BENCHMARK (BAHAMAS) LTD.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

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CONSOLIDATED FINANCIAL STATEMENTS

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PKF
Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Benchmark (Bahamas) Ltd.

We have audited the accompanying consolidated financial statements of **Benchmark (Bahamas) Ltd.**, which comprise the consolidated statement of financial position as at **December 31, 2015**, and the consolidated statements of comprehensive loss, changes in 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

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Auditors' Responsibility (Continued)

In making those risk assessments, we considered internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity's internal control. 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Benchmark (Bahamas) Ltd.** as of **December 31, 2015** and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 to the financial statements which describes the net deficit position 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.

We also draw attention to Note 19(c), where the United States Securities and Exchange Commission ("SEC") commenced litigation against a subsidiary on or about August 8, 2014. As at the date of these consolidated financial statements, the outcome is uncertain and any potential losses cannot be reasonably estimated.

PKF

April 28, 2016
Nassau, Bahamas

BENCHMARK (BAHAMAS) LTD.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015

(Expressed in Bahamian dollars)

	Notes	2015	2014
PROPERTY, PLANT & EQUIPMENT	10	**18,865**	**17,396**
INVESTMENT PROPERTY	11	**4,511,160**	**4,511,160**
CURRENT ASSETS			
Cash and cash equivalents	6	2,025,736	202,621
Due from brokers	6	2,035,750	2,159,578
Customer advances	7	655,434	852,816
Other receivables and prepayments		270,570	300,941
Investments in securities	9	3,035,410	8,161,810
		8,022,900	**11,677,766**
CURRENT LIABILITIES			
Bank overdraft	12	185,041	114,684
Accounts payable and accrued expenses		321,024	287,306
Due to customers	7	10,236,128	11,054,876
Investments in securities - (sold short)	9	-	2,564,350
Current portion of bank loan	12	84,703	79,673
Loan from Parent Company	12	180,000	180,000
		11,006,896	**14,280,889**
NET CURRENT LIABILITIES		**(2,983,996)**	**(2,603,123)**
NON-CURRENT LIABILITIES			
Non-current portion of bank loan	12	348,112	431,175
		348,112	**431,175**
		$ 1,197,917	**$ 1,494,258**
EQUITY (Page 5)		**$ 1,197,917**	**$ 1,494,258**

The consolidated financial statements were approved and authorized to be issued on April 28, 2016 by the Board of Directors, and signed on its behalf by:

Director

G. C. Bulmer

Director

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

BENCHMARK (BAHAMAS) LTD.

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

FOR THE YEAR ENDED DECEMBER 31, 2015

(Expressed in Bahamian dollars)

	Notes	2015	2014
INCOME			
Interest		49,529	63,059
Commission		851,872	485,381
Portfolio management and advisory fees		328,224	301,307
Dividends		89,265	91,410
Rental income		340,189	256,600
		1,659,079	1,197,757
EXPENSES			
Payroll costs		317,873	301,255
Communication, insurance and allowances		42,308	165,814
Investment advisor fee	15	99,900	100,000
Bank charges and interest		220,888	307,225
Rent and occupancy		79,825	84,815
Property management fee		25,000	25,000
Insurance		24,189	24,596
Professional fees		108,558	69,930
Depreciation	10	13,355	13,088
Directors' and officers' fees		49,560	38,000
Fuel costs		6,887	10,098
Cleaning, repairs and maintenance		60,324	52,725
Utilities		10,723	10,333
Corporate management fees	16	39,698	43,550
Printing and stationery		17,095	15,371
Provision on customer advances and other receivables	8	47,241	106,548
Bad debt expense-write-offs		-	90,200
Public relations		23,176	19,356
Dividends paid on securities sold short		26,612	36,185
Registrar Commission license fees		16,497	19,333
Clients servicing costs		-	32,288
Business licence fees		11,343	9,620
Real property tax		44,547	30,722
Securities Commission licence fees		19,000	25,103
Bahamas International Securities Exchange listing fees		5,375	5,350
Net realized foreign exchange loss		41,690	21,119
		1,351,664	1,657,624
Net income/(loss)		307,415	(459,867)
REALIZED AND UNREALIZED LOSS ON INVESTMENTS:			
Net realized loss on investments in securities		(311,128)	(32,742)
Net unrealized loss on investments in securities		(292,628)	(293,429)
Net realized and unrealized loss on investments		(603,756)	(326,171)
Net comprehensive loss		$ (296,341)	$ (786,038)
Net comprehensive loss per share	18	$ (0.06)	$ (0.16)

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

BENCHMARK (BAHAMAS) LTD.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

DECEMBER 31, 2015

(Expressed in Bahamian dollars)

	(Note 13) Ordinary shares	(Note 13) Preference shares	Contributed surplus	Accumulated deficit	Total
Balance at January 1, 2014	49,591	5,000,000	4,056,273	(6,825,568)	**2,280,296**
Net comprehensive loss (Page 4)	-	-	-	(786,038)	**(786,038)**
Balance at December 31, 2014	**49,591**	**5,000,000**	**4,056,273**	**(7,611,606)**	**1,494,258**
Net comprehensive loss (Page 4)	-	-	-	(296,341)	**(296,341)**
Balance at December 31, 2015	**$ 49,591**	**$ 5,000,000**	**$ 4,056,273**	**$ (7,907,947)**	**$ 1,197,917**

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, 2015

(Expressed in Bahamian dollars)

	Notes	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net comprehensive loss		**(296,341)**	**(786,038)**
Adjustments for:			
Net movement in unrealized loss on investments in securities		292,628	293,429
Net realized loss on investments in securities		311,128	32,742
Write-off of/Provision for bad debts		47,241	196,748
Depreciation	10	13,355	13,088
Net Cash Provided by/(Used in) Operations before Changes in Operating Assets and Liabilities		**368,011**	**(250,031)**
Decrease/(increase) in customer advances		197,382	(222,388)
(Increase)/decrease in other receivables and prepayments		(16,870)	74,789
Increase in accounts payable and accrued expenses		33,718	28,953
(Decrease)/increase in due to customers, net		(818,748)	43,021
Net Cash Used in Operating Activities		**(236,507)**	**(325,656)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of securities		(2,856,530)	(1,380,412)
Proceeds from sale of securities		4,814,824	471,715
Purchase of property, plant & equipment	10	(14,824)	(3,200)
Improvements to investment property		-	(2,500)
Net Cash Provided by/(Used in) Investing Activities		**1,943,470**	**(914,397)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Bank loan - repayments		(78,033)	(48,676)
Net Cash Used in Financing Activities		**(78,033)**	**(48,676)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**1,628,930**	**(1,288,729)**
Cash and cash equivalents, beginning of year		2,247,515	3,536,244
Cash and cash equivalents, end of year		**$ 3,876,445**	**$ 2,247,515**
Cash and cash equivalents are comprised of:			
Cash and cash equivalents	6	2,025,736	202,621
Due from brokers	6	2,035,750	2,159,578
Bank overdraft	12	(185,041)	(114,684)
		$ 3,876,445	**$ 2,247,515**

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 (2012 - 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) and Benchmark Properties (Bahamas) Ltd. (Properties), 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. The statement of financial position shows net liabilities and deficit as at December 31, 2015, resulting in Alliance not being able to meet its regulatory capital requirements.

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.

The address of the registered office of the Group is Gresham House, Charlotte Street South, Nassau, Bahamas and its principal place of business is One Bay Street, 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. Annual Improvements to IFRSs 2010-2012 Cycle

IFRS 13 *Fair Value Measurement*

Entities are not prevented by the issuance of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial. The improvements are effective for accounting periods beginning on or after July 1, 2014.

IAS 24 *Related Party Disclosures - Key Management Personnel*

Clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

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 or fair value 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 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, with earlier adoption permitted.

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 recognise 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.

4. Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortization*

The amendments to IAS 16 prohibit entities from using the revenue-based depreciation method for items of property, plant and equipment. Currently, the Company uses the straight-line method of depreciation for its property, plant and equipment. The amendments are effective on or after January 1, 2016.

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)

5. Amendments to IAS 27 *Equity Method in Separate Financial Statements*

The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates which will be effective for accounting periods beginning 1 January 2016.

6. Amendments to IAS 1 *Disclosure Initiative*

The amendments give clarification in respect of determining what information to disclose in annual financial statements. It clarifies that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply. The standard is effective for years commencing on or after 1 January 2016.

7. Amendments to IAS 7 *Disclosure Initiative*

Amends IAS 7 *Statement of Cash Flows* to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The standard is effective for years commencing on or after 1 January 2017.

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 measurement

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, intragroup balances and intragroup 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 and expense recognition

Income and expenses are recognized on the accrual basis.

Dividends are recorded on the ex-dividend date.

(b) Interest income and expenses

Interest income and expenses are recognized in the consolidated statement of comprehensive loss using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

(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 loss.

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 loss on a 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

(e) Investment property

This is comprised of land and buildings held for appreciation or rental. The Group 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 loss 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 loss. 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 loss per share

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments

Classification

The Group 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, due from related parties and other receivables. Financial liabilities at FVTPL include investments sold short. Other liabilities include bank overdraft, due to customers, 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.

Subsequent to initial recognition, loans and receivables are measured at amortized cost, with assessment for impairment. Investments at FVTPL is measured at fair value. AFS is 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 23)

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 23).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

Derecognition

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

Financial assets are:

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include balances which are available for withdrawal on demand.

Investments

Investments 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.

Short selling is the sale of a security that is not owned by the Company, or that the Company has borrowed. Short selling is motivated by the belief that a security's price will decline, enabling it to be bought back at a lower price to make a profit. Short selling may be prompted by speculation, or by the desire to hedge the downside risk of a long position.

The short sold securities are marked to market at year-end to recognize the fair value of the obligation. The dividend and interest expense related to short securities are charged to profit or loss in the period in which dividends are paid or interest is incurred.

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)

Accounts receivable

Accounts receivable are stated at amortized cost net of any allowance for doubtful accounts.

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 fair value through profit or loss or other financial liabilities.

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

Financial liabilities are:

Bank overdraft

This is treated and accounted for similar to cash and cash equivalents.

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.

Due to customers

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

Bank loan and loan from Parent Company

These loans are stated at amortized cost.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Certain amounts included in or affecting the Group's consolidated financial statements and related disclosures must be estimated, requiring the Group's management to make assumptions with respect to values or conditions which cannot be known with certainty at the time the consolidated financial statements are prepared. A "critical accounting estimate" is one which is both important to the portrayal of the Company's consolidated financial position and results, and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Judgments are also made in disclosing any contingent assets and liabilities that exist at the date of the consolidated statement of financial position.

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

(a) Provision for bad debts
(b) Impairment of assets
(c) Fair valuation of investment property

6. CASH AT BANK AND DUE FROM BROKERS

Cash at bank comprise current accounts bearing interest at rates ranging from Nil to 3% (2014: Nil to 3%) per annum.

The Group had margin account facilities with certain brokers which bore interest at rates ranging from Nil to 7.75% (2014: Nil to 11%) per annum, which were collateralized by securities owned by both a subsidiary and its certain customers. The balance in the Group's margin accounts were liquidated during the current year.

7. CUSTOMER ADVANCES AND DUE TO CUSTOMERS

At the date of the consolidated statement of financial position, customer advances are shown net of a provision for doubtful debts amounting to $9,792,146 (2014: $9,792,146). Advances made to and from customers include amounts due on/excess 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 explained in Note 14.

Of the total amount due to customers, $785,180 (2014: $785,180) relates to funds received on behalf of customers, who are not identified or have not claimed the deposits as at the end of the period.

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:

	2015	2014
Balance at beginning of year	9,904,783	9,798,235
Provision	47,241	106,548
Balance at end of year	**$ 9,952,024**	**$ 9,904,783**
Representing:		
Specific provision for customer advances	9,792,146	9,792,146
Specific provision for other receivables	159,878	112,637
Balance at end of year	**$ 9,952,024**	**$ 9,904,783**

9. INVESTMENTS IN SECURITIES

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

Industry	2015 Cost	2015 Market Value	2014 Cost	2014 Market Value
Biotechnology	94,486	1,361	94,646	18,432
Financial services	1,361,047	2,523,670	5,163,631	6,421,831
Utilities	78,606	31,050	78,644	25,898
Industrial	837,093	233,770	1,635,922	1,329,902
Entertainment	139,661	17,584	139,661	8,792
Insurance	215,755	1,474	215,785	1,953
Wholesale and retail	78,958	47,247	78,958	55,200
Other	487,139	155,042	350,830	92,009
Technology	42,831	24,212	150,978	110,993
Construction	-	-	173,250	96,800
	$ 3,335,576	$ 3,035,410	$ 8,082,305	$ 8,161,810

Investments sold short:

Industry	2015 Cost	2015 Market Value	2014 Cost	2014 Market Value
Industrial	-	-	391,976	1,109,100
Financial services	-	-	144,849	930,400
Other	-	-	118,624	524,850
	$ -	$ -	$ 655,449	$ 2,564,350

10. PROPERTY, PLANT & EQUIPMENT

Property, plant & equipment comprise the following:

	Office & Leasehold Improvements	Furniture Fixtures & Equipment	Total
COST			
At January 1, 2015	133,656	284,621	418,277
Additions	-	14,824	14,824
At December 31, 2015	**133,656**	**299,445**	**433,101**
ACCUMULATED DEPRECIATION			
At January 1, 2015	133,656	267,225	400,881
Charge for the year	-	13,355	13,355
At December 31, 2015	**133,656**	**280,580**	**414,236**
NET BOOK VALUE At December 31, 2015	**$ -**	**$ 18,865**	**$ 18,865**
NET BOOK VALUE At December 31, 2014	**$ -**	**$ 17,396**	**$ 17,396**

11. INVESTMENT PROPERTY

This is comprised of the following:

	Land	Building	Parking	Total
At December 31, 2014 and 2015	**$ 1,065,000**	**$ 3,323,630**	**$ 122,530**	**$ 4,511,160**

11. INVESTMENT PROPERTY (Continued)

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

The fair value of the Company's investment property is determined by an independent profesionally qualified appraiser. In determining the valuation, the appraiser used both the cost and income approaches.

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.

12. LOANS, OVERDRAFT FACILITY AND DUE TO BROKERS

(a) Bank overdraft - Commonwealth Bank

Effective May 12, 2011, a Subsidiary in the Group entered into an overdraft facility agreement with Commonwealth Bank of $250,000, the utilized portion of which bears interest at the annual rate of B$ prime plus 3%. At year end, the Subsidiary had pledged equity securities with a market value of $470,563 (2014: $470,563) as collateral.

(b) Bank loan - Bank of The Bahamas

During 2009, the Company received a loan in the amount of $1,700,000 (inclusive of arrangement fees) from Bank of the Bahamas Ltd. to finance the investment property. This loan bears interest at the rate of B$ prime plus 3.5% and is repayable on demand (based on a 10 year amortization schedule) by monthly installments of $21,546 (principal and interest). During 2012, the Company made an accelerated principal payment of $800,000 that changed subsequent monthly installments. As security, the Company's wholly owned subsidiary, Benchmark Properties (Bahamas) Ltd., has provided a guarantee, together with a first demand legal mortgage over its property and buildings, which is financed by the same loan. In addition, insurance and rent of the aforementioned buildings have also been assigned to the bank.

	2015	2014
Current portion of loan	84,703	79,673
Non-current portion of loan	348,112	431,175
	$ 432,815	**$ 510,848**

12. LOANS, OVERDRAFT FACILITY AND DUE TO BROKERS (Continued)

(c) Due to brokers

Alliance had margin account facilities with certain brokers which bore interest at rates ranging from Nil to 7.75% (2014: Nil to 11%) per annum, which were collateralized by securities owned by both Alliance and certain customers. The balance in the Alliance's margin accounts were liquidated during the current year.

(d) Loan from Parent Company

During 2013, the Company received a loan in the amount of $180,000 from it's Parent Company (Braun & Cie Ltd.) to repay and terminate the 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 $392,000 (2014: $375,000) as security.

13. SHARE CAPITAL

(a) Ordinary shares

At December 31, 2015 and 2014, 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, 2015, there were $5,000,000 (2014: $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 all these shares is also at the discretion of the issuer. Consequently, all these shares are recognized as equity.

14. ASSETS UNDER ADMINISTRATION

The assets and liabilities of clients under administration by the Company in a custodial or nominee capacity are not reflected in these financial statements, except for those assets and liabilities that relate to the brokerage services provided by the Company. At December 31, 2015, assets under administration totalled approximately $12.4 million (2014: $12.1 million).

15. INVESTMENT ADVISOR FEE

Effective January 1, 2000, Braun & Cie Ltd. was appointed Investment Manager by the Company and is paid a fee of $99,900 (2014: $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.

16. CORPORATE MANAGEMENT FEES

Under an agreement dated January 1, 2001, Mann Judd Corporate Services Ltd., the Corporate Manager of the Group, is paid a fee of $21,500 (2014: $24,000) by the Company. In addition, fees of $1,823 (2014: $2,850), $3,000 (2014: $3,700) and $13,375 (2014: $13,000) 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.

17. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel compensation included in payroll costs for the year ended December 31, 2015 amounted to $230,322 (2014: $200,732).

18. NET COMPREHENSIVE LOSS PER SHARE

The calculation of net comprehensive loss per share is based on the consolidated net comprehensive loss of $296,341 (2014: $786,038) and on the weighted average number of ordinary shares outstanding during the year of 4,959,111 (2014: 4,959,111).

19. CONTINGENT LIABILITIES

(a) The Securities Commission of The Bahamas

During 2012, concerns over adequacy of a subsidiary's regulatory capital were raised by the regulator, with follow up correspondence during the current fiscal year, which is still being reviewed [See Note 21]. The Directors of such subsidiary have been responsive in providing the requirements communicated by the regulator to come into compliance with the Securities Industry Regulations, 2012. As at the date of approval of these financial statements, the Directors await further communication from the regulator to resolve this issue.

In 2012, the regulator has also raised concerns as to the above-mentioned subsidiary's ability to continue operating as a going concern. Following the regulator's request, the Directors of the Company, as parent entity of such subsidiary, have replaced the letter of comfort with a letter of guarantee.

(b) Liquidation of a significant client

During 2012, a subsidiary of the Group, as disclosed in Note 7, has a client on whom voluntary liquidation proceedings were initiated. Further, this client also holds $5,000,000 irredeemable preference shares as disclosed in Note 13 (b).

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.

(c) 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 alleges 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 indicates that the subsidiary and 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 alleges that the subsidiary and its President permitted Battoo to misappropriate at least $45 million of investor funds.

19. CONTINGENT LIABILITIES (Continued)

(c) The United States Securities and Exchange Commission (Continued)

The SEC alleges that the subsidiary and its President, violated certain sections of the securities laws and seeks 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 Adviser's 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. As at the date of these consolidated financial statements, it is the opinion of the management, after consultation with legat counsel, that the outcome of the litigation (complaint) is uncertain and any potential losses cannot be reasonably estimated.

20. RELATED PARTY BALANCES AND TRANSACTIONS

At December 31, 2015 and 2014, related party balance, which is repayable on demand,

	2015	2014
	$	$
Directors' and officers' fees	49,560	38,000
Corporate management fee	39,698	43,550
Investment advisor fee	99,900	100,000
Key management compensation	230,322	200,732
Loan from Parent Company	180,000	180,000

21. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

To safeguard the entities' ability to continue as a going concern, so that it 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.

21. CAPITAL MANAGEMENT (Continued)

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

A subsidiary of the Group 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. The subsidiary did not meet the required capital, for which a guarantee was provided by the Company. No penalties have been imposed by the Commission at year-end.

22. COMMITMENTS

Lease

A subsidiary of the Group entered into a commercial lease agreement for office space with British Colonial Development Company Limited. This 5-year non-cancellable lease expired on March 31, 2014 and thereafter, was renewed on an annual basis. The last renewal expired on March 31, 2016 and is being renewed on a month-to-month basis. The subsidiary is in the process of securing office space in a building owned by another subsidiary.

Future minimum lease payments under this lease are as follows:

	2015	2014
Less than one year	$ 10,515	$ 43,086

23. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

Management is of the opinion that the fair value of the financial assets and financial liabilities of the Group 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 (i):

	Loans and receivables (amortized cost)	Fair value through profit or loss	Held-to-maturity (amortized cost)	Available for sale investments	Total
2015					
Financial assets					
Cash and cash equivalents	2,025,736	-	-	-	2,025,736
Due from brokers	2,035,750	-	-	-	2,035,750
Customer advances	655,434	-	-	-	655,434
Investments in securities	-	3,035,410	-	-	3,035,410
Other receivables	241,480	-	-	-	241,480
	$ 4,958,400	$ 3,035,410	$ -	$ -	$ 7,993,810

	Fair value through profit or loss	Other financial liabilities	Total
Financial liabilities			
Bank overdraft	-	185,041	185,041
Accounts payable & accrued expenses	-	321,024	321,024
Due to customers	-	10,236,128	10,236,128
Current portion of bank loan	-	84,703	84,703
Loan from Parent Company	-	180,000	180,000
Non-current portion bank loan	-	348,112	348,112
	$ -	$ 11,355,008	$ 11,355,008

23. 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
2014					
Financial assets					
Cash and cash equivalents	202,621	-	-	-	202,621
Due from brokers	2,159,578	-	-	-	2,159,578
Customer advances	852,816	-	-	-	852,816
Investments in securities	-	8,161,810	-	-	8,161,810
Other receivables	287,977	-	-	-	287,977
	$ 3,502,992	$ 8,161,810	$ -	$ -	$ 11,664,802

	Fair value through profit or loss	Other financial liabilities	Total
Financial liabilities			
Bank overdraft	-	114,684	114,684
Accounts payable & accrued expenses	-	287,306	287,306
Due to customers	-	11,054,876	11,054,876
Investments in securities - (sold short)	2,564,350	-	2,564,350
Current portion of bank loan	-	79,673	79,673
Loan from Parent Company	-	180,000	180,000
Non-current portion of bank loan	-	431,175	431,175
	$ 2,564,350	$ 12,147,714	$ 14,712,064

23. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Fair value of financial instruments

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

(i) Investments in securities and investments sold short are carried at fair value at each reporting period.

(ii) Due from brokers, customer advances, other receivables excluding prepayments, due to customers, 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.

23. 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 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
FINANCIAL ASSETS				
Financial assets at fair value through profit or loss				
Investments in securities	3,035,410	-	-	3,035,410
FINANCIAL LIABILITIES				
Financial liabilities at fair value through profit or loss				
Investments (sold short)	-	-	-	-

	Fair value measurements as at 31 December 2014			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
FINANCIAL ASSETS				
Financial assets at fair value through profit or loss				
Investments in securities	8,161,810	-	-	**8,161,810**
				-
FINANCIAL LIABILITIES				
Financial liabilities at fair value through profit or loss				
Investments (sold short)	2,564,350	-	-	**2,564,350**

23. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Fair value hierarchy and measurements (Continued)

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

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.

23. 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 2015			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
FINANCIAL ASSETS				
Cash at bank	2,025,736	-	-	2,025,736
Due from brokers	2,035,750	-	-	2,035,750
Customer advances	-	655,434	-	655,434
Other receivables	-	241,480	-	241,480
FINANCIAL LIABILITIES				
Bank overdraft	185,041			185,041
Accounts payable and				-
accrued expenses	-	321,024	-	321,024
Due to customers	-	10,236,128	-	10,236,128
Bank loan		432,815		432,815
Loan from Parent Company		180,000		180,000

	Fair value measurements as at 31 December 2014			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
FINANCIAL ASSETS				
Cash at bank	202,621	-	-	202,621
Due from brokers	2,159,578	-	-	2,159,578
Customer advances	-	852,816	-	852,816
Other receivables	-	287,977	-	287,977
FINANCIAL LIABILITIES				
Bank overdraft	114,684			114,684
Accounts payable and accrued expenses	-	287,306	-	287,306
Due to customers	-	11,054,876	-	11,054,876
Bank loan		510,848		510,848
Loan from Parent Company		180,000		180,000

24. FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

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

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

The Group's risk management policies are established to identify and analyze the risks faced by the Group, 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 Group's activities.

Credit Risk

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

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

24. FINANCIAL RISK MANAGEMENT (Continued)

Credit Risk (Continued)

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

	2015	2014
(a) Banks with credit-rating of B and above	2,025,736	202,621
(b) International stockbrokers	2,035,750	2,159,578
(c) Other receivables	241,480	287,977
(d) Due from customers	655,434	852,816
	$ 4,958,400	**$ 3,502,992**

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.

The group maintains sufficient cash and marketable securities. Management reviews cashflow forecasts on a regular basis to determine whether the group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities. The group has further unused overdraft facilities of $64,959 (2014: $135,316) which can be used as an additional means of easing liquidity risk if considered necessary. The group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

24. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk (Continued)

Management is of the opinion that disclosure of maturity profile of financial assets is not required.

	0 - 3 months $	3 months - 1 year $	Over 1 year $	Total $
2015				
Financial Liabilities				
Bank overdraft	185,041	-	-	**185,041**
Accounts payable & accrued expenses	321,024	-	-	**321,024**
Due to customers	-	3,134,968	7,101,160	**10,236,128**
Current portion of bank loan	20,527	64,176	-	**84,703**
Loan from Parent Company	-	180,000	-	**180,000**
Non-current portion bank loan	-	-	348,112	**348,112**
	$ 526,592	**$ 3,379,144**	**$ 7,449,272**	**$ 11,355,008**
2014				
Financial Liabilities				
Bank overdraft	114,684	-	-	**114,684**
Accounts payable & accrued expenses	287,306	-	-	**287,306**
Due to customers	-	3,316,463	7,738,413	**11,054,876**
Investments - (sold short)	-	2,564,350	-	**2,564,350**
Current portion of bank loan	19,918	59,755	-	**79,673**
Loan from Parent Company	-	180,000	-	**180,000**
Non-current portion bank loan	-	-	431,175	**431,175**
	$ 421,908	**$ 6,120,568**	**$ 8,169,588**	**$ 14,712,064**

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 Group'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 Group is exposed to currency risk and interest rate risk.

(a) Currency risk

The Group undertakes transactions denominated in foreign currencies; consequently exposures to exchange rate fluctuations arise. Most of the Group's foreign currency transactions, assets and liabilities are denominated in US Dollar. The Group hedges currency risk by dealing in hard currencies and whenever possible, in US Dollar, which is at par with the Bahamian Dollar.

24. FINANCIAL RISK MANAGEMENT (Continued)

Market risk (Continued)

(b) Interest rate risk

The Group is exposed to interest rate risk on margin facilities obtained from brokers. The risk associated with fluctuation in interest rates is factored into the underlying transactions for which the margin financing is used.

During the year, the Company's subsidiary has liquidated its margin and short positions, which will mitigate the interest rate risk in the future.