focus on growth

ANNUAL REPORT

2011

MAYBERRY
INVESTMENTS LIMITED

Established 1985

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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.

Seven Year Performance Highlights

As at December 2011

	2005 $'000	2006 $'000	
Operating Revenue	487,024	682,410	
Net Interest Income	453,143	362,542	
Net Other Income	33,881	319,868	
Operating Expenses	464,745	407,530	
Profit before Taxation	22,279	279,669	
Net Profit	88,131	261,203	
Balance Sheet			
Total Assets	17,356,430	21,851,207	
Total Liabilities	14,776,966	19,097,884	
Stockholders' Equity	2,579,464	2,753,323	
Number of issued shares (units '000)	1,201,149	1,201,149	
KEY FINANCIAL RATIOS			
Earnings per stock unit	$0.07	$0.22	
Book Value Per Share ($)	2.15	2.29	
Return on Equity (%)	3%	9%	
Return on Assets (%)	1%	1%	
Net Profit Growth (%)	-77%	196%	

	2007 $'000	2008 $'000	2009 $'000	2010 $'000	2011 $'000
	991,822	942,527	723,816	675,562	978,397
	301,701	352,907	258,216	316,670	474,171
	690,121	589,620	465,600	358,892	504,226
	518,201	601,599	542,508	556,683	694,362
	489,577	356,146	211,235	176,257	347,242
	372,619	469,501	245,473	174,530	282,122
	23,895,425	24,040,766	25,478,756	20,469,484	24,204,564
	20,530,304	21,587,599	22,567,703	17,398,922	20,501,901
	3,365,121	2,453,167	2,911,053	3,070,562	3,702,663
	1,201,149	1,201,149	1,201,149	1,201,149	1,201,149
	$0.31	$0.39	$0.20	$0.15	$0.23
	2.80	2.04	2.42	2.56	3.08
	11%	19%	8%	6%	8%
	2%	2%	1%	1%	1%
	43%	26%	-48%	-29%	62%

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of MAYBERRY INVESTMENTS LIMITED will be held at the Knutsford Court Hotel, 11 Ruthven Road, Kingston 10 on Wednesday, 20 June 2012 at 4:00 p.m. for the following purposes:

1. **To receive the audited accounts for the year ended 31 December 2011.**

   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 2011, 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. Sushil Jain, 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. Sushil Jain, 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."

Resolution 7

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

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

"That the interim dividend of $0.09 per ordinary stock unit declared by the Board of Directors of the Company on 29 February 2012, which was paid to ordinary stockholders of the Company on 26 March 2012 be approved and declared as a final dividend for the year ended 31 December 2011."

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.

Board of Directors

1 **Christopher Berry**
B.Sc. (Hons.)
Executive Chairman

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

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

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

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

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

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

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

Board of Directors (Cont'd)

Christopher Berry

B.Sc. (Hons.)
Executive Chairman

Mr. Christopher Berry has been the Executive Chairman of Mayberry Investments Limited since 1993. A former Deputy Chairman of the Jamaica Stock Exchange, he sits on several boards, including the Jamaica Central Securities Depository, Access Financial Services Limited, Apex Health Care Associates Limited, Apex Pharmacy Limited, Air Jamaica Limited, Rose Town Foundation for The Built Environment and St. Edmund trust.

He has over twenty years experience in the securities industry, having joined Mayberry Investments Limited in 1987 when he was responsible for corporate planning and information technology.

He subsequently led the company's listing on the Jamaica Stock Exchange in 2005. Mr. Berry has a Bachelor of Industrial Engineering (Hons.) from the Georgia Institute of Technology, Atlanta, Georgia.

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.

Mr. Berry 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. Peart joined Mayberry Investments Ltd. in May 2005 as its Chief Executive Officer. Mr. Peart has over twenty years of corporate financial experience. Mr. Peart was first appointed to the Board of Directors in April 2006.

Mr. Peart currently serves as President of the Jamaica Securities Dealer Association and Chairman of the Jamaica Bauxite Institute. He is a director of Access Financial Services Limited, Lasco Financial Services Limited and Port Authority of Jamaica.

He is a member of the Assets and Liabilities Committee, Project Steering Committee and Managing Committee. He has a B.Sc. in Economics from the University of the West Indies (Hons.) and an MBA from Florida International University.

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.

Sharon Harvey-Wilson

FCA, FCCA, M.B.A. ,
Executive Director – Finance, Administration and Compliance

Mrs. Harvey-Wilson joined the Mayberry team in January 2005 after 12 ½ years at PricewaterhouseCoopers where she served as Audit Manager for large clients in the financial sector. She was first appointed to the Board of Directors in April 2006.

Mrs. Harvey-Wilson is a member of the Board of Management for Wolmer's Trust High Schools, her alumni, where she imparts her expertise in Accounting and Management. Mrs. Harvey-Wilson is a fellow of the Association of Chartered Accountants and the Institute of Chartered accountants of Jamaica. She also holds an MBA (merit) from the Manchester Business School and a Diploma in Business Administration from CAST (now University of Technology) in Jamaica.

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

Sushil Jain

B.Com, B.L, FCA, FCCA, FCMA, FCIS, FICWA, FCS, CGMA.
Non-Executive Director

Mr. Sushil Jain joined the Board of Directors of Mayberry Investments Limited on September 1, 2006. Mr. Jain carries a wealth of experience within the Administrative and Accounting field. Mr. Jain currently serves as a director of Honey Bun (1982) Limited. Mr. Jain has also served companies such as Seprod Ltd., Petroleum Corporation of Jamaica (PCJ), Bahamas Electricity Corporation and PricewaterhouseCoopers.

Mr. Jain has published numerous articles on the subject of Management Interest in journals in the Caribbean, UK and India. He has served in providing lectures and seminars to a number of organizations both in the financial industry and otherwise.

He is the Chairman of the Assets and Liabilities Committee and is a member of the Audit Committee.

Dr. 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. Dr. McBean has over 20 years work experience in the IT, Media & Telecommunication sector where he has held various senior management positions. Most recently he was the former Managing Director, Products & Services LIME Caribbean, and prior to that he was the Chief Executive Officer of the CVM Communications Group. Currently he is an Independent Management & Technology Consultant for various clients.

He was awarded a Jamaica Rhodes Scholarship in 1988. He obtained a B.Sc. in Electrical Engineering from the University of the West Indies in 1986 and a D.Phil in Micro Electronics from the University of Oxford, U.K.

Dr. McBean chairs the Company's Information Technology Steering Committee and is also a member of the Audit Committee.

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.

Directors' Report

The Directors take pleasure in submitting their Annual Report for Mayberry Investments Limited for the year ended 31 December 2011.

The Statement of Income shows pre-tax profits for the year of $347.2 million, taxation charge of $65.1 million and net profit of $282.1 million.

DIRECTORS

The Directors as at 31 December 2011 are Messrs. Christopher Berry, Konrad Berry, Gary Peart, Erwin Angus, Benito Palomino, Sushil Jain, Dr. David McBean and Mrs. Sharon Harvey-Wilson.

The Directors to retire by rotation in accordance with Article 91 of the Articles of Association are Messrs. Sushil Jain, 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.

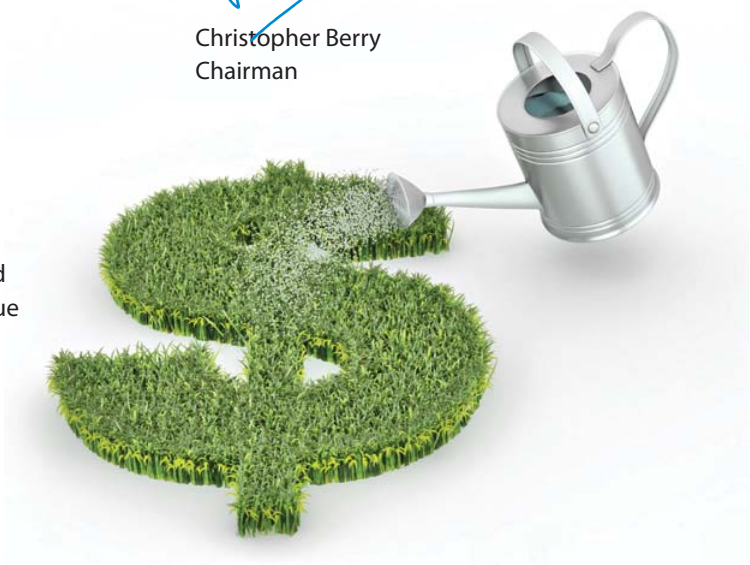
DIVIDEND

The dividend of $0.09 per share paid on 26 March 2012 is proposed to be the final dividend in respect of the financial year ended 31 December 2011.

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



Corporate Governance

The Board of Directors of Mayberry Investments Limited (MIL) 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. At Mayberry Investments Ltd. the operating policies and procedures are reviewed by the Board of Directors, in addition to periodic meetings by our Board sub-committees as outlined below.

Our Board Sub-committees are as follows:

- Credit Committee
- Asset and Liabilities Committee
- Conduct 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
- Ensuring responsibility, accountability and clear authority with an effective management team
- Safeguarding the financial health of all stakeholders

As at December 31, 2011, the Board consists of eight (8) members, three (3) of whom are independent Non-Executive Directors, who help to ensure that values, integrity and public trust continue to be pivots of Mayberry Investments Ltd.

Audit Committee and Internal Auditor

During this financial year the audit committee met three (3) times and its focus was mainly on our information technology systems risks and operational and fraud risks and controls. The members of the audit committee are Messrs. Benito Palomino, Sushil Jain, Erwin Angus, Konrad Berry and Dr. David McBean. 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 policies and procedures.

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.

Business Conduct and Ethical Practice

The Board of Directors, Management and Staff of MIL are committed to adherence of the company's operational policies, regarding conduct and ethical practices which are parallel with the Standard of Best Practice for effective Corporate Governance and are dedicated to comply with these guidelines as outlined by the financial sector regulatory bodies, the BOJ, FSC and JSE.

Chairman's Report

The Company and its Performance

In this our 26th year of operation, our company had a great year with company profits increasing by 62% and shareholders' equity increasing by 21%. 2011 was the first full year of low interest rates that we have seen in 20 years in Jamaica. The positive effect of the low interest rates on our economy was much less than what Mayberry expected. Corporate profits on the Jamaica Stock Exchange (JSE) were up by 132% in 2011 and the Jamaica Stock Exchange market index grew by 11.82% while the Junior Exchange index grew by 97.12%.

This year we had improvements in our net interest income, trading profits and dividends which all increased. Fees and commissions declined and there was a significant reduction in foreign exchange losses by $212 million.

Our managed portfolio of stocks returned 40% last year and our pension fund showed a return of 30.25%.

We generated funding in excess of US$40 million for our investment banking clients last year. Our fees in this area are primarily success based, a formula which is appreciated by our clients. This practice is growing and we have had to appoint Tania Waldron-Gooden as Vice President to oversee this business on a full time basis.

Access grew its portfolio of loans to the MICRO loan sector and launched a new unsecured loan product for small business. This product is doing very well and growth of this portfolio has improved dramatically. Access also launched its payroll product to Government of Jamaica (GOJ) employees for the first time in 2011.

Overall, I would say that we are very bullish for 2012.

Looking Forward

The GOJ fiscal position remains challenging but we believe that the economy will improve in 2012 as long as there are no significant new taxes.

Returns on GOJ fixed income are unattractive on a risk adjusted basis for both Jamaican dollars and US dollars and the GOJ has insisted on a 100% risk weighting on its own securities that are denominated in foreign currency.

We see this as a mistake as it signals that the GOJ has doubts about its own ability to repay its foreign exchange debts and encourage Jamaicans to seek out "higher" quality securities which are not penalized with this risk weighting. This will in turn drive up the cost of financing the GOJ debt. We have to believe in Jamaica, if we do not, no one else will. We are hoping that this policy will be reviewed and changed this year.

Looking forward we expect corporate earnings to improve in 2012 and we expect JSE performance in 2012 to exceed that achieved in 2011. North America is also on the mend and the US markets have already delivered spectacular results for the first quarter 2012.

We wish to thank all of our employees, associates, friends and clients for their continued support and we look forward to our 27th year, the year of the dragon.

Christopher Berry
Chairman

Chief Executive Officer's Statement

"Today, Mayberry Investments is one of Jamaica's leading investment houses on almost any measure. We have emerged very safely from the last four years of economic uncertainty with a set of capabilities that distinguishes us from our peers and as a much stronger company for the longer term."

It is my pleasure to report on our performance over the past 12 months. I am particularly pleased with the continued progress we are making on our strategic agenda, delivering tangible benefits for our customers, our shareholders, our people and our community. This supported a very sound financial performance in 2011, with net profit up 62% and net revenues rising 45%.

Whilst it is still too early to declare victory over the economic crisis, 2010 was certainly a turnaround year and Mayberry Investments has emerged stronger and more profitable than ever before. Better risk management, more effective deployment of financial resources and tighter control over costs provided a firm foundation for growth across all our business lines resulting in a record performance and a strong start to 2012.

Performance in 2011

As we make progress, our strategic agenda has seen us deepen relationships with our customers right across the island, despite the subdued economic conditions. We have also continued to invest in technology in our multi-brand model, including the exciting launch of our US dollar managed portfolio – Mayberry Platinum Managed Portfolio.

Other significant achievements during the year have included:

- The strengthening of our balance sheet, with higher capital levels and a $2.02 billion increase in funds under management for the year;
- Implementing the first phase of our high performance program, which has enabled us to continue investing, while helping to moderate overall cost growth;
- Reaching the halfway point of our Strategic Investment Priorities program, with benefits delivered to date making our business more efficient and enhancing customer experience; and
- Being recognised by the Jamaica Stock Exchange as the 2011 Member Dealer Overall Winner and Member Dealer's Award for Expansion of Investors and Listed Companies Base.

Our Financial Performance

- We have remained resolute in our commitment to investors' education though our monthly investor forums which have consistently improved over the 13 consecutive years of execution.
- We have also added to our clients' convenience in accessing their account information through online account activation. Aided by our winning research team, we have actively and consistently presented investment opportunities, enabling our clients to achieve their investment objectives. Further, we continue to expand our presence outside of Kingston with a Mobile Sales team so as to cater to the needs of our clients.
- Our financial advisory, research and special products team benefited from our Junior Market initiative to deliver a strong performance. This performance was supported by good growth in lending and fee income, and disciplined cost management.
- Our structured finance service enjoyed robust activity in the corporate paper market, launching two major funding efforts valued at over $2 billion.
- Additionally, the team managed the US dollar denominated Mayberry Platinum and Jamaican dollar denominated Mayberry Gold Managed Portfolios exceptionally well in an environment of low interest rates. Mayberry clients earned an average return of 4.3% p.a.

on their Mayberry Platinum Portfolio and on the Mayberry Gold Portfolio.

- The Markets & Trading team delivered on several key initiatives for the year under review. These included growth of our foreign exchange trading book to place Mayberry within the top ten dealers in that market. Further, trading gains grew during the year, a good overall improvement over our performance in 2010.

Service

The heart of our service is our knowledgeable staff delivering professional services. Training and Development is the framework for helping employees to develop their personal and organizational skills, knowledge, and abilities. The focus of Mayberry has been on developing a superior workforce so that the organization and individual employees can accomplish their work goals in service to customers. There is no doubt that a well-trained and developed staff is a valuable asset to the company, to facilitate this objective, the Company organized both Internal and External training programs. The training has enabled our staff to handle any job responsibility without hesitation. During the year we delivered training in financial advisory, risk management, communication skills, customer service, human relations and work ethics. The training has helped to improve interpersonal relationships and customer satisfaction.

Strategic Progress

Today, Mayberry Investments is one of Jamaica's leading investment houses on almost any measure. We have emerged very safely from the last four years of economic uncertainty with a set of capabilities that distinguishes us from our peers and as a much stronger company for the longer term.

The next phase in our strategic journey will build on today's momentum in our core business franchises to deliver enhanced returns for our shareholders. We will do this by leveraging the substantial investments already made in our businesses and continuing with our targeted investment plan.

Thank you

I would like to pass on my sincere thanks to the people who make up the Mayberry Investments team. Our sound performance during the year is a testament to both their hard work and their adherence to our company's values – transforming lives positively through lasting relationships.

Gary Peart
Chief Executive Officer

Our Management Team

Seated: Tamara Whyte, Tania Waldron-Gooden, Kayree Berry-Teape, Erica Crawford-Bryan
Back: Dino Hinds, Dennise Williams, Wade Mars, Bob Russell, Tania McDonald-Tomlinson, Paul Buchanan

Our Management Team

Seated: Andrea Ho-Sang, Dwayne Morris, Willett Wilson
Back: Ian Laidlaw, Ann-Marie Zhu, Julia Yap, Alana Romans

Our Family of Employees

Accounts

Seated: Elizabeth Taylor, Delva Gayle
Front: Shirnette Mason
Back: Willett Wilson, Alicia Walker, Aneka Lee-Graham, Samoya White, Roger Salmon, Rickie Williams, Cordell Bennett-Pike, Paul Reid, Racquel Brown

Administration

Seated: Nicolette Bennett, Camille Chambers
Front: Michelle Graham, Tamara Clough
Back: Michelle Chung, Debborah Dowding, Authurine Wallace, Kemar Rose, Nadine Cunningham-Murray, Naciena Kayiga, Kimberly Hitchins

Sales

Seated: Karen Hall, Erica Crawford-Bryan, Tamara Whyte
Front: Dahlia Reid, Paul Buchanan, Zahra McGraham, Okelia Parredon, Shelaine Jackson, Anna-Leah Reid, Shynelle Anderson
Back: Jason Ricketts, Donovan Houston, Paul Penn, Ian Laidlaw, Winston Wong, Dwayne Neil, Mary Meiklejohn and Philbert Perry

IT, Research & Compliance

L-R: Seated – Marie Gray, Nekiesha Harvey, Arlon Morrison, Marshalee Harrison, Luke Fong, Kevon Green, Shadaya Small, Nicholas Coote, Sharon Hetridge, Richard Dean, Conray Forrester

Operations & Securities

Seated: Noel Francis, Michelle Sarju
Back: Andrew Johnson, Tishema Graham, Rosemarie Robinson, Dwayne Morrison, Garcia Hamilton, Venise Thompson, Oneil Roberts

Structured Finance & Trading

Seated: Sherika Trott, Joedian Haughton
Front: Nalini Banhan, Kethon Fearon
Back: Dino Hinds, Jimmy McFarlane, Shevato Young-Chin, Bob Russell

Auxiliary Unit

Front: Sandra Lake, John Douse
Back: Jahmarah Johnson, Dwaine McLeod, Richard James, Dean Whittingham

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

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, CGMA.

Managers

Bob Russell, FRM, M.B.A., B.Sc.
Assistant Vice President Structured Finance & Mutual Funds

Erica Crawford-Bryan
Vice President Sales and Clients Relationship
Dip. (Computer Studies), Dip. (Business Administration)

Paul Buchanan, B.B.A., Dip. (Finance)
Assistant Vice President Sales and Clients Relationship

Ian Laidlaw, B.Sc. (Hons.)
Sales Manager

Tania Waldron Gooden, B.Sc. (Hons), Post. Dip. M.B.A.
Vice President Research & Special Projects

Alana Romans, B.Sc. (Hons.)
Manager – Research & Special Projects

Dino Hinds
Vice President Markets & Trading

Wade Mars, B.Sc.
Manager – Equity Trading & Asset Management

Tamara Whyte, B.Sc., A.Sc., Dip. (Computer Studies & Management),
Client Relationship Manager

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

David Thomas, B.Sc.
Information Technology Manager

Andrea Ho-Sang, B.B.A. (Hons.), Dip.,
Vice President Operations & Securities

Dwayne Morris, Dip. (Hons.), Cert.
Operations Manager

Willett Wilson, ACA, FCCA, M.B.A
Financial Controller

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

Julia Yap, M.B.A., BSc.
Facilities Manager

Kayree Berry-Teape,
M.B.A. (Distinction), B.Sc. (Hons),
B.A. (Hons), Dip
Chief Executive Officer –
Mayberry Foundation

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
Rattray, Patterson, Rattray

Bankers
Bank of Jamaica
Citigroup
National Commercial Bank
First Caribbean International Bank

Investment Banks
Deutsche Bank Alex. Brown
Morgan Keegan
Oppenhiemer
RBC Dominion Securities
Standard Bank

Management's Discussion and Analysis of Financial and Operating Performance

for the Year Ended 31 December 2011

Core Activities

Mayberry Investments Limited, a leading full service financial company for over 25 years which offers a full range of investment products and services in the capital market. Mayberry's activities include corporate advisory services such as raising capital and strategy for restructuring businesses, brokerage services, pension fund management and administration services, portfolio management and investment services as well as cambio and research services.

Strategic Outlook

In 2011, we launched our new product, ***Mayberry Platinum***, which is an actively managed fixed income product denominated in United States Dollars (USD). This product will allow our clients to benefit from better returns as well as to own their USD fixed income securities outright and access professional expertise. This product adds to our suite of managed portfolios which comprise Mayberry Managed Equity Portfolio, Mayberry Gold Portfolio, Mayberry Individual Retirement Portfolio and now Mayberry Platinum Portfolio.

We are committed to continue our work in assisting companies to be listed on the Junior Stock Exchange as we believe that small and medium sized enterprises (SMEs) contribute vastly to the economic growth and development of Jamaica. This creates a mutually rewarding scenario wherein investors will earn favorable returns from these SMEs as well as contribution to our country's growth and development. We are very proud of our work in this area which is strongly aligned with our strategic vision.

We will continue to improve our operational efficiency and performance output throughout 2012. We have reduced turnaround time for our clients' transactions in an effort to improve customer service delivery. We will continue to focus on our staff growth and development which will support our efforts in achieving this goal.

Growth Strategy

For 2012 we will focus on:

- **Revenues.** Achieving profitability through diversification of our product offerings.
- **Customer service.** Ensuring excellent service delivery to clients. In addition we will focus on increasing our funds under management and improving our services and turnaround time for customer transactions.

- **Operational efficiency.** We will seek to improve our operational efficiency through cost containment measures to remain competitive in the changing environment.
- **Excellence and Accountability.** Our objective is to continue to attract, recruit and retain the best talent and aligning their objectives with that of the company. We will continue with our reward and recognition initiatives for employees and also improving our work environment thus making Mayberry Investments an employer of first choice.
- **Corporate Social Responsibility.** Supporting our communities by providing funding to health, education and sports development through our Foundation.

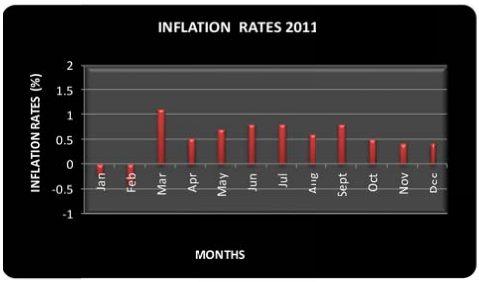
The domestic economy is not immune to the gloominess in global markets and even though some macro-economic indicators showed positive trends, the fragility is still reflected in other areas. It is clear that the Jamaican economy is still way off from sustained economic growth. It should be noted that high unemployment rate, uncertainty over the renegotiation of the IMF Stand-by Agreement (SBA), rising international commodity prices and the concerns over some European economies as well as geo-political risks will continue to pose a challenge for the domestic market going forward.

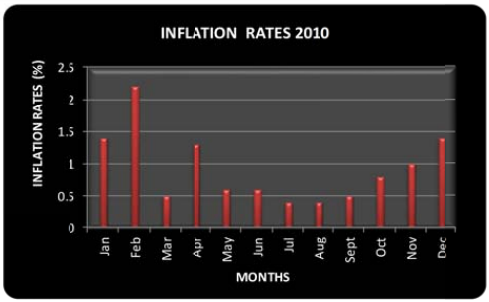
Economic Overview

The International Monetary Fund's (IMF's) World Economic Outlook September 2011 indicates that, because of the continued fiscal austerity of countries, global growth will be moderate to about 4% through 2012, from over 5% in 2011.

Inflation

Amidst fear and speculation that increases in oil prices and other commodities would have eroded gains made in inflation for the year 2011, for the most part inflation was contained and remained relatively low. For the calendar year 2011 inflation was 6.0% compared to 11.7% for the corresponding period 2010, the lowest in five years when it was 5.7% in 2006.



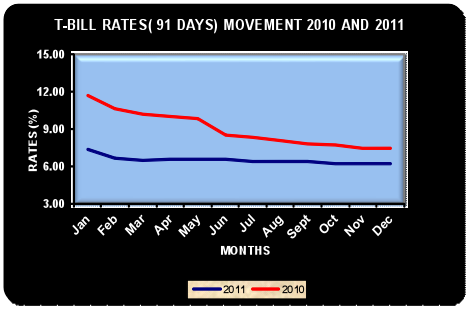


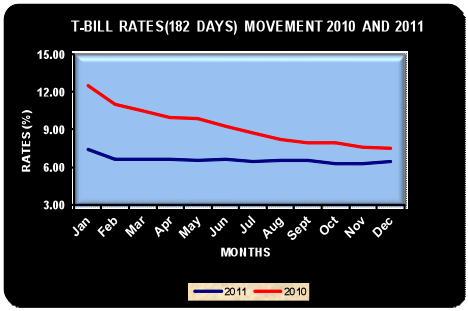
Annual average Consumer Price Index (CPI) for this financial year was 172.8 compared to 160.6 for the similar period 2010. According to the Statistical Institute of Jamaica (STATIN), the highest monthly spike was 1.1% and occurred in March. This spike was triggered by significant increases in the cost of crude oil on the international market, due to civil unrest and political instability in the oil-rich Middle East, as well as adverse weather conditions, leading to higher costs in utilities and commodities. Therefore, it was not surprising that the division Housing, Water, Electricity, Gas and Other Fuels recorded the highest inflationary movement for the calendar year.

Interest Rates

As the Jamaican economy slowly returns to some form of stability, with lower inflationary impulses, and stable foreign exchange rates, interest rates were maintained within the 6.0% range for the calendar year 2011. Treasury bill rates declined, showing investors' willingness to accept the lower interest rate environment.

For the year under review, T-bill rates for the 91-days and 182-days tenure, fell from 7.37% and 7.46% at the start of the year to 6.21% and 6.46% respectively as at year end 2011. When compared to 2010 Treasury bill rates have spiraled downwards to over 600 bps on both tenures. This is the lowest interest rates we have seen for the Jamaican economy in the last thirty years.

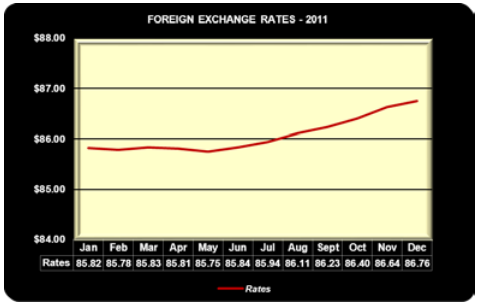




Foreign Exchange

The foreign exchange environment for the first quarter of the year was relatively stable, underpinned by a reduction in net outflows associated with external transactions (i.e trading of goods and services as well as transfers) and a continued robust net private capital inflows. These factors contributed to the stability of the local currency resulting in a 0.13% appreciation at end of the first quarter 2011. Despite the stability in the exchange rate for the period January - May 2011, there were sporadic demand pressures in the market during the latter half of the year as a result of a fall in net private capital inflows and a decline in tourism inflows, resulting in fast depreciation of the dollar.

The fastest depreciation occurred in the last quarter of 2011 as the country prepared for general elections in December. The Jamaican dollar which began the year trading at an average of J$85.82: US$1.00 lost approximately $0.94 cents or 1.09% of its value to close the year trading at an average rate of J$86.75: US$1.00.

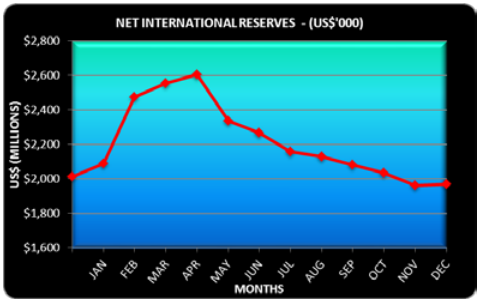


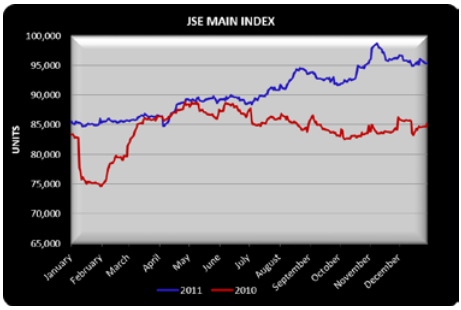
Net International Reserves

The movement in the Net International Reserve (NIR) paralleled that of the foreign exchange movement for financial year 2011. The NIR position remained strong in the first quarter of 2011, peaking at US$2,602.39 million in April before spiraling downwards for the remaining months of 2011.

As at December 31, 2011, the NIR was US$1,966.11 million, compared to

US$2,171.41 million for the comparative period 2010, representing a decrease of US$205.3 million or 9.45% less than year end 2010. At its current level, the NIR is sufficient to cover 25.53 weeks of goods imports and 19.20 weeks of goods and services imports.





translating to an 11.82% increase in value, the best performance since year ended December 31, 2004. This stellar performance was also reflected in increases of 23.72% and 20.93% in the JSE Select and the All Jamaican Composite indexes, which closed the year at 2,874.01 points and 102,178.79 points respectively.

Stock Market

Main Index

The encouraging macro-economic indicators - low inflation, low interest rate environment, increased liquidity, improved consumer confidence as well as improved quarterly performances from companies, all set the framework for the solid performance of the stock market in financial year ended December 31, 2011.

The JSE main index closed the year at 95,297.20 points, a gain of 10,076.38 points when compared to the corresponding period 2010

Junior Stock Exchange

As investors continue to seek more attractive returns for their funds, the JSE Junior market was abuzz with activities in 2011 with strong interest from investors, translating in another record performance as at year end December 31, 2011.

The Junior Market Index gained 97.12% in value over the comparative period and closed the year at 748.86 points, 49.27% higher than 2010.

This superb performance is attributed in part to the new listings during the year of, Caribbean Producers Jamaica, Honey

Bun (1982) Ltd. and General Accident Insurance, bringing the total number of companies listed to twelve (12).

Additionally, it should be noted that the strong interest from the public in the Junior Market and the new listings each year have propelled the Jamaica Stock Exchange to be ranked among the best stock exchanges in the world in 2011, and was placed 6th by the Business Insider Magazine.

Global Markets

The festering debt crises in the Eurozone, coupled with heightened demand for Greece, Ireland and Portugal to refinance their debts, have had a colossal impact on global markets. Against this background money continued to flow into Emerging Market (EM) bonds as investors sought higher yields in the face of this sustained uncertainty.
The positive performance of the Government of Jamaica (GOJ) under the International Monetary Fund Stand-by Agreement for the first half of 2011 boosted investors' confidence, and continued to influence the general uptick in the performance of GOJ global bonds. This performance seemed to have influenced the GOJ's successful re-opening of its 2019 Eurobond in February 2011. Initially, this bond was floated in June 2008 and raised US$400 million. It had an 8.00% coupon, and was priced with a yield to maturity of 7.95%.

In the second half of the year, Market interest rates for US dollar-denominated assets declined, driven by concerns

surrounding the status of Jamaica's Stand-By Arrangement with the IMF as well as increased pessimism about the likelihood of a resolution of the European debt restructuring. Against this background GOJ global bond yields increased.

In addition, the fragility of the United States (US) economy came to a fold when, the US Nasdaq and Dow Jones

were stunned by the Americans' own financial woes in July. The United States rapidly approached its debt ceiling, risking default if an agreement to raise it could not be reached by Congress. Despite raising the ceiling, rating agency Standard & Poor's lowered the credit rating of the United States from AAA to AA+, concluding that the budget plan that was passed did not go far enough to address the country's deficit, a move which wiped off 5.6% of the Dow Jones Industrial Average in a single day. This downgrade could have had implications for interest rates and could have set-off a ripple effect in global financial markets; however the bond markets remained stable, but should remain under observation.

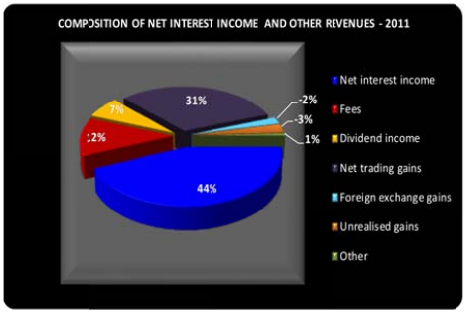
OUR FINANCIAL PERFORMANCE

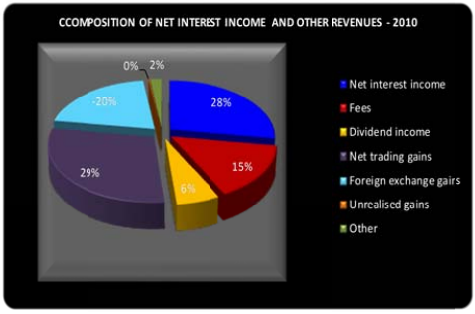
In 2011, we focused on increasing our revenue streams through continued diversification of our product offerings. This strategy has triggered a significant spike of 62% in our net profit for financial year ended December 31, 2011. We recorded net profit of $282 million, compared to $174 million for the corresponding period 2010, translating to earnings per share of $0.23.

Net Interest Income and other Revenues

We have realized the benefits of our growth strategies for this financial year, thus recording net interest income and other revenues of $978 million, compared to $676 million for comparative period 2010, representing an increase of $302 million or 45%.

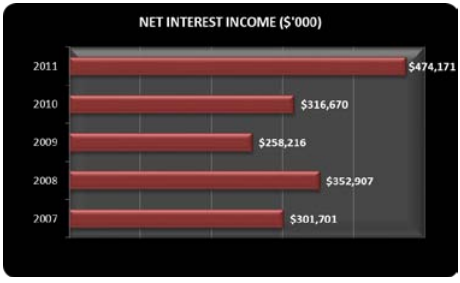
Net interest income amounted to $474 million, compared to $317 million for comparative period 2010. Despite the reduction in gross interest income





attributable to the low interest rate environment, we posted a $157 million or 50% increase in net interest income for this financial year.

As companies began to report improved quarterly performances, they paid more dividends, hence a moderate



increase in dividend income of $10 million or 15%. Dividend income for the year was $73 million, compared to $63 million for the corresponding period 2010.

Gains from our trading portfolio were $343 million, a slight improvement of $10 million or approximately 3%. Fees and commission incomes were $133 million, compared to $173 million for prior year 2010, a decline of $40

million or 23%. This decline was due primarily to a reduction in our fee based activities for 2011.

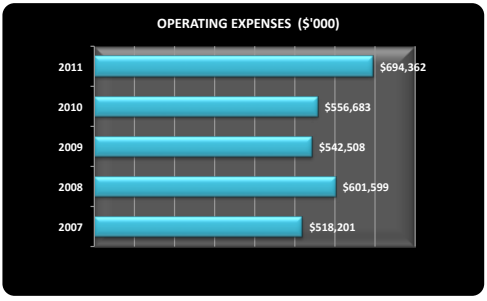
The stability of the local currency in the first half of the year and better management of our foreign currency portfolio, have resulted in a 90% reduction in our foreign exchange losses. Net foreign exchange losses amounted to $23 million, a decrease of $212 million compared to prior period 2010.

Share of results of Associate

For this financial year Access Financial Services (AFS) contributed $63 million to our net profit, compared to $57 million for the comparative period 2010, an increase of $6 million or 11%. This is a credible performance in light of the current economic climate.

OPERATING EXPENSES

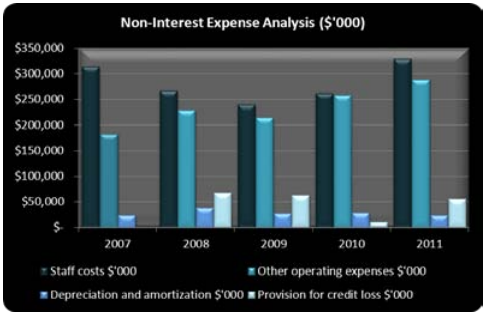
Operating expenses amounted to $694 million, 25% or $138 million more than prior year 2010. Our strategy to recruit and retain the best talent and improve our high performance team has increased staff costs, which amounted to $328 million, an increase of $66 million or 25% compared to prior year 2010. Our staff costs include a share of profit of $46.2 million based on the profit performance for 2011.



Provision for credit losses were $55 million, an increase of 480% or $45.6 million more than comparative period 2010. Despite the reduction in our loan portfolio we ensured that the provisions were adequate to cover any possible exposure.

Depreciation and amortization costs declined by $5 million or 18% when compared to corresponding period 2010.

Other operating expenses amounted to $288 million, an increase of $31 million or 12% more than prior year 2010.

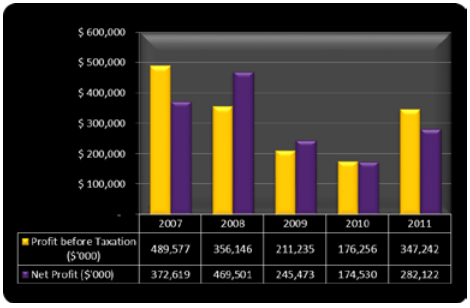


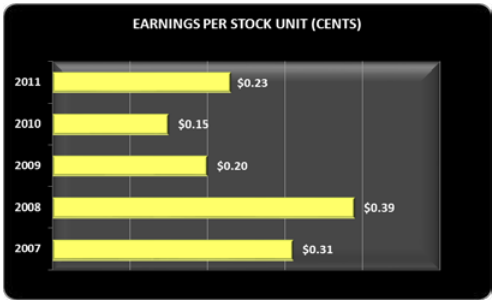
This increase was driven by general price increases from our suppliers as well as increased marketing and public relations activities. We have embarked on a strategy to improve our market presence and awareness of our diversified product offerings.

We maintain stringent cost containment measures to ensure that our resources are properly utilized to achieve greater efficiencies.

Net Profit and Earnings per Share

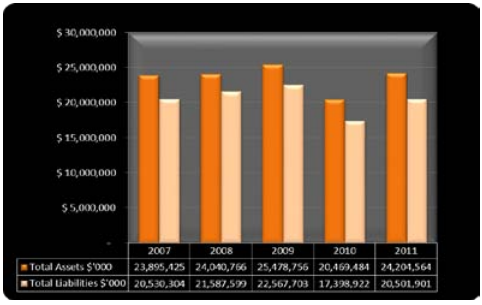
We recorded net profit of $282 million, an increase of $108 million or 62% when compared to $174 million for the corresponding period 2010. This translated into earnings per share of $0.23, compared to $0.15 for the previous financial year. The growth in our net profit is attributable to our ability to achieve our objectives to improve our revenue streams for this financial year.





ASSETS AND LIABILITIES

The asset base as at December 31, 2011 was $24 billion an increase of $3.7 billion or 18% compared to $20 billion for prior year ended December 31, 2010. Conversely, our liabilities increased by $3 billion or 18%. The liabilities were $20.5 billion compared to $17 billion for the previous financial year.



Growth in Asset Categories

The increase in our asset base was funded by growth in our Cash Resources, Investment Securities, Reverse Repurchase Agreements, Interest Receivables, Loans and Receivables and Investment in Associate when compared to corresponding period 2010.

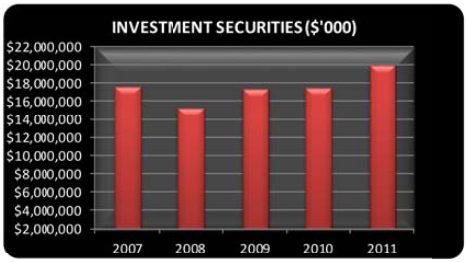
Cash resources were $570 million, an increase of $265 million or 87% compared to $305 million for the corresponding period 2010. Our investment securities portfolio was

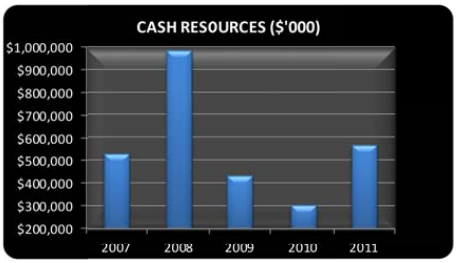
Management's Discussion and Analysis of Financial and Operating Performance (Cont'd)

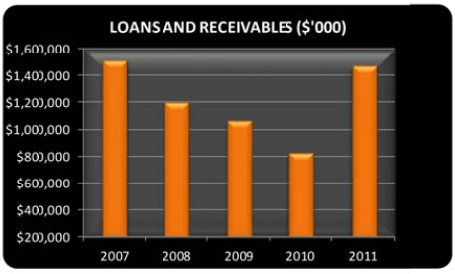
$19.9 billion, a $2.4 billion increase or 14%, compared to prior year 2010. This portfolio comprises Government of Jamaica (GOJ) Securities - $7.6 billion, Foreign Government Securities - $388 million, Corporate Debt Securities - $9.2 billion and Equities of - $2.8 billion.

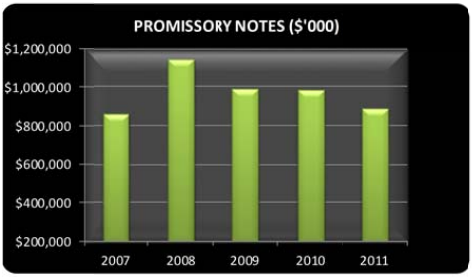
The growth in our investment portfolio was driven mainly by an increase in Corporate Debt Securities for this financial year. Reverse Repurchase Agreements totaled $747 million, an increase of $475 million or 175%, Interest Receivables - $238 million, an increase of $44 million or 23%, Loans and Receivables $1.4 billion, an increase of $643 million or 78%.

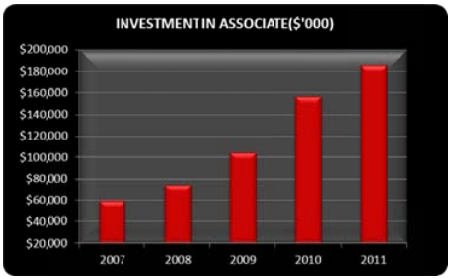
As at financial year ended December 31, 2011, our investment in associate stood at $186 million, representing an increase of $30 million or 19% over prior year 2010. Our return on investments in Access Financial Services (AFS) remains positive. The market value of our holdings at the end of 2011 was $473 million, an increase of 1,134% more than our original investments in 2006.





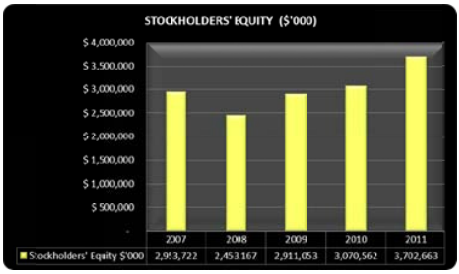






Stockholders' Equity

Stockholders' equity increased by 21% as at year ended December 31, 2011. At year end, Stockholders' equity stood at $3.7 billion, an increase of $632 million compared to $3 billion for the corresponding period 2010. This improvement in Stockholders' equity was due to increased net profits for the financial year as well as increased value in our fair value reserves which moved by 114.5%. Fair value reserves now stands at $48 million compared to fair value losses of $330 million for the prior period.



Stock Brokerage Ranking

Our work in the equities market has reaped real rewards on the JSE Junior market and has placed your company at number one in value, volume and the number of trades executed for this financial year 2011. In addition, on the main market, we were ranked number two for the number of trades executed and number three for both the largest volume of shares traded and the highest dollar value of trades executed.

Mayberry's Stock Trading

Mayberry Investments Limited stock price opened the year trading at $2.47 and closed the year at $3.26 a 31% change in value. The daily average volume traded for 2011 was 178,329 units. Our stock price traded at a high of $4.00 in April 2011 and a low of $1.80 in March 2011. The actual volumes traded ranged from 157 to 4,752,298 units. Mayberry has been in the JSE select index since January 1, 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 10% capital to total risk weighted assets. At year end the capital to total risk weighted assets was 21% (2010: 21%).

Mayberry'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.

RECENT REGULATORY DEVELOPMENTS

Corporate governance

The Securities Act stipulates that fit and proper persons should be able to exercise competence, diligence and sound judgment in fulfilling their responsibilities with respect to their firms. From the regulator's perspective, this requires senior officers to have:

(i) knowledge of the company's macro-environment and operations

(ii) high standards of ethical conduct and professionalism, and

(iii) a profound understanding of their fiduciary responsibility.

For the protection of consumers and the maintenance of a strong financial market, the Financial Services Commission (FSC) since its existence, has been promoting the application of corporate governance best practices to its regulated and licensed entities. In fact, the Act and Regulation governing the Securities Industry stipulate that licensed and registered entities must observe numerous aspects of sound corporate governance practice. Further, the FSC assesses if these requirements are followed by conducting on and off-site examinations.

The Securities Act and the attendant regulations have a number of provisions such as:

a. Enforcement of adequate disclosure standards for issuers of securities.

b. Improved reporting for licensed securities dealers through disclosure of material transactions and off balance sheet balances;

c. Enhanced corporate governance practices by establishing and maintaining audit committees; and

d. The appointment of a responsible officer.

According to the FSC, to build an effective corporate governance plan, directors should monitor and control the performance of management.

At Mayberry,

- The board monitors the company's performance against the budget plan on an ongoing basis, by meeting to discuss and review variances and exceptions on a monthly basis.

- Formal policies are in place for our business processes and human relations.

- Business processes and internal controls are sufficient and effective to minimize the impact of technology failures, human error or dishonesty through backup systems for our information technology and business continuity planning for disaster recovery.

- We strive to achieve full compliance on our business process activities and ensure full compliance with the law, as well as adhering to proper ethical standards. As such, we monitor the status of our business processes on a monthly basis.

- Our ALCO (Assets, Liabilities and Committee) and Management committees constantly assess the risk exposures of the company.

We have complied with the requirements as outlined by the Financial Services Commission.

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 activities. 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 a 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.

Sharon Harvey-Wilson
DIRECTOR – Finance, Administration & Compliance

Departments' Highlights

RESEARCH & SPECIAL PROJECTS

For 2011, the Research & Special Projects department continued its focus on the Corporate Financing/Financial Advisory Model initiated in 2010. Our efforts have led to the admission of three companies to the Jamaica Stock Exchange, Junior Market, with each listing attracting considerable investor interest. We also provide financial Advisory services on Divestitures, Mergers/Acquisitions as well as Private placements.

The department also has remained true to its core function of providing recommendation on various securities while keeping internal and external clients informed about Economic and Open Market Operations. This was achieved by way of daily email blasts of our recommendation and daily market updates. In order to ensure ultimate customer satisfaction, our Financial Advisors are kept abreast of economic and other happenings through our varied publications, enough to guide our clients in making wise investment decisions which match their risk profiles. These publications include detailed company analyses as well as monthly review of the Central Government Operations and Economic trends.

Support is also provided to the Marketing and Sales departments with a view to maintain the company's visibility through advertisements and articles for publication. We continue to produce the monthly newsletter, a mainstay of our monthly forums.

SALES & CLIENT RELATIONS

In 2011 the Sales & Client Relations team focused on ensuring that we continued to be our clients' most trusted financial advisors. We conducted a comprehensive review of the orientation and training plan for new sales team members, ensuring the alignment of required competencies and our client base. We embarked on a new client management system which on implementation will enable us to meet our client needs with greater efficiency.

As part of our overall strategy to create new synergies and partnerships to enable our clients to discover financial opportunities, we introduced our US dollar fixed income managed portfolio to clients which enabled them to invest in a diversified securities portfolio.

We remain committed to investor education through our monthly investor forums where our clients and guests benefited from timely and relevant investor driven information on both local and global matters.

Mayberry held the reigns of lead broker for listings on the Junior Market and in 2011 gave investors the opportunity to participate in the largest Junior Market IPO through the Caribbean Producers Jamaica Limited public issue. We also successfully raised $600 million in debt financing for Jamaica Broilers Group.

In recognition of our efforts, we were the recipient of the Jamaica Stock Exchange award in two categories:

1. Expansion of Investors and listed company base.
2. Overall winner "Member Dealer Award".

In saluting our clients, Mayberry remains resolute in its vision of "Transforming lives positively through lasting relationships".

HUMAN RESOURCES

Mayberry continues to strive for excellence with our attention to detail and has embarked upon a mind-set of high performance throughout the team. Our human resources continue to be the axis around which our brand oscillates. Through the dedication and hard work of the team we have survived the harsh economic climate of the previous years and we now look to the future with renewed energy to take on and excel at any new opportunities presented. We have therefore embarked on targeted training to ensure that the team is

ready and capable of making the most of these opportunities thereby abiding by one of our Core Values, that of 'Creating Value Through Knowledge'. As we continue on this path, 2012 will be a fantastic year for Mayberry!

FACILITIES DEPARTMENT

Our focus is to ensure that the entire Mayberry Family is safe and comfortable. Our primary areas are:

- Consistent maintenance and servicing of our facility to ensure that we have a safe, clean and comfortable environment.
- Ensuring that our disaster preparedness plans are always up to date and active.
- Providing fast delivery of relevant documents to ensure efficiency and productivity of the company. Our bearers represent the company in a professional manner and will continue to strive to maintain this level of efficiency.
- We strive to create a unified ancillary staff that is willing and ready to serve both the staff and more so the clients to make each visit to our office a pleasant and memorable experience.

INFORMATION TECHNOLOGY

We continue our focus on cost reduction, by driving down complexity and using our existing technology investments more efficiently. As part of our leading edge commitment to our clients, we are leveraging cloud technology in our strategy. We have also focused on governance, risk and improved our security infrastructure. These improvements form the platform from which we will continue to make strides in managing our assets.

Our strategy for this year includes more cost reduction and improved service to our clients.

10th Annual 'Errol & Bishon Maragh Children's Christmas Treat' at the Bustamante Hospital for Children

Mayberry Investments Limited was proud to be a part of the 10th Annual 'Errol & Bishon Maragh Children's Treat' at the Bustamante Hospital for Children. The treat, held in honor of their son who died in 1998, took place on December 20th, 2011. Kayree Berry-Teape, CEO of the Mayberry Foundation & Paul Penn Senior Investment Advisor were on hand to help spread Christmas cheer to the children of Ward Five West.

Chief Executive Officer of the Mayberry Foundation, Kayree Berry-Teape, pictured with a nurse at the Bustamante Children's Hospital attending to a baby during the Annual Errol Maragh and Friends Bustamante Christmas Children's Treat, 2011.

Pictured left to right are Errol Maragh, Paul Penn Senior Investment Advisor, and Chief Executive Officer of the Mayberry Foundation, Kayree Berry-Teape

Pictured left to right are Chief Executive Officer of the Mayberry Foundation, Kayree Berry-Teape, Errol Maragh, Parent of Patient on Ward Five West, Bishon Maragh, Paul Penn, Senior Investment Advisor with Mayberry Investments Limited

MAYBERRY INVESTMENTS LIMITED
A Member of the Jamaica Stock Exchange
Established 1985

Monthly Investor FORUM HIGHLIGHTS

The Mayberry Investor Forum was held at the Knutsford Court Hotel on October 19, 2011

GUEST SPEAKERS

Allison Peart
Accountant & Country Manager,
Ernst & Young;

K. Denise Henry-James
Attorney-At-Law

Juliette Brown
,Managing Director,
Ernst & Young

HEAD TABLE

From Left to Right:
Okelia Parredon, Executive Investment Advisor;
K. Denise Henry-James,
Juliette Brown,
Allison Peart,
Erica Crawford-Bryan, Vice President of Sales and Client Relations (not pictured)

AUDIENCE

The attentive audience looks on

MEET & GREET

From Left to Right: Okelia Parredon, Executive Investment Advisor; K. Denise Henry-James; Allison Peart, Sushil Jain, MIL Director; Juliette Brown, and MIL Vice President of Sales & Client Relations, Erica Crawford-Bryan

October Forum Presenters Smile for the Camera

Tamara Whyte, Client Relations Manager, (far right) makes introductions

Mayberry Investments – **Broker of Opportunities**

Income generating opportunities | Wealth preservation opportunities | Retirement planning opportunities | Hard currency hedging opportunities

MAYBERRY INVESTMENTS LIMITED
A Member of the Jamaica Stock Exchange

Our offices are located at:
Mayberry Investments Ltd.
1 ½ Oxford Road, Kingston 5, Jamaica.

Website:
www.mayberryinv.com

Contact Us by Email:
Sales inquiries - sales@mayberryinv.com

Contact Us by Phone:
General and Sales Inquiries (876) 929 1908 - 9
Fax: (876) 929-1501

MAYBERRY AT THE MOVIES

The 2011 CEO Awards *for Excellence ceremony held at Palace Cinema*

Gary Peart Awarding 1st Runner Up, Okelia Parredon Executive Investment Advisor

Gary Peart, Chief Executive Officer Awarding Employee of the Year, Delva Gayle, Accounting Clerk

Gary Peart Awarding 3rd Runner Up, Noel Francis, Securities Officer

Gary Peart Awarding 2nd Runner Up, Michelle Graham, Executive Assistant - Chairman & Vice Chairman

Gary Peart Awarding 4th Runner Up, Ian Laidlaw, Sales Manager

Sharon Harvey-Wilson, Director of Finance, Administration and Compliance Congratulating Employee of the Year, Delva Gayle and 1st Runner Up, Okelia Parredon

Left to Right: Shadaya Small, Research Analyst; Shelaine Jackson, Sales Administrator; Delva Gayle, Accounting Clerk; Nicolette Bennett, Compensation Officer

Tamara Whyte, Client Services Manager and Dennise Williams, Vice President of Marketing & Sales

Raquel Brown, accounting Clerk

MAYBERRY INVESTMENTS LIMITED
Established 1985

Our offices are located at:
Mayberry Investments Ltd.
1 ½ Oxford Road, Kingston 5, Jamaica.

Website:
www.mayberryinv.com

Contact Us by Email:
Sales inquiries - sales@mayberryinv.com

Contact Us by Phone:
General and Sales inquiries (876) 929 1908 – 9
Fax: (876) 929-1501

TRANSFORMING LIVES POSITIVELY... *through lasting relationships*

Disclosure of Shareholdings

As at December 31, 2010

Shareholdings of Directors and Senior Management

31 December 2011

Directors	Shareholdings	Connected Persons
Christopher Berry	-	461,326,811
Konrad Berry**	433,686,104	22,734,829
Erwin Angus	-	2,407,886
Benito Palomino	2,283,105	-
David McBean	446,521	-
Gary Peart**	4,566,665	1,706,099
Sharon Harvey-Wilson	730,858	-
Sushil Jain	229,187	-

Managers		
Andrea HoSang**	1,098,601	-
Kayree Berry-Teape**	2,486,204	31,080
David Thomas	456,989	-
Wade Mars	10,000	-
Bob Russell**	182,140	-

** Includes holdings in joint accounts

Top Ten Shareholders and Connected Persons

31 December 2011

Name	Shareholdings
Bamboo Group Holdings Limited	461,326,811
Konrad Mark Berry	433,686,104
Konrad Limited	18,178,253
Mayberry Employee Share Scheme	41,096,137
Sun Asset Services Inc.	11,783,502
Trading A/C - Life of Jamaica Ltd.	10,681,282
Mayberry Foundation	10,955,147
Christine Wong	8,103,167
Christopher Bicknell	5,749,463
Michael Campbell	5,000,000

Connected Persons	
Konrad Limited	18,178,253
Doris Berry	732,262
Mayberry Employee Share Scheme	41,096,137
Mayberry Foundation	10,955,147
Mayberry Investments Limited Pension Scheme	2,366,913
Mayberry Managed Client Account	4,466,123
Est. Maurice Berry	10

** Includes holdings in joint accounts

BDO

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

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

INDEPENDENT AUDITORS' REPORT

To the Members of
Mayberry Investments Limited

Report on the Financial Statements

We have audited the financial statements of Mayberry Investments Limited set out on pages 51 to 112, which comprise the group and the company's statement of financial position as at 31 December 2011, 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' judgment, 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.

Partners: R.L. McFarlane, K.A. Wilson, S.M. McFarlane
Offices in Montego Bay, Mandeville and Ocho Rios
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BDO

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

Chartered Accountants
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Kingston 5, Jamaica

INDEPENDENT AUDITORS' REPORT (CONT'D)

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 2011, 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

29 February 2012

CONSOLIDATED STATEMENT OF INCOME

YEAR ENDED 31 DECEMBER 2011

	Note	2011 $'000	2010 $'000
Net Interest Income and Other Revenues			
Interest income		1,332,550	1,536,409
Interest expense		(858,379)	(1,219,739)
Net interest income	4	474,171	316,670
Fees and commissions	5	133,205	173,335
Dividend income	6	73,127	63,367
Net trading gains	7	342,979	333,060
Net foreign exchange losses		(22,667)	(235,097)
Net unrealized (losses)/gains on investment revaluation		(30,861)	1,828
Other income		8,443	22,399
		978,397	675,562
Operating Expenses			
Salaries, statutory contributions and other staff costs	8	328,017	261,854
Provision for credit losses		55,103	9,500
Depreciation and amortization		23,019	28,173
Other operating expenses		288,223	257,156
	9	694,362	556,683
Operating Profit		284,035	118,879
Share of results of associate	22	63,207	57,377
Profit before Taxation	10	347,242	176,256
Taxation charge	11	(65,120)	(1,726)
Net Profit for the Year	12	282,122	174,530
Profit Attributable to Stockholders		282,122	174,530
EARNINGS PER STOCK UNIT	13	$0.23	$0.15

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2011

	2011 $'000	2010 $'000
Net Profit for the Year	282,122	174,530
Other Comprehensive Income Net of Taxation:		
Unrealised gains on financial instruments	446,071	73,071
Employee share option	-	8,000
Total Comprehensive Income for the Year	728,193	255,601
Total Comprehensive Income Attributable to Stockholders	728,193	255,601

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2011

	Note	2011 $'000	Restated 2010 $'000
ASSETS			
Cash resources	14	570,114	304,786
Investment securities	15	19,959,318	17,476,865
Reverse repurchase agreements	16	746,556	271,557
Promissory notes	17	891,139	985,280
Interest receivable		238,386	194,006
Loans and other receivables	19	1,469,729	826,435
Deferred taxation	20	40,582	144,126
Investment property		8,432	8,432
Property, plant and equipment	21	94,213	101,750
Investment in associate	22	186,095	156,247
Total Assets		24,204,564	20,469,484
LIABILITIES			
Bank overdraft	14	11,833	17,610
Securities sold under repurchase agreements		17,304,421	14,986,006
Interest payable		186,412	222,304
Loans	24	1,933,709	1,669,064
Accounts payable	25	1,065,526	503,938
Total Liabilities		20,501,901	17,398,922
STOCKHOLDERS' EQUITY			
Ordinary share capital	26	1,582,381	1,582,381
Fair value reserves	27	47,923	(329,534)
Other reserves	28	527,939	527,939
Retained earnings	29	1,544,420	1,289,776
Total Stockholders' Equity		3,702,663	3,070,562
Total Stockholders' Equity and Liabilities		24,204,564	20,469,484

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

Gary Peart
Director

Sharon Harvey-Wilson
Director

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

31 DECEMBER 2011

	Share Capital $'000	Fair Value Reserves $'000	Other Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2010	1,582,381	(525,634)	18,596	1,835,710	2,911,053
Total comprehensive income	-	73,071	8,000	174,530	255,601
Realized losses transferred to retained earnings	-	123,029	-	(123,029)	-
Dividends (note 31)	-	-	-	(96,092)	(96,092)
Balance at 31 December 2010 as previously stated	1,582,381	(329,534)	26,596	1,791,119	3,070,562
Transfer to capital redemption reserve fund (note 28)	-	-	501,343	(501,343)	-
Balance at 31 December 2010 as restated	1,582,381	(329,534)	527,939	1,289,776	3,070,562
Total comprehensive income	-	446,071	-	282,122	728,193
Realized gains transferred to retained earnings	-	(68,614)	-	68,614	-
Dividends (note 31)	-	-	-	(96,092)	(96,092)
Balance at 31 December 2011	1,582,381	47,923	527,939	1,544,420	3,702,663

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2011

	Note	2011 $'000	2010 $'000
Cash Flows from Operating Activities			
Profit before taxation		347,242	176,256
Adjustments for:			
Provision for credit losses		55,103	9,500
Gain on disposal of property, plant and equipment		(1,608)	(85)
Depreciation and amortisation	21	23,019	28,173
Interest income	4	(1,332,550)	(1,536,409)
Interest expense	4	858,379	1,219,739
Realised fair value gains/(losses) transferred to retained earnings		68,614	(123,029)
Unrealised losses/(gains) on investment revaluation		30,861	(1,828)
Unrealised foreign exchange losses		144,097	191,464
Share of after tax profit of associate		(63,207)	(57,377)
Employee share options		-	8,000
Income tax charge		(65,120)	(1,726)
		64,830	(87,322)
Changes in operating assets and liabilities:			
Loans and other receivables		(665,294)	241,485
Investments		(2,169,056)	(40,682)
Promissory notes		61,038	(5,874)
Reverse repurchase agreements		(474,999)	(255,512)
Accounts payable		561,588	255,066
Securities sold under repurchase agreements		2,318,415	524,852
Loans		264,645	(668,225)
		(38,833)	(36,212)
Interest received		1,288,170	1,796,743
Interest paid		(894,271)	(1,313,308)
Net cash provided by operating activities		355,066	447,223

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2011

	Note	2011 $'000	2010 $'000
Net cash provided by operating activities brought forward		355,066	447,223
Cash Flows from Investing Activities			
Additions to property, plant and equipment	21	(15,482)	(6,924)
Proceeds from disposal of property, plant and equipment		1,608	100
Dividends received from associate		33,359	5,380
Net cash provided by/(used in) investing activities		19,485	(1,444)
Cash Flows from Financing Activities			
Dividend payment		(96,092)	(96,092)
Redemption of preference shares		-	(501,343)
Net cash used in financing activities		(96,092)	(597,435)
Net Increase/(Decrease) in Cash and Cash Equivalents		278,459	(151,656)
Effect of exchange rate changes on cash and cash equivalents		(7,354)	21,570
Cash and cash equivalents at beginning of year		287,176	417,262
Cash and Cash Equivalents at End of Year	14	558,281	287,176

STATEMENT OF INCOME

YEAR ENDED 31 DECEMBER 2011

	Note	2011 $'000	2010 $'000
Net Interest Income and Other Revenues			
Interest income		1,288,944	1,523,660
Interest expense		(850,567)	(1,218,248)
Net interest income	4	438,377	305,412
Fees and commissions	5	129,060	99,171
Dividend Income	6	32,414	22,287
Net trading gains	7	292,564	370,421
Net foreign exchange losses		(24,673)	(231,780)
Net unrealised (losses)/gains on investment revaluation		(30,861)	1,828
Other income		8,443	22,399
		845,324	589,738
Operating Expenses			
Salaries, statutory contributions and other staff costs	8	328,017	261,854
Provision for credit losses		33,103	9,500
Depreciation and amortization		23,019	28,173
Other operating expenses		278,121	256,425
		662,260	555,952
Profit before Taxation	10	183,064	33,786
Taxation charge	11	(66,334)	(918)
Net Profit for the Year	12	116,730	32,868

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2011

	2011 $'000	2010 $'000
Net Profit for the Year	116,730	32,868
Other Comprehensive Income Net of Taxation:		
Net unrealised gains on financial instruments	84,806	3,991
Employee share option	-	8,000
Total Comprehensive Income for the Year	201,536	44,859

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2011

	Note	2011 $'000	Restated 2010 $'000
ASSETS			
Cash resources	14	568,594	298,337
Investment securities	15	15,982,444	14,185,107
Reverse repurchase agreements	16	746,556	271,557
Promissory notes	17	891,139	985,280
Interest receivable		222,894	188,002
Due from subsidiary	18	117,346	65,113
Loans and other receivables	19	1,444,350	777,059
Deferred taxation	20	41,103	144,126
Investment property		8,432	8,432
Property, plant and equipment	21	94,213	101,750
Investment in subsidiary	23	1,468,027	1,468,027
Total Assets		21,585,098	18,492,790
LIABILITIES			
Bank overdraft	14	11,833	17,610
Securities sold under repurchase agreements		15,992,345	13,791,585
Interest payable		186,925	222,177
Loans	24	1,933,709	1,669,064
Accounts payable	25	1,065,183	502,695
Total Liabilities		19,189,995	16,203,131
STOCKHOLDERS' EQUITY			
Ordinary share capital	26	1,582,381	1,582,381
Fair value reserves	27	(23,172)	(102,127)
Other reserves	28	527,939	527,939
Retained earnings	29	307,955	281,466
Total Stockholders' Equity		2,395,103	2,289,659
Total Stockholders' Equity and Liabilities		21,585,098	18,492,790

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

Gary Peart
Director

Sharon Harvey-Wilson
Director

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

YEAR ENDED 31 DECEMBER 2011

	Share Capital $'000	Fair Value Reserves $'000	Other Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2010	1,582,381	(122,565)	18,596	862,480	2,340,892
Total comprehensive income	-	3,991	8,000	32,868	44,859
Net realized losses transferred to retained earnings	-	16,447	-	(16,447)	-
Dividends (note 31)	-	-	-	(96,092)	(96,092)
Balance at 31 December 2010 as previously stated	1,582,381	(102,127)	26,596	782,809	2,289,659
Transfer to capital redemption reserve fund (note 28)	-	-	501,343	(501,343)	-
Balance at 31 December 2010 as restated	1,582,381	(102,127)	527,939	281,466	2,289,659
Total comprehensive income	-	84,806	-	116,730	201,536
Net realized profit transferred to retained earnings	-	(5,851)	-	5,851	-
Dividends (note 31)	-	-	-	(96,092)	(96,092)
Balance at 31 December 2011	1,582,381	(23,172)	527,939	307,955	2,395,103

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2011

	Note	2011 $'000	2010 $'000
Cash Flows from Operating Activities			
Profit before taxation		183,064	33,786
Adjustments for:			
Provision for credit losses		33,103	9,500
Gain on disposal of property, plant and equipment		(1,608)	(85)
Depreciation and amortisation	21	23,019	28,173
Interest income	4	(1,288,944)	(1,523,660)
Interest expense	4	850,567	1,218,248
Employee share option		-	8,000
Realised fair value gains/(losses) transferred to retained earnings		5,851	(16,447)
Unrealised (losses)/gains on investment revaluation		30,861	(1,828)
Unrealised foreign exchange losses		144,967	194,517
Income tax charge		(66,334)	(918)
		(85,454)	(50,714)
Changes in operating assets and liabilities:			
Loans and other receivables		(667,291)	287,851
Investments		(1,783,858)	1,126,733
Promissory notes		61,038	(5,874)
Reverse repurchase agreements		(474,999)	(255,512)
Due from subsidiary		(52,233)	(30,388)
Accounts payable		562,488	261,878
Securities sold under repurchase agreements		2,200,760	(677,736)
Loans		264,645	(668,225)
		25,096	(11,987)
Interest received		1,254,052	1,789,371
Interest paid		(885,819)	(1,311,944)
Net cash provided by operating activities		393,329	465,440

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2011

	Note	2011 $'000	2010 $'000
Net cash provided by operating activities brought forward		393,329	465,440
Cash Flows from Investing Activities			
Additions to property, plant and equipment	21	(15,482)	(6,924)
Proceeds from disposal of property, plant and equipment		1,608	100
Net cash used in investing activities		(13,874)	(6,824)
Cash Flows from Financing Activities			
Dividend payment		(96,092)	(96,092)
Redemption of preference shares		-	(501,343)
Net cash used in financing activities		(96,092)	(597,435)
Net Increase/(Decrease) in Cash and Cash Equivalents		283,363	(138,819)
Effect of exchange rate changes on cash and cash equivalents		(7,329)	21,015
Cash and cash equivalents at beginning of year		280,727	398,531
Cash and Cash Equivalents at End of Year	14	556,761	280,727

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

Mayberry Investments Limited ("the Company") is incorporated in Jamaica and its registered office is located at 1½ 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 operates in Jamaica in the micro finance market. Access is an associate company of Mayberry West Indies Limited (Note 22).

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

The consolidated financial statements for the year ended 31 December 2011 have been approved for issue by the Board of Directors on 29 February 2012.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

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

The preparation of financial statements in compliance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and contingent liabilities at the end of the reporting period and the total comprehensive income during the reporting period. The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an ongoing basis and any adjustments that may be necessary would be reflected in the year in which actual results are known. The areas involving a higher degree of judgement in complexity or areas where assumptions or estimates are significant to the financial statements are discussed in note 3.

Standards, interpretations and amendments to published standards effective in the reporting period.

During the reporting period, the following new standards, interpretations and amendments, applied for the first time from 1 January 2011 become relevant to the Group:

IAS 24 (Revised) — Related Party Disclosures: (effective for annual periods beginning on or after 1 January 2011), introduces changes to the related party disclosure requirements for government-related entities and amends the definition of a related party. The standard also expands the list of transactions that require disclosure. The revision did not have a material impact on the financial statements.

IAS 32 (Amended) — Classification of rights issues: This amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. There were no previous rights issues that were denominated in a currency other than the functional currency of the issuer. Accordingly, the amendment did not have an impact on the financial statements.

IAS 36 (Amended) — Impairment of assets: This amendment clarifies that the largest cash generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics). The Group currently does not have goodwill on its statement of financial position. Accordingly, the amendment did not have an impact on the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

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

Standards, interpretations and amendments to published standards effective in the reporting period (cont'd).

IFRS 2 (Amended)	Group cash-settled and share-based payment transactions. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 - Group and treasury share transactions', the amendments expand on guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The new guidance did not have a material impact on the financial statements.
IFRS 5 (Amended)	Non-current assets held for sale and discontinued operations. The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The Group currently does not have non-current assets held for sale or discontinued operations.
IFRIC 19	Extinguishing financial liabilities with equity instruments. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The interpretation did not have an impact on the financial statements, as the entity has no debt for equity swap agreements.

None of the new standards, interpretations and amendments effective for the first time from 1 January 2011, have had a material effect on the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

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

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

At the date of authorization of these financial statements, there were certain new standards, interpretations and amendments 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 10 — Consolidated Financial Statements: (effective for annual periods beginning on or after 1 January 2013). This standard replaces IAS 27, 'Consolidated and Separate Financial Statements' and SIC 12, 'Consolidation - Special Purpose Entities'. The standard requires an entity that is a parent to present consolidated financial statements. A limited exemption is available to some entities. The Standard addresses certain instances of divergence in practice in applying IAS 27 and SIC 12, for example, entities varied in their application of the control concept in circumstances in which a reporting entity controls another entity but holds less than a majority of the voting rights of the entity, and in circumstances involving agency relationships. In addition, a perceived conflict of emphasis between IAS 27 and SIC 12 had led to inconsistent application of the concept of control. IAS 27 required the consolidation of entities that are controlled by a reporting entity, and it defined control as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. SIC 12, which interpreted the requirements of IAS 27 in the context of special purpose entities, placed greater emphasis on risks and rewards. The Group will apply the standard from 1 January 2013 but it is not expected to have any impact on the Group's financial statements as there would be no change in the entities that are consolidated under the new standard.

IFRS 11 — Joint Arrangements: (effective for annual periods beginning on or after 1 January 2013). This standard replaces IAS 31, 'Interests in Joint Ventures' and SIC 13, 'Jointly Controlled Entities – Non-Monetary Contributions by Venturers'. The standard requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement. The standard is concerned principally with addressing two aspects of IAS 31: first, that the structure of the arrangement was the only determinant of the accounting and, second, that an entity had a choice of accounting treatment for interests in jointly controlled entities, and improves on IAS 31

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

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

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

IFRS 11 (cont'd)	by establishing principles that are applicable to the accounting for all joint arrangements. The standard requires a joint venturer to recognise an investment and to account for that investment using the equity method in accordance with IAS 28, 'Investments in Associates and Joint Ventures', unless the entity is exempted from applying the equity method as specified in that standard. The Group will apply the standard from 1 January 2013 but it is not expected to have any impact on the Group's financial statements.
IFRS 12	Disclosure of Interests in Other Entities: (effective for annual periods beginning on or after 1 January 2013). This standard applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. The standard requires an entity to disclose information that enables users of financial statements to evaluate the nature of, and risk associated with, its interests in other entities; and the effects of those interests on its financial position, financial performance and cash flows. The Group will apply the standard from 1 January 2013 and it will result in expanded disclosure in the financial statements.
IFRS 13	Fair Value Measurement: effective for annual periods beginning on or after 1 January 2013). The standard explains how to measure fair value for financial reporting. It defines fair value; sets out in a single IFRS a framework for measuring fair value; and requires disclosures about fair value measurements. This standard applies to those standards that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances. The Group will apply the standard from 1 January 2013 and it will result in expanded disclosure in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

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

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

The 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.

(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 statement of income and is recognized in equity.

The Group uses the audited financial statements of Access at 31 December 2011 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 (cont'd) -

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 early adopted IFRS 9 "Financial Instruments Part 1: Classification and Measurement" in 2009. Investment securities are classified into the following categories: those to be measured subsequently at fair value and those to be measured subsequently at amortised cost. Management determines the appropriate classification of investments at the time of purchase based on the objectives of the Group's business model for managing financial instruments and the contractual cash flow characteristics of the instruments.

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 re-measured at fair value.

Debt instrument securities are subsequently measured at amortised cost where management determines that the objective is to hold the instruments to collect the contractual cash flows, that is, 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.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(f) Investment securities (cont'd) -

Financial assets are assessed at the end of each reporting period 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.

(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 collateralized financing transactions. The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the lives of the agreements using the effective yield method.

(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 re-measured 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 credit 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 34), 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 end of the reporting period.

(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 the end of each reporting period, the Company revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the statement of 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.

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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 in the statement of financial position include cash resources, loans and other receivables, investments, promissory notes, securities purchased under resale agreements, bank overdraft, loans, other liabilities and securities sold under repurchase agreements.

(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 Management -

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

(u) Dividends -

Dividends are recognized when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by shareholders at the Annual General Meeting.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(v) Segment reporting -

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

Based on the information presented to and reviewed by the CODM, the entire operations of the Group are considered as one operating segment.

(w) Prior year restatement -

The prior year retained earnings has been restated to provide for a capital redemption reserve fund of $501,343,000, which relates to the redemption of preference shares in 2010 and in keeping with the Jamaican Companies Act.

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.

NOTES TO THE FINANCIAL STATEMENTS

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3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONT'D):

(iii) Expected useful life and residual value of property, plant and equipment

The expected useful life and residual value of an asset are reviewed at least at each financial year end. Useful life of an asset is defined in terms of the asset's expected utility to the Company.

(iv) Fair value of financial assets

The management uses its judgment in selecting appropriate valuation techniques to determine fair values of financial assets adopting valuation techniques commonly used by market practitioners supported by appropriate assumptions.

4. NET INTEREST INCOME:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Interest income				
Investment securities	1,135,527	1,261,249	1,091,921	1,248,500
Loans and advances	197,023	245,615	197,023	245,615
Other	-	29,545	-	29,545
	1,332,550	1,536,409	1,288,944	1,523,660
Interest expense				
Finance charges	9,235	3,813	9,235	3,813
Repurchase agreements	826,300	1,145,183	818,515	1,143,735
Other	22,844	70,743	22,817	70,700
	858,379	1,219,739	850,567	1,218,248
	474,171	316,670	438,377	305,412

5. FEES AND COMMISSIONS:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Brokerage fees and commissions	100,168	156,540	96,023	82,376
Structured financing fees	6,900	5,861	6,900	5,861
Portfolio management	26,137	10,934	26,137	10,934
	133,205	173,335	129,060	99,171

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6. DIVIDEND INCOME:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Trading securities	4,952	2,888	4,952	2,888
Securities classified in other comprehensive income	68,175	60,479	27,462	19,399
	73,127	63,367	32,414	22,287

7. NET TRADING GAINS:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Equities – trading securities	507	-	507	-
Fixed income - trading securities	342,472	333,060	292,057	370,421
	342,979	333,060	292,564	370,421

8. SALARIES, STATUTORY CONTRIBUTIONS AND STAFF COSTS:

	2011 $'000	2010 $'000
Wages and salaries	241,588	215,919
Profit share bonus	46,200	-
Statutory contributions	22,019	17,026
Pension contributions	9,300	7,284
Stock option expense (Note 28)	-	8,000
Training and development	3,263	7,003
Meal allowance	710	249
Staff welfare	4,937	6,373
	328,017	261,854

NOTES TO THE FINANCIAL STATEMENTS

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9. EXPENSES BY NATURE:

	2011 $'000	2010 $'000
Sales, marketing and public relations	58,996	47,254
Auditors' remuneration	3,850	3,500
Computer expenses	16,626	7,236
Bad debt written off	1,067	6,600
Depreciation and amortization	23,019	28,173
Provision for credit losses	55,103	9,500
Insurance	7,733	5,794
Licensing fees	26,992	31,382
Operating lease rentals	7,453	5,696
Other operating expenses	42,129	40,315
Printing, stationery and office supplies	11,148	19,878
Legal and professional fees	37,236	29,004
Repairs and maintenance	6,776	5,887
Salaries, statutory contributions and staff costs	328,017	261,854
Security	7,723	3,269
Traveling and motor vehicles expenses	20,562	13,267
Utilities	39,932	38,074
	694,362	556,683

NOTES TO THE FINANCIAL STATEMENTS

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10. PROFIT BEFORE TAXATION:

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

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Directors' emoluments -				
Fees	9,586	11,077	9,127	10,847
Management remuneration	70,548	79,656	70,548	79,656
Auditors' remuneration -				
Current year	3,850	3,500	3,300	3,000
Prior year overprovision	-	(130)	-	-
Depreciation	23,019	28,173	23,019	28,173
Gain on disposal of property, plant and Equipment	(1,608)	(85)	(1,608)	(85)
Dividend income	(73,127)	(63,367)	(32,414)	(22,287)
Operating lease rentals	7,453	5,696	7,453	5,696

11. TAXATION:

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

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Current year income tax at 33 1/3%	-	-	-	-
Current year income tax at 1%	-	808	-	-
Deferred tax charge (Note 20)	65,120	918	66,334	918
Taxation charge	65,120	1,726	66,334	918

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

	2011 $'000	2010 $'000
Profit before taxation	347,742	176,256
Tax calculated at a tax rate of 33 1/3%	115,914	58,752
Adjustments for the effects of:-		
Expenses not deductible for tax purposes	3,010	1,014
Income not subject to tax	(3,229)	(8,799)
Income from subsidiary taxed at 1%	(33,656)	(36,550)
Share of profit of associate shown net of tax	(21,069)	(19,126)
Net effect of other charges and allowances	4, 150	6,435
Taxation charge	65,120	1,726

(b) Subject to agreement with Tax Administration Jamaica, the Company has tax losses of approximately $194,780,000 (2010 - $375,082,000) available for set-off against future taxable profits.

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12. NET PROFIT:

	2011 $'000	2010 $'000
Dealt with in the financial statements of:		
The Company	116,730	32,868
Subsidiary	165,392	141,662
	282,122	174,530

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.

	2011 $'000	2010 $'000
Net profit attributable to stockholders ($'000)	282,122	174,530
Number of ordinary stock units in issue ('000)	1,201,149	1,201,149
Basic earning per stock unit	$0.23	$0.15
Fully diluted earnings per share	$0.23	$0.15

14. CASH RESOURCES:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Current accounts - Jamaican dollar	106,304	81,549	106,294	81,539
Current accounts - foreign currencies	462,210	221,339	460,700	214,964
Jamaican dollar deposits	1,324	1,301	1,324	1,301
Cash in hand	276	597	276	533
	570,114	304,786	568,594	298,337

14. CASH RESOURCES (CONT'D):

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

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Cash resources	570,114	304,786	568,594	298,337
Bank overdraft	(11,833)	(17,610)	(11,833)	(17,610)
	558,281	287,176	556,761	280,727

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 of US$319,000 (2010: US$319,000), to cover its overdraft facility of J$150,000,000. NCB also holds as security Government of Jamaica Debentures with a nominal value of J$35,000,000 to cover 10% of the uncleared effects limit of J$350,000,000.

15. INVESTMENT SECURITIES:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Fair value through profit and loss				
Debt securities				
- Government of Jamaica	191,417	454,610	191,417	454,610
- Foreign government	381,723	234,818	381,723	234,818
- Corporate	139,494	93,817	139,494	93,817
Equities	11,119	14,223	11,119	14,223
	723,753	797,468	723,753	797,468
Financial instruments at amortized cost				
Debt securities				
- Government of Jamaica	7,401,925	7,830,669	7,401,925	7,830,669
- Foreign government	6,199	1,368,816	6,199	863,092
- Corporate	9,044,888	5,338,365	7,405,868	4,376,979
	16,453,012	14,537,850	14,813,992	13,070,740
Equity securities at fair value through other comprehensive income	2,782,553	2,141,547	444,699	316,899
Total	19,959,318	17,476,865	15,982,444	14,185,107

15. INVESTMENT SECURITIES (CONT'D):

The Government and Corporate bonds are used as collateral for the Company's margin and term loans received from Deutsche Bank Alex. Brown and Oppenheimer & Co. Inc. (Note 24).

16. REVERSE REPURCHASE AGREEMENTS:

At 31 December 2011 the Company held J$746,556,000 (2010: J$271,557,000) of securities, representing Government of Jamaica debt securities, as collateral for repurchase and reverse repurchase agreements.

17. PROMISSORY NOTES:

	2011 $'000	2010 $'000
Gross loans	1,063,901	1,124,939
Specific allowance for impairment	(172,762)	(139,659)
	891,139	985,280

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

	2011 $'000	2010 $'000
Balance at beginning of year	139,659	130,159
Impairment loss for the year	33,103	9,500
Balance at end of year	172,762	139,659

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.

18. DUE FROM SUBSIDIARY:

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

19. LOANS AND OTHER RECEIVABLES:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Client receivables	866,672	266,158	866,672	266,158
Client margins	186,353	203,167	186,353	203,167
Withholding tax recoverable	123,427	89,217	123,427	89,217
Advance on corporation tax	82,859	82,859	82,859	82,859
Other receivables	232,418	185,034	185,039	135,658
	1,491,729	826,435	1,444,350	777,059
Less: Provision for impairment loss	(22,000)	-	-	-
	1,469,729	826,435	1,444,350	777,059

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

20. 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:

	2011 $'000	2010 $'000
Net asset at beginning of year	144,126	168,772
Deferred tax charge (Note 11)	(65,120)	(918)
Deferred tax charge to other comprehensive income on investment securities	(38,424)	(23,728)
Net asset at end of year	40,582	144,126

20. **DEFERRED TAXATION (CONT'D):**

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

	2011 $'000	2010 $'000
Deferred income tax assets:		
Interest payable	62,314	74,051
Investment securities -trading	10,286	-
-other comprehensive income	-	37,545
Provisions	13,034	2,238
Tax losses carried forward	52,819	125,015
	138,453	238,849
Deferred income tax liabilities:		
Property, plant and equipment	3,204	4,198
Investment securities -trading	-	609
-other comprehensive income	1,574	-
Unrealised foreign exchange gain	18,630	27,255
Interest receivable	74,463	62,661
	97,871	94,723

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

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21. PROPERTY, PLANT AND EQUIPMENT:

	Leasehold Improvements	Computer Equipment	Office Equipment	Furniture, Fixtures & Fittings	Motor Vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost -						
At 1 January 2010	77,213	80,202	19,184	37,780	41,200	255,579
Additions	-	1,017	125	199	5,583	6,924
Disposals	-	-	-	-	(2,732)	(2,732)
At 31 December 2010	77,213	81,219	19,309	37,979	44,051	259,771
Additions	-	14,964	285	233	-	15,482
Disposals	-	-	-	-	(5,952)	(5,952)
At 31 December 2011	77,213	96,183	19,594	38,212	38,099	269,301
Accumulated Depreciation -						
At 1 January 2010	10,151	52,423	15,188	16,559	38,259	132,580
Charge for the year	1,544	16,159	3,862	3,794	2,814	28,173
Disposals	-	-	-	-	(2,732)	(2,732)
At 31 December 2010	11,695	68,582	19,050	20,353	38,341	158,021
Charge for the year	1,544	15,098	232	3,806	2,339	23,019
Disposals	-	-	-	-	(5,952)	(5,952)
At 31 December 2011	13,239	83,680	19,282	24,159	34,728	175,088
Net Book Value -						
31 December 2011	63,974	12,503	312	14,053	3,371	94,213
31 December 2010	65,518	12,637	259	17,626	5,710	101,750

22. INVESTMENT IN ASSOCIATE:

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

	2011 $'000	2010 $'000
Balance at beginning of the year	156,247	104,250
Share of profit	63,207	57,377
Share of dividend paid	(33,359)	(5,380)
	186,095	156,247

The market value of 107,607,850 shares (39% shareholding) at $4.40 per share at the year-end was $473,474,000 (2010: $506,833,000).

The assets, liabilities, revenues and results of associate for the year ended 31 December 2011 are summarised as follows:

	2011 $'000	2010 $'000
Assets	796,347	658,292
Liabilities	(312,100)	(251,017)
Revenues	474,920	418,306
Net Profit	162,070	147,206

23. INVESTMENT IN SUBSIDIARY:

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

24. LOANS:

	2011 $'000	2010 $'000
Demand loans -		
Deutsche Bank Alex.Brown	209,379	228,596
Oppenheimer & Co. Inc.	849,723	-
Term loans -		
Deutsche Bank Alex.Brown	705,015	1,440,468
Commercial Paper	169,592	-
	1,933,709	1,669,064

The demand loans attract interest at 0.65% and 2.07% per annum respectively. The Deutsche Bank Alex.Brown term loan attracts interest at a range of 3% to 5.81% per annum and is due for repayment in September 2012. The Commercial Paper attracts interest at 8% per annum. The collaterals for the loans are investment securities which were purchased with the proceeds of the loans received from Deutsche Bank Alex. Brown and Oppenhiemer & Co. Inc. (Note 15).

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25. ACCOUNTS PAYABLE:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Accounts payable	142,549	79,915	142,206	79,480
Client payable	922,978	423,215	922,978	423,215
Corporation tax payable	-	808	-	-
	1,065,527	503,938	1,065,184	502,695

26. SHARE CAPITAL

	2011 $'000	2010 $'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

27. FAIR VALUE RESERVES:

This represents net unrealised gains on the revaluation of equity securities. The fair value through other comprehensive income securities are based on short term fluctuations in market prices.

28. OTHER RESERVES:

	2011 $'000	2010 $'000
Capital redemption reserve fund (note 2(w))	501,343	501,343
Stock option reserve	26,596	26,596
	527,939	527,939

Capital Redemption Reserve Fund:

The capital redemption reserve fund of $501,343,000 relates to the redemption of preference shares in 2010 and is created in keeping with the Jamaican Companies Act.

28. OTHER RESERVES (CONT'D):

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 30 September 2010 was $26,596,000 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.

The option granted to employees was not exercised and expired on 30 September 2010.

29. RETAINED EARNINGS:

	2011 $'000	2010 $'000
Reflected in the financial statements of:		
The Company	307,955	281,466
Subsidiary	1,236,465	1,008,310
	1,544,420	1,289,776

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30. 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	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Loans and other receivables:				
Subsidiary	-	-	117,346	126,509
Associate	12,374	77	12,374	77
Companies controlled by directors and related by virtue of common directorships	142,963	81,486	142,963	81,486
Directors and key management personnel	74,818	39,118	74,818	39,118
Payables:				
Companies controlled by directors and related by virtue of common directorships	261,814	247,605	261,814	247,605
Directors and key management personnel	47,071	34,385	47,071	34,385
Subsidiary	-	-	8,167	69,563
Associate	20,468	17,137	20,468	17,137
Other operating expenses:				
Companies controlled by directors and related by virtue of common directorships	4,597	3,875	4,597	3,875

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31. DIVIDENDS PAID:

	Company	
	2011	2010
	$'000	$'000
Final dividends to Ordinary Shareholders	96,092	96,092

32. 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.

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.

32. FINANCIAL RISK MANAGEMENT (CONT'D):

Risk Management Framework (cont'd) -

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

(a) Liquidity risk -

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

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

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

	2011 $'000	2010 $'000
At 31 December	1.08:1	1.06:1
Average for the period	1.10:1	1.08:1
Maximum for the period	1.53:1	1.10:1
Minimum for the period	0.90:1	1.06:1

The tables below present the undiscounted cash flows (both interest and principal cash flows) to settle financial liabilities, based on contractual repayment obligations. However, the Group expects that many customers will not request repayment on the earliest date the Group could be required to pay.

32. FINANCIAL RISK MANAGEMENT (CONT'D):

(a) Liquidity risk (cont'd) -

	Group					
	2011					
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Financial Liabilities						
Securities sold under repurchase agreements	11,461,697	3,636,155	2,199,743	6,826	-	17,304,421
Interest payable	-	186,412	-	-	-	186,412
Loans	-	1,228,693	-	705,016	-	1,933,709
Other liabilities	1,065,527	-	-	-	-	1,065,527
Total liabilities (contractual maturity dates)	12,527,224	5,051,260	2,199,743	711,842	-	20,490,069

	2010					
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Financial Liabilities						
Securities sold under repurchase agreements	8,106,142	5,644,389	1,041,080	92,064	102,331	14,986,006
Interest payable	-	222,304	-	-	-	222,304
Loans	-	228,596	-	1,440,468	-	1,669,064
Other liabilities	503,938	-	-	-	-	503,938
Total liabilities (contractual maturity dates)	8,610,080	6,095,289	1,041,080	1,532,532	102,331	17,381,312

32. FINANCIAL RISK MANAGEMENT (CONT'D):

(a) Liquidity risk (cont'd) -

	Company					
	2011					
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Financial Liabilities						
Securities sold under repurchase agreements	10,149,621	3,636,155	2,199,743	6,826	-	15,992,345
Interest payable	-	186,925	-	-	-	186,925
Loans	-	1,228,693	-	705,016	-	1,933,709
Other liabilities	1,065,184	-	-	-	-	1,065,184
Total liabilities (contractual maturity dates)	11,214,805	5,051,773	2,199,743	711,842	-	19,178,163

	2010					
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Financial Liabilities						
Securities sold under repurchase agreements	7,728,836	4,827,274	1,041,080	92,064	102,331	13,791,585
Interest payable	-	222,177	-	-	-	222,177
Loans	-	228,596	-	1,440,468	-	1,669,064
Other liabilities	502,695	-	-	-	-	502,695
Total liabilities (contractual maturity dates)	8,231,531	5,278,047	1,041,080	1,532,532	102,331	16,185,521

32. FINANCIAL RISK MANAGEMENT (CONT'D):

(b) Market risk -

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

Management of market risks

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

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

Exposure to market risks

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

32. 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 2011 and during the period is as follows:

	2011			
	31 December	Average	Maximum	Minimum
	$'000	$'000	$'000	$'000
Foreign Currency Risk	417	793	1,245	417
Interest Rate Risk				
Domestic securities - amortized cost	18,347	22,757	32,592	18,347
Global securities - amortized cost	19,459	22,846	26,594	19,459
Global securities - trading	492	628	849	492
Other Price Risk (Equities)				
Domestic securities - other comprehensive income	315	412	906	315
Domestic securities - trading	32,845	36,781	58,214	16,374

32. FINANCIAL RISK MANAGEMENT (CONT'D):

Exposure to market risks (cont'd) -

(b) Market risk (cont'd) -

	2010			
	31 December	Average	Maximum	Minimum
	$'000	$'000	$'000	$'000
Foreign Currency Risk	596	734	1,916	402
Interest Rate Risk				
Domestic securities - amortized cost	26,098	33,655	47,447	26,060
Global securities - amortized cost	14,199	48,245	398,015	14,199
Global securities - trading	35,620	116,207	320,451	34,094
Other Price Risk (Equities)				
Domestic securities - other comprehensive income	748	637	1,192	354
Domestic securities - trading	9,931	9,220	12,724	6,025

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.

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32. 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	570,114	-	-	-	-	-	570,114
Investment securities at amortized cost	1,396,469	3,197,974	1,080,456	5,470,956	5,307,162	-	16,453,017
Investment securities - FOCI[1]	-	-	-	-	-	2,782,549	2,782,549
Investment securities - FVPL[2]	13,476	13,453	274,464	79,495	331,745	11,119	723,752
Reverse repurchase agreements	489,275	257,281	-	-	-	-	746,556
Promissory notes	796,318	87,521	7,300	-	-	-	891,139
Interest receivable	-	238,386	-	-	-	-	238,386
Loans and other receivables	1,469,729	-	-	-	-	226,677	1,696,406
Other	-	-	-	-	-	102,645	102,645
Total assets	4,735,381	3,794,615	1,362,220	5,550,451	5,638,907	3,122,990	24,204,564
Liabilities							
Bank overdraft	11,833	-	-	-	-	-	11,833
Securities sold under repurchase agreements	11,461,697	3,636,155	2,199,743	6,826	-	-	17,304,421
Interest payable	-	186,412	-	-	-	-	186,412
Loans	-	1,228,693	-	705,016	-	-	1,933,709
Other	1,065,526	-	-	-	-	-	1,065,526
Total liabilities	12,539,056	5,051,260	2,199,743	711,842	-	-	20,501,901
Total interest rate sensitivity gap	(7,803,675)	(1,256,645)	(837,523)	4,838,609	5,638,907	3,122,990	3,702,663
Cumulative interest rate sensitivity gap	(7,803,675)	(9,060,320)	(9,897,843)	(5,059,234)	579,673	3,702,663	
As at 31 December 2010:							
Total Assets	2,781,597	5,757,590	123,996	4,665,245	4,549,134	2,591,922	20,469,484
Total Liabilities	8,627,690	6,095,289	1,041,080	1,532,532	102,331	-	17,398,922
Total Interest rate sensitivity gap	(5,846,093)	(337,699)	(917,084)	3,132,713	4,446,803	2,591,922	3,070,562
Cumulative interest rate sensitivity gap	(5,846,093)	(6,183,792)	(7,100,876)	(3,968,163)	478,640	3,070,562	

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

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32. 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	568,594	-	-	-	-	-	568,594
Investment securities at amortized cost	1,396,469	3,197,974	1,080,456	5,125,614	4,013,483	-	14,813,996
Investment securities - FOCI[1]	-	-	-	-	-	444,696	444,696
Investment securities - FVPL[2]	13,476	13,453	274,464	79,495	331,745	11,119	723,752
Reverse repurchase agreements	489,275	257,281	-	-	-	-	746,556
Promissory notes	796,318	87,521	7,300	-	-	-	891,139
Interest receivable	-	222,894	-	-	-	-	222,894
Investment in subsidiary	-	-	-	-	-	1,468,027	1,468,027
Loans and other receivables	1,444,350	-	-	-	-	158,449	1,602,799
Other	-	-	-	-	-	102,645	102,645
Total assets	4,708,482	3,779,123	1,362,220	5,205,109	4,345,228	2,184,936	21,585,098
Liabilities							
Bank overdraft	11,833	-	-	-	-	-	11,833
Securities sold under repurchase agreements	10,149,620	3,636,155	2,199,744	6,826	-	-	15,992,345
Interest payable	-	186,925	-	-	-	-	186,925
Loans	-	1,228,693	-	705,016	-	-	1,933,709
Other	1,065,183	-	-	-	-	-	1,065,183
Total liabilities	11,226,636	5,051,773	2,199,744	711,842	-	-	19,189,995
Total interest rate sensitivity gap	(6,518,154)	(1,272,650)	(837,524)	4,493,267	4,345,228	2,184,936	2,395,103
Cumulative interest sensitivity gap	(6,518,154)	(7,790,804)	(8,628,328)	(4,135,061)	210,167	2,395,103	
As at 31 December 2010:							
Total assets	2,725,772	5,751,586	123,996	4,588,150	3,159,120	2,144,166	18,492,790
Total liabilities	8,249,141	5,278,047	1,041,080	1,532,532	102,331	-	16,203,131
Total interest rate sensitivity gap	(5,523,369)	473,539	(917,084)	3,055,618	3,056,789	2,144,166	2,289,659
Cumulative interest sensitivity gap	(5,523,369)	(5,049,830)	(5,966,914)	(2,911,296)	145,493	2,289,659	

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

32. 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	-	0.01	-
Investment securities	9.64	7.95	10.40
Reverse repurchase agreements	6.40	4.21	-
Promissory notes	16.11	10.80	-
Loans and other receivables	20.00	-	-
Liabilities			
Securities sold under repurchase agreements	7.66	2.66	-
Loans	-	4.71	-

32. 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 400 basis point (bp) parallel fall or rise in the yield curve applicable to Government of Jamaica local instruments and a 200 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:

	2011					
	Daily Return	400 bp parallel increase	400 bp parallel decrease	Daily return (Globals)	200 bp parallel increase	200 bp parallel decrease
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
At 31 December 2011						
Equity	(52)	(18,061)	16,762	(52)	(30,483)	28,508
Statement of Income	302	(74,898)	67,561	302	(1,573)	1,454

	2010					
	Daily Return	400 bp parallel increase	400 bp parallel decrease	Daily return (Globals)	200 bp parallel increase	200 bp parallel decrease
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
At 31 December 2010						
Equity	5,736	(65,568)	69,525	(3,335)	(86,409)	65,279
Statement of Income	-	-	-	(14,709)	(283,650)	198,416

32. 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:

	2011			
	GBP	US$	CAN$	EURO
	'000	$'000	$'000	'000
Assets				
Cash resources	306	4,376	449	52
Investment securities	-	112,827	-	1,327
Promissory notes	-	8,424	-	-
Interest receivable	-	1,072	-	57
Loans and other receivables	79	4,046	-	334
Total	385	130,745	449	1,770
Liabilities				
Bank overdraft	-	-	-	
Securities sold under repurchase agreements	46	117,867	5	124
Loans and other payables	-	10,112	-	-
Interest payable	-	2,868	-	-
Total	46	130,847	5	124
Net position	339	(102)	444	1,646
As at 31 December 2010				
Total Assets	280	113,320	238	1,910
Total Liabilities	1,398	107,053	17	446
Net Position	(1,118)	6,267	221	1,464

32. 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).

- 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.

32. FINANCIAL RISK MANAGEMENT (CONT'D):

(e) Credit risk (cont'd) -

- 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.

32. FINANCIAL RISK MANAGEMENT (CONT'D):

(e) Credit risk (cont'd) -

	Promissory Notes		Loans and Other Receivables	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Carrying amount	891,139	985,280	1,469,729	826,435
Past due but not impaired				
Grade 1-3 - Low - fair risk	51,574	-	1,448,859	826,435
Grade 4 - Medium risk	29,603	64,621	20,870	
Grade 5 - Medium - high risk	4,371	361,728	-	-
Carrying amount	85,548	426,349	1,469,729	826,435
Past due comprises:				
30 - 60 days	15,704	9,888	1,325,433	737,218
60 - 90 days	10,758	10,829	-	-
90 - 180 days	21,687	12,500	-	-
180 days +	37,399	393,132	144,296	89,217
Carrying amount	85,548	426,349	1,469,729	826,435
Neither past due nor impaired				
Grade 1-3 - Low - fair risk	135,743	371,542	-	-
Grade 4 - Medium - high risk	115,427	94,625	-	-
Carrying amount	251,170	466,167	-	-
Includes accounts with renegotiated terms	554,421	92,764	-	-
Total carrying amount	891,139	985,280	1,469,729	826,435

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.

32. FINANCIAL RISK MANAGEMENT (CONT'D):

(e) Credit risk (cont'd)-

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

	Promissory Notes		Loans and Other Receivables	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Against past due but not impaired				
Property	1,290,000	677,100	-	-
Debt securities	56,760	1,190	-	-
Equities	-	-	372,706	956,572
Other	48,100	113,680	-	-
Against neither past due nor impaired				
Property	340,883	363,000	-	-
Debt securities	83,594	116,402	-	-
Equities	184,930	205,173	-	-
Other	71,150	86,296	-	-
Total	2,075,417	1,562,841	372,706	956,572

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:

32. FINANCIAL RISK MANAGEMENT (CONT'D):

(e) Credit risk (cont'd) -

	Promissory Notes		Loans and Other Receivables	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Carrying amount	891,139	985,280	1,469,729	826,435
Concentration by sector				
Corporate	661,339	719,101	-	-
Construction	-	37,675	-	-
Retail	229,800	228,504	1,469,729	826,435
Total	891,139	985,280	1,469,729	826,435

(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 21% (2010: 21%).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

32. FINANCIAL RISK MANAGEMENT (CONT'D):

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

	2011 $'000	2010 $'000
Tier 1 Capital		
Ordinary share capital	1,582,381	1,582,381
Retained earnings	307,955	281,466
Other reserve	527,939	527,939
	2,418,275	2,391,786
Less: Fair value reserve (negative balances only)	23,172	102,127
Total Tier 1 Capital	2,395,103	2,289,659
Tier 2 Capital	-	-
Total Regulatory Capital	2,395,103	2,289,659
Risk Weighted Assets	11,368,205	10,810,742
Capital Ratio to Risk Weighted Assets Ratio	21%	21%

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.

33. 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 end of the reporting period.

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

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

(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 2011, 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	16,453,017	16,313,709	14,813,993	14,674,690

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

34. PENSION SCHEME:

The Company operates a defined contribution pension scheme for employees who have satisfied certain minimum service requirements. The scheme is funded by equal contributions of employer and employees of 5% of pensionable salaries and an option for employees to contribute an additional 5%. The Company's contribution for the year amounted to $9,300,000 (2010: $7,067,000).

35. FUNDS UNDER MANAGEMENT:

The Company provides custody, investment management and advisory services for both institutions and individuals which involve the Company making allocation and purchases and sales decisions in relation to quoted shares and government financial instruments on a non-recourse basis. Those assets that are held in a fiduciary capacity are not included in these financial statements. At the end of the reporting period, the Company had financial assets under management of approximately $10,306,700,000 (2010: $8,282,979,000).

36. SEGMENT INFORMATION:

The Company is a licensed Securities Dealer (note 1).

Based on the information presented to and reviewed by the CODM, the entire operations of the Group are considered as one operating segment.

Financial information related to the operating segment results from continuing operations for the two years ended 31 December 2011, can be found in the consolidated statement of income. There are no differences in the measurement of the reportable segment results and the Group’s results.

Details of the segment assets and liabilities for the two years ended 31 December 2011, can be found in the consolidated statement of financial position and related notes. There are no differences in the measurement of the reportable segment assets and liabilities and the Group’s assets and liabilities.

Entity-wide disclosure:

The revenue from operations can be found in the consolidated statement of income.

MAYBERRY INVESTMENTS LIMITED

Form of Proxy

I/We……

Of ……..……..

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

……..……..

or failing him or her ……..……

of ……..……

as my/our proxy to vote on my/our behalf at the Annual General Meeting of the above-named Company to be held at the Knutsford Court Hotel, 11 Ruthven Road, Kingston 10 on Wednesday, 20 June 2012 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. Sushil Jain 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 ……2012

PLACE $100 STAMP HERE

……..
Signature

……
Signature

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

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

A proxy need not be a member of the Company.

MAYBERRY
INVESTMENTS LIMITED

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