BENCHMARK (BAHAMAS) LTD.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Benchmark (Bahamas) Ltd.

Opinion

We have audited the accompanying consolidated financial statements of **Benchmark (Bahamas) Ltd.**, which comprise the consolidated statement of financial position as at **December 31, 2017**, and the consolidated statements of comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Benchmark (Bahamas) Ltd.** as at **December 31, 2017** and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Commonwealth of The Bahamas, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes the accumulated losses of a subsidiary at the end of the year, and the guarantee provided by Benchmark (Bahamas) Ltd. to make funds available for the subsidiary to continue operating as a going concern, and to meet its present and future obligations as they become due.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.

Revenue Recognition

The amount of revenue recognized during the year on commissions had increased significantly from prior years as a result of a new revenue stream that a subsidiary had entered into during the year. This new revenue stream involved complex accounting procedures. In our view, revenue recognition is significant to our audit as this new revenue stream represents a significant portion of the Company's revenue.

Our audit procedures to address the risk of material misstatement relating to revenue recognition, which we considered to be a significant risk included:

- Testing of controls, relating to, inter alia, manual input of individual trading fees and pricing, the reconciliations of bank accounts, brokers and clients' accounts, and conversion of foreign currency denominated transactions.
- Substantive testing of revenue transactions, including validation of the revenue recognized as compared to the relevant agreements with clients.

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Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls relevant to the audit 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 Company's internal controls.

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is William R. Wallace.

April 23, 2018
Nassau, Bahamas

BENCHMARK (BAHAMAS) LTD.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

(Expressed in Bahamian dollars)

	Notes	2017	2016
NON-CURRENT ASSETS			
Property, plant & equipment	11	219,322	209,922
Intangible asset	12	250,000	-
Investment property	13	5,022,393	4,557,560
		5,491,715	**4,767,482**
CURRENT ASSETS			
Cash at bank	6	9,789,195	4,092,992
Due from brokers	6	4,723,754	1,589,743
Investments in securities	9	4,289,447	3,345,988
Customer advances (net)	7	745,888	520,398
Other receivables and prepayments		82,935	314,892
		19,631,219	**9,864,013**
CURRENT LIABILITIES			
Bank overdraft	14	2,769	99,270
Accounts payable and accrued expenses	10	752,919	1,024,112
Due to customers	7	11,486,585	9,033,831
Bank loan - current	14	25,016	-
Loan from parent company	14	180,000	180,000
		12,447,289	**10,337,213**
NET CURRENT ASSETS/ (LIABILITIES)		**7,183,930**	**(473,200)**
NON-CURRENT LIABILITIES			
Bank loan - non-current	14	208,540	-
		208,540	**-**
NET ASSETS		**$ 12,467,105**	**$ 4,294,282**
EQUITY (Page 7)		**$ 12,467,105**	**$ 4,294,282**

The consolidated financial statements were approved and authorized to be issued on April 23, 2018 by the Board of Directors, and signed on its behalf by:

Director **Director**

The accompanying notes form an integral part of these consolidated financial statements.

BENCHMARK (BAHAMAS) LTD.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2017

(Expressed in Bahamian dollars)

	Notes	2017	2016
REVENUE			
Commission		5,995,805	2,528,851
Portfolio management and advisory fees		2,557,089	812,968
Dividends		98,595	98,733
Interest		12,346	2,422
Rental income		346,405	369,962
		9,010,240	**3,812,936**
EXPENSES			
Salaries and benefits		793,717	767,026
Travel and entertainment		27,099	27,183
Investment advisor fee	17	100,000	100,000
Bank charges and interest		49,029	68,428
Rent and occupancy		-	23,634
Property management fee		25,000	25,000
Liability insurance		14,733	13,192
Property insurance		24,622	24,330
Professional fees		134,190	69,364
Depreciation	11	61,876	21,838
Directors' and officers' fees		41,435	41,998
Fuel costs		-	6,963
Cleaning, repairs and maintenance		98,408	68,693
Utilities		35,460	36,187
Corporate management fees	18	40,360	41,409
Printing and stationery		34,574	31,395
Bad debts provision	8	244,492	255,852
Public relations		65,429	29,364
Registrar Commission license fees		12,138	15,588
Business licence fees		33,462	10,504
Real property tax		41,097	30,721
Securities Commission licence fees		20,550	19,000
Bahamas International Securities Exchange listing fees		5,375	5,375
Security		10,800	-
Trading system cost		19,340	-
Court settlement fees	20	50,000	-
Miscellaneous		53,771	-
		2,036,957	**1,733,044**
OPERATING INCOME		**6,973,283**	**2,079,892**
Other income:			
Net realized gain on investments		50,421	132,571
Net unrealized gain on investments		1,147,119	872,910
Net realized/unrealized foreign exchange gain		-	1,430
Other income		2,000	9,562
		1,199,540	**1,016,473**
NET COMPREHENSIVE INCOME		**$ 8,172,823**	**$ 3,096,365**
Net comprehensive income per share	19	**$ 1.65**	**$ 0.62**

The accompanying notes form an integral part of these consolidated financial statements.

BENCHMARK (BAHAMAS) LTD.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

DECEMBER 31, 2017

(Expressed in Bahamian dollars)

	(Note 15) Ordinary shares	(Note 15) Preference shares	Contributed surplus	Accumulated fund/(deficit)	Total
Balance at January 1, 2016	49,591	5,000,000	4,056,273	(7,907,947)	**1,197,917**
Net comprehensive income (Page 6)	-	-	-	3,096,365	**3,096,365**
Balance at December 31, 2016	**49,591**	**5,000,000**	**4,056,273**	**(4,811,582)**	**4,294,282**
Net comprehensive income (Page 6)	-	-	-	8,172,823	**8,172,823**
Balance at December 31, 2017	**$ 49,591**	**$ 5,000,000**	**$ 4,056,273**	**$ 3,361,241**	**$ 12,467,105**

The accompanying notes form an integral part of these consolidated financial statements.

BENCHMARK (BAHAMAS) LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

(Expressed in Bahamian dollars)

	Notes	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net comprehensive income		**8,172,823**	**3,096,365**
Adjustments for:			
Net unrealized gain on investments in securities		(1,147,119)	(872,910)
Net realized gain on investments in securities		(50,421)	(132,571)
Bad debts provision	8	244,492	255,852
Depreciation	11	61,876	21,838
Net Cash Provided by Operations before Changes in Operating Assets and Liabilities		**7,281,651**	**2,368,574**
Increase in customer advances (net)		(225,490)	(1,359)
Increase in other receivables and prepayments		(12,535)	(163,779)
(Decrease)/increase in accounts payable and accrued expenses		(271,193)	703,088
Increase/(decrease) in due to customers		2,452,754	(1,202,297)
Net Cash Provided by Operating Activities		**9,225,187**	**1,704,227**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of securities		(139,753)	(224,860)
Proceeds from sale of securities		393,834	919,763
Purchase of property, plant & equipment	11	(71,276)	(212,895)
Purchase of intangible asset	12	(250,000)	-
Additions to investment property	13	(464,833)	(46,400)
Net Cash (Used in)/Provided by Investing Activities		**(532,028)**	**435,608**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from loan	14(b)	250,000	-
Bank loan - repayments	14(b)	(16,444)	(432,815)
Net Cash Provided by/(Used) in Financing Activities		**233,556**	**(432,815)**
NET INCREASE IN CASH		**8,926,715**	**1,707,020**
Cash, beginning of year		5,583,465	3,876,445
Cash, end of year		**$ 14,510,180**	**$ 5,583,465**
Cash is comprised of:			
Cash at bank		9,789,195	4,092,992
Due from brokers		4,723,754	1,589,743
Bank overdraft	14 (a)	(2,769)	(99,270)
		$ 14,510,180	**$ 5,583,465**

The accompanying notes form an integral part of these consolidated financial statements.

1. ORGANIZATION

Benchmark (Bahamas) Ltd. (the Company) was incorporated under the laws of the Commonwealth of The Bahamas as a limited liability company on December 30, 1997 under the Companies Act 1992. The Company functions as a public investment company and is listed on The Bahamas International Securities Exchange ("BISX"). Its primary objective is to provide a competitive return to shareholders by emphasizing a diversity of domestic instruments for capital preservation, steady income flow and the opportunity for capital appreciation.

The Company is 47.1% owned (2016: 47.1%) by Braun & Cie Ltd., a Bahamian company incorporated primarily to hold its investment in the Company and to provide management and advisory services to the Company. The remainder of the shares are held by members of the public.

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Benchmark Advisors (Bahamas) Ltd. (Advisors), Alliance Investment Management Ltd. (Alliance), Benchmark Properties (Bahamas) Ltd. (Properties) and Bahamas Ventures Limited (Ventures), collectively "The Group," which are incorporated under the laws of the Commonwealth of The Bahamas.

Advisors was incorporated on February 26, 2001 to provide investment advice, strategic management planning and capital market services.

Effective November 30, 2001, the Company acquired the entire net assets of Alliance, a company operating as a securities investment advisor, broker-dealer and consultant for non-resident companies and individuals conducting business within The Bahamas.

The financial statements of Alliance have been prepared on the basis that it will continue as a going concern. Its statement of changes in equity shows accumulated deficit as at December 31, 2017, resulting from losses accumulated in prior years. Although Alliance has had history of profitable operations in the most recent years, it was unable to meet its regulatory capital requirements throughout the year.

The Company has provided a guarantee to Alliance to make sufficient funds available to enable it to meet its present and future obligations for a period including, but not limited to 12 months from the date its financial statements were approved by the Board of Directors.

Properties was incorporated on July 30, 2006 to provide rental of office space. Construction of the first investment property was completed in 2010, and is yielding rental income.

Ventures was incorporated on August 22, 2017. Its primary objective is to assist small business ventures with start-up and expansion capital.

1. ORGANIZATION (Continued)

The address of the registered office of the Group is Gresham House, Charlotte Street South, Nassau, Bahamas and its principal place of business is Suite 201, Carmichael Commercial Centre, Carmichael Road, Nassau, Bahamas.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

The new and revised IFRSs prescribe new accounting recognition, measurement and disclosure requirements applicable to the Company. When applicable, the adoption of the new standards was made in accordance with their transitional provisions; otherwise, the adoption is accounted for as change in accounting policy under IAS 8: "Accounting Policies, Changes in Accounting Estimates and Errors".

2.1 New and revised IFRSs with no material effect on the financial statements

The following new and revised standards have been adopted in the current year. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years, except when specifically disclosed, but may affect the accounting for future transactions or arrangements.

1. IAS 7 Disclosure Initiative

The amendment is in respect of the disclosure initiative regarding changes in liabilities arising from cash flows. The additional disclosure will help investors to evaluate changes in liabilities arising from financing activities, including changes in cash flows and non-cash changes, such as foreign gains or losses.

2.2 New and revised IFRSs in issue but not yet effective

1. IFRS 9 ***Financial instruments***

A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement, was issued in July 2014.

The new IFRS requires all financial assets within the scope of IAS 39 to be stated at amortized cost where the intention is to hold such instruments to collect the contractual cash flows which are repayments of capital and interest. All other investments are stated at fair value at the end of each reporting period. Furthermore, where changes in the fair value of financial liabilities at fair value through profit or loss can be attributed to changes in credit risk, those changes are recognized in other comprehensive income/(loss). The only exception would be when such treatment would give rise to, or enlarge an accounting mismatch in profit and loss.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (Continued)

2.2 New and revised IFRSs in issue but not yet effective (Continued)

1. IFRS 9 *Financial instruments (2014 version)* (Continued)

The version issued in July 2014 mainly introduces a new expected loss impairment model requirements for financial assets and limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments. Financial liabilities are classified in a similar manner under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The standard is effective for years commencing on or after 1 January 2018.

2. IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model include (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contracts; and (5) recognise revenue when (or as) the entity satisfies a performance obligation. New disclosures about revenue are also introduced. The standard is effective for years commencing on or after 1 January 2018.

3. IFRS 16 *Leases*

IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard is effective for years commencing on or after 1 January 2019.

3. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements are prepared on a going concern basis and in accordance with applicable International Financial Reporting Standards (IFRS).

3. BASIS OF PREPARATION (Continued)

(b) Basis of preparation

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments that are measured either at fair value or amortized cost, and investment property measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of consideration given in exchange for assets.

(c) Functional and presentation currency

The consolidated financial statements are presented in Bahamian dollars which is the Company's functional currency.

(d) Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the year. Actual results can differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions or estimates are significant to the consolidated financial statements are disclosed in Note 5.

(e) Principles of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries.

On consolidation, inter-company balances and inter-company transactions are eliminated in full.

4. SUMMARY OF 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 to all the years presented.

(a) Revenue

Revenue comprises management fees and commissions on services to external clients. Consideration received from clients is only recognized as revenue to the extent that the Company has performed its contractual obligations in respect of that consideration.

Interest is recognised in the period in which interest is earned. The amount of revenue is measured using the effective interest rate method.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease, excluding value-added tax (VAT).

Dividends are recorded on the ex-dividend date.

(b) Expenses

Expenses encompass losses as well as those expenses that arise in the course of the ordinary activities of the Company. The Company recognizes expenses in the consolidated statement of comprehensive income when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. Expenses are accounted for on the accrual basis.

(c) Foreign currency transactions

Monetary assets and liabilities denominated in currencies other than the Bahamian dollar are translated into Bahamian dollars at the rate of exchange in effect at the date of the consolidated statement of financial position. Income and expenses transacted in currencies other than Bahamian dollars are translated into Bahamian dollars at the rates of exchange prevailing at the transaction dates.

Unrealized foreign exchange differences arising on translation of assets and liabilities, and realized foreign exchange differences on income and expenses transacted in foreign currencies are both recognized in the consolidated statement of comprehensive income.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Property, plant & equipment

Property, plant & equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized in the consolidated statement of comprehensive income on the straight-line basis over the estimated useful lives of each part of an item of property, plant & equipment.

The estimated useful lives of the assets are as follows:

Leasehold improvements	5 years
Furniture, fixtures & equipment	3 - 5 years
Vehicles	5 years

(e) Investment property

This is comprised of land and buildings held for appreciation or rental. The Company has elected to use the fair value model for subsequent measurement. Appreciation or decrease arising from changes in the fair value of investment property is included in the consolidated statement of comprehensive income for the period in which it arises.

(f) Impairment of assets

The carrying amounts of the Company's assets are reviewed at the date of each consolidated statement of financial position to determine if there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the consolidated statement of comprehensive income. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized in prior years.

Provision for impairment losses is maintained at a level believed to be adequate by management to absorb potential losses.

(g) Net comprehensive income per share

Net comprehensive income per share is calculated by dividing the net comprehensive income by the weighted average number of shares outstanding.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Intangible asset

Intangible assets acquired separately are initially carried at cost. Subsequently, intangible assets with definite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on the straight-line basis over its maximum 40 years' estimated useful life.

(i) Financial instruments

Classification

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement.

Recognition

Financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. When initially recognized, all financial assets are further grouped as investments at fair value through profit or loss (FVTPL), available for sale (AFS), held-to-maturity (HTM) and loans and receivables, while financial liabilities are classified as either at FVTPL or other financial liabilities.

Financial assets at FVTPL include investments in securities. Loans and receivables include due from brokers, customer advances, and other receivables. Other liabilities include bank overdraft, due to customers, bank loans, accounts payable and accrued expenses.

Measurement

Initial measurement is at fair value (which is usually the cost) plus transaction costs that are directly attributable to the acquisition or issue of the financial instrument, except for financial assets at FVTPL, which are initially measured at fair value, excluding transaction costs.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial instruments (Continued)

Measurement (Continued)

Subsequent to initial recognition, loans and receivables are measured at amortized cost, with assessment for impairment. Investments at FVTPL are measured at fair value. AFS are measured at fair value with changes shown directly in equity. Based on the classification, financial liabilities at FVTPL are measured at fair value and other liabilities at amortized cost (See Note 24).

For those financial assets carried at fair value, they are ranked into levels 1 to 3, based on the extent to which the fair values are observable (See Note 24).

Derecognition

Financial instruments are derecognized on the trade date when the Company is no longer a party to the contractual provisions of the instrument.

Financial assets are:

Cash at bank

For the purpose of the consolidated statement of cash flows, cash at bank includes balances which are available for withdrawal on demand.

Investments in securities

Investments in securities are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss subsequently. Investments in equity securities are valued, for listed securities, at the quoted market prices at the end of each year as provided by the relevant stock exchange.

Due from brokers

Due from brokers are stated at amortized cost net of allowance for any doubtful accounts. These balances are available for withdrawal on demand.

Customer advances

Customer advances are carried at the principal amount less any provision for impairment and doubtful debts. A provision for doubtful debts is made when collection of the full amount is considered no longer probable and the estimated value of the underlying collateral is insufficient to cover advances made to the customer. Amounts deemed to be irrecoverable are written off.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial instruments (Continued)

Financial assets (Continued)

Other receivables

Other receivables are stated at amortized cost net of any provision for doubtful debts.

Financial liabilities

Financial liabilities are any liabilities that are contractual obligations to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or a contract that will or may be settled in the Company's own equity instrument. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL are initially recognized and subsequently measured at fair value with any gains or losses recognized in the consolidated statement of comprehensive income.

Financial liabilities are:

Bank overdraft

This is treated and accounted for similar to cash at bank.

Accounts payable and accrued expenses

Accounts payable and accrued expenses are stated at amortized cost. They are recognized on the trade date of the related transactions. This includes loan administration fee income which is deferred by the Company over the term of the loan being administered on behalf of its clients.

Due to customers

This represents funds received from customers, and is carried at amortized cost.

The Company's subsidiary (Alliance) has a legally enforceable right of offset pertaining to all balances relating to a single customer.

Bank loan and loan from parent company

These loans are stated at amortized cost.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the critical judgments and estimates that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in these consolidated financial statements.

5.1 Key sources of estimation uncertainty

(a) *Provision for doubtful debts (Note 8)*

The Company estimates the provision for doubtful debts related to its customer advances, due from brokers, and other receivables based on assessment of specific accounts where the Company has information that certain customers are unable to meet their financial obligations. In these cases, judgment used was based on the best available facts and circumstances including, but not limited to, the length of relationship with the clients and value of portfolio held on behalf of clients. The Company used judgment to record specific reserves for clients against amounts due to reduce the expected collectible amounts. These specific reserves are re-evaluated and adjusted as additional information received impacts the amounts estimated. As at year-end, the balance of provision for doubtful debts amounted to $10,088,485 (2016: $10,071,481).

(b) *Impairment of assets*

The Company performs an impairment review when certain impairment indicators are present. Determining the fair value of property, plant & equipment and intangible asset, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Company to conclude that property, plant and equipment and intangible assets are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations. As at year-end, management believes that no impairment loss should be recognized in these consolidated financial statements.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

5.1 Key sources of estimation uncertainty (Continued)

(c) ***Fair valuation of investment property (Note 13)***

The Company has adopted the fair value approach in determining the carrying value of its investment properties. While the Company has opted to rely on an independent appraiser to determine the fair value of its investment property, such fair value was determined based on the cost and income approach of such type of property, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices. The amounts and timing of recorded changes in fair value for any period would differ if the Company made different judgments and estimates or utilized different basis for determining fair value.

(d) ***Contingencies (Note 20)***

The Company is currently involved in liquidation proceedings of a significant former client. Further, this client also holds $5,000,000 non-redeemable preference shares. Estimates of probable costs for the resolution of this on-going liquidation has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Company currently does not believe these proceedings will have a material adverse effect on the consolidated financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the Company's strategies relating to these proceedings.

6. CASH AT BANK AND DUE FROM BROKERS

Cash at bank comprise current accounts bearing interest at rates ranging from Nil to 0.5% (2016: Nil to 0.5%) per annum.

The Company maintains brokerage accounts with certain brokers locally and internationally. Due from brokers account in the consolidated statement of financial position consists of both clients' and Company's funds that are either deposited for future transactions or resulted from sales' proceeds, dividends or other transactions, which remain held at the brokers at the end of the year.

7. CUSTOMER ADVANCES (NET) AND DUE TO CUSTOMERS

Customer advances (net), as reported on the consolidated statement of financial position, is comprised of the following:

	2017	2016
Customer advances	10,526,834	10,312,544
Provision for doubtful debts (Note 8)	(9,780,946)	(9,792,146)
	$ 745,888	**$ 520,398**

Advances made to and received from customers include amounts due on or funds held relating to cash and margin transactions. Advances to customers based on margins are collateralized using securities owned by customers. Such collateral and securities are not reflected in the consolidated statement of financial position, as disclosed in Note 16.

Included in the balance of $11,486,585 (2016: $9,033,831) due to customers, is an amount of $785,180 (2016: $785,180), which relates to funds received on behalf of customers, who are not identified or have not claimed the deposits as at the consolidated financial statements date.

During 2012, voluntary liquidation proceedings supervised by the court were initiated by a significant client of a subsidiary, which were in progress at year-end. According to management and their legal counsel, there are no contingencies for which the subsidiary is liable. At year-end, customer advances and due to customers have been reported net of the amounts relating to the client under liquidation.

8. PROVISION FOR DOUBTFUL DEBTS

The movement in the provision for doubtful debts is as follows:

	2017	2016
Balance at beginning of year	10,071,481	9,952,024
Provision	244,492	255,852
Write-offs	(11,199)	(136,395)
Balance at end of year	**$ 10,304,774**	**$ 10,071,481**
Representing:		
Provision for customer advances (Note 7)	9,780,946	9,792,146
Provision for broker accounts	20,336	-
Provision for other receivables	503,492	279,335
Balance at end of year	**$ 10,304,774**	**$ 10,071,481**

9. INVESTMENTS IN SECURITIES

Investments in securities comprise publicly traded equities and other investments in the following industries.

	2017		2016	
Industry	**Cost**	**Market Value**	**Cost**	**Market Value**
Biotechnology	1,899	30	1,899	30
Financial services	756,058	3,743,098	824,057	2,787,040
Utilities	78,606	35,050	78,606	33,750
Industrial	930,157	259,885	930,157	175,352
Entertainment	139,661	17,584	139,661	17,584
Insurance	215,755	2,226	215,755	2,047
Wholesale and retail	78,958	72,688	78,958	73,778
Technology	11,580	75	11,580	52
Other	140,905	158,811	227,794	256,355
	$ 2,353,579	**$ 4,289,447**	**$ 2,508,467**	**$ 3,345,988**

10. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

This is comprised of the following:

	2017	2016
Deferred loan administration fee	438,903	376,318
Legal fees payable	15,950	322,832
Accounts payable and accruals	298,066	324,962
	$ 752,919	**$ 1,024,112**

11. PROPERTY, PLANT & EQUIPMENT

Property, plant & equipment is comprised of the following:

	Office & Leasehold Improvements	Furniture Fixtures & Equipment	Vehicles	Total
COST				
At January 1, 2016	133,656	299,445	-	**433,101**
Derecognition	(133,656)	-	-	**(133,656)**
Additions	169,714	29,493	13,688	**212,895**
At December 31, 2016	**169,714**	**328,938**	**13,688**	**512,340**
Additions	24,339	46,937	-	**71,276**
At December 31, 2017	**194,053**	**375,875**	**13,688**	**583,616**
ACCUMULATED DEPRECIATION				
At January 1, 2016	133,656	280,580	-	**414,236**
Derecognition	(133,656)	-	-	**(133,656)**
Depreciation	5,657	14,660	1,521	**21,838**
At December 31, 2016	**5,657**	**295,240**	**1,521**	**302,418**
Depreciation	33,943	23,370	4,563	**61,876**
At December 31, 2017	**39,600**	**318,610**	**6,084**	**364,294**
NET BOOK VALUE At December 31, 2017	**$ 154,453**	**$ 57,265**	**$ 7,604**	**$ 219,322**
NET BOOK VALUE At December 31, 2016	**$ 164,057**	**$ 33,698**	**$ 12,167**	**$ 209,922**

12. INTANGIBLE ASSET

The carrying amount of the Company's intangible asset is as follows:

	2017	2016
CARRYING AMOUNT		
Cost	250,000	-
Accumulated amortization	-	-
	$ 250,000	$ -
MOVEMENTS DURING THE YEAR		
At January 1	-	-
Additions	250,000	-
Amortization	-	-
At December 31	**$ 250,000**	**$ -**

Towards the end of the year, Ventures, a subsidiary, entered into an agreement with PureWater Systems Ltd. to purchase the administrative software developed by the latter for monitoring and optimization of its day-to-day operations at a cost of $250,000. PureWater is a related party by common ownership and key management.

13. INVESTMENT PROPERTY

The fair value of the investment property is as follows:

	2017	2016
Fair value at January 1	4,557,560	4,511,160
Additions	464,833	46,400
Fair value at December 31	**$ 5,022,393**	**$ 4,557,560**

During the current year, a subsidiary acquired a 0.41 acre tract of land on Carmichael Road, adjacent to the northern boundary of the existing investment property. Of the total amount of additions to investment property during the year, $214,833 was paid for in cash while the balance is supported by a long term loan of $250,000. A First Demand Legal Mortgage has been registered over this newly-purchased land [See Note 14 (b)].

On December 6, 2012 an independent appraisal of fair value was carried out resulting in an appreciation of $559,987.

13. INVESTMENT PROPERTY (Continued)

The fair value of investment property is determined by an independent profesionally qualified appraiser. In determining the valuation, the appraiser used both the cost and income approaches, which referred to the current market conditions and recent sales transactions of similar properties at the time of appraisal.

The amount of property rental income earned by the Company and the direct operating expenses as included in the consolidated statement of comprehensive income are as follows:

	2017	2016
Rental income	346,405	369,962
Direct operating expenses	153,968	107,120

Fair value hierarchy

The fair valuation of investment property is considered to represent a Level 3 valuation based on significant non-observable inputs being the cost and income potential of similar properties.

There were no transfers between Levels 1, 2 or 3 fair values during the year.

14. LOANS AND OVERDRAFT FACILITY

(a) Bank overdraft - Commonwealth Bank Limited

Effective March 16, 2017, a subsidiary of the Company renewed its overdraft facility with Commonwealth Bank Limited in the amount of $500,000, the utilized portion of which bears interest at an annual rate of B$ prime plus 3.50%, an effective rate of 7.75% (2016: 8.25%). At year-end, the subsidiary had pledged equity securities with a market value of $786,000 (2016: $1,000,956) as collateral for both the overdraft facility and the loan disclosed below.

(b) Bank loan - Commonwealth Bank Limited

During the current year, a subsidiary obtained a loan in the amount of $250,000 from Commonwealth Bank Limited to finance the purchase of additonal investment property. This loan bears interest at the rate of B$ prime plus 2.75% (variable at the bank's discretion) and is repayable on demand (based on a 7-year amortization schedule) by monthly installments of $3,774 (blended principal and interest). As security, the Company has provided a guarantee bond and a postponement of claim for full liability. In addition, hypothecation of 75,000 Commonwealth Bank Limited's common shares have also been assigned to the bank. The subsidiary also provided a first demand legal mortgage over the newly-purchased investment property, which was partially financed by the same loan (See Note 13).

14. LOANS AND OVERDRAFT FACILITY (Continued)

(b) Bank loan - Commonwealth Bank Limited (Continued)

Reconciliation of liabilities arising from financing activities

	2017	2016
Balance, January 1	-	432,815
Proceeds from loan	250,000	-
Repayments	(16,444)	(432,815)
Balance, December 31	**$ 233,556**	**$ -**

	2017	2016
Current	25,016	-
Non-current	208,540	-
Balance, December 31	**$ 233,556**	**$ -**

(c) Loan from parent company

During 2013, the Company received a loan in the amount of $180,000 from its parent company (Braun & Cie Ltd.) to liquidate the previous overdraft facility with First Caribbean International Bank. This loan bears interest at the rate of 4% per annum and is repayable on demand. At year-end, the loan remains unpaid and the Company had pledged equity securities with a market value of $735,000 (2016: $525,000) as security.

15. SHARE CAPITAL

(a) Ordinary shares

At December 31, 2017 and 2016, the authorized share capital of the Company was $100,000 divided into 10,000,000 ordinary shares each with a par value of $0.01, of which 4,959,111 shares were issued, outstanding and fully paid.

(b) Preference shares

At December 31, 2017, there were $5,000,000 (2016: $5,000,000) non-voting preference shares issued and outstanding. These shares were issued in two tranches: $2,000,000 in 2010, and $3,000,000 in 2011. These shares were issued in lieu of funds due to a customer on whom liquidation proceedings have subsequently commenced. All these shares are redeemable at the discretion of the issuer. Dividend payout on these shares is also at the discretion of the issuer. Consequently, all these shares are reported as equity in the consolidated financial statements.

16. ASSETS UNDER ADMINISTRATION

The assets and liabilities of clients under administration in a custodial or nominee capacity are not reflected in these consolidated financial statements, except for those assets and liabilities that relate to the brokerage services provided by a subsidiary. At December 31, 2017, assets under administration totalled approximately $13.12 million (2016: $11.02 million).

17. INVESTMENT ADVISOR FEE

Effective January 1, 2000, Braun & Cie Ltd. was appointed Investment Manager by the Company, and is paid a fee of $100,000 (2016: $100,000), payable in monthly installments beginning January 1, 2001.

Mr. Julian Renaud Brown, a director, is President and Chairman of the Company and is also President of Braun & Cie Ltd.

18. CORPORATE MANAGEMENT FEES

Under an agreement dated January 1, 2001, Mann Judd Corporate Services Ltd., the Corporate Manager of the Company, is paid a fee of $18,275 (2016: $21,500) by the Company. In addition, fees of $8,385 (2016: $1,935), $3,700 (2016: $5,972) and $10,000 (2016: $12,002) were paid to Mann Judd Corporate Services Ltd., by Advisors, Alliance & Properties, respectively. A director of Mann Judd Corporate Services Ltd., is also a director of the Company and Alliance.

19. NET COMPREHENSIVE INCOME PER SHARE

The calculation of net comprehensive income per share is based on the consolidated net comprehensive income of $8,172,823 (2016: $3,096,365) and on the weighted average number of ordinary shares outstanding during the year of 4,959,111 (2016: 4,959,111).

20. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Liquidation of a significant client

During 2012, a subsidiary of the Company, as disclosed in Note 7, has a client on whom voluntary liquidation proceedings were initiated. Further, this client also holds $5,000,000 non-redeemable preference shares as disclosed in Note 15 (b).

20. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

(a) Liquidation of a significant client (Continued)

Although the ultimate outcome of the above mentioned matters cannot be ascertained at this time, it is the opinion of management, after consultation with legal counsel, that the resolution of matters will not have a materially adverse effect on the financial position of the subsidiary.

(b) The United States Securities and Exchange Commission

The United States Securities and Exchange Commission ("SEC") commenced litigation on or about August 8, 2014. The SEC alleged that a subsidiary of the Group and its President purported to be the "custodian" for assets under the management of Nikolai Battoo ("Battoo"). The SEC indicated that the subsidiary and its President misrepresented themselves to investors as Battoo's custodian when, since at least 2009, the Company did not have custody of most of the assets listed on investor account statements. The SEC further alleged that the subsidiary and its President permitted Battoo to misappropriate at least $45 million of investor funds.

The SEC alleged that the subsidiary and its President violated certain sections of the securities laws and sought injunctive relief including injunctions against future violations of various sections of the federal securities laws and its rules and regulations thereunder including, but not limited to, the anti-fraud sections of the Securities Act of 1933, the Securities Exchange Act of 1934 and the Investment Advisers Act.

On March 30, 2015, after the Court denied the defendants' motion to dismiss the Complaint on jurisdictional grounds and for failure to state a cause of action, the defendants filed an Answer with Affirmative Defenses denying the allegations in the Complaint and seeking dismissal of the lawsuit.

This matter was settled on October 7, 2016, where defendants consented to the entry of a Final Judgment, without admitting or denying the substantive allegations of the complaint. A total sum of $337,832 was payable by the subsidiary, of which, $15,000 was paid in 2016 and the remainder was paid during the year. In addition, the President of the subsidiary was made liable for a civil penalty amounting to $50,000, which was recognized and paid by the subsidiary during the year. The subsidiary had identified and allocated certain funds since commencement of the litigation, which were used to settle legal expenses.

21. RELATED PARTY BALANCES AND TRANSACTIONS

Balances and transactions between the Company and its related parties are disclosed below:

	2017	2016
(a.) Transactions and balances	**$**	**$**
Directors' and officers' fees	41,435	41,998
Corporate management fees (Note 18)	40,360	41,409
Investment advisor fee	100,000	100,000
Loan from parent company (Note 14)	180,000	180,000
Purchase of intangible asset (Note 12)	250,000	-

(b.) Key management personnel compensation

The remuneration of the directors and other members of key management personnel of the Company is comprised only of short-term employee benefits in aggregate amounting to $619,486 (2016: $591,573).

22. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

To safeguard the entities' ability to continue as going concerns, so that as a Group, they can continue to provide returns for shareholders and benefits for other stakeholders.

To provide an adequate return to shareholders by selecting investments that provide an acceptable return commensurately with the level of risk.

The Company manages its capital structure and makes adjustments to it in light of economic changes to mitigate market risk. In order to manage the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or liquidate assets to reduce debt.

A subsidiary of the Company is subject to externally imposed capital requirements. The Securities Industry Regulations, 2000 requires that a Class 1 broker-dealer shall maintain at least $300,000 of regulatory capital, which consists of cash and cash equivalents, money market funds, government securities and listed securities.

In July 2017, concerns over adequacy of the subsidiary's regulatory capital were raised by the regulator. The directors have been responsive in providing the requirements communicated by the regulator to come into compliance with the Regulations. Towards the end of the current year, the subsidiary met the required capital.

23. OPERATING LEASE COMMITMENTS

As lessor

A subsidiary of the Company leases its investment property to various third parties under operating lease agreements. The average lease term is 5 years, with a fixed annual rate for the period of the lease.

Future minimum lease receipts under non-cancellable operating leases are as follows:

	2017	2016
Within one year	465,101	346,405
Later than 1 year and no later than 5 years	808,134	824,199
	$ 1,273,235	$ 1,170,604

24. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

Management is of the opinion that the fair value of the financial assets and financial liabilities of the Company approximate their carrying values as reported in these consolidated financial statements.

The following table analyzes the carrying amounts of financial assets and liabilities as defined in Note 4 (h):

	Loans and receivables (amortized cost)	Fair value through profit or loss	Held-to-maturity (amortized cost)	Available for sale investments	Total
2017					
Financial assets					
Cash at bank	9,789,195	-	-	-	**9,789,195**
Due from brokers	4,723,754	-	-	-	**4,723,754**
Customer advances	745,888	-	-	-	**745,888**
Investments in securities	-	4,289,447	-	-	**4,289,447**
Other receivables	65,647	-	-	-	**65,647**
	$ 15,324,484	**$ 4,289,447**	**$ -**	**$ -**	**$ 19,613,931**

	Fair value through profit or loss	Other financial liabilities	Total
Financial liabilities			
Bank overdraft	-	2,769	**2,769**
Accounts payable and accrued expenses	-	752,919	**752,919**
Due to customers	-	11,486,585	**11,486,585**
Bank loan - current		25,016	**25,016**
Loan from Parent Company		180,000	**180,000**
Bank loan - non-current	-	208,540	**208,540**
	$ -	**$ 12,655,829**	**$ 12,655,829**

24. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS (Continued)

	Loans and receivables (amortized cost)	Fair value through profit or loss	Held-to-maturity (amortized cost)	Available for sale investments	Total
2016					
Financial assets					
Cash at bank	4,092,992	-	-	-	**4,092,992**
Due from brokers	1,589,743	-	-	-	**1,589,743**
Customer advances	520,398	-	-	-	**520,398**
Investments in securities	-	3,345,988	-	-	**3,345,988**
Other receivables	274,992	-	-	-	**274,992**
	$ 6,478,125	**$ 3,345,988**	**$ -**	**$ -**	**$ 9,824,113**

	Fair value through profit or loss	Other financial liabilities	Total
Financial liabilities			
Bank overdraft	-	99,270	**99,270**
Accounts payable and accrued expenses	-	1,024,112	**1,024,112**
Due to customers	-	9,033,831	**9,033,831**
Loan from Parent Company	-	180,000	**180,000**
	$ -	**$ 10,337,213**	**$ 10,337,213**

Fair value of financial instruments

The directors consider that the carrying amounts of all of the financial assets and liabilities of the Company approximate their fair values due to the following reasons:

(i) Investments in securities are carried at fair value at each reporting period.

(ii) Due from brokers, customer advances, other receivables excluding prepayments, overdraft, due to customers, bank loan - current, loan from parent company and accounts payable and accrued expenses approximate their fair values due to the short-term maturities of these instruments with no expected significant change in value over the short period of time.

(iii) Bank loan - non-current bears the prevailing market rate of interest making it approximate its fair value.

24. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Fair value hierarchy and measurements

The following table categorizes into three levels the inputs used to measure fair value of financial instruments:

Financial assets and liabilities that are measured at fair value on a recurring basis

	Fair value measurements as at 31 December 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
FINANCIAL ASSETS				
Financial assets at fair value through profit or loss				
Investments in securities	4,289,447	-	-	**4,289,447**

	Fair value measurements as at 31 December 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
FINANCIAL ASSETS				
Financial assets at fair value through profit or loss				
Investments in securities	3,345,988	-	-	**3,345,988**

Level 1
The fair value of financial instruments traded in an active market is based on quoted market prices at the reporting date.

Level 2
The fair value of financial instruments not traded in an active market is determined by using valuation techniques. The fair value of the financial instrument within this category has been estimated using the present value method.

Level 3
The fair value of financial instruments is determined by inputs that are not based on observable market data.

There were no transfers between level 1 and 2 during the year.

24. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Fair value hierarchy and measurements (Continued)

Financial assets and liabilities that are not measured at fair value on a recurring basis

	Fair value measurements as at 31 December 2017			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
FINANCIAL ASSETS				
Cash at bank	9,789,195	-	-	**9,789,195**
Due from brokers	4,723,754	-	-	**4,723,754**
Customer advances	-	745,888	-	**745,888**
Other receivables	-	65,647	-	**65,647**
FINANCIAL LIABILITIES				
Bank overdraft	2,769			**2,769**
Accounts payable and accrued expenses	-	752,919	-	**752,919**
Due to customers	-	11,486,585	-	**11,486,585**
Bank loan - current	-	-	25,016	**25,016**
Loan from Parent Company	-	180,000	-	**180,000**
Bank loan - non-current	-	-	208,540	**208,540**

	Fair value measurements as at 31 December 2016			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
FINANCIAL ASSETS				
Cash at bank	4,092,992	-	-	**4,092,992**
Due from brokers	1,589,743	-	-	**1,589,743**
Customer advances	-	520,398	-	**520,398**
Other receivables	-	274,992	-	**274,992**
FINANCIAL LIABILITIES				
Bank overdraft	99,270			**99,270**
Accounts payable and accrued expenses	-	1,024,112	-	**1,024,112**
Due to customers	-	9,033,831	-	**9,033,831**
Loan from Parent Company	-	180,000	-	**180,000**

25. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations, and arises primarily from the Company's cash at bank, customer advances, due from brokers and other receivables.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of market and liquidity risk of the securities held as collateral for the receivables.

The Company has established an allowance for impairment that represents its estimate of incurred losses in respect of customer advances, due from brokers and other receivables. Recoverability of each of these assets is assessed individually, and specific provision is made as required.

25. FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

The table below classifies various financial assets in ascending order of exposure to credit risk:

	2017	2016
(a) Banks with credit-rating of B and above	9,789,195	4,092,992
(b) Stockbrokers	4,723,754	1,589,743
(c) Other receivables	65,647	274,992
(d) Due from customers	745,888	520,398
	$ 15,324,484	**$ 6,478,125**

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities.

The Company's approach to managing liquidity is to ensure that, as far as possible, it will schedule the maturity of its financial assets to coincide with the maturity of its financial liabilities.

The risk is also mitigated by management's ability to negotiate to reschedule the maturity of financial assets and financial liabilities, and borrow temporary funds from its bankers to bridge any shortfall.

Management is of the opinion that disclosure of the maturity profile of financial assets is not required. The Company maintains sufficient cash and marketable securities. Management reviews cashflow forecasts on a regular basis to determine whether the Company has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities. The Company has further unused overdraft facilities of $497,231 (2016: $150,730) which can be used as an additional means of easing liquidity risk if considered necessary. The Company expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

25. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk (Continued)

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

	0 - 3 months $	3 months - 1 year $	Over 1 year $	Total $
2017				
Financial Liabilities				
Bank overdraft	2,769	-	-	**2,769**
Accounts payable and accrued expenses	255,141	497,778	-	**752,919**
Due to customers	462,467	7,718,723	3,305,395	**11,486,585**
Bank loan - current	11,322	33,966	-	**45,288**
Loan from parent company	-	180,000	-	**180,000**
Bank loan - non-current	-	-	237,762	**237,762**
	$ 731,699	**$ 8,430,467**	**$ 3,543,157**	**$ 12,705,323**
2016				
Financial Liabilities				
Bank overdraft	99,270	-	-	**99,270**
Accounts payable and accrued expenses	1,024,112	-	-	**1,024,112**
Due to customers	2,203,002	1,670,365	5,160,464	**9,033,831**
Loan from parent company	-	180,000	-	**180,000**
	$ 3,326,384	**$ 1,850,365**	**$ 5,160,464**	**$ 10,337,213**

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the fair value or future cash flows of the Company's financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is exposed to currency risk and interest rate risk.

25. FINANCIAL RISK MANAGEMENT (Continued)

Market risk (Continued)

(a) Currency risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Most of the Company's foreign currency transactions, assets and liabilities are denominated in US Dollars. The Company hedges currency risk by converting other foreign currencies to US Dollars, which is at par with the Bahamian Dollar, at transaction date and also by maintaining a spread to cover adverse fluctuations.

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities. A subsidiary's interest rate liability risk arises primarily from borrowings issued at floating interest rates, which exposes the subsidiary to cash flow interest rate risk. Borrowings are sourced from a local bank, covering short and long-term funding.

The Company manages interest rate risk on borrowings by ensuring access to diverse sources of funding, reducing risks of refinancing by establishing and managing in accordance with target maturity profiles.

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. It shows the effect on net comprehensive income and equity had the interest rates been higher or lower. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates based on the recent changes in lending prime rate in the Bahamas.

Profit and equity for the year ended December 31, 2017 and 2016 would decrease/ increase by $1,182 and $496, respectively. This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings