing activities		(16,442)	(45,217)
Cash Flows from Financing Activities			
Issue of preference shares		501,343	-
Dividend payment		(120,115)	-
Net cash provided by financing activities		381,228	-
Net increase/(decrease) in cash and cash equivalents		641,249	(123,027)
Effect of exchange rate changes on cash and cash equivalents		(8,046)	(2,041)
Cash and cash equivalents at beginning of year		(109,995)	15,073
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	523,208	(109,995)

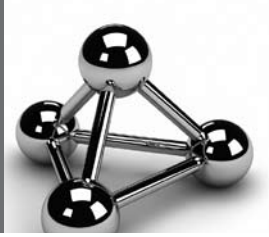
STATEMENT OF REVENUES AND EXPENSES

YEAR ENDED 31 DECEMBER 2007

	Note	2007	2006
		$'000	$'000
Net Interest Income and Other Revenues			
Interest income		2,165,123	2,341,116
Interest expense		(1,872,816)	(1,998,847)
Net interest income	4	292,307	342,269
Fees and commission	5	122,368	102,672
Dividend Income		56,826	35,713
Net trading gains		368,890	102,189
Net foreign exchange gain/(loss)		70,496	(9,476)
Unrealised gain on investment revaluation		34,208	65,364
Loan provision recovered/written back – net		6,037	13,698
Other income		4,288	2,009
		955,420	654,438
Operating Expenses			
Salaries, statutory contributions and other staff costs	8	313,254	234,735
Provision for credit losses		-	3,413
Depreciation and amortization		22,884	20,210
Other operating expenses		181,636	147,675
		517,774	406,033
Profit before Taxation	10	437,646	248,405
Taxation charge	11	(116,186)	(18,466)
Net Profit	12	321,460	229,939

BALANCE SHEET

31 DECEMBER 2007



	Note	2007 $'000	2006 $'000
ASSETS			
Cash resources	14	532,534	98,609
Investment securities	15	8,118,380	6,420,103
Government securities purchased under resale agreements	16	7,808,513	10,289,693
Capital management fund	17	2,873,282	2,989,905
Promissory notes	18	859,117	296,438
Interest receivable		281,057	503,782
Due from subsidiary	19	-	421,634
Loans and other receivables	20	1,511,642	639,546
Deferred taxation	21	-	4,500
Property, plant and equipment	22	137,046	141,512
Investment in subsidiary	24	1,468,027	-
Total Assets		23,589,598	21,805,722
LIABILITIES			
Bank overdraft	14	9,472	208,750
Capital management fund obligation	17	2,873,282	2,989,905
Securities sold under repurchase agreements		13,821,596	13,621,648
Interest payable		222,606	239,129
Due to subsidiary	19	106,310	-
Loans	25	2,138,750	1,146,738
Accounts payable	26	914,711	891,514
Deferred taxation	21	47,806	-
Redeemable preference shares	27	501,343	-
Total Liabilities		20,635,876	19,097,684
STOCKHOLDERS' EQUITY			
Ordinary share capital	27	1,582,381	1,582,381
Fair value reserves	28	709	(41,079)
Other reserves	29	2,551	-
Retained earnings	30	1,368,081	1,166,736
Total Stockholders' Equity		2,953,722	2,708,038
Total Stockholders' Equity and Liabilities		23,589,598	21,805,722

Approved for issue by the Board of Directors on 8 February 2008 and signed on its behalf by:

Christopher Berry Chairman

Konrad Berry Vice Chairman, Company Secretary

Sharon Harvey-Wilson Director

MAYBERRY INVESTMENTS LIMITED

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

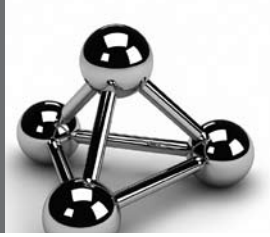
YEAR ENDED 31 DECEMBER 2007

	Ordinary Share Capital	Preference Share Capital	Fair Value Reserves	Other Reserves	Retained Earnings	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2006	1,582,381	-	39,390	-	936,797	2,558,568
Realized fair value gains transferred to consolidated statement of revenues and expenses	-	-	(42,418)	-	-	(42,418)
Unrealized gains on available for sale investments; net of taxes	-	-	(38,051)	-	-	(38,051)
Net gains recognized directly in equity	-	-	(80,469)	-	-	(80,469)
Net profit	-	-	-	-	229,939	229,939
Total recognized income and expenses for the period	-	-	(80,469)		229,939	149,470
Balance at 31 December 2006	1,582,381	-	(41,079)	-	1,166,736	2,708,038
Realized fair value gains transferred to consolidated statement of revenues and expenses	-	-	98,104	-	-	98,104
Unrealized gains on available for sale investments; net of taxes	-	-	(56,316)	-	-	(56,316)
Net gains recognized directly in equity	-	-	41,788	-	-	41,788
Net profit	-	-	-	-	321,460	321,460
Total recognized income and expenses for the period	-	-	41,788	-	321,460	363,248
Issue of preference shares (Note 27)	-	501,343	-	-	-	501,343
Transfer to financial liability	-	(501,343)	-	-	-	(501,343)
Share-based payments (Note 29)	-	-	-	2,551	-	2,551
Dividends (note 32)	-	-	-	-	(120,115)	(120,115)
Balance at 31 December 2007	1,582,381	-	709	2,551	1,368,081	2,953,722

MAYBERRY
INVESTMENTS LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2007



	Note	2007 $'000	2006 $'000
Cash Flows from Operating Activities			
Profit before taxation		437,646	248,405
Adjustments to reconcile profit to net cash provided by/(used in) operating activities -			
Provision for credit losses		(6,037)	(10,285)
Gain on disposal of property, plant and equipment		(1,976)	(605)
Depreciation and amortisation	22	22,884	20,210
Interest income	4	(2,165,123)	(2,341,116)
Interest expense	4	1,872,816	1,998,847
Unrealised gain on investment revaluation		(34,208)	(65,364)
Unrealised foreign exchange gain		(63,185)	(68,622)
Income tax charge		(84,771)	-
		(21,954)	(218,530)
Changes in operating assets and liabilities			
Loans and other receivables		(872,094)	77,970
Investments		2,341,982	(2,390,095)
Promissory notes		(556,642)	(76,022)
Securities purchased under resale agreements		(1,388,410)	(1,632,431)
Due from subsidiary		527,944	(132,760)
Accounts payable		23,197	658,578
Securities sold under resale agreements		199,948	3,976,494
Loans		992,012	(725,492)
		1,245,983	(462,288)
Interest received		2,387,846	2,366,024
Interest paid		(1,889,339)	(2,019,969)
Net cash provided by/(used in) operating activities		1,744,490	(116,233)
Cash Flows from Investing Activities			
Additions to property, plant and equipment	22	(19,918)	(7,462)
Proceeds from disposal of property, plant and equipment		3,476	605
Investment in subsidiary		(1,468,027)	-
Net cash used in investing activities		(1,484,469)	(6,857)
Cash Flows from Financing Activities			
Issue of preference shares		501,343	-
Dividend payment		(120,115)	-
Net cash provided by financing activities		381,228	-
Net increase/(decrease) in cash and cash equivalents		641,249	(123,090)
Effect of exchange rate changes on cash and cash equivalents		(8,046)	(2,041)
Cash and cash equivalents at beginning of year		(110,141)	14,990
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	523,062	(110,141)

1. STATUS AND PRINCIPAL ACTIVITIES:

Mayberry Investments Limited ("the Company") is incorporated in Jamaica and its registered office is located at 1 1/2 Oxford Road, Kingston 5. The Company is a licensed securities dealer and is a member of the Jamaica Stock Exchange. The Company has primary dealer status from the Bank of Jamaica.

The principal activity of the Company comprises dealing in securities, portfolio management, investment advisory services, operating foreign exchange cambio, managing funds on behalf of clients and administrative and investment management services for pension plans.

Mayberry West Indies Limited is a 100% subsidiary of the Company. Mayberry West Indies Limited is incorporated in St. Lucia under the International Business Companies Act.

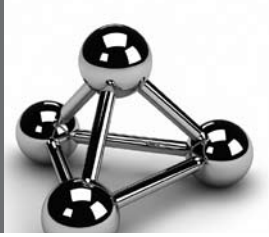
Mayberry West Indies Limited holds 49% of the shareholding of Access Financial Services Limited (Access). Access is an entity which is incorporated and registered in Jamaica and operating in Jamaica in the micro finance market. Access is an associate company of Mayberry West Indies Limited (Note 23).

The Company and its subsidiary are referred to as “the Group”.

These financial statements have been approved for issue by the Board of Directors on 8 February 2008.

2. SIGNIFICANT ACCOUNTING POLICIES:

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied for all the years presented, unless otherwise stated.



2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation -

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investment securities and investment securities at fair value through profit and loss account and derivative contracts.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and any adjustments that may be necessary would be reflected in the year in which actual results are known. The areas involving a higher degree of judgment in complexity or areas where assumptions or estimates are significant to the financial statements are described in note 3.

Interpretations and amendments to published standards effective in 2007
Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for annual accounting periods beginning on or after 1 January 2007. The Group has assessed the relevance of all such new standards, interpretations and amendments with respect to the Group's operations and has adopted the following IFRS's which are relevant to its operations.

- IAS 1 (Amendment)	Presentation of Financial Statements – Capital Disclosures
- IAS 17 (Amendment)	Leases
- IAS 33 (Amendment)	Earnings per Share
- IFRS 1 (Amendment)	First-time adoption of International Financial Reporting Standards
- IFRS 7	Financial Instruments: Disclosures
- IFRIC 10	Interim Financial Reporting and Impairment

There was no impact on the opening retained earnings at 1 January 2007 from the adoption of any of these standards.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

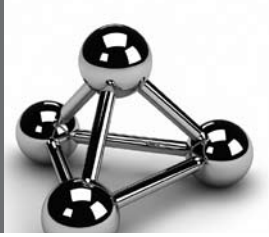
(a) Basis of preparation (cont'd)-

Standards, interpretations and amendments to published standards that are not yet effective.

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not yet effective at the balance sheet date, and which the Group has not early adopted. The Group has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

IFRS 8 – Operating Segments (effective for annual periods beginning on or after 1 January 2009). IFRS 8 introduces the "management approach" which requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters. IFRS 8 sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. The Group assessed the impact of IFRS 8 and concluded that there will be no material impact on the presentation of the financial statements. The Group will apply IFRS 8 from 1 January 2009.

IAS 23 (Revised) – Borrowing Costs (effective for annual periods beginning on or after 1 January 2009). IAS 23 (Revised) sets out the requirements for interest income and interest expense calculation using the effective interest method, based on market rates at the date that the instrument is recognized initially, or at the date of any modification. Incremental transaction costs directly related to acquiring a financial asset or issuing a financial liability are required to be included in the initial measurement of the instrument. However, if the instrument is classified as fair value through profit or loss, then such costs are to be recognized in the profit or loss. Interest, which is calculated using the effective interest rate method, is generally expensed. However, borrowing costs related to "qualifying" assets may be capitalized if certain conditions are met. The standard does not permit recognizing all borrowing costs as an expense. The Group assessed the impact of IAS 23 (Revised) and concluded that there will be no material impact on the presentation of the financial statements. The Group will apply IAS 23 (Revised) from 1 January 2009.



2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

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

Standards, interpretations and amendments to published standards that are not yet effective (cont'd).

The Group has concluded that the following interpretations to existing standards, which are published but not yet effective, are not relevant to the Group's operations:

IFRIC 11 Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007).

IFRIC 12 Service Concession Arrangements (effective for annual periods beginning on or after 1 January 2008).

IFRIC 13 Customer Loyalty Programmes (effective for annual periods beginning on or after 1 July 2008).

IFRIC 14 *IAS 19* – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2008).

(b) Consolidation -

A subsidiary is an entity which is controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The consolidated financial statements comprise those of the Company and its wholly owned subsidiary, Mayberry West Indies Limited, presented as a single economic entity. Intra-group transactions, balances and unrealized gains and losses are eliminated in preparing the consolidated financial statements.

The Group holds 49% of the voting rights of Access Financial Services Limited (Access). This investment is recorded as an associate investment using the equity method of accounting and is initially recognized at cost; the carrying amount is increased or decreased to recognize the Group's share of the profit and loss after the date of acquisition. Adjustment to the carrying amount is made for changes in the Group's share of Access's equity that has not been recognized in the profit and loss account and is recognized in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(b) Consolidation (cont'd)-

The Group uses the audited financial statements of Access at 31 December 2007 for the purpose of consolidation. During the year ended 31 December 2006, Access changed its financial reporting year end from 31 March to 31 December to coincide with the Group. Consequently, the results of profit and loss account and changes in equity for the comparative period are for the nine month ended 31 December 2006.

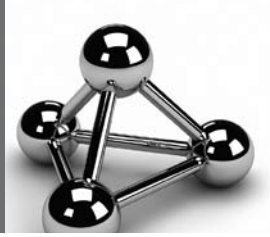
(c) Foreign currency translation -

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The consolidated financial statements are presented in Jamaican dollars, which is the Group's functional and presentation currency.

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate, being the mid-point between the Bank of Jamaica's (Central Bank) weighted average buying and selling rates at the date.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in the statement of revenues and expenses.

Exchange differences on non-monetary financial assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, exchange differences are either recognized in the statement of revenues and expenses (applicable for financial assets fair value through profit and loss), or within stockholders' equity if non-monetary financial assets are classified as available-for-sale.



2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(d) Revenue recognition -

i. Interest income:

Interest income is recognized in the statement of revenues and expenses for all interest bearing instruments on the accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed investments and discount or premium on financial instruments.

When a loan is classified as impaired, recognition of interest in accordance with the original terms and conditions of the loan ceases and interest is taken into account on the cash basis. IFRS requires that where loans become doubtful of collection, they are written down to their recoverable amounts and interest income on the loans is thereafter recognized based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount. However, such amounts as would have been determined under IFRS are considered to be immaterial.

ii. Dividend income:

Dividend income is recognized when the stockholder's right to receive payment is established.

iii. Fees and commission income:

Fees and commission income are recognized on an accrual basis when the service has been provided. Fees and commission arising from negotiating or participating in the negotiation of a transaction for a third party are recognized on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognized based on the applicable service contracts. Asset management fees are apportioned over the period the service is provided.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(e) Interest expense -

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

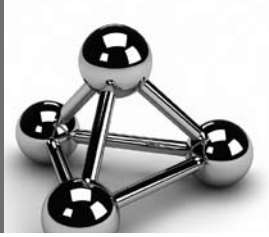
(f) Investments -

Investments are classified into the following categories: investment securities at fair value through profit and loss and available-for-sale securities. Management determines the appropriate classification of investments at the time of purchase.

Investment securities at fair value through profit and loss are those which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit-taking exists. They are initially recognised at cost, which includes transaction costs, and subsequently remeasured at fair value. All related realised and unrealised gains and losses are included in net trading income.

Available-for-sale securities are those intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates, foreign exchange rates or market prices. They are initially recognised at cost, which includes transaction costs, and subsequently remeasured at fair value. Unrealised gains and losses arising from changes in fair value of available-for-sale securities are recognised in stockholders' equity. When the securities are disposed of or impaired, the related accumulated unrealised gains or losses included in stockholders' equity are transferred to the statement of revenues and expenses.

The fair values of quoted investments are based on current bid prices. For unquoted investments, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.



2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(f) Investments (cont'd) -

Financial assets are assessed at each balance sheet date for objective evidence of impairment. A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the original effective interest rate. The recoverable amount of a financial asset carried at fair value is the present value of expected future cash flows discounted at the current market interest rate for a similar financial asset.

Where securities are classified as available-for-sale and there is a significant or prolonged decline in the fair value below cost, this is considered an indicator of impairment. If this evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value less any impairment losses previously recognised in the statement of revenues and expenses, is removed from equity and recognised in the statement of revenues and expenses. Impairment losses recognised on the equity instruments are not reversed through the statement of revenues and expenses.

All purchases and sales of investment securities are recognised at settlement date.

(g) Repurchase and reverse repurchase agreements -

Securities sold under agreements to repurchase (repurchase agreements) and securities purchased under agreements to resell (reverse repurchase agreements) are treated as collateralised financing transactions. The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the lives of the agreements using the effective yield method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(h) Derivatives -

Derivative instruments are initially recognised in the balance sheet at fair value on the date the contract is entered into and subsequently are remeasured at their fair value. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Changes in the fair value of derivatives are included in the statement of revenues and expenses. This includes derivative transactions which provides effective economic hedges under the Group's risk management positions, but do not qualify for hedge accounting under the specific rules in International Accounting Standards (IAS) 39.

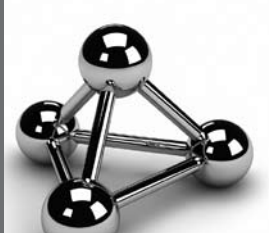
(i) Loans and receivables and provisions for credit losses -

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money or services directly to a debtor with no intention of trading the receivable. Loans are recognized when cash is advanced to borrowers. They are initially recorded at cost, which is the cash given to originate the loan including any transaction costs and subsequently measured at amortized cost using the effective interest rate method.

An allowance for loan impairment is established if there is evidence that the Group will not be able to collect all amounts according to the original contractual terms of the loan. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan.

A loan is classified as impaired when, in management's opinion there has been deterioration in credit quality to the extent that there is no longer reasonable assurance of timely collection of the full amount of principal and interest. When a loan is classified as impaired, recognition of interest in accordance with the original terms and conditions of the loan ceases, and interest is taken into account on a cash basis.

Write offs are made when all or part of a loan is deemed uncollectible. Write offs are charged against previously established provisions for loan losses and reduce the principal amount of the loan. Recoveries in part or in full of amounts previously written off are credited to provision for loan losses in the statement of revenues and expenses.



2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(j) Property, plant and equipment -

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

Depreciation is calculated on the straight line basis at annual rates estimated to write off the cost of the assets over their expected useful lives as follows:

Furniture, fixtures and fittings	10%
Office equipment	20%
Computer equipment	20%
Motor vehicles	10 – 33 1/3%
Leasehold improvements	2%

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit. Repairs and renewals are charged to the statement of revenues and expenses when the expenditure is incurred.

(k) Investment in subsidiary -

Investment by the Company in subsidiary is stated at cost less impairment loss.

(l) Borrowings -

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(m) Share capital -

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

Preference share capital is classified as equity except where it is redeemable on a specific or determinable date or at the option of the shareholders and/or if dividend payments are not discretionary, in which case it is classified as a liability. Dividend payments on preference shares classified as a liability are recognized in the statement of income and expenses as interest expense.

(n) Employee benefits -

(i) Pension Scheme Costs:

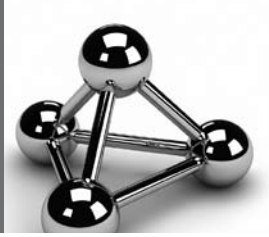
The Company operates a defined contribution pension scheme (note 35), the assets of which are held in a separate trustee administered fund. Contributions to the scheme are fixed and are made on the basis provided for in the rules. Contributions are charged to the statement of revenues and expenses when due. The Company has no legal or constructive obligation beyond paying these contributions.

(ii) Profit-Sharing and Bonus Plan:

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

(iii) Other Employee Benefits:

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



2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(n) Employee benefits (cont'd) -

(iv) Share-based compensation:

The Company operates an equity-settled share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense, with corresponding increase in equity, over the period in which the employee becomes unconditionally entitled to the options. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the statement of revenues and expenses, and a corresponding adjustment to equity over the remaining vesting period.

The fair value of employee stock options is measured using a Black Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), weighted average expected life of the instruments (based on historical experience and general option holder behaviors), expected dividends, and the risk-free interest rate (based on treasury bill rates). Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair value.

(o) Leases -

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

(p) Taxation -

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

Current taxation charge is the expected taxation payable on the taxable income for the year, using tax rates enacted at the balance sheet date and any adjustment to tax payable

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(p) Taxation (cont'd)-

and tax losses in respect of previous years.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realized or the liability will be settled based on enacted rates.

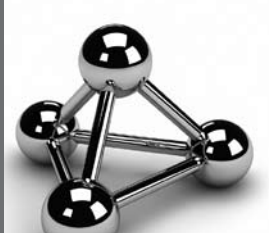
Current and deferred tax assets and liabilities are offset when they arise from the same taxable entity and relate to the same Tax Authority and when the legal right of offset exists. Deferred tax is charged or credited in the statement of revenues and expenses except where it relates to items charged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

(q) Provisions -

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

(r) Financial instruments -

Financial instruments include transactions that give rise to both financial assets and financial liabilities. Financial instruments carried on the balance sheet include cash resources, loans and other receivables, capital management fund, investments, promissory notes, securities purchased under resale agreements, bank overdraft, loans, other liabilities, securities sold under agreements to repurchase and capital management fund obligation.



2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(s) Cash and cash equivalents -

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

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

(t) Funds under Discretionary Management -

The Company accepts funds from individuals to manage with complete discretion and without reference to the account holders, in accordance with the relevant guidelines issued by the Financial Services Commission, taking into account the investment objective and risk profile of the account holder. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Company.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES:

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

i. Impairment losses on loans and receivables

The Company reviews its loan portfolio to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the statement of revenues and expenses, the Company makes judgement as to whether there is any observable data indicating that there is a measurable decrease in the estimated future

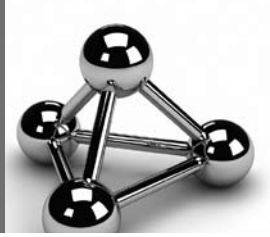
3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES:

i. Impairment losses on loans and receivables (cont'd)

cash flows from the loans resulting from adverse change in the payment status of the borrower or national and economic conditions that correlates with defaults on loans in the Company. Management uses estimates based on historical loss experience for assets with credit risks characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

ii. Income taxes

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



4. NET INTEREST INCOME:

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Interest income				
Investment securities	735,680	808,378	726,286	788,105
Government securities purchased under resale agreements	1,376,206	1,519,496	1,376,206	1,519,496
Loans and advances	62,631	33,515	62,631	33,515
	2,174,517	2,361,389	2,165,123	2,341,116
Interest expense				
Finance charges	100,548	105,351	100,548	105,351
Repurchase agreements	1,750,984	1,884,793	1,750,984	1,884,793
Other	21,284	8,703	21,284	8,703
	1,872,816	1,998,847	1,872,816	1,998,847
	301,701	362,542	292,307	342,269

5. FEES AND COMMISSION:

	2007	2006
	$'000	$'000
Brokerage fees and commissions	96,112	80,610
Structured financing fees	13,918	5,214
Portfolio management	12,338	16,848
	122,368	102,672

6. DIVIDEND INCOME:

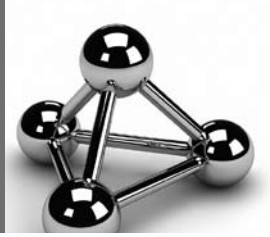
	2007 $'000	2006 $'000
Trading securities	3,385	1,952
Available-for-sale securities	74,581	41,460
	77,966	43,412

7. NET TRADING GAINS:

	2007 $'000	2006 $'000
	$'000	$'000
Equities – trading securities	10,605	6,617
Equities – available-for-sale securities	(25,782)	7,491
Fixed income - trading securities	462,177	53,154
Fixed income - available-for-sale securities	(72,322)	34,927
	374,678	102,189

8. SALARIES, STATUTORY CONTRIBUTIONS AND STAFF COSTS:

	2007 $'000	2006 $'000
Wages and salaries	279,339	208,115
Statutory contributions	19,742	17,820
Pension contributions	8,337	7,144
Stock option expense (Note 29)	2,551	-
Training and development	3,285	1,656
	313,254	234,735



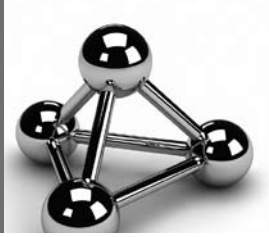
9. EXPENSES BY NATURE:

	2007 $'000	2006 $'000
Advertising and promotion	38,753	18,663
Auditors' remuneration	2,355	2,000
Computer expenses	4,149	6,702
Depreciation and amortization	22,884	20,210
Provision for credit losses	-	3,413
Insurance	7,072	7,730
Licensing fees	14,321	8,955
Operating lease rentals	5,154	6,481
Other operating expenses	40,842	35,315
Printing, stationery and office supplies	7,876	5,075
Legal and professional fees	23,198	29,937
Repairs and maintenance	3,783	2,368
Salaries, statutory contributions and staff costs	313,254	234,735
Security	2,244	2,163
Traveling and motor vehicles expenses	10,058	4,530
Utilities	22,258	19,253
	518,201	407,530

10. PROFIT BEFORE TAXATION:

The following have been charged/(credited) in arriving at profit before taxation:

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Directors' emoluments -				
Fees	6,000	5,333	6,000	5,333
Management remuneration	76,334	52,463	76,334	52,463
Auditors' remuneration				
Current year	2,274	2,000	2,024	1,800
Prior year under provision	81	-	76	-
Depreciation	22,884	20,210	22,884	20,210
Gain on disposal of property, plant and equipment	(1,976)	(650)	(1,976)	(650)
Dividend income	(77,966)	(43,412)	(56,826)	(43,412)
Operating lease rentals	5,154	6,481	5,154	6,481



11. TAXATION:

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

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Current year income tax at 33 1/3%	84,771	-	84,771	-
Current year income tax at 1%	485	-	-	-
Prior year under provision	287	-	-	-
Deferred tax charge (Note 21)	31,415	18,466	31,415	18,466
	116,958	18,466	116,186	18,466

(a) The Group's tax on profit before tax differs from the theoretical amount that would arise using the basic rate of tax as follows:

	2007	2006
	$'000	$'000
Profit before taxation	489,577	279,669
Tax calculated at a tax rate of 33 1/3%	163,192	93,223
Adjustments for the effects of:-		
Expenses not deductible for tax purposes	1,608	842
Income not subject to tax	(33,144)	(67,219)
Income from subsidiary taxed at 1%	(11,992)	(10,421)
Share of profit of associate shown net of tax	(5,319)	(1,596)
Net effect of other charges and allowances	2,613	3,637
Taxation charge	116,958	18,466

(b) Subject to agreement with the Commissioner of Taxpayer Audit and Assessment, tax losses of approximately $Nil (2006 - $272,736,000) are available for set-off against future taxable profits.

12. NET PROFIT

	2007 $'000	2006 $'000
Dealt with in the financial statements of:		
The Company	321,460	229,939
Subsidiary	51,159	31,264
	372,619	261,203

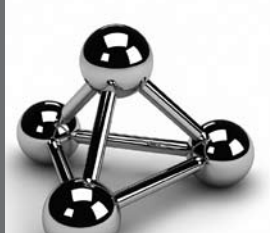
13. EARNINGS PER STOCK UNIT:

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

	2007 $'000	2006 $'000
Net profit attributable to stockholders ($'000)	372,619	261,203
Weighted average number of ordinary stock units in issue ('000)	1,201,149	1,201,149
Basic earning per stock unit	$0.31	$0.22
Fully diluted earnings per share	$0.31	$0.22

14. CASH RESOURCES:

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Current accounts – Jamaican dollar	447,808	26,979	447,725	26,896
Current accounts – foreign currencies	82,928	69,855	82,928	69,855
Jamaican dollar deposits	1,094	906	1,094	906
Cash in hand	850	1,015	787	952
	532,680	98,755	532,534	98,609



14. CASH RESOURCES (CONT'D):

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

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Cash resources	532,680	98,755	532,534	98,609
Bank overdraft	(9,472)	(208,750)	(9,472)	(208,750)
	523,208	(109,995)	523,062	(110,141)

The bank overdraft resulted from unpresented cheques at year-end. The National Commercial Bank Jamaica Limited (NCB) holds as security, Bank of Jamaica Certificates of Deposit totalling J$20,000,000 (2006: J$50,000,000), to cover its overdraft facility of J$50,000,000. NCB also holds as security Government of Jamaica Global Bonds with a nominal value of US$319,000 or lien over idle cash balances (2006: US$2,000,000) to cover 10% of the uncleared effects limit of $500,000,000 i.e. $50,000,000.

15. INVESTMENT SECURITIES:

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Fair value through profit and loss				
Debt securities				
- Government of Jamaica	26,951	263,777	26,951	263,777
- Foreign government	42,394	51,747	42,394	51,747
- Corporate	3,980,186	93,806	3,980,186	93,806
Equities	343,313	116,816	343,313	116,816
	4,392,844	526,146	4,392,844	526,146
Available-for-sale securities				
Debt securities				
- Government of Jamaica	1,348,292	1,097,915	1,348,292	1,097,915
- Foreign government	6,417	5,272	6,417	5,272
- Corporate	1,864,885	3,892,470	1,740,919	3,582,092
Equity securities	2,220,516	1,320,533	629,908	1,208,678
	5,440,110	6,316,190	3,725,536	5,893,957
Total	9,832,954	6,842,336	8,118,380	6,420,103

The Government and Corporate bonds are used as collateral for the Company's margin loans received from Deutsche Bank Alex Brown, Oppenhiemer & Company Inc., and MacQuarrie Securities (USA) Inc. (Note 25).

16. GOVERNMENT SECURITIES PURCHASED UNDER RESALE AGREEMENTS:

The Company enters into collateralised repurchase and reverse repurchase agreements which may result in credit exposure in the event that the counterparty to the transaction is unable to fulfil its contractual obligations. At 31 December 2007 the Company held $7,808,513,000 (2006: $10,289,693,000) of securities, mainly representing Government of Jamaica debt securities, as collateral for repurchase and reverse repurchase agreements.

The Bank of Jamaica holds as security, Government of Jamaica Bonds with a nominal value of $103,500,000 (2006: $30,000,000) against possible shortfall in the operating account.

17. CAPITAL MANAGEMENT FUND:

The capital management fund represents clients' direct investments which are managed by the Company.

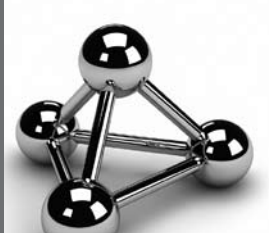
18. PROMISSORY NOTES:

	2007	2006
	$'000	$'000
Gross loans	868,919	312,277
Specific allowance for impairment	(9,802)	(15,839)
	859,117	296,438

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

	2007	2006
	$'000	$'000
Balance at beginning of year	15,839	26,124
Impairment loss for the year	-	3,413
Impairment allowance written back and recoveries net	(6,037)	(13,698)
Balance at end of year	9,802	15,839

This represents Jamaican and United States dollar promissory notes from customers. These are hypothecated against balances held for the customers and registered mortgages and other properties.



19. DUE FROM /(TO) SUBSIDIARY:

This represents amount due (from)/to Mayberry West Indies Limited for transactions done on its behalf.

20. LOANS AND OTHER RECEIVABLES:

	2007 $'000	2006 $'000
Client receivables	882,341	345,645
Client margins	444,086	173,003
Withholding tax recoverable	70,494	35,827
Other receivables	114,721	85,071
	1,511,642	639,546

Client margins are secured against their equity portfolios held at the Jamaica Central Securities Depository.

21. DEFERRED TAXATION:

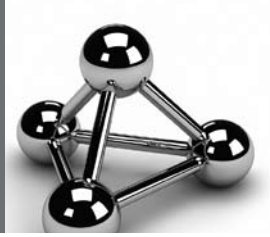
Deferred income taxes are calculated on all temporary differences under the liability method using a tax rate of 33 1/3% for the Company and 1% for its subsidiary, Mayberry West Indies Limited. The movement in the net deferred income tax balance is as follows:

	2007 $'000	2006 $'000
Net (asset)/liability at beginning of year	(4,500)	24,432
Deferred tax charge (Note 11)	31,415	18,466
Deferred tax charge/(credit) on available-for-sale investment securities	20,891	(47,398)
Net liability/(asset) at end of year	47,806	(4,500)

Deferred income tax assets and liabilities are due to the following items:

	2007 $'000	2006 $'000
Deferred income tax assets:		
Interest payable	74,194	79,702
Investment securities – available-for-sale	-	20,536
Provisions	24,332	5,650
Unrealised foreign exchange loss	-	974
Tax losses carried forward	-	104,813
	98,526	211,675
Deferred income tax liabilities:		
Property, plant and equipment	20,813	17,478
Investment securities – available-for-sale	354	-
Investment securities – fair value through profit and loss	11,402	21,786
Unrealised foreign exchange gain	20,086	-
Interest receivable	93,677	167,911
	146,332	207,175

Deferred income taxes are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable (Note 11).



22. PROPERTY, PLANT AND EQUIPMENT:

	Leasehold Improve - ments	Computer Equipment	Office Equipment	Furniture, Fixtures & Fittings	Motor Vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost -						
At 1 January 2006	76,632	43,393	9,865	22,695	35,924	188,509
Additions	-	3,041	273	1,286	2,862	7,462
Disposals	-	-	-	-	(1,230)	(1,230)
At 31 December 2006	76,632	46,434	10,138	23,981	37,556	194,741
Additions	581	4,754	66	4,346	10,171	19,918
Disposals	-	-	-	-	(6,233)	(6,233)
At 31 December 2007	77,213	51,188	10,204	28,327	41,494	208,426
Accumulated Depreciation -						
At 1 January 2006	3,991	10,383	4,407	4,509	10,959	34,249
Charge for the year	1,533	8,918	2,008	2,377	5,374	20,210
Disposals	-	-	-	-	(1,230)	(1,230)
At 31 December 2006	5,524	19,301	6,415	6,886	15,103	53,229
Charge for the year	1,539	9,861	2,035	2,578	6,871	22,884
Disposals	-	-	-	-	(4,733)	(4,733)
At 31 December 2007	7,063	29,162	8,450	9,464	17,241	71,380
Net Book Value -						
31 December 2007	70,150	22,026	1,754	18,863	24,253	137,046
31 December 2006	71,108	27,133	3,723	17,095	22,453	141,512

23. INVESTMENT IN ASSOCIATE:

The balance represents the Group's investment in Access Financial Services (note 1). The balance at year end comprises:-

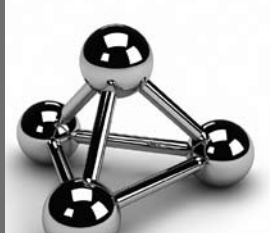
	2007 $'000	2006 $'000
Balance at beginning of the year	43,149	-
Acquisition cost	-	38,360
Share of profit	15,956	4,789
	59,105	43,149

The assets, liabilities, revenues and results of associate for the year ended 31 December 2007 are summarised as follow:

	2007 $'000	2006 $'000
Assets	271,547	166,246
Liabilities	(189,695)	(116,561)
Revenues	127,344	60,008
Net Profit	32,563	9,774

24. INVESTMENT IN SUBSIDIARY:

This represents the Company's equity investment in Mayberry West Indies Limited. On 15 December 2007, the Company increased its investment by way of an agreement to separate and transfer its long term proprietary equity portfolio from Mayberry Investments Limited to Mayberry West Indies Limited in exchange for shares in Mayberry West Indies, as well as to convert balance receivable to share capital.



25. LOANS:

	2007 $'000	2006 $'000
Deutsche Bank Alex Brown	1,150,233	1,043,820
Bear Stearns & Company Inc.	1,502	1,373
Oppenheimer & Company Inc.	75,122	101,545
MacQuarie Securities (USA) Inc.	911,893	-
	2,138,750	1,146,738

The loans are payable on demand and attract interest between 5% and 8% per annum. The loans are United States dollar and Euro dollar denominated; collaterals for the loans are investment securities which were purchased with the proceeds of the loans received from the respective companies (Note 15).

26. ACCOUNTS PAYABLE:

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Accounts payable	109,362	61,831	109,110	61,631
Client payable	720,830	829,883	720,830	829,883
Corporation tax payable	85,257	-	84,771	-
	915,449	891,714	914,711	891,514

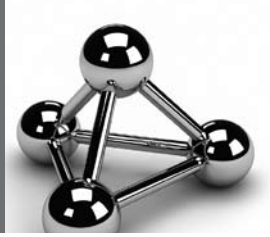
27. SHARE CAPITAL

	2007 $'000	2006 $'000
Authorised – 2,120,000,000 Ordinary Shares		
- 380,000,000 Redeemable Cumulative Preference Shares		
Issued and fully paid -		
1,201,149,291 ordinary shares	1,582,381	1,582,381
167,114,333 12% Redeemable Cumulative Preference Shares	501,343	-
	2,083,724	1,582,381
Less: 12% Redeemable Cumulative Preference Shares classified as liabilities as required by IFRS	(501,343)	-
	1,582,381	1,582,381

On 22 October 2007, the Company offered a renounceable rights issue of 120,114,929 12% Redeemable Cumulative Preference Shares at J$3.00 per share, to its shareholders. The issue was oversubscribed and consequently the offer was upsized to 380,000,000 shares. The actual share subscription was 167,114,333 shares. The Preference Shares pay a fixed cumulative dividend of 12% per annum, payable monthly on the 25th of each month and will be redeemable on 25 September 2010.

28. FAIR VALUE RESERVES:

This represents net unrealised surplus on the revaluation of available-for-sale investments.



29. OTHER RESERVES:

Stock Option Reserve:

On 31 July 2006 the Company obtained approval from stockholders at its annual general meeting to offer thirty million (30,000,000) shares under its Employee Stock Option Plan to directors, management and staff, (employees) as part of their compensation package. The Company has set aside 30,000,000 of the authorised but unissued shares for the stock option plan.

On 2 October 2007, 12,514,659 options were granted to employees at a price of $2.60 per share. Employees are entitled, but not obliged to purchase the company's stock at the option price at some future date in accordance with the vesting condition. The options granted vest over a period of three years. The option rewards past performance but is also an incentive for future performance.

Upon resignation, retirement, disability or death, the executive or his/her estate will have the right to exercise the vested but unexercised options. On dismissal, the employee would forfeit his right to exercise his option over any vested but unexercised option.

The fair value of the option granted at the end of the year is $2,551,000 and represents the fair value of services provided by employees in consideration for shares, as measured by reference to the fair value of the shares. This is included in equity as stock option reserve. The fair value was determined using the Black Scholes valuation model. The significant inputs for the calculation were the exercise price of $2.60 at the grant date, the share price of $4.90, the annual risk free interest rate of 13.34%, dividend yield of 2.04% and the expected volatility of 0.26% and the remaining contractual term of two years and nine months. The expected volatility is based on statistical analysis of share prices at the end of each past three financial years.

30. RETAINED EARNINGS:

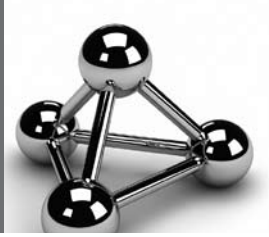
	2007	2006
	$'000	$'000
Reflected in the financial statements of:		
The Company	1,368,081	1,166,736
Subsidiary	88,977	37,818
	1,457,058	1,204,554

31. RELATED PARTY TRANSACTIONS AND BALANCES:

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

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

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Loans and other receivables:				
Subsidiary	-	421,634	-	421,634
Associate company	16,822	43,149	16,822	-
Advance made to Access Financial Services Limited	-	5,500	-	5,500
Companies controlled by directors and related by virtue of common directorships	106,467	34,496	106,467	34,496
Directors and key management personnel	28,719	17,487	28,719	17,487
Payables:				
Companies controlled by directors and related by virtue of common directorships	73,100	80,210	73,100	80,210
Directors and key management personnel	39,213	61,587	39,213	61,587
Subsidiary – Current account	-	-	106,310	-
Associate	5,496	-	5,496	-
Other operating expenses:				
Companies controlled by directors and related by virtue of common directorships	3,782	3,058	3,782	3,058



32. DIVIDENDS DECLARED:

	Company	
	2007	2006
	$'000	$'000
Final dividends to Ordinary Shareholder 10 cents per share	120,115	-

33. FINANCIAL RISK MANAGEMENT:

Risk Management Framework-

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

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

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

33. FINANCIAL RISK MANAGEMENT (CONT'D):

Risk Management Framework (cont'd) -

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

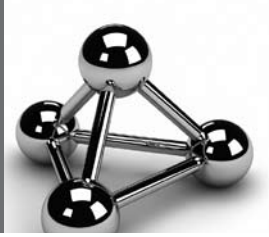
The Company also seeks to raise its interest margins by obtaining above average margins, net of provisions, through lending to commercial and retail borrowers with a range of credit standing.

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

(a) Liquidity risk -

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

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



33. FINANCIAL RISK MANAGEMENT (CONT'D):

(a) Liquidity risk (cont'd) -

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

	2007	2006
	$'000	$'000
At 31 December	1.23:1	1.14:1
Average for the period	1.11:1	1.09:1
Maximum for the period	1.23:1	1.14:1
Minimum for the period	1.07:1	1.05:1

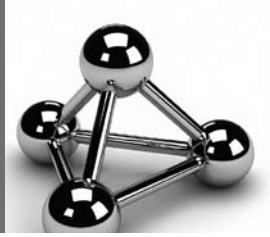
The table below analyzes the assets and liabilities of the Group into relevant maturity groupings based on the remaining period of balance sheet date to the contractual maturity date.

33. FINANCIAL RISK MANAGEMENT (CONT'D):

(a) Liquidity risk (cont'd) -

	Group						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets							
Cash resources	532,680	-	-	-	-	-	532,680
Investment securities –FVPL	-	-	3,629	29,143	4,016,759	343,313	4,392,844
Investment securities – AFS	-	6,204	756	1,442,351	1,770,283	2,220,516	5,440,110
Government securities purchased under resale agreements - FVPL	710,858	334,433	1,900,166	1,282,882	-	-	4,228,339
Government securities purchased under resale agreements - AFS	-	1,009	344,124	1,424,245	1,810,796	-	3,580,174
Capital management funds	-	10,489	-	562,229	2,255,688	44,876	2,873,282
Promissory notes	603,618	213,213	-	-	-	42,286	859,117
Interest receivable	-	281,086	-	-	-	-	281,086
Loans and other receivables	1,334,655	-	-	-	-	176,987	1,511,642
Other	-	-	-	-	-	196,151	196,151
Total assets	3,181,811	846,434	2,248,675	4,740,850	9,853,526	3,024,129	23,895,425
Liabilities							
Bank overdraft	9,472	-	-	-	-	-	9,472
Capital management fund Obligations	-	10,489	-	562,229	2,255,688	44,876	2,873,282
Securities sold under repurchase Agreements	5,875,603	5,525,080	2,420,032	-	-	881	13,821,596
Interest payable	-	222,606	-	-	-	-	222,606
Loans	2,138,750	-	-	-	-	-	2,138,750
Redeemable preference shares	-	-	-	501,343	-	-	501,343
Other	736,629	-	-	-	-	226,626	963,255
Total liabilities	8,760,454	5,758,175	2,420,032	1,063,572	2,255,688	272,383	20,530,304
Net Liquidity Gap	(5,578,643)	(4,911,741)	(171,357)	3,677,278	7,597,838	2,751,746	3,365,121
Cumulative Liquidity Gap	(5,578,643)	(10,490,384)	(10,661,741)	(6,984,463)	613,375	3,365,121	
As at 31 December 2006:							
Total Assets	1,001,857	2,634,125	3,464,427	4,691,917	7,898,337	2,160,544	21,851,207
Total Liabilities	8,884,743	2,772,860	2,268,370	517,319	3,884,416	770,176	19,097,884
Net Liquidity Gap	(7,882,886)	(138,735)	1,196,057	4,174,598	4,013,921	1,390,368	2,753,323
Cumulative Liquidity Gap	(7,882,886)	(8,021,621)	(6,825,564)	(2,650,966)	1,362,955	2,753,323	

1. Fair value through Profit and Loss - FVPL
2. Available for Sale - AFS,



33. FINANCIAL RISK MANAGEMENT (CONT'D):

(a) Liquidity risk (cont'd) -

	Company						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets							
Cash resources	532,534	-	-	-	-	-	532,534
Investment securities – FVPL[1]	-	-	3,629	29,143	4,016,759	343,313	4,392,844
Investment securities – AFS [2]	-	6,204	756	1,318,385	1,770,283	629,908	3,725,536
Government securities purchased under resale agreements – FVPL [1]	710,858	334,433	1,900,166	1,282,882	-	-	4,228,339
Government securities purchased under resale agreements – AFS [2]	-	1,009	344,124	1,424,245	1,810,796	-	3,580,174
Capital management funds	-	10,489	-	562,229	2,255,688	44,876	2,873,282
Promissory notes	603,618	213,213	-	-	-	42,286	859,117
Interest receivable	-	281,059	-	-	-	-	281,059
Loans and other receivables	1,334,653	-	-	-	-	176,987	1,511,640
Other	-	-	-	-	-	1,605,073	1,605,073
Total assets	3,181,663	846,407	2,248,675	4,616,884	9,853,526	2,842,443	23,589,598
Liabilities							
Bank overdraft	9,472	-	-	-	-	-	9,472
Capital management fund Obligations	-	10,489	-	562,229	2,255,688	44,876	2,873,282
Securities sold under repurchase Agreements	5,963,603	5,525,080	2,420,032	-	-	881	13,909,596
Interest payable	-	222,606	-	-	-	-	222,606
Loans	2,138,750	-	-	-	-	-	2,138,750
Redeemable preference shares	-	-	-	501,343	-	-	501,343
Other	735,891	-	-	-	-	244,936	980,827
Total liabilities	8,847,716	5,758,175	2,420,032	1,063,572	2,255,688	290,693	20,635,876
Net Liquidity Gap	(5,666,053)	(4,911,768)	(171,357)	3,553,312	7,597,838	2,551,750	2,953,722
Cumulative Liquidity Gap	(5,666,053)	(10,577,821)	(10,749,178)	(7,195,866)	401,972	2,953,722	
As at 31 December 2006:							
Total Assets	1,001,711	2,632,534	3,464,427	4,580,062	7,898,337	2,228,651	21,805,722
Total Liabilities	8,884,743	2,772,860	2,268,370	517,319	3,884,416	769,976	19,097,684
Net Liquidity Gap	(7,883,032)	(140,326)	1,196,057	4,062,743	4,013,921	1,458,675	2,708,038
Cumulative Liquidity Gap	(7,883,032)	(8,023,358)	(6,827,301)	(2,764,558)	1,249,363	2,708,038	

1. Fair value through Profit and Loss - FVPL
2. Available for Sale - AFS,

33. FINANCIAL RISK MANAGEMENT (CONT'D):

(b) Market risk -

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

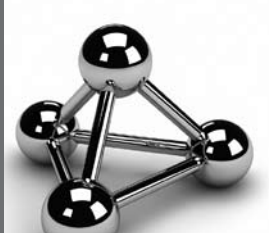
Management of market risks

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

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

Exposure to market risks

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



33. FINANCIAL RISK MANAGEMENT (CONT'D):

Exposure to market risks (cont'd) -

(b) Market risk (cont'd) -

A summary of the VaR position of the Group's portfolios at 31 December 2007 and during the period is as follows:

	2007			
	31 December	**Average**	**Maximum**	**Minimum**
	$'000	**$'000**	**$'000**	**$'000**
Foreign Currency Risk	33	23	85	4
Interest Rate Risk				
Domestic securities – available for sale	3,455	1,698	4,566	607
Domestic securities – trading	2,759	887	2,840	286
Global securities – available for sale	23,462	10,028	23,462	3,965
Global securities – trading	461	132	460	22
Other Price Risk (Equities)				
Domestic securities – trading	82,308	63,416	136,143	31,740
Global securities – available for sale	7,300	4,238	9,747	2,017

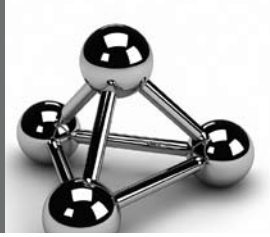
33. FINANCIAL RISK MANAGEMENT (CONT'D):

Exposure to market risks (cont'd) –

(b) Market risk (cont'd) –

	2006			
	31 December	**Average**	**Maximum**	**Minimum**
	$'000	**$'000**	**$'000**	**$'000**
Foreign Currency Risk	1	6	26	1
Interest Rate Risk				
Domestic securities – available for sale	1,939	1,643	3,188	835
Domestic securities – trading	3,357	2,860	5,753	1,401
Global securities – available for sale	2,612	13,117	63,489	2,321
Global securities – trading	276	1,291	6,395	246
Other Price Risk (Equities)				
Domestic securities – trading	27,816	29,812	41,796	19,684
Global securities – available for sale	4,430	4,738	7,813	2,478

The following table summarizes the Group's exposure to interest rate risk. Included in the table are the Company's assets and liabilities at carrying amounts, categorized by the earlier of contractual repricing or maturity dates.



33. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Interest rate risk -

	Group						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets							
Cash resources	532,680	-	-	-	-	-	532,680
Investment securities – FVPL[1]	-	-	3,629	29,143	4,016,759	343,313	4,392,844
Investment securities – AFS [2]	-	6,204	756	1,442,351	1,770,283	2,220,516	5,440,110
Government securities purchased under resale agreements – FVPL [1]	881,928	1,095,986	1,570,393	680,032	-	-	4,228,339
Government securities purchased under resale agreements – AFS [2]	751,048	1,459,031	1,184,510	92,265	93,320	-	3,580,174
Capital management funds	-	10,489	-	562,229	2,255,688	44,876	2,873,282
Promissory notes	603,618	213,213	-	-	-	42,286	859,117
Interest receivable	-	281,086	-	-	-	-	281,086
Loans and other receivables	1,334,655	-	-	-	-	176,987	1,511,642
Other	-	-	-	-	-	196,151	196,151
Total assets	4,103,929	3,066,009	2,759,288	2,806,020	8,136,050	3,024,129	23,895,425
Liabilities							
Bank overdraft	9,472	-	-	-	-	-	9,472
Capital management fund Obligations	-	10,489		562,229	2,255,688	44,876	2,873,282
Securities sold under repurchase Agreements	5,875,603	5,525,080	2,420,032	-	-	881	13,821,596
Interest payable	-	222,606	-	-	-	-	222,606
Loans	2,138,750	-	-	-	-	-	2,138,750
Redeemable preference shares	-	-	-	501,343	-	-	501,343
Other	736,629	-	-	-	-	226,626	963,255
Total liabilities	8,760,454	5,758,175	2,420,032	1,063,572	2,255,688	272,383	20,530,304
Total interest rate sensitivity gap	(4,656,525)	(2,692,166)	339,256	1,742,448	5,880,362	2,751,746	3,365,121
Cumulative interest rate sensitivity gap	(4,656,525)	(7,348,691)	(7,009,435)	(5,266,987)	613,375	3,365,121	
As at 31 December 2006:							
Total Assets	3,686,428	4,795,441	3,588,735	1,792,745	5,788,975	2,198,883	21,851,207
Total Liabilities	8,884,743	2,772,860	2,268,370	517,319	3,884,416	770,176	19,097,884
Total Interest rate sensitivity gap	(5,198,315)	2,022,581	1,320,365	1,275,426	1,904,559	1,428,707	2,753,323
Cumulative interest rate sensitivity gap	(5,198,315)	(3,175,734)	(1,855,369)	(579,943)	1,324,616	2,753,323	

1. Fair value through Profit and Loss - FVPL
2. Available for Sale - AFS

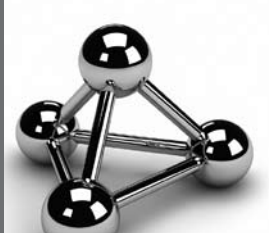
33. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Interest rate risk (cont'd) –

	Company						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets							
Cash resources	532,534	-	-	-	-	-	532,534
Investment securities – FVPL [1]	-	-	3,629	29,143	4,016,759	343,313	4,392,844
Investment securities – AFS [2]	-	6,204	756	1,318,385	1,770,283	629,908	3,725,536
Government securities purchased under resale agreements – FVPL [1]	881,928	1,095,986	1,570,393	680,032	-	-	4,228,339
Government securities purchased under resale agreements – AFS [2]	751,048	1,459,031	1,184,510	92,265	93,320	-	3,580,174
Capital management funds	-	10,489	-	562,229	2,255,688	44,876	2,873,282
Promissory notes	603,618	213,213	-	-	-	42,286	859,117
Interest receivable	-	281,059	-	-	-	-	281,059
Loans and other receivables	1,334,653	-	-	-	-	176,987	1,511,640
Other	-	-	-	-	-	1,605,073	1,605,073
Total assets	4,103,781	3,065,982	2,759,288	2,682,054	8,136,050	2,842,443	23,589,598
Liabilities							
Bank overdraft	9,472	-	-	-	-	-	9,472
Capital management fund Obligations	-	10,489		562,229	2,255,688	44,876	2,873,282
Securities sold under repurchase Agreements	5,963,603	5,525,080	2,420,032	-	-	881	13,909,596
Interest payable	-	222,606	-	-	-	-	222,606
Loans	2,138,750	-	-	-	-	-	2,138,750
Redeemable preference shares	-	-	-	501,343	-	-	501,343
Other	735,891	-	-	-	-	244,936	980,827
Total liabilities	8,847,716	5,758,175	2,420,032	1,063,572	2,255,688	290,693	20,635,876
Total interest rate sensitivity gap	(4,743,935)	(2,692,193)	339,256	1,618,482	5,880,362	2,551,750	2,953,722
Cumulative interest sensitivity gap	(4,743,935)	(7,436,128)	(7,096,872)	(5,478,390)	401,972	2,953,722	
As at 31 December 2006:							
Total assets	4,107,916	4,793,850	3,588,735	1,680,890	5,788,975	1,845,356	21,805,722
Total liabilities	8,884,743	2,772,860	2,268,370	517,319	3,884,416	769,976	19,097,684
Total interest rate sensitivity gap	(4,776,827)	2,020,990	1,320,365	1,163,571	1,904,559	1,075,380	2,708,038
Cumulative interest sensitivity gap	(4,776,827)	(2,775,837)	(1,435,472)	(271,901)	1,632,658	2,708,038	

1. Fair value through Profit and Loss - FVPL

2. Available for Sale - AFS,



33. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Interest rate risk (Cont'd) -

The table below summarises the effective interest rate by major currencies for financial instruments of the Group and the Company.

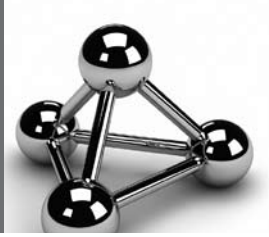
	J$	US$	EURO
	%	%	%
Assets			
Cash resources	-	0.5	1.25
Investment securities	-	10.00	10.62
Securities purchased under resale agreements	14.16	7.96	-
Promissory notes	18.00	12.00	-
Loans and other receivables	21.00	-	-
Liabilities			
Securities sold under repurchase agreements	12.19	5.80	-
Loans	-	5.60	-

33. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Interest rate risk (Cont'd) -

The management of interest rate risk is supplemented by monitoring the sensitivity of the Group's financial assets to various standard and non-standard interest rate scenarios. Standard scenarios that are considered include a 300 basis point (bp) parallel fall or rise in the yield curve applicable to Government of Jamaica local instruments and a 100 bp rise or fall in the yield curves applicable to Government of Jamaica global bonds and other sovereign bonds. An analysis of the Group's sensitivity to an increase or decrease in market interest rates and the likely impact on equity (available for sale instruments) and statement of revenues and expenses (fair value through profit and loss account instruments), assuming no asymmetrical movement in the zero coupon yield curves, is as follows:

	Daily return	300 bp parallel increase	300 bp parallel decrease	Daily return (Globals)	100 bp parallel increase	100 bp parallel decrease
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
At 31 December 2007						
Equity	(556)	(41,920)	37,169	(28,391)	(136)	70
Statement of Revenues and Expenses	146	(21,029)	20,785	(627)	(933)	(325)
At 31 December 2006						
Equity	(162)	(34,224)	32,308	(1,756)	(52,694)	46,518
Statement of Revenues and Expenses	(304)	(58,549)	55,385	(86)	(5,087)	4,527



33. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Currency risk -

The Group takes on exposure to effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows.

Net exposure is kept to an acceptable level by matching foreign assets with liabilities as far as possible. The following foreign currency balances are included in these financial statements

	2007			
	GBP	US$	CAN$	EURO
	'000	$'000	$'000	'000
Assets				
Cash resources	92	6,680	78	623
Investment securities	44	99,889	-	1,048
Promissory notes	-	5,160	-	-
Interest receivable	1	1,356	-	45
Loans and other receivables	10	775	5	306
Total	147	113,860	83	2,022
Liabilities				
Bank overdraft	24	-	-	-
Securities sold under repurchase agreements	-	34,112	-	-
Loans and other payables	43	72,862	-	773
Interest payable	-	528	-	-
Total	67	107,502	-	773
Net position	80	6,358	83	1,249
As at 31 December 2006				
Total Assets	638	83,423	405	328
Total Liabilities	-	89,688	100	-
Net Position	638	(6,265)	305	328

33. FINANCIAL RISK MANAGEMENT (CONT'D):

(e) Credit risk -

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans and advances to customers, promissory notes and investment securities. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

For risk management purposes, credit risk arising on trading securities is managed independently, but reported as a component of market risk exposure.

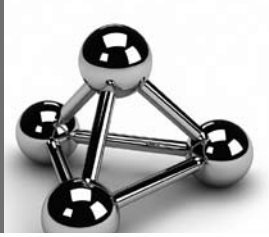
The Board of Directors has delegated responsibility for the management of credit risk to its ALCO and its Compliance Unit. A separate Structured Financing Department, reporting to the Revenue Committee, is responsible for oversight of the Company's credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.

- Establishing the authorization structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit credit officers. Larger facilities require approval by the Board of Directors as appropriate.

- Reviewing and assessing credit risk. The Revenue Committee assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.

- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances), and by issuer, credit rating band, market liquidity and country (for investment securities.)



33. FINANCIAL RISK MANAGEMENT (CONT'D):

(e) Credit risk (cont'd) -

- Developing and maintaining the Group's risk gradings in order to categorise exposures according to the degree of risk of the financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework consists of five grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approving executive as appropriate.

- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to the Board of Directors on the credit quality of loan portfolios and appropriate corrective actions taken.

- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Group in the management of credit risk.

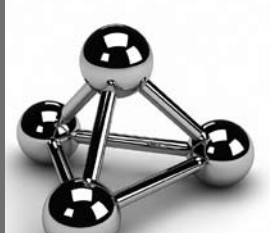
Each business unit is required to implement credit polices and procedures, with credit approval authorities delegated from the Board of Directors. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios.

Regular audits of business units and credit processes are undertaken by Internal Audit.

33. FINANCIAL RISK MANAGEMENT (CONT'D):

(e) Credit risk (cont'd) -

	Promissory Notes		Loans and Other Receivables	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Carrying amount	859,117	296,438	1,511,642	639,546
Past due but not impaired				
Grade 1-3 Low - fair risk	12,666	18,282	1,511,642	639,546
Grade 4 – Medium risk	128,169	31,029	-	-
Grade 5 – Medium - high risk	37,884	30,664	-	-
Carrying amount	178,719	79,975	1,511,642	639,546
Past due comprises:				
30 – 60 days	30,083	28,003	1,441,148	603,718
60 – 90 days	-	3,442	-	-
90 – 180 days	98,358	23,438	-	-
180 days +	50,278	25,092	70,494	35,828
Carrying amount	178,719	79,975	1,511,642	639,546
Neither past due nor impaired				
Grade 1-3 Low - fair risk	543,066	212,423	-	-
Grade 4 – Medium risk	104,022	4,040	-	-
Carrying amount	647,088	216,463	-	-
Includes accounts with renegotiated terms	33,310	-	-	-
Total carrying amount	859,117	296,438	1,511,642	639,546



33. FINANCIAL RISK MANAGEMENT (CONT'D):

(e) Credit risk (cont'd)-

Exposure to credit risk is also managed in part by obtaining collateral, corporate and personal guarantees. It is the policy of the Group to obtain or take possession of or register lien against securities. The Group monitors the market value of the underlying securities which collateralize the related receivable including accrued interest and request additional collateral where deemed appropriate. Other than exposure to Government of Jamaica securities, there is no significant concentration of credit risk.

An estimate of fair value of collateral held against promissory notes and loans and other receivables are shown below:

	Promissory Notes		Loans and Other Receivables	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Against past due but not impaired				
Property	185,043	69,045	-	-
Debt securities	1,500	40	-	-
Equities	7,791	11,570	1,387,272	569,349
Against neither past due nor impaired				
Property	365,132	166,697	-	-
Debt securities	15,638	12,920	-	-
Equities	62,547	32,196	-	-
Other	291,000	5,500	-	-
Total	928,651	297,968	1,387,272	569,349

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

33. FINANCIAL RISK MANAGEMENT (CONT'D):

(e) Credit risk (cont'd)-

	Promissory Notes		Loans and Other Receivables	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Carrying amount	859,117	296,438	1,511,642	639,546
Concentration by sector				
Corporate	383,071	60,820	-	-
Construction	163,955	113,257	-	-
Retail	312,091	122,361	1,511,642	639,546
Total	859,117	296,438	1,511,642	639,546

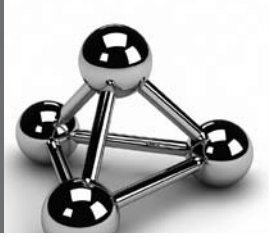
(f) Settlement risk-

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

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

(g) Regulatory capital management -

The Company's lead regulator, Financial Services Commission (FSC), sets and monitors capital requirements. The FSC requires the Company to maintain a minimum of 10% capital to total risk weighted assets. At year end the Company's capital to total risk weighted assets was 57% (2006: 67%).



33. FINANCIAL RISK MANAGEMENT (CONT'D):

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

	2007 $'000	2006 $'000
Tier 1 Capital		
Ordinary share capital	1,582,381	1,582,381
Retained earnings	1,368,081	1,166,736
	2,950,462	2,749,117
Less: IAS 39 fair value reserve (negative balances only)	-	(41,079)
Total Tier 1 Capital	2,950,462	2,708,038
Tier 2 Capital	-	-
Total Regulatory Capital	2,950,462	2,708,038
Risk Weighted Assets	5,175,821	4,126,373
Capital Ratio to Risk Weighted Assets Ratio	57%	66%

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

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

Capital Allocation

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

34. FAIR VALUES OF FINANCIAL INSTRUMENTS:

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value of a financial instrument. However, market prices are not available for a number of the financial assets and liabilities held and issued by the Group. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at balance sheet date.

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

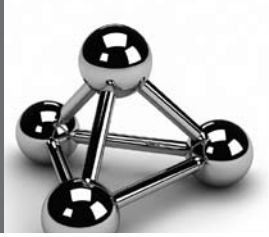
(i) Investment securities classified as fair value through profit and loss and available-for-sale are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or discounted cash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

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

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

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

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



35. PENSION SCHEME:

The Company operates a defined contribution pension scheme for employees who have satisfied certain minimum service requirements. The scheme is funded by equal contributions of employer and employees of 5% of pensionable salaries and an option for employees to contribute an additional 5%. The Company's contribution for the year amounted to $8,337,000 (2006: $7,144,000).

36. FUNDS UNDER DISCRETIONARY MANAGEMENT:

The Company provides custody, investment management and advisory services for both institutions and individuals which involve the Company making allocation and purchases and sales decisions in relation to quoted shares and government financial instruments. Those assets that are held in a fiduciary capacity are not included in these financial statements. At the balance sheet date, the Company had financial assets under management of approximately $3,269,723,000 (2006: $633,492,000).

NOTES

MAYBERRY
INVESTMENTS LIMITED

J$100
Stamp

FORM OF PROXY

I/We……

Of …….

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

…….

or failing him or her ……

of ……

as my/our proxy to vote on my/our behalf at the Annual General Meeting of the above-named Company to be held at the Knutsford Court Hotel, 11 Ruthven Road, Kingston 10 on Wedesday, June 18, 2008 at 4:30 p.m and at any adjournment thereof.

	FOR	AGAINST
Resolution 1 To receive and adopt the audited accounts and reports		
Resolution 2 To approve the payment of the dividend for the year		
Resolution 3 To re-elect Mr. Konrad Berry a Director		
Resolution 4 To re-elect Mr. Gary Peart a Director		
Resolution 5 To re-elect Dr. David McBean a Director		
Resolution 6 To fix the remuneration of the Directors		
Resolution 7 To authorise the Directors to fix the remuneration of the Auditors		
Special Business:-		
Resolution 8 To approve the setting aside of ordinary stock units for the Employee Stock Option Plan of the Company		

Date this……..day of ……2008

…… ……
Signature Signature

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

To be valid this proxy must be signed, duly stamped and deposited with the Corporate Secretary of the Company at 1 ½ Oxford Road, Kingston 5, not less than 48 hours before the time appointed for holding the meeting.

A proxy need not be a member of the Company.