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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company will be held in the Port Antonio Suite of the Jamaica Pegasus Hotel, 81 Knutsford Boulevard, Kingston 5 on Thursday, September 30, 2004 at 10:00 a.m., for the purpose of transacting the following business, namely:

1. To consider the Company's Audited Consolidated Accounts and the Reports of the Directors and Auditors for the period ended March 31, 2004 and to consider and (if thought fit) pass the following resolution:

Resolution No. 1

"THAT the Directors' Report, the Auditors' Report and the Audited Statements of Account of the Group for the period ended March 31, 2004 be approved and adopted."

2. To approve and ratify interim dividends:
To consider and (if thought fit) pass the following resolution:

Resolution No. 2

"THAT the interim dividends of 10 cents paid on December 10, 2003 and 6 cents paid on June 30, 2004, making a total of 16 cents for the period, be declared as final, and that no further dividend be paid in respect of the period under review."

3. To elect directors who retire in accordance with the company's Articles of Association. The directors retiring from office by rotation pursuant to Article 105 of the company's Articles of Association are Mr. Archibald Campbell, Mr. Dennis Harris and Mr. Wayne Sutherland, who being eligible offer themselves for re-election.

Mr. Cedric Stewart, having been appointed to the Board since the last Annual General Meeting shall retire, and being eligible, offer himself for re-election;

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

Resolution No. 3

- a) THAT Mr. Archibald Campbell be and is hereby re-elected a Director of the company.
- b) THAT Mr. Dennis Harris be and is hereby re-elected a Director of the company.
- c) THAT Mr. Wayne Sutherland be and is hereby re-elected a Director of the company.
- d) THAT Mr. Cedric Stewart be and is hereby re-elected a Director of the company.

4. To appoint auditors and authorise the Directors to fix the remuneration of the Auditors.
To consider (and if thought fit) pass the following resolution:

Resolution No. 4

"THAT KPMG Peat Marwick, Chartered Accountants, having agreed to continue in office as auditors, be and are hereby appointed auditors of the Company to hold office until the next annual general meeting at a remuneration to be fixed by the Directors of the Company".

5. Any other business for which due notice has been given.

By Order of the Board

Duhaney A. Smith
Corporate Secretary

Dated this 24th day of June 2004

REGISTERED OFFICE
6 Haughton Terrace
Kingston 10

NOTE: A member entitled to vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of him/her. A Proxy need not be a member of the Company. Attached is a Form of Proxy for your convenience. The Form of Proxy must be completed, impressed with stamp duty of \$100 and lodged at the office of the Registrar of the Company, Veritat Corporation, The Victoria Mutual Building, 6 Duke Street, Kingston at least forty-eight hours before the time appointed for holding the meeting. The stamp duty may be paid by adhesive stamp(s), which are to be cancelled by the person executing the Proxy.

JMMB AT A GLANCE

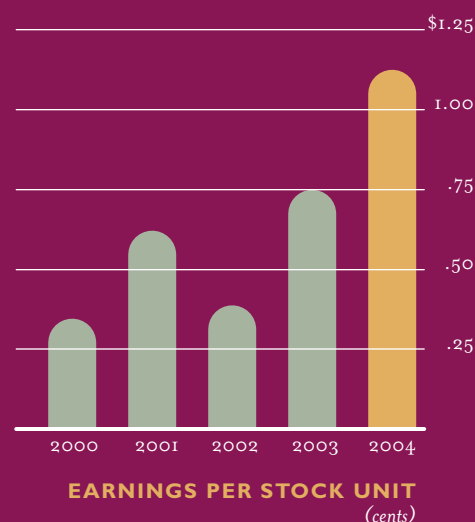
We are pleased to report that the thirteen-month period ended March 31, 2004 was one of solid accomplishments. Our net profit was J\$1.55 billion, an increase of 49.1% over the previous financial year. Earnings per stock unit (EPS) also increased by 49.3% from J\$0.71 to J\$1.06 during the same period.

In a year of volatile money market conditions, our business model was validated, with total operating profit increasing by 44.0% to J\$988.9 million, and our overall asset base growing by 25.1% from J\$48.9 billion in 2003 to J\$61.2 billion at the period end.

Our largest contributor to revenues, net interest income, showed strong growth of 23.3% to J\$938.3 million, mostly due to our effective management of spreads, an overall increase in investments, and lower interest rates in the latter part of the year. In addition, our affiliated companies continued to contribute increasing revenues to the group. We anticipate continued growth in this area, especially from our associated company, Caribbean Money Market Brokers Limited (CMMB), whose contribution grew by 116.8% to J\$527.2 million, and whose expansion into Barbados in June 2004 will further support the success.

Having successfully launched our JMMB Select Index Fund last year, we look forward to the start of our insurance brokerage services, which will expand our offerings into the areas of health and life insurance. With our Financial Planning Services, we will also have the opportunity to express how much we truly care for our clients as we guide them towards the realisation of their financial goals.

We anticipate that the financial year 2005 will be another strong one, in which we will continue to build on past achievements and continue to generate growth in earnings and revenues.



Earnings per stock unit (EPS) increased from 71¢ in 2003 to 106¢ in 2004; representing a growth of 49.3% over the IFRS adjusted EPS for year ended 28 February 2003.

TEN-YEAR STATISTICAL REVIEW

	13 months ended March 31 2004** (J\$'000)	Year ended February 28 2003** (J\$'000)	Year ended February 28 2002** (J\$'000)	Year ended February 28 2001* (J\$'000)	Year ended February 29 2000 (J\$'000)
FINANCIAL DATA					
Total assets	61,215,631	48,945,993	39,079,097	21,238,909	15,992,187
Resale agreements	18,059,384	8,247,468	6,859,379	6,694,937	4,752,474
Investments	37,828,581	36,027,531	28,958,610	12,917,671	10,443,119
Other earning assets	3,400,938	2,164,638	1,854,618	1,211,603	401,123
Fixed assets	326,996	298,216	160,895	113,842	80,327
Repurchase agreements	55,102,420	46,184,956	36,692,555	20,049,321	15,195,156
Shareholders' equity	4,012,109	1,861,536	1,094,845	699,581	469,482
Funds under management	63,833,807	52,268,700	41,494,600	23,495,100	20,003,668
Operating income	1,990,529	1,521,068	957,155	674,641	493,842
Operating profit	988,866	686,748	469,483	309,758	230,647
Administrative expenses	1,001,663	834,320	487,672	364,883	263,195
Profit before tax	1,518,604	934,575	475,848	344,921	231,931
Net profit	1,547,155	1,038,252	488,461	331,899	186,315
Dividends (declared in respect of the fiscal period/year)	234,142	180,093	100,128	82,421	46,578
Profit retained (in respect of the fiscal period/year)	1,313,013	858,159	448,828	249,478	139,737
RATIOS					
Earnings per stock unit (cents)	106	71	33	53	33
Dividends per stock unit (cents)	16	12	7	10	9
Dividend payout ratio	15.1%	17.3%	18.2%	24.8%	25.0%
Return on average equity	52.7%	68.4%	54.4%	56.8%	48.9%
Return on average assets	2.8%	2.4%	1.6%	1.8%	1.2%
Stockholders' equity per stock unit (\$)	2.7	1.3	0.7	0.8	0.9
Net interest margin	10.1%	12.7%	11.2%	11.6%	9.3%
Funds under management per team member (J\$'000)	324,030	305,665	257,730	183,556	190,511
Net profit per team member (J\$'000)	7,854	6,072	3,034	2,593	1,774
Operating income per team member (J\$'000)	10,104	8,895	5,945	5,271	4,703
Operating profit per team member (J\$'000)	5,020	4,016	2,916	2,420	2,197
Administrative expenses per team member (J\$'000)	5,085	4,879	3,029	2,851	2,507
Administrative expenses to gross operating revenue	9.7%	12.4%	10.0%	10.4%	8.1%
Net profit to gross operating revenue	15.0%	15.4%	10.0%	9.5%	5.8%
Efficiency ratio (Admin exps/Operating inc)	50.3%	54.9%	51.0%	54.1%	53.3%
OTHER DATA					
Exchange rate J\$ per US\$1.00	\$60.9	\$53.7	\$47.5	\$45.7	\$42.0
Inflation rate year over year (%)	17.3%	5.7%	8.1%	6.7%	8.2%
Number of stock units at year end	1,463,386,752	1,463,386,752	1,463,386,752	856,986,752	547,746,751
No. of team members	197	171	161	128	105

*Consolidated figures + IFRS compliant figures

	Year ended February 28 1999 (J\$'000)	Year ended February 28 1998 (J\$'000)	Year ended February 28 1997 (J\$'000)	Year ended February 29 1996 (J\$'000)	Year ended February 28 1995 (J\$'000)
FINANCIAL DATA					
Total assets	14,656,247	9,638,881	5,974,967	1,043,324	1,310,540
Resale agreements	8,133,830	6,085,371	4,986,904	873,261	1,088,124
Investments	5,580,476	2,320,129	536,641	47,464	40,348
Other earning assets	644,955	1,047,375	287,693	68,205	164,422
Fixed assets	75,195	78,196	72,922	43,369	16,542
Repurchase agreements	14,032,728	8,779,110	5,554,157	869,781	1,107,249
Shareholders' equity	292,602	190,887	125,451	56,900	27,269
Funds under management	13,200,586	11,163,217	10,396,507	4,274,055	3,038,006
Operating income	448,153	369,628	223,727	116,003	46,661
Operating profit	212,836	87,314	96,265	47,531	13,690
Administrative expenses	235,317	282,314	127,462	68,472	32,971
Profit before tax	160,914	90,601	102,886	50,144	13,690
Net profit	113,776	73,282	68,551	32,931	9,155
Dividends (declared in respect of the fiscal period/year)	12,061	7,846	0	3,300	0
Profit retained (in respect of the fiscal period/year)	101,715	65,436	68,551	29,631	9,155
RATIOS					
Earnings per stock unit (cents)	23	15	14	7	2
Dividends per stock unit (cents)	5	6	0	100	0
Dividend payout ratio	10.6%	10.7%	0.0%	10.0%	0.0%
Return on average equity	47.1%	46.3%	75.2%	78.3%	42.8%
Return on average assets	0.9%	0.9%	2.0%	2.8%	1.1%
Stockholders' equity per stock unit (\$)	1.1	1.4	38.0	17.2	8.3
Net interest margin	9.0%	18.7%	34.0%	75.4%	100.0%
Funds under management per team member (\$'000)	133,339	118,758	135,020	62,854	74,098
Net profit per team member (\$'000)	1,149	780	890	484	223
Operating income per team member (\$'000)	4,527	3,932	2,906	1,706	1,138
Operating profit per team member (\$'000)	2,150	929	1,250	699	334
Administrative expenses per team member (\$'000)	2,377	3,003	1,655	1,007	804
Administrative expenses to gross operating revenue	8.0%	44.7%	40.2%	56.1%	70.7%
Net profit to gross operating revenue	3.9%	11.6%	21.6%	27.0%	19.6%
Efficiency ratio (Admin exps/Operating inc)	52.5%	76.4%	57.0%	59.0%	70.7%
OTHER DATA					
Exchange rate J\$ per US\$1.00	\$38.0	\$36.2	\$35.0	\$39.9	\$33.2
Inflation rate year over year (%)	6.3%	8.4%	10.8%	29.9%	22.7%
Number of stock units at year end	261,192,001	140,392,001	3,300,001	3,300,001	3,300,000
No. of team members	99	94	77	68	41

DIRECTORS' REPORT

The Directors are pleased to present their report for the thirteen-month period ended March 31, 2004.

OPERATING RESULTS

- Net Interest Income and other Operating Revenue of the Group was \$1.99 billion, reflecting a 30.86% increase over last year.
- The Profit of the Group before income tax was \$1.5 billion, an increase of 62.5% over last year.
- The Net Profit of the Group after income tax was \$1.5 billion, an increase of 49.0% over last year.

With the adoption of International Financial Reporting Standards (IFRS), the 2003 net profits were restated from \$900.5 million to \$1,038.3 million.

DIVIDENDS The Directors recommend that the interim dividends paid on December 10, 2003 and on June 30, 2004, be ratified and declared as final and that no further dividend be paid in respect of the period under review.

In accordance with Article 105 of the Company's Articles of Association, the Directors retiring from office by rotation are: Mr. Archibald Campbell, Mr. Dennis Harris, and Mr. Wayne Sutherland, who, being eligible, offer themselves for re-election.

Mr. Cedric Stewart, having been appointed to the Board since the last Annual General Meeting, shall retire, and, being eligible, offer himself for re-election.

AUDITORS Messrs. KPMG Peat Marwick, the present Auditors, will continue in office pursuant to Section 153 of the Companies Act, 1965.

The Directors wish to express their thanks to all team members for the work done during the period, and to clients for their continued support.

By Order of the Board

Dated this 24th day of June, 2004



Duhaney A. Smith
Corporate Secretary

THE BOARD OF DIRECTORS

as at March 31, 2004:

Dr. Noel A. Lyon
Chairman

Mr. Archibald A. Campbell
Deputy Chairman
(Appointed February 17, 2004)

Mrs. Donna Duncan-Scott
Managing Director

Mr. Keith P. Duncan
Deputy Managing Director

Mr. Dennis L. Harris

Mr. V. Andrew Whyte

Mr. Wayne Sutherland

Mr. Richard J. Trotman

Ms. Marguerite Orane

Mr. Cedric Stewart
Staff Director/ESOP Representative
(Appointed March 13, 2004)

Mr. Duhaney A. Smith
Corporate Secretary



NOEL A. LYON, PhD
Chairman

"After-tax profits increased by 49%, funds under management grew by 22%, and shareholders' equity by 116%."

CHAIRMAN'S REPORT

Once again, I have the privilege to present to you the Annual Report for the Jamaica Money Market Brokers Limited Group, for the financial period ended March 31, 2004. You should note that, due to a change in the financial year-end, this report covers a 13-month period.

I am pleased to report to you that, against the backdrop of increasingly recovering global economic circumstances, and volatile local economic conditions for a significant part of the period, the JMMB group of companies returned excellent results. After-tax profits increased by 49%, funds under management grew by 22%, and shareholders' equity by 116%. Your Company continues to be a significant player in the financial market and is recognized not only for producing good financial results but also for its emphasis on strong corporate ethics and excellent customer service.

As is always the case, you can look forward to some exciting plans and projects in the near future: the establishment of new business entities on our own and in partnership with others; the development of new products and the implementation of new ways to serve you and our other clients better. I will not elaborate on these as they are adequately covered in the Management's Discussion and Analysis.

In respect of changes at the Board level, we said goodbye to Miss Doreen Holness. Miss Holness served as a Director for four years, and on behalf of the Board I wish to express our sincere gratitude for her sterling contribution to our deliberations during a very exciting and eventful period in JMMB's history. With the departure of Miss Holness, we had the pleasure of welcoming Mr. Cedric Stewart to the Board as Staff Director/ESOP Representative.

I would like to express our gratitude to several persons, firstly to our clients. JMMB would not have been able to deliver these good results without the enthusiastic support and patronage of our clients. On behalf of the Board I use this opportunity to express our warm and heartfelt appreciation.

I wish to thank and extend heartiest congratulations to the team comprising the JMMB Group for preserving the culture of love, integrity, fun and togetherness, and for putting in the extra effort and sometimes long hours needed to make the period a success.

I would also like to thank the other members of the Board for their overwhelming support and hard work in ensuring that we not only make profits but also practise and maintain the highest possible standards. "Best practices" is a phrase mentioned often at our Board meetings, being one of the principles that guides our continuing desire to lay a solid foundation for the future growth of your Company.

MANAGEMENT'S DISCUSSION AND ANALYSIS

I am happy to announce that, through the hard work of our team and the continued support of our clients, Jamaica Money Market Brokers Limited continues to produce solid financial results. We ended the financial period with net profit after tax of J\$1.55 billion, which represents a 49.02% or J\$508 million increase over end-of-year net profit for the previous financial year. Earnings per unit of stock (EPS) increased by 49.3% from J\$0.71 to J\$1.06 at the end of the financial period. Our overall asset base as a result also increased by 25.1% from J\$48.9 billion in 2003 to J\$61.2 billion at the end of the 2004 financial period.

Our core business continued to grow despite the volatile money market conditions experienced during the period. Our total operating profit increased by 44.0% from J\$686.7 million to J\$988.9 million, validating the strength of our business model even during challenging conditions.

Net interest income, which remains the largest contributor to our revenues, ended the period at J\$938.3 million, an increase of J\$177 million or 23.2% over the previous year. This impressive rise in net interest income can be attributed to the effective management of interest rate spreads, an overall increase in investments, along with the lowering of interest rates in the latter part of the period.

Income from other revenue streams increased by 57% over the previous year. Profit share from our associated companies represented the largest contributor to this category, growing by 116.7% over the period and thus continues to justify our decision to diversify our revenue base. There was a noticeable reduction in fees earned from managed funds as the decision was taken, after feedback from our clients, to eliminate management fees on our US\$ Save Smart product and reduce the management fees on our J\$ Save Smart product.

Despite the impressive profit performance over the period, we remain very cognizant of managing operating costs. The 20.06% increase in administrative expenses during the year marks a reduction in the rate of growth compared to the 71.1% increase in the previous year. Notwithstanding, we are still very committed to containment in this area. Staff costs, which increased by 28.4%, are significant but were planned for as we sought to effectively and efficiently staff key areas in our organisation for growth. The 13.2% increase in other operating expenses is significant and members of the management team have been given the mandate to contain these expenses and also to sensitise the entire team of the benefits of cost management.



MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Our financial results continue to provide the basis for our solid foundation. Shareholders' equity increased by 115.5% from J\$1.86 billion to J\$4.01 billion, thus positioning JMMB as the fourth strongest financial institution in Jamaica. The strengthening of our capital base not only provides a source of confidence for our shareholders and our clients but also provides us with the resources to further expand our brand and services.

PRODUCTS AND SERVICES Our subsidiary, JMMB Securities Limited, launched the Select Index Fund in February of this year, allowing us to offer our clients participation in the first mutual fund comprising entirely Jamaican stocks, and the first indexed fund. Since the launch of the Fund, its Net Asset Value (NAV) per share has increased by 53%, indicating the good returns this product has offered investors.

The JMMB team is preparing to empower our clients to realise their goals by introducing the principles of financial planning to existing and prospective clients. Financial Planning Services (FPS), enhanced by the success of the Select Index Fund, is the primary method by which we will help our clients to achieve their goals.

Last year, we prepared for the launch of this service by embarking on a programme of internal certification for our frontline teams (team members from the Branches, Sales, Call Centre and Trading Department). Our certification covers financial principles as well as simulation of client interactions with the teams. We strongly believe that our clients will reap significant benefits based on the robust nature of the certification process, and our commitment to excellence and to being experts in our endeavours.

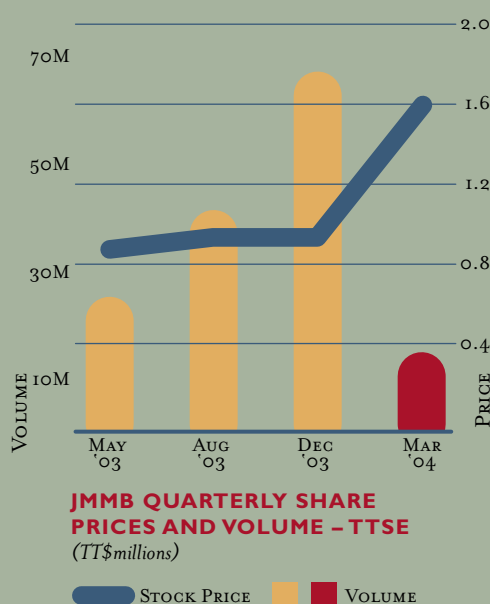
With plans for further expansion, we recognize the need to focus on increasing the efficiency of our operations. We therefore embarked on several automation projects to enhance our processes while ensuring continued and increased accessibility to our clients. All process enhancements will continue in true JMMB fashion as we strive to ensure that the solutions we implement allow us to maintain the personal touch and service levels that our clients have come to expect from us.

To support the achievement of these objectives, we will also be reinforcing the use of project management practices, and to this end, have already formed a Project Steering Committee to oversee projects and the development of a change management strategy in the coming year.

DONNA K. DUNCAN-SCOTT, CFA, MBA
Managing Director



“One of the fundamental tenets on which JMMB is founded is the need for individuals and the Company to recognize the power within, and to realise our full potential and our dreams.”



MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

HUMAN RESOURCES The JMMB team expanded during the year with the addition of 25 new permanent and contract team members, bringing the average number of persons employed to 197.

Our executive team was doubled to include four new executive team leaders in the areas of Risk Management, Investments, Branch Operations and Marketing as we sought to strategically enhance the leadership of the organisation and strengthen the expertise in all areas of our operations.

We continue to place emphasis on individual development and training, hence approximately 7% of staff costs incurred last year was for internal and external training for team members. Sixteen members of our team began tertiary and professional accreditation courses through our study assistance programme and eight persons are pursuing the Chartered Financial Analyst (CFA) accreditation.

The STAR (Standing-for-excellence, Talent-maximization And Recognition) programme embarked upon in the last financial year was continued, with primary focus being the enhancement of job descriptions to include competencies and the refinement of the existing performance management system. Our vision is to have a performance management system designed to support our culture of accountability, excellence and love, and we are actively working to achieve this objective.

Furthermore, in keeping with our vision and mission to have a creative, contented and cohesive team, we have provided a forum for team members to offer their views and opinions. At our semi-annual strategic retreat held in September of last year, we instituted an electronic solution box for team members to identify challenges and propose solutions that would impact our internal and external clients. Following this, some members of the executive team, including myself, had face-to-face meetings with each department for the purpose of examining how to better live our Vision of Love. This activity, dubbed the "Love Train", will be conducted semi-annually.

COMMUNITY INVOLVEMENT One of the fundamental tenets on which JMMB is founded is the need for individuals and the Company to recognize the power within, and to realise our full potential and our dreams. In keeping with this principle, we continue to provide sponsorship and donations for various community activities (in the areas of sport, health, culture and education) aimed at enabling individuals/groups realise their dreams.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Over the last year, we funded a successful pilot project in the August Town community of St. Andrew. The purpose of the project was to provide a forum that would engage the residents and the community in identifying and living their individual and shared community vision, as well as to train the participants in executing community-based projects that reflect their ideas. The documented results show a significant increase in the level of acceptance of responsibility by individuals and groups in building a peaceful and nurturing community.

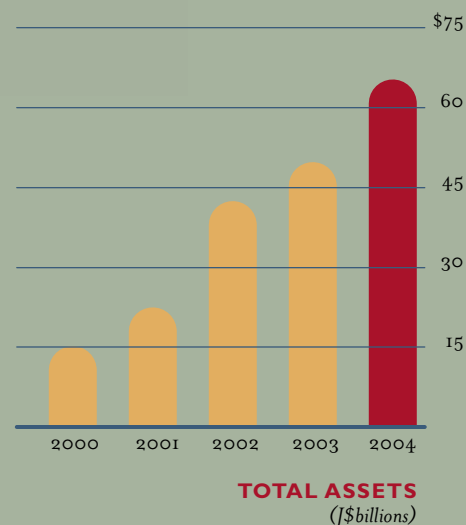
We also continue to provide support to the CUMI programme in Montego Bay, aimed at assisting abused, neglected and abandoned children. The children are placed in stable home situations as appropriate, and funding is provided for their basic educational and social development needs. Recent evaluations indicate that the children are making remarkable psychological, emotional and educational progress. Last year, CUMI children participated in a karate summer camp which resulted in two of them being selected to represent Jamaica in Panama in the coming year.

Being committed to the support of leaders in releasing their strength to lead their teams to the realisation of their dreams, we again hosted the Worldwide Lessons in Leadership seminar, thus extending our relationship with the organisation to seven years. We also introduced a workshop entitled "Living a Vision Inspired Life", aimed at helping individuals identify and plan a vision for themselves.

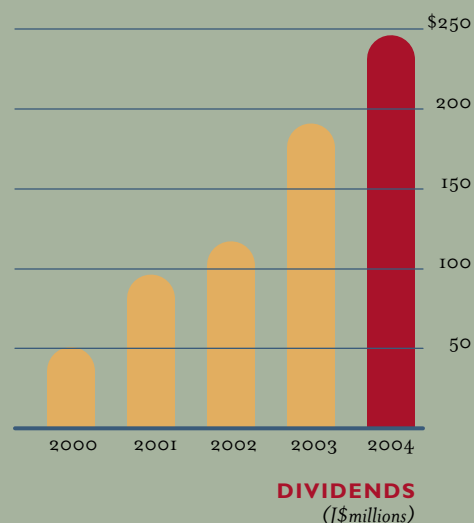
NON-OPERATIONAL SUBSIDIARY JMMB Insurance Brokers Limited currently non-operational, is scheduled to become operational in the coming year. In the last financial period, efforts were geared towards forming partnerships with insurance providers in order to offer attractive and useful product to our clients. Through the internal certification process, our frontline team was also exposed to insurance training and certification requirements that had to be met to guarantee expertise and high quality service.

THE YEAR AHEAD The year ahead is expected to be an interesting and significant milestone in the history of JMMB.

Locally, we have plans to expand our points-of-presence with two new branches, the first, in May Pen is scheduled for the second quarter of the new financial year. Internationally, we are in the process of forming a

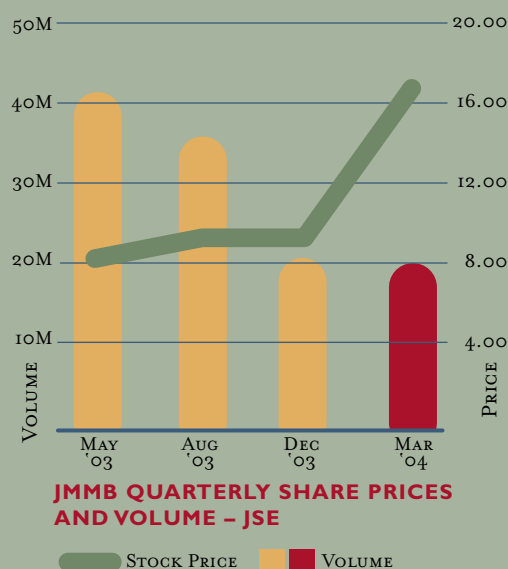


Total assets as at March 31, 2004 was \$61.2 billion an increase of 25.1%.



Total dividends attributable to the 13-month period at March 31, 2004 amounted to \$234 million or 16.0¢ per stock unit.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)



strategic alliance in order to broaden product offerings and services to our clients. In May 2004, our associated company, Caribbean Money Market Brokers Limited (CMMB) entered a new market, Barbados.

Perhaps the most significant plan for the rest of the year will be the launch of Financial Planning Services (FPS). FPS is a holistic approach to helping our clients realise their goals. To complement our clients' financial planning activities, we will also launch personal risk management initiatives (e.g. health and life insurance coverage).

As we embark on the year ahead, we would like to once again acknowledge our clients for whom we continue to focus on ways to add value and remain committed to serving with care, integrity and love. We also wish to thank you, our shareholders, for investing a high level of confidence and trust in us. We pledge to continue, with God's help, to strive for excellence and to be the premier financial institution for the conduct of business. With respect to our country and our region, we will continue to stand for peace and prosperity and everyone realising their full potential and dreams. We also promise to continue promoting the winning formula:

VISION + VALUES + EXPERTISE = PHENOMENAL SUCCESS

JMMB SECURITIES LIMITED

JMMB Securities Limited ended the period with increased momentum when compared with the prior financial year. We expanded our presence in just about every dimension guided by our vision to be "the home for Jamaican and Caribbean stocks and equity products."

Financially, our subsidiary reflected a strong showing at the bottom line with \$34 million in net income up 448.4% from the prior year's income of \$6.2 million. Trading in listed stocks both as agent and principal was a



significant contributor to a 248.4% increase in realised gains. The launch of our mutual fund, an entirely new line of business, also contributed

significantly to our operating revenue.

On September 15, 2003, we moved into our new office at the JMMB headquarters complex. Along with the move, we increased our front office team and reconfigured our workflow to better serve our growing client base.

Trading with our regional stock exchange partners continued to grow and accounted for a significant increase in our share of the volume of the cross listed stocks traded. This is an increasingly important segment of our business as we fulfill our commitment to be the premier regional brokerage firm.

It was our launch on February 3rd of the first index fund in the world to track a Jamaican index that represented our most noteworthy accomplishment for the financial period. JMMBSL's spirit of innovation has brought to our clients a product that is transparent, can be used to diversify their portfolios, and one which delivers added liquidity through the 'blue chip' firms in which it invests. While this initiative continues our tradition of being pioneers in the Jamaican stock market, it was also strategically significant in helping the company to diversify its revenue stream with the first asset management product in our portfolio. The fund surpassed our target of \$100 million in the first year by posting over \$160 million in net assets under management by the end of March 2004.

We thank our clients and shareholders for helping us to set these new levels of performance for the company and for the market. We encourage you to continue to support our efforts as we strive for even higher targets in the coming year.

LEO WILLIAMS, MBA
Managing Director, JMMBSL



CARIBBEAN MONEY MARKET BROKERS LIMITED

In 2000, JMMB embarked on a program of diversification by entering the Trinidad & Tobago market through a joint venture in Caribbean Money Market Brokers Limited (CMMB). This strategy of diversification has paid-off handsomely as CMMB has grown to be a major contributor to the overall success of JMMB.

CMMB'S PERFORMANCE CMMB experienced another very good financial year, expanding its asset base to over TT\$5 billion from TT\$2.9 billion last year. The net profit for CMMB more than doubled to TT\$112 million from TT\$52 million.

The level of net interest income grew by more than 62% to TT\$81 million. Gains from trading in investment securities also increased by over 37%, to TT\$50.4 million.

The net result of this growth in assets and effective trading strategies was a significant 47.8% increase in the level of operating income to TT\$136.9 million from TT\$92.6 million a year earlier.

Despite the Company's significant expansion, the level of operating expenses increased only by 35.5% to TT\$33.4 million as compared to the increase in operating income. Consequently, this translated into a 116.4% increase in the level of profit after tax to TT\$111.9 million.

The growth in the bottom-line was further reflected in the level of shareholder's equity which increased by 58.2% to TT\$209.8 million.

In less than four years, CMMB has emerged as a pioneer in the regional financial services landscape, enhancing the awareness and sophistication of the capital markets throughout the Caribbean. We expect CMMB to continue to forge ahead in the other territories in the Eastern Caribbean over the next few years.

TRINIDAD AND TOBAGO ECONOMIC REVIEW Trinidad and Tobago's economy recorded its tenth consecutive year of growth, again driven by the energy sector through higher production of crude oil and Liquefied Natural Gas (LNG). However, the performance of the non-energy sector was weak, and this appeared to have affected the pace of job creation. Headline inflation was low, but the measure of core inflation indicated a build up in underlying price pressures.

The central government achieved a much better than anticipated fiscal out turn in 2002-03, partly as a result of higher than budgeted oil prices. At the end of March 2004, gross international reserves climbed to US\$2.2 billion, representing a cover of more than 6 months' prospective imports.

RAM RAMESH,
Managing Director, CMMB





Throughout most of 2003-04, excessive liquidity in the financial markets exerted downward pressure on interest rates. The Central Bank lowered the cash reserve requirement for banks from 18% to 14% in October 2003. These actions reinforced the low interest rate environment as reflected in the sharp fall of 200 basis points in the prime lending rate to 9.5%. The stock market evidenced its best performance in five years on the strength of lower interest rates and good performances by the listed companies.

CMMB SECURITIES LIMITED Originally starting out as the equities division of Caribbean Money Market Brokers Ltd., CMMB Securities officially began trading on the floor of the Trinidad & Tobago Stock Exchange (TTSE) on April 12, 2002, with a share capital of TT\$5 million and a mission to become an established name in the community with an outstanding reputation for service, excellence and knowledge of the markets in which we operate. The initial strategic plan forecasted projections of eight per cent (8%) market share by March 2003, sixteen percent (16%) by March 2004, going on to become the number one brokerage house on the TTSE by year-end 2005.

For the year ended March 31, 2003, CMMB Securities actually recorded revenues of TT\$3.7 million and after-tax profits of TT\$1.7 million, garnering a 15.1% market share in the process. Shareholders' equity stood at TT\$6.8 million. In 2003, price levels as measured by the TTSE's Composite Index increased by 27.2%, compared to the 25.6% increase in 2002. In the first quarter of 2004, the Composite Index leapt a further 21%.

For the year ended March 31, 2004, CMMB Securities generated revenues of TT\$7.4 million, recording net profits after tax of TT\$3.6 million which is an increase of 111% over last year. Shareholders' equity increased to TT\$10.4 million. However, our market share dropped slightly to 14%; albeit on a significantly larger market turnover. The total value of stock market transactions from April 1, 2002 to March 31, 2003 was TT\$1.9 billion, while the comparative figure for 2003-04 was TT\$5.0 billion, representing a 163% increase.

"For the year ended March 31, 2004, CMMB Securities generated revenues of TT\$7.4 million, recording net profits after tax of TT\$3.6 million which is an increase of 111% over last year."

RISK MANAGEMENT

MANAGING THE FINANCIAL RISK: RISK CULTURE AND RISK MANAGEMENT PROCEDURE IN THE JMMB GROUP In JMMB, we believe that today's rigorous financial risk management is the cornerstone of tomorrow's growth and prosperity. The business we manage exposes the firm to various types of risk, including market risk, liquidity risk, credit risk and other risks. Considering that all risks cannot be eliminated, the objective of the Risk Management team is to identify, understand, disclose and manage risks. Consequently, in the Risk Management Department, our day-to-day job is to measure, monitor and manage every type of risk with cutting-edge methodologies and disciplined policies and procedures. Our foremost function is protecting the firm's capital and stakeholders' interest from impact of adverse events. The Board of Directors and Senior Management are fully aware of the importance of prudent risk management practices of modern financial institutions. At JMMB, there is a three-tier reporting structure to ensure that the Board's risk appetite is aligned with the business risk being taken (Appendix I). Being the highest level of accountability for risk management in JMMB, the Board Risk Subcommittee reviews and approves risk management policies, and delegates the operational authority to the senior management team. The Risk Management Committee at the senior management level serves as the platform to address any business issues that may arise, check the firm's capital level and risk exposures, and make operational decision on behalf of the Board. The functional team consists of risk professionals that specialise in each specific risk sector. The responsibility of the functional team is the implementation of the risk policy and the monitoring of risk exposure in our dynamic business environment.

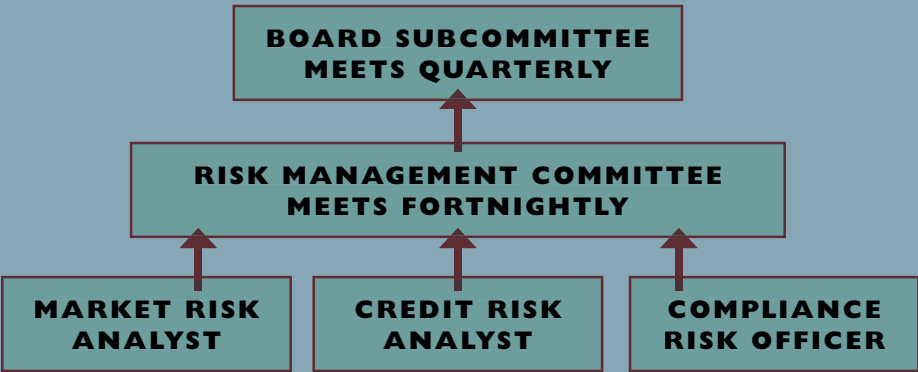
MARKET RISK Market risk is the potential loss resulting from adverse movements in the market values or yields of financial instruments that JMMB owns. We use the Value at Risk (VaR) methodology to actively measure market risk exposure. Value at Risk is a statistical measure inferred from historical market data and current portfolio composition. It provides information about the potential loss based on certain probabilities for a specified time frame. We combine the VaR approach with stress testing to understand the risk profile underlying the investment portfolio. In addition, JMMB is adopting the international standard, Basle Accord, to establish an appropriate capital level in considering market risk. Based on the predefined VaR limits related to the capital base, JMMB continues to effectively control market risk.

LIQUIDITY RISK Liquidity Risk is the potential risk that arises when a financial institution loses its access to capital markets. We continually analyse the funding profile of different types of clients and have implemented a funding strategy to achieve the target composition of clients.

CREDIT RISK Credit Risk refers to the potential variation in capital and earnings as a result of a counterparty’s failure to fulfill his/her actual or implied contract. JMMB recognizes that counterparty risk is a significant component of its overall risk exposure. As such, in the financial period, JMMB embarked upon a detailed credit risk management project whereby we benchmarked both local and international credit limit processes, and chose a world-class methodology to evaluate, determine and monitor credit risk. The CAMELS methodology (recommended by the Basle Accord) was agreed upon and is currently being used in the credit risk management process. This method uses both quantitative and qualitative data to evaluate and determine standard credit limits for all counter-parties that JMMB conducts business with. JMMB has effectively standardized the credit limit process and has assigned an optimal percentage of our shareholders’ capital for credit risk-taking.

RISK MANAGEMENT SYSTEM Looking toward the future, JMMB is dedicated to continually improving its risk management practice. We are currently working on an Integrated Risk Management System, by which we will further automate and hence enhance our risk management practices.

Appendix I: Risk Management Organisational Chart at JMMB



BUSINESS ENVIRONMENT

“Jamaica exceeded expectations by achieving its 2003-04 fiscal targets through a combination of record tax revenues and the sale of assets during the last quarter.”

During fiscal 2003 (April 1, 2003, to March 31, 2004), Jamaica's business environment experienced significant volatility, most of which were spillover effects from the latter part of the previous fiscal year.

Interest rates (6-month T-Bill yield) rose to a 10-year high of 34% in March 2003 (Figure 1) amid rapid depreciation of the domestic currency, and uncertainty about the 2003-04 budget. In April, a J\$14.8 billion tax package was announced in the 2003-04 budget. The tax package was aimed at reducing Jamaica's large fiscal deficit from 7.4% of Gross Domestic Product (GDP) to between 5% and 6% of GDP.

However, in May, Jamaica's sovereign debt was downgraded one notch by the credit rating agency, Moody's, with a stable outlook. The rating agency, Standard and Poor's, followed suit soon after with a similar downgrade in July. These downgrades meant Jamaica was unable to access the international capital markets until very late in the fiscal year.

Also, during the month of May, the Jamaican currency came under pressure amid concerns that Jamaica would be returning to an International Monetary Fund (IMF) program. The domestic currency lost 21% of its value in the dealer market over eleven trading days, before the central bank successfully sold US dollars to defend the currency, which resulted in the currency appreciating and subsequently stabilising. As a result, Jamaica's Net International Reserves (NIR) fell to a 30-month low of US\$1.1 billion in August.

The combination of rapid currency depreciation and a record tax package resulted in inflationary pressures, with the monthly rate peaking at a seven-year high of 2.5% in June, and the annual rate peaking at 16.8% in March 2004 (also a seven-year high). The previously mentioned hike in interest rates also led to a significant overrun in Jamaica's domestic interest cost, and a deteriorating fiscal balance.

However, Jamaica exceeded expectations by achieving its 2003-04 fiscal targets, through a combination of record tax revenues and the sale of assets during the last quarter. The higher inflation rates also helped to stabilize Jamaica's debt ratio at 142% of GDP. Jamaica was thus able to access over US\$350 million from the international capital markets during the last quarter.

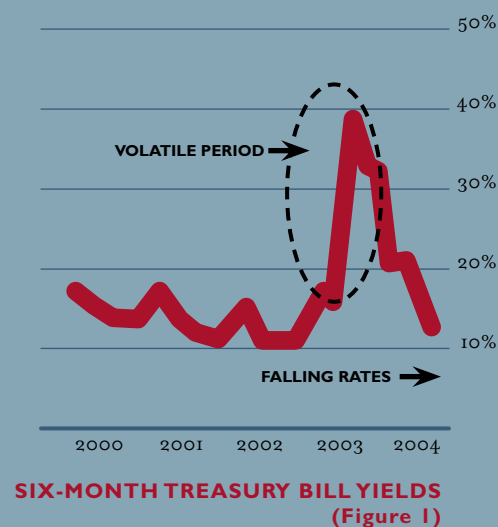
Real GDP came in at the lower end of the 2% to 3% target range for the fiscal year, led by record performances from the major foreign exchange earners – Alumina and Tourism. Further, the central bank reduced interest rates on its open market instruments eleven times during the fiscal year, to 15.6% in March 2004.

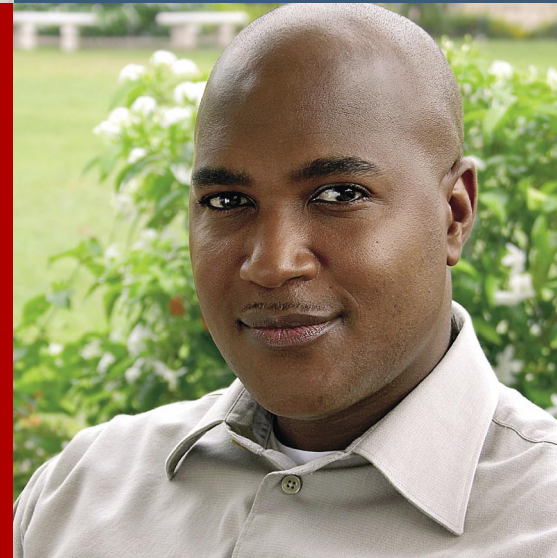
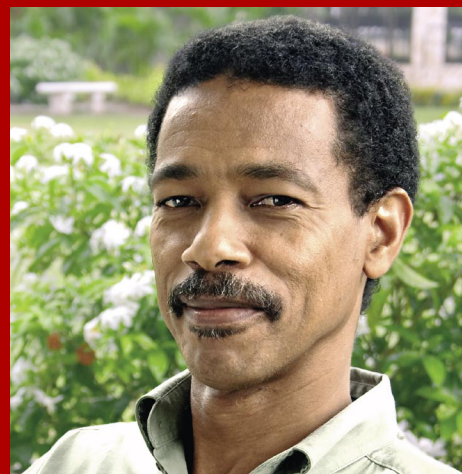
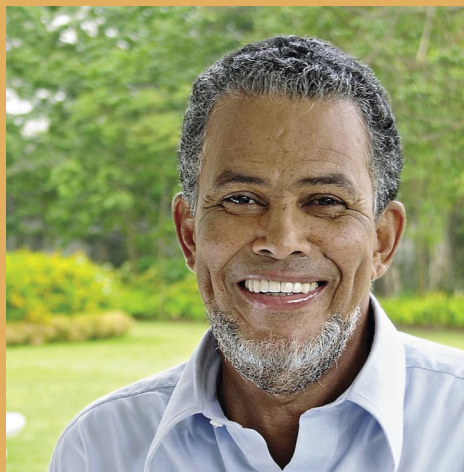
OUTLOOK In April 2004, Jamaica's 2004-05 budget was presented, with the major highlight being no new taxes, albeit with increased debt servicing costs. The move toward social consensus between the government of Jamaica, labor unions and the private sector are likely to have positive spin-off effects on the current budget outturn.

Jamaica's large current account deficit will likely be financed by large foreign investment flows (approximately US\$2.0 billion) over the next three to four years. The major thrust of these investments will be in the mining, tourism, construction and water sectors. Economic growth is thus likely to remain in the 2% to 3% target range. The Jamaican economy grew by 2.5% and 3.3% during the first two quarters of 2004, respectively. At the end of July, interest rates fell to 15%, the annual rate of inflation fell to 11.6% and the NIR rose to US\$1.6 billion.

Despite the positive developments, there are significant challenges ahead for the business environment. Jamaica is a small open economy susceptible to shocks. As such, rising world crude prices, negative geopolitical events and the current hurricane season pose significant risks to the consolidation of the gains already made.

Further, the economic cost of crime (2.5% of GDP in 2001), especially on the productive sector poses a significant challenge to achieving sustainable employment growth in the medium term. This, combined with a very large debt burden threatens to impede long term sustainable economic progress. However, continuance of proper monetary and fiscal management should contribute towards the goal of a balanced budget by 2005-06. Thus far, the fiscal deficit was 14.3% better than budgeted, as tax revenues and expenditure continued to perform well. Ultimately, the business environment will continue to be affected by a confluence of factors for the remainder of the year.





BOARD OF DIRECTORS

NOEL A. LYON, PhD *Chairman*

Dr. Noel A. Lyon is the Chairman of JMMB and its associated company, Caribbean Money Market Brokers Ltd. in Trinidad. He is also the Chairman of Jamaica Venture Fund. He is a graduate of Harvard Graduate School of Arts and Sciences where he earned his PhD (Economics) degree in 1969.

DONNA K. DUNCAN-SCOTT, CFA, MBA *Managing Director*

Mrs. Duncan-Scott became Managing Director of JMMB in 1998 after the passing of Joan Duncan. A trained industrial engineer, she earned her MBA from Richard Ivey School of Business at the University of Western Ontario in Canada. She went on to gain her Certified Financial Analyst (CFA) accreditation in 1999.

KEITH P. DUNCAN, CFA *Deputy Managing Director*

In 1994, Mr. Duncan joined the JMMB team as Trading Manager, a role he relinquished in 2000 to take on the responsibilities of Deputy Managing Director. He completed his undergraduate studies in Economics at the University of Western Ontario in Canada and gained his Certified Financial Analyst (CFA) accreditation in 2001.

ARCHIBALD A. CAMPBELL, MSc., FCA *Deputy Chairman*

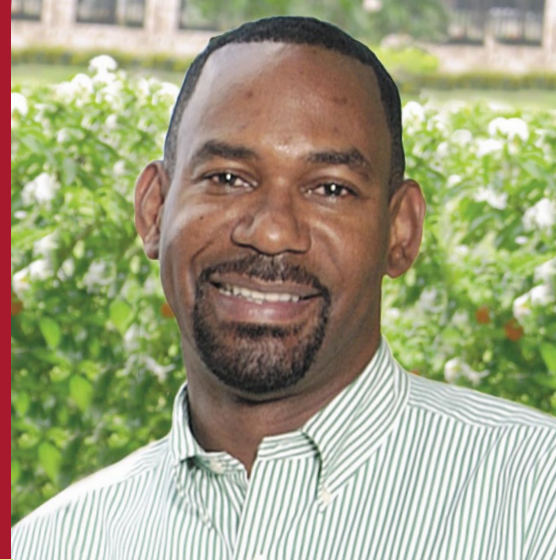
Mr. Campbell is a graduate of the University of the West Indies where he read for both his BSc. Accounting and his MSc. Accounting degrees. He lectures in both undergraduate and graduate courses in the Department of Management Studies, UWI. He is a fellow of the Institute of Chartered Accountants as well as an elected member of the Council of the Institute.

DENNIS L. HARRIS, FCCA *Director*

A certified accountant, Dennis Harris is the Deputy Managing Director of Courts (Jamaica) Ltd. with specific responsibility for Marketing and Technology. Mr. Harris also serves as a director on the board of Courts (Jamaica) Ltd. He worked extensively in publishing in the UK performing varying financial and management duties.

V. ANDREW WHYTE, MBA *Director*

Mr. Whyte is the Finance and Internal Consulting Manager at the Jamaica Producers Group of Companies where his responsibilities include treasury management, cash management and the assessment and recommendation of investment opportunities. He studied Chemical Engineering at the Illinois Institute of Technology and later gained his MBA at the University of Illinois.



VISION
+
VALUES
+
EXPERTISE
=
PHENOMENAL
SUCCESS

WAYNE SUTHERLAND, MBA
Director

Mr. Sutherland earned a BSc. in Physics and Computer Sciences from the University of the West Indies and an MBA. from the Columbia Business School in New York. He is Managing Director of Jamaica Venture Fund and also holds directorships on the boards of Things Jamaica Ltd and the Jamaica Exporters Association.

CEDRIC STEWART, MSc.
Staff Director/ESOP Representative

Mr. Stewart is an experienced personal financial planner and advisor with special strengths in interacting with credit and finance companies. Currently, Mr. Stewart serves as manager at JMMB Tropical Plaza. He read for his MSc. Degree in Economics and Finance at the University of Kiev (Ukraine).

RICHARD J. TROTMAN, MSc., CA
Director

Mr. Trotman is the Group Corporate Finance Executive at the CL Financial Group in Trinidad. A graduate of the University of the West Indies, he holds both a BSc. and a MSc. in Accounting. Mr. Trotman is a member of the Institute of Chartered Accountants of Trinidad and Tobago.

MARGUERITE R. ORANE, MBA
Director

Ms. Orane is co-founder of Growth Facilitators, a partnership dedicated to improving the quality of life for people in the Caribbean. Ms. Orane gained her BSc. in Management Studies from the University of the West Indies and her MBA from the Harvard Business School. She lectures at the Mona School of Business, UWI.

DUHANEY A. SMITH, FGA, FCCA, MBA
Financial Controller/Corporate Secretary

Mr. Smith was appointed to the Board of Directors as Corporate Secretary on May 25, 1999. He also held the post of Assistant Audit Manager at PriceWaterhouse (now PriceWaterhouseCoopers), where he worked for 11 years. He obtained the designation of Chartered Accountant and was subsequently awarded an MBA in Finance from the University of Wales and Manchester Business School in England.



Dean, Carolyn, Aaron



*(back) Keith, André, (centre) Donna, Marc,
(front) Cecile, Kisha*



*(back) Sheldon, Paul T., Duhaney,
(front) Theresa, Paul*

MANAGEMENT TEAM

(far left)

DEAN JOHNSON
Senior Systems Analyst

CAROLYN DACOSTA
Technical Operations and
Compliance Manager

AARON HOU
Risk Manager

(centre)

KEITH DUNCAN
Deputy Managing Director

ANDRÉ BELLO
Marketing Manager

DONNA DUNCAN-SCOTT
Managing Director

MARC HARRISON
General Counsel and
Compliance Officer

CECILE COOPER
Business Operations Manager

KISHA ANDERSON
Special Assistant to the
Deputy Managing Director

(this page)

SHELDON POWE
Information Systems Manager

PAUL TAYLOR
Corporate Sales Manager

DUHANAY A. SMITH
Financial Controller/
Company Secretary

THERESA MANNING
Senior Chief Accountant

PAUL GRAY
Acting Trading Manager

Missing from photos

JANET PATRICK
Chief Accountant

ALLAN LEWIS
Consultant



*Horace, Yolanda,
Sasha, Teverly,
Lorna, Cedric*

*Missing from photo:
Jacqueline*

BRANCH INFORMATION AND MANAGERS

Haughton

6 Haughton Terrace,
Kingston 10
Tel: (876) 920 5050
Fax: (876) 920 7281

Yolanda Johnson, Manager

Island Life Mall

6 St. Lucia Avenue
Kingston 5
Tel: (876) 926 3684
Fax: (876) 960 3927 / 960 4455

Sasha Mulai, Manager

Tropical Plaza

Shop #2 Constant Spring Road
Kingston 10
Tel: (876) 929 8358 / 968 7395
Fax: (876) 968 3803

Cedric Stewart, Manager

Portmore

47- 48 West Trade Way
Portmore Town Centre
Portmore, St. Catherine
Tel: (876) 939 3205 / 939 3206
Fax: (876) 939 3207

Teverly Gray, Manager

Mandeville

4 Perth Road
Mandeville, Manchester
Tel: (876) 625 2351 / 625 4450-2
Fax: (876) 625 2352

Jacqueline Mullings, Manager

Montego Bay

Shop 19
Montego Bay, St. James
Tel: (876) 979 6052 / 979 6055
Fax: (876) 979 1566

Lorna Hall, Manager

Ocho Rios

Office #4
Ocean Village Shopping Centre
Ocho Rios, St. Ann
Tel: (876) 795 3627 / 795 3542
Fax: (876) 795 3886

Horace Wildes, Manager

Client Care Centre

Toll Free:
Within Jamaica: 1 888 GET JMMB
(1 888 438 5662)
1 888 YES JMMB
(1 888 937 5662)

From the
USA & Canada: 1 877 533 5662

From the UK: 0 800 9176040
Website: www.jmmb.com
Email: info@jmmb.com

CORPORATE DATA

JMMB SECURITIES LIMITED
6 Haughton Terrace, Kingston 10
Website: www.jmmbsecurities.com
Email: info@jmmbsecurities.com

Board of Directors

Dr. Noel Lyon (Chairman)
Donna Duncan-Scott
Keith P. Duncan
Archibald Campbell
Patricia Sutherland
Robert Mayers
Leo Williams - Managing Director
Duhaney A. Smith - Corporate Secretary
Pat Salter - Recording Secretary

JMMB INSURANCE BROKERS LIMITED (Non-operational)

Board of Directors

Dr. Noel Lyon (Chairman)
Donna Duncan-Scott
Keith P. Duncan
Selwyn Batchelor - Managing Director
Archibald Campbell
Duhaney A. Smith - Corporate Secretary

CARIBBEAN MONEY MARKET BROKERS LIMITED
(CMMB)

1 Richmond Street
Ground Floor, Furness Court
Independence Square
Port of Spain, Trinidad & Tobago
Tel: (868) 623 7815
Fax: (868) 624 4544

UNIT 01, GULF CITY SHOPPING PLAZA

La Romaine
San Fernando
Trinidad & Tobago
Tel: (868) 657 2662
Fax: (868) 653 4871

CMMB SECURITIES LIMITED

1 Richmond Street
Ground Floor, Furness Court
Independence Square
Port of Spain, Trinidad & Tobago
Tel: (868) 623 7815
Fax: (868) 624 4544

CMMB BARBADOS
1 White Park Road
St. Michael, Barbados
246 426 2020

Board of Directors

Dr. Noel Lyon (Chairman)
Mr. Andrew St. John
Keith Duncan
Richard Trotman
Robert Mayers
L. Andre Monteil
Ram Ramesh

AUDITORS

KPMG Peat Marwick
6 Duke Street
Kingston

REGISTRAR & TRANSFER AGENTS

Veritat Corporation
6 Duke Street
Kingston

REGISTERED OFFICE

6 Haughton Terrace
Kingston 10

BANKERS

National Commercial Bank Jamaica Limited
RBTT Jamaica Limited
Citibank, N.A.

ATTORNEYS-AT-LAW

Hart Muirhead Fatta
2 St. Lucia Avenue
Kingston 5

Marc Harrison
5 Haughton Terrace
Kingston 10

INTERNAL AUDITORS

Mayo Holdings Ltd.
Suite #30
Devon House East,
2 ½ Kingsway
Kingston 10

STOCKHOLDINGS

10 LARGEST STOCKHOLDERS

AS AT MARCH 31, 2004

Clico Investment Bank Limited	404,409,710
Trustees JMMB ESOP	222,459,778
Colonial Life Insurance Company Limited	112,151,468
Concise E.I. Limited	63,649,343
Concise O.N. Limited	64,469,343
Concise A.V. Limited	65,469,342
Concise R.I. Limited	62,461,632
Jamaica Venture Fund E.I. Limited	52,337,543
Jamaica Venture Fund O.E. Limited	52,337,543
Jamaica Venture Fund O.N. Limited	52,337,543

STOCKHOLDINGS OF DIRECTORS

AS AT MARCH 31, 2004

Dr. Noel A. Lyon	Nil
Mr. Archibald A. Campbell	Nil
Mrs. Donna Duncan-Scott	7,878,110 *
Mr. Keith P. Duncan	4,746,745 *
Mr. Dennis L. Harris	Nil
Mr. V. Andrew Whyte	Nil
Mr. Wayne Sutherland	Nil
Mr. Richard J. Trotman	3,200
Ms. Marguerite Orane	Nil
Mr. Cedric Stewart	Nil

STOCKHOLDINGS

CONNECTED PARTIES' STOCKHOLDINGS

AS AT MARCH 31, 2004

Concise E.I. Limited	63,649,343
Concise O.N. Limited	64,469,343
Concise A.V. Limited	65,469,342
Concise R.I. Limited	62,461,632
Jamaica Venture Fund E.I. Limited	52,337,543
Jamaica Venture Fund O.E. Limited	52,337,543
Jamaica Venture Fund O.N. Limited	52,337,543
Jamaica Venture Fund R.I. Limited	50,707,741
Jamaica Venture Fund A.V. Limited	50,201,316
Gracelyn O.E. Limited	47,493,564
Donnette Simms-Stewart	500
Odette Campbell	344,827
Alwyn Scott	90,548
Estate Joan Duncan	35,477

STOCKHOLDINGS OF SENIOR MANAGERS

AS AT MARCH 31, 2004

Aaron Hou	Nil
Allan Lewis	Nil
André Bello	1,186
Carolyn DaCosta	2,000,000 *
Cecile Cooper	Nil
Dean Johnson	434,939 *
Duhaney A. Smith	3,943,079 *
Eileen Wolfe	Nil ¹
Janet Patrick	1,702,044 *
Kisha Anderson	1,250,000 *
Marc Harrison	13,200
Paul Gray	2,083,203 *
Paul Taylor	601,276 *
Ram Ramesh	5,343,526 *
Sheldon Powe	4,935,324 *
Theresa Manning	1,490,017 *

¹ Eileen Wolfe joined the JMMB team in May 2004

* Includes holdings in the company's Employee Share Ownership Plan (ESOP)

L.I.F.T

LOVE
INTEGRITY
FUN
TOGETHERNESS



DOUBLES DAY

JMMB team members came together in 'doubles' and dressed as closely alike as possible. The JMMB dynamism and creativity showed in full force as outfits included army personnel, Jamaican festival outfits, back-to-school girls and 1970's Divas.



MARCH 2003

JMMB
STOCK PRICE (JSE)
MAR 31, 2003
J\$6.30

STRATEGIC REVIEW MARCH 2003: Each quarter, all JMMB team members spend a day or two discussing what each department has planned for the upcoming year. It's a time to build on the past and create visions for tomorrow.

JUNE 2003

JMMB
STOCK PRICE (TTSE)
MAR 28, 2003
TT\$0.93



LIVING A VISION INSPIRED LIFE

MARCH 2004

JMMB hosted this conference, the first of its kind, for individuals and businesses; a one day workshop where participants identified and built upon their visions for their lives and businesses



JMMB Select Index Fund Launch

February 3, 2004



ANOTHER JMMB FIRST

The launch of the first Index Fund in the world to trade Jamaican Stocks and the first and only investment vehicle that tracks the 15 most liquid 'blue chip' stocks of the JSE Select Index.

JULY 2003

JMMB'S FIRST AGM Having gone public January 2003, JMMB hosted our shareholders for the inaugural AGM at the Jamaica Pegasus.

**JMMB
STOCK PRICE (JSE)
SEP 30, 2003
J\$9.15**

LIVING LEADERSHIP Last year, approximately 800 Jamaican leaders from various levels of organisations, private and public sectors, as well as student leaders participated in the seminar. The theme for last year's seminar was: The Power of Executing Greatness, and was founded on the principle that everyone within an organisation has leadership potential.

OCTOBER 2003



OUR FIRST AGM

September 18, 2003



JMMB enters the Business House Netball Competition.



BARBICAN WOMEN'S FOOTBALL CLUB AUGUST 2003

The JMMB sponsored, Barbican Women's Football Club were the winners of the Sherwin Williams/ JFF Women's Football Competition.



NOVEMBER 2003...

JMMB
STOCK PRICE (TTSE)
NOV 28, 2003
TT\$1.00

CLIENT APPRECIATION WEEK The first week of December was a special time for all our Clients. As they entered the branches, JMMB team members made every effort to remind them just how appreciative we are of their loyalty and commitment to JMMB.

DECEMBER 2003

JMMB
STOCK PRICE (JSE)
DEC 31, 2003
J\$8.75



THANKSGIVING SERVICE NOVEMBER 30, 2003

Twice a year JMMB employees come together as a team to give their provider thanks and praise through the power of praise and worship. It's a day of fellowship with God and each other where all acknowledge the blessings that He has granted.



COMPANY RETREAT SEPTEMBER 2003

A weekend spent where team members were shown again that all things are possible when we work together as a team. On our *JMMB Sports Day* four teams, Cheqmate, SaveSmart, Sure Investor and Tax Shelter, competed in fun and games, building stronger ties with each other. Congrats to the winner, the Save Smart Team!!!!



JANUARY 2004.....

2004 CALENDAR AWARD 'Slices of Jamaican Life' - JMMB gives to its clients the award-winning Observer Calendar of the Year

JMMB
STOCK PRICE (JSE)
MAR 31, 2004
J\$16.65

JMMB
STOCK PRICE (TTSE)
MAR 31, 2004
TT\$1.60



MARCH 2004



**KPMG Peat Marwick
Chartered Accountants**

P.O. Box 76
Kingston
Jamaica

The Victoria Mutual Building
6 Duke Street
Kingston
Jamaica

Telephone +1 (876) 922-6640
Telefax +1 (876) 922-7198
+1 (876) 922-4500
email: firmmail@kpmg.com.jm

To the Members of
JAMAICA MONEY MARKET BROKERS LIMITED

Auditors' Report

We have audited the financial statements of Jamaica Money Market Brokers Limited ("the company") and the consolidated financial statements of the company and its subsidiaries ("the group") as of, and for the thirteen months ended, March 31, 2004, set out on pages 36 to 66, and have obtained all the information and explanations which we required. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, proper accounting records have been kept and the financial statements, which are in agreement therewith and have been prepared in accordance with International Financial Reporting Standards, give a true and fair view of the state of affairs of the company and the group as at March 31, 2004, and of the results of operations and cash flows of the group for the period then ended and comply with the provisions of the Companies Act.

June 24, 2004



KPMG Peat Marwick, a Jamaican partnership,
is the Jamaican member firm of KPMG International,
a Swiss cooperative.

Raphael E. Gordon
Patrick A. Chin
R. Tarun Handa

Caryl A. Fenton
Patricia O. Dailey-Smith
Cynthia L. Lawrence

Elizabeth A. Jones
Linroy J. Marshall



COMPANY BALANCE SHEET

MARCH 31, 2004

(WITH COMPARATIVE FIGURES AS AT FEBRUARY 28, 2003)

	Notes	2004 (\$'000)	2003 (\$'000) (Restated)
ASSETS			
Cash and cash equivalents	4	651,984	1,313,629
Interest receivable		2,563,567	1,317,929
Income tax recoverable		323,131	173,811
Notes receivable	5	304,421	233,860
Other receivables	6	279,211	413,545
Resale agreements	7	18,059,384	8,247,468
Investments	8	37,729,987	36,025,439
Interest in subsidiaries	10	52,000	44,000
Interest in associated companies	11	860,646	467,316
Deferred taxation	12	78,651	411,801
Property, plant and equipment	13	309,162	292,685
		<u>61,212,144</u>	<u>48,941,483</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Interest payable		1,781,034	594,493
Accounts payable		206,390	137,097
Repurchase agreements	14	55,185,862	46,193,258
Securities sold not yet purchased	15	60,869	157,754
		<u>57,234,155</u>	<u>47,082,602</u>
Shareholders' equity			
Share capital	16	365,847	365,847
Share premium		13,775	13,775
Investment revaluation reserve/(deficit)		662,749	(91,398)
Retained profits		2,935,618	1,570,657
		<u>3,977,989</u>	<u>1,858,881</u>
		<u>61,212,144</u>	<u>48,941,483</u>

The financial statements on pages 36 to 66 were approved by the Board of Directors on June 24, 2004 and signed on its behalf by:

Noel A. Lyon
Chairman

Donna Duncan-Scott
Managing Director

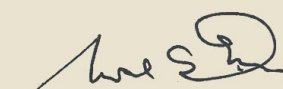
The accompanying notes form an integral part of the financial statements.

GROUP BALANCE SHEET

MARCH 31, 2004
(WITH COMPARATIVE FIGURES AS AT FEBRUARY 28, 2003)

	Notes	2004 (\$'000)	2003 (\$'000) (Restated)
ASSETS			
Cash and cash equivalents	4	652,268	1,314,023
Interest receivable		2,563,567	1,317,929
Income tax recoverable		316,035	174,153
Notes receivable	5	304,421	233,860
Other receivables	6	216,915	438,696
Resale agreements	7	18,059,384	8,247,468
Investments	8	37,828,581	36,027,531
Other asset	9	15,000	15,000
Interest in associated companies	11	860,646	467,316
Deferred taxation	12	71,818	411,801
Property, plant and equipment	13	326,996	298,216
		<u>61,215,631</u>	<u>48,945,993</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Interest payable		1,781,034	594,493
Accounts payable		259,199	147,254
Repurchase agreements	14	55,102,420	46,184,956
Securities sold not yet purchased	15	60,869	157,754
		<u>57,203,522</u>	<u>47,084,457</u>
Shareholders' equity			
Share capital	16	365,847	365,847
Share premium		13,775	13,775
Investment revaluation reserve/(deficit)		662,749	(91,398)
Retained profits		2,969,738	1,573,312
		<u>4,012,109</u>	<u>1,861,536</u>
		<u>61,215,631</u>	<u>48,945,993</u>

The financial statements on pages 36 to 66 were approved by the Board of Directors on June 24, 2004 and signed on its behalf by:



Noel A. Lyon
Chairman



Donna Duncan-Scott
Managing Director

The accompanying notes form an integral part of the financial statements.



STATEMENT OF GROUP REVENUE AND EXPENSES

THIRTEEN MONTHS ENDED MARCH 31, 2004
(WITH COMPARATIVE FIGURES FOR THE YEAR ENDED FEBRUARY 28, 2003)

	Notes	2004 (\$'000)	2003 (\$'000) (Restated)
Net interest income and other operating revenue			
Interest income		9,257,999	5,989,303
Interest expense		(8,319,728)	(5,228,025)
Net interest income		938,271	761,278
Gains on securities trading, net		857,126	484,914
Fees earned from managing funds on behalf of clients		98,886	116,997
Other fees and commissions		47,172	89,210
Foreign exchange margins from cambio trading		49,074	68,669
		1,990,529	1,521,068
Administrative expenses			
- staff costs	17	(482,660)	(376,004)
- other		(519,003)	(458,316)
		(1,001,663)	(834,320)
Operating profit		988,866	686,748
Other income/(expenses)			
Share of profits of associated companies		527,156	243,237
Loss on disposal of property, plant and equipment		(1,363)	(280)
Other		3,945	4,870
Profit before income tax	18	1,518,604	934,575
Income tax	19	28,551	103,677
Net profit for the period	20	1,547,155	1,038,252
Earnings per stock unit	21	\$1.06	\$0.71

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

THIRTEEN MONTHS ENDED MARCH 31, 2004
(WITH COMPARATIVE FIGURES FOR THE YEAR ENDED FEBRUARY 28, 2003)

Company

	Share capital (note 16) (\$'000)	Share premium (\$'000)	Investment revaluation reserve (\$'000)	Retained profits (\$'000)	Total (\$'000)
Balances at February 28, 2002					
As previously reported	365,847	13,775	-	797,094	1,176,716
Effect of first time adoption of IFRS [note (28)(a)]	-	-	(18,671)	(60,495)	(79,166)
As restated	365,847	13,775	(18,671)	736,599	1,097,550
Unrealised losses on available-for-sale portfolio, net of taxes	-	-	(72,727)	-	(72,727)*
Restated net profit for the year ended February 28, 2003	-	-	-	1,032,892	1,032,892*
Dividends paid [see note 22]	-	-	-	(198,834)	(198,834)
Restated balances at February 28, 2003	365,847	13,775	(91,398)	1,570,657	1,858,881
Unrealised gains on available-for-sale portfolio, net of taxes	-	-	754,147	-	754,147*
Net profit for the period ended March 31, 2004	-	-	-	1,515,690	1,515,690*
Dividends paid [see note 22]	-	-	-	(150,729)	(150,729)
Balances at March 31, 2004	365,847	13,775	662,749	2,935,618	3,977,989

Group

Balances at February 28, 2002					
As previously reported	365,847	13,775	-	794,389	1,174,011
Effect of first time adoption of (IFRS) [note 28(a)]	-	-	(18,671)	(60,495)	(79,166)
As restated	365,847	13,775	(18,671)	733,894	1,094,845
Unrealised losses on available-for- sale portfolio, net of taxes	-	-	(72,727)	-	(72,727)*
Restated net profit, for the year ended February 28, 2003 [note 28(b)]	-	-	-	1,038,252	1,038,252*
Dividends paid [see note 22]	-	-	-	(198,834)	(198,834)
Restated balances at February 28, 2003	365,847	13,775	(91,398)	1,573,312	1,861,536
Unrealised gains on available-for-sale portfolio, net of taxes	-	-	754,147	-	754,147*
Net profit for the period ended March 31, 2004	-	-	-	1,547,155	1,547,155*
Dividends paid [see note 22]	-	-	-	(150,729)	(150,729)
Balances at March 31, 2004	365,847	13,775	662,749	2,969,738	4,012,109

Profits retained in the financial statements of:

	2004 (\$'000)	2003 (\$'000)
The company	2,935,618	1,570,657
The subsidiaries	34,120	2,655
	2,969,738	1,573,312

* Total recognised gains and losses:

Company	\$2,269,837,000 (2003: \$960,165,000)
Group	\$2,301,302,000 (2003: \$965,525,000)

The accompanying notes form an integral part of the financial statements.



STATEMENT OF GROUP CASH FLOWS

THIRTEEN MONTHS ENDED MARCH 31, 2004
(WITH COMPARATIVE FIGURES FOR THE YEAR ENDED FEBRUARY 28, 2003)

	2004 (\$'000)	2003 (\$'000) (Restated)
Cash flows from operating activities		
Net profit for the period	1,547,155	1,038,252
Adjustments to reconcile net profit for the period to net cash provided by operating activities:		
Items not involving cash:		
Depreciation	89,235	57,602
Share of net profits retained in associated companies	(482,186)	(164,916)
Gain on disposal of property, plant and equipment	1,363	280
Amortisation of bond premium	103,587	50,720
Unrealised (gain)/loss on trading securities	(174,655)	10,454
Increase in bad debt provision	3,862	5,211
Deferred taxation	(86,599)	(147,365)
	1,001,762	850,238
Cash flows from operating assets and liabilities:		
Interest receivable	(1,245,638)	115,166
Income tax recoverable, net	(141,883)	(146,539)
Notes receivable	(70,561)	92,431
Other receivables	217,919	(366,290)
Interest payable	1,186,541	(234,236)
Accounts payable	111,945	(111,483)
Net cash provided by operating activities	1,060,085	199,287
Cash flows from investing activities		
Resale agreements	(9,811,916)	(1,388,089)
Increase in investments, net	(544,178)	(8,522,488)
Interest in subsidiary	-	(10,000)
Interest in associated companies	(17,746)	-
Dividend received from associated company	4,642	3,957
Proceeds of disposal of property, plant and equipment	3,198	2,138
Purchase of property, plant and equipment	(122,575)	(197,341)
Net cash used by investing activities	(10,488,575)	(10,111,823)
Cash flows from financing activities		
Repurchase agreements	8,917,464	10,541,653
Bank overdrafts	-	(22,170)
Dividends paid	(150,729)	(198,834)
Net cash provided by financing activities	8,766,735	10,320,649
Net (decrease)/increase in cash and cash equivalents	(661,755)	408,113
Cash and cash equivalents at beginning of period	1,314,023	905,910
Cash and cash equivalents at end of period	652,268	1,314,023

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2004

1. Identification

Jamaica Money Market Brokers Limited (“the company”) is incorporated in Jamaica. It has three wholly-owned subsidiaries incorporated in Jamaica, namely, JMMB Securities Limited, JMMB Unit Trust Managers Limited and JMMB Insurance Brokers Limited. In addition, there are thirteen other wholly-owned subsidiaries incorporated outside of Jamaica. Only one of the subsidiaries, JMMB Securities Limited, has commenced trading. The company and its subsidiaries are collectively referred to in these financial statements as “group”. The company also has interest in three associated companies as detailed in note 11.

The principal activities of the group and its associated companies are securities brokering, dealing in money market instruments, operating foreign exchange cambios and managing funds on behalf of clients.

The company is exempt from the provisions of the Money Lending Act.

The group changed its accounting date to March 31 from February 28, with the approval of the Commissioner, Taxpayer Audit & Assessment. These financial statements, therefore, cover the financial position as at, and the results for the thirteen-month period ended, March 31, 2004, with comparatives for the year ended February 28, 2003.

2. Basis of preparation and basis of consolidation

Basis of preparation:

The financial statements are prepared under the historical cost convention, except for the inclusion of available-for-sale investments at fair value, in accordance with the provisions of the Companies Act, International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”), interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and practice statements issued by the Institute of Chartered Accountants of Jamaica.

Jamaica adopted International Financial Reporting Standards (“IFRS”) effective for financial periods beginning on or after July 1, 2002. Therefore, these are the group’s first financial statements prepared in accordance with IFRS. Consequently, there have been significant changes in the accounting policies followed in these financial statements compared with those used in previous years. As a result, the comparative figures have been restated. An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows is provided in the Statement of changes in Shareholders’ equity and note 28.

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, contingent assets and contingent liabilities at the balance sheet date and the income and expenses for the year then ended. Actual amounts could differ from these estimates.

The significant accounting policies used in the preparation of the financial statements are summarised below (see note 3).

The financial statements are presented in thousands of Jamaica dollars (\$’000), unless otherwise stated.

Basis of consolidation:

The consolidated financial statements combine the financial position, results of operations and cash flows of the company and its trading subsidiary, JMMB Securities Limited (note 1), after eliminating all significant intra-group amounts. Other subsidiaries are included at cost.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2004

3. Significant accounting policies

(a) Interest in associated companies:

The group's interest in its associated companies has been accounted for by the equity method.

(b) Property, plant and equipment and depreciation:

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses [note 3(k)].

Property, plant and equipment, with the exception of freehold land, on which no depreciation is provided, are depreciated on the straight-line basis at annual rates estimated to write off the assets over their expected useful lives. The depreciation rates are as follows:

Freehold buildings	2½%
Leasehold improvements	The shorter of the estimated useful life and the period of the lease
Motor vehicles	20%
Computer equipment and software	33⅓%
Equipment (other than computers), furniture and fittings	10%

(c) Investments:

Investments held for trading are carried at fair value, with changes in fair value being recognised in the statement of group revenue and expenses. Where the group acquires instruments on the primary market, other than those, if any, for trading, they are classified as originated securities, and are measured at amortised cost less impairment losses. Where the group has the positive intent and ability to hold investments to maturity, they are classified as held-to-maturity investments and measured at amortised cost less impairment losses. Other investments are classified as available-for-sale and are stated at fair value, except where fair value cannot be reliably determined, with gains or losses arising from changes in fair value being included in investment revaluation reserve.

The fair value of investments is based on their quoted market bid price at the balance sheet date without any deduction for transaction costs. Where a quoted market price is not available, fair value is estimated using a generally accepted alternative method such as discounted cash flow.

Investments are recognised or derecognised by the company on the date of settlement.

(d) Foreign currencies:

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the dates of those transactions. Monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of revenue and expenses. Non-monetary assets and liabilities that are denominated in foreign currencies and are stated at historical cost are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities that are denominated in foreign currencies and are stated at fair value are translated to the reporting currency at the foreign exchange rates ruling at the dates that the fair values were determined.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2004

3. Significant accounting policies (cont'd)

(e) Revenue recognition:

Income and expenses are recorded on the accrual basis, except that where collectibility of interest income is considered doubtful, it is recorded when received.

(f) Allowance for notes receivable losses:

The allowance for notes receivable losses is maintained at a level considered adequate to provide for probable losses. The provision is increased by amounts charged to earnings and reduced by net charge-offs. The level of allowance is based on management's evaluation of the portfolio, which takes into account prevailing and anticipated business and economic conditions and the fair value of securities held.

IFRS only permits specific loan loss provisions and requires that the future cash flows of impaired loans be discounted and, thereafter, the increase in the present value be reported as interest income.

(g) Resale and repurchase agreements:

Transactions involving purchases of securities under resale agreements ('resale agreements' or 'reverse repos') or sales of securities under repurchase agreements ('repurchase agreements' or 'repos') are accounted for as short-term collateralised lending and borrowing, respectively. It is the policy of the group to obtain possession of collateral with a market value equal to or in excess of the principal amount loaned under resale agreements.

(h) Pension scheme costs:

Pension scheme costs included in the statement of group revenue and expenses represent contributions to the scheme which the group operates to provide retirement pensions for the group's employees (note 25). Contributions to the scheme, made on the basis provided for in the rules, are accrued and charged off when due.

(i) Cash and cash equivalents:

Cash and cash equivalents comprise cash in hand, bank balances and very short-term balances with other broker/dealers.

(j) Taxation:

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of revenue and expenses except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

(i) Current income tax:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2004

3. Significant accounting policies (cont'd)

(j) Taxation (cont'd)

(ii) Deferred income tax:

Deferred income tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(k) Impairment:

The carrying amounts of the group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

(i) Calculation of recoverable amount:

The recoverable amount of the group's receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment:

An impairment loss in respect of a receivable is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2004

3. Significant accounting policies (cont'd)

(l) Segment reporting:

A segment is a distinguishable component of the group that is engaged either in providing products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. At this time there are no material segments into which the group's business may be broken down.

(m) Accounts payable:

Accounts payable are stated at their cost.

(n) Other receivables and other asset:

Other receivables and other asset are stated at their cost less impairment provisions.

4. Cash and cash equivalents

Cash and cash equivalents for the company and the group include:

- (a) \$4,959,268 (2003: \$4,613,096) deposited at an interest rate of 12% (2003: 12%) under an agreement with a building society which co-ordinates and administers a home ownership assistance programme on behalf of the group for its employees.
- (b) £505,872 (J\$55,833,070) [2003: £494,359 (J\$41,447,027)] deposited as collateral for certain forward contracts.
- (c) US\$1,284,568 (J\$78,230,191) [2003: US\$2,708,398 (J\$145,224,320)] being margins used to collateralise the excess of the fair value of securities sold not yet purchased over the proceeds of sale plus accrued earnings.
- (d) US\$500,000 (J\$30,420,000) with a commercial bank as a good faith deposit pending completion of negotiations for an acquisition.
- (e) \$29,924,870 placed in a money market fund account and hypothecated in favour of the vendor of real estate pending completion of all required formalities.

5. Notes receivable

	Company and Group	
	2004	2003
	(\$'000)	(\$'000)
J\$ promissory notes [0% - 18.99% (2003: 0% - 34%)]	224,592	122,109
US\$ promissory notes and debentures (10.78%)		
US\$1,310,824 [2003: (7.75% - 12.00%) US\$2,084,136]	79,829	111,751
	<u>304,421</u>	<u>233,860</u>

Notes receivable are scheduled to mature within one month to three years (2003: one month to four years) of the balance sheet date. Certain notes receivable are pledged as security for certain repurchase agreements (note 14). Notes receivable include amounts due from related parties (note 23), and an interest-free advance of \$216,000,000 to the company's Employee Share Ownership Plan ("ESOP").



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2004

6. Other receivables

Other receivables:

- (a) are shown after a provision for doubtful debts of \$11,595,269 (2003: \$7,732,809); and
- (b) include interest-free loans to the company's ESOP amounting to \$33,052,556 (2003: \$31,576,604). The number of shares held by the ESOP at March 31, 2004 was 222,459,778 (2003: 261,450,397).

7. Resale agreements

	Company and Group	
	2004	2003
	(\$'000)	(\$'000)
Denominated in Jamaican dollars	11,046,109	7,044,957
Denominated in United States dollars		
[US\$115.1 million (2003: US\$22.3 million)]	7,009,721	1,194,415
Denominated in Pounds Sterling		
[£32,000] (2003: £96,570)]	3,554	8,096
	<u>18,059,384</u>	<u>8,247,468</u>

Certain of these securities and interest accrued thereon are pledged as security for repurchase agreements (note 14).

At the balance sheet date, the fair value of the securities obtained and held by the company under resale agreements was \$19,234,065,000 (2003: \$9,184,253,000).

Resale agreements include balances with related parties as set out in note 23.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2004

8. Investments

	Company		Group	
	2004	2003	2004	2003
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Originated securities and receivables				
Certificates of deposit	1,243,196	274,518	1,243,196	274,518
Government of Jamaica securities:				
Treasury bills	-	155,142	-	155,142
Local registered stocks	6,715,175	6,144,560	6,715,175	6,144,560
Notes and debentures	7,809,237	7,215,615	7,809,237	7,215,615
Eurobonds	181,261	156,576	181,261	156,576
	<u>15,948,869</u>	<u>13,946,411</u>	<u>15,948,869</u>	<u>13,946,411</u>
Available-for-sale securities				
Government of Jamaica securities:				
Local registered stock	3,462,554	7,083,294	3,462,554	7,083,294
Notes and debentures	2,531,915	1,004,052	2,531,915	1,004,052
Eurobonds	7,790,421	7,570,016	7,790,421	7,570,016
Corporate bonds	-	1,343,325	-	1,343,325
Sovereign bonds	57,382	668,855	57,382	668,855
Quoted equities	35,372	24,929	133,966	27,021
Units in unit trusts	38,455	2,769	38,455	2,769
Money Market Fund	1,322,645	193,154	1,322,645	193,154
	<u>15,238,744</u>	<u>17,890,394</u>	<u>15,337,338</u>	<u>17,892,486</u>
Held for trading				
Government of Jamaica securities:				
Local registered stocks	613	-	613	-
Notes and debentures	952,895	-	952,895	-
Eurobonds	476,871	639,628	476,871	639,628
Other sovereign bonds	440,221	350,018	440,221	350,018
	<u>1,870,600</u>	<u>989,646</u>	<u>1,870,600</u>	<u>989,646</u>
Held-to-maturity				
Government of Jamaica securities:				
Eurobonds	4,671,774	3,198,988	4,671,774	3,198,988
	<u>37,729,987</u>	<u>36,025,439</u>	<u>37,828,581</u>	<u>36,027,531</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2004

8. Investments (cont'd)

Investments mature, in relation to the balance sheet date, as follows:

	Company		Group	
	2004	2003	2004	2003
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Government of Jamaica securities:				
Within 3 months	1,139,672	347,976	1,139,672	347,976
From 3 months to 1 year	3,238,200	1,790,194	3,238,200	1,790,194
From 1 year to 5 years	9,355,849	11,861,107	9,355,849	11,861,107
Over 5 years	20,858,995	19,168,540	20,858,995	19,168,540
	<u>34,592,716</u>	<u>33,167,817</u>	<u>34,592,716</u>	<u>33,167,817</u>
Certificates of deposit from				
3 months to 1 year	1,243,196	274,518	1,243,196	274,518
Other sovereign bonds and corporate bonds:				
From 1 year to 5 years	57,382	1,454	57,382	1,454
Over 5 years	440,221	2,360,798	440,221	2,360,798
	<u>497,603</u>	<u>2,362,252</u>	<u>497,603</u>	<u>2,362,252</u>
Other (see note below)	1,396,472	220,852	1,495,066	222,944
	<u>37,729,987</u>	<u>36,025,439</u>	<u>37,828,581</u>	<u>36,027,531</u>

Note: "Other" includes quoted equities, units in unit trusts and interest in money market fund for which there are no fixed maturity dates.

Government of Jamaica securities and certain other bonds are pledged as security for repurchase agreements (note 14).

9. Other asset

This represents one qualifying share held in the Jamaica Stock Exchange Limited ("JSE"), at cost. The qualifying share entitles JMMB Securities Limited to operate as a broker/dealer and be a member of the Council of the JSE. Under the JSE's constitution, its members are not entitled to dividends from JSE, and are not entitled to its residual assets or the assets of the Compensation Fund, upon a winding up or liquidation, as the assets would be required to be used for development of the securities market in Jamaica.

10. Interest in subsidiaries

		Company	
		2004	2003
		(\$'000)	(\$'000)
JMMB Securities Limited:			
Shares at cost	- equity	10,000	10,000
	- preference	24,000	24,000
Subordinated loan		8,000	-
		<u>42,000</u>	<u>34,000</u>
JMMB Insurance Brokers Limited:			
Shares at cost	- equity	10,000	10,000
		<u>52,000</u>	<u>44,000</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2004

11. Interest in associated companies

	% Shareholding	Place of incorporation	Principal activities
Caribbean Money Market Brokers Limited	45	Trinidad and Tobago	Brokering, dealing in securities and money market instruments, and managing funds on behalf of clients.
CMMB Securities Limited	45	Trinidad and Tobago	Stockbroking
Caribbean Money Market Brokers (Barbados) Limited	50	Barbados	Brokering, dealing in securities and money market instruments, and managing funds on behalf of clients.

Caribbean Money Market Brokers Limited commenced operations in August 2000 and CMMB Securities Limited commenced operations on April 12, 2002. Caribbean Money Market Brokers (Barbados) Limited commenced operations on May 21, 2004

The balance is made up as follows:

	Company and Group	
	2004	2003
	(\$'000)	(\$'000)
Shares, at cost	51,167	33,421
Share of post-acquisition profits	672,057	194,513
Share of investment revaluation reserves	137,422	239,382
	<u>860,646</u>	<u>467,316</u>

12. Deferred taxation

(a) Company

(i) Deferred tax assets/(liabilities) are attributable to the following:

	2004	2003
	(\$'000)	(\$'000)
Property, plant and equipment	(3,309)	(7,194)
Investments	(204,206)	199,610
Securities sold not yet purchased	20,290	52,058
Interest receivable	(667,361)	(362,922)
Interest payable	593,678	198,164
Tax value of loss carry-forward	339,559	332,085
Net deferred tax assets	<u>78,651</u>	<u>411,801</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2004

12. Deferred taxation (cont'd)

(a) Company (cont'd)

(ii) Movement in temporary differences during the period:

	Balance at 01. 03. 03	Recognised in income	Recognised in equity	Balance at 31. 03. 04
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Property, plant and equipment	(7,194)	3,885	-	(3,309)
Investments	199,610	22,766	(426,582)	(204,206)
Securities sold not yet purchased	52,058	(31,768)	-	20,290
Interest receivable	(362,922)	(304,439)	-	(667,361)
Interest payable	198,164	395,514	-	593,678
Tax value of loss carry-forward	332,085	7,474	-	339,559
Net deferred tax assets	411,801	93,432	(426,582)	78,651

(b) Group

(i) Deferred tax assets/(liabilities) are attributable to the following:

	2004 (\$'000)	2003 (\$'000)
Property, plant and equipment	(3,309)	(7,194)
Investments	(211,039)	199,610
Interest receivable	(667,361)	(362,922)
Securities sold not yet purchased	20,290	52,058
Interest payable	593,678	198,164
Tax value of loss carry-forward	339,559	332,085
Net deferred tax assets	71,818	411,801

(ii) Movement in temporary differences during the period:

	Balance at 01. 03. 03	Recognised in income	Recognised in equity	Balance at 31. 03. 04
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Property, plant and equipment	(7,194)	3,885	-	(3,309)
Investments	199,610	15,933	(426,582)	(211,039)
Interest receivable	(362,922)	(304,439)	-	(667,361)
Securities sold not yet purchased	52,058	(31,768)	-	20,290
Interest payable	198,164	395,514	-	593,678
Tax value of loss carry-forward	332,085	7,474	-	339,559
Net deferred tax assets	411,801	86,599	(426,582)	71,818

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2004

13. Property, plant and equipment

Company

	Freehold land and buildings (\$'000)	Leasehold improvements (\$'000)	Motor vehicles (\$'000)	Computer equipment and software (\$'000)	Other equipment, furniture and fittings (\$'000)	Construction in progress (\$'000)	Total (\$'000)
Cost:							
February 28, 2003	121,500	20,478	42,483	178,377	60,712	24,662	448,212
Additions	11,609	1,061	24,800	49,214	18,557	-	105,241
Transfers	24,662	-	-	-	-	(24,662)	-
Disposals	-	-	(8,738)	(306)	(387)	-	(9,431)
March 31, 2004	157,771	21,539	58,545	227,285	78,882	-	544,022
Depreciation:							
February 28, 2003	6,374	14,726	10,186	104,076	20,165	-	155,527
Charge for the year	2,240	4,630	11,416	58,476	7,442	-	84,204
Eliminated on disposals	-	-	(4,545)	(166)	(160)	-	(4,871)
March 31, 2004	8,614	19,356	17,057	162,386	27,447	-	234,860
Net book values:							
March 31, 2004	149,157	2,183	41,488	64,899	51,435	-	309,162
February 28, 2003	115,126	5,752	32,297	74,301	40,547	24,662	292,685

Freehold land and buildings include land at a cost of approximately \$50,579,000 (2003: \$45,845,000).

Group

	Freehold land and buildings (\$'000)	Leasehold improvements (\$'000)	Motor vehicles (\$'000)	Computer equipment and software (\$'000)	Other equipment, furniture and fittings (\$'000)	Construction in progress (\$'000)	Total (\$'000)
Cost:							
February 28, 2003	121,500	20,478	44,440	183,781	60,817	24,662	455,678
Additions	11,609	1,061	27,033	62,351	20,521	-	122,575
Transfers	24,662	-	-	-	-	(24,662)	-
Disposals	-	-	(8,738)	(306)	(387)	-	(9,431)
March 31, 2004	157,771	21,539	62,735	245,826	80,951	-	568,822
Depreciation:							
February 28, 2003	6,374	14,726	10,575	105,610	20,177	-	157,462
Charge for the year	2,240	4,630	12,064	62,770	7,531	-	89,235
Eliminated on disposals	-	-	(4,545)	(166)	(160)	-	(4,871)
March 31, 2004	8,614	19,356	18,094	168,214	27,548	-	241,826
Net book values:							
March 31, 2004	149,157	2,183	44,641	77,612	53,403	-	326,996
February 28, 2003	115,126	5,752	33,865	78,171	40,640	24,662	298,216

Freehold land and buildings include land at a cost of approximately \$50,579,000 (2003: \$45,845,000).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2004

14. Repurchase agreements

	Company		Group	
	2004	2003	2004	2003
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Denominated in Jamaican dollars	26,413,989	21,849,762	26,337,215	21,841,460
Denominated in United States dollars				
[US\$452.7 million				
(2003: US\$438.5 million)]	27,568,984	23,514,440	27,562,316	23,514,440
Denominated in Pounds Sterling				
[£10.9 million (2003: £9.9 million)]	1,202,889	829,056	1,202,889	829,056
	<u>55,185,862</u>	<u>46,193,258</u>	<u>55,102,420</u>	<u>46,184,956</u>

(a) Repurchase agreements are collateralised by certain securities and other instruments held by the company (notes 5, 7 and 8).

(b) Repurchase agreements include balances with related parties as set out in note 23.

15. Securities sold not yet purchased

This represents the fair value at the balance sheet date of the securities that the company will be required to deliver when called upon to settle its obligation, net of the proceeds of sale (as invested, plus earnings thereon) of securities not yet purchased.

16. Share capital

	2004	2003
	(\$'000)	(\$'000)
Authorised:		
1,466,400,000 (2003: 1,466,400,000) ordinary		
stock units of \$0.25 (2003: \$0.25) each	<u>366,600</u>	<u>366,600</u>
Issued and fully paid:		
1,463,386,752 ordinary stock units	<u>365,847</u>	<u>365,847</u>

17. Staff costs

	Group	
	2004	2003
	(\$'000)	(\$'000)
Salaries and profit-related pay	352,795	256,477
Statutory payroll contributions	30,452	22,656
Pension scheme contributions	8,923	8,021
Training and development	35,230	35,926
Staff welfare	<u>55,260</u>	<u>52,924</u>
	<u>482,660</u>	<u>376,004</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2004

17. Staff costs (cont'd)

The average number of persons employed during the year was as follows:

	Company		Group	
	2004	2003	2004	2003
Full time	179	157	183	161
Part time	12	9	14	10
	<u>191</u>	<u>166</u>	<u>197</u>	<u>171</u>

18. Profit before income tax

The following are among the items charged in arriving at profit before income tax:

	2004 (\$'000)	2003 (\$'000)
Depreciation	89,235	57,602
Directors' emoluments:		
Fees	5,796	2,123
Management remuneration	31,706	19,209
Auditors' remuneration	4,450	2,568
Bad debts, less recoveries	7,185	8,805
Cost of public offer of shares for sale	<u>9,760</u>	<u>34,563</u>

19. Income tax

(a) Income tax is based on the profit before taxation as adjusted for tax purposes, and is made up as follows:

	2004 (\$'000)	2003 (\$'000)
(i) Current income tax:		
Share of associated companies tax charge @ 30%	49,611	41,544
Subsidiary's tax charge @ 33 1/3%	8,437	2,144
	<u>58,048</u>	<u>43,688</u>
(ii) Deferred income tax:		
Origination and reversal of temporary differences	(86,599)	(147,365)
	<u>(28,551)</u>	<u>(103,677)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2004

19. Income tax (cont'd)

(b) Reconciliation of effective tax rate:

		2004		2003
	%	(\$'000)	%	(\$'000)
Computed "expected" tax expense	33.33	506,201	33.33	311,525
Tax effect of difference between profit for financial statements and tax reporting purposes on:-				
Depreciation and capital allowances	0.22	3,333	0.28	2,606
Unrealised gains/losses on investments	(0.44)	(6,618)	1.05	9,816
Tax-free income	(27.44)	(416,705)	(43.23)	(404,070)
Disallowed expenses	0.75	11,346	1.71	15,981
Share of profit of associated companies	(8.30)	(126,108)	(4.23)	(39,535)
Actual tax credit	(1.88)	(28,551)	(11.09)	(103,677)

20. Net profit for the period

Of the net profit for the period, profit of \$1,515,690,000 (2003: \$1,032,892,000) is dealt with in the financial statements of the company.

21. Earnings per stock unit

Earnings per stock unit ("EPS") is computed by dividing net profit of \$1,547,155,000 (2003: \$1,038,252,000) by the weighted average number of stock units in issue during the period, numbering 1,463,386,752 (2003: 1,463,386,752).

22. Dividends

	2004	2003
	(\$'000)	(\$'000)
Paid:		
Interim in respect of 2002 @ 3.87 cents per stock unit	-	56,621
Final in respect of 2002 @ 1.71 cents per stock unit	-	25,032
Interim in respect of 2003 @ 8.01 cents per stock unit	-	117,181
Final in respect of 2003 @ 4.3 cents per stock unit	62,926	-
Interim in respect of 2004 @ 6.0 cents per stock unit	87,803	-
	<u>150,729</u>	<u>198,834</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2004

23. Related party balances

A related party is one which controls or exercises significant influence over, or is controlled or significantly influenced by, a group member in making financial and operating decisions, or, along with any group member, is subject to common control or significant influence. Amounts arising from transactions with related parties are set out below.

- (a) The balance sheet includes balances, arising in the normal course of business, with related parties, as follows:

	Company		Group	
	2004	2003	2004	2003
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Directors				
Other receivables	-	245	-	245
Repurchase agreements	(69,721)	(172,170)	(69,721)	(172,170)
Shareholders				
Notes receivable	216,000	-	216,000	-
Repurchase agreements	(871,059)	(957,715)	(871,059)	(957,715)
Accounts receivable	35,166	-	35,166	-
Subsidiary				
Accounts receivable	76,399	17,215	-	-
Associated companies				
Resale agreements	3,138,930	179,242	3,138,930	179,242
Repurchase agreements	(152,383)	(1,171,708)	(152,383)	(1,171,708)
Other receivables	-	-	-	38,723
Accounts receivable	9,155	7,359	9,155	-

- (b) The statement of group revenue and expenses includes the following income earned from, and expenses incurred in, transactions with related parties, in the ordinary course of business:

	2004	2003
	(\$'000)	(\$'000)
Directors		
Interest income	28,416	10,038
Interest expense	193	8,572
Shareholders		
Interest income	178,477	4,101
Interest expense	7,028	(45,903)
Associated companies		
Interest income	3,106	10,849
Interest expense	11,814	(46,342)
Consultancy fees	11,041	(11,070)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2004

24. Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

For the purposes of the financial statements, financial assets have been determined to include cash and cash equivalents, interest receivable, notes receivable, other receivables, resale agreements and investments. Financial liabilities comprise interest payable, accounts payable, and repurchase agreements. Information relating to fair values and financial instrument risks is summarized below.

(a) Fair values:

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. Where quoted market prices are not available, the fair values of these instruments have been determined using a generally accepted alternative method. However, considerable judgement is required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented below are not necessarily indicative of the amounts that the group would receive on realisation of its financial assets or pay to settle its financial liabilities.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value.

Financial instrument	Method
Cash and cash equivalents, interest receivable, notes receivable, other receivables, resale agreements, accounts payable, interest payable and repurchase agreements	Assumed to approximate their carrying values, due to their short-term nature.
Quoted equities	Quoted market bid prices.
Units in unit trusts	Prices quoted by unit trust managers.
Sovereign non-Jamaican bonds and corporate bonds	Estimated using mid-prices published by major overseas brokers.
Government of Jamaica securities and certificates of deposit:	
- Traded overseas	Estimated using mid-prices published by major overseas brokers.
- Other	Estimated by discounting future cash flows using balance sheet date yields of similar instruments.
Securities sold not yet purchased	Provided by broker/dealer who is counterparty.
Interest in money market fund	Assumed to be the carrying value because of the short-term nature and variable interest rate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2004

24. Financial instruments (cont'd)

(a) Fair values (cont'd):

The estimated fair values of investments and their carrying values, are as follows:

Company	2004		2003	
	Carrying value (\$'000)	Fair value (\$'000)	Carrying value (\$'000)	Fair value (\$'000)
Government of Jamaica securities	34,592,716	34,907,584	33,442,389	34,268,028
Other sovereign bonds	497,603	497,603	1,018,873	1,018,873
Corporate bonds	-	-	1,343,325	1,345,802
Quoted equities	35,372	35,372	24,929	24,929
Interest in money market fund	1,322,645	1,322,645	193,154	193,154
Units in unit trust	38,455	38,455	2,769	2,769
Certificates of deposit	1,243,196	1,243,196	274,518	274,518

Group	2004		2003	
	Carrying value (\$'000)	Fair value (\$'000)	Carrying value (\$'000)	Fair value (\$'000)
Government of Jamaica securities	34,592,716	34,907,584	33,442,389	34,268,028
Other sovereign bonds	497,603	497,603	1,018,873	983,900
Corporate bonds	-	-	1,343,325	1,345,802
Quoted equities	133,966	133,966	27,021	27,021
Interest in money market fund	1,322,645	1,322,645	193,154	193,154
Units in unit trusts	38,455	38,455	2,769	2,769
Certificates of deposit	1,243,196	1,243,196	274,518	274,518

The fair value of other financial assets are not materially different from their carrying values.

(b) Financial instruments risks:

The group does not use derivatives as a risk management strategy at this time. Accordingly, exposure to credit, interest rate, foreign currency, liquidity and market risks arises in the ordinary course of the group's operations.

(i) General approach to financial instruments risk management

The company has a risk management structure comprising the Board, the Board Risk Sub-Committee; at the senior management level, the Risk Management Committee; and specialist risk management staff. This structure aims to function so as to ensure that the Board's risk appetite and the business risks are in alignment. The Board, through the Board Risk Sub-Committee reviews and approves risk management policies. The Risk Management Committee oversees the implementation of policies. The specialist staff use a selection of tools and methods to monitor the company's risk exposure.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2004

24 Financial instruments (cont'd)

(ii) Interest rate risk:

Interest rate risk arises when there is a mismatch between interest-earning assets and interest-bearing liabilities which are subject to interest rate adjustment within a specified period.

The excess of short-term interest bearing liabilities over short-term interest earning assets is managed by ensuring, to the extent it is under the group's control, stability in the group's client base and investing mainly in marketable securities.

The following tables summarise the carrying amount of the balance sheet assets, liabilities and equity to arrive at the company's and group's interest rate gap, based on the earlier of contractual repricing and maturity dates.

Company

	Within 3 months (\$'000)	More than 3 months less than 12 months (\$'000)	More than 12 months (\$'000)	Non-rate sensitive (\$'000)	Total (\$'000)
2004					
Cash and cash equivalents	615,567	36,417	-	-	651,984
Interest receivable	-	-	-	2,563,567	2,563,567
Income tax recoverable	-	-	-	323,131	323,131
Notes receivable	226,123	-	78,298	-	304,421
Other receivables	-	-	-	279,211	279,211
Resale agreements	12,526,118	5,533,266	-	-	18,059,384
Investments	11,752,320	1,333,102	24,572,200	72,365	37,729,987
Interest in subsidiaries	-	-	-	52,000	52,000
Interest in associated companies	-	-	-	860,646	860,646
Property, plant and equipment	-	-	-	309,162	309,162
Deferred tax	-	-	-	78,651	78,651
Total assets	25,120,128	6,902,785	24,650,498	4,538,733	61,212,144
Interest payable	-	-	-	1,781,034	1,781,034
Accounts payable	-	-	-	206,390	206,390
Repurchase agreements	46,415,858	8,770,004	-	-	55,185,862
Securities not yet purchased	-	-	-	60,869	60,869
Shareholders' equity	-	-	-	3,977,989	3,977,989
Total liabilities and shareholders' equity	46,415,858	8,770,004	-	6,026,282	61,212,144
Total interest rate sensitivity gap	(21,295,730)	(1,867,219)	24,650,498	(1,487,549)	-
Cumulative gap	(21,295,730)	(23,162,949)	1,487,549	-	-
2003					
Total assets	10,188,556	1,846,390	34,426,146	2,480,391	48,941,483
Total liabilities and shareholders' equity	37,856,506	7,024,088	1,414,425	2,646,464	48,941,483
Total interest rate sensitivity gap	(27,667,950)	(5,177,698)	33,011,721	(166,073)	-
Cumulative gap	(27,667,950)	(32,845,648)	166,073	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2004

24. Financial instruments (cont'd)

(b) Financial instruments risks (cont'd):

(ii) Interest rate risk (cont'd):

Group

	Within 3 months (\$'000)	More than 3 months, less than 12 months (\$'000)	More than 12 months (\$'000)	Non-rate sensitive (\$'000)	Total (\$'000)
2004					
Cash and cash equivalents	615,851	36,417	-	-	652,268
Interest receivable	-	-	-	2,563,567	2,563,567
Income tax recoverable	-	-	-	316,035	316,035
Notes receivable	226,123	-	78,298	-	304,421
Other receivables	-	-	-	216,915	216,915
Resale agreements	12,526,118	5,533,266	-	-	18,059,384
Investments	11,779,169	1,333,102	24,572,200	144,110	37,828,581
Other asset	-	-	-	15,000	15,000
Interest in associated companies	-	-	-	860,646	860,646
Deferred taxation	-	-	-	71,818	71,818
Property, plant and equipment	-	-	-	326,996	326,996
Total assets	25,147,261	6,902,785	24,650,498	4,515,087	61,215,631
Interest payable	-	-	-	1,781,034	1,781,034
Accounts payable	-	-	-	259,199	259,199
Repurchase agreements	46,332,416	8,770,004	-	-	55,102,420
Securities sold not yet purchased	-	-	-	60,869	60,869
Shareholders' equity	-	-	-	4,012,109	4,012,109
Total liabilities and shareholders' equity	46,332,416	8,770,004	-	6,113,211	61,215,631
Total interest rate sensitivity gap	(21,185,155)	(1,867,219)	24,650,498	(1,598,124)	-
Cumulative gap	(21,185,155)	(23,052,374)	1,598,124	-	-
2003					
Total assets	10,356,700	1,554,927	34,545,349	2,489,017	48,945,993
Total liabilities and shareholders' equity	39,689,376	6,438,457	491,085	2,327,075	48,945,993
Total interest rate sensitivity gap	(29,332,676)	(4,883,530)	34,054,264	(161,942)	-
Cumulative gap	(29,332,676)	(34,216,206)	161,942	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2004

24. Financial instruments (cont'd)

(b) Financial instruments risks (cont'd):

(ii) Interest rate risk (cont'd):

The following table shows the range of effective yields by the earlier of contractual repricing and maturity dates:

Company and Group

	Within 3 months (%)	More than 3 months, less than 12 months (%)	More than 12 months (%)
2004			
J\$ cash and cash equivalents	00.00 – 15.00	–	–
US\$ cash and cash equivalents	01.00	–	–
£ cash and cash equivalents	02.00 – 03.00	02.00 – 03.00	–
J\$ notes receivable	00.00 – 18.99	–	–
US\$ notes receivable	07.55 – 12.00	–	–
J\$ resale agreements	10.00 – 35.95	–	–
US\$ resale agreements	10.00 – 35.95	15.75 – 30.00	–
J\$ investments	18.00 – 35.09	14.33 – 36.25	14.50 – 34.15
US\$ investments	10.00 – 12.00	–	04.00 – 12.00
£ investments	10.20 – 10.53	09.95	–
J\$ repurchase agreements	–	04.50 – 36.80	11.00 – 32.60
US\$ repurchase agreements	03.75 – 07.75	–	–
£ repurchase agreements	08.00 – 08.25	–	–
2003			
J\$ cash and cash equivalents	05.00 – 15.00	28.00 – 30.00	–
US\$ cash and cash equivalents	02.00 – 03.00	–	–
J\$ notes receivable	00.00 – 34.00	–	–
US\$ notes receivable	07.75 – 12.00	–	–
J\$ resale agreements	16.00 – 31.50	14.00 – 30.00	–
US\$ resale agreements	08.25	–	–
J\$ investments	19.39 – 21.95	15.60 – 23.50	15.90 – 19.00
US\$ investments	–	–	07.45 – 13.70
£ investments	–	–	09.95 – 11.77
J\$ repurchase agreements	12.50 – 30.00	17.80 – 18.00	14.00 – 23.54
US\$ repurchase agreements	02.00 – 12.70	–	–
£ repurchase agreements	01.50 – 08.60	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2004

24. Financial instruments (cont'd)

(b) Financial instruments risks (cont'd):

(iii) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to suffer a financial loss.

The group's financial instruments that are exposed to credit risk consist primarily of interest-bearing investments and cash and short-term deposits.

The group maintains cash and short term deposits with major financial institutions which management believes to be strong and financially sound. The majority of the group's investments are in Government of Jamaica securities.

The group holds investments in the securities of other Governments, the repayment of which is dependent on the financial stability of those countries' national economies.

With the exception of investments in Government of Jamaica securities, there are no significant concentrations of credit risk.

(iv) Foreign currency risk:

The group is exposed to foreign currency risk on transactions that it undertakes in foreign currencies that give rise to the net currency gains and losses recognized during the year. Such exposures comprise the assets and liabilities of the group that are not denominated in its functional currency. The group ensures that the risk is kept to an acceptable level by monitoring its value at risk exposure.

At the balance sheet date, net foreign currency assets/(liabilities) were as follows:

	Company and Group	
	2004	2003
	(\$'000)	(\$'000)
United States dollars	58,703	15,134
Great Britain pounds	(8,771)	2,496
Euros	3,954	4,275
Trinidad and Tobago dollars	75,705	(76,942)
Canadian dollars	(85)	830

(v) Market risk:

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The market risk of the group's trading portfolio is reviewed regularly utilising Value At Risk (VAR), in addition to other quantitative and qualitative risk measures and analyses. The measures include the measurement of the portfolio's sensitivity to changes in interest rates and prices. A report summarising the VAR for the group's portfolio is submitted to the board monthly.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2004

24. Financial instruments (cont'd)

(b) Financial instruments risks (cont'd):

(vi) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at or close to its fair value. Prudent liquidity risk management requires the group to maintain sufficient cash and marketable securities, and have funding available through an adequate amount of committed facilities. The group manages this risk through (i) the maintenance of high levels of liquid investments and (ii) the forecasting and monitoring of the levels of cash investments and payouts.

25. Post-employment benefit

Pensions are the only post-employment benefits to which the group is committed. To better secure the payment of promised benefits, the company operates a defined-contribution pension scheme for the group's employees who have satisfied certain minimum service requirements. The scheme is funded by equal contributions of employer and employee of 5% of pensionable salaries with an option for employees to contribute up to an additional 5% of pensionable salaries.

The scheme is administered by trustees and the assets are held separately from those of the group; some of the assets are included in funds being managed by the company [note 26(a)]. The scheme is subject to triennial actuarial valuations. The most recent actuarial valuation, which was conducted as at December 31, 2002, disclosed a surplus, which the trustees have decided will be allocated to the members accounts.

The contributions for the period amounted to \$8,488,869 (2003: \$7,696,801) for the company and \$8,923,733 (2003: \$8,020,470) for the group.

The pension benefit is the annuity that can be purchased by the amount standing to the credit of the member's account at the date of retirement.

26. Managed funds

- (a) The company acts as agent and earns fees for managing clients' funds on a non-recourse basis under a management agreement. This includes some of the assets of the company's pension fund (note 25). Although the company is the custodian of the securities in which the clients participate, it has no legal or equitable right or interest in these securities. Accordingly, the securities in which the clients' funds are invested have been excluded from these financial statements.

At March 31, 2004, for the company and the group, funds managed in this way amounted to \$7,826,496,419 (2003: \$6,265,476,891) which includes pension scheme contributions (note 25), inclusive of accrued interest, amounting to \$16,220,133 (2003: \$36,929,792) for the company and the group. The financial statements include the following assets held in/(liabilities payable to) the managed funds:

	Company and Group	
	2004 (\$'000)	2003 (\$'000)
Other receivables (net)	38,757	182,105
Investments (see note 8)	1,322,645	193,155
Interest payable	(81,535)	(41,355)
Repurchase agreements	(3,271,111)	(2,605,687)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2004

26. Managed funds (cont'd)

- (b) The company buys and/or negotiates promissory notes and debentures and then sells participations in them to investors, to whom it issues certificates of participation. The company has no legal or equitable right or interest in the securities sold but which remain in the company's custody for the purpose of collecting and distributing entitlements to beneficial holders; accordingly, they have been excluded from these financial statements.

At March 31, 2004, the face value of these certificates amounted to \$191,934,553 (2003: \$313,263,277) for the company and the group.

27. Commitments

- (a) Capital commitments:

At the balance sheet date, amounts committed for capital expenditure but not contracted, for which no provision has been made in these financial statements, amounted to approximately \$41,000,000 (2003: \$6,356,000) for the company and the group.

- (b) Lease commitments:

Commitments under non-cancellable operating lease agreements, expiring between 2003 and 2007, amounted to \$25,521,069 at March 31, 2004 (2003: \$12,918,161). The lease rentals are payable as follows:

	Company and Group	
	2004 (\$'000)	2003 (\$'000)
Within one year	8,999	4,480
Subsequent years	16,522	8,438
	<u>25,521</u>	<u>12,918</u>

28. Effects of first-time adoption of IFRS

As stated in note 2, these are the company's first annual financial statements prepared in accordance with IFRS.

The accounting policies set out in note 3 have been applied in preparing the financial statements as of, and for the period ended, March 31, 2004, the comparative information presented in these financial statements as of, and for the year ended, February 28, 2003 and in the preparation of an opening IFRS balance sheet at March 1, 2002.

In preparing its opening IFRS balance sheet, the group has adjusted and/or reclassified amounts reported previously in financial statements prepared in accordance with its old basis of accounting (previous JGAAP). An explanation of how the transition from previous JGAAP to IFRS has affected the company's and group's financial position, and the group's financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2004

28. Effects of first-time adoption of IFRS (cont'd)

(a) Reconciliation of equity:

Company

Notes	March 1, 2002			February 28, 2003		
	Previous Jamaica GAAP (\$'000)	Effect of Transition to IFRS (\$'000)	IFRS (\$'000)	Previous Jamaica GAAP (\$'000)	Effect of Transition to IFRS (\$'000)	IFRS (\$'000)
ASSETS						
Cash and cash equivalents	905,489	-	905,489	1,313,629	-	1,313,629
Interest receivable	1,433,095	-	1,433,095	1,317,929	-	1,317,929
Income tax recoverable	17,018	-	17,018	173,811	-	173,811
Notes receivable	326,291	-	326,291	233,860	-	233,860
Other receivables	487,401	-	487,401	413,545	-	413,545
Resale agreements	6,859,379	-	6,859,379	8,247,468	-	8,247,468
Investments (c)(i)	28,759,518	(200,779)	28,558,739	37,624,114	(1,598,675)	36,025,439
Interest in subsidiaries	10,000	-	10,000	44,000	-	44,000
Interest in associated companies (c)(i)	66,975	101,921	168,896	227,934	239,382	467,316
Deferred taxation (c)(ii)	-	155,789	155,789	-	411,801	411,801
Property, plant and equipment	159,313	-	159,313	292,685	-	292,685
	<u>39,024,479</u>	<u>56,931</u>	<u>39,081,410</u>	<u>49,888,975</u>	<u>(947,492)</u>	<u>48,941,483</u>
LIABILITIES AND SHAREHOLDERS' EQUITY						
Liabilities						
Bank overdraft	22,170	-	22,170	-	-	-
Interest payable	828,729	-	828,729	594,493	-	594,493
Accounts payable (c)(iii)	247,688	10,682	258,370	122,364	14,733	137,097
Proposed dividend (c)(iv)	56,621	(56,621)	-	62,912	(62,912)	-
Repurchase agreements	36,692,555	-	36,692,555	47,242,510	(1,049,252)	46,193,258
Securities sold not yet purchased	-	182,036	182,036	-	157,754	157,754
	<u>37,847,763</u>	<u>136,097</u>	<u>37,983,860</u>	<u>48,022,279</u>	<u>(939,677)</u>	<u>47,082,602</u>
Shareholders' equity						
Share capital	365,847	-	365,847	365,847	-	365,847
Investment revaluation reserve (c)(i)	-	(18,671)	(18,671)	-	(91,398)	(91,398)
Share premium	13,775	-	13,775	13,775	-	13,775
Retained profits	797,094	(60,495)	736,599	1,487,074	83,583	1,570,657
	<u>1,176,716</u>	<u>(79,166)</u>	<u>1,097,550</u>	<u>1,866,696</u>	<u>(7,815)</u>	<u>1,858,881</u>
	<u>39,024,479</u>	<u>56,931</u>	<u>39,081,410</u>	<u>49,888,975</u>	<u>(947,492)</u>	<u>48,941,483</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2004

28. Effects of first-time adoption of IFRS (cont'd)

(a) Reconciliation of equity cont'd:

Group

Notes	March 1, 2002			February 28, 2003		
	Previous Jamaica GAAP (\$'000)	Effect of Transition to IFRS (\$'000)	IFRS (\$'000)	Previous Jamaica GAAP (\$'000)	Effect of Transition to IFRS (\$'000)	IFRS (\$'000)
ASSETS						
Cash and cash equivalents	905,910	-	905,910	1,314,023	-	1,314,023
Interest receivable	1,433,095	-	1,433,095	1,317,929	-	1,317,929
Income tax recoverable	27,614	-	27,614	174,153	-	174,153
Notes receivable	326,291	-	326,291	233,860	-	233,860
Other receivables	67,618	-	67,618	438,696	-	438,696
Resale agreements	6,859,379	-	6,859,379	8,247,468	-	8,247,468
Investments (c)(i)	29,159,389	(200,779)	28,958,610	37,626,206	(1,598,675)	36,027,531
Other assets	15,000	-	15,000	15,000	-	15,000
Interest in associated companies (c)(i)	66,975	101,921	168,896	227,934	239,382	467,316
Deferred taxation (c)(ii)	-	155,789	155,789	-	411,801	411,801
Property, plant and equipment	160,895	-	160,895	298,216	-	298,216
	39,022,166	56,931	39,079,097	49,893,485	(947,492)	48,945,993
LIABILITIES AND SHAREHOLDERS' EQUITY						
Liabilities						
Bank overdraft	22,170	-	22,170	-	-	-
Interest payable	828,729	-	828,729	594,493	-	594,493
Accounts payable (c)(iii)	248,080	10,683	258,763	132,521	14,733	147,254
Proposed dividend (c)(iv)	56,621	(56,621)	-	62,912	(62,912)	-
Repurchase agreements	36,692,555	-	36,692,555	47,234,208	(1,049,252)	46,184,956
Securities sold not yet purchased	-	182,035	182,035	-	157,754	157,754
	37,848,155	136,097	37,984,252	48,024,134	(939,677)	47,084,457
Shareholders' equity						
Share capital	365,847	-	365,847	365,847	-	365,847
Investment revaluation reserve (c)(i)	-	(18,671)	(18,671)	-	(91,398)	(91,398)
Share premium	13,775	-	13,775	13,775	-	13,775
Retained profits	794,389	(60,495)	733,894	1,489,729	83,583	1,573,312
	1,174,011	(79,166)	1,094,845	1,869,351	(7,815)	1,861,536
	39,022,166	56,931	39,079,097	49,893,485	(947,492)	48,945,993

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2004

28. Effects of first-time adoption of IFRS (cont'd)

(b) Reconciliation of net profit for 2003

	Previous Jamaica GAAP (\$'000)	Effect of transition to IFRS (\$'000)	IFRS (\$'000)
Net interest income and other operating revenue			
Interest income	6,009,786	(20,483)	5,989,303
Interest expense	(5,228,025)	-	(5,228,025)
Net interest income	781,761	(20,483)	761,278
Gains on securities trading, net	495,368	(10,454)	484,914
Fees earned from managing funds on behalf of clients	116,997	-	116,997
Other fees and commissions	89,210	-	89,210
Foreign exchange margins from cambio trading	68,669	-	68,669
	1,552,005	(30,937)	1,521,068
Administrative expenses			
Staff costs	(371,928)	(4,076)	(376,004)
Other	(458,316)	-	(458,316)
	(830,244)	(4,076)	(834,320)
Operating profit	721,761	(35,013)	686,748
Other income/(expenses)			
Share of profits of associated companies	243,237	-	243,237
Provision for diminution in value of investments	(25,436)	25,436	-
Loss on disposal of property, plant and equipment	(280)	-	(280)
Other	4,870	-	4,870
Profit before income tax	944,152	(9,577)	934,575
Income tax	(43,687)	147,364	103,677
Net profit for the year	900,465	137,787	1,038,252

(c) Notes to the reconciliation of equity and net profit:

- (i) Investments were carried at the lower of cost and market value under previous Jamaican GAAP. Under IFRS, investments classified as available-for-sale are shown at fair value, the difference between the carrying values under previous Jamaica GAAP and IFRS and of subsequent changes in fair value are taken to the investment revaluation reserve.
- (ii) Provision is made for deferred tax on all temporary differences between carrying amounts of assets and liabilities using the balance sheet liability method and tax rates enacted at the balance sheet date. A deferred tax asset is recognised on tax losses brought forward and are available for relief against all taxable profits. Under previous Jamaica GAAP, deferred tax was not recognised.
- (iii) Provision for unused vacation leave not recognised under previous Jamaica GAAP, but is now being recognised.
- (iv) This represents proposed dividends which were previously taken out of retained earnings and included as a current liability in the financial statements, a treatment not permitted under IFRS



JAMAICA MONEY MARKET BROKERS LTD.

FORM OF PROXY

I/We _____ of _____
_____ being a Member/Members of Jamaica Money Market Brokers

Limited hereby appoint _____ of _____

or failing him/her _____ of _____ as

my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held in the Port Antonio Suite of the Jamaica Pegasus Hotel, 81 Knutsford Boulevard, Kingston 5 on Thursday, September 30, 2004 at 10:00 a.m. and at any adjournment thereof.

Please indicate with an X in the spaces below how you wish your votes to be cast. Unless otherwise instructed, the Proxy will vote or abstain from voting, at his/her discretion.

RESOLUTIONS	FOR	AGAINST
No. 1 – To receive the Reports of the Auditors and Directors		
No. 2 – To ratify and approve the interim dividends as final		
No. 3 (a) – To re-elect Archibald Campbell a Director		
No. 3 (b) – To re-elect Dennis Harris a Director		
No. 3 (c) – To re-elect Wayne Sutherland a Director		
No. 3 (d) – To re-elect Cedric Stewart a Director		
No. 4 – To appoint the retiring Auditors, KPMG Peat Marwick		

Dated this _____ day of _____ 2004

Signed: _____

Place
Stamp
Here
\$100

NOTES:

1. In the case of a Body corporate, this form should be executed under Seal.
2. The Form of Proxy must be completed, impressed with stamp duty of \$100 and lodged at the office of the Registrar of the Company, Veritat Corporation, The Victoria Mutual Building, 6 Duke Street, Kingston at least forty-eight hours before the time appointed for holding the meeting. The stamp duty may be paid by adhesive stamp(s), which are to be cancelled by the person executing the Proxy.
3. The Proxy need not be a Member of the Company.

