MAYBERRY 25TH ANNIVERSARY

Exploring New Frontiers

2009

Annual Report

MAYBERRY INVESTMENTS LIMITED

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.

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Financial Performance Highlights

AS AT DECEMBER, 2009

FIVE YEAR SUMMARY

	2005 $'000	2006 $'000	2007 $'000	2008 $'000	2009 $'000
Interest Income	1,853,261	2,361,389	2,028,249	2,373,218	2,093,929
Net Interest Income	453,143	362,542	301,701	352,907	258,216
Net Other Income	245,043	254,504	655,913	653,760	458,258
Operating Expenses	464,745	407,530	518,201	601,599	542,508
Unrealised Gains/ (Losses)	(192,711)	65,364	34,208	(64,140)	7,342
Profit before Taxation	22,279	279,669	489,577	356,146	211,235
Net Profit	88,131	261,203	372,619	469,501	245,473
Total Assets	17,356,430	21,851,207	23,895,425	24,040,766	25,478,756
Total Liabilities	14,776,966	19,097,884	20,530,304	21,587,599	22,567,703
Stockholders' Equity	2,579,464	2,753,323	3,365,121	2,453,167	2,911,053
Number of issued shares (units)	1,201,149,291	1,201,149,291	1,201,149,291	1,201,149,291	1,201,149,291
Earnings per stock unit	$0.08	$0.22	$0.31	$0.39	$0.20
Return on Equity	3%	9%	11%	19%	8%

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 24th Annual General Meeting of MAYBERRY INVESTMENTS LIMITED will be held at the Knutsford Court Hotel, 11 Ruthven Road, Kingston 10 on Wednesday, 18 August 2010 at 4:00 p.m. for the following purposes:

1. **To receive the audited accounts for the year ended 31 December 2009.**

   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 2009, together with the reports of the directors and auditors thereon, be and are hereby adopted."

2. **To elect directors**

   Resolutions 2-4

   The Directors retiring by rotation pursuant to Article 91 of the Articles of Association of the Company are Messrs. Christopher Berry, Gary Peart and Mrs. Sharon Harvey-Wilson and who being eligible, offer themselves for re-election.

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

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

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

   "That the retiring director, Mrs. Sharon Harvey-Wilson, 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."

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

Resolution 6

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

"That BDO, 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 February 2010, which was paid to ordinary stockholders of the Company on 18 March 2010, be approved and declared as a final dividend for the year ended 31 December 2009."

BY ORDER OF THE BOARD

Konrad M Berry
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 2009.

The Statement of Revenues and Expenses shows pre-tax profits for the year of $211.2 million, taxation credit of $34.2 million and net profit of $245.5 million.

DIRECTORS

The Directors as at 31 December 2009 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. Christopher Berry, Gary Peart and Mrs. Sharon Harvey-Wilson but being eligible, offered themselves for re-election.

AUDITORS

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

DIVIDEND

The dividend of $0.08 per share paid on 18 March 2010 is proposed to be the final dividend in respect of the financial year ended 31 December 2009.

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

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

Mr. Christopher Berry joined Mayberry in 1987 and assumed responsibility for Trading, Sales and Information Technology. He became a Financial Advisor in 1990 and assumed the position of Chairman and Chief Executive Officer (CEO) in 1993, a position he held until 2005 when the roles of Chairman and CEO were separated. Mr. Berry, in March of 2005 guided the company to its successful Initial Public Offer (IPO) and listing on the Jamaica Stock Exchange.

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

Mr. Konrad Berry joined the Company at its inception and was one of its founding Directors. He has been the Company Secretary since 1985, Finance Director 1992-1995, and in 1995 assumed his present position of Executive Vice Chairman and Chief Operating Officer. Mr. Berry chairs the Company's Project Steering Committee and is a member of the Managing Committee, Assets and Liabilities Committee and Audit Committee.

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

Mr. Gary Peart joined Mayberry Investments Limited in May 2005 as Chief Executive Officer and was first appointed to the Board of Directors in April 2006. Mr. Peart has over fifteen years of corporate financial experience the last decade of which was spent in senior positions at leading financial institutions. He is a member of the Assets and Liabilities Committee, Project Steering Committee and Managing Committee. Mr. Peart currently serves as director of Access Financial Services Limited (AFSL).

Board of Directors (Cont'd)

Doris Berry, Dip.
Non-Executive Director

Mrs. Doris Berry, a retired teacher, is the widow of the Company's founder, Maurice Berry. Mrs. Berry was appointed to the Board in 1987 and retains her directorship to date.

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

Mr. Benito Palomino is an Accountant and Attorney at law.

Mr. Palomino has approximately two decades of experience in the legal fraternity with special focus on banking, investment securities and financial consultancy. He was appointed to the Board of Directors in December 2004.

Mr. Palomino chairs the Company's Audit Committee and is a member of the Conduct Review Committee.

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

Mr. Erwin Angus joined Mayberry in 1986 as its Managing Director and since then has held that post.

He was awarded the Commander of the Order of Distinction (CD) in October 1976 for contribution to the bauxite negotiations and he became a Justice of the Peace (JP) in 1977.

Mr. Angus is a member of the Company's Managing Committee, Assets and Liabilities Committee and Audit Committee.

Board of Directors (Cont'd)

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

Dr. David McBean was appointed a director of Mayberry Investments Ltd. in August of 2005. Currently he is the Chief Executive Officer of CVM Communications Group. Before going to CVM he worked six years at Cable & Wireless Jamaica (1993-1999) holding various senior positions.

He was awarded a Jamaica Rhodes Scholarship in 1988. Dr. McBean chairs the Company's Information Technology Steering Committee.

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

Mrs. Sharon Harvey-Wilson joined the Mayberry team in January 2005 after spending over 12 years at PriceWaterhouseCoopers (PWC). Mrs. Harvey-Wilson was first appointed to the Board of Directors in April 2006.

Mrs. Harvey-Wilson is involved with the Institute of Chartered Accountants of Jamaica in conducting training courses. Mrs. Harvey-Wilson is a fellow of the Association of Chartered Accountants and the Institute of Chartered Accountants of Jamaica.

She is a member of the Assets and Liabilities Committee, Information Technology Steering Committee, Project Steering Committee and Managing Committee.

Mr. Sushil Jain, B.Com, B.L, FCA, FCCA, FCMA, FCIS, FICWA, FCS.
Non-Executive Director

Mr. Sushil Jain joined the Board of Directors of Mayberry Investments Limited in September 2006. Mr. Jain carries a wealth of experience in the Administrative and Accounting field. Mr. Jain has served companies such as Seprod Limited, Petroleum Corporation of Jamaica (PCJ), Bahamas Electricity Corporation and PriceWaterhouseCoopers.

He is the Chairman of the Assets and Liabilities Committee.

Corporate Governance

The Board of Directors of Mayberry Investments Limited has a mandate to promote high standards of corporate governance within our Company whilst examining the soundness of the Company's financial policies, business strategies, the effectiveness of its internal controls and risk management framework.

The fundamental objective is to ensure transparency, all in an effort to protect shareholders' and stakeholders' value. The Board of Directors has Sub-Committees in place to give guidance and provide oversight on strategic initiatives.

Our board sub-committees are as follows:

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

The Board of Directors

The key role of the Board is to assess the strategic direction of the company, through:

- Effective Leadership.
- Ensuring compliance and adherence to company policies and procedures and laws and regulations.
- Ensuring responsibility, accountability and clear authority with an effective management team.
- Safeguarding the financial wealth for all stakeholders.

As at 31 December 2009, the Board consists of nine ((9) members, three (3) of whom are Non Executive Directors, who help to ensure that values, integrity and public trust continue to be pivots of Mayberry Investments Ltd.

The Company's Articles of Association provides that unless otherwise determined by the Company in a general meeting, the number of Directors shall not exceed eleven. The current Board

comprises of nine Directors. The Board of Directors is actively involved in all key strategic and management decisions and works closely with the management team.

Audit Committee and Internal Auditor

During this financial year the audit committee met three (3) times and its focus was mainly on our loans portfolio, assessing the credit risks and strengthening the loans policies and procedures, in order to mitigate all associated risks. The members of the audit committee are Messrs. Benito Palomino, Erwin Angus and Konrad Berry. The committee is chaired by Mr. Palomino, a Non Executive Director. The main role of this committee is to channel communication between our internal auditor and the Board regarding the adequacy and effectiveness of risk management, internal control, the governance process and the quality of operating performance compared with established standards.

We have utilized the expertise of KPMG for our Internal Audit and their main role is to help MIL identify and manage risks within the organization by giving the company a valuable and independent feedback on our internal operations. There was no incidence of fraud or other irregularities which the committee is aware of for the year under review.

Our Management

Seated (l-r)

Tania Waldron-Gooden
Snr. Manager-Research & Special Projects

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

Wade Mars, *B.Sc.*
Research Manager

Standing (l-r)

Paul Buchanan, *B.B.A., Dip.*
Sales Manager

Kayree A. Teape, *B.Sc. (Hons.)*
Chief Executive Officer –Mayberry Foundation

Bob Russell, *CFA, FRM, M.B.A., B.Sc.*
AVP Structured Finance & Mutual Funds

Gabrielle O'Connor, *ACCA, Dip.,*
Financial Controller

Team

Seated (l-r)

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

Tsz Chung Joe Yip, *B.Sc., CPA (Management Trainee)*

Dennise Williams, *M.B.A., B.B.A. Vice President Marketing*

Tamara Whyte, *B.Sc., A.Sc., Dip., Client Relationship Manager*

Standing (l-r)

Denise Marshall-Miller, *M.B.A., B.B.A., Dip., Manager-Fixed Income and Trading*

Neilson Rose, *A.Sc., Equity Manager*

Ann Francis, *BSc., Dip Facilities Manager*

Dino Hinds, *AVP Markets & Trading*

Our Family of Employees

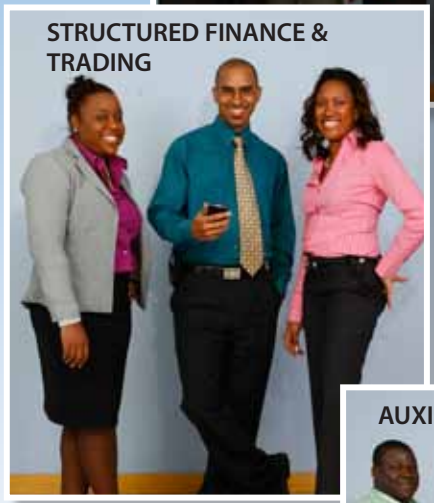
Finance
(l-r) Racquel Brown
Aneka Lee-Graham
Roger Salmon
Shirnette Mason
Delva Gayle
Samoya Whyte
Rickie Williams

Sales Department
(l-r) Middle row
Paul Buchanan
Ana Kaye Green
Nicolette Smith
Philbert Perry
Maurice Vaccianna
Timoy Nation
Tamara Bennett

Back Row (l-r)
Donovan Houston
Ian Laidlaw
Paul Penn
Kevin Jones
Seated Row (l-r)
Ryan Strachan, Diana Watson-Chong,
Dierdre Whitter
Shelly Ann Wright

Administration
(l-r) Denise Gunning
Michelle Graham
Camille Chambers
Authurine Wallace
Janice Samuels
Garcia Hamilton
Nicolette Bennett
Michelle Chung
(Back Row l-r)
Kemar Rose
Juliet Morris

Research, Information Technology & Compliance
(l-r) Alana Romans
Kevon Green
Marie Gray
Conray Forrester
Luke Fong
Richard Dean
Sharon Hetridge



Operations & Treasury
(l-r) Ricknel Dunbar, Karen Powell, Rosemarie Robinson, Noel Francis, Tishema Graham, Dwayne Morris, Venise Thompson, Oneil Roberts, Josie Clarke.

Structured Finance & Trading
(l-r) Dahlia Johnson, Richard Graham, Natalie Saunders.

Auxilliary Unit
Back Row (l-r)
John Douse, Dean Whittingham, Sandra Lake, Garrett Gordon, Dwain McLeod, Silvie McRae, Kirk Gordon, Bryan Davidson, Nodhil Bryant
Front Row (l-r)
Jahmahrah Johnson, Audrey Clarke, Richard James.

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, *M.B.A., B.Sc.*
Chief Executive Officer

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

Non-Executives

Doris Berry - *Founder*

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

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

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

Managers

Bob Russell, *CFA, FRM, M.B.A., B.Sc.*
AVP Structured Finance & Mutual Funds

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

Tania Waldron Gooden, *B.Sc. (Hons), Dip. (Business Administration)*
Snr. Manager-Research & Special Projects

Neilson Rose,
Associate Degree- (Computing & Management), Manager – Equity Trading & Asset Management

Dino Hinds
AVP Markets & Trading

Denise Marshall-Miller, *M.B.A., B.B.A., Dip., Manager- Fixed Income Trading*

Wade Mars, *B.Sc.*
Research Manager

Tamara Whyte, *B.Sc., A.Sc., Dip.,*
Client Relationship Manager

Tania McDonald Tomlinson
A.A. (Hons.), B.Sc. (Hons.), M.Sc. HRD
Human Resource Manager

David Thomas, *B.Sc.*
Information Technology Manager

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

Gabrielle O'Connor, *ACCA, Dip.,*
Financial Controller

Dennise Williams – *M.B.A., B.B.A.*
Vice President Marketing

Ann Francis - *Dip. Public Relations, Dip. Secondary School Education*
Facilities Manager

Kayree A. Berry Teape, *EMBA, B.Sc. (Hons.) Dip. Hotel Management*
Chief Executive Officer – Mayberry Foundation

Corporate Data (Cont'd)

Registered Office

1 ½ Oxford Road
Kingston 5
Jamaica

Company Secretary

Konrad M. Berry

Registrar – Transfer Agent

Jamaica Central Securities Depository
40 Harbour Street
Kingston
Jamaica

Auditors

BDO
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
Citigroup
National Commercial Bank
First Caribbean International Bank
Standard Bank

Investment Banks

Deutsche Bank Alex Brown

Chairman's Statement

> **Equity improved by $458 million. In the 24th year of operation we posted a profit of $245 million or 20 cents per share.**

Net interest income declined to $258 million from $352 million. This decline reflected our preference for liquidity during 2009. Fees and Commissions declined to $48 million from $152 million in 2008. This was due to a generally lower level of transactions during 2009 and a reduction in large transaction fee income as well. Dividend income increased to $102 million from $86 million in 2008. Net trading gains were $24 million in 2009 down from $79 million in 2008. Operating expenses were reduced to $542 million from $601 million in 2008.

Shareholders equity increased by $458 million in 2009 as the value of our investments recovered from 2008 levels.

Challenges

2009 was a challenging year. The international credit markets improved and the value of our international assets did so as well. But it became clear during the year that Jamaica needed to restructure its debt. The Government of Jamaica (GOJ) was able to do so successfully with the help of the local and international financial community. We spent most of the last part of the year adjusting our portfolio to mitigate the effects of these events. The local stock market did not appreciate significantly during the year.

Looking Forward

The GOJ debt restructuring will bring lower interest rates to Jamaica and stability in the exchange rates for 2010. The stock market should improve as interest rates fall. I do not expect a "Raging Bull" market as the economy is still in recession and profit growth will be constrained.

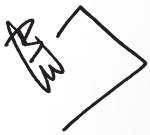
Our company will continue to focus on increasing core dealer activity in 2010. We will be focusing on improving trading, asset management and corporate finance services.

Regulatory Capital Requirements

Our capital base remains strong. Our capital to risk weighted asset ratio stood at 46% whereas the FSC benchmark stipulates a minimum of 14%. Our capital to total assets ratio was 9.4% whereas the FSC benchmark is 6%.

Thank You

We wish to say a very special thank you to all of our business partners, shareholders and clients and we look forward to celebrating our 25th year with all of you.



Christopher Berry
Chairman

Chief Executive Officer's Statement

"We have also built a strong management team of professionals. I believe there is no substitute for managers with experience of good times and bad, and the experience to understand and see difficult times through."

Mayberry Investments Limited (MIL), is positioned well in a difficult environment. Although MIL's earnings fell in 2009, commission growth for the year was satisfactory and growth in funds under management has continued to strengthen highlighting an increased reliance on quality financial advice and the quality of MIL's brand.

Our results demonstrated MIL's ability to weather an extremely challenging year. We have maintained our dividend of $0.08 per share, provided security and confidence for our customers and worked hard to meet community expectations with responsible, sustainable investment banking services.

We recognized the new reality in financial markets early and strengthened the balance sheet, increased capital and liquidity and systematically tackled some deficiencies in operating processes and controls.

We have identified four areas that we will focus on to deliver on our aspiration and we have made good progress in bringing them alive.

These areas are:

1 Customer Focus

Our business should be designed around our customers' needs rather than product lines. This means removing silos and boundaries in our business to transform lives positively.

2 Marketing And Sales

We need to shift our thinking from selling commodity products to looking at differentiating the way we market ourselves, the way we segment our offering and the way we serve our customers.

3 Technology

We continue to leverage new and exciting financial services technology to bring us up to the levels of technology used by dealers globally, not just in Jamaica or the Caribbean.

4 Performance

We continue to groom our staff to ensure performance at every level – financial and customer service excellence and in our work ethic.

Mayberry has invested heavily in training and has subscribed to an online training platform to supplement our normal face-to-face training experience. There has been organization wide Customer Service Training to refocus our attention on the client, internal and external, as we believe that in a shrinking market how we entreat with each person is the differentiator. Our Customer Service experience has the Mayberry stamp of "transforming lives positively" on it.

Although we expected the market to tighten in 2009, our outlook for Jamaica remains positive. To ensure the sustainability of Mayberry, we have undertaken a review of our business to ensure that everything we do is core to our clients' needs and risk appetite as well as our risk appetite.

Chief Executive Officer's Statement (Cont'd)

We undertook a review of our Structured Finance lending business to tighten our loan book and reduce non-performing loans. Using the project management approach, embarked on a new structure for our business to accelerate progress with our strategy and to improve financial performance.

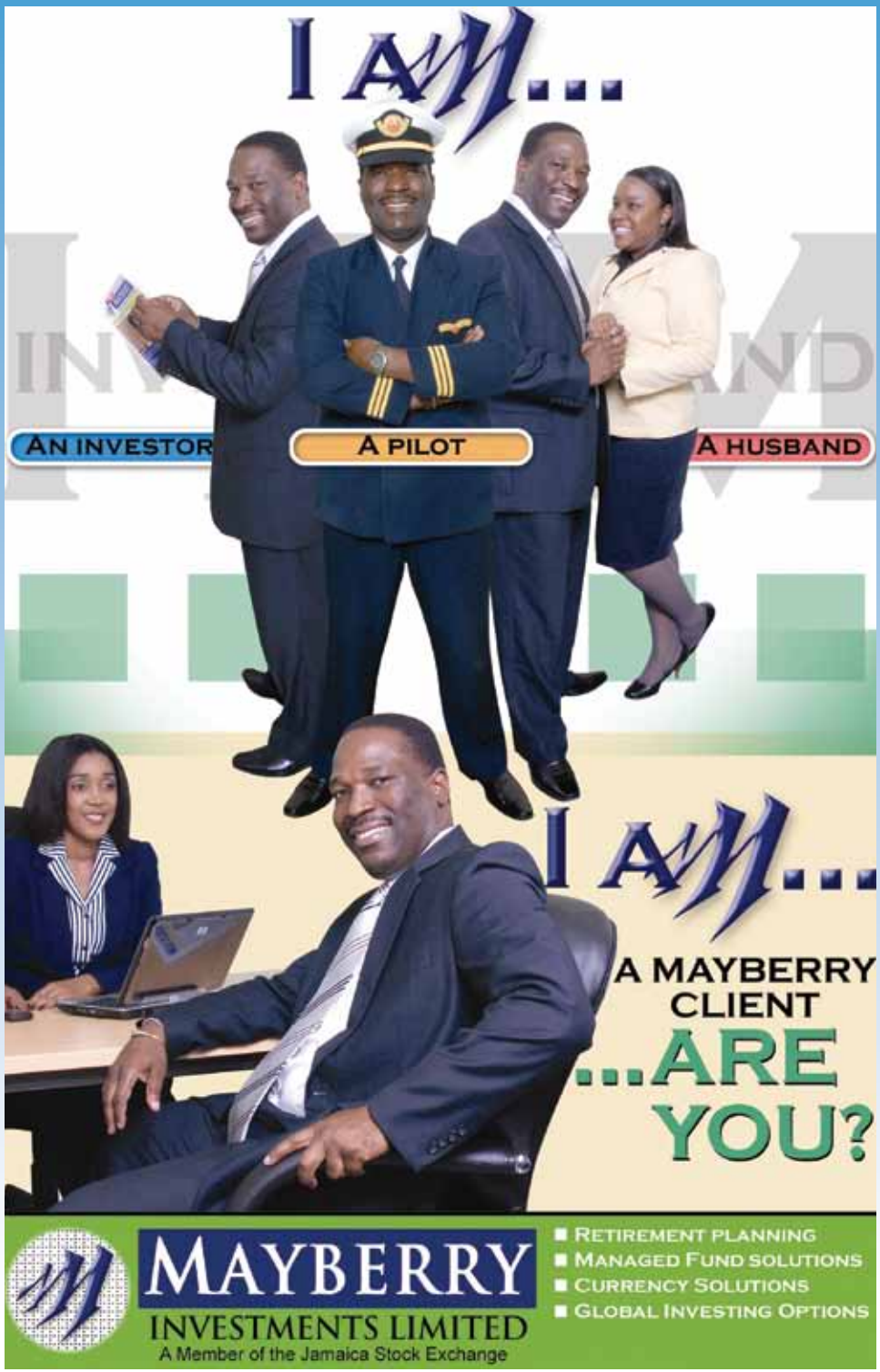
We have also built a strong management team of professionals. I believe there is no substitute for managers with experience of good times and bad, and the experience to understand and see difficult times through.

These actions will ensure MIL will be a stronger, more effective business in the future.

MIL now has the right foundation to build upon and there are significant opportunities emerging. Continuing to manage in a steady decisive manner will set MIL up to deliver on our aspiration to become a super regional dealer. This is the key to creating greater value and out-performance for our shareholders over the longer term.

I believe we have a clear direction and the capacity to continue to make Mayberry Investments a great Jamaican company. We are in the right place in the Caribbean region, at the right time with the right people to deliver performance and value to our shareholders.

Gary Peart
Chief Executive Officer


I AM...
AN INVESTOR
A PILOT
A HUSBAND
I AM...
A MAYBERRY CLIENT
...ARE YOU?
MAYBERRY
INVESTMENTS LIMITED
A Member of the Jamaica Stock Exchange
RETIREMENT PLANNING
MANAGED FUND SOLUTIONS
CURRENCY SOLUTIONS
GLOBAL INVESTING OPTIONS

Management's Discussion and Analysis of Financial and Operating Performance

for the Year Ended 31 December 2009

Core Activities

Mayberry Investments Limited (MIL) is a full service financial advisory and brokerage firm. The principal activity of MIL comprises dealing in securities, portfolio management, investment advisory services, operating foreign exchange cambio, managing funds on behalf of clients and providing administrative and investment management services for pension plans.

Strategic Vision and Goals

At Mayberry, our vision is to Transform Lives Positively Through Lasting Relationships. This vision allows us to focus on our customers' needs and assist our customers in achieving their goals. We operate in an environment of trust in which our clients can develop and pursue their investment objectives confidently and securely. Our mission is to create opportunities for our customers to realize their financial objectives, locally and internationally, through our team of highly trained and dedicated professionals, adding value for all.

We maintain and exceed regulatory requirements in order to remain in good regulatory standing. Our business model is driven by our shareholders' expectation of returns on their investments. We strive to increase profitability in order to be able to maximize shareholders' return.

Core Values

The core values which guide us towards achieving our mission are:

- **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.**

Our Strategy

For 2010 we will continue to focus on:

- Strengthening our team by recruiting and retaining the best talent.
- Increasing customer value which is measured by efficient asset allocation and supported by our own market research.
- Improving our efficiency and risk management practices.
- Continue to fund activities in support of health education and sports through our Foundation.
- Improving our profitability by growing our revenues and managing our costs.

Economic Overview

Year 2009 was challenging both locally and internationally, as the global financial meltdown which began in 2008 continued to negatively impact economic activities and employment. The local economy experienced further setbacks as two of its main foreign currency contributors, Bauxite and Remittances were significantly affected by this downturn.

The sharp decline in bauxite and alumina output, fall in remittances and the slowdown in tourism revenues, all contributed to the severe economic contraction. The government faced difficulties meeting its external commitments in addition to the scarcity of loan funds on the international capital market. In an effort to raise the real Gross Domestic Product (GDP) growth rate, reduce public debt and increase liquidity in the foreign exchange market, Jamaica approached the International Monetary Fund (IMF) for assistance with the country's economic imbalances. Consequently, the Government signed a Stand by Agreement with the IMF. The twenty-seven (27) month stand by agreement is aimed at supporting the Balance of Payment (BOP) and is aimed

at assisting the country to recover in addition to cushioning the effects of the economic contraction and reduced revenues. The money should help Jamaica to:

- reform the public sector to substantially reduce the large budget deficit;
- implement a debt strategy to reduce debt servicing costs; and
- implement reforms to the financial sector to reduce risks.

The government implemented measures for increasing the revenue streams, and as such there was an increase of 1% in the standard rate of General Consumption Tax (GCT), moving from 16.5% to 17.5% at year end. In addition, a special ad valorem rate of 15% was placed on fuels, increase in the special consumption tax (SCT) on cigarettes and an imposition of 10% GCT on the supply of electricity to residential and commercial customers with usage over 200 KWH per month.

Local companies grappled with the effects of the global recession and were also forced to implement cost containment measures as improvement in efficiency and maintaining sustainable operations have been further pushed ahead on the list of priorities. As such there were massive layoffs and by mid year the unemployment rate stood at 11.3%. This coupled with increased taxation contributed to a reduction in the purchasing power of consumers and further deterioration of the Government's revenues.

Inflation

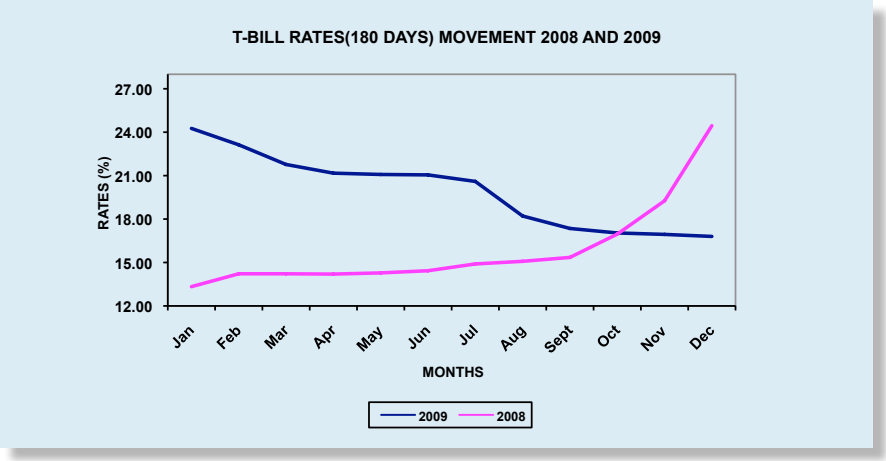
The rate of inflation for the 2009 calendar year was 10.2 percent compared to 16.8 percent for the corresponding period 2008. The Consumer Price Index which is often used to measure changes in the price levels of goods and services utilized by households averaged 142.7 points for year 2009, reflecting higher prices, compared to an annual average of 130.2 points for the comparative period 2008. The Alcoholic Beverages and Tobacco division had the highest movement of 23.3% as a result of increased taxes placed on these products by the government, as they sought to close the gap in the budget. The divisions which had the most impact on the index were Housing, Water, Electricity Gas and other Fuels, increasing by 23% as a result of increased rental for housing, increased electricity rates and higher energy costs.

The negative impact of the global crisis on Jamaica's real estate market continued to unfold in 2009. The market remained weak due to weak economic growth and lower foreign demand. Developers in the high-end market were forced to put a hold on projects due to expensive raw materials, and high domestic interest rates and foreign exchange rates.

Interest Rates

Interest rates on Treasury Bills for the six months up to the end of June 2009 averaged 22% per annum as compared to 14% for the corresponding period in 2008. Bank of Jamaica lowered interest rates in the latter half of 2009

The 180 days Treasury bill rates decreased by 746 basis points compared to an increase of 111 basis points for the comparative period 2008. The 180-day tenor peaked at 24.26% at the beginning of the year and spiraled downwards to close at 16.80% as at year end 2009.



Foreign Exchange Market

The Jamaican dollar continued to depreciate against its major trading counterpart, the United States dollar. The local currency lost approximately 17% of its value against the US$ closing at J$89.60/US$1 for financial year 2009. This depreciation was mainly due to fewer remittance inflows and less earnings in the bauxite industry, coupled with an increase in end user and Broker demand. The

local currency though devalued remained relatively stable throughout the year as a result of Bank of Jamaica (BOJ) and Ministry of Finance (MOF) combined efforts to restore stability in the market after a turbulent 2008. The BOJ intervened in the market 10 times for the year in an effort to shore up market stability.

Fixed Income Market

The continued economic tsunami faced by economies worldwide has made it increasingly difficult for Jamaica to lower its debt costs and boosts economic growth. As such on approaching the IMF for assistance one stipulation was a successful debt exchange of nearly 100% of the outstanding eligible notes. The Jamaica Debt Exchange (JDX) was formed in an effort to remedy Jamaica's burdening debt situation. The JDX is an arrangement through which investors were asked to submit their holdings of certain domestic bonds and receive an equal principal amount of new longer dated bench notes.

Subsequent to the JDX, the GOJ's interest costs for locally issued debts was approximately 12.25% p.a. compared to highs of 24% prior to JDX. The transaction was successful for the GOJ and market rates have since trended downwards. This now opens a new opportunity for entrepreneurs and investors to invest in the productive sector where greater returns can be attained, whilst expanding the economy.

At the start of the year Government of Jamaica (GOJ) global bond market remained very volatile and bonds traded between 10% - 40% discount below par, this trend continued from the latter half of 2008 when the global recession heightened. Throughout the year yields on GOJ global bonds fluctuated between 10% – 12%.

Instability in the United States (US) financial markets, triggered by a liquidity shortfall in the banking systems, has resulted in the collapse of large financial institutions, a collapse in the global housing bubble, resulting in foreclosures, and a decline in investors' confidence globally. The US government had to introduce fiscal stimulus packages, monetary policy expansion and institutional bailouts to stabilize the financial markets and restore confidence in the commercial paper markets, which are integral to funding business operations.

Jamaica Stock Market

Activities on the stock market remained bearish reflecting lower investors' confidence in the ability of listed companies to achieve profit growth. The uncertainty in the market saw stock prices falling to record lows. The JSE main index spiraled to a low of 78,483 points in April 2009. However the JSE main index advanced by 3.95 per cent year on year to close at 83,322 points for financial year ended December 31, 2009.

JSE Junior Stock Exchange

Small and medium sized enterprises (SMEs) form the backbone of economies worldwide, constitute over 90% of total enterprises in most economies and are accepted as the engine of economic growth and promoting equitable development. However this sector has long been challenged in accessing capital because they lack appropriate security and formalized business processes. It is with this in mind that the Jamaica Stock Exchange (JSE), the Financial Services Commission, the Government and other key stakeholders saw it fit to implement a Junior Stock Exchange.

April 1, 2009 will continue to linger on in the minds of small business owners in Jamaica, as they have been given a new and exciting opportunity to raise capital on the equities market through an initial public offering (IPO). In addition, investors are now able to invest capital in these companies that are listed, whilst contributing to economic growth and development. A major benefit to be attained from being listed is the tax incentive for an allowable period not exceeding ten (10) years from the date of listing. This will be advantageous to the small business sector as they are able to maximize on the returns generated and also receive tax free dividends.

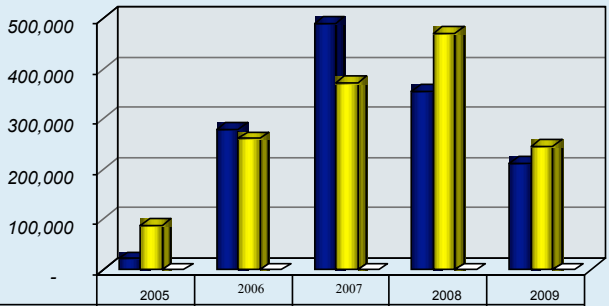
Our associate company, Access Financial Services (AFS) made history by becoming the first company to be listed on the Junior Stock Exchange. The Initial Public Offering (IPO) closed early, as AFS was fully subscribed. AFS stock price opened at $18.34 and closed the year at $27.51, reflecting a 50% appreciation in value. The daily average volume traded for the two months period being listed was 8,679 units. Volumes traded ranged from a low of 100 units to a high of 26,300 units.

Subsequent to AFS being listed, Mayberry was appointed lead Broker in guiding Blue Power Group Limited, which is in the business of soap manufacturing and retail hardware and Jamaica Teas (formerly Tetley Tea Co. Ltd.), the largest producer of tea in the English-Speaking Caribbean, in raising capital and obtain listing on the JSE Junior Stock Exchange.

The success of AFS and Blue Power listings have given optimism to the SME sector, that they too can follow suite and list their companies, take advantage of all the benefits to be garnered and expand their businesses. We are proud to have taken the lead in assisting SMEs to achieve their strategic objectives and to seamlessly fulfil their capital needs.

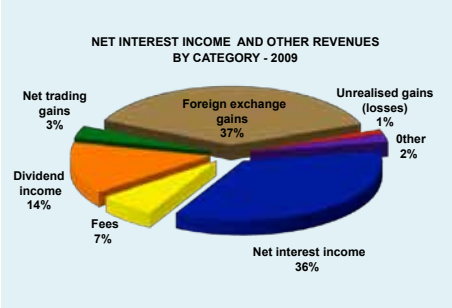
FINANCIAL PERFORMANCE

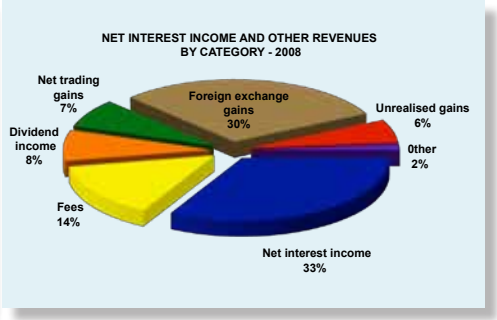
This year we posted net profit of $245 million which translates in earnings of $0.20 per share for the year. The year 2009 was faced with many challenges in the financial markets. Instability in interest rates on locally issued instruments coupled with reduced trading activities in relation to GOJ global bonds, following on the heels of the global meltdown, resulted in management's cautious optimism and our preference to hold liquid funds in the short term and lower earnings. Lower trading volumes were also experienced by the Jamaica Stock Exchange which caused a reduction in fees and commission income generated for the year. Notwithstanding, MIL was ranked number one by the Jamaica Stock Exchange for the volumes and values traded over the period.



	2005	2006	2007	2008	2009
Profit before Taxation	22,279	279,669	489,577	356,146	211,235
Net Profit	88,131	261,203	372,619	469,501	245,473
Earnings per stock unit	$0.08	$0.22	$0.31	$0.39	$0.20

Revenues by Category

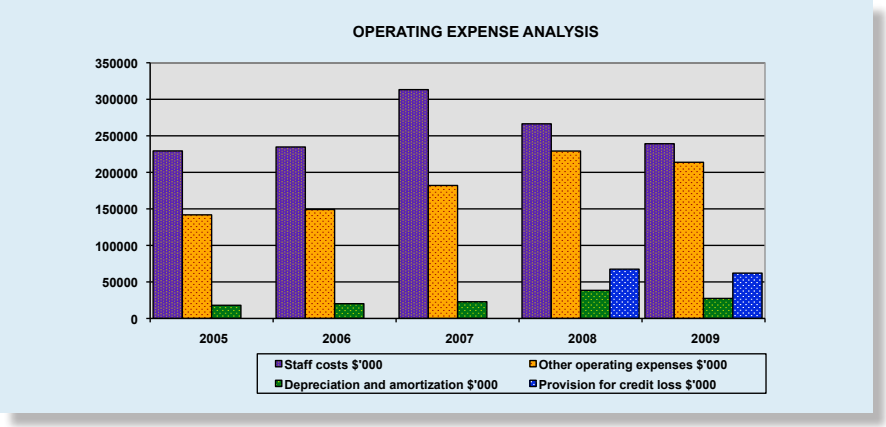




Overall net interest income and other revenues for the year were $724 million compared to $942 million for the corresponding period 2008. This marked a reduction of $218 million or 23% in total revenues. We had reductions in net interest income - $95 million, fees and commissions - $104 million, net trading gains - $55 million and net foreign exchange gains - $53 million. Notwithstanding these reductions, there was an increase in dividend income of $16 million.

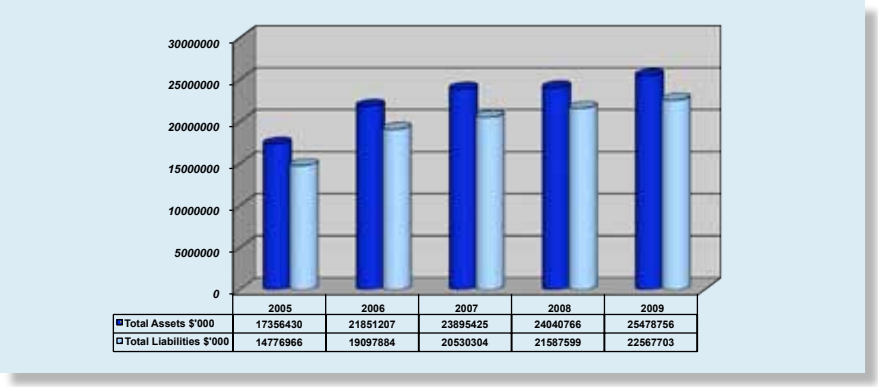
We continue to pursue cost containment initiatives which have allowed us to achieve our objective of lowering our cost for 2009. These initiatives included constant review of alternative spending strategy to fulfill our goals; we also reduced our staff complement by way of redundancies and lay offs as well as filling staff vacancies only as needed. We integrated our Securities department with our Operations department and our Research Department has been combined with Special Projects and Business Development Department. These actions have resulted in increased efficiencies and have proven to be successful.

Operating expenses for the year amounted to $543 million compared to $602 million for the corresponding period 2008, reflecting a decline of $59 million or 10%. The reduction in expenses resulted from lower depreciation and amortization charges which totalled $27 million compared to $39 million for the corresponding period. Other operating expenses moved from $229 million in 2008 to $214 million in 2009. Our staff cost was $239 million for the year, reflecting a reduction of $27 million or 10% when compared to 2008.



Assets and Liabilities Performance

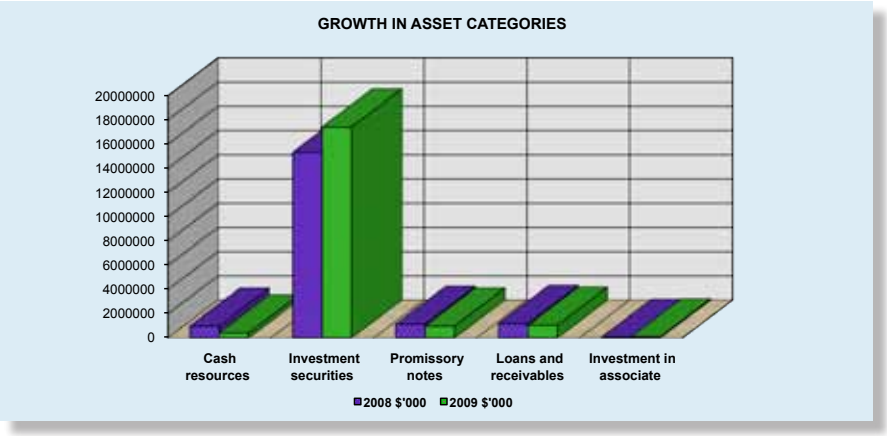
The asset base of the company increased by $1.4 billion or 6% moving from $24 billion at year ended 31 December 2008 to $25.4 billion as at year ended 2009. This increase was funded by growth in our investment securities, capital managed funds, interest receivables, and investment in associate.



	2005	2006	2007	2008	2009
Total Assets $'000	17356430	21851207	23895425	24040766	25478756
Total Liabilities $'000	14776966	19097884	20530304	21587599	22567703

Our investment securities portfolio was $17.4 billion, compared to $15.3 billion for prior year 2008, an increase of $2 billion or 14 % which was due to an increase in the values of our fixed income securities and equity portfolios. The increase in fixed income securities was partly due to the change in basis of valuation from marked to market valuation under IAS 39 to an amortised cost basis as prescribed by IFRS 9, at year end. MIL has early adopted IFRS 9 "Financial instruments part 1: Classification and measurement" for valuation of investment securities. While

adoption of IFRS 9 is mandatory from 1 January 2013, the standard allows for early adoption, retrospectively, with no requirement for restatement of the prior year retained earnings. MIL has elected to early adopt the standard. Detailed discussion on this IFRS is included in the financial statements. Our equity portfolio is well positioned for future growth and positive returns, especially in light of Jamaica's current interest rate environment.



Investment in Associates

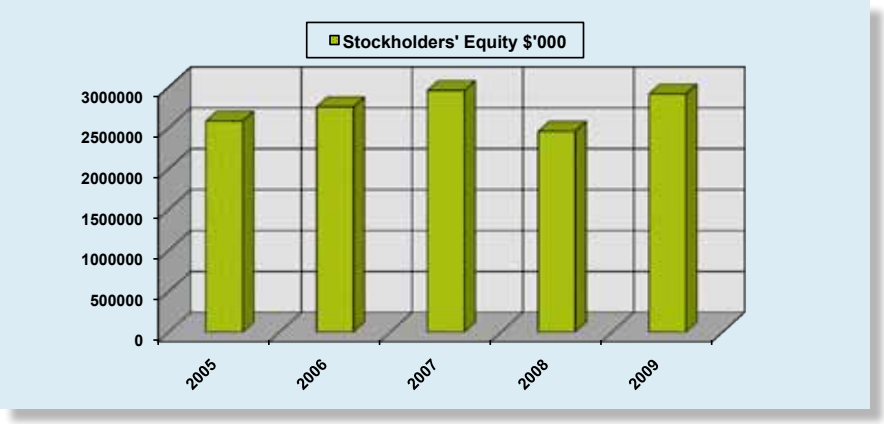
Access Financial Services Limited, (Access), our associate company, successfully raised $100 million from its Initial Public Offer of shares, and on 30 October 2009 was the first company to be listed on Jamaica's Junior Stock Exchange. We are indeed proud to have been a part of Access' history. This new capital injection has provided the resources to increase Access' profitability and our contribution to the small and medium enterprises and Jamaica's economic growth. Our share of profit from Access was $30 million for the year, reflecting a 97% increase over 2008. Our investment in Access has grown by 172% since 2006 when we first invested.

We take this opportunity to encourage other unlisted small and medium sized companies to consider listing on Jamaica's Junior Stock Exchange as there are significant benefits to companies and shareholders from being listed.

Our liabilities as at year ended 31 December 2009 stood at $22.5 billion, an increase of $980 million or 4.5% over prior year 2008. The increase is mainly attributed to institutional funding.

Stockholders' Equity

Stockholders' equity at year end was $2.9 billion, an increase of $458 million or 19% compared to the corresponding period ended 2008. This increase in equity was due to a reduction in unrealized fair value losses on our available-for-sale securities portfolio which stood at $525 million at the end of 2009, compared to unrealized fair value losses of $826 million for prior year ended 31 December 2008.



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 14% capital to total risk weighted assets. At year end the capital to total risk weighted assets was 46% (2008: 43%).

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.

Mayberry's Stock Trading

Mayberry Investments Limited started the year trading at $2.00 and closed the year at $1.99. The daily average volume traded for 2009 was 100,706 units. Our stock price traded at a high of $2.35 in February 2009 and a low of $1.53 in October 2009. The actual volumes traded ranged from 300 to 3,662,188 units.

Risk Management Framework

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

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

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

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

The Audit Committee is responsible for monitoring compliance with the Group's risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in these functions by both the Compliance Unit and Internal Audit. 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.

Departments' Highlights

HUMAN RESOURCE

The Human Resources unit believes in encouraging feedback and interaction which can promote positive change and growth for the individual and the company. The Core Values of Mayberry, especially 'attention to detail – getting it right the first time' is embedded in our work ethic which is at the heart of our daily operations. Mayberry Investments believes that our customer service, both internally and externally, is the differentiating variable within our industry. An organization-wide Customer Service training was embarked upon and completed with resounding success. Our team is continuing on a path of phenomenal Customer Service of which the beneficiaries will be our valued clients and each and every level of Mayberry.

SALES

The focus of the Sales Department in 2009 was the development and implementation of the Sales Methodology Project. The purpose of the project is to improve key areas within the department namely; Client Intimacy, Focused Prospecting, Management Systems and Recruitment. The result of the project will be improvement in team productivity and enhancing the customer experience.

In 2009 we introduced our Customer Satisfaction Survey as a part of our continued efforts to improve on service delivery to our clients.

RESEARCH & SPECIAL PROJECTS

Throughout 2009, the Research & Special Projects department maintained its focus on brand recognition primarily through the Monthly Newsletter and the Website and supporting the customer service element of the business by providing daily, weekly and monthly reports in an ongoing effort to educate our current and potential customers. These reports include securities analyses and commentary which contribute to the local print and electronic media.
The Department continued to improve on existing products rolled out in 2008 and also the development of new products conceptualized in 2009. The aim has been to research options available for investments and create or form alliances

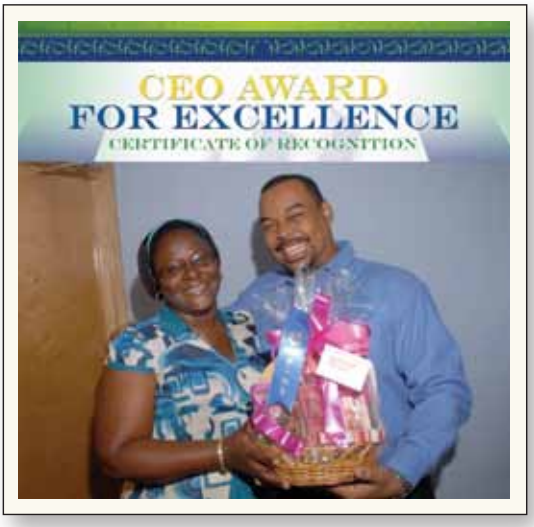
for access by our clients. Research & Special Projects also formalised the firm's Business Advisory arm which led to the listing of the first company on the Jamaica Junior Stock Exchange.

MARKETING DEPARTMENT ACTIVITIES - 2009

During 2009, your marketing department used creative means to deliver the message of Mayberry's brand to our various stakeholders – both external and internal.

CEO Award for Excellence

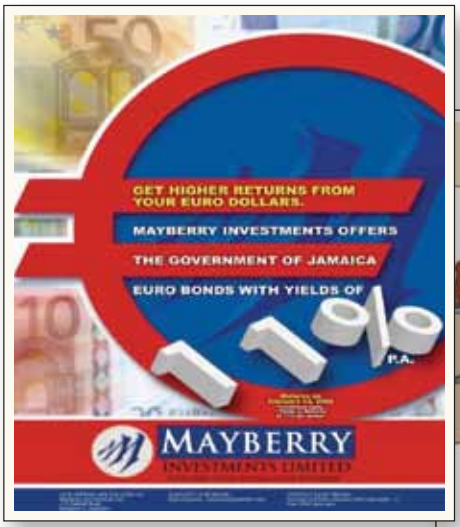
The most important stakeholders in any organization are its employees and during 2009 we launched our internal marketing campaign geared to showcase the best of the best employees in the firm. The competition was highlighted by staff votes to identify the 20 best employees for submission for final selection by our CEO, Gary Peart. As a result, the Employee of the Year was Mrs. Ann Francis, our Facilities Manager. First runner up was Silvie Mcrae, ancillary staff member and second runner up for Employee of the Year was Michelle Chung, formerly telephone operator/ receptionist and now Administrative Assistant to the Chief Executive Officer.



Public Relations

Mayberry has been a dominant force in the local equities market for over two decades and this was highlighted by our bringing to listing the first company to the newly formed Junior Stock Exchange in October of 2009. Access Financial Services Limited was successfully listed and your Marketing Department leverages its relationship with the media to bring this historical event alive in a non-traditional manner.

Department Summary (Cont'd)



Advertising

Utilizing in house talent, your Marketing department continues to demonstrate leadership in the field of communicating our brand value through the medium of print Advertising.

COMMUNICATING OUR RESEARCH STRENGTH

Market Moves

The quality and professionalism of the Research Department is a facet of your company that Marketing leveraged to bring a new dimension to the Business news offered by the Jamaica Observer. Each day, Mayberry's Market Moves highlights the best and worst performing stocks of the previous day for readers to be guided by. This publication has resonated with the public and is a daily must read.

Department Summary (Cont'd)

Highlights of the Mayberry Monthly Investor Forum

For the last 11 years, your company has hosted 10 monthly Investor Forums per year, that have allowed our clients an opportunity to see the movers and shakers of the country face to face. It is another way that Mayberry Investments allows our clients and stakeholders the exclusive right to ask the hard questions from our various leaders - both public and private sector. To further strengthen the brand of the Investor Forums, your Marketing department has partnered with the Herald Newspaper to showcase a pictorial for those who were not in attendance to still be a part of the event.

Portfolio Planning Articles

To further add value to our stakeholders' investing experience, we again partnered with the Herald Newspaper and we publish a weekly series that seeks to educate readers about the activities of the week that passed.

Mayberry Cares

During the year, your company actively participated in a variety of events aimed at improving the lives of our fellow citizens. MIL continued its annual sponsorship of the Jamaica Children Heart Fund. Other activities included the push for greater literacy amongst the youth. The staff members of your company not only gave of their time and talent but competed in a variety of sporting events to raise funds for various charities. Most notably, MIL team members participated in the annual Sigma Run that boosted the company's team spirit and sense of community.

MAYBERRY HAS A HEART: Mayberry Investments Limited sponsors heart surgery for the tenth year. (L-R) Richard Perryman cardio thoracic surgeon, Joe Di Maggio Hospital Florida, Illia Gayle of the Hilton with Kayree Berry-Teape, CEO, Mayberry Foundation all discussing the type of surgery 8 month old Zachary had received. Just 30 minutes after his surgery was completed he was awake, fussing as the doctors and nurses adjusted his pain medication post surgery.

The 12th Anniversary SIGMA CORPORATE RUN was held on Sunday, 21 February 2010 at the Emancipation Park in New Kingston. Mayberry Investments staff members held their own, Sigma Corporate Run in February which raised significant sums for the Bustamante Hospital for children and other pediatric wards across the island. Conray Forrester, IT Programmer, came in first with a time of under 33 minutes; Sales Administrator, Maurice Vaccianna and Bob Russell, AVP-Structured Finance also clocked excellent times.

Mayberry Investments staff members participate in the Sigma Corporate Run on the 15th of March 2009.

MAYBERRY INVESTS IN SPORTS: The ladies of Immaculate Conception High School who were the Swim Meet's overall champions with 1420 points proudly display their trophy. In the background is Mrs. Kayree Berry Teape, Chief Executive Officer, Mayberry Foundation.

Mr. Donovan Brown (right), President of Racketeer Badminton accepts a symbolic cheques from Mrs. Sharon Harvey Wilson Director-Finance, Administrator and Compliance at the office Mayberry in 2009.

MAYBERRY SPONSORS BOOK VOUCHERS TO JONES TOWN PRIMARY STUDENTS: The vouchers were presented by Ms. Odessah Wade, Financial Advisor at Mayberry and looking on from the Sunset Optimist Club were Ms. Paula Creary, Secretary, Ms. Lorna Gooden and Vice President Mr. Wesley Watson.

Disclosure of Shareholdings

AS AT DECEMBER 31 2009

Shareholdings of Directors and Senior Management

Directors	Shareholdings	Connected Persons
Christopher Berry	-	455,181,004
Konrad Berry**	433,686,104	14,937,896
Erwin Angus	2,443,424	15,772
Benito Palomino	2,283,105	-
Doris Berry	732,262	110,958
David McBean	446,521	-
Gary Peart**	4,566,665	1,706,099
Sharon Harvey-Wilson	730,858	-
Sushil Jain	209,187	-

Managers		
Andrea HoSang**	1,098,601	-
Kayree Berry-Teape**	2,183,204	31,080
David Thomas	456,989	-
Wade Mars	82,191	-
Bob Russell**	182,140	-

** Includes holdings in joint accounts

Disclosure of Shareholdings (Cont'd)

AS AT DECEMBER 31 2009

Top Ten Shareholders and Connected Persons	
Name	**Shareholdings**
Bamboo Group Holdings Limited	455,181,004
Konrad Mark Berry	433,686,104
Konrad Limited	14,937,896
Mayberry Employee Share Scheme	11,666,600
Sun Asset Services Inc.	11,232,386
Trading A/C - Life of Jamaica Ltd.	10,801,282
Mayberry Foundation	10,592,491
Christine Wong	8,103,167
Dr. Patricia Yap***	7,382,806
Anup Chandiram & Colin Steele	6,513,046

Connected Persons	
Konrad Limited	14,937,896
Mayberry Employee Share Scheme	11,666,600
Mayberry Foundation	10,592,491
Dr. Patricia Yap	7,382,806
Mayberry Managed Client Account	6,467,243
Mayberry Investments Limited Pension Scheme	780,313
Est. Maurice Berry	10

** Includes holdings in joint accounts

BDO

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Fax: (876) 926-7580
Website: www.bdo.com.jm

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

INDEPENDENT AUDITORS' REPORT

To the Members of
Mayberry Investments Limited

Report on the Financial Statements

We have audited the financial statements of Mayberry Investments Limited set out on pages 49 to 108, which comprise the group and the company's statement of financial position as at 31 December 2009, and the group and the company's statements of income, statements of comprehensive 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' judgement, including the assessment of the risk 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.

To the Members of

Mayberry Investments Limited

Opinion

In our opinion, the financial statements give a true and fair view of the group and the company's financial position as at 31 December 2009, and of the group and the company's financial performance, income, comprehensive income, changes in stockholders' equity and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the provisions of the Jamaican Companies Act.

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 Act, in the manner so required.

Chartered Accountants

26 February 2010

Consolidated Statement of Income

YEAR ENDED 31 DECEMBER 2009

	Note	2009 $'000	2008 $'000
Net Interest Income and Other Revenues			
Interest income		2,093,929	2,373,218
Interest expense		(1,835,713)	(2,020,311)
Net interest income	4	258,216	352,907
Fees and commissions	5	47,987	151,773
Dividend income	6	101,965	85,691
Net trading gains	7	24,281	79,222
Net foreign exchange gains		268,294	321,395
Unrealised gains/(losses) on investment revaluation		7,342	(64,140)
Loan provision recovered/written back - net		-	9,198
Other income		15,731	6,481
		723,816	942,527
Operating Expenses			
Salaries, statutory contributions and other staff costs	8	239,189	266,440
Provision for credit losses		62,075	67,480
Depreciation and amortization		27,445	38,502
Other operating expenses		213,799	229,177
	9	542,508	601,599
Operating Profit		181,308	340,928
Share of results of associate	23	29,927	15,218
Profit before Taxation	10	211,235	356,146
Taxation credit	11	34,238	113,355
Net Profit for the Year	12	245,473	469,501
Profit Attributable to Stockholders		245,473	469,501
EARNINGS PER STOCK UNIT	13	$0.20	$0.39

Consolidated Statement of Comprehensive Income

YEAR ENDED 31 DECEMBER 2009

	2009	2008
	$'000	$'000
Net Profit for the Year	245,473	469,501
Other Comprehensive Income Net of Taxes:		
Unrealised gains/(losses) on financial instruments	199,990	(1,557,846)
Realized fair value losses transferred to the consolidated statement of income	100,515	408,576
Employee share option	8,000	8,045
Total Comprehensive Income for the Year	553,978	(671,724)
Total Comprehensive Income Attributable to Stockholders	553,978	(671,724)

Consolidated Statement of Financial Position

31 DECEMBER 2009

	Note	2009 $'000	2008 $'000
ASSETS			
Cash resources	14	433,304	985,736
Investment securities	15	17,426,658	15,338,034
Reverse repurchase agreements	16	16,045	353,953
Capital management fund	17	4,687,130	4,168,776
Promissory notes	18	988,906	1,140,742
Interest receivable		454,340	365,256
Loans and other receivables	20	1,067,920	1,206,029
Deferred taxation	21	168,772	273,378
Investment property		8,432	8,432
Property, plant and equipment	22	122,999	126,107
Investment in associate	23	104,250	74,323
Total Assets		25,478,756	24,040,766
LIABILITIES			
Bank overdraft	14	16,042	13,307
Capital management fund obligation	17	4,687,130	4,168,776
Securities sold under repurchase agreements		14,461,154	14,192,933
Interest payable		315,873	299,687
Loans	25	2,337,289	1,719,250
Accounts payable	26	248,872	692,303
Redeemable preference shares	27	501,343	501,343
Total Liabilities		22,567,703	21,587,599
STOCKHOLDERS' EQUITY			
Ordinary share capital	27	1,582,381	1,582,381
Fair value reserves	28	(525,634)	(826,139)
Other reserves	29	18,596	10,596
Retained earnings	30	1,835,710	1,686,329
Total Stockholders' Equity		2,911,053	2,453,167
Total Stockholders' Equity and Liabilities		25,478,756	24,040,766

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

Christopher Berry Chairman

Sharon Harvey-Wilson Director

Consolidated Statement of Changes In Stockholders' Equity

YEAR ENDED 31 DECEMBER 2009

	Share Capital	Fair Value Reserves	Other Reserves	Retained Earnings	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2008	1,582,381	323,131	2,551	1,457,058	3,365,121
Total comprehensive income	-	(1,149,270)	8,045	469,501	(671,724)
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
Total comprehensive income	-	300,505	8,000	245,473	553,978
Dividends (note 32)	-	-	-	(96,092)	(96,092)
Balance at 31 December 2009	1,582,381	(525,634)	18,596	1,835,710	2,911,053

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2009

	Note	2009 $'000	2008 $'000
Cash Flows from Operating Activities			
Profit before taxation		211,235	356,146
Adjustments for:			
Provision for credit losses		62,075	58,283
Gain on disposal of property, plant and equipment		(719)	(532)
Depreciation and amortisation	22	27,445	38,502
Interest income	4	(2,093,929)	(2,373,218)
Interest expense	4	1,835,713	2,020,311
Unrealised (gains)/losses on investment revaluation		(7,342)	64,140
Unrealised foreign exchange gains		(98,163)	(356,257)
Share of after tax profit of associate		(29,927)	(15,750)
Employee share options		8,000	8,045
Income tax charge		(2,025)	(5,333)
		(87,637)	(205,663)
Changes in operating assets and liabilities:			
Loans and other receivables		138,109	311,255
Investments		(1,459,200)	1,317,194
Promissory notes		89,761	(339,907)
Reverse repurchase agreements		337,908	(353,953)
Accounts payable		(443,217)	(68,672)
Securities sold under repurchase agreements		268,221	371,338
Loans		618,039	(419,500)
		(538,016)	612,092
Interest received		2,004,845	2,289,049
Interest paid		(1,819,527)	(1,943,230)
Income tax paid		(214)	(167,631)
Net cash (used in)/provided by operating activities		(352,912)	790,280
Cash Flows from Investing Activities			
Additions to property, plant and equipment	22	(24,612)	(28,362)
Investment property		-	(8,432)
Proceeds from disposal of property, plant and equipment		994	1,330
Net cash used in investing activities		(23,618)	(35,464)
Cash Flows from Financing Activities			
Dividend payment		(96,092)	(240,230)
Net cash used in financing activities		(96,092)	(240,230)
Net (Decrease)/ Increase in Cash and Cash Equivalents		(472,622)	514,586
Effect of exchange rate changes on cash and cash equivalents		(82,545)	(65,365)
Cash and cash equivalents at beginning of year		972,429	523,208
Cash and Cash Equivalents at End of Year	14	417,262	972,429

Statement of Income

YEAR ENDED 31 DECEMBER 2009

	Note	2009	2008
		$'000	$'000
Net Interest Income and Other Revenues			
Interest income		2,046,126	2,340,082
Interest expense		(1,836,316)	(2,026,804)
Net interest income	4	209,810	313,278
Fees and commissions	5	47,987	151,773
Dividend Income		51,150	32,172
Net trading gains/(losses)		74,346	(409,141)
Net foreign exchange gains		62,653	309,955
Unrealised gains/(losses) on investment revaluation		7,342	(64,140)
Loan provision recovered/written back - net		-	9,198
Other income		15,731	6,481
		469,019	349,576
Operating Expenses			
Salaries, statutory contributions and other staff costs	8	239,189	266,440
Provision for credit losses		62,075	67,480
Depreciation and amortization		27,445	38,502
Other operating expenses		212,913	228,781
		541,622	601,203
Loss before Taxation	10	(72,603)	(251,627)
Taxation credit	11	36,263	118,688
Net Loss for the Year	12	(36,340)	(132,939)

Statement of Comprehensive Income

YEAR ENDED 31 DECEMBER 2009

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	2009	2008
	$'000	$'000
Net Loss for the Year	(36,340)	(132,939)
Other Comprehensive Income Net of Taxes:		
Unrealised gains/(losses) on financial instruments	229,555	(965,647)
Realized fair value losses transferred to the statement of income	52,225	560,593
Employee share option	8,000	8,045
Total Comprehensive Income for the Year	253,440	(529,948)

Statement of Financial Position

31 DECEMBER 2009

	Note	2009 $'000	2008 $'000
ASSETS			
Cash resources	14	414,573	659,092
Investment securities	15	15,480,475	13,873,028
Reverse repurchase agreements	16	16,045	353,953
Capital management fund	17	4,687,130	4,168,776
Promissory notes	18	988,906	1,140,742
Interest receivable		453,713	355,970
Due from subsidiary	19	34,725	148,271
Loans and other receivables	20	1,064,910	1,203,788
Deferred taxation	21	168,772	273,378
Investment property		8,432	8,432
Property, plant and equipment	22	122,999	126,107
Investment in subsidiary	24	1,468,027	1,468,027
Total Assets		24,908,707	23,779,564
LIABILITIES			
Bank overdraft	14	16,042	13,307
Capital management fund obligation	17	4,687,130	4,168,776
Securities sold under repurchase agreements		14,469,321	14,209,540
Interest payable		315,873	299,687
Loans	25	2,337,289	1,719,250
Accounts payable	26	240,817	684,117
Redeemable preference shares	27	501,343	501,343
Total Liabilities		22,567,815	21,596,020
STOCKHOLDERS' EQUITY			
Ordinary share capital	27	1,582,381	1,582,381
Fair value reserves	28	(122,565)	(404,345)
Other reserves	29	18,596	10,596
Retained earnings	30	862,480	994,912
Total Stockholders' Equity		2,340,892	2,183,544
Total Stockholders' Equity and Liabilities		24,908,707	23,779,564

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

Christopher Berry Chairman

Sharon Harvey-Wilson Director

Statement of Changes In Stockholders' Equity

YEAR ENDED 31 DECEMBER 2009

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	Share Capital	Fair Value Reserves	Other Reserves	Retained Earnings	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2008	1,582,381	709	2,551	1,368,081	2,953,722
Total comprehensive income	-	(405,054)	8,045	(132,939)	(529,948)
Dividends (note 32)	-	-	-	(240,230)	(240,230)
Balance at 31 December 2008	1,582,381	(404,345)	10,596	994,912	2,183,544
Total comprehensive income	-	281,780	8,000	(36,340)	253,440
Dividends (note 32)	-	-	-	(96,092)	(96,092)
Balance at 31 December 2009	1,582,381	(122,565)	18,596	862,480	2,340,892

Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2009

	Note	2009 $'000	2008 $'000
Cash Flows from Operating Activities			
Loss before taxation		(72,603)	(251,627)
Adjustments for:			
Provision for credit losses		62,075	58,283
Gain on disposal of property, plant and equipment		(719)	(532)
Depreciation and amortisation	22	27,445	38,502
Interest income	4	(2,046,126)	(2,340,082)
Interest expense	4	1,836,316	2,026,804
Employee share option		8,000	8,045
Unrealised (gains)/losses on investment revaluation		(7,342)	64,140
Unrealised foreign exchange gains		(98,163)	(356,257)
		(291,117)	(752,724)
Changes in operating assets and liabilities:			
Loans and other receivables		138,878	307,853
Investments		(996,748)	1,803,797
Promissory notes		89,761	(339,907)
Reverse repurchase agreements		337,908	(353,953)
Due from subsidiary		113,546	(166,581)
Accounts payable		(443,300)	(62,966)
Securities sold under repurchase agreements		259,781	299,944
Loans		618,039	(419,500)
		(173,252)	315,963
Interest received		1,948,383	2,265,172
Interest paid		(1,820,130)	(1,949,723)
Income tax paid		-	(167,630)
Net cash (used in)/provided by operating activities		(44,999)	463,782
Cash Flows from Investing Activities			
Additions to property, plant and equipment	22	(24,612)	(28,362)
Proceeds from disposal of property, plant and equipment		994	1,330
Investment property		-	(8,432)
Net cash used in investing activities		(23,618)	(35,464)
Cash Flows from Financing Activities			
Dividend payment		(96,092)	(240,230)
Net cash used in financing activities		(96,092)	(240,230)
Net (Decrease)/Increase in cash and cash equivalents		(164,709)	188,088
Effect of exchange rate changes on cash and cash equivalents		(82,545)	(65,365)
Cash and cash equivalents at beginning of year		645,785	523,062
Cash and Cash Equivalents at End of Year	14	398,531	645,785

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 39% 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. On 14 October 2009, Access made an Initial Public Offer of 5,490,199 shares representing 20% of its issued share capital. Access was successful in the Initial Public Offer and on 30 October 2009 listed on the Junior Market of the Jamaica Stock Exchange. Consequently, the percentage shareholding held by Mayberry West Indies Limited in Access has reduced from 49% to 39%. Access is an associate company of Mayberry West Indies Limited (Note 23).

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

The consolidated financial statements for the year ended 31 December 2009 have been approved for issue by the Board of Directors on 26 February 2010.

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. Where necessary, prior year comparatives have been restated and reclassified to conform to current year presentation.

(a) Basis of preparation -

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and their interpretations adopted by the International Accounting Standards Board and have been prepared under the historical cost convention as modified by the revaluation of fair value through other comprehensive income investment securities and investment securities at fair value through profit and loss account and derivative contracts. They are also prepared in accordance with the provisions of the Jamaican Companies Act.

The financial statements comprise the statement of comprehensive income shown as two statements, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

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

The preparation of financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and contingent liabilities at the date of the statement of financial position and the revenue and expenses during the reporting period.

Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis and any adjustments that may be necessary would be reflected in the year in which actual results are known. The areas involving a higher degree of judgment in complexity or areas where assumptions or estimates are significant to the financial statements are described in note 3.

Standards, interpretations and amendments to published standards effective on or after 1 January 2009

The following standards, amendments and interpretations, which became effective in 2009, are relevant to the Group:

IFRS 2: Share-based payment – Vesting conditions and cancellations

The IASB published an amendment to IFRS 2, "Share-based payment", in January 2008. The changes pertain mainly to the definition of vesting conditions and the regulations for the cancellation of a plan by a party other than the company. These changes clarify that vesting conditions are solely service and performance conditions. As a result of the amended definition of vesting conditions, non-vesting conditions should now be considered when estimating the fair value of the equity instruments granted. In addition, the standard describes the posting type if the vesting conditions and non-vesting conditions are not fulfilled. There is no material impact on the financial statements by applying the amendments of IFRS 2 at the date of the statement of financial position. These amendments are applied retrospectively.

Amendments to IFRS 7: Financial instruments: Disclosures

The IASB published amendments to IFRS 7 in March 2009. The amendment requires enhanced disclosures about fair value measurements and liquidity risk. In particular the amendment requires disclosures of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures but does not have an impact on the financial position or comprehensive income of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

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

IAS 1 (revised): Presentation of financial statements

A revised version of IAS 1 was issued in September 2007. It prohibits the presentation of items of income and expenses (that is, "non-owner changes in equity") in the statement of changes in equity. The standard requires "non owner changes in equity" to be presented separately from owner changes in equity in a statement of comprehensive income. As a result, The Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also conforms with the revised standard. According to the amendment of IAS 1 in January 2008, each component of equity, including each item of other comprehensive income, should be reconciled between carrying amount at the beginning and the end of the period. Since the change in accounting policy only impacts presentation aspects, there is no impact on retained earnings.

IAS 23: Borrowing costs

A revised version of IAS 23 was issued in March 2007. It eliminates the option of immediate recognition of borrowing costs as an expense for assets that require a substantial period of time to get ready for their immediate use. The application of IAS 23 amendment does not have a material impact on the consolidated result or items of the consolidated statement of financial position.

Early adoption of standards

The Group has early adopted IFRS 9 "Financial instruments part 1: Classification and measurement".

IFRS 9 was issued in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flow represents only payment of principal and interest (that is, it has only basic loan features). All other debt instruments are to be measured at fair value through profit and loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

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

All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognize unrealized and realized fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be on an instrument by instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

While adoption of IFRS 9 is mandatory from 1 January 2013, the standard allows for early adoption, retrospectively, with no requirement for restatement of the prior year retained earnings. The Group has elected to early adopt the standard. The impact of this adoption is 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, there were certain new standards, amendments and interpretations to existing standards which were in issue but which were not yet effective. Those which are considered relevant to the Group are as follows:

IFRS 1 and IAS 27	Cost of an investment in a subsidiary, jointly-controlled entity or associate (effective for annual periods beginning on or after 1 July 2009).
IFRS 3	Business combinations (effective for annual periods beginning on or after 1 July 2009).
IAS 27	Consolidated and separate financial statements (effective for annual periods beginning on or after 1 July 2009).
IAS 39	Financial instruments: Recognition and measurement – eligible hedged items (effective for annual periods beginning on or after 1 July 2009).
IFRIC 17	Distribution of non-cash assets to owners (effective for annual periods beginning on or after 1 July 2009).
IFRIC 18	Transfers of assets from customers (effective for annual periods beginning on or after 1 July 2009).

The directors anticipate that the adoption of the standards, amendments and interpretations, which are relevant in future periods, is unlikely to have any material impact on the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(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 39% 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.

The Group uses the audited financial statements of Access at 31 December 2009 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 year end, 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 income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(c) Foreign currency translation -

Exchange differences on non-monetary financial assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, exchange differences are either recognized in the statement of income (applicable for financial assets fair value through profit and loss), or within other comprehensive income if non-monetary financial assets are equity instruments which are designated as fair value through other comprehensive income.

(d) Revenue recognition -

i. Interest income:

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

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

ii. Dividend income:

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

iii. Fees and commission income:

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(e) Interest expense -

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

(f) Investment securities -

The Group has early adopted IFRS 9 "Financial Instruments Part 1: Classification and Measurement". Investment securities are classified into the following categories: those to be measured subsequently at fair value and those to be measured subsequently at amortised cost. Management determines the appropriate classification of investments at the time of purchase based on the objectives of the Group's business model for managing financial instruments and the contractual cash flow characteristics of the instruments.

Investment securities subsequently measured at fair value are either designated fair value through profit and loss or fair value through other comprehensive income. 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.

Investment securities subsequently measured at fair value through other comprehensive income are all other equity investments, designated at purchase to recognize unrealized and realized fair value gains and losses through other comprehensive income rather than profit or loss. There is no recycling of fair value gains and losses to profit or loss. They are initially recognised at cost, which includes transaction costs, and subsequently remeasured at fair value.

Debt instrument securities are subsequently measured at amortised cost where management determines that the objective is to hold the instruments to collect the contractual cash flows, that is, the payment of principal and interest. All other debt instruments are measured at fair value through profit and loss.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(f) Investments securities (cont'd) -

Financial assets are assessed at each statement of financial position 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.

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

Prior to the adoption of IFRS 9 "Financial Instruments Part 1: Classification and Measurement", the Group accounted for its investment securities using IAS 39. Hence, certain disclosures for revenue transactions realised prior to the adoption have been made to conform with IAS 39.

(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 statement of financial position 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 income. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

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

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

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

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

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

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

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

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

Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit. Repairs and renewals are charged to the statement of income 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 income 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 as interest expense.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(n) Employee benefits -

(i) Pension scheme costs:

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

(ii) Profit-sharing and bonus plan:

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

(iii) Other employee benefits:

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

(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 income, 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 income on a straight-line basis over the period of the lease.

ii. As lessor

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

(p) Taxation -

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

Current taxation charge is the expected taxation payable on the taxable income for the year, using tax rates enacted at the reporting date and any adjustment to tax payable and tax losses in respect of previous years.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realized or the liability will be settled based on enacted rates.

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

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 statement of financial position 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 repurchase agreements 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 statement of financial position.

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

(t) Funds under Discretionary Management -

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

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

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

i. Impairment losses on loans and receivables

The Company reviews its loan portfolio to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the statement of income, the Company makes judgement as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the loans resulting from adverse change in the payment status of the borrower or national and economic conditions that correlates with defaults on loans in the Company. Management uses estimates based on historical loss experience for assets with credit risks characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

ii. Income taxes

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

4. NET INTEREST INCOME:

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Interest income				
Investment securities	1,746,577	2,154,172	1,698,774	2,121,036
Loans and advances	318,163	193,446	318,163	193,446
Other	29,189	25,600	29,189	25,600
	2,093,929	2,373,218	2,046,126	2,340,082
Interest expense				
Finance charges	11,420	93,715	11,420	92,833
Repurchase agreements	1,729,569	1,804,912	1,730,172	1,812,389
Other	94,724	121,684	94,724	121,582
	1,835,713	2,020,311	1,836,316	2,026,804
	258,216	352,907	209,810	313,278

5. FEES AND COMMISSION:

	2009	2008
	$'000	$'000
Brokerage fees and commissions	34,028	130,224
Structured financing fees	4,142	10,677
Portfolio management	9,817	10,872
	47,987	151,773

6. DIVIDEND INCOME:

	2009 $'000	2008 $'000
Trading securities	6,322	5,136
Available for sale securities	95,643	80,555
	101,965	85,691

7. NET TRADING GAINS:

	2009 $'000	2008 $'000
Equities – trading securities	58,773	365,430
Equities – available-for-sale securities	(57,971)	176,196
Fixed income - trading securities	66,023	125,368
Fixed income - available-for-sale securities	(42,544)	(587,772)
	24,281	79,222

8. SALARIES, STATUTORY CONTRIBUTIONS AND STAFF COSTS:

	2009 $'000	2008 $'000
Wages and salaries	205,491	221,150
Statutory contributions	17,031	23,204
Pension contributions	7,067	9,047
Stock option expense (Note 29)	8,000	8,045
Training and development	1,600	4,994
	239,189	266,440

9. EXPENSES BY NATURE:

	2009 $'000	2008 $'000
Sales, marketing and public relations	32,366	47,833
Auditors' remuneration	3,126	2,795
Computer expenses	8,601	9,135
Depreciation and amortization	27,445	38,502
Provision for credit losses	62,075	67,480
Insurance	6,488	7,007
Licensing fees	29,294	20,822
Operating lease rentals	5,473	5,432
Other operating expenses	36,897	38,815
Printing, stationery and office supplies	11,505	7,813
Legal and professional fees	29,279	36,648
Repairs and maintenance	4,785	6,352
Salaries, statutory contributions and staff costs	239,189	266,440
Security	2,871	2,919
Traveling and motor vehicles expenses	11,258	13,683
Utilities	31,856	29,923
	542,508	601,599

10. PROFIT/(LOSS) BEFORE TAXATION:

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

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Directors' emoluments -				
Fees	6,000	6,000	6,000	6,000
Management remuneration	63,580	63,551	63,580	63,551
Auditors' remuneration				
Current year	3,050	2,724	2,650	2,424
Prior year under/(over) provision	76	71	(24)	91
Depreciation	27,445	38,502	27,445	38,502
Gain on disposal of property, plant and Equipment	(719)	(532)	(719)	(532)
Dividend income	(101,965)	(85,691)	(51,150)	(32,172)
Operating lease rentals	5,473	5,432	5,473	5,432

11. TAXATION:

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

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Current year income tax at 33 1/3%	-	-	-	-
Current year income tax at 1%	2,025	5,333	-	-
Deferred tax credit (Note 21)	(36,263)	(118,688)	(36,263)	(118,688)
Taxation credit	(34,238)	(113,355)	(36,263)	(118,688)

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

	2009	2008
	$'000	$'000
Profit before taxation	211,235	356,146
Tax calculated at a tax rate of 33 1/3%	70,412	118,715
Adjustments for the effects of:-		
Expenses not deductible for tax purposes	2,433	10,695
Income not subject to tax	(17,730)	(43,338)
Income from subsidiary taxed at 1%	(84,637)	(189,333)
Share of profit of associate shown net of tax	(9,976)	(5,072)
Net effect of other charges and allowances	5,260	(5,022)
Taxation credit	(34,238)	(113,355)

(b) Subject to agreement with the Commissioner of Taxpayer Audit and Assessment, the Company has tax losses of approximately $1,004,653,000 (2008 - $650,787,000) available for set-off against future taxable profits.

12. NET PROFIT/(LOSS):

	2009 $'000	2008 $'000
Dealt with in the financial statements of:		
The Company	(36,340)	(132,939)
Subsidiary	281,813	602,440
	245,473	469,501

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.

	2009 $'000	2008 $'000
Net profit attributable to stockholders ($'000)	245,473	469,501
Number of ordinary stock units in issue ('000)	1,201,149	1,201,149
Basic earning per stock unit	$0.20	$0.39
Fully diluted earnings per share	$0.20	$0.39

14. CASH RESOURCES:

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Current accounts - Jamaican dollar	241,486	174,233	241,486	174,156
Current accounts - foreign currencies	188,813	808,769	170,145	482,265
Jamaican dollar deposits	1,246	1,160	1,246	1,160
Cash in hand	1,759	1,574	1,696	1,511
	433,304	985,736	414,573	659,092

14. CASH RESOURCES (CONT'D):

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

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Cash resources	433,304	985,736	414,573	659,092
Bank overdraft	(16,042)	(13,307)	(16,042)	(13,307)
	417,262	972,429	398,531	645,785

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 and Government of Jamaica Debentures with a nominal value J$25,000,000 (2008: US$319,000), to cover its overdraft facility of J$50,000,000. NCB also holds as security Government of Jamaica Debentures with a nominal value of J$25,000,000 or lien over idle cash balances (2008: J$25,000,000) to cover 10% of the uncleared effects limit of J$200,000,000 i.e. J$20,000,000.

15. INVESTMENT SECURITIES:

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Fair value through profit and loss				
Debt securities				
- Government of Jamaica	93,952	3,193,700	93,952	3,193,700
- Foreign government	3,797	9,024	3,797	9,024
- Corporate	9,377	531,637	9,377	531,637
Equities	16,835	27,238	16,835	27,238
	123,961	3,761,599	123,961	3,761,599
Available-for-sale securities				
Debt securities				
- Government of Jamaica	-	5,013,637	-	5,013,637
- Foreign government	-	141,425	-	20,773
- Corporate	-	4,697,789	-	3,914,282
Equity securities	-	945,151	-	384,304
	-	10,798,002	-	9,332,996
Financial instruments at amortized cost				
Debt securities				
- Government of Jamaica	9,682,093	778,433	9,682,093	778,433
- Foreign government	13,433	-	13,433	-
- Corporate	5,330,109	-	5,155,399	-
	15,025,635	778,433	14,850,925	778,433
Equity securities at fair value through other comprehensive income	2,277,062	-	505,589	-
Total	**17,426,658**	**15,338,034**	**15,480,475**	**13,873,028**

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 J$30,000,000 (2008: J$30,000,000) 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 2009 the Company held J$16,045,000 (2008: J$353,953,000) 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:

	2009 $'000	2008 $'000
Gross loans	1,119,065	1,208,826
Specific allowance for impairment	(130,159)	(68,084)
	988,906	1,140,742

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

	2009 $'000	2008 $'000
Balance at beginning of year	68,084	9,802
Impairment loss for the year	62,075	67,480
Impairment allowance written back and recoveries net	-	(9,198)
Balance at end of year	130,159	68,084

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

19. DUE FROM SUBSIDIARY:

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

20. LOANS AND OTHER RECEIVABLES:

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Client receivables	286,444	490,100	286,444	490,100
Client margins	520,310	433,180	520,310	433,180
Withholding tax recoverable	28,799	31,747	28,799	31,747
Advance on corporation tax	82,859	82,859	82,859	82,859
Other receivables	149,508	168,143	146,498	165,902
	1,067,920	1,206,029	1,064,910	1,203,788

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:

	2009	2008
	$'000	$'000
Net asset/(liability) at beginning of year	273,378	(47,806)
Deferred tax credit (Note 11)	36,263	118,688
Deferred tax (charge)/credit on investment securities	(140,869)	202,496
Net asset at end of year	168,772	273,378

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

	2009	2008
	$'000	$'000
Deferred income tax assets:		
Interest payable	105,280	99,886
Investment securities	61,273	202,142
Provisions	1,241	2,191
Tax losses carried forward	334,850	216,907
	502,644	521,126
Deferred income tax liabilities:		
Property, plant and equipment	8,659	11,653
Investment securities	2,447	-
Unrealised foreign exchange gain	171,544	117,450
Interest receivable	151,222	118,645
	333,872	247,748

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

22. PROPERTY, PLANT AND EQUIPMENT:

	Leasehold Improve-ments $'000	Computer Equipment $'000	Office Equipment $'000	Furniture, Fixtures & Fittings $'000	Motor Vehicles $'000	Total $'000
Cost -						
At 1 January 2008	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
Additions	-	24,487	125	-	-	24,612
Disposals	-	-	-	-	(3,178)	(3,178)
At 31 December 2009	77,213	80,202	19,184	37,780	41,200	255,579
Accumulated Depreciation -						
At 1 January 2008	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
Charge for the year	1,544	12,413	3,837	3,778	5,873	27,445
Disposals	-	-	-	-	(2,903)	(2,903)
At 31 December 2009	10,151	52,423	15,188	16,559	38,259	132,580
Net Book Value -						
31 December 2009	67,062	27,779	3,996	21,221	2,941	122,999
31 December 2008	68,606	15,705	7,708	24,999	9,089	126,107

23. INVESTMENT IN ASSOCIATE:

The balance represents the Group's investment in Access Financial Services (notes 1 and 2b).
The balance at year end comprises:-

	2009 $'000	2008 $'000
Balance at beginning of the year	74,323	59,105
Share of profit	29,927	15,218
	104,250	74,323

The market value of 10,705,884 shares (39% shareholding), at $27.51 per share at the year end, was $294,519,000.

The assets, liabilities, revenues and results of associate for the year ended 31 December 2009 are summarised as follows:

	2009 $'000	2008 $'000
Assets	608,481	441,813
Liabilities	(334,686)	(328,907)
Revenues	305,042	217,851
Net Profit	65,999	30,898

24. INVESTMENT IN SUBSIDIARY:

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

25. LOANS:

	2009 $'000	2008 $'000
Deutsche Bank Alex Brown:		
Demand loan	835,471	1,719,250
Term loans	1,501,818	-
	2,337,289	1,719,250

The demand loan attracts interest at 0.73% per annum and the term loans attract interest at a range of 3% to 5.81% per annum. The term loans of $772,521,985 and $729,296,477 are due for repayment in October 2011 and September 2012 respectively. The collaterals for the loans are investment securities which were purchased with the proceeds of the loans received from Deutsche Bank Alex Brown (Note 15).

26. ACCOUNTS PAYABLE:

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Accounts payable	47,920	34,496	47,319	31,954
Client payable	193,498	652,163	193,498	652,163
Corporation tax payable	7,454	5,644	-	-
	248,872	692,303	240,817	684,117

27. SHARE CAPITAL

	2009 $'000	2008 $'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 equity securities. The fair value through other comprehensive income securities are not impaired and the recorded deficit is based on short term fluctuations in market prices.

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 2009 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 $18,596,000 (2008: $10,596,000) 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:

	2009 $'000	2008 $'000
Reflected in the financial statements of:		
The Company	862,480	994,912
Subsidiary	973,230	691,417
	1,835,710	1,686,329

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	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Loans and other receivables:				
Subsidiary	-	-	55,063	190,131
Associate company	2,236	85,246	2,236	85,246
Companies controlled by directors and related by virtue of common directorships	50,637	48,689	50,637	48,689
Directors and key management personnel	29,566	76,862	29,566	76,862
Payables:				
Companies controlled by directors and related by virtue of common directorships	310,927	246,316	310,927	246,316
Directors and key management personnel	89,701	142,590	89,701	142,590
Subsidiary	-	-	28,506	58,466
Associate	72,161	33,767	72,161	33,767
Other operating expenses:				
Companies controlled by directors and related by virtue of common directorships	3,962	4,210	3,962	4,210

32. DIVIDENDS DECLARED:

	Company	
	2009	2008
	$'000	$'000
Final dividends to Ordinary Shareholders	96,092	240,230

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 which assesses the performance of each portfolio on a weekly basis.

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

33. FINANCIAL RISK MANAGEMENT (CONT'D):

Risk Management Framework (cont'd) -

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

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

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

(a) Liquidity risk -

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

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

33. FINANCIAL RISK MANAGEMENT (CONT'D):

(a) Liquidity risk (cont'd) -

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

	2009 $'000	2008 $'000
At 31 December	1.06:1	1.14:1
Average for the period	1.10:1	1.17:1
Maximum for the period	1.14:1	1.38:1
Minimum for the period	1.06:1	1.09:1

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	433,304	-	-	-	-	-	433,304
Investment securities at amortized cost	675,956	1,593,791	3,362,248	5,194,742	4,198,897	-	15,025,634
Investment securities - FOCI[1]	-	-	-	-	-	2,277,061	2,277,061
Investment securities - FVPL[2]	-	-	10,271	17	96,840	16,835	123,963
Reverse repurchase agreements	3,000	13,045	-	-	-	-	16,045
Capital management funds	-	-	33,022	809,662	3,785,700	58,746	4,687,130
Promissory notes	363,701	85,194	77,724	430,986	-	31,301	988,906
Interest receivable	-	454,340	-	-	-	-	454,340
Loans and other receivables	806,754	-	-	-	-	261,166	1,067,920
Other	-	-	-	-	-	404,453	404,453
Total assets	2,282,715	2,146,370	3,483,265	6,435,407	8,081,437	3,049,562	25,478,756
Liabilities							
Bank overdraft	16,042	-	-	-	-	-	16,042
Capital management fund obligations	-	-	33,022	809,662	3,785,700	58,746	4,687,130
Securities sold under repurchase agreements	7,596,314	4,931,720	1,823,868	28,845	80,407	-	14,461,154
Interest payable	-	315,873	-	-	-	-	315,873
Loans	-	835,471	-	1,501,818	-	-	2,337,289
Redeemable preference shares	-	-	501,343	-	-	-	501,343
Other	248,872	-	-	-	-	-	248,872
Total liabilities	7,861,228	6,083,064	2,358,233	2,340,325	3,866,107	58,746	22,567,703
Net Liquidity Gap	(5,578,513)	(3,936,694)	1,125,032	4,095,082	4,215,330	2,990,816	2,911,053
Cumulative Liquidity Gap	(5,578,513)	(9,515,207)	(8,390,175)	(4,295,093)	(79,763)	2,911,053	
As at 31 December 2008:							
Total Assets	2,956,141	2,992,642	1,865,920	6,851,951	7,853,231	1,520,881	24,040,766
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	

1. Fair value through other comprehensive income - FOCI
2. Fair value through Profit and Loss - FVPL

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	414,573	-	-	-	-	-	414,573
Investment securities at amortized cost	675,956	1,593,791	3,187,537	5,194,742	4,198,897	-	14,850,923
Investment securities - FOCI[1]	-	-	-	-	-	505,589	505,589
Investment securities - FVPL[2]	-	-	10,271	17	96,840	16,835	123,963
Reverse repurchase agreements	3,000	13,045	-	-	-	-	16,045
Capital management funds	-	-	33,022	809,662	3,785,700	58,746	4,687,130
Promissory notes	363,701	85,194	77,724	430,986	-	31,301	988,906
Interest receivable	-	453,713	-	-	-	-	453,713
Investment in subsidiary	-	-	-	-	-	1,468,027	1,468,027
Loans and other receivables	806,754	-	-	-	-	470,085	1,276,839
Other						122,999	122,999
Total assets	2,263,984	2,145,743	3,308,554	6,435,407	8,081,437	2,673,582	24,908,707
Liabilities							
Bank overdraft	16,042	-	-	-	-	-	16,042
Capital management fund obligations	-	-	33,022	809,662	3,785,700	58,746	4,687,130
Securities sold under repurchase agreements	7,604,481	4,931,720	1,823,868	28,845	80,407	-	14,469,321
Interest payable	-	315,873	-	-	-	-	315,873
Loans	-	835,471	-	1,501,818	-	-	2,337,289
Redeemable preference shares	-	-	501,343	-	-	-	501,343
Other	240,817	-	-	-	-	-	240,817
Total liabilities	7,861,340	6,083,064	2,358,233	2,340,325	3,866,107	58,746	22,567,815
Net Liquidity Gap	(5,597,356)	(3,937,321)	950,321	4,095,082	4,215,330	2,614,836	2,340,892
Cumulative Liquidity Gap	(5,597,356)	(9,534,677)	(8,584,356)	(4,489,274)	(273,944)	2,340,892	
As at 31 December 2008:							
Total Assets	2,627,256	2,983,356	1,865,920	6,731,299	7,069,724	2,502,009	23,779,564
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	

1. Fair value through other comprehensive income - FOCI
2. Fair value through Profit and Loss - FVPL

33. FINANCIAL RISK MANAGEMENT (CONT'D):

(b) Market risk -

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

Management of market risks

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

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

Exposure to market risks

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

33. FINANCIAL RISK MANAGEMENT (CONT'D):

Exposure to market risks (cont'd) -

(b) Market risk (cont'd) -

A summary of the VaR position of the Group's portfolios at 31 December 2009 and during the period is as follows:

	2009			
	31 December	Average	Maximum	Minimum
	$'000	$'000	$'000	$'000
Foreign Currency Risk	395	960	2,949	349
Interest Rate Risk				
Domestic securities - amortized cost	35,821	33,634	91,852	8,950
Domestic securities - trading	1,247	4,631	11,297	1,247
Global securities - amortized cost	334,409	226,742	352,123	127,561
Global securities - trading	8,984	6,134	9,580	3,409
Other Price Risk (Equities)				
Domestic securities - amortized cost	9,621	11,656	22,379	4,187
Domestic securities - trading	630	835	1,511	482

33. FINANCIAL RISK MANAGEMENT (CONT'D):

Exposure to market risks (cont'd) -

(b) Market risk (cont'd) -

	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

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

33. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Interest rate risk -

	Group						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets							
Cash resources	433,304	-	-	-	-	-	433,304
Investment securities at amortized cost	1,664,304	3,472,634	4,310,190	2,301,181	3,277,325	-	15,025,634
Investment securities - FOCI[1]	-	-	-	-	-	2,277,061	2,277,061
Investment securities - FVPL[2]	-	-	10,271	17	96,840	16,835	123,963
Reverse repurchase agreements	3,000	13,045	-	-	-	-	16,045
Capital management funds	-	-	33,022	809,662	3,785,700	58,746	4,687,130
Promissory notes	363,701	85,194	77,724	430,986	-	31,301	988,906
Interest receivable	-	454,340	-	-	-	-	454,340
Loans and other receivables	806,754	-	-	-	-	438,370	1,245,124
Other	-	-	-	-	-	227,249	227,249
Total assets	3,271,063	4,025,213	4,431,207	3,541,846	7,159,865	3,049,562	25,478,756
Liabilities							
Bank overdraft	16,042	-	-	-	-	-	16,042
Capital management fund obligations	-	-	33,022	809,662	3,785,700	58,746	4,687,130
Securities sold under repurchase agreements	7,596,314	4,931,720	1,823,868	28,845	80,407	-	14,461,154
Interest payable	-	315,873	-	-	-	-	315,873
Loans	-	835,471	-	1,501,818	-	-	2,337,289
Redeemable preference shares	-	-	501,343	-	-	-	501,343
Other	248,872	-	-	-	-	-	248,872
Total liabilities	7,861,228	6,083,064	2,358,233	2,340,325	3,866,107	58,746	22,567,703
Total interest rate sensitivity gap	(4,590,165)	(2,057,851)	(2,072,974)	1,201,521	3,293,758	2,990,816	2,911,053
Cumulative interest rate sensitivity gap	(4,590,165)	(6,648,016)	(4,575,042)	(3,373,521)	(79,763)	2,911,053	
As at 31 December 2008:							
Total Assets	4,184,526	5,864,728	1,924,581	4,091,058	6,454,992	1,520,881	24,040,766
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	

1. Fair value through other comprehensive income - FOCI
2. Fair value through Profit and Loss - FVPL

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	414,573	-	-	-	-	-	414,573
Investment securities at amortized cost	1,664,304	3,472,634	4,135,481	2,301,181	3,277,323	-	14,850,923
Investment securities - FOCI[1]	-	-	-	-	-	505,589	505,589
Investment securities - FVPL[2]	-	-	10,271	17	96,840	16,835	123,963
Reverse repurchase agreements	3,000	13,045	-	-	-	-	16,045
Capital management funds	-	-	33,022	809,662	3,785,700	58,746	4,687,130
Promissory notes	363,701	85,194	77,724	430,986	-	31,301	988,906
Interest receivable	-	453,713	-	-	-	-	453,713
Investment in subsidiary	-	-	-	-	-	1,468,027	1,468,027
Loans and other receivables	806,754	-	-	-	-	470,085	1,276,839
Other	-	-	-	-	-	122,999	122,999
Total assets	3,252,332	4,024,586	4,256,498	3,541,846	7,159,863	2,673,582	24,908,707
Liabilities							
Bank overdraft	16,042	-	-	-	-	-	16,042
Capital management fund Obligations	-	-	33,022	809,662	3,785,700	58,746	4,687,130
Securities sold under repurchase agreements	7,604,481	4,931,720	1,823,868	28,845	80,407	-	14,469,321
Interest payable	-	315,873	-	-	-	-	315,873
Loans	-	835,471	-	1,501,818	-	-	2,337,289
Redeemable preference shares	-	-	501,343	-	-	-	501,343
Other	240,817	-	-	-	-	-	240,817
Total liabilities	7,861,340	6,083,064	2,358,233	2,340,325	3,866,107	58,746	22,567,815
Total interest rate sensitivity gap	(4,609,008)	(2,058,478)	1,898,265	1,201,521	3,293,756	2,614,836	2,340,892
Cumulative interest sensitivity gap	(4,609,008)	(6,667,486)	(4,769,221)	(3,567,700)	(273,944)	2,340,892	
As at 31 December 2008:							
Total assets	3,855,641	5,855,442	1,924,581	3,970,406	5,671,485	2,502,009	23,779,564
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	

1. Fair value through other comprehensive income - FOCI
2. Fair value through Profit and Loss - FVPL

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	18.60	9.03	9.04
Reverse repurchase agreements	12.95	-	-
Promissory notes	21.70	10.56	-
Loans and other receivables	22.00	-	-
Liabilities			
Securities sold under repurchase agreements	14.69	5.90	-
Loans	-	5.81	-

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 400 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 and statement of income (fair value through profit and loss account instruments), assuming no asymmetrical movement in the zero coupon yield curves, is as follows:

	2009					
	Daily Return	600 bp parallel increase	600 bp parallel decrease	Daily return (Globals)	400 bp parallel increase	400 bp parallel decrease
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
At 31 December 2009						
Equity	5,354	(95,546)	78,445	(1,546)	(378,706)	239,396
Statement of Income	450	(6,605)	6,287	(938)	(25,304)	17,699

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

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:

	2009			
	GBP	US$	CAN$	EURO
	'000	$'000	$'000	'000
Assets				
Cash resources	83	1,832	91	1,088
Investment securities	-	92,903	-	110
Promissory notes	10	9,321	-	-
Interest receivable	-	874	-	5
Loans and other receivables	11	1,746	-	6
Total	104	106,676	91	1,209
Liabilities				
Bank overdraft	-	3	-	-
Securities sold under repurchase agreements	50	72,734	-	-
Loans and other payables	11	28,702	-	88
Interest payable	-	1,093	-	-
Total	61	102,532	-	88
Net position	43	4,144	91	1,121
As at 31 December 2008				
Total Assets	550	100,131	151	2,427
Total Liabilities	180	91,501	872	-
Net Position	370	8,630	(721)	2,427

33. FINANCIAL RISK MANAGEMENT (CONT'D):

(e) Credit risk -

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

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

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

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

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

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

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

33. FINANCIAL RISK MANAGEMENT (CONT'D):

(e) Credit risk (cont'd) -

- Developing and maintaining the Group's risk 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 by the Board of Directors. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios.

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

33. FINANCIAL RISK MANAGEMENT (CONT'D):

(e) Credit risk (cont'd) -

	Promissory Notes		Loans and Other Receivables	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Carrying amount	988,906	1,140,742	1,067,920	1,206,029
Past due but not impaired				
Grade 1-3 - Low - fair risk	113,816	65,605	1,067,920	1,206,029
Grade 4 – Medium risk	212,803	118,225	-	-
Grade 5 – Medium - high risk	218,086	232,206	-	-
Carrying amount	544,705	416,036	1,067,920	1,206,029
Past due comprises:				
30 – 60 days	115,830	42,009	1,039,121	1,174,282
60 – 90 days	-	29,865	-	-
90 – 180 days	4,398	34,314	-	-
180 days +	424,477	309,848	28,799	31,747
Carrying amount	544,705	416,036	1,067,920	1,206,029
Neither past due nor impaired				
Grade 1-3 - Low - fair risk	1,756	154,342	-	-
Grade 4 – Medium – high risk	11,918	415,273	-	-
Carrying amount	13,674	569,615	-	-
Includes accounts with renegotiated terms	430,527	155,091	-	-
Total carrying amount	988,906	1,140,742	1,067,920	1,206,029

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	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Against past due but not impaired				
Property	460,886	447,305	-	-
Debt securities	23,467	17,031	-	-
Equities	93,388	21,048	1,491,414	981,793
Other	133,688	162,827	-	-
Against neither past due nor impaired				
Property	175,100	352,934	-	-
Debt securities	1,497	86,616	-	-
Equities	96	81,681	-	-
Other	3,374	104,759	-	-
Total	891,496	1,274,201	1,491,414	981,793

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	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Carrying amount	988,906	1,140,742	1,067,920	1,206,029
Concentration by sector				
Corporate	582,315	819,134	-	-
Construction	193,627	48,124	-	-
Retail	212,964	273,484	1,067,920	1,206,029
Total	988,906	1,140,742	1,067,920	1,206,029

(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 46% (2008: 43%).

33. FINANCIAL RISK MANAGEMENT (CONT'D):

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

	2009 $'000	2008 $'000
Tier 1 Capital		
Ordinary share capital	1,582,381	1,582,381
Retained earnings	862,480	994,912
	2,444,861	2,577,293
Less: IAS 39 fair value reserve (negative balances only)	122,565	404,345
Total Tier 1 Capital	2,322,296	2,172,948
Tier 2 Capital	-	-
Total Regulatory Capital	2,322,296	2,172,948
Risk Weighted Assets	5,090,267	5,001,345
Capital Ratio to Risk Weighted Assets Ratio	46%	43%

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

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

Capital Allocation

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

34. FAIR VALUES OF FINANCIAL INSTRUMENTS:

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

As at 31 December 2009, the fair value of the financial instruments valued at amortized cost is detailed below:

	Group $'000		Company $'000	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Fair value of financial instruments at amortized cost	15,025,635	14,387,165	14,850,925	14,237,607

35. PENSION SCHEME:

The Company operates a defined contribution pension scheme for employees who have satisfied certain minimum service requirements. The scheme is funded by equal contributions of employer and employees of 5% of pensionable salaries and an option for employees to contribute an additional 5%. The Company's contribution for the year amounted to $7,067,000 (2008: $9,048,000).

36. FUNDS UNDER DISCRETIONARY MANAGEMENT:

The Company provides custody, investment management and advisory services for both institutions and individuals which involve the Company making allocation and purchases and sales decisions in relation to quoted shares and government financial instruments. Those assets that are held in a fiduciary capacity are not included in these financial statements. At the balance sheet date, the Company had financial assets under management of approximately $274,206,000 (2008: $227,209,000).

37. SUBSEQUENT EVENT:

Subsequent to year end, the Government of Jamaica (GOJ) announced its Debt Exchange Programme (JDX), wherein an exchange of approximately $700 billion local fixed rate, variable rate and USD denominated bonds would be exchanged for new bonds with extended maturities and reduced interest rates. The objective of the programme was to secure a stand-by credit agreement with the International Monetary Fund (IMF) and will result in a reduction in the Government's debt service costs as well as extend the maturities.

The Company participated in the JDX and submitted $4.99B in securities for exchange. The participation in the JDX has no material impact on the company's capital.

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, 18 August 2010 at 4:00 p.m. and at any adjournment thereof.

	FOR	AGAINST
Resolution 1 To receive and reports and audited accounts		
Resolution 2 To re-elect Mr. Christopher Berry a Director		
Resolution 3 To re-elect Mr. Gary Peart a Director		
Resolution 4 To re-elect Mrs. Sharon Harvey-Wilson 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 dividend for the year		

Date this……..day of …….2010

……..
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.