NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2008

1. Formation and principal activities

The Caribbean Court of Justice Trust Fund (the Trust Fund) was established by the CARICOM Heads of Government (the Members) in accordance with the "Revised Agreement establishing the Caribbean Court of Justice Trust Fund" (the Agreement) effective 27th January, 2004. The Board of Trustees was inaugurated on 22nd August, 2003, and operations commenced on May 1st, 2004. At its meeting of May 2004 the Board passed a resolution authorising all actions and ratifying all decisions taken by it between 22nd August, 2003 and 27th January, 2004.

The purpose of the Trust Fund is to provide the resources necessary to finance the capital and operating budget of the Caribbean Court of Justice (the Court) and the Regional Judicial and Legal Services Commission (the Commission) in perpetuity. Its principal activity is the management of an endowment fund invested in a range of regional (originating CARICOM territories) and non-regional assets. The investment objective is to seek medium to long-term capital growth through investment in a diversified portfolio of tax-efficient international instruments, including fixed income and equity securities, in order to produce an optimal gross rate of return with reasonable security of capital.

At the commencement of operations, the Trust Fund engaged the services of Oppenheimer Asset Management Inc. to act as the Program Manager of its non-regional assets. This provided a cost effective integrated program incorporating investment management advice, asset manager selection and custodial services. During the year the Trustees determined that these services should be segregated and appointed Hammond Associates Institutional Fund Consultants Inc. as independent Investment Adviser, and State Street Bank and Trust Company as Custodian to the Trust Fund.

Based on the advice of the Investment Adviser, the Trust Fund enters into direct agreements with asset managers and also makes direct purchases of appropriate mutual funds and other approved financial instruments. Each asset manager invests and reinvests the securities, cash and/or other investments held, in accordance with the Trust Fund's investment objectives. Investments may be made in, but are not limited to, securities of any kind, including stocks, warrants, options, rights, corporate or government bonds or notes issued by U.S. or foreign issuers and shares of money market mutual funds.

The Trust Fund operates as an international legal entity which is not amenable to the municipal jurisdiction of any one sovereign state and is domiciled in the Republic of Trinidad and Tobago. Its registered office is at 22 Cornelio Street, Woodbrook, Port of Spain, Trinidad and Tobago. The Trust Fund currently employs six full-time members of staff.

2. Privileges and immunities

The Agreement establishes certain privileges and immunities to enable the Trust Fund and its Officers to discharge its duties and responsibilities. In accordance with Article XII of the Agreement the Trust Fund, its assets, property, income and its operations and transactions are exempt from all taxation, all customs duties on goods imported for its official use and all other imports. Furthermore the Trustees, Officers and employees are exempt from direct taxation of salaries, remuneration and allowances paid to them by the Trust Fund. The privileges and immunities are encompassed in the Headquarters Agreement established with the Government of Trinidad and Tobago.

3. Significant accounting policies

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2008 (Continued)

3. Significant accounting policies (continued)

a) Basis of preparation

These financial statements are expressed in United States dollars and are prepared in accordance with International Financial Reporting Standards (IFRS) on the historic cost basis, except for available-for-sale investments which are carried at fair value.

b) Adoption of IFRS during the year

No new or revised standards and interpretations to existing standards are mandatory for adoption by the Trust Fund for the 2008 reporting year.

New and revised International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and International Financial Reporting Committee (IFRIC) interpretations have been issued but are not yet effective.

The Trust Fund will apply "IAS 1, Presentation of Financial Statements" from 1st January, 2009. This standard will impact the presentation of the financial statements and will require the aggregation of information in the financial statements on the basis of shared characteristics, the preparation of a statement of comprehensive income and changes in the titles of some of the financial statements.

The following additional standards and interpretations to existing standards have been issued and become effective for reporting periods commencing on or after 1st July, 2008. The Trust Fund has evaluated the effect of these and determined that they do not apply to the activities of the Trust Fund.

- IFRS 1: First-time Adoption of International Financial Reporting Standards (Revised)
- IFRS 2: Share-based Payment – (Revised)
- IFRS 3: Business Combinations IFRS 8: Operating Segments – (Revised)
- IFRS 5: Non-current Assets Held For Sale and Discontinued Operations – (Revised)
- IFRS 8: Operating Segments
- IAS 16: Property, Plant and Equipment (Amendment)
- IAS 19: Employee Benefits (Amendment)
- IAS 20: Government Grants and Disclosure of Government Assistance (Amendment)
- IAS 23: Borrowing Costs (Amendment)
- IAS 27: Consolidated and Separate Financial Statements (Amendment)
- IAS 28: Investment in Associates (Amendment)
- IAS 29: Financial Reporting in Hyperinflationary Economies (Amendment)
- IAS 31: Interests in Joint Ventures (Amendment)
- IAS 32: Financial Instruments: Presentation (Amendment)
- IAS 36: Impairment of Assets (Amendment)
- IAS 38: Intangible Assets (Amendment)
- IAS 39: Financial Instruments: Recognition and Measurement (Amendment)
- IAS 40: Investment Property (Amendment)
- IAS 41: Agriculture (Amendment)
- IFRIC 13: Customer Loyalty Programmes
- IFRIC 15: Agreements for the Construction of Real Estate
- IFRIC 16: Hedges of a Net Investment in a Foreign Operation
- IFRIC 17: Distributions of Non-cash Assets to Owners

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2008 (Continued)

3. Significant accounting policies (continued)

c) Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less and are carried at cost, which approximates market value.

d) Financial instruments

Financial assets and liabilities are recognized in the balance sheet when the Trust Fund becomes party to the contractual obligation of the instrument. Regular purchase and sales of investments are recognized on the trade date – the date on which the Trust Fund commits to purchase or sell the asset.

A financial asset is derecognized when the rights to receive the cash flows from the asset have expired or where all the risks and rewards of ownership of the asset have been transferred. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

e) Available-for-sale investments

The Trust Fund classifies its investments as available-for-sale. Investments are comprised of regional and non-regional equities, equity-related securities and fixed income securities. Available-for-sale investments are securities which are intended to be held for an indefinite period of time but which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

All investments are initially recognized at cost, being the fair value of the consideration given including transaction costs associated with the investment. After initial recognition, available-for-sale investments are measured at fair value.

Unrealized gains or losses arising from changes in the fair value are recognized directly as a separate component of the fund balance until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously included in the fund balance is recognized in the revenue and expenditure account as realized gains or losses on investments.

f) Determination of fair value

The fair value for financial instruments traded in organized financial markets is based on their quoted market prices at the balance sheet date without any deduction for transaction costs.

Where the instrument is not actively traded or quoted on recognized exchanges, fair value is determined using discounted cash flow analysis. Where discounted cash flow techniques are used, future cash flows are based on best estimates and the discount rate is a market related rate at the balance sheet date for an instrument with similar terms and conditions.

g) Impairment of financial assets

The Trust Fund invests its endowment assets with a view to generating a consistent long-term return to meet its long-term mandate. Given this perspective, investments are initiated with a medium to long-term holding period. The Trust Fund assesses at the end of each reporting period, whether there is objective evidence that any of its

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2008 (Continued)

g) Impairment of financial assets (continued)

financial assets or group of assets is impaired. As far as possible, the assessment is done on an individual security basis.

Equities and equity-related securities are considered to be impaired if there is objective evidence that the cost of the investment may not be recovered. Objective evidence of impairment of an equity instrument includes observable data that comes to the attention of the Trust Fund about loss events, information about significant changes with an adverse effect that have taken place in the business environment in which the issuer operates, and indicates that the cost of the investment may not be recovered. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment. A significant decline is deemed to be one in which the fair value of an investment in an equity instrument falls below its weighted-average cost by more than 30%, and a prolonged decline is one in which the fair value remains below the weighted-average cost for more than one year.

Fixed income securities are considered to be impaired if there is objective evidence that a loss event has occurred which brings into doubt the willingness or ability of the issuer to meet its contractual payment obligations on the security. A decline in fair value of an investment in a debt instrument due to changes in the risk-free interest rate does not represent evidence of a loss event.

When a decline in the fair value of a financial asset has been recognized directly in revaluation reserves, and there is objective evidence that the financial asset is impaired, the cumulative loss that had been recognized in revaluation reserves is reclassified from the revaluation reserves to the revenue and expenditure account as an impairment loss. The amount of the cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss on that financial asset previously recognized in the revenue and expenditure account.

At subsequent balance sheet dates, any further declines in fair value are recognized as impairments. If the fair value of a debt security instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized, the impairment shall be reversed through the revenue and expenditure account. If the fair value of an equity-related security increases, impairment losses shall not be reversed through the revenue and expenditure account, even when the reasons for impairment no longer exist.

h) Fixed assets

Fixed assets are stated at cost net of accumulated depreciation. Depreciation is provided for at rates expected to write off the cost of the assets over their estimated useful lives. Leasehold improvements are depreciated over the period of the lease. Depreciation on all classes of fixed assets is computed as follows:

	Rate	**Basis**
Motor vehicles	25%	Reducing balance
Equipment, furniture and fittings	12%-50%	Straight line
Leasehold improvements	33%	Straight line

Gains and losses on disposal of fixed assets are determined by reference to their carrying amounts and are taken into account in determining net income. Costs of repairs are charged to the revenue and expenditure account when the expenditure is incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2008 (Continued)

i) Operating lease

Operating leases are leases that do not transfer substantially all the risks and rewards of ownership to the lessee. The Trust Fund has entered into a three year operating lease for the occupation of its registered office with the option to renew the lease at the end of the period for two further periods of three years, each at terms agreed with the Lessor. Either party has the option to determine the agreement by serving notice in writing. Lease payments are recognized as an expense in the revenue and expenditure account on a straight-line basis over the period of the lease.

j) Members' contributions

Members' contributions are accounted for on a receipts basis.

k) Transfers to the Court

The Court submits biennial budgets in relation to the cash flow requirements of the Court and the Commission. These projections are considered by the Board of Trustees and after consultation, the necessary financing is remitted to the Court. These amounts are treated as distributions out of the fund balance and are accounted for when disbursed.

l) Foreign currency translation

The functional and presentation currency of the Trust Fund is the United States dollar (US$). Transactions in foreign currencies are translated at exchange rates at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rate at balance sheet date and any gains or losses arising are taken to the revenue and expenditure account. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated at the exchange rates at the date the fair value was determined. Foreign exchange gains or losses thus arising are recognised consistently with the fair value gains or losses, directly in the fund balance or the revenue and expenditure account as appropriate.

m) Revenue and expenditure

Income and expenditure are accounted for on the accruals basis. Interest income includes coupons earned on fixed income investments as well as accrued discounts on treasury bills and other discounted investments.

n) Comparative figures

Certain changes in presentation have been made in these financial statements. These changes have no effect on the operating results of the Trust Fund for the current and previous year.

4. Significant accounting judgements and estimates

Management has made the following judgements in the application of accounting policies which may have the most significant effect on the amounts recognized in the financial statements:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2008 (Continued)

4. Significant accounting judgements and estimates (continued)

Determining fair value

The Trust Fund has applied IAS 39 in its classification of investment securities which requires measurement of securities at fair value. For financial instruments that trade infrequently and have little price transparency, fair value requires varying degrees of judgement depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Impairment of financial assets

Management makes judgments at each balance sheet date to determine whether financial assets are impaired. The determination of what is significant or prolonged requires judgement including factors such as share price volatility and market factors.

5. Cash and cash equivalents

	2008 US$	2007 US$
Cash at bank	192,472	199,006
Money market accounts	6,558,088	5,314,175
Treasury bills	–	2,105,876
Short term deposits	2,532,694	5,208,908
Other	3,858,955	1,365,247
	13,142,209	**14,193,212**

6. Available-for-sale investments

	2008 Carrying value US$	2008 Fair value US$	2007 Carrying value US$	US$ Fair value US$
Debt securities	8,953,975	9,116,142	11,122,459	11,122,459
Equities	37,711,824	37,711,824	71,237,973	71,237,973
Private equity fund of funds	2,178,936	2,178,936	1,650,000	1,650,000
Hedge fund of funds	15,676,321	15,676,321	6,516,037	6,516,037
Short term instruments	7,967,598	7,967,598	9,806,368	9,806,368
	72,488,654	**72,650,821**	**100,332,837**	**100,332,837**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2008 (Continued)

7. Fixed assets

	Motor vehicles US$	Equipment & furniture US$	Leasehold improve. US$	Total US$
Cost				
At beginning of year	110,922	76,749	12,572	200,243
Transfers of work in progress	–	–	–	–
Additions at cost	23,753	28,830	–	52,583
Exchange adjustments	44	969	(27)	986
Disposals	(23,605)	(1,078)	–	(24,683)
At end of year	111,114	105,470	12,545	229,129
Accumulated depreciation				
At beginning of year	(60,889)	(33,443)	(11,178)	(105,510)
Charge for the year	(15,025)	(11,870)	(1,006)	(27,901)
Exchange adjustments	(144)	(350)	(26)	(520)
Disposals	14,384	1,078	–	15,462
At end of year	(61,674)	(44,585)	(12,210)	(118,469)
Net book value at beginning of year	**50,033**	**43,306**	**1,394**	**94,733**
Net book value at end of year	**49,440**	**60,885**	**335**	**110,660**

8. Capital contributions

	2008 US$	2007 US$
At beginning of year	106,943,216	105,925,438
Members' contributions	–	–
Third party contributions	1,017,778	1,017,778
At end of year	**107,960,994**	**106,943,216**

Members' contributions and escrow interest

The initial capital totalling US$99,500,000 was raised by the Caribbean Development Bank (CDB) on behalf of the Members on 16th July, 2004 and remitted to the Trust Fund on 7th April, 2005 along with escrow interest earned of US$1,446,142. Additional contributions amounting to US$3,961,518 were received in 2006.

Third party contributions

The Members have accepted a third party contribution of US$9,160,000 from the Government of the Commonwealth of the Bahamas, payable over a period of nine years in the sum of US$1,017,778 per annum commencing July 2006. This contribution is premised on the key condition that any such amounts paid shall be converted into membership contributions should the Government of the Bahamas become a Member of the Court.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2008 (Continued)

9. Financial instruments - fair value

The Trust Fund determines the fair value of all financial instruments at the balance sheet date and separately discloses this information where these fair values are different from carrying amounts (Note 6).

For financial assets that are liquid or have a short term maturity (less than three months), the carrying value is assumed to approximate their fair values. These include cash and cash equivalents, interest receivable and other assets.

The Trust Fund's regional equities and non-regional investments are traded in organized financial markets. Regional equities are valued based upon the market price at the last trade date prior to the financial year end.

Non-regional equities and fixed income investments are traded in non-regional financial markets and are valued based upon the market values at year end or on the last trade date prior to year end as quoted on major exchanges. Transactions are recorded on a trade date basis with dividends and interest recognized when earned.

10. Related parties

Parties are considered to be related if (a) one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions or (b) the party is a member of key management personnel. No commercial transactions are entered into by the Trust Fund with related parties in the normal course of business.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the organization or have the power to participate in the financial and operating policy decisions of the Trust Fund. Short term benefits for key management total US$255,184 (2007: US$228,988). Honoraria payments to Trustees total US$15,600 for the year (2007: US$16,200).

11. Financial risk

The Trust Fund is exposed to a variety of financial risks through the financial instruments it holds. Financial risk includes liquidity risk, credit risk and market risk. Market risk arises through the effects of changes in interest rates, foreign currency and debt and equity prices.

The effects of these risks are disclosed in Notes 13 to 15 and enable users to evaluate the nature and extent of risks arising from the financial instruments. These disclosures have no quantitative impact on the financial statements.

12. Financial risk management

Risks inherent in the Trust Fund's investment activities are managed through a process of ongoing identification, measurement and monitoring within the framework of investment limits and other controls.

The Board is responsible for the overall risk management approach and for approving the investment principles and strategies as detailed in the Investment Guidelines. The Board through the Finance and Investment Committee is responsible for the development of the risk strategy, as well as the approval and monitoring of the relevant risk decisions.

The Trust Fund manages risk primarily by investing in a diversified portfolio of assets and by selection of high credit quality investments amongst other strategies. The Fund is long-term in its objective and investments are made in accordance with strategic exposure limits encompassed in the Board approved Investment Guidelines.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2008 (Continued)

12. Financial risk management (continued)

The Trust Fund's investments are diversified across a wide range of asset classes. Allocations to each asset class are determined after strategic analysis of the fundamentals and prospects for each. An optimum allocation is maintained between regional and non-regional assets to match known liabilities on the basis of currency and tenor. Maximum exposure limits are determined on the basis of asset class allocation, specific sectors within these asset classes, investment category and entity. Management regularly reviews the portfolio distribution to ensure that asset class, geographical and individual company exposures are within the prescribed limits.

13. Liquidity risk

Liquidity risk arises from fluctuations in cash flows. Liquidity risk management ensures that the Trust Fund is able to honour all of its financial commitments as they fall due.

The Trust Fund manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities, as well as by ensuring that sufficient cash and marketable instruments such as treasury bills are available to meet short-term requirements. More specifically, at the start of each year the Trust Fund sets aside in liquid assets the amount required to meet the annual financial requirements of the Court, Commission and the Trust Fund.

Except for Private Equity and Hedge fund of funds holdings, the balance of the Fund's portfolio is invested widely in regional and non-regional marketable assets which are traded in active and liquid markets, and can therefore be liquidated in the event of an unforeseen interruption of cash flow. All investments are held as available-for-sale and can be disposed of during the course of any financial year.

Fund of funds assets exhibit unique liquidity characteristics, with the actual underlying assets typically being more illiquid in nature than direct equity holdings. These funds of funds may include an initial minimum holding (lock-up) period, contractual terms for redemption frequency, as well as the right of the Fund of Funds manager to suspend redemptions. Redemption suspensions may occur to protect the interests of redeeming and continuing investors when there is a significant decrease in liquidity.

As at financial year ended December 31, 2008, one of the Fund of Funds holdings was subject to an initial lock-up period expiring June 30, 2009, as well as a suspension of redemptions from the Fund. This holding represented 6% of the total portfolio.

14. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge a contractual obligation.

The Board of Trustees has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults and has established guidelines for investment in institutions which meet certain minimum criteria.

All cash and cash equivalent instruments are placed with financial institutions which have a minimum investment rating or financial profile as established by the Board. The credit risk on non-regional liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

All transactions in listed securities are paid for or settled after trade, using portfolio managers or brokers approved by the Board. The risk of default is considered minimal as payment is made on a purchase once the securities have

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2008 (Continued)

14. Credit risk (continued)

been received by the portfolio manager or broker. Delivery of securities sold is only made upon receipt of payment by the asset manager or broker.

In the non-regional portfolio, selected approved asset managers are authorized to purchase suitable securities on a discretionary basis based on an analysis by the asset manager of the companies' prospectuses and due diligence procedures. Asset managers who participate in the fixed income space are limited to investment grade securities.

With respect to investments selected for the regional portfolio, the Trustees consider analyses presented by Management to ensure that the securities satisfy standards established by the Board.

Investments in private equity and hedge fund of funds are effected through asset managers who themselves invest in a diversified range of funds that select the underlying investments. At each stage of the process, due diligence is conducted to identify appropriate and suitable investments. The purpose of investing in these investment funds is for increased diversification and reduction of volatility in portfolio returns.

The carrying amount of financial assets recorded in the financial statements represents the Trust Fund's maximum exposure to credit risk. The Trust Fund's available-for-sale investments are analyzed by the following asset classes and geographical regions:

	Regional US$	Non-Regional US$	Total US$
2008			
Debt securities			
Government bonds	1,993,758	–	1,993,758
Government agency bonds	1,358,062	–	1,358,062
Corporate bonds	5,602,155	–	5,602,155
	8,953,975	–	8,953,975
Equities	5,328,031	32,383,793	37,711,824
Private equity fund of funds	–	2,178,936	2,178,936
Hedge fund of funds	–	15,676,321	15,676,321
Short term instruments	824,231	7,143,367	7,967,598
	15,106,237	**57,382,417**	**72,488,654**
2007			
Debt securities			
Government bonds	1,981,379	897,404	2,878,783
Government agency bonds	1,507,100	2,681,204	4,188,304
Corporate bonds	2,076,820	1,178,552	3,255,372
Municipal bonds	–	800,000	800,000
	5,565,299	5,557,160	11,122,459
Equities	8,029,047	63,208,926	71,237,973
Private equity fund of funds	–	1,650,000	1,650,000
Hedge fund of funds	–	6,516,037	6,516,037
Short term instruments	6,206,646	3,599,722	9,806,368
	19,800,992	**80,531,845**	**100,332,837**

CORPORATE INFORMATION

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22 Cornelio Street
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Richard Kellman, Executive Officer
Anne-Marie James, Senior Manager, Finance and Board Secretary
Tisha Teelucksingh, Portfolio Manager

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