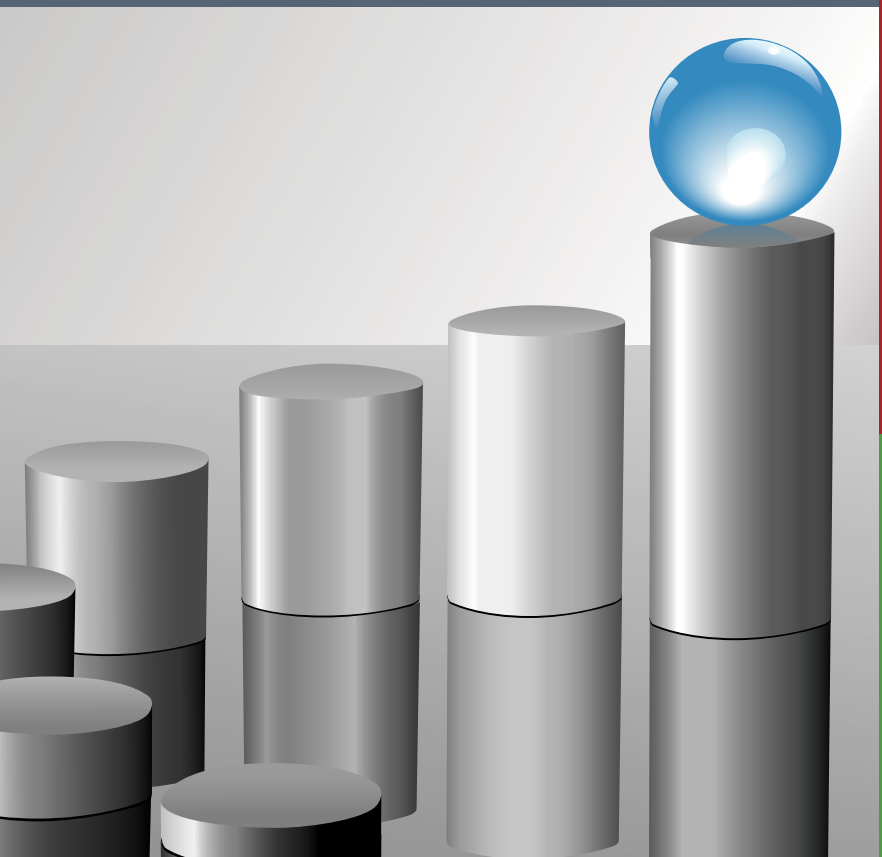
MAYBERRY
INVESTMENTS LIMITED

2008

Annual Report

Broker of Profitable Opportunities



Our Vision: Transforming lives positively through lasting relationships

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

Our Core Values:

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

Contents

Financial Performance Highlights

AS AT DECEMBER 31, 2008

FIVE YEAR SUMMARY

	2008 $'000	2007 $'000	2006 $'000	2005 $'000	2004 $'000
Interest Income	2,373,218	2,028,249	2,361,389	1,853,261	2,316,297
Net Interest Income	352,907	301,701	362,542	453,143	414,974
Net Other Income	653,760	655,913	254,504	245,043	218,818
Operating Expenses	601,599	518,201	407,530	464,745	402,708
Unrealised Gains/(Losses)	(64,140)	34,208	65,364	(192,711)	166,180
Profit before Taxation	356,146	489,577	279,669	22,279	397,264
Net Profit	469,501	372,619	261,203	88,131	378,384
Total Assets	24,040,766	23,895,425	21,851,207	17,356,430	16,436,204
Total Liabilities	21,587,599	20,530,304	19,097,884	14,776,966	15,474,136
Stockholders' Equity	2,453,167	3,365,121	2,753,323	2,579,464	962,068
Number of issued shares (units)	1,201,149,291	1,201,149,291	1,201,149,291	1,201,149,291	171,250,000
Earnings per stock unit	$0.39	$0.31	$0.22	$0.08	$0.44
Return on Equity	19%	11%	9%	3%	39%

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 23rd Annual General Meeting of MAYBERRY INVESTMENTS LIMITED ("the Company") will be held at the Knutsford Court Hotel, 11 Ruthven Road, Kingston 10 on Wednesday, 20 May 2009 at 4:00 p.m. for the following purposes:

1. **To receive the audited accounts for the year ended 31 December 2008.**

   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 2008, together with the reports of the directors and auditors thereon, be and are hereby received."

2. **To elect directors**

   Resolutions 2-4

   The Directors retiring by rotation pursuant to Articles 91 of the Articles of Association of the Company are Messrs. Sushil Jain and Benito Palomino and Mrs. Doris Berry who being eligible, offer themselves for re-election.

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

   "That the retiring director, Mr. Sushil Jain, be and is hereby re-elected a Director of the Company."

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

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

3. **To fix the remuneration of the directors**

   Resolution 5

   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."

Notice of Annual General Meeting (Cont'd)

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

Resolution 6

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

"That BDO Marwilmac Partners, 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."

5. To approve the payment of the final dividend for the year:

Resolution 7

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

"That the interim dividend of $0.08 per ordinary stock unit declared by the Board of Directors of the Company on 26 March 2009, which was paid to ordinary stockholders of the Company on 16 April 2009, be approved and declared as a final dividend for the year ended 31 December 2008."

Dated this 28th day of April 2009.

BY ORDER OF THE BOARD

Konrad M. 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 ½ 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 stamps 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 2008.

The Statement of Revenues and Expenses shows pre-tax profits for the year of $356.1 million, taxation credit of $113.3 million and net profit of $469.5 million.

DIRECTORS

The Directors as at 31 December 2008 are Messrs. Christopher Berry, Konrad Berry, Gary Peart, Erwin Angus, 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. Sushil Jain, Benito Palomino and Mrs. Doris Berry and being eligible, offer themselves for re-election.

AUDITORS

The Auditors, BDO Marwilmac Partners, 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 $0.08 per share paid on 16 April 2009 is proposed to be the final dividend in respect of the financial year ended 31 December 2008.

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

On behalf of the Board of Directors

Christopher Berry
Chairman

Board of Directors

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

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.*

Our Management Team

Seated Left to Right:

Paul Buchanan
Sales Manager

Tania McDonald-Tomlinson
Human Resources Manager

Sandra Ottey
Securities and Treasury Manager

Rex Shettlewood
Research Manager

Standing Left to Right:

Camille Campbell-Drummond
Customer Relationship Manager

Wade Mars
Research Manager

Kayree Berry-Teape
Chief Executive Officer,
Mayberry Foundation

Gladstone Wynter
Sales Manager

Seated Left to Right:

Dwight Newman
VP - Fixed Income Trading & Foreign Exchange Operations

Tania Waldron-Gooden
Manager, Business Development and Special Projects

David thomas
Manager, Information Technology

Dennise Williams
VP - Marketing

Standing Left to Right:

Maria Martin
Senior Sales Manager

Neilson Rose
Manager, Equity Trading and Asset Management

Andrea HoSang
Operations Manager

Bob Russell
VP - Structured Finance and Mutual Funds

Gabrielle O'Connor
Financial Controller

Our Family of Employees

Seated (L-R)
Sharon Donaldson
and Josie Clarke

Standing (L-R)
Ricknel Dunbar
Karen Powell
Dwayne Morris
Andrew Johnson
Tishema Graham
Georgia Munroe
Noel Francis
Rosemarie Robinson
Maurice Vaccianna
Venise Thompson

Front (L-R)
Racquel Brown
Aneka Lee
Samoya White
Rickie Williams
Shirnette Mason

Back (L-R)
Priscella Russell
Wayne Campbell
Roger Salmon

Front Row (L-R)
Candace Gentles
Santonia Williamson
Luke Fong

Back row (L-R)
Kevon Green
Conray Forrester
Robert Thaxter

Back Row (L-R)
Back Row (L-R)
Nicole Brooks
Neil Passley
Taneta Johnson
Richard Graham

Front Row (L-R)
Natalie Saunders
Sabrina Singh
Genieve Robinson

Seated (L-R)
Diana Watson-Chong
Odessa Wade
Okelia Parredon

Standing
Back Row (L-R)
Donovan Houston
Ian Laidlaw
Kevin Jones
John Martin
Philbert Perry
Timoy Nation

Standing
Front Row (L-R)
Dahlia Johnson
Talya Nelson
Authurine Wallace

Standing (L-R) *Ann Francis, Juliet Morris, Michelle Chung, Nieka Green, Kemar Rose, Camille Chambers, Tamara Bennett, Michelle Sarju, Lerone Palmer, Nicolette Bennett, Garcia Hamilton, Janice Samuels*
Seated (L-R) *Sharon Hetridge, Keisha Wong-Sang, Michelle Graham*

Back Row (L-R)
Bryan Davidson
Damion Whyte
Sandra Lake
Silvie Bailey
Garrett Gordon
Kirk Gordon

Front Row (L-R)
Richard James
Audrey Clarke
John Douse
Ann Francis

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)*
CEO - Mayberry Foundation

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 - Research

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

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

Tania McDonald-Tomlinson
A.A. (Hons.), B.Sc. (Hons), MSc HRD
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)
Manager - Equity Trading and Asset Management

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

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

Dennise Williams *B.B.A., M.B.A.*
VP - Marketing

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 Marwilmac Partners
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

Christopher Berry, Chairman

Chairman's Statement

Mayberry Profits Increase by 26%

In this our 23rd year of operation we posted a record net profit of $470 million, and recorded $0.39 in earnings per share compared to $0.31 for the corresponding year ended 2007, an increase of 26%. This performance was achieved against the background of "the worst financial crisis seen since the Great Depression".

Net interest income and other revenues for the year were $942 million compared to $992 million in 2007. Trading for the first nine months of the year took pace at a record clip. By the end of August we were able to achieve record profits. Even though we consistently favoured liquidity over long term assets during 2008 we did not predict the severity of the credit crunch which

took place in the 4th quarter and continues even now (March 2009). During the fourth quarter 2008 we aggressively sold assets in order to build liquidity. The volatility in the international markets increased and the local stock market fell precipitously. These factors combined had a significant negative impact on our results producing the worst quarter in the history of our company. We applaud the Bank of Jamaica's move to replace some US$200 million of the liquidity which was taken away by international banks and brokers from local players. Your company did not use this facility even though it was available to us.

Net interest income grew by 17% or $50 million, fees and commissions grew by 24% or $29 million, net foreign exchange gains grew by 355% or $251 million, dividend income grew by 10%. We recorded $64 million unrealized loss on investment revaluation. This is due primarily to decline in the market prices of bonds and equity instruments held in our portfolio.

Our operating expenses grew by16%. We see this as a major achievement in light of the devaluation of the Jamaican dollar and inflation during the year 2008. Increased provisions for credit losses, depreciation and amortization charges and other operating expenses all played a part in our increased operating expenses. We made a larger provision to cover potential losses on loans. We believe that the current level of economic activity coupled with current very high interest rates will result in a significant increase in loan losses over the next 12 months. We have adequate collateral in place to cover our credit exposure even if asset prices fall 25% in value from March 2009 levels.

Our capital base remains strong. Capital to total assets ratio was 9.22% whereas the FSC benchmark is 6%.

Regulatory Capital Requirements

Our capital base remains strong. Our capital to risk weighted asset ratio stood at 43% whereas the Financial Services Commission (FSC) benchmark stipulates a minimum of 14%. Our capital to total assets ratio was 9.22% whereas the FSC benchmark is 6%.

Going Forward

We are pleased to report that the action we took in the 4th Quarter of last year had the desired effect and that your company is looking forward to a profitable 1st Quarter 2009.

We continue to work towards eliminating REPOS from our product offerings. The fourth quarter 2008 has convinced us more than ever that Mayberry will close this business in an orderly fashion. Going forward your company will focus even more on expanding our brokerage lines. We will also focus more on helping Jamaican business and citizens to finance and expand their businesses, manage their cash flows and invest their surpluses. We will expand our Investment Banking Services as this helps to drive our fee based income and commissions. And finally, we will continue to reduce leverage until we see some stability in the financial markets going forward. These measures will result in a much stronger company going forward ensuring our viability for decades to come.

We see a very tough year ahead for Jamaica. Even though the USA will run a budget deficit of over 12% this year our international financial partners have not seen fit to extend the credit necessary for Jamaica to adjust to this serious Global crisis and are holding us to very high standards. We hope that the government will be able to negotiate additional funding for Jamaica so that we can avoid tremendous hardship to a large number of our citizens.

Thank You

We wish to thank our management and staff for the hard work that they have put in this year.

We also wish to thank our clients and friends for their continued support for the past 23 years of business. We look forward to serving you in 2009 and beyond.

Christopher Berry
Chairman

Chief Executive Officer's Statement

"Keeping In Touch With Our Stakeholders"

OVERVIEW:

Throughout 2008, countries around the world had to cope with the direct or ripple effects of the worst financial crisis since the great depression of 1929.

At the start of the year, Mayberry had already been engaged as lead brokers to the Angostura/Lascelles acquisition. At a final price of about US$700M, it was the largest ever in Jamaica and the second largest in the Caribbean, behind the RBC takeover of RBTT.

The fees earned from the Angostura/Lascelles deal provided the company with a liquidity buffer for our operations. This was particularly welcomed during the last quarter of the year, when the local impact of the global economic downturn began to take effect in Jamaica and in our industry.

The company ended 2008 as first in the number of trades, first in the volume of shares traded and second in the value of shares traded

Brokerage fees and commissions, at J$151.77 M, increased by 24 percent in 2008 over the previous year, which contributed to offsetting a sharp decrease in net trading gains for the year .

Notwithstanding the generally deteriorating economic conditions, including the downturn in our equities market, the company was able to end 2008 as first in the number of trades, first in the volume of shares traded and second in the value of shares traded, according to the standards of the Jamaica Stock Exchange. Furthermore, the

company was rated number one in performance for the twelve month period ended September 2008 by the Gleaner's Stock Track programme. This rating assesses how efficiently a company turns revenues into profit, the return it gets on its equity or how fast it grows its earnings.

In perilous financial times, it is doubly important that people who care about each other keep in touch with each other – whether they live under the same roof, in the same town or miles apart.

Throughout the year at Mayberry, we placed stakeholder contact and feedback at the forefront of our efforts. In unobtrusive and significant ways, through focus groups and strategic samplings, we sought to pay attention to what was important for each stakeholder group, what their priorities were and how Mayberry could help. Our aim was to match our stakeholders' needs and concerns as closely as possible to the company's services and capabilities.

Throughout the year at Mayberry, we placed stakeholder contact and feedback at the forefront of our efforts.

The following are some highlights by department for the year:

MARKETING:

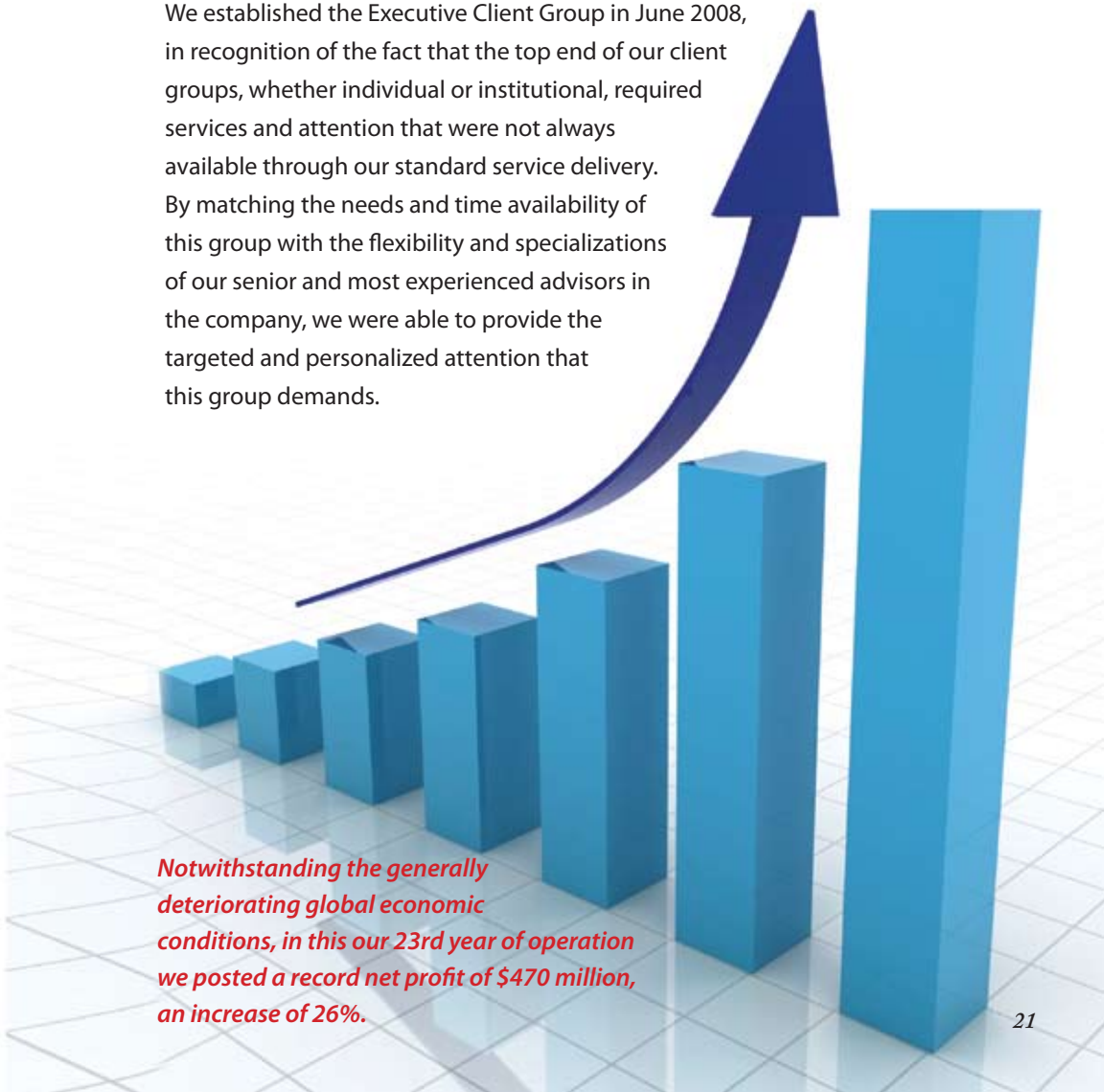
Marketing led the way by providing the conceptual and practical framework for identifying stakeholder needs and by gearing our communication more closely to those of each identified group. Our monthly newsletter, our Website, our approach to delivering financial advisory services as well as our product and service messages all benefited from feedback obtained by Marketing and from the department's professional guidance in executing each task.

HUMAN RESOURCES:

Our employees are among our most significant stakeholders. Throughout the year, our HR department continued to maintain an open relationship with staff, encouraging interaction, thereby minimizing morale issues while maintaining turnover within acceptable levels. A Wellness Library, which our staff members have consulted regularly, was developed and introduced.

EXECUTIVE CLIENT GROUP:

We established the Executive Client Group in June 2008, in recognition of the fact that the top end of our client groups, whether individual or institutional, required services and attention that were not always available through our standard service delivery. By matching the needs and time availability of this group with the flexibility and specializations of our senior and most experienced advisors in the company, we were able to provide the targeted and personalized attention that this group demands.



Notwithstanding the generally deteriorating global economic conditions, in this our 23rd year of operation we posted a record net profit of $470 million, an increase of 26%.

FINANCIAL ADVISORY SERVICES:

Our financial advisors perform our standard sales and service delivery. Working in teams, supported by our client relationship officers, they carry out our normal contact with existing or potential clients with respect to the company's products and services. During 2008, the department was able to maintain its level of productivity and performance compared to the previous year.

SPECIAL PROJECTS:

Among other things, Special Projects manages our new product development process. During 2008, our Individual Rewards Account (IRA) and our Individual Retirement Scheme were developed and introduced. In addition to drafting and conducting, along with our Structured Finance Department, the necessary staff orientation and training for the successful introduction of these products, Special Projects also assisted with the administration for closing the Angostura/ Lascelles deal.

INFORMATION TECHNOLOGY:

The IT department updated existing systems and introduced new programmes for automating several key functions. These functions supported our back office operations and delivered improved and more efficient services to our clients. One such programme enhanced the speed and efficiency of transfers in and out for the Angostura/Lascelles acquisition.

Updated IT systems and new programmes for automating several key functions delivered improved and more efficient services to our clients.

STRUCTURED FINANCE:

The Structured Finance and Mutual Fund department grew the Jamaican dollar and US dollar loan portfolios during Q1 and Q2, 2008. However, as interest rates began to rise locally, the department decided to cut back on loans disbursed and as equity markets began to recede internationally, we experienced a fall-off in Mutual Funds sales during Q3 & Q4, with both falling below the corresponding quarters of the previous year. However, the low international equity market prices provided us with a window to bring advantageous opportunities to the attention of our clients.

TREASURY & SECURITIES:

The Treasury & Securities department reduced costs and increased operating efficiencies in order to facilitate smoother workflow, improved processing of securities and greater satisfaction to our clients.

RESEARCH:

Throughout the year, the Research department maintained its focus on strengthening client service delivery and brand recognition primarily through the Monthly Newsletter and the Website. In addition to carrying out an on-going programme of company and securities analysis, the department has become a regular contributor of articles, analyses and commentary to the local print and electronic media.

EQUITY TRADING & ASSSET MANAGEMENT:

Despite the odds, the department was able to contribute significantly towards the increase in net trading gains in equities as well as in fees and commissions over the previous year. These achievements helped the company to earn the recognition of the Jamaica Stock Exchange and of the Gleaner Stock Track programme, as stated earlier in this report.

FINANCE AND OPERATIONS:

Our Finance and Operations departments worked closely with the IT department throughout the year to automate dividend payments to clients with Managed Equity Portfolios as well as to reduce the time taken to prepare Cambio payments. The departments also strengthened their team approach for performing their tasks.

MONTHLY INVESTOR FORUMS:

Having completed its first decade of being offered free-of-cost and by invitation to the investing public, the Monthly Investor Forums remain the company's flagship vehicle for investor education and for direct communication with the investing public. Eleven forums were offered during 2008, one of which was held in Mandeville. Topics covered included: ***An Analysis of the 2008/09 Budget***; ***Energy and Business in Jamaica***; ***Optimizing Global Investment Opportunities***; ***Being Prepared For The Retirement Revolution***; ***Investor Updates on Supreme Ventures***; ***RBTT***; and ***NCB***; ***The 2008 Financial Crisis: What Went Wrong?***; and, ***An Armchair Chat with Chris Blackwell***. The forums attracted a total audience of about 1,700 persons for an average of about 154 each.

We believe our commitment to put our stakeholders first combined with the measures we have instituted to increase liquidity and reduce leverage, will help us to redound to the immediate benefit and long-term health of your company.

We value on-going dialog with our stakeholders and I encourage you to bring any issue for which you require clarification for further discussion to the Annual General Meeting on 20 May, 2009, or contact the company directly.

Speaking for myself and for the company, I am grateful to our staff for their continued loyalty, dedication and hard work during difficult times.

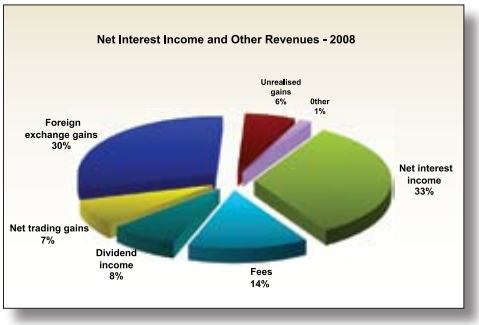
Gary Peart
Chief Executive Officer

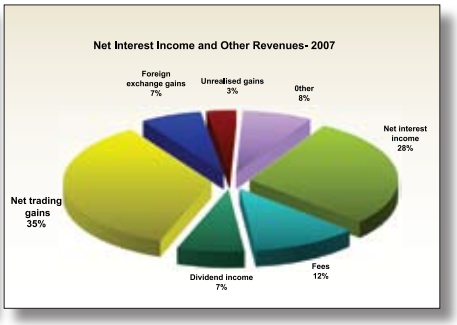
Management's Discussion and Analysis of Financial and Operating Performance

For the Year Ended 31 December 2008

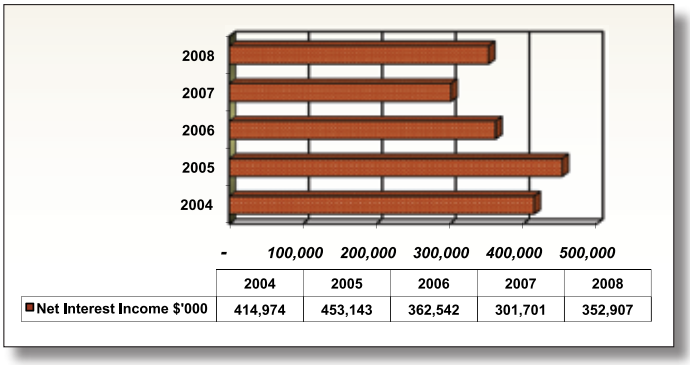
Financial Performance Overview

We achieved moderate profit growth for the year ended 31 December 2008. Net profit for the year was $470 million compared to $373 million, reflecting 26% increase over the corresponding year. Earnings per share were $0.39 compared to $0.31 for 2007.



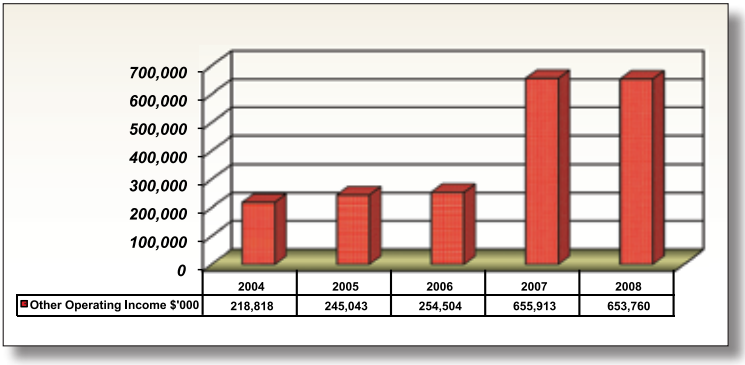


Net interest income and other revenues for the year were $942 million compared to $992 million in 2007, a reduction of $50 million or 5%. This reduction was due to lower performance of net trading gains, which reduced by $295 million or 79% over 2007, as well as unrealised mark to market losses of $64 million compared to unrealised gains of $34 million in the corresponding year.



	2004	2005	2006	2007	2008
Net Interest Income $'000	414,974	453,143	362,542	301,701	352,907

Despite the decline in net trading gains and unrealised gains, we were successful in offsetting this shortfall with growth in our net interest income of 15% or $50 million, fees and commissions 24% or $29 million, net foreign exchange gains 355% or $251 million, dividend income 10% or $8 million. Our increase in net foreign exchange gains was attributed to translation gains based on our foreign currency asset positions as well as trading activities. The decline in the unrealised mark to market gains is due to decline in the market prices of bonds and equity instruments which is driven by adverse market conditions.

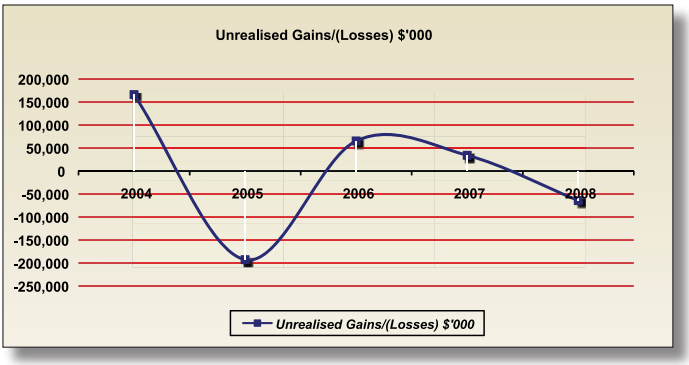


	2004	2005	2006	2007	2008
Other Operating Income $'000	218,818	245,043	254,504	655,913	653,760

Unrealized gains/losses on investment revaluation

Mark-to-market price movements on our bond trading portfolio saw the company recording an unrealized loss on investments revaluations which amounted to $64 million compared to an unrealized gain of $34 million for the corresponding period 2007.

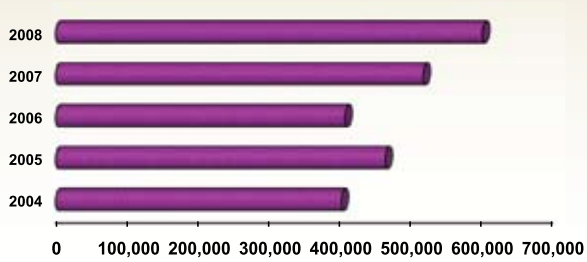
Management's Discussion and Analysis of Financial and Operating Performance (Cont'd)



Included in the total unrealized loss was $35.5 million from our equity trading portfolio when compared to a gain of $12 million in 2007. The JSE All Jamaican composite index declined by 31% year over year to close at 73,994.93 at the end of December 2008, compared to 106,782.86 at the end of December 2007. The stock market experienced a significant decline of the index, due to the decline in the local economy and lower consumer confidence coupled with global financial meltdown.

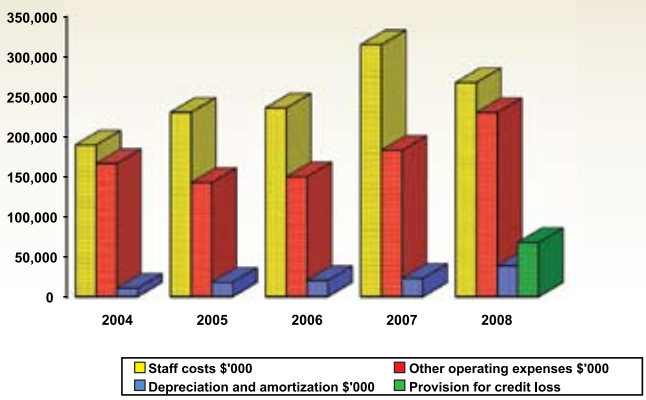
Our operating expenses totalled $602 million compared to $518 million, an increase of 16%. This was due to increased provisions for credit losses, depreciation and amortization charges and other operating expenses. Our loan portfolio has grown resulting in an increased credit risk; we made provision to cover potential losses, in line with this increased risk. Notwithstanding, we hold adequate collaterals to recover on our credit exposure. Salaries and staff costs have reduced by $47 million as no provision for bonus was made for 2008. Other operating expenses have increased by $47 million or 26% and were mainly due to increased activities relating to sales, marketing and public relations as well as professional fees.

Management's Discussion and Analysis of Financial and Operating Performance (Cont'd)



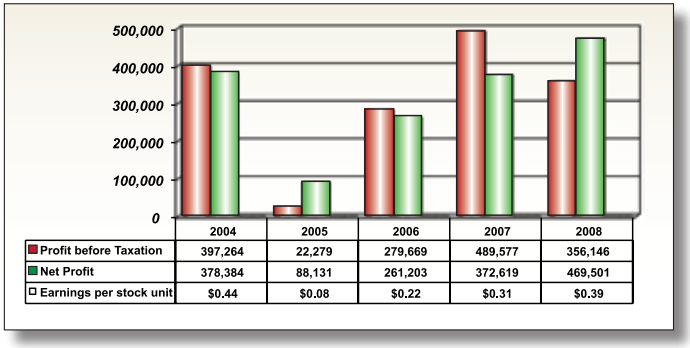
	2004	2005	2006	2007	2008
Operating Expenses $'000	402,708	464,745	407,530	518,201	601,599

Continued cost containment measures have been implemented by management to achieve systematic cost reduction, as such, management monitors expenses on a monthly basis to achieve this objective.



Management's Discussion and Analysis of Financial and Operating Performance (Cont'd)

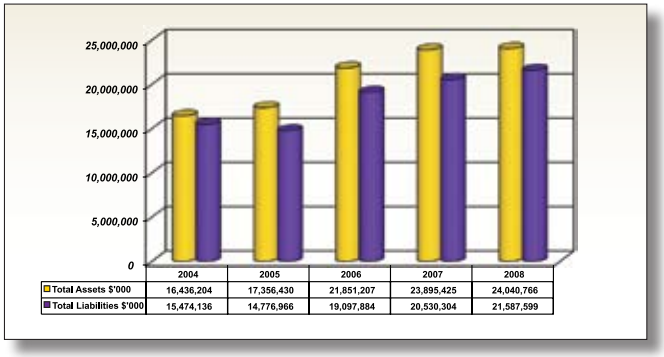
Net Profits and Earnings per Share



	2004	2005	2006	2007	2008
Profit before Taxation	397,264	22,279	279,669	489,577	356,146
Net Profit	378,384	88,131	261,203	372,619	469,501
Earnings per stock unit	$0.44	$0.08	$0.22	$0.31	$0.39

Earnings per share for Mayberry Investments Ltd. increased by eight cents ($0.08) to total $0.39, an increase of 26% compared to the same period last year 2007, when the EPS was $0.31. Our book value per share as at 31 December 2008 was $2.04, a decline of 27% compared to $2.80 for prior year 2007.

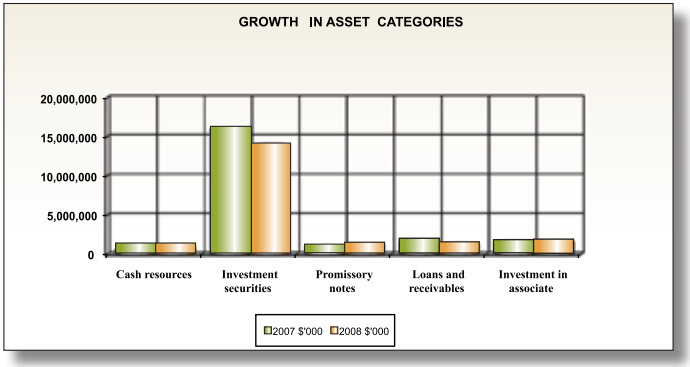
Assets and Liabilities Performance



	2004	2005	2006	2007	2008
Total Assets $'000	16,436,204	17,356,430	21,851,207	23,895,425	24,040,766
Total Liabilities $'000	15,474,136	14,776,966	19,097,884	20,530,304	21,587,599

Total asset year over year increased by $145 million or 1% moving from $23.9 billion for year ended 31 December 2007 to $24 billion as at year end 2008. This increase was due to growth in cash resources, reverse repurchase agreements, promissory notes, investment property and investment in associate.

Management's Discussion and Analysis of Financial and Operating Performance (Cont'd)



Our investment securities portfolio was $15.3 billion, compared to $17.6 billion for prior year 2007, a decline of $2.3 billion or 13 %. The portfolio comprises equities - $972 million, Government of Jamaica securities - $8.2 billion and corporate bonds - $5.2 billion. Our equity portfolio comprises mainly blue chip stocks contained 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 remains stable.

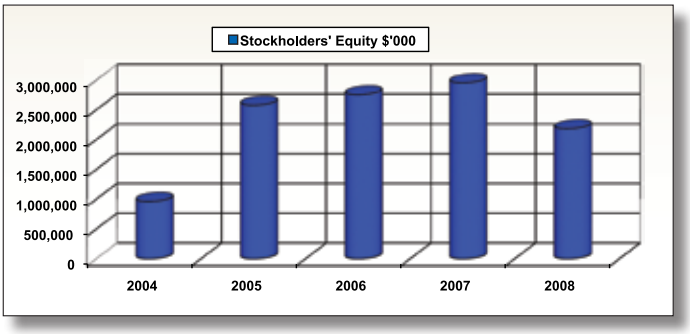
Our liabilities as at year ended 31 December 2008 stood at $21.5 billion, an increase of $1 billion or 5% over prior year. This portfolio also comprises trade payables - $692 million, which included balances arising from securities trading and other broker-dealer activities at year end.

Stockholders' Equity

Stockholders' equity was $2.4 billion, a decline of $911 million or 27% compared to the corresponding period ended 2007. This decrease in equity was due to unrealized fair value losses on our available- for- sale securities portfolio of $826 million for this financial year, compared to unrealized fair value gains of $323 million for prior year ended 31 December 2007.

Management's Discussion and Analysis of Financial and Operating Performance (Cont'd)

The strength of our balance sheet is reflected in the fact that we have marked down our financial assets to market and our capital adequacy ratio is still 50% higher than the regulatory requirement. We believe that as the financial crisis subsides these asset values will increase over time.



REGULATORY AND CAPITAL REQUIREMENTS

Our capital base remains strong. The Company's lead regulator, Financial Services Commission (FSC), sets and monitors capital requirements and requires the Company to maintain a minimum of 10% capital to total risk weighted assets. At year end the capital to total risk weighted assets was 43% (2007: 57%).

The Company's policy is to preserve 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 shareholders' return on capital 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.

Management's Discussion and Analysis of Financial and Operating Performance (Cont'd)

Stock Brokerage Ranking 2008

The global melt down of financial markets has negatively impacted stock markets worldwide, including Jamaica Stock Exchange. The volatility of the local stock market has caused a decrease in the level of equity transactions executed on the Jamaica Stock Exchange, yet your company was still able to retain the number 1 ranking for the largest number of trades executed, number 1 ranking for the largest volume of shares traded and ranked number 2 for the highest dollar value of trades by the Jamaica Stock Exchange.

Mayberry's Stock Trading

Mayberry Investments Limited started the year trading at $4.90 and closed the end of the year at $2.00. The daily average volume traded for 2008 was 408,069 units. Our stock price traded at a high of $5.15 in February 2008 and a low of $2.00 in December 2008. The actual volumes traded ranged from 750 to 11,437,497 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,

Management's Discussion and Analysis of Financial and Operating Performance (Cont'd)

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. 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.

Management's Discussion and Analysis of Financial and Operating Performance (Cont'd)

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 has 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 2008, the audit committee met to review the results of the internal audit review and to give strategic guidance in relation to the monitoring and evaluation of risk resulting from the global financial meltdown. There was no incidence of fraud or other irregularities which the committee is aware of during the financial year.

Our Commitment to our Communities

As a member of Jamaica's financial community for nearly 25 years, Mayberry Investments has supported several causes that we consider investments in our nation's future. We believe that human resources are our country's most important resources and have demonstrated this core belief through our support of programmes in education, sport, community development and training. Where necessary, we have worked with partners to deliver the needed assistance. Our partners have included notable organizations such as Food for the Poor, the Amateur Swimming Association of Jamaica and The Jamaica Children's Heart Fund.

Below are highlights of our initiatives in 2008.

MAYBERRY PARTNERS WITH CAMPION COLLEGE

Caring In Action
(l-r) Christopher Berry, Mayberry Investments Chairman looks on as the Campion College Homework Centre is opened by Kimone Baker. Applauding the student are Kayree Berry Teape, CEO of Mayberry Foundation (3rd right) and Mrs. Grace Baston, Campion's College Principal (2nd right).

MAYBERRY PARTNERS WITH THE MARLEY FAMILY TO SUPPORT HEALTH CARE

The Rita Marley Foundation and the Mayberry Foundation teamed up to provide free heart surgeries to Jamaican children. Kayree Berry –Teape, Chief Executive Officer of Mayberry Foundation (left) and Rita Marley (right) attended the premiere of the documentary film 'African

Unite" held at the Carib Cinema on Wednesday, 6th February, 2008. A portion of the funds raised from the evening's event was donated to the Jamaica Children Heart Fund (JCHF).

Among the invited guests were noted US film actor, Danny Glover, Angelique Kidjo, Rita Marley, the Chief High Priestess Dr Osun Neteferti-El, Prime Minister, Honourable Bruce Golding along with the Leader of Opposition, the Most Hon. Portia Simpson-Miller. The film centres around the first trip of the Marley family to Ethiopia in 2005 for the twelve hour concert held in the capital city of Addis Ababa, where 300,000 people from across the globe celebrated with the Marley family, Bob Marley's 60th birthday.

MAYBERRY SUPPORTS JAMAICA'S SPORTING FRATERNITY

During 2008, several sporting events where sponsored by the Mayberry Foundation. These included the Jamaica National swim team's record breaking performance in the CARIFTA Games held 27th-30th March 2008 in Aruba. The 35 member team won 34 medals, with Richard Graham bringing home a bronze in the 4 x 200 relay in the 15-17 age group. Dominic Walters broke a 30 year old record in the 1500 free style with a time of 16 mins 42.68 sec in the boys 15-17 year old age group.

13TH STAGING MAYBERRY RACKETEERS BADMINTON TOURNAMENT

The 13th staging of the Mayberry Racketeer Badminton Tournament was held at the Constant Spring Golf Club's indoor racquet's complex on Friday, June 27, 2008 at 7:00pm for the B&D divisions. The open and the C division was played the 4-7 July, 2008, as announced at a press conference held at Mayberry Investments Limited. Participants included juniors Chadwick Parson, Gareth Henry, Toussante Taylor, Shawn Forrester, Mikayla Haldane, Shawna-Kaye Bailey and Shakirah Bayley. The national team headed for the Pan American games, with this being their last chance to perfect their skills before the Games in Guatemala, 13th-21st July 2008.

MAYBERRY SUPPORTS COMMUNITY DEVELOPMENT

Teach a man to fish
Out in the deep blue Caribbean Sea, Kayree Berry-Teape (2nd right), CEO of the Mayberry Foundation and representatives of Food for the Poor and the Pagee Fishing Community tested three FADs utilizing six fishing boats provided for by the charity.

During September, Mayberry Foundation worked with Food for the Poor to help fishermen improve their craft. And although fishing is a centuries old profession, Mayberry Foundation and Food for the Poor introduced new technology that improves significantly the fishermen's efficiency. The Fish Aggregating Device (FAD) is used to attract larger fish. These devices can be located by GPS coordinates, which enable fishermen to know exactly where to fish.

Based on the concept of sustainable development, the fishermen organized a system of tithing to purchase food, medical supplies, and school supplies for the needy in the community. Additionally, the fishermen sponsored a high school student with transportation costs, lunch money and other expenses.

Food for the Poor not only provided the boats and FADs but other supplementary equipment such as fishing gear, freezers and food (rice, cornmeal, milk powder, etc.) as part of the overall Community Development Projects.

The FAD provided by Mayberry Foundation and Food for the Poor helps to overcome identified obstacles. First, with the FAD, the fishermen can go out to deeper waters, which results in catching bigger and better fish. The device gives fishermen a one mile radius around the FAD in which to fish. Previously, fishermen would congregate in known fishing zones, which depleted the fish population. Thus, FADs take the mystery out of going further a-field and allow the known fishing zones to replenish themselves. The better hauls allow the fishermen to improve their income levels and general standard of living.

Disclosure of Shareholdings

AS AT DECEMBER 31, 2008

Shareholdings of Directors and Senior Management

Directors	Shareholdings	Connected Persons
Christopher Berry	-	455,133,004
Konrad Berry**	433,686,104	10,160,888
Erwin Angus	2,443,424	15,772
Benito Palomino	2,283,105	-
Doris Berry	732,262	126,508
David McBean	446,521	-
Gary Peart**	4,566,665	1,706,099
Sharon Harvey-Wilson	730,858	-
Sushil Jain	199,187	-

Managers	Shareholdings	Connected Persons
Andrea HoSang**	1,098,601	-
Kayree Berry-Teape**	2,183,204	31,080
David Thomas	437,225	-
Wade Mars	82,191	-
Sandra Ottey**	29,116	-
Bob Russell**	181,918	-

** Includes holdings in joint accounts

Disclosure of Shareholdings (Cont'd)

AS AT DECEMBER 31, 2008

Top Ten Shareholders and Connected Persons

Name	Shareholdings
Bamboo Group Holdings Limited	455,133,004
Konrad Mark Berry	433,686,104
Mayberry Employee Share Scheme	11,666,600
Mayberry Foundation	11,162,565
Trading A/C - Life of Jamaica Ltd.	10,801,282
Sun Asset Services Inc.	10,548,195
Bruce Bicknell	9,005,532
Dr. Patricia Yap***	7,382,806
Anup Chandiram/Colin Steele	6,958,046
Mayberry Managed Client Account	6,897,461

Connected Persons	Shareholdings
Mayberry Employee Share Scheme	11,666,600
Mayberry Managed Client Account	6,897,461
Dr. Patricia Yap	7,382,806
Mayberry Foundation	11,162,565
Konrad Limited	10,160,888
Mayberry Investments Limited Pension Scheme	780,313
Est. Maurice Berry	10

** Includes holdings in joint accounts

BDO

BDO Marwilmac Partners
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.bdo.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of
Mayberry Investments Limited

Report on the Financial Statements

We have audited the financial statements of Mayberry Investments Limited set out on pages 43 to 101, which comprise the group and the company's balance sheet as at 31 December 2008, 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's Responsibility for the Financial Statements

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.

Auditors' Responsibility

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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Mayberry Investments Limited

Opinion

In our opinion, 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 2008, and of the group and the company's financial performance, changes in stockholders' equity and cash flows for the year then ended, so far as it concerns the members of the company, in accordance with International Financial Reporting Standards and comply with the provisions of the Jamaican Companies Act.

Report on Additional Requirements of the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, and the financial statements are in agreement therewith, and give the information required by the Jamaican Companies Act, in the manner so required.

CHARTERED ACCOUNTANTS

10 February 2009

Consolidated Statement of Revenues and Expenses

Year Ended 31 December 2008

	Note	2008 $'000	2007 $'000
Net Interest Income and Other Revenues			
Interest income		2,373,218	2,028,249
Interest expense		(2,020,311)	(1,726,548)
Net interest income	4	352,907	301,701
Fees and commissions	5	151,773	122,368
Dividend income	6	85,691	77,966
Net trading gains	7	79,222	374,678
Net foreign exchange gains		321,395	70,576
Unrealised (losses)/gains on investment revaluation		(64,140)	34,208
Loan provision recovered/written back – net		9,198	6,037
Other income		6,481	4,288
		942,527	991,822
Operating Expenses			
Salaries, statutory contributions and other staff costs	8	266,440	313,254
Provision for credit losses		67,480	-
Depreciation and amortization		38,502	22,884
Other operating expenses		229,177	182,063
	9	601,599	518,201
		340,928	473,621
Share of results of associate	23	15,218	15,956
Profit before Taxation	10	356,146	489,577
Taxation credit/(charge)	11	113,355	(116,958)
Net Profit for the Year	12	469,501	372,619
EARNINGS PER STOCK UNIT	13	$0.39	$0.31

Consolidated Balance Sheet

31 December 2008

	Note	2008 $'000	2007 $'000
ASSETS			
Cash resources	14	985,736	532,680
Investment securities	15	15,338,034	17,641,467
Reverse repurchase agreements	16	353,953	-
Capital management fund	17	4,168,776	2,873,282
Promissory notes	18	1,140,742	859,117
Interest receivable		365,256	281,086
Loans and other receivables	20	1,206,029	1,511,642
Deferred taxation	21	273,378	-
Investment property		8,432	-
Property, plant and equipment	22	126,107	137,046
Investment in associate	23	74,323	59,105
Total Assets		24,040,766	23,895,425
LIABILITIES			
Bank overdraft	14	13,307	9,472
Capital management fund obligation	17	4,168,776	2,873,282
Securities sold under repurchase agreements		14,192,933	13,821,596
Interest payable		299,687	222,606
Loans	25	1,719,250	2,138,750
Accounts payable	26	692,303	915,449
Deferred taxation	21	-	47,806
Redeemable preference shares	27	501,343	501,343
Total Liabilities		21,587,599	20,530,304
STOCKHOLDERS' EQUITY			
Ordinary share capital	27	1,582,381	1,582,381
Fair value reserves	28	(826,139)	323,131
Other reserves	29	10,596	2,551
Retained earnings	30	1,686,329	1,457,058
Total Stockholders' Equity		2,453,167	3,365,121
Total Stockholders' Equity and Liabilities		24,040,766	23,895,425

Approved for issue by the Board of Directors on 10 February 2009 and signed on its behalf by:

Christopher Berry Chairman

Sharon Harvey-Wilson Director

Consolidated Statement of Changes in Stockholders' Equity

Year Ended 31 December 2008

	Ordinary Share Capital	Preference Share Capital	Fair Value Reserves	Other Reserves	Retained Earnings	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2007	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
Realized fair value losses transferred to consolidated statement of revenues and expenses	-	-	408,576	-	-	408,576
Unrealized losses on available for sale investments; net of taxes	-	-	(1,557,846)	-	-	(1,557,846)
Net losses recognized directly in equity	-	-	(1,149,270)	-	-	(1,149,270)
Net profit	-	-	-	-	469,501	469,501
Total recognized income and expense for the year	-	-	(1,149,270)	-	469,501	(679,769)
Share-based payments (Note 29)	-	-	-	8,045	-	8,045
Dividends (note 32)	-	-	-	-	(240,230)	(240,230)
Balance at 31 December 2008	1,582,381	-	(826,139)	10,596	1,686,329	2,453,167

Consolidated Statement of Cash Flows

Year Ended 31 December 2008

	Note	2008 $'000	2007 $'000
Cash Flows from Operating Activities			
Profit before taxation		356,146	489,577
Adjustments for:			
Provision for credit losses		58,283	(6,037)
Gain on disposal of property, plant and equipment		(532)	(1,976)
Depreciation and amortisation	22	38,502	22,884
Interest income	4	(2,373,218)	(2,028,249)
Interest expense	4	2,020,311	1,726,548
Unrealised losses/(gains) on investment revaluation		64,140	(34,208)
Unrealised foreign exchange gains		(356,257)	(63,185)
Share of after tax profit of associate		(15,750)	(15,956)
Income tax charge		(5,333)	(85,256)
		(213,708)	4,142
Changes in operating assets and liabilities:			
Loans and other receivables		311,255	(872,096)
Investments		1,317,194	(23,814)
Promissory notes		(339,907)	(556,642)
Reverse repurchase agreements		(353,953)	-
Accounts payable		(60,627)	23,735
Securities sold under repurchase agreements		371,338	199,948
Loans		(419,500)	992,012
		612,092	(232,715)
Interest received		2,289,049	2,398,804
Interest paid		(1,943,230)	(1,889,339)
Income tax paid		(167,631)	(287)
Net cash provided by operating activities		790,280	276,463
Cash Flows from Investing Activities			
Additions to property, plant and equipment	22	(28,362)	(19,918)
Investment property		(8,432)	-
Proceeds from disposal of property, plant and equipment		1,330	3,476
Net cash used in investing activities		(35,464)	(16,442)
Cash Flows from Financing Activities			
Issue of preference shares		-	501,343
Dividend payment		(240,230)	(120,115)
Net cash (used in)/provided by financing activities		(240,230)	381,228
Net increase in cash and cash equivalents		514,586	641,249
Effect of exchange rate changes on cash and cash equivalents		(65,365)	(8,046)
Cash and cash equivalents at beginning of year		523,208	(109,995)
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	972,429	523,208

Statement of Revenues and Expenses

Year Ended 31 December 2008

	Note	2008 $'000	2007 $'000
Net Interest Income and Other Revenues			
Interest income		2,340,082	2,018,855
Interest expense		(2,026,804)	(1,726,548)
Net interest income	4	313,278	292,307
Fees and commissions	5	151,773	122,368
Dividend Income		32,172	56,826
Net trading (losses)/gains		(409,141)	368,890
Net foreign exchange gains		309,955	70,496
Unrealised (losses)/gains on investment revaluation		(64,140)	34,208
Loan provision recovered/written back – net		9,198	6,037
Other income		6,481	4,288
		349,576	955,420
Operating Expenses			
Salaries, statutory contributions and other staff costs	8	266,440	313,254
Provision for credit losses		67,480	-
Depreciation and amortization		38,502	22,884
Other operating expenses		228,781	181,636
		601,203	517,774
(Loss)/Profit before Taxation	10	(251,627)	437,646
Taxation credit/(charge)	11	118,688	(116,186)
Net (Loss)/Profit for the Year	12	(132,939)	321,460

Balance Sheet

31 December 2008

	Note	2008 $'000	2007 $'000
ASSETS			
Cash resources	14	659,092	532,534
Investment securities	15	13,873,028	15,926,893
Reverse repurchase agreements	16	353,953	-
Capital management fund	17	4,168,776	2,873,282
Promissory notes	18	1,140,742	859,117
Interest receivable		355,970	281,057
Due from subsidiary	19	148,271	-
Loans and other receivables	20	1,203,788	1,511,642
Deferred taxation	21	273,378	-
Investment property		8,432	-
Property, plant and equipment	22	126,107	137,046
Investment in subsidiary	24	1,468,027	1,468,027
Total Assets		23,779,564	23,589,598
LIABILITIES			
Bank overdraft	14	13,307	9,472
Capital management fund obligation	17	4,168,776	2,873,282
Securities sold under repurchase agreements		14,209,540	13,821,596
Interest payable		299,687	222,606
Due to subsidiary	19	-	106,310
Loans	25	1,719,250	2,138,750
Accounts payable	26	684,117	914,711
Deferred taxation	21	-	47,806
Redeemable preference shares	27	501,343	501,343
Total Liabilities		21,596,020	20,635,876
STOCKHOLDERS' EQUITY			
Ordinary share capital	27	1,582,381	1,582,381
Fair value reserves	28	(404,345)	709
Other reserves	29	10,596	2,551
Retained earnings	30	994,912	1,368,081
Total Stockholders' Equity		2,183,544	2,953,722
Total Stockholders' Equity and Liabilities		23,779,564	23,589,598

Approved for issue by the Board of Directors on 10 February 2009 and signed on its behalf by:

Christopher Berry Chairman

Sharon Harvey-Wilson Director

Statement of Changes in Stockholders' Equity

Year Ended 31 December 2008

	Ordinary Share Capital $'000	Preference Share Capital $'000	Fair Value Reserves $'000	Other Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2007	1,582,381	-	(41,079)	-	1,166,736	2,708,038
Realized fair value losses transferred to statement of revenues and expenses	-	-	98,104	-	-	98,104
Unrealized losses 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 expense for the year	-	-	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
Realized fair value losses transferred to statement of revenues and expenses	-	-	560,593	-	-	560,593
Unrealized losses on available for sale investments; net of taxes	-	-	(965,647)	-	-	(965,647)
Net losses recognized directly in equity	-	-	(405,054)	-	-	(405,054)
Net profit	-	-	-	-	(132,939)	(132,939)
Total recognized income and expense for the year	-	-	(405,054)	-	(132,939)	(537,993)
Share-based payments (Note 29)	-	-	-	8,045	-	8,045
Dividends (note 32)	-	-	-	-	(240,230)	(240,230)
Balance at 31 December 2008	1,582,381	-	(404,345)	10,596	994,912	2,183,544

Statement of Cash Flows

Year Ended 31 December 2008

	Note	2008 $'000	2007 $'000
Cash Flows from Operating Activities			
Profit before taxation		(251,627)	437,646
Adjustments for:			
Provision for credit losses		58,283	(6,037)
Gain on disposal of property, plant and equipment		(532)	(1,976)
Depreciation and amortisation	22	38,502	22,884
Interest income	4	(2,340,082)	(2,018,855)
Interest expense	4	2,026,804	1,726,548
Unrealised losses/(gains) on investment revaluation		64,140	(34,208)
Unrealised foreign exchange gains		(356,257)	(63,185)
Income tax charge		-	(84,771)
		(760,769)	(21,954)
Changes in operating assets and liabilities:			
Loans and other receivables		307,853	(872,094)
Investments		1,811,842	953,572
Promissory notes		(339,907)	(556,642)
Securities purchased under resale agreements		(353,953)	-
Due from subsidiary		(166,581)	527,944
Accounts payable		(62,966)	23,197
Securities sold under repurchase agreements		299,944	199,948
Loans		(419,500)	992,012
		315,963	1,245,983
Interest received		2,265,172	2,387,846
Interest paid		(1,949,723)	(1,889,339)
Income tax paid		(167,630)	-
Net cash provided by operating activities		463,782	1,744,490
Cash Flows from Investing Activities			
Additions to property, plant and equipment	22	(28,362)	(19,918)
Proceeds from disposal of property, plant and equipment		1,330	3,476
Investment property		(8,432)	-
Investment in subsidiary		-	(1,468,027)
Net cash used in investing activities		(35,464)	(1,484,469)
Cash Flows from Financing Activities			
Issue of preference shares		-	501,343
Dividend payment		(240,230)	(120,115)
Net cash (used in)/provided by financing activities		(240,230)	381,228
Net increase in cash and cash equivalents		188,088	641,249
Effect of exchange rate changes on cash and cash equivalents		(65,365)	(8,046)
Cash and cash equivalents at beginning of year		523,062	(110,141)
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	645,785	523,062

1. IDENTIFICATION 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”.

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.

(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.

Notes To The Financial Statements

31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation(cont'd) –

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.

Amendments to published standards and interpretations effective 1 October 2008 that are relevant to the Group's operations.

During the year the Group adopted the following amendments to existing Standards which were published and came into effect during the financial year.

Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7: Financial Instruments Disclosure.

The amendment permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit and loss by the entity upon initial recognition) out of the fair value through profit and loss category, in particular circumstances. The amendment also permits an entity to transfer from the available-for-sale category to the loan and receivables category a financial asset that would have met the definition of loan and receivables (if the financial asset had not been designated available-for-sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future.

The adoption of these amendments resulted in the reclassification of certain investments from available-for-sale to loans and receivables. The impact on the financial results and the financial position of the Group is disclosed in note 34. The additional disclosures required by IFRS 7 in respect of these investments are disclosed in note 34.

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:

IAS 1 (Revised) Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation(cont'd) –

IAS 23 (Revised)	Borrowing Costs (effective for annual periods beginning on or after 1 January 2009)
IAS 28	Investments in Associates (effective for annual periods beginning on or after 1 July 2009)
IAS 32 (Revised)	Financial Instruments (effective for annual periods beginning on or after 1 January 2009)
IAS 36 (Revised)	Impairment of Assets (effective for annual periods beginning on or after 1 January 2009)
IAS 39 (Revised)	Financial Instruments: Recognition and Measurement (effective for annual periods beginning on or after 1 January 2009)
IFRIC 16	Hedges of a Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 October 2008)

The directors anticipate that the Standards and Interpretations to existing standards, which are published but not yet effective, will have no material impact on the financial statements in the period of initial application.

(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.

Notes To The Financial Statements

31 December 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(b) Consolidation (cont'd) -

The Group uses the audited financial statements of Access at 31 December 2008 for the purpose of consolidation.

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(d) Revenue recognition (cont'd) -

i. Interest income (cont'd):

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.

(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, loans and receivables and available-for-sale securities. Management determines the appropriate classification of investments at the time of purchase.

Notes To The Financial Statements

31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(f) Investments (cont'd) -

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.

Loans and receivables 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 receivables.

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(f) Investments (cont'd) -

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.

(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.

Notes To The Financial Statements

31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(i) Loans and receivables and provisions for credit losses (cont'd) -

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.

(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	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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(j) Property, plant and equipment (cont'd) -

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.

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

Notes To The Financial Statements

31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(n) Employee benefits (cont'd) -

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(o) Leases –

i. As lessee

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

ii. As lessor

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

(p) Taxation -

Taxation expense in the statement of 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 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.

Notes To The Financial Statements

31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(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.

(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.

(u) Comparative information -

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

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 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.

Notes To The Financial Statements

31 December 2008

4. NET INTEREST INCOME:

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Interest income				
Investment securities	2,154,172	1,822,017	2,121,036	1,812,623
Loans and advances	193,446	206,232	193,446	206,232
Other	25,600	-	25,600	-
	2,373,218	2,028,249	2,340,082	2,018,855
Interest expense				
Finance charges	93,715	100,548	92,833	100,548
Repurchase agreements	1,804,912	1,602,541	1,812,389	1,602,541
Other	121,684	23,459	121,582	23,459
	2,020,311	1,726,548	2,026,804	1,726,548
	352,907	301,701	313,278	292,307

5. FEES AND COMMISSIONS:

	2008 $'000	2007 $'000
Brokerage fees and commissions	130,224	96,112
Structured financing fees	10,677	13,918
Portfolio management	10,872	12,338
	151,773	122,368

6. DIVIDEND INCOME:

	2008 $'000	2007 $'000
Trading securities	5,136	3,385
Available-for-sale securities	80,555	74,581
	85,691	77,966

7. NET TRADING GAINS:

	2008 $'000	2007 $'000
Equities – trading securities	365,430	10,605
Equities – available-for-sale securities	176,196	(25,782)
Fixed income - trading securities	125,368	462,177
Fixed income - available-for-sale securities	(587,772)	(72,322)
	79,222	374,678

8. SALARIES, STATUTORY CONTRIBUTIONS AND OTHER STAFF COSTS:

	2008 $'000	2007 $'000
Wages and salaries	221,150	279,339
Statutory contributions	23,204	19,742
Pension contributions	9,047	8,337
Stock option expense (Note 29)	8,045	2,551
Training and development	4,994	3,285
	266,440	313,254

Notes To The Financial Statements

31 December 2008

9. EXPENSES BY NATURE:

	2008	2007
	$'000	$'000
Sales, marketing and public relations	47,833	38,753
Auditors' remuneration	2,795	2,355
Computer expenses	9,135	4,149
Depreciation and amortization	38,502	22,884
Provision for credit losses	67,480	-
Insurance	7,007	7,072
Licensing fees	20,822	14,321
Operating lease rentals	5,432	5,154
Other operating expenses	38,815	40,842
Printing, stationery and office supplies	7,813	7,876
Legal and professional fees	36,648	23,198
Repairs and maintenance	6,352	3,783
Salaries, statutory contributions and staff costs	266,440	313,254
Security	2,919	2,244
Traveling and motor vehicles expenses	13,683	10,058
Utilities	29,923	22,258
	601,599	518,201

10. PROFIT BEFORE TAXATION:

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

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Directors' emoluments -				
Fees	6,000	6,000	6,000	6,000
Management remuneration	95,669	76,334	95,669	76,334
Auditors' remuneration				
Current year	2,724	2,274	2,424	2,024
Prior year under provision	71	81	91	76
Depreciation	38,502	22,884	38,502	22,884
Gain on disposal of property, plant and equipment	(532)	(1,976)	(532)	(1,976)
Dividend income	(85,691)	(77,966)	(32,172)	(56,826)
Operating lease rentals	5,432	5,154	5,432	5,154

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11. TAXATION:

Taxation is based on the operating results for the year, adjusted for taxation purposes, and comprises:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Current year income tax at 33 1/3%	-	84,771	-	84,771
Current year income tax at 1%	5,333	485	-	-
Prior year under provision	-	287	-	-
Deferred tax (credit)/charge (Note 21)	(118,688)	31,415	(118,688)	31,415
	(113,355)	116,958	(118,688)	116,186

(a) Reconciliation of theoretical tax charge that would arise on profit before taxation using the applicable tax rate to actual tax charge.

	2008	2007
	$'000	$'000
Profit before taxation	356,146	489,577
Tax calculated at a tax rate of 33 1/3%	118,715	163,192
Adjusted for:		
Expenses not deductible for tax purposes	10,695	1,608
Income not subject to tax	(43,338)	(33,144)
Income from subsidiary taxed at 1%	(189,333)	(11,992)
Share of profit of associate shown net of tax	(5,072)	(5,319)
Net effect of other charges and allowances	(5,022)	2,613
Taxation (credit)/charge	(113,355)	116,958

(b) Subject to agreement with the Commissioner of Taxpayer Audit and Assessment, the Company has tax losses of approximately $650,787,000 (2007 - Nil) available for set-off against future taxable profits.

12. NET (LOSS)/PROFIT:

	2008 $'000	2007 $'000
Dealt with in the financial statements of:		
The Company	(132,939)	321,460
Subsidiary	602,440	51,159
	469,501	372,619

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.

	2008 $'000	2007 $'000
Net profit attributable to stockholders ($'000)	469,501	372,619
Weighted average number of ordinary stock units in issue ('000)	1,201,149	1,201,149
Basic earning per stock unit	$0.39	$0.31
Fully diluted earnings per share	$0.39	$0.31

14. CASH RESOURCES:

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current accounts – Jamaican dollar	174,233	447,808	174,156	447,725
Current accounts – foreign currencies	808,769	82,928	482,265	82,928
Jamaican dollar deposits	1,160	1,094	1,160	1,094
Cash in hand	1,574	850	1,511	787
	985,736	532,680	659,092	532,534

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14. CASH RESOURCES (CONT'D):

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

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Cash resources	985,736	532,680	659,092	532,534
Bank overdraft	(13,307)	(9,472)	(13,307)	(9,472)
	972,429	523,208	645,785	523,062

The bank overdraft resulted from unpresented cheques at year-end. The National Commercial Bank Jamaica Limited (NCB) holds as security, Government of Jamaica Global Bonds with a nominal value US$ 319,000 (2007: J$20,000,000), to cover its overdraft facility of J$50,000,000. NCB also holds as security Bank of Jamaica Certificate of Deposit with a nominal value of J$25,000,000 or lien over idle cash balances (2007: US$319,000) to cover 10% of the uncleared effects limit of $200,000,000, i.e. $20,000,000.

15. INVESTMENT SECURITIES:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Fair value through profit and loss				
Debt securities				
- Government of Jamaica	3,193,700	4,255,290	3,193,700	4,255,290
- Foreign government	9,024	42,394	9,024	42,394
- Corporate	531,637	3,980,186	531,637	3,980,186
Equities	27,238	343,313	27,238	343,313
	3,761,599	8,621,183	3,761,599	8,621,183
Available-for-sale securities				
Debt securities				
- Government of Jamaica	5,013,637	4,928,466	5,013,637	4,928,466
- Foreign government	141,425	6,417	20,773	6,417
- Corporate	4,697,789	1,864,885	3,914,282	1,740,919
Equity securities	945,151	2,220,516	384,304	629,908
	10,798,002	9,020,284	9,332,996	7,305,710
Loans & receivables securities				
Debt securities				
- Government of Jamaica	778,433	-	778,433	-
Total	15,338,034	17,641,467	13,873,028	15,926,893

15. INVESTMENT SECURITIES (CONT'D):

The Government and Corporate bonds are used as collateral for the Company's margin loans received from Deutsche Bank Alex Brown (Note 25).

The Bank of Jamaica holds as security, Government of Jamaica Bonds with a nominal value of $30,000,000 (2007: $103,500,000) against possible shortfall in the operating account.

16. REVERSE REPURCHASE AGREEMENTS:

The Company enters into collateralised repurchase and reverse repurchase agreements which may result in credit exposure in the event that the counterparty to the transaction is unable to fulfil its contractual obligations. At 31 December 2008 the Company held $353,953,000 (2007: Nil) of securities, representing Government of Jamaica debt securities, as collateral for repurchase and reverse repurchase agreements.

17. CAPITAL MANAGEMENT FUND:

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

18. PROMISSORY NOTES:

	2008	2007
	$'000	$'000
Gross loans	1,208,826	868,919
Specific allowance for impairment	(68,084)	(9,802)
	1,140,742	859,117

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

	2008	2007
	$'000	$'000
Balance at beginning of year	9,802	15,839
Impairment loss for the year	67,480	-
Impairment allowance written back and recoveries net	(9,198)	(6,037)
Balance at end of year	68,084	9,802

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 collateral.

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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:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Client receivables	490,100	882,341	490,100	882,341
Client margins	433,180	444,086	433,180	444,086
Withholding tax recoverable	31,747	70,494	31,747	70,494
Advance on corporation tax	82,859	-	82,859	-
Other receivables	168,143	114,721	165,902	114,721
	1,206,029	1,511,642	1,203,788	1,511,642

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:

	2008 $'000	2007 $'000
Net liability/(asset) at beginning of year	47,806	(4,500)
Deferred tax (credit)/charge (Note 11)	(118,688)	31,415
Deferred tax (credit)/charge on available-for-sale investment securities	(202,496)	20,891
Net (asset)/liability at end of year	(273,378)	47,806

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

	2008 $'000	2007 $'000
Deferred income tax assets:		
Interest payable	99,886	74,194
Investment securities – available-for-sale	202,142	-
Provisions	2,191	24,332
Tax losses carried forward	216,907	-
	521,126	98,526
Deferred income tax liabilities:		
Property, plant and equipment	11,653	20,813
Investment securities – available-for-sale	-	354
Investment securities – fair value through profit and loss	-	11,402
Unrealised foreign exchange gain	117,450	20,086
Interest receivable	118,645	93,677
	247,748	146,332

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).

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22. PROPERTY, PLANT AND EQUIPMENT:

	Leasehold Improve - ments $'000	Computer Equipment $'000	Office Equipment $'000	Furniture, Fixtures & Fittings $'000	Motor Vehicles $'000	Total $'000
Cost:						
At 1 January 2007	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
Additions	-	4,527	8,855	9,453	5,527	28,362
Disposals	-	-	-	-	(2,643)	(2,643)
At 31 December 2008	77,213	55,715	19,059	37,780	44,378	234,145
Accumulated Depreciation:						
At 1 January 2007	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
Charge for the year	1,544	10,848	2,901	3,317	19,892	38,502
Disposals	-	-	-	-	(1,844)	(1,844)
At 31 December 2008	8,607	40,010	11,351	12,781	35,289	108,038
Net Book Value:						
31 December 2008	68,606	15,705	7,708	24,999	9,089	126,107
31 December 2007	70,150	22,026	1,754	18,863	24,253	137,046

23. INVESTMENT IN ASSOCIATE:

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

	2008	2007
	$'000	$'000
Balance at beginning of the year	59,105	43,149
Share of profit	15,218	15,956
	74,323	59,105

The assets, liabilities, revenues and results of associate for the year ended 31 December 2008 are summarised as follow:

	2008	2007
	$'000	$'000
Assets	441,813	271,547
Liabilities	(328,907)	(189,695)
Revenues	217,851	127,344
Net Profit	30,898	32,563

24. INVESTMENT IN SUBSIDIARY:

This represents the Company's equity investment in Mayberry West Indies Limited.

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25. LOANS:

	2008 $'000	2007 $'000
Deutsche Bank Alex Brown	1,719,250	1,150,233
Bear Stearns & Company Inc.	-	1,502
Oppenheimer & Company Inc.	-	75,122
MacQuarie Securities (USA) Inc.	-	911,893
	1,719,250	2,138,750

The loans are payable on demand and attract interest between 5% and 8% per annum. The loans are United States dollar and Euro 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	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Accounts payable	34,496	109,362	31,9544	109,110
Client payable	652,163	720,830	652,163	720,830
Corporation tax payable	5,644	85,257	-	84,771
	692,303	915,449	684,117	914,711

27. SHARE CAPITAL

	2008 $'000	2007 $'000
Authorized – 2,120,000,000 Ordinary Shares		
- 380,000,000 Redeemable Cumulative Preference Shares		
Issued and fully paid -		
1,201,149,291 ordinary shares	1,582,381	1,582,381
167,114,333 12% Redeemable Cumulative Preference Shares	501,343	501,343
	2,083,724	2,083,724
Less: 12% Redeemable Cumulative Preference Shares classified as liabilities as required by IFRS	(501,343)	(501,343)
	1,582,381	1,582,381

28. FAIR VALUE RESERVES:

This represents net unrealised deficit on the revaluation of available-for-sale investments. The available-for-sale investment securities are not impaired and the recorded deficit is based on short term fluctuations in market prices.

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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. On 18 June 2008 the Company obtained approval from stockholders at its annual general meeting to offer an additional thirty million (30,000,000) shares under the plan. Consequently, the Company has set aside 60,000,000 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 $10,596,000 (2007: $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 contractual term of three years.

30. RETAINED EARNINGS:

	2008 $'000	2007 $'000
Reflected in the financial statements of:		
The Company	994,912	1,368,081
Subsidiary	691,417	88,977
	1,686,329	1,457,058

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	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Loans and other receivables:				
Subsidiary	-	-	190,131	-
Associate company	85,246	16,822	85,246	16,822
Companies controlled by directors and related by virtue of common directorships	48,689	106,467	48,689	106,467
Directors and key management personnel	76,862	28,719	76,862	28,719
Payables:				
Companies controlled by directors and related by virtue of common directorships	246,316	73,100	246,316	73,100
Directors and key management personnel	142,590	39,213	142,590	39,213
Subsidiary	-	-	58,466	106,310
Associate	33,767	5,496	33,767	5,496
Other operating expenses:				
Companies controlled by directors and related by virtue of common directorships	4,210	3,782	4,210	3,782

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32. DIVIDENDS DECLARED:

	Company	
	2008	2007
	$'000	$'000
Final dividends to Ordinary Shareholder	240,230	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.

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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:

	2008	2007
	$'000	$'000
At 31 December	1.14:1	1.23:1
Average for the period	1.17:1	1.11:1
Maximum for the period	1.38:1	1.23:1
Minimum for the period	1.09:1	1.07:1

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	985,736	-	-	-	-	-	985,736
Investment securities – FVPL[1]	189,903	836,545	1,459,218	714,252	142,972	27,216	3,370,106
Investment securities – AFS [2]	250	498,645	2,927	5,355,628	4,386,873	945,172	11,189,495
Investment securities – L&R [3]	-	-	-	26,590	751,843	-	778,433
Reverse repurchase agreements	353,953	-	-	-	-	-	353,953
Capital management funds	-	1,248,337	35,555	294,638	2,560,925	29,321	4,168,776
Promissory notes	220,270	43,859	368,220	460,843	10,618	36,932	1,140,742
Interest receivable	-	365,256	-	-	-	-	365,256
Loans and other receivables	1,206,029	-	-	-	-	273,378	1,479,407
Other	-	-	-	-	-	208,862	208,862
Total assets	2,956,141	2,992,642	1,865,920	6,851,951	7,853,231	1,520,881	24,040,766
Liabilities							
Bank overdraft	13,307	-	-	-	-	-	13,307
Capital management fund obligations	-	1,248,337	35,555	294,638	2,560,925	29,321	4,168,776
Securities sold under repurchase agreements	6,175,582	5,730,813	2,286,218	-	-	320	14,192,933
Interest payable	-	299,687	-	-	-	-	299,687
Loans	-	1,719,250	-	-	-	-	1,719,250
Redeemable preference shares	-	-	-	501,343	-	-	501,343
Other	692,303	-	-	-	-	-	692,303
Total liabilities	6,881,192	8,998,087	2,321,773	795,981	2,560,925	29,641	21,587,599
Net Liquidity Gap	(3,925,051)	(6,005,445)	(455,853)	6,055,970	5,292,306	1,491,240	2,453,167
Cumulative Liquidity Gap	(3,925,051)	(9,930,496)	(10,386,349)	(4,330,379)	961,927	2,453,167	
As at 31 December 2007:							
Total Assets	3,181,811	846,434	2,248,675	4,740,850	9,853,526	3,024,129	23,895,425
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	

1. Fair value through Profit and Loss - FVPL

2. Available for Sale - AFS,

3. Loans and Receivables – L&R

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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	659,092	-	-	-	-	-	659,092
Investment securities – FVPL [1]	189,903	836,545	1,459,218	714,252	142,972	27,216	3,370,106
Investment securities – AFS [2]		498,645	2,927	5,234,976	3,603,366	384,325	9,724,489
Investment securities – L&R [3]	-	-	-	26,590	751,843	-	778,433
Reverse repurchase agreements	353,953	-	-	-	-	-	353,953
Capital management funds	-	1,248,337	35,555	294,638	2,560,925	29,321	4,168,776
Promissory notes	220,270	43,859	368,220	460,843	10,618	36,932	1,140,742
Interest receivable	-	355,970	-	-	-	-	355,970
Investment in subsidiary	-	-	-	-	-	1,468,027	1,468,027
Loans and other receivables	1,203,788	-	-	-	-	421,649	1,625,437
Other	-	-	-	-	-	134,539	134,539
Total assets	2,627,256	2,983,356	1,865,920	6,731,299	7,069,724	2,502,009	23,779,564
Liabilities							
Bank overdraft	13,307	-	-	-	-	-	13,307
Capital management fund obligations	-	1,248,337	35,555	294,638	2,560,925	29,321	4,168,776
Securities sold under repurchase agreements	6,192,188	5,730,813	2,286,219	-	-	320	14,209,540
Interest payable	-	299,687	-	-	-	-	299,687
Loans	-	1,719,250	-	-	-	-	1,719,250
Redeemable preference shares	-	-	-	501,343	-	-	501,343
Other	684,117	-	-	-	-	-	684,117
Total liabilities	6,889,612	8,998,087	2,321,774	795,981	2,560,925	29,641	21,596,020
Net Liquidity Gap	(4,262,356)	(6,014,731)	(455,854)	5,935,318	4,508,799	2,472,368	2,183,544
Cumulative Liquidity Gap	(4,262,356)	(10,277,087)	(10,732,941)	(4,797,623)	(288,824)	2,183,544	
As at 31 December 2007:							
Total Assets	3,181,663	846,407	2,248,675	4,616,884	9,853,526	2,842,443	23,589,598
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	

1. Fair value through Profit and Loss - FVPL

2. Available for Sale - AFS,

3. Loans and Receivables – L&R

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, which is responsible for the development of risk management policies (subject to review and approval by ALCO) and for the daily review of their implementation.

Exposure to market risks

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

Notes To The Financial Statements

31 December 2008

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 2008 and during the period is as follows:

	2008			
	31 December	**Average**	**Maximum**	**Minimum**
	$'000	**$'000**	**$'000**	**$'000**
Foreign Currency Risk	941	696	1,262	292
Interest Rate Risk				
Domestic securities – available for sale	78,478	7,327	78,478	1,252
Domestic securities – trading	10,647	5,594	10,647	541
Global securities – available for sale	24,945	46,348	82,696	21,444
Global securities – trading	285	573	1,030	262
Other Price Risk (Equities)				
Domestic securities – trading	9,238	4,975	13,891	637
Domestic securities – available for sale	26,778	15,046	49,619	7,783
Global securities – loans and receivables	342,627	91,457	641,701	6,259

33. FINANCIAL RISK MANAGEMENT (CONT'D):

Exposure to market risks (cont'd) –

(b) Market risk (cont'd) –

	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	7,300	4,238	9,747	2,017
Domestic securities – available for sale	82,308	63,416	136,143	31,740

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.

Notes To The Financial Statements

31 December 2008

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	985,736	-	-	-	-	-	985,736
Investment securities – FVPL [1]	571,484	1,529,084	1,066,398	32,952	142,972	27,216	3,370,106
Investment securities – AFS [2]	847,054	2,678,192	454,408	3,276,035	2,988,634	945,172	11,189,495
Investment securities – L&R [3]	-	-	-	26,590	751,843	-	778,433
Reverse repurchase agreements	353,953	-	-	-	-	-	353,953
Capital management funds	-	1,248,337	35,555	294,638	2,560,925	29,321	4,168,776
Promissory notes	220,270	43,859	368,220	460,843	10,618	36,932	1,140,742
Interest receivable	-	365,256	-	-	-	-	365,256
Loans and other receivables	1,206,029	-	-	-	-	273,378	1,479,407
Other	-	-	-	-	-	208,862	208,862
Total assets	4,184,526	5,864,728	1,924,581	4,091,058	6,454,992	1,520,881	24,040,766
Liabilities							
Bank overdraft	13,307	-	-	-	-	-	13,307
Capital management fund obligations	-	1,248,337	35,555	294,638	2,560,925	29,321	4,168,776
Securities sold under repurchase agreements	6,175,582	5,730,813	2,286,218	-	-	320	14,192,933
Interest payable	-	299,687	-	-	-	-	299,687
Loans	-	1,719,250	-	-	-	-	1,719,250
Redeemable preference shares	-	-	-	501,343	-	-	501,343
Other	692,303	-	-	-	-	-	692,303
Total liabilities	6,881,192	8,998,087	2,321,773	795,981	2,560,925	29,641	21,587,599
Total interest rate sensitivity gap	(2,696,666)	(3,133,359)	(397,192)	3,295,077	3,894,067	1,491,240	2,453,167
Cumulative interest rate sensitivity gap	(2,696,666)	(5,830,025)	(6,227,217)	(2,932,140)	961,927	2,453,167	
As at 31 December 2007:							
Total Assets	4,103,929	3,066,009	2,759,288	2,806,020	8,136,050	3,024,129	23,895,425
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	

1. Fair value through Profit and Loss - FVPL

2. Available for Sale - AFS

3. Loans and Receivables – L&R

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	659,092	-	-	-	-	-	659,092
Investment securities – FVPL[1]	571,484	1,529,084	1,066,398	32,952	142,972	27,216	3,370,106
Investment securities – AFS [2]	847,054	2,678,192	454,408	3,155,383	2,205,127	384,325	9,724,489
Investment securities – L&R [3]	-	-	-	26,590	751,843	-	778,433
Reverse repurchase agreements	353,953	-	-	-	-	-	353,953
Capital management funds	-	1,248,337	35,555	294,638	2,560,925	29,321	4,168,776
Promissory notes	220,270	43,859	368,220	460,843	10,618	36,932	1,140,742
Interest receivable	-	355,970	-	-	-	-	355,970
Investment in subsidiary	-	-	-	-	-	1,468,027	1,468,027
Loans and other receivables	1,203,788	-	-	-	-	421,649	1,625,437
Other	-	-	-	-	-	134,539	134,539
Total assets	3,855,641	5,855,442	1,924,581	3,970,406	5,671,485	2,502,009	23,779,564
Liabilities							
Bank overdraft	13,307	-	-	-	-	-	13,307
Capital management fund obligations	-	1,248,337	35,555	294,638	2,560,925	29,321	4,168,776
Securities sold under repurchase agreements	6,192,188	5,730,813	2,286,219	-	-	320	14,209,540
Interest payable	-	299,687	-	-	-	-	299,687
Loans	-	1,719,250	-	-	-	-	1,719,250
Redeemable preference shares	-	-	-	501,343	-	-	501,343
Other	684,117	-	-	-	-	-	684,117
Total liabilities	6,889,612	8,998,087	2,321,774	795,981	2,560,925	29,641	21,596,020
Total interest rate sensitivity gap	(3,033,971)	(3,142,645)	(397,193)	3,174,425	3,110,560	2,472,368	2,183,544
Cumulative interest sensitivity gap	(3,033,971)	(6,176,616)	(6,573,809)	(3,399,384)	(288,824)	2,183,544	
As at 31 December 2007:							
Total assets	4,103,781	3,065,982	2,759,288	2,682,054	8,136,050	2,842,443	23,589,598
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	

1. Fair value through Profit and Loss - FVPL
2. Available for Sale - AFS,
3. Loans and Receivables – L&R

Notes To The Financial Statements

31 December 2008

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	14.16	7.96	10.62
Reverse repurchase agreements	27.00	10.60	-
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 500 basis point (bp) parallel fall or rise in the yield curve applicable to Government of Jamaica local instruments and a 300 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:

	2008					
	Daily return	500 bp parallel increase	500 bp parallel decrease	Daily return (Globals)	300 bp parallel increase	300 bp parallel decrease
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
At 31 December 2008						
Equity	(10,907)	(69,328)	42,524	(38,019)	(117,429)	34,287
Statement of Revenues and Expenses	(1,113)	(7,531)	7,146	46,955	(104,992)	139,680

	2007					
	Daily return	300 bp parallel increase	300 bp parallel decrease	Daily return (Globals)	100 bp parallel increase	100 bp parallel decrease
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)

Notes To The Financial Statements

31 December 2008

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

	2008			
	GBP	US$	CAN$	EURO
	'000	$'000	$'000	'000
Assets				
Cash resources	508	7,865	151	350
Investment securities	-	80,930	-	913
Reverse repurchase agreements	-	800	-	-
Promissory notes	-	9,203	-	-
Interest receivable	2	869	-	34
Loans and other receivables	40	464	-	1,130
Total	550	100,131	151	2,427
Liabilities				
Bank overdraft	145	78	-	-
Securities sold under repurchase agreements	35	66,556	-	-
Loans and other payables	-	24,459	872	-
Interest payable	-	408	-	-
Total	180	91,501	872	-
Net position	370	8,630	721	2,427
As at 31 December 2007				
Total Assets	147	113,860	83	2,022
Total Liabilities	67	107,502	-	773
Net Position	80	6,358	83	1,249

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.)

Notes To The Financial Statements

31 December 2008

33. FINANCIAL RISK MANAGEMENT (CONT'D):

(e) Credit risk (cont'd) -

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

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

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

Each business unit is required to implement credit 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	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Carrying amount	1,208,826	859,117	1,206,029	1,511,642
Past due but not impaired				
Grade 1-3 Low - fair risk	65,605	12,666	1,206,029	1,511,642
Grade 4 – Medium risk	118,225	128,169	-	-
Grade 5 – Medium - high risk	232,206	37,884	-	-
Carrying amount	416,036	178,719	1,206,029	1,511,642
Past due comprises:				
30 – 60 days	42,009	30,083	1,174,282	1,441,148
60 – 90 days	29,865	-	-	-
90 – 180 days	34,314	98,358	-	-
180 days +	309,848	50,278	31,747	70,494
Carrying amount	416,036	178,719	1,206,029	1,511,642
Neither past due nor impaired				
Grade 1-3 Low - fair risk	154,342	543,066	-	-
Grade 4 – Medium risk	415,273	104,022	-	-
Carrying amount	569,615	647,088	-	-
Includes accounts with renegotiated terms	155,091	33,310	-	-
Total carrying amount	1,140,742	859,117	1,206,029	1,511,642

Notes To The Financial Statements

31 December 2008

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	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Against past due but not impaired				
Property	447,305	185,043	-	-
Debt securities	17,031	1,500	-	-
Equities	21,048	7,791	981,793	1,387,272
Other	162,827	-	-	-
Against neither past due nor impaired				
Property	352,934	365,132	-	-
Debt securities	86,616	15,638	-	-
Equities	81,681	62,547	-	-
Other	104,759	291,000	-	-
Total	1,274,201	928,651	981,793	1,387,272

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	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Carrying amount	1,140,742	859,117	1,206,029	1,511,642
Concentration by sector				
Corporate	819,134	383,071	-	-
Construction	48,124	163,955	-	-
Retail	273,484	312,091	1,206,029	1,511,642
Total	1,140,742	859,117	1,206,029	1,511,642

(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 43% (2007: 57%).

Notes To The Financial Statements

31 December 2008

33. FINANCIAL RISK MANAGEMENT (CONT'D):

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

	2008 $'000	2007 $'000
Tier 1 Capital		
Ordinary share capital	1,582,381	1,582,381
Retained earnings	994,912	1,368,081
	2,577,293	2,950,462
Less: IAS 39 fair value reserve (negative balances only)	404,345	-
Total Tier 1 Capital	2,172,948	2,950,462
Tier 2 Capital	-	-
Total Regulatory Capital	2,172,948	2,950,462
Risk Weighted Assets	5,001,345	5,175,821
Capital Ratio to Risk Weighted Assets Ratio	43%	57%

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. RECLASSIFICATION OF FINANCIAL ASSETS

Consequent to the deterioration of the world's financial market, on 13 October 2008, the International Accounting Standard Board (IASB) issued amendments to IAS 39 - Financial Instruments: Recognition and Measurement and IFRS 7 - Financial Instruments: Disclosures to permit the reclassification of certain financial instruments. The deterioration of the world's financial markets is cited as an example of rare circumstances in the IFRS amendments. In accordance with paragraph 50E of IAS 39, the Company has reclassified certain investments from available-for-sale to loans and receivables and the effects on the Company and the Group are as follows:

	2008		2007	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Securities:				
US$ GOJ Global Bonds	778,433	729,274	366,917	366,917

Fair value gains of $146,822,000 were recognised in equity in relation to the above investments reclassified during the year, using the fair value as at 30 September 2008.

Fair value losses of $163,038,000 would have been included in equity at the end of the year had the investments not been reclassified.

These amounts do not include deferred taxation.

Notes To The Financial Statements

31 December 2008

35. 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.

36. PENSION SCHEME:

The Company operates a defined contribution pension scheme for employees who have satisfied certain minimum service requirements. The scheme is funded by equal contributions of employer and employees of 5% of pensionable salaries and an option for employees to contribute an additional 5%. The Company's contribution for the year amounted to $9,048,000 (2007: $8,337,000).

37. 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 $227,209,000 (2007: $3,269,723,000).

Notes

Form of Proxy

MAYBERRY
INVESTMENTS LIMITED

I/We……

Of ……

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

……

or failing him or her ……

of ……

as my/our proxy to vote on my/our behalf at the Annual General Meeting of the above-named Company to be held at the Knutsford Court Hotel, 11 Ruthven Road, Kingston 10 on Wednesday, May 20, 2009 at 4:00 p.m and at any adjournment thereof.

	FOR	AGAINST
Resolution 1 To receive the Reports and Accounts		
Resolution 2 To re-elect Mr. Sushil Jain a Director		
Resolution 3 To re-elect Mr. Benito Palomino a Director		
Resolution 4 To re-elect Mrs. Doris Berry a Director		
Resolution 5 To fix the remuneration of the Directors		
Resolution 6 To re-appoint the Auditors and fix their remuneration		
Resolution 7 To approve the payment of the final dividend		

Date this……..day of ……..2009

……
Signature

……
Signature

J$ 100
Stamp

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.

MAYBERRY
INVESTMENTS LIMITED

1 1/2 Oxford Road, Kingston 5.
www.mayberryinv.com