

Independent Auditor's Report

To the shareholders of
Caribbean Money Market Brokers Limited

Report on the financial statements

We have audited the accompanying consolidated financial statements of Caribbean Money Market Brokers Limited and its subsidiaries which comprise the consolidated balance sheet as of 31 March 2008, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 accompanying consolidated financial statements present fairly, in all material respects the financial position of the Group as of 31 March 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

Port of Spain
Trinidad, West Indies
25 June 2008

Caribbean Money Market Brokers Limited

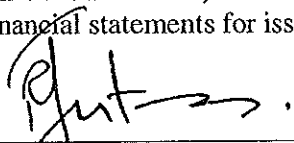
Consolidated Balance Sheet

(Expressed in Trinidad and Tobago dollars)

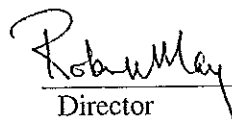
		31 March	
	Notes	2008 \$	2007 \$ Restated
ASSETS			
Cash and cash equivalents		376,680,095	269,496,425
Investment securities			
- receivables	5	2,163,155,770 4,247,030,554 316,502,547	1,721,945,575
- available-for-sale	6		3,555,170,346
- held to maturity	7		--
Repurchase receivables	8	898,036,838	1,827,823,298
Intangible assets	9	23,927,454	18,282,990
Property and equipment	10	40,761,058	37,140,872
Other assets	11	27,405,007	8,289,023
Deferred tax asset	14	47,314,911	39,954,869
Tax recoverable		<u>9,571,066</u>	<u>210,206</u>
Total assets		<u>8,150,385,300</u>	<u>7,478,313,604</u>
LIABILITIES			
Short-term borrowings	12	428,808,150	585,925,646
Funds under management		1,168,727,512	986,308,213
Securities sold under repurchase agreements		6,283,577,216	5,653,798,153
Derivative financial instruments		--	11,553,089
Accrued expenses and other liabilities	13	17,464,888	12,099,213
Tax payable		--	3,269,388
Deferred tax liability	14	<u>15,331,441</u>	<u>13,524,909</u>
Total liabilities		<u>7,913,909,207</u>	<u>7,266,478,611</u>
SHAREHOLDERS' EQUITY			
Share capital	15	137,697,000	137,697,000
Retained earnings		239,281,503	204,404,375
Fair value reserve	16	<u>(145,589,010)</u>	<u>(132,472,889)</u>
		231,389,493	209,628,486
Minority interest		<u>5,086,600</u>	<u>2,206,507</u>
Total shareholders' equity		<u>236,476,093</u>	<u>211,834,993</u>
Total equity and liabilities		<u>8,150,385,300</u>	<u>7,478,313,604</u>

The notes on pages 6 to 51 form an integral part of these financial statements.

On 25 June 2008, Caribbean Money Market Brokers Limited's Board of Directors authorised these financial statements for issue.



Director



Director

Caribbean Money Market Brokers Limited

Consolidated Income Statement

(Expressed in Trinidad and Tobago dollars)

		Year Ended 31 March	
	Notes	2008 \$	2007 \$
Interest income		606,818,082	559,291,885
Interest expense		<u>(488,018,016)</u>	<u>(503,271,338)</u>
Net interest income		118,800,066	56,020,547
Fee and commission income		6,240,046	2,983,154
Gains less losses - trading securities	17	(1,064,572)	(23,497,735)
Gains less losses - available for sale investment securities		16,124,066	100,475,737
Net foreign exchange gain		15,253,872	5,737,551
Other operating income		11,692,336	2,469,512
Impairment loss on investment securities	18	(40,485,000)	(29,224,881)
Operating expenses	19	<u>(88,485,662)</u>	<u>(85,092,121)</u>
Profit from operations		38,075,152	29,871,764
Share of loss of associate		--	<u>(11,276,907)</u>
Profit before tax		38,075,152	18,594,857
Tax	20	<u>(2,681,724)</u>	<u>(7,591,452)</u>
Profit for the year		<u>35,393,428</u>	<u>11,003,405</u>
Attributable to:			
Equity holders of the company		34,877,128	11,886,864
Minority interest		<u>516,300</u>	<u>(883,459)</u>
		<u>35,393,428</u>	<u>11,003,405</u>
Earnings per share			
Basic		<u>0.25</u>	<u>0.08</u>

The notes on pages 6 to 51 form an integral part of these financial statements.

Caribbean Money Market Brokers Limited

Consolidated Statement of Changes in Equity (Expressed in Trinidad and Tobago dollars)

	Attributable to equity holders of the parent				
	Share Capital \$	Retained Earnings \$	Fair Value Reserve \$	Minority Interest \$	Total Equity \$
Balance at 1 April 2006 before restatement	137,697,000	188,788,596	91,514,851	2,217,917	420,218,364
Restatement*	--	3,728,915	--	--	3,728,915
Adjusted Balance at 1 April 2006 after restatement	137,697,000	192,517,511	91,514,851	2,217,917	423,947,279
Net change in available for sale investments, net of tax not recognised in the income statement	--	--	(223,987,740)	(3,263,901)	(227,251,641)
Profit for the year	--	11,886,864	--	(883,459)	11,003,405
Total recognised income for 2007	--	11,886,864	(223,987,740)	(4,147,360)	(216,248,236)
Proceeds from shares issued	--	--	--	4,135,950	4,135,950
Balance at 31 March 2007	137,697,000	204,404,375	(132,472,889)	2,206,507	211,834,993
Balance at 1 April 2007	137,697,000	204,404,375	(132,472,889)	2,206,507	211,834,993
Net change in available for sale investments, net of tax not recognised in the income statement	--	--	(13,116,121)	2,363,793	(10,752,328)
Profit for the year	--	34,877,128	--	516,300	35,393,428
Total recognised income for 2008	--	34,877,128	(13,116,121)	2,880,093	24,641,100
Balance at 31 March 2008	137,697,000	239,281,503	(145,589,010)	5,086,600	236,476,093

The notes on pages 6 to 51 form an integral part of these financial statements.

* See note on restatement of prior year for details of restatement of retained earnings.

Caribbean Money Market Brokers Limited

Consolidated Cash Flow Statement

(Expressed in Trinidad and Tobago dollars)

	Year Ended 31 March	
	2008 \$	2007 \$
Cash flows from operating activities		
Profit before tax	38,075,152	18,594,857
<u>Adjustments to reconcile profit to net cash from operating activities:</u>		
Depreciation and amortisation	8,352,335	4,975,992
(Gain)/loss on disposal of property and equipment	--	29,310
Impairment loss	40,485,000	29,224,881
Write-off of Investment securities - receivables	--	68,320
Share of loss in associate	--	11,276,907
Loss on disposal of associate	--	727
Income taxes refund received	207,183	--
Income taxes paid	(2,320,329)	(3,358,287)
Cash flows from operating activities before changes in operating assets and liabilities	84,799,341	60,812,707
<u>Changes in operating assets and liabilities:</u>		
-net increase in derivative financial assets	--	6,043,874
-net decrease in trading securities	--	173,540,515
-net (increase) in receivables	(484,695,195)	(734,527,477)
-net (increase)/decrease in investment securities available-for-sale	(717,964,866)	1,739,549,195
-net (increase) in assets held to maturity	(316,502,547)	--
-net decrease/(increase) in repurchase receivables	929,786,460	(498,301,844)
-net (increase)/decrease in other assets	(19,115,985)	164,637,856
-net (increase) in derivative financial instruments	(11,553,089)	(146,030,076)
-net increase /(decrease) in accrued expenses and other liabilities	5,365,667	(3,137,202)
-net increase/(decrease) in securities sold under repurchase agreements	629,379,063	(559,660,526)
-net increase in funds under management	182,419,299	84,025,227
-net decrease in short term borrowings	(157,117,496)	(329,543,750)
Net cash inflow (outflow) from operating activities	124,800,652	(42,591,501)
Cash flows from investing activities		
Purchase of intangible assets	(7,750,919)	(14,369,926)
Proceeds from disposal of property and equipment	1,126,240	145,580
Purchase of property and equipment	(10,992,303)	(7,780,456)
Net cash used in investing activities	(17,616,982)	(22,004,802)
Net Cash flows from financing activities	--	--
Net increase in cash and cash equivalents	107,183,670	(64,596,303)
Cash and cash equivalents		
Cash and cash equivalents at beginning of year	269,496,425	334,092,728
Cash and cash equivalents at end of year	376,680,095	269,496,425

The notes on pages 6 to 51 form an integral part of these financial statements.

Caribbean Money Market Brokers Limited

Notes to the Financial Statements

(Expressed in Trinidad and Tobago dollars)

1. Incorporation And Principal Activity

The Company is incorporated in the Republic of Trinidad and Tobago. Its principal business includes dealing in securities and such other business as is authorised pursuant to its registration under the Securities Industry Act 1995 of the Republic of Trinidad and Tobago. The ultimate parent company is CL Financial Limited, a company incorporated in Trinidad and Tobago.

The Company's registered office is 1 Richmond Street, Port of Spain, Trinidad and Tobago.

2. Summary Of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated below.

Basis of presentation

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention as modified by the revaluation of financial assets and liabilities held at fair value through profit or loss, available for sale investments and all derivative contracts.

The preparation of these financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed under critical accounting estimates and judgments in applying accounting policies.

Interpretations and amendments to published standards in 2007

a. Amendments to published standards and interpretations effective 1 January 2007

The application of the amendments and interpretations listed below were either not relevant or did not result in substantial changes to the Company's accounting policies:

- IFRIC 7- Applying the Restatement Approach under IAS 29 (effective 1 March 2006);
- IFRIC 8, Scope of IFRS 2 (effective 1 May 2006);
- IFRIC 9, Reassessment of embedded derivative (effective 1 June 2006);
- IFRIC 10, Interim Financial Reporting and Impairment (effective 1 November 2006);
- IFRIC 11, IFRS 2 – Group Treasury Share Transactions (effective 1 March 2007); and

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

2. Summary Of Significant Accounting Policies (Continued)

Basis of presentation (continued)

a. Amendments to published standards and interpretations effective 1 January 2007(continued)

The Group adopted the following standards and amendments which resulted in substantial changes to the financial statements:

- IAS 1 Amendment Capital Disclosures (effective 1 January 2007)
- IFRS 7 Financial Instruments: Disclosures (effective 1 January 2007)

b. Early adoption of standards

The Company has not early adopted any new standards

c. Interpretations issued but not yet effective

- The Company has chosen not to early adopt the following standard and interpretations that were issued but not yet effective for accounting periods beginning on 1 April 2007:
 - IFRS 8, Operating Segments (effective 1 January 2008);
 - IFRIC 12, Service Concession Arrangements (effective 1 January 2009).

The Group has not assessed the impact of the application of these new standards or amendments in the period of initial application.

Restatement of prior year

Prior year numbers have been restated for correction of overstatement of the deferred tax liability in respect of zero coupon instruments. This correction relates to the years ended 31 March 2005 and 31 March 2006 and such correction is reflected as adjustments to the opening balances of retained earnings and deferred tax liability on the balance sheet.

	Balance per 2007	Restatement	Restated Balance per 2007
Deferred tax liability	17,253,824	(3,728,915)	13,524,909
Retained earnings	200,675,460	3,728,915	204,404,375

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

2. Summary Of Significant Accounting Policies (Continued)

Consolidation

a. Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

b. Transactions and minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

c. Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates include goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

2. Summary Of Significant Accounting Policies (Continued)

Consolidation (continued)

c. Associates (continued)

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency transactions

a. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The financial statements are presented in Trinidad and Tobago dollars, which is the Group's functional and presentation currency.

b. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available for sale financial assets, are included in the fair value reserve in equity.

c. Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transaction); and
- all resulting exchange differences are recognised as a separate component of equity.

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

2. Summary Of Significant Accounting Policies (Continued)

Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognises profits on day 1. Changes in the fair value of any derivative instrument are recognised immediately in the income statement.

Sale and repurchase agreements

Securities sold subject to repurchase agreements are retained in the financial statements as investment securities and the corresponding liability stated as securities sold under repurchase agreements. The difference between the sale and repurchase price is treated as interest and accrued over the life of the repurchase agreement using the effective interest yield method.

Securities borrowed are not recognised in the financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income. The obligation to return them is recorded at fair value as a trading liability. Securities purchased under agreements to resell ('reverse repos') are recorded as receivables from customers as appropriate.

Investment securities

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss; receivables; and available for sale financial assets. Management determines the classification of its investments at initial recognition.

a. Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money or services directly to a debtor with no intention of trading the receivable.

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

2. Summary Of Significant Accounting Policies (Continued)

Investment securities (continued)

b. Available for sale

Available for sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Purchases and sales of financial assets at fair value through profit and loss and available for sale are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Receivables are recognised when cash is advanced to the debtors. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership. Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

c. Held to maturity

Held-to-maturity investments are investment securities with fixed maturity where management has the positive intention and the ability to hold to maturity. Held-to-maturity investments are carried at amortised cost using the effective interest method, less any provision for impairment.

d. Financial assets at fair value through profit or loss

This category has two sub-categories: trading securities, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as trading securities unless they are designated as hedges.

Receivables are carried at amortised cost using the effective interest method. Gains and losses arising from changes in fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available for sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity should be recognised in the income statement. However, interest calculated using the effective interest method is recognised in the income statement.

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Repurchase receivables and securities sold under repurchase agreements

Securities sold subject to repurchase agreements are retained in the financial statements as repurchase receivables where the third party has the right by contract to sell or re-pledge the collateral. The corresponding liability is stated as security sold under repurchase agreement. The difference between the sale and repurchase price is treated as interest and accrued over the life of the repurchase agreement using the effective interest yield method.

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

2. Summary Of Significant Accounting Policies (Continued)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Impairment of financial assets

a. Assets carried at amortised cost

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or Group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following loss events:

- i) Significant financial difficulty of the issuer or obligor;
- ii) A breach of contract, such as a default or delinquency in interest or principal payments;
- iii) The Group granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
- iv) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- v) The disappearance of an active market for that financial asset because of financial difficulties;
- or
- vi) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a Group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group, including:
 - Adverse changes in the payment status of borrowers in the Group; or
 - National or local economic conditions that correlate with defaults on the assets in the Group.

The Group assesses whether objective evidence of impairment exists individually for each financial asset.

If there is objective evidence that an impairment loss on receivables or held to maturity securities carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a receivable has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

2. Summary Of Significant Accounting Policies (Continued)

Impairment of financial assets (continued)

b. Assets carried at amortised cost (continued)

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

When a receivable or held to maturity security is uncollectible, it is written off against the related provision for impairment. Such receivables are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for impairment in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

c. Assets carried at fair value

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the income statement.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

2. Summary Of Significant Accounting Policies (Continued)

Intangible Assets

Computer software

The costs of purchasing and implementing software, together with associated relevant expenditure, are capitalised where it is probable that future economic benefits that are attributable to the assets will flow to the Group and the cost of the assets can be measured reliably. Software is recorded initially at cost and then amortised over its useful life on a straight-line basis. (8 ¾ years)

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include software development, employee costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives.

Property and Equipment

All property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold improvements	-	over the term of lease
Office equipment and furniture	-	4 years
Motor vehicles	-	4 years
Computer equipment	-	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

2. Summary Of Significant Accounting Policies (Continued)

Leases

The leases entered into by the Group are primarily operating leases. The total payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including: cash and non-restricted balances with banks, treasury bills and other eligible bills, short-term government securities, and other short term receivables and advances, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the balance sheet.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Employee Benefits

1. Pension Plan

The Group operates a defined contribution pension plan. Once the contributions have been paid, the Group has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in staff costs.

2. Profit sharing and bonus plans

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

Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Funds Under Management

Funds under management represent third party investors' funds and are initially recognised at the value received and subsequently re-measured at amortised cost. The group bears the market risk for the offsetting investments.

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

2. Summary Of Significant Accounting Policies (Continued)

Deferred income tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

The principal temporary differences arise from corporate tax losses, recognition of income from zero coupon instruments and the revaluation of financial assets and liabilities including derivative contracts. The rates enacted or substantively enacted at the balance sheet date are used to determine deferred tax. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the difference will not reverse in the foreseeable future.

Income tax payable on profits, based on the applicable tax law in each jurisdiction, is recognised as an expense in the period in which profits arise. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax related to fair value re-measurement of available for sale investments, which are charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the income statement together with the deferred gain or loss.

Net Interest Income

Interest income and expense are recognised in the income statement for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investments and trading securities and accrued discount and premium on treasury bills and other discounted instruments.

Once a financial asset or a Group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

2. Summary Of Significant Accounting Policies (Continued)

Net Fees and Commission Income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party – such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses – are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-apportioned basis. Asset management fees related to investment funds are recognised rateably over the period the service is provided. The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time.

Dividend Income

Dividends are recognised in the income statement when the entity's right to receive payment is established.

Fiduciary Activities

The Group commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

Comparatives

Where necessary, comparative numbers have been restated to confirm with changes in presentation in the current year, in addition to the changes disclosed in 'Basis of presentation.'

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

3. Financial Risk Management

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by a central Risk Management department under policies evaluated and recommended by a Risk Management Committee, whose membership includes representatives from the Board of Directors as well as shareholders, and approved by the Board of Directors. Risk Management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board in approving the recommendations of the Risk Management Committee provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments.

The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

Credit Risk

The Group takes on exposure to credit risk which is the risk that a counter party will cause a financial loss for the Group by failing to discharge an obligation. Significant changes in the economy could result in losses that are different from those provided for at the balance sheet date. Management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in receivables, debt securities and other bills. There is also credit risk in off-balance sheet financial arrangements such as loan commitments. The credit risk management and control are centralised in a credit risk management team in Risk Management and reported to the Board of Directors and head of each business unit regularly.

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

3. Financial Risk Management (Continued)

Credit Risk (Continued)

a. Credit risk measurement

i. Receivables

In measuring credit risk of receivables and to banks at a counterparty level, the Group assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. They have been developed internally and combine statistical analysis with credit officer judgment. Clients of the Group are segmented into three rating classes or grades. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary. The Group regularly validates the performance of the rating and their predictive power with regard to default events.

Group's internal ratings scale and mapping of external ratings

Group's rating	Description of the grade	External rating: Standard & Poor's equivalent
A, B+	Investment grade	AAA, AA, A, BBB
B, C	Speculative grade	BB, B, CCC, C
D	Default	D or SD

The ratings of the major rating agency shown in the table above are mapped to our rating classes based on the long-term average default rates for each external grade. The Group uses the external ratings where available to benchmark our internal credit risk assessment. Observed defaults per rating category vary year on year, especially over an economic cycle.

b. Debt securities and other bills

For debt securities and other bills, external rating such as Standard & Poor's, Moody's or Fitch's rating are used by Group Risk Management for managing of the credit risk exposures. Risk Management use internal rating tools to derive an equivalent rating where an external rating is not available.

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

3. Financial Risk Management (Continued)

Credit Risk (Continued)

c. Risk limit control and mitigation policies

The Group manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and groups, and to industries and countries.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product and by country are approved annually by the Board of Directors.

The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored regularly and reported to the Risk Management Committee and the Board of Directors.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined below.

Collateral

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for advances are:

- Cash deposits;
- Charges over financial instruments such as debt securities and equities.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

3. Financial Risk Management (Continued)

Credit Risk (Continued)

d. Impairment and provisioning policies

The internal and external rating systems described above focus more on credit-quality mapping from the inception of the lending and investment activities. In contrast, impairment provisions are recognised for financial reporting purposes only for losses that have been incurred at the balance sheet date based on objective evidence of impairment.

The internal rating tool assists management to determine whether objective evidence of impairment exists under IAS 39, based on the following criteria set out by the Group:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower;
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position;
- Deterioration in the value of collateral; and
- Downgrading below investment grade level.

The Group's policy requires the review of individual financial assets that are above materiality thresholds at least monthly or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at balance-sheet date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account. The findings of the monthly review are presented to the Standing Committee for Impairment Provisions for consideration and for a decision on impairment provisions to be taken. The internal rating is also adjusted based on this review. At the balance sheet date 100% of the impairment provision included in the financial statements was derived from the lowest grading.

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

3. Financial Risk Management (Continued)

Credit Risk (Continued)

e. Maximum exposure to credit risk before collateral held or other credit enhancements

	Maximum exposure	
	2008	2007
<u>Credit risk exposures relating to on-balance sheet assets are as follows:</u>		
Cash and cash equivalents	376,680,095	269,496,425
Investment securities		
- receivables	2,163,155,770	1,721,945,576
- available-for-sale	4,247,030,554	3,555,170,346
- held to maturity	316,502,547	-
Repurchase receivables	898,036,838	1,827,823,299
Other assets	27,405,007	8,289,017
Tax recoverable	9,571,066	210,206
<u>Credit risk exposures relating to off-balance sheet items are as follows:</u>		
Financial guarantees	--	--
Loan commitments and other credit liabilities	--	--
<i>At 31 March</i>	8,038,381,877	7,382,934,869

The above table represents a worst case scenario of credit risk exposure to the Group at 31 March 2008 and 2007, without taking account of any collateral held or other credit enhancements attached. For on-balance-sheet assets, the exposures set out above are based on net carrying amounts as reported in the balance sheet.

As shown above, 31.6% of the total maximum exposure is derived from cash and cash equivalents and receivables (2007: 27%); while 67.9% represents investments in other debt securities (2007: 72.9%).

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Group resulting from both its cash and cash equivalents and receivables portfolio and its other debt securities based on the following:

- 97% of the receivables portfolio is considered to be neither past due nor impaired (2007: 97%);
- The Group has introduced a more stringent selection process for investing in securities classified as receivables with none of the impaired assets coming from new investments made in the current financial year; and
- More than 91% of the investments in debt securities and other bills have at least an investment grade credit rating.

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

3. Financial Risk Management (Continued)

Credit Risk (Continued)

f. Advances

Advances are summarised as follows:

	31 March 2008		31 March 2007	
	Receivables	Cash and cash equivalents	Receivables	Cash and cash equivalents
Neither past due nor impaired	2,121,965,904	376,680,095	1,677,845,575	269,496,425
Past due but not impaired	41,189,866	--	44,100,000	--
Impaired	61,211,736	--	16,461,654	--
Gross	2,224,367,506	376,680,095	1,738,407,229	269,496,425
Less: allowance for impairment	(61,211,736)	--	(16,461,654)	--
Net	2,163,155,770	376,680,095	1,721,945,575	269,496,425

The total impairment provision for receivables is \$61.2 million (2007: \$16.5 million) all of which represents individually impaired loans. Further information of the impairment allowance for cash and cash equivalents and receivables is provided.

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

3. Financial Risk Management (Continued)

Credit Risk (Continued)

f. Advances (continued)

Advances neither past due or impaired

The credit quality of the portfolio of advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group.

31 March 2008	Receivables			Cash and cash equivalents
Grades	Individuals	Corporate entities	Total	
Investment grade	10,124,611	250,275,591	260,400,202	376,680,095
Speculative grade	92,276,991	1,810,478,577	1,902,755,569	--
Default	--	--	--	--
Total	102,401,602	2,060,754,168	2,163,155,770	376,680,095

31 March 2007	Receivables			Cash and cash equivalents
Grades	Individuals	Corporate entities	Total	
Investment grade	18,609,659	152,165,229	170,774,888	269,496,425
Speculative grade	92,482,694	1,458,687,993	1,551,170,687	--
Default	--	--	--	--
Total	111,092,353	1,610,853,222	1,721,945,575	269,496,425

Receivables past due but not impaired

All receivables past due are considered impaired, unless other information is available to indicate the contrary. At the balance sheet date there were no receivables which were past due but not impaired as the value of collateral was assessed as sufficient to cover the amount outstanding.

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

3. Financial Risk Management (Continued)

Credit Risk (Continued)

f. Advances (continued)

Receivables individually impaired

The sum of individually impaired receivables before taking into consideration the cash flows from collateral held is \$62.6 million (2007: \$60.5 million). The breakdown of the gross amount of individually impaired receivables by class, along with the fair value of related collateral held by the Group as security, are as follows:

31 March 2008	Receivables			Cash and cash equivalents
	Individuals	Corporate entities	Total	
Individually impaired loans	1,062,307	60,149,429	61,211,736	--
Fair value of collateral	--	--	--	--
Net	1,062,307	60,149,429	61,211,736	--

31 March 2007	Receivables			Cash and cash equivalents
	Individuals	Corporate entities	Total	Total
Individually impaired loans	941,713	15,519,941	16,461,654	--
Fair value of collateral	--	--	--	--
Net	941,713	15,519,941	16,461,654	--

Receivables renegotiated

Restructuring activities include extended payment arrangements, modification and deferral of payments. Following restructuring, a previously overdue receivable is reset from impaired to a normal status. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continuous review. Renegotiated receivables that would otherwise be past due or impaired totalled \$5.9 million at 31 March 2008 (2007: \$nil).

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

3. Financial Risk Management (Continued)

Credit Risk (Continued)

Debt and other Investment Securities

The table below presents an analysis of debt and other securities by rating agency designation based on Standard & Poor's ratings or their equivalent:

<u>31 March 2008</u>	Available for Sale securities	Held to maturity securities	Repurchase Receivables	Total
A- to AAA	732,921,884	96,312,844	734,752,076	1,563,986,804
BBB- to BBB+	3,165,982,877	188,426,664	163,284,762	3,517,694,303
Lower than BBB-	348,058,766	31,763,039	--	379,821,805
Unrated	--	--	--	--
Total	4,246,963,527	316,502,547	898,036,838	5,461,502,912

<u>31 March 2007</u>	Available for Sale securities	Held to maturity securities	Repurchase Receivables	Total
A- to AAA	1,516,902,418	--	938,719,968	2,455,622,386
BBB- to BBB+	34,092,154	--	--	34,092,154
Lower than BBB-	2,004,175,774	--	889,103,331	2,893,279,105
Unrated	--	--	--	--
Total	3,555,170,346	-	1,827,823,299	5,382,993,645

Repossessed collateral

During 2008, the Group did not obtain any assets by taking possession of collateral held as security.

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued) (Expressed in Trinidad and Tobago dollars)

3. Financial Risk Management (Continued)

Credit Risk (Continued)

Concentration of risks of financial assets with credit risk exposure

Geographical sectors

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by geographical region as of 31 March 2008. For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties. The Group's investment portfolio comprising cash and cash equivalents, investment securities – receivables, available for sale, trading securities, held to maturity and repurchase receivables is diversified across 22 countries. Limits for each country are reviewed on an annual or more frequent basis and the exposures are monitored on a daily basis. The country exposures are categorised into five regional sectors and the sector concentrations within the portfolio are as follows:

31 March 2008	Europe	North America	South & Central America	Caribbean	Other countries	Total
Cash and cash equivalents						
Investment securities						
- Receivables	--	182,515,866	19,832,471	1,960,807,433	--	2,163,155,770
- available for sale	38,722,629	273,928,945	440,374,042	2,924,261,902	569,743,036	4,247,030,554
- held to maturity	--	63,696,143	32,588,203	123,434,110	96,784,091	316,502,547
Repurchase receivables	--	--	--	898,036,838	--	898,036,838
As at 31 March 2008	38,722,629	520,140,954	492,794,716	5,906,540,283	666,527,127	7,624,725,709
31 March 2007	Europe	North America	South & Central America	Caribbean	Other countries	Total
Cash and cash equivalents						
Investment securities						
- Receivables	--	--	--	1,721,945,575	--	1,721,945,575
- available for sale	44,928,789	563,682,398	458,809,763	1,957,042,017	530,707,379	3,555,170,346
- held to maturity	--	--	--	--	--	--
Repurchase receivables	--	--	161,472,116	1,666,351,182	--	1,827,823,298
As at 31 March 2007	44,928,789	563,682,398	620,281,879	5,345,338,774	530,707,379	7,104,939,219

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

3. Financial Risk Management (Continued)

Market Risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Group separates exposures to market risk into either trading or non-trading portfolios.

The market risks arising from trading and non-trading activities are monitored by Risk Management and regular reports are submitted to the Risk Management Committee, the Board of Directors and heads of each business unit.

Trading portfolios are those positions entered into primarily to take advantage of market movements to generate capital gains.

Non-trading portfolios primarily arise from investments held as collateral for repurchase agreements. Non-trading portfolios also entail foreign exchange and equity risks arising from the Group's held-to-maturity and available-for-sale investments.

a. Market risk measurement techniques

As part of the management of market risk, the Group uses duration management and other portfolio strategies to manage market risk. The major measurement techniques used to measure and control market risk are outlined below.

Value at risk

The Group applies a 'value at risk' methodology (VAR) to its trading and non-trading portfolios, to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. The Board sets limits on the value of risk that may be accepted for the Group, trading and non-trading separately, which are monitored on a daily basis by Risk Management.

VAR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the Group might lose, but only to a certain level of confidence (99%). There is therefore a specified statistical probability (1%) that actual loss could be greater than the VAR estimate. The VAR model assumes a certain 'holding period' until positions can be closed (10 days). It also assumes that market moves occurring over this holding period will follow a similar pattern to those that have occurred over 10-day periods in the past. The Group applies a parametric approach to calculating VAR which uses the volatility, correlation and relative weights of the securities in the portfolio. This is supplemented using the Monte Carlo method which involves simulation of scenarios which are applied to the portfolio and the VAR derived from the changes in the portfolio value under these scenarios. Actual outcomes are monitored regularly to test the validity of the assumptions and parameters/factors used in the VAR calculation.

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

3. Financial Risk Management (Continued)

Market Risk (Continued)

a. Market risk measurement techniques (continued)

Value at risk (continued)

The use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

As VAR constitutes an integral part of the Group's market risk control regime, VAR limits are established by the Board annually for all trading and non-trading portfolio operations. Actual exposure against limits is monitored by Risk Management on a daily basis for investment securities with daily pricing.

The quality of the VAR model is continuously monitored by back-testing the VAR results for trading books. All back-testing exceptions and any exceptional revenues on the profit side of the VAR distribution are investigated, and all back-testing results are reported to the Risk Management Committee.

Stress tests

Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out by Risk Management include interest rate stress testing, where movements in the yield curve are applied to each investment.

The results of the stress tests are reviewed by senior management in each business unit, the Risk Management Committee and by the Board of Directors. The stress testing is tailored to the business and typically uses scenario analysis.

VAR summary

Group VAR by portfolio

	12 months to 31 March 2008			12 months to 31 March 2007		
	Average	High	Low	Average	High	Low
Trading	9,309,121	14,528,473	4,289,446	11,732,499	20,279,007	4,182,646
Non-trading	--	--	--	--	--	--
Total VAR	9,309,121	14,528,473	4,289,446	11,732,499	20,279,007	4,182,646

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued) (Expressed in Trinidad and Tobago dollars)

3. Financial Risk Management (Continued)

Foreign exchange risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for all positions, which are monitored periodically. The table below summarises the Group's exposure to foreign currency exchange rate risk at 31 March. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency.

At 31st March 2008	TT\$	US\$	BDS \$	Euro	EC\$	Other	Total
Assets							
Cash and cash equivalents	13,134,807	313,656,857	2,620,297	8,039,549	39,018,478	210,107	376,680,095
<i>Investment Securities</i>							
Receivables	812,611,768	1,262,144,809	(31,036,380)	--	119,435,573	--	2,163,155,770
- available for sale	727,994,730	2,453,860,619	512,668,470	85,929,680	434,729,591	31,847,464	4,247,030,554
- Held to maturity	--	316,502,547	--	--	--	--	316,502,547
Repurchase receivables	637,707,953	260,328,885	--	--	--	--	898,036,838
Other assets	(9,048,080)	(32,699,114)	15,587,097	53,565,104	--	--	27,405,007
Tax recoverable	2,991,946	--	6,579,120	--	--	--	9,571,066
Total	2,185,393,124	4,573,794,603	506,418,604	147,535,333	593,183,642	32,057,571	8,038,381,877
Liabilities							
Short-term borrowings	--	428,808,150	--	--	--	--	428,808,150
Funds under management	432,545,494	691,355,044	44,611,045	205,547	10,382	--	1,168,727,512
Securities sold under repurchase agreements	1,378,195,260	3,935,765,854	407,409,846	3,104	562,203,152	--	6,283,577,216
Other liabilities	20,525,083	62,067,781	(65,999,477)	--	--	871,501	17,464,888
Total liabilities	1,831,265,837	5,117,996,829	386,021,414	208,651	562,213,534	871,501	7,898,577,766
Net on-balance sheet financial position	354,127,287	(544,202,226)	120,397,190	147,325,682	30,970,108	31,186,070	139,804,111

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued) (Expressed in Trinidad and Tobago dollars)

3. Financial Risk Management (Continued)

Foreign exchange risk (continued)

At 31st March 2007	TT\$	US\$	BDS \$	Euro	EC\$	Other	Total
Assets							
Cash and cash equivalents	43,861,578	145,632,127	21,576,739	29,067,921	29,189,913	168,147	269,496,425
<i>Investment Securities</i>							
- Receivables	697,788,423	901,340,649	34,681,795	--	88,134,708	--	1,721,945,575
- available for sale	534,213,637	2,275,722,453	343,383,725	99,397,803	302,452,728	--	3,555,170,346
- Held to maturity	--	--	--	--	--	--	--
Repurchase receivables	1,011,707,243	816,116,055	--	--	--	--	1,827,823,298
Other assets	7,196,967	--	1,092,056	--	--	--	8,289,023
Tax recoverable	--	--	210,206	--	--	--	210,206
Total assets	2,294,767,848	4,138,811,284	400,944,521	128,465,724	419,777,349	168,147	7,382,934,873

Liabilities

Short-term borrowings	--	585,925,646	--	--	--	--	585,925,646
Funds under management	396,993,213	501,625,951	44,113,370	42,944,160	631,519	--	986,308,213
Securities sold under repurchase agreements	1,683,963,334	3,370,683,064	162,805,732	37,996,750	398,349,273	--	5,653,798,153
Derivative financial instruments	--	11,553,089	--	--	--	--	11,553,089
Accrued Expenses and other liabilities	8,062,566	933,800	3,102,847	--	--	--	12,099,213
Tax payable	3,269,388	94,516	--	--	--	--	3,269,388
Total liabilities	2,092,288,501	4,470,721,550	210,021,949	80,940,910	398,980,792		7,252,953,702

Net on-balance sheet financial position

	202,479,347	(331,910,266)	190,922,572	47,524,814	20,796,557	168,147	129,981,171
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Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued) (Expressed in Trinidad and Tobago dollars)

3. Financial Risk Management (Continued)

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may also reduce resulting in losses in the event that unexpected movements arise.

The table below summarises the Group's exposure to interest rate risks. It includes the Group's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

Interest rate maturities At 31st March 2008	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non-interest Bearing	Total
Assets							
Cash and cash equivalents	374,009,431	--	--	--	--	2,670,664	376,680,095
<u>Investment Securities</u>							
Receivables	1,039,499,851	210,986,447	195,087,484	535,066,122	182,515,866	--	2,163,155,770
- available for sale	26,072,959	75,728,287	185,785,329	409,913,871	3,549,053,148	476,960	4,247,030,554
- Held to maturity	--	--	58,303,984	194,502,420	63,696,143	--	316,502,547
Repurchase receivables	--	--	22,851,535	409,336,160	465,849,143	--	898,036,838
Other assets	--	--	30,261	11,817,910	--	15,556,836	27,405,007
Tax recoverable	--	--	--	--	--	9,571,066	9,571,066
Total	1,439,582,241	286,714,734	462,058,593	1,560,636,483	4,261,114,300	28,275,526	8,038,381,877

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued) (Expressed in Trinidad and Tobago dollars)

3. Financial Risk Management (Continued)

Interest rate risk (continued)

Interest rate maturities	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non-interest Bearing	Total
At 31st March 2008							
Liabilities							
Short-term borrowings	428,808,150	--	--	--	--	--	428,808,150
Funds under management	1,168,727,512	--	--	--	--	--	1,168,727,512
Securities sold under repurchase agreements	2,070,911,327	2,052,489,447	1,462,550,465	381,870,977	316,155,000	--	6,283,577,216
Other liabilities	--	65,896,415	(70,576,627)	--	--	22,145,100	17,464,888
Total	3,668,446,989	2,118,385,862	1,391,973,838	381,870,977	316,155,000	22,145,100	7,898,577,766
Interest sensitivity gap	(2,228,864,748)	(1,831,671,128)	(929,915,245)	1,178,765,506	3,944,959,300	6,130,427	139,804,111

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

3. Financial Risk Management (Continued)

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repurchase securities under repurchase agreements and fulfil commitments to provide receivables.

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group and monitored by a separate team in Liquidity Management Services, includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or is used to meet obligations to customers. The Group maintains an active presence in the money markets to enable this to happen;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated to meet any unforeseen interruption to cash flow; and
- Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

Funding approach

Sources of liquidity are regularly reviewed by Liquidity Management Services to maintain a wide diversification by currency, geography, provider, product and term.

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued) (Expressed in Trinidad and Tobago dollars)

3. Financial Risk Management (Continued)

Non-derivative cash flows

The table below presents the cash flows payable by the Group under non-derivative financial liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Group manages the inherent liquidity risk based on expected undiscounted cash inflows.

Liquidity risk At 31st March 2008	Up to 1 month \$	1 - 3 months \$	3 - 12 months \$	1 - 5 years \$	Over 5 years \$	Total \$
Assets						
Cash and cash equivalents	376,680,095	--	--	--	--	376,680,095
<i>Investment Securities</i>						
- Receivables	294,384,132	330,418,584	141,013,840	362,259,745	--	1,128,076,301
- available for sale	17,309,344	78,853,741	447,325,747	1,793,998,844	4,512,636,707	6,850,124,383
- Held to maturity	--	9,595,304	75,456,363	257,792,787	99,936,596	442,781,050
Repurchase receivables	3,989,321	9,318,743	73,174,490	488,321,184	981,303,230	1,556,106,968
Other assets	--	(6,177,672)	33,582,679	--	--	27,405,007
Tax recoverable	--	--	2,991,946	--	6,579,120	9,571,066
Total	692,362,892	422,008,700	773,545,065	2,902,372,560	5,600,455,653	10,390,744,870
Liabilities						
Short-term borrowings	208,829,473	219,978,677	--	--	--	428,808,150
Funds under management	1,168,727,512	--	--	--	--	1,168,727,512
Securities sold under repurchase agreements	2,069,567,135	2,093,308,308	1,542,576,098	529,304,490	324,440,687	6,559,196,718
Other liabilities	--	59,718,735	(42,253,847)	--	--	17,464,878
Total	3,447,124,120	2,373,005,720	1,500,322,251	529,304,490	324,440,687	8,174,197,268
Net liquidity gap	(2,754,761,228)	(1,950,997,020)	(726,777,186)	2,373,068,070	5,276,014,966	2,216,547,602
Liquidity risk At 31st March 2007	\$	\$	\$	\$	\$	\$
Assets						
Up to 1 month	1,500,650,787	427,495,651	881,762,090	2,314,073,036	6,372,036,663	11,496,018,226
1 - 3 months	4,594,832,520	1,588,515,646	1,066,336,146	20,523,212	--	7,270,207,523
Liabilities						
Up to 1 month	(3,094,181,732)	(1,161,019,995)	(184,574,056)	2,293,549,824	6,372,036,663	4,225,810,703
Net liquidity gap						

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

3. Financial Risk Management (Continued)

Non-derivative cash flows

Assets available to meet all of the Group's liabilities include cash and cash equivalents; receivables and liquid debt securities. In the normal course of business, a proportion of liabilities to customers under securities sold under repurchase agreements repayable within one year will be extended. In addition, debt securities have been pledged to secure liabilities. The Group would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources such as asset-backed financing from commercial banks.

Off-balance sheet items

(a) *Loan commitments*

As of 31 March 2008 the Group had no financial instruments that commit it to taking up new receivables or other debt securities.

(b) *Financial guarantees and other financial facilities*

As of 31 March 2008 the Group had no financial guarantees or other financial facilities that result in a commitment to meet financial obligations.

(c) *Operating lease commitments*

Where a Group company is the lessee, the future minimum lease payments under non-cancellable operating leases, are summarised in the table below.

(d) *Capital commitments*

Capital commitments for the acquisition of buildings and equipment are summarised in the table below.

At 31 March 2008	No later than 1 year	1-5 years	Over 5 years	Total
Operating lease commitments	5,749,235	12,922,343	--	18,671,578
Capital commitments	11,145,800	--	--	11,145,800
Total	16,895,035	12,922,343	--	29,817,378
At 31 March 2007	No later than 1 year	1-5 years	Over 5 years	Total
Operating lease commitments	5,434,881	14,195,241	--	19,630,122
Capital commitments	15,829,383	10,725,440	--	26,554,823
Total	21,264,264	24,920,681	--	46,184,945

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

3. Financial Risk Management (Continued)

Fair value of financial assets and liabilities

(a) *Financial instruments measured at fair value using a valuation technique*

The total amount of the change in fair value estimated using a valuation technique that was recognised in profit or loss during the period is nil (2007: nil).

(b) *Financial instruments not measured at fair value*

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Group's balance sheet at their fair value.

	Carrying value		Fair value	
	2008	2007	2008	2007
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	376,680,095	269,496,425	376,680,095	269,496,425
Investment Securities				
- Receivables	2,163,155,770	1,721,945,576	2,163,155,770	1,721,945,576
- held to maturity	316,502,547	--	316,502,547	--
Financial liabilities				
Short term borrowings	428,808,150	585,925,645	428,808,150	585,925,646
Due to customers	7,452,304,728	6,640,106,366	7,452,304,728	6,640,106,366

Cash and cash equivalents

This amount represents short term deposits and other bank balances. The fair value of these short term deposits is their carrying amount.

Receivables

Receivables are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Held to maturity investments

Investment securities include only interest-bearing assets held to maturity; assets classified as available for sale are measured at fair value. Fair value for held-to-maturity assets is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

3. Financial Risk Management (Continued)

Fair value of financial assets and liabilities

Short term borrowings

The fair value of short term borrowings is equal to their carrying value as such instruments are subject to floating rates of interest which reset on a quarterly basis.

Due to Customers

Amounts due to customers include funds under management and securities sold under repurchase agreements. These have maturities ranging from 1 day to 365 days and are subject to interest reset on a regular basis. The fair value of these amounts is their carrying value.

Capital management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of balance sheets, are:

- to comply with the capital requirements set by the regulators of the securities markets where the entities within the Group operate;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management, employing techniques based on the requirements of the Trinidad and Tobago Securities and Exchange Commission (the Authority), for supervisory purposes. The required information is filed with the Authority on a regular basis as required. Group entities that operate in other jurisdictions are also subject to capital adequacy requirements of the securities regulator in each territory.

The Authority requires each securities company to hold the minimum level of the regulatory capital of Five Million Trinidad & Tobago Dollars. In addition to the minimum level of regulatory capital, the Group's management also monitor capital adequacy using relevant national and international benchmarks. Capital adequacy calculations are reported monthly to the Group's Asset Liability Committee.

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

3. Financial Risk Management (Continued)

Capital management (continued)

The table below summarises the composition of regulatory capital and the ratios of the Group for the years ended 31 March. During those two years, the individual entities within the Group and the Group complied with all of the externally imposed capital requirements to which they are subject.

	2008 \$	2007 \$
Regulatory Capital		
Share capital	137,697,000	137,697,000
Retained earnings	239,281,503	204,404,375
Fair value reserve	(145,589,010)	(132,472,889)
	<u>231,389,493</u>	<u>209,628,486</u>
Minority interest	5,086,600	2,206,507
Total shareholders' equity	<u>236,476,093</u>	<u>211,834,993</u>

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

4. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment losses on advances

The Group reviews its advances portfolios to assess impairment at least on a monthly basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group.

(b) Impairment of available-for-sale equity investments

The Group determines that available for sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the issuer, industry and sector performance, changes in technology, and operational and financing cash flows.

Had all declines in fair value below cost been considered significant or prolonged, the Group would suffer an additional loss of nil in its 2008 financial statements (2007 – nil), being the transfer from the fair value reserve in equity to the income statement.

(c) Held-to-maturity investments

The Group follows the IAS 39 guidance on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held to maturity. This classification requires significant judgment. In making this judgment, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire category as available for sale. The investments would therefore be measured at fair value not amortised cost. If the entire held-to-maturity investments are tainted, the fair value would increase by nil, with no corresponding entry in the fair value reserve in shareholders' equity.

(d) Income taxes

The Group is subject to income taxes in different jurisdictions. Significant estimates are required in determining the overall provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

5. Receivables	2008 \$	2007 \$
Sectoral analysis of receivables:		
Corporate	2,121,965,904	1,627,314,876
Individuals	102,401,602	111,092,353
	2,224,367,506	1,738,407,229
less: Provision for impairment	(61,211,736)	(16,461,654)
Total receivables	<u>2,163,155,770</u>	<u>1,721,945,575</u>

The movement in receivables may be summarised as follows:

At 1 April	1,721,945,575	931,986,454
Exchange difference	(1,175,286)	(465,514)
Additions (net of disposals)	403,659,777	804,924,671
Net movement in provision	38,725,704	(14,500,036)
At 31 March	<u>2,163,155,770</u>	<u>1,721,945,575</u>

The movement in the impairment provision balance may be summarised as follows:

At 1 April	16,461,654	1,961,618
Provision written off	--	(9,583,905)
Provision for impairment - principal	40,485,000	16,299,897
Provision for impairment - earned interest	4,265,082	7,784,044
	<u>61,211,736</u>	<u>16,461,654</u>

6. Available-for-Sale	2008 \$	2007 \$
Debt securities - at fair value		
- Listed	1,263,301,530	2,996,322,857
- Unlisted	2,948,197,788	532,203,107
	4,211,499,318	3,528,525,964
Less provision for impairment	--	--
	4,211,499,318	3,528,525,964
Equity securities - at fair value		
- Listed	34,472,511	39,874,025
- Unlisted	1,058,725	1,495,202
	--	(14,724,845)
Less provision for impairment	35,531,236	26,644,382
Total securities available-for-sale	<u>4,247,030,554</u>	<u>3,555,170,346</u>

All debt securities have fixed coupons. Included above are securities totalling \$470,218,408 (2007 - \$578,250,177) which are pledged under the Group's short term borrowings. The remaining debt securities have been pledged to third parties under sale and repurchase agreements.

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

6. Available for Sale (Continued)	2008 \$	2007 \$
The movement in investment securities available-for-sale may be summarised as follows:		
At 1 April	3,555,170,346	5,544,893,201
Exchange difference	(2,306,042)	(6,214,415)
Additions	2,415,991,758	(1,732,462,731)
Disposals	(1,704,086,429)	--
(Losses) from changes in fair value	(17,739,079)	(236,320,864)
Impairment losses	--	(14,724,845)
At 31 March	<u>4,247,030,554</u>	<u>3,555,170,346</u>

The movement in the impairment provision balance is as follows:

At 1 April	(14,724,845)	--
Allowance for impairment	--	(14,724,845)
Amounts written off during the year as uncollectible	14,724,845	--
Amounts recovered during the year	--	--
Unwind of discount of allowance	--	--
At 31 March	<u>--</u>	<u>(14,724,845)</u>

7. Held to Maturity

Held to maturity

Debt securities - at fair value

- Listed

- Unlisted

Less provision for impairment

	--	--
	316,502,547	--
	316,502,547	--
	--	--
	<u>316,502,547</u>	<u>--</u>

The movement in investment securities held to maturity may be summarised as follows:

At 1 April	--	--
Exchange difference	--	--
Additions	316,502,547	--
Disposals	--	--
Gains/(losses) from changes in fair value	--	--
Transfer to repurchase receivables	--	--
Impairment losses	--	--
At 31 March	<u>316,502,547</u>	<u>--</u>

There is no provision for impairment for held to maturity investment securities.

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

8. Repurchase Receivables	2008 \$	2007 \$
Transferred balance	1,827,823,298	1,375,440,577
Additions	--	1,061,109,402
Disposals (sale and redemption)	(938,075,979)	(391,872,335)
Gain/(Losses) from changes in fair value	<u>8,289,519</u>	<u>(216,854,346)</u>
At 31st March 2008	<u>898,036,838</u>	<u>1,827,823,298</u>

9. Intangible Assets

Intangible asset comprises an investment in computer software that was brought into use as at 1 June 2007. Movements are as follows:

At 1 April	18,282,990	3,913,064
Additions	7,750,919	14,369,926
less: Amortisation	<u>(2,106,455)</u>	<u>--</u>
	<u>23,927,454</u>	<u>18,282,990</u>
At 1 April		
Cost	26,033,909	18,282,990
Accumulated amortisation and impairment	<u>(2,106,455)</u>	<u>--</u>
Net book amount	<u>23,927,454</u>	<u>18,282,990</u>

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued) (Expressed in Trinidad and Tobago dollars)

10. Property and Equipment

	Land \$	Leasehold Improvements \$	Office Equipment & Furniture \$	Motor Vehicles \$	Computer Equipment \$	Capital Work in Progress \$	Total \$
Year ended 31 March 2008							
Opening net book amount	8,000,000	3,415,204	5,574,349	227,938	4,317,659	15,605,722	37,140,872
Additions	--	535,524	1,653,175	--	1,497,292	7,306,312	10,992,303
Disposals	--	(73,672)	(1,004,991)	--	(47,575)	--	(1,126,238)
Depreciation charge	--	(1,040,690)	(2,103,763)	(105,525)	(2,995,901)	--	(6,245,879)
Closing net book amount	8,000,000	2,836,366	4,118,770	122,413	2,771,475	22,912,034	40,761,058
At 31 March 2008							
Cost	8,000,000	7,450,176	10,239,969	560,845	11,311,928	22,912,034	60,474,952
Accumulated depreciation	--	(4,613,810)	(6,121,199)	(438,432)	(8,540,453)	--	(19,713,894)
Net book amount	8,000,000	2,836,366	4,118,770	122,413	2,771,475	22,912,034	40,761,058
Year ended 31 March 2007							
Opening net book amount	8,000,000	1,815,665	4,539,252	572,724	3,977,935	--	18,905,576
Additions	--	2,334,962	2,677,971	--	2,767,524	--	7,780,457
Disposals	--	--	--	(174,891)	--	--	(174,891)
Reclassification	--	--	--	--	--	15,605,722	15,605,722
Depreciation charge	--	(735,423)	(1,642,874)	(169,895)	(2,427,800)	--	(4,975,992)
Closing net book amount	8,000,000	3,415,204	5,574,349	227,938	4,317,659	15,605,722	37,140,872
At 31 March 2007							
Cost	8,000,000	6,988,323	9,591,785	560,846	9,862,210	15,605,722	50,608,886
Accumulated depreciation	--	(3,573,119)	(4,017,436)	(332,908)	(5,544,551)	--	(13,468,014)
Net book amount	8,000,000	3,415,204	5,574,349	227,938	4,317,659	15,605,722	37,140,872

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

11. Other Assets	2008 \$	2007 \$
Due from related parties	350,676	4,621,306
Other receivables and prepayments	<u>27,054,331</u>	<u>3,667,717</u>
	<u>27,405,007</u>	<u>8,289,023</u>

12. Short-Term Borrowings

The Company operates leveraged accounts with a number of financial institutions. The borrowed funds are secured by investment securities purchased and are repayable on demand. The average funding rates are 2.85% to 5.20% (2007 - 5.45 to 6.45%).

13. Accrued Expenses And Other Liabilities

Accrued expenses	16,267,060	3,011,912
Other liabilities	868,291	3,312,925
Related parties	<u>329,537</u>	<u>5,774,376</u>
	<u>17,464,888</u>	<u>12,099,213</u>

14. Deferred Tax

Deferred taxes are calculated on all temporary differences under the liability method using a principal tax rate of 25% (2007 - 25%).

The movement on the deferred tax account is as follows:

Adjusted balance at beginning of year	(26,429,960)	27,886,514
Income statement charge/(credit)	8,104,457	3,935,773
Investment securities – fair value re-measurement	<u>(13,657,967)</u>	<u>(58,252,247)</u>
At end of year	<u>(31,983,470)</u>	<u>(26,429,960)</u>

Deferred tax assets and liabilities and the deferred tax charge in the profit and loss account and fair value reserve are attributable to the following items:

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

14. Deferred Tax (Continued)

	Opening Balance Restated \$	Fair Value Reserve \$	Charge to Profit and Loss Account \$	Opening Balance \$
Deferred tax asset:				
Unrealised exchange losses	(52,788)	--	52,788	--
Corporate tax losses	(9,517,413)	--	8,788,424	(728,989)
Fair value re-measurement	(28,241,165)	(13,563,451)	--	(41,804,616)
Impairment Loss on assets held for sale	(1,836,487)	--	(1,844,724)	(3,681,211)
Accelerated tax depreciation	(307,016)	--	(793,079)	(1,100,095)
Deferred tax asset	(39,954,869)	(13,563,451)	6,203,409	(47,314,911)
Deferred tax liability:				
Fair value re-measurement	94,516	(94,516)	--	--
Unrealised exchange gains	--	--	2,055,212	2,055,212
Accelerated tax depreciation	--	--	1,276,832	1,276,832
Zero coupon instruments	13,430,393	--	(1,430,996)	11,999,397
Deferred tax liability	13,524,909	(94,516)	1,901,048	15,331,441
Net deferred tax asset	(26,429,960)	(13,657,967)	8,104,457	(31,983,470)

15. Share Capital

	2008 \$	2007 \$
Authorised An unlimited number of shares of no par value		
Issued and fully paid 137,697,000 shares (2007 – 137,697,000)	<u>137,697,000</u>	<u>137,697,000</u>

16. Fair Value Reserve

Balance at beginning of year	(132,472,889)	91,514,851
Net gains/(losses) from changes in fair value	(26,774,088)	(282,239,987)
Deferred tax	<u>13,657,967</u>	<u>58,252,247</u>
At end of year	<u>(145,589,010)</u>	<u>(132,472,889)</u>

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

17. Gains Less Losses - Trading Securities	2008	2007
	\$	\$
Derivative Trading Income	129,288	(444,216)
Bond and other Trading - Income	<u>(1,193,860)</u>	<u>(23,053,519)</u>
	<u>(1,064,572)</u>	<u>(23,497,735)</u>
 18. Impairment Loss on Investment Securities		
Impairment loss - receivables	40,485,000	24,083,941
Impairment loss - available-for-sale	--	14,724,845
Impairment loss - held to maturity	--	--
Provisions written off - investment securities receivables	--	(9,583,905)
Impairment loss - other receivables	<u>--</u>	<u>--</u>
	<u>40,485,000</u>	<u>29,224,881</u>
 19. Operating Expenses		
The following items are included in operating expenses:		
Depreciation	6,245,879	4,975,995
Staff costs	44,051,943	36,701,361
Travel expenses	3,556,181	4,192,291
Consultancy & outside services	7,158,103	13,750,940
IT expenses	2,775,356	3,791,078
Office expenses	11,823,094	12,373,690
Marketing costs	6,484,041	9,088,450
Other expenses	<u>6,391,065</u>	<u>218,316</u>
	<u>88,485,662</u>	<u>85,092,121</u>
 Staff Costs		
Wages and salaries	35,073,779	31,745,735
Pension	435,954	365,272
National insurance	733,325	692,152
Other	<u>7,808,885</u>	<u>3,898,202</u>
	<u>44,051,943</u>	<u>36,701,361</u>
 20. Tax		
Current tax	3,731,083	(2,377,302)
Under/(over) provision prior year	2,998,036	--
Business levy	(1,306,386)	(1,278,377)
Deferred tax	<u>(8,104,457)</u>	<u>(3,935,773)</u>
	<u>(2,681,724)</u>	<u>(7,591,452)</u>

The tax on profit before tax differs from the theoretical amount that would arise using the basic rate of tax as follows:

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

20. Tax (Continued)	2008 \$	2007 \$
Profit before tax	38,075,152	18,594,857
Tax calculated at 25% (2007 - 25%)	9,518,787	4,648,715
Income exempt from tax	(17,769,776)	(18,976,404)
Tax effect of interest on government securities taxed at 12.5%	(3,522,491)	(2,377,302)
Correction of corporation tax prior year over provision	(2,998,036)	--
Expenses not deductible for tax purposes	446,659	480,613
Deferred tax assets not recognised in respect of:		
Tax losses	9,885,008	16,274,795
Accelerated tax depreciation	(137,220)	482,161
Impairment provisions	--	1,844,724
Write off of deferred tax asset on tax losses	7,797,131	--
Recognition of deferred tax asset on brought forward impairment provision	(1,844,724)	--
Release of previously recognised deferred tax asset	--	3,935,773
Business levy	1,306,386	1,278,377
	<u>2,681,724</u>	<u>7,591,452</u>

21. Earnings Per Share

Basic

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the Company and held as treasury shares.

Profit attributable to equity holders of the Company	34,877,128	11,886,864
Weighted average number of ordinary shares in issue	137,697,000	137,697,000
Basic earnings per share (expressed in \$ per share)	<u>0.25</u>	<u>0.09</u>

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

22. Commitments and Contingencies

Lease commitments

The Company is committed to the following operating lease payments:

	2008 \$	2007 \$
Up to one year	5,602,617	4,863,026
One to five years	12,901,398	13,234,607

Capital commitments

At 31 March 2008, the Group had commitments of \$11m in respect of: software acquisition expenditure \$2m and commitments to complete capital works on a building \$9m. The Group's management is confident that future net revenues and funding will be sufficient to cover this commitment.

23. Assets Under Management

Assets under management, which are not beneficially owned by the Company, but which are managed by them on behalf of investors are listed below at carrying amount.

	2008 \$	2007 \$
Off-balance sheet investments	<u>653,766,437</u>	<u>342,253,604</u>

24. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Company's shareholders consist of Jamaica Money Market Brokers Limited (incorporated in Jamaica), Clico Investment Bank Limited and CL Financial Limited. The ultimate parent of the Company is CL Financial Limited.

A number of transactions are entered into with related parties in the normal course of business. These include purchase of investment securities and securities sold under repurchase agreements.

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

24. Related Party Transactions (Continued)

The following related party transactions are included in the Income Statement:

	Directors and key management personnel		Related companies	
	2008 \$	2007 \$	2008 \$	2007 \$
Interest income	1,104,409	3,107,886	34,065,794	92,833,127
Investment costs	(4,060,920)	(2,213,659)	(107,429)	(7,962,271)
Other income	--	--	--	1,251,168
Operating expenses	--	1,006,235	719,296	1,033,912
Salaries and other short-term employee benefits	9,004,460	7,715,687	--	--
	<u>7,447,907</u>	<u>9,616,149</u>	<u>34,892,519</u>	<u>87,155,936</u>

Balance Sheet amounts due from /(to) related companies

	Directors and key management personnel		Related companies	
	2008 \$	2007 \$	2008 \$	2007 \$
Receivables	27,651,712	34,679,489	1,573,819,058	1,661,529,346
Investment securities available-for-sale	--	--	327,141,726	519,987,362
Other assets	--	364,813	350,676	4,621,306
Securities sold under repurchase agreements	(18,017,516)	(97,723,390)	(302,457,541)	(821,743,376)
Accrued expenses and other payables	413,193	747,845.58	329,537	5,774,376
Funds under management	(3,651,881)	--	(27,847,329)	(14,776,865)
	<u>6,395,508</u>	<u>(61,931,242)</u>	<u>1,571,336,127</u>	<u>1,343,843,397</u>

Caribbean Money Market Brokers Limited

Notes to the Financial Statements (Continued)

(Expressed in Trinidad and Tobago dollars)

25. Subsidiaries

These consolidated financial statements include the results from operations of the following subsidiaries:

	Country of Incorporation	Percentage of Equity Capital Held
Caribbean Money Market Brokers (Barbados) Limited	Barbados	90.9%
Caribbean Money Market Brokers (Guyana) Inc.	Guyana	100%
Trincity Properties Limited	Trinidad	100%
Caribbean Money Market Brokers (London) Limited	London	100%