



**MESSAGE FROM
THE CHAIRMAN AND MANAGING DIRECTOR**

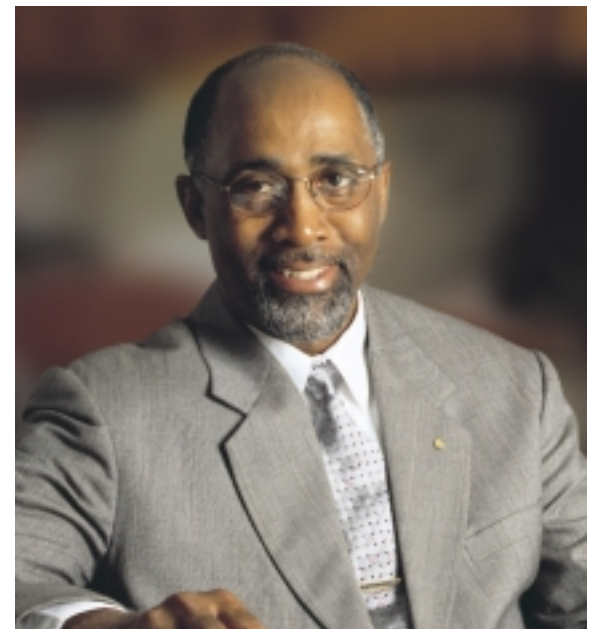
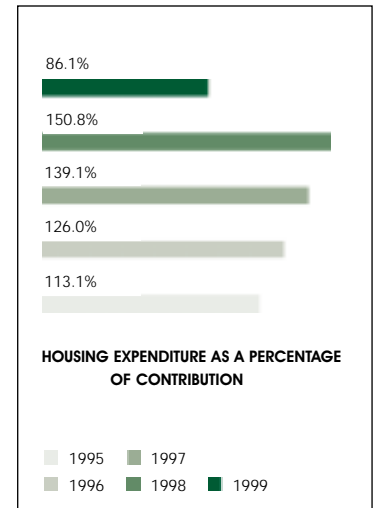


KINGSLEY THOMAS, Chairman

The year under review was challenging for most sectors of the Jamaican economy. The construction sector was no exception. For January to December 1998, housing starts¹ fell 41%, from 7,193 in the previous year to 4,232, the lowest level of housing starts since 1992. Not surprisingly, there was also a substantial decline in the number of completions from 6,200 in 1997 to 3,694 in 1998. The decline in construction activities was due mainly to the tight monetary policies over the period. Additionally, the fall out in the financial sector resulted in

decreased levels of construction financing from commercial banks and building societies. The unstable nature of the job market may have been another contributing factor, since persons seemed reluctant to take up long term financial commitments such as mortgage loans.

With the reduction in activities in the construction sector, the NHT has become its largest player. Of the total number of starts and completions in the private and public sectors during calendar 1998, the NHT accounted for 42% and 67% respectively² and at least 50% of both starts and completions in each of the prior 2 years. Consequently, it has become even more incumbent on the Trust to concentrate on improving customer service,



EARL SAMUELS, Managing Director

providing more affordable housing solutions with easier access to loans while maintaining fiscal prudence. To this end, several initiatives aimed at improving service levels were started.

In July 1998, the NHT's Citizens' Charter was officially launched. The Charter, the brainchild of the Prime Minister, is a document that outlines the service standards that members of the public can hold the Trust accountable for. Also, later in the year, the NHT institutionalised the office of Complaints Manager. The incumbent is responsible for investigating complaints from members of the public and taking action to rectify the situation. At the end of March 1999, 127 complaints had been received, of which 106 were resolved.

In order to address increases in building costs since the last revision in 1997, NHT's loan limits were revised, effective September 1998. The Home Owner's Loan (Home Improvement) was increased to \$200,000 while the non Home Owners Loan was increased to \$800,000, \$350,000 of which can be used to purchase a house lot, if the intention is to build a unit.

Technology is playing a major role in improving service standards in businesses worldwide. In the drive to become a world class organisation, the NHT decided to purchase the International Comprehensive Banking System (ICBS). This software will replace the current custom built mission critical applications for loans and contributions processing. ICBS will be fully implemented for the beginning of the 2000/01 financial year. The benefits not only include faster processing times, but also on-line, real-time processing, integrated applications and quicker access to management information.

Work continued on making the NHT's systems Y2K ready. The modification and testing of all mission critical systems have been completed. So too have the upgrading and testing of all PC

TABLE 1. Total Mortgages and Beneficiaries by Parish

Parish	Mortgages /Beneficiaries	Value \$M
Kingston	64 / 81	39.04
St. Andrew	1,025 / 1,512	901.37
St. Thomas	82 / 126	57.43
Portland	36 / 50	23.74
St. Mary	72 / 94	48.73
St. Ann	97 / 136	61.86
Trelawny	38 / 54	20.34
St. James	756 / 1,077	690.51
Hanover	74 / 97	43.70
Westmoreland	221 / 241	101.65
St. Elizabeth	243 / 279	114.69
Manchester	199 / 243	115.37
Clarendon	201 / 242	109.76
St. Catherine	1,674 / 2,826	1,569.70
Total	4,782 / 7,058	3897.89

servers and the testing of 236 PCs across the company. A Y2K compliant version of PRO-IV, the operating system for the IBM mainframe system, has been acquired and installed. The NHT is expected to be Y2K compliant by the end of July 1999.

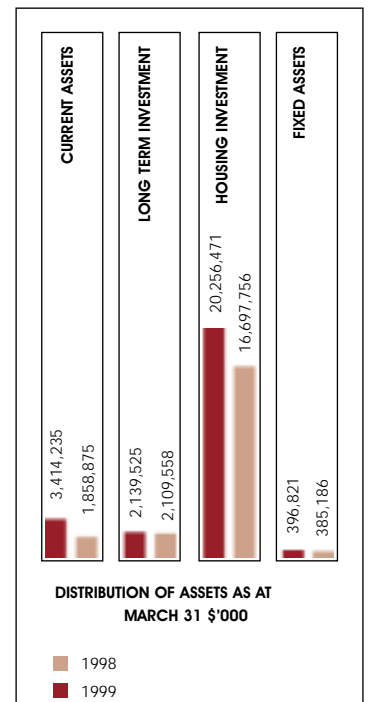
NHT's commitment to its mandate was demonstrated with the substantial (20%) increase in housing investment, moving from \$16,899M at the end of the 1997 financial year to \$20,229M as at March 1999. Housing investment currently accounts for 77% of the Trust's total assets.

During the year, a total of 4,781 mortgages were created at a value of \$3,898M. The number of beneficiaries accessing these mortgages increased over the previous period from a total of 6,972 to 7,058. This increase can be explained by the fact that more and more persons are joining to improve affordability. With regards to scheme applications, 12,654 were processed for 2,116 units and lots advertised in the Shrewsbury, Cornwall Court, Woodlawn, Pridees, Longville, Swansea, Old Harbour and Moneague schemes.

TABLE 2. Scheme Mortgages and Beneficiaries by Parish

Parish	Mortgages /Beneficiaries	Value \$M
Kingston	26 / 26	10.64
St. Andrew	299 / 397	305.01
St. Thomas	0 / 0	0
Portland	1 / 1	0.46
St. Mary	0 / 0	0
St. Ann	2 / 2	1.38
Trelawny	0 / 0	0
St. James	504 / 756	557.89
Hanover	0 / 0	0
Westmoreland	0 / 0	0
St. Elizabeth	2 / 2	0.04
Manchester	0 / 0	0
Clarendon	21 / 25	17.53
St. Catherine	318 / 617	417.12
Total	1,173 / 1,826	1,310.07

Aerial View of CORNWALL COURT
(Green Pond) in St. James



SEVEN YEAR STATISTICS

Seven Year Statistical Summary for years ending March 31, 1993 - 99

	1999 \$'000	1998 \$'000	1997 \$'000	1996 \$'000	1995 \$'000	1994 \$'000	1993 \$'000
Total Assets	26,207,052	21,051,375	15,567,548	12,164,092	8,855,668	6,220,436	4,402,563
Current Assets	3,414,235	1,858,875	1,816,183	2,327,345	2,855,960	1,976,978	1,201,093
Finance for Housing Construction	2,740,154	3,173,747	2,448,829	2,265,823	1,655,767	800,001	675,053
Loans to Beneficiaries	17,516,317	13,524,009	9,909,642	6,244,621	3,448,777	2,884,234	2,014,386
Refundable Contributions	8,542,499	6,692,242	5,076,869	3,688,244	2,660,989	1,915,264	1,403,798
Accumulated Fund							
Non-refundable Contributions	9,416,777	7,578,022	5,414,750	3,976,946	2,823,935	1,985,740	1,403,228
Surplus on Income & Expenditure Account	6,300,753	5,037,357	3,846,715	3,141,645	2,462,551	1,686,834	1,241,152
Results From Operation							
Total Operating Income	2,569,688	1,798,099	1,682,413	1,437,089	1,281,426	801,134	536,763
Operating Expenditure	782,307	715,304	741,188	549,697	387,104	256,710	189,243
Net Surplus	1,254,760	1,190,642	705,070	679,094	775,717	445,682	317,772
Other Information							
Annual Housing Expenditure	4,197,000	4,783,000	3,960,000	3,299,600	1,361,000	1,156,462	876,713
Contributions Received	3,711,881	3,796,878	2,847,577	2,188,293	1,580,963	1,108,791	707,636
Contributions Refunded	91,614	54,418	42,994	45,6436	11,120	28,368	13,272
Number of Mortgages							
Created Since Inception	63,500	58,719	53,662	48,319	42,201	38,334	35,044
Number of Individual Benefits Provided							
Since Inception	69,932	62,871	55,895	49,305			

FINANCE DIVISION

As at the 31st of March 1999, total assets of the National Housing Trust stood at \$26,207M, an increase of \$5,156M (24%) over that reported at the end of the previous financial year. Surplus from operations amounted to \$1,255M up from \$1,191M for 1997/98. Current assets of \$3,414M, long term investments of \$2,140M, housing investments of \$20,256M and fixed assets of \$349M comprise total assets.

Housing investment accounted for 77% of assets, down slightly from the 80% at the end of the previous financial year and just below the target of 79%. The underlying reason for the shortfall was the under expenditure of the housing budget of \$5,533M by \$1,336M, which was mainly due to the rescheduling of one major scheme and the general downturn



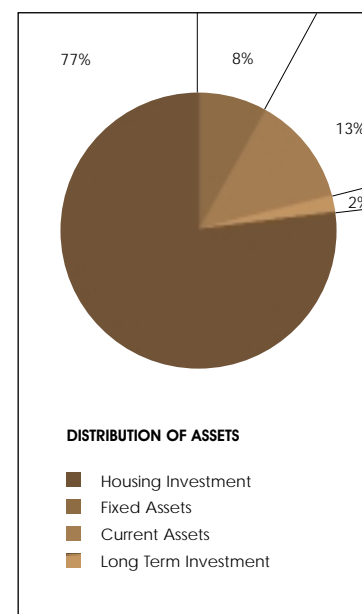
With respect to operations, total revenue reached \$2,570M, up from \$1,798M. The increase was fuelled by growth in the mortgage and investment portfolios. Operating expenses increased by \$67M or by 9%, moving from \$715M at the end of March 1998 to \$782M at the end of March 1999. In spite of the above inflation increase, the company's efforts to reduce expenses has been partially successful as the gross margin increased from 42% in the previous financial year to 52%.

Administration

During the year, the Finance division aimed at improving its service to departments within the Trust. Its main activities centred around the timely provision of sundry financial and management reports, investing excess funds within stipulated guidelines and providing administrative support services to internal clients. The timely dissemination of requested information to internal customers was given priority and significant gains were made in this area.

The layout of the Kingston and St. Andrew branch (KSAB) office, located at the Head office in St. Andrew had been cause for concern. The departments that comprised the branch were in different locations within the building and some were in cramped quarters, with the result that customers sometimes had to go to several different offices to complete their business and in some cases spend time in close, crowded quarters. The latter often made it difficult for staff to serve the clients efficiently.

It was decided that a major relocation and refurbishing programme would be undertaken to provide customers with a more customer friendly office design and improved access to the major service departments. To this end, all KSAB units are to be located on the ground floor, making it easier for the physically disabled to access services. Departments, like Customer Service, Loan Servicing and Compliance that have a high customer



volume will be provided with increased space and customer seating.

Design work has already been finalised and the required contractors chosen. Construction is set to begin in April 1999 and should be completed in six months.

OPERATIONS DIVISION

The Operations division achieved mixed results. Targets were met and surpassed for mortgage payments, and contribution refunds, but performance in respect of contribution collections and Annual Returns processing was below target.

Four thousand, seven hundred and eighty one (4,781) mortgages valued at \$3,898M were processed for 7,058 beneficiaries vis-a-vis the 7898 targeted. With respect to mortgage payments, \$2,036M was collected, \$58M above projections. In terms of arrears, the target of \$108.2M was exceeded by \$139.9M.

\$3,712M was collected in contributions versus the \$3,820M targeted. The result is not surprising as with the economy impacting the performance of many businesses, it is expected that there will be very little growth in this area.

Though the percentage claims for which refund cheques were prepared under Section 21 was quite high - 94%- the target of 99% was not achieved. However, claims under Section 22 met the target. Twenty-six thousand nine hundred and twenty-eight (26,928) claims valued at \$24.9M were settled under Section 21 while 3,511 claims valued at \$50.8M were settled under Section 22.

TABLE 3. Serviced Lot Mortgages and Beneficiaries by Parish

Parish	Mortgages /Beneficiaries	Value \$M
Kingston	0 / 0	0
St. Andrew	0 / 0	0
St. Thomas	0 / 0	0
Portland	1 / 1	0.14
St.Mary	1 / 1	0.14
St. Ann	0 / 0	0
Trelawny	1 / 1	0.10
St. James	128 / 137	51.51
Hanover	4 / 4	1.10
Westmoreland	144 / 144	53.44
St. Elizabeth	79 / 79	28.91
Manchester	76 / 76	34.20
Clarendon	63 / 64	25.14
St. Catherine	51 / 55	20.86
Total	548 / 562	215.54



Continuing an initiative launched in the previous year, the Operations Support department encouraged employers to submit annual returns on electronic media. One hundred and fifteen (115) diskettes were received. This was lower than the number (144) submitted in the previous year.

TECHNICAL SERVICES DIVISION

During the 1998/1999 financial year, \$4,197M was spent on housing, which helped to produce 1602 completed solutions in six schemes, VIZ:

Manley Meadows - 369
 Green Pond - 708
 Rosemount - 176
 Shrewsbury - 175
 Woodlawn - 105
 Pridees - 69

In terms of Build On-Own-Land (BOL) and Home Improvement (HI) benefits, 1,677 contracts were awarded, exceeding the budgeted number by 24. One thousand four hundred and thirty-eight (1,438) solutions comprising 1021 BOL and 417 HI were completed. Although this was a fair performance it was below target. Contributing factors were delays in obtaining parish council approvals and the unwillingness of some beneficiaries to start projects due to job uncertainty.

TABLE 4. Build on Own Land Mortgages and Beneficiaries by Parish

Parish	Mortgages /Beneficiaries	Value \$M
Kingston	2 / 2	1.30
St. Andrew	77 / 102	56.20
St. Thomas	50 / 70	40.57
Portland	17 / 22	12.02
St. Mary	37 / 43	22.82
St. Ann	48 / 65	33.76
Trelawny	17 / 19	9.60
St. James	60 / 80	43.87
Hanover	51 / 68	36.93
Westmoreland	63 / 78	42.15
St. Elizabeth	112 / 134	66.14
Manchester	88 / 116	63.96
Clarendon	67 / 84	44.22
St. Catherine	152 / 190	99.87
Total	841 / 1,073	573.41



PATRICK BROWN, Senior Director, Technical Services

Total scheme completions (this includes interim financed schemes, NHT projects and NHT purchases) stood at 1,602, falling below the targetted number of solutions by 849. This shortfall resulted from delays in Manley Meadows, Moneague, Cornwall Court and Longville Park schemes.

LONGVILLE PARK, Housing Scheme, Clarendon



CORPORATE SERVICES DIVISION

The major project for Corporate Services centred around the implementation of International Comprehensive Banking System (ICBS), which is a banking software for loans and savings. It will replace the current in-house applications for mortgage and contribution processing. ICBS is based on a Relational Database Management System which makes the retrieval of data and the compilation of special reports easier for the user. Another benefit is that the system is integrated, enabling the preparation of consolidated and comparative reports. Customers will benefit directly in several ways – processing time for mortgage loans and contribution refund cheques will be reduced, queries on account status can be made from any branch and loans can be processed from any branch. The system will also be real time, thus,

TABLE 5. Open Market Mortgages and Beneficiaries by Parish

Parish	Mortgages /beneficiaries	Value \$M
Kingston	14 / 25	14.50
St. Andrew	280 / 509	305.40
St. Thomas	9 / 13	6.83
Portland	6 / 10	5.61
St. Mary	17 / 26	17.96
St. Ann	11 / 24	13.83
Trelawny	4 / 11	6.13
St. James	13 / 29	16.08
Hanover	1 / 1	0.60
Westmoreland	6 / 8	4.36
St. Elizabeth	8 / 11	6.45
Manchester	6 / 11	5.90
Clarendon	14 / 26	14.74
St. Catherine	675 / 1,319	789.78
Total	1,064 / 2,023	1,208.17

transactions will update customer accounts immediately. Implementation has already begun and it is expected that ICBS will be fully operational by April 3, 2000.

Through the ongoing efforts of the Management Information Systems department, the NHT is set to achieve Y2K compliance by July 1999. The modification and testing of all mission critical systems have been completed. So too have the upgrade and testing of all PC servers and the testing of 236 PCs across the company. A Y2K compliant version of PRO-IV, the operating system for the IBM mainframe system, has been acquired and installed. Additionally, an assessment of the level of compliance of major business partners and suppliers to the Trust is in progress.



VINCENT GEORGE, Senior Director, Corporate Services

Consequent on the launch of the Citizens Charter, management decided to simplify the system of redress. The position of Complaints Manager was created to provide customers who had complaints with ready access to someone to whom they could air their grouses and who would devote the time to having the complaint rectified. This was implemented in October 1998. At the end of March 1999, 127 complaints had been received and 106 rectified. Complaints ranged from the poor treatment meted out to the customer, to problems with schemes and scheme units.

For most of the year, the skills of the Organisation and Methods (O&M) department were utilised in several organisational development projects. One of these was the Job Evaluation exercise which was spearheaded by the Human Resource Development department. O & M trained line managers in preparing job descriptions and participated in the review. The department also contributed to the branch restructuring exercise by developing the revised structure and job profiles for the

TABLE 6. Home Improvement Mortgages and Beneficiaries by Parish

Parish	Mortgages /beneficiaries	Value \$M
Kingston	6 / 6	1.05
St. Andrew	113 / 134	20.25
St. Thomas	7 / 10	1.60
Portland	7 / 8	1.23
St. Mary	6 / 7	1.03
St. Ann	17 / 18	2.68
Trelawny	7 / 7	0.95
St. James	29 / 38	5.85
Hanover	12 / 15	2.11
Westmoreland	8 / 11	1.70
St. Elizabeth	25 / 30	4.30
Manchester	16 / 19	3.03
Clarendon	26 / 28	4.40
St. Catherine	177 / 194	31.75
Total	456 / 525	81.93

In 1992, the NHT instituted the serviced lot programme, geared towards low income earners who could not afford to buy a completed unit. It was thought that over time, serviced lot owners would be able to save funds to build a unit, as and when they could afford. In 1998, an assessment of the success of the programme was made. The findings indicated a relatively low building rate. For those who started construction, 325 out of 1087, 65% did so within a year of purchasing the lot and 90% within 2 years. Given that the majority of lots were distributed since 1995, the low conversion rate is not unreasonable. However, several recommendations have been made to help improve the speed of construction.

In light of the decline in inflation rates, it was decided to review the interest rate policy. The interest rates and the associated income bands were adjusted based on movements in inflation rates since 1976. Points assigned to each income band were further skewed in favour of the lower income groups. The revised interest rates, income bands and points are set out below. The new policy is to be implemented on July 1, 1999.

REVISED INTEREST RATES

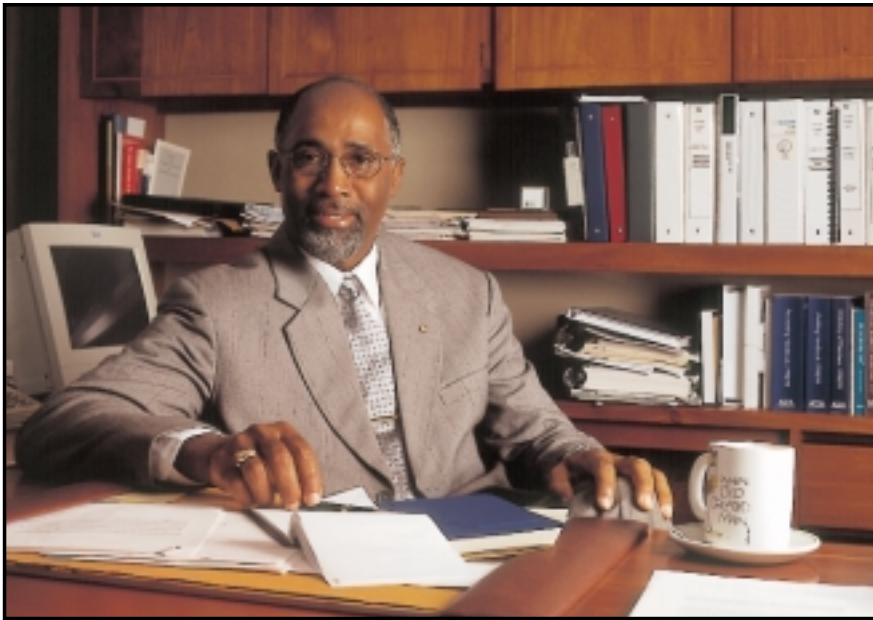
Income Band	Interest Rate	No. of Points
below \$1,500	2	110
\$1,500 - \$4,500	4	110
\$4,500 - \$9,000	8	90
above - \$9,000	12	70

TABLE 7. Combined Mortgage Mortgages and Beneficiaries by Parish

Parish	Mortgages /Beneficiaries	Value \$M
Kingston	15 / 20	11.15
St. Andrew	219 / 311	193.76
St. Thomas	2 / 3	0.60
Portland	1 / 2	1.60
St. Mary	3 / 4	2.80
St. Ann	6 / 9	4.19
Trelawny	0 / 0	0
St. James	7 / 11	5.80
Hanover	1 / 2	1.60
Westmoreland	0 / 0	0
St. Elizabeth	1 / 1	0.80
Manchester	1 / 1	0.80
Clarendon	0 / 0	0
St. Catherine	124 / 159	94.97
Total	380 / 523	318.07

CORPORATE DIVISION

The departments that make up Corporate - Internal Audit, Public Education & Community Services, Company Secretariat & Legal Conveyancing and Human Resource Development (HRD) - planned and undertook their normal activities.



EARL SAMUELS, Managing Director

As part of the NHT's efforts to rationalise the functions and placement of staff, the HRD department took on the task of evaluating existing jobs with the help of trained evaluators, line managers and external consultants. The exercise has been completed and recommendations are to be submitted to the Board of Directors for approval. The implementation date is yet to be decided.

The first phase of the branch restructuring exercise was completed. Affected staff were provided with counselling and job referral services.

In order to improve productivity and provide a more 'worker friendly' environment, the Trust opened an after care facility in February for children of staff members. An initial assessment indicates that staff have welcomed the service as children are kept in a safe, supervised environment.

The Public Education department continued to provide support services to the major operational areas by keeping the public aware of changes to policies and services that would directly impact customers. The major departmental project for the year centred around the installation of a new Meridian Mail

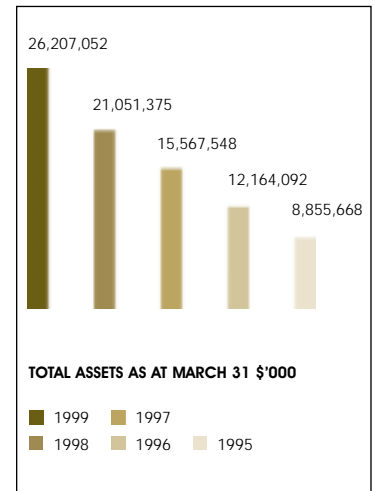


TABLE 8. House Lot Mortgages and Beneficiaries by Parish

Parish	Mortgages /beneficiaries	Value \$M
Kingston	1 / 2	0.40
St. Andrew	37 / 59	20.75
St. Thomas	14 / 30	7.83
Portland	3 / 6	2.68
St. Mary	8 / 13	3.98
St. Ann	13 / 18	6.02
Trelawny	9 / 16	3.56
St. James	15 / 26	9.51
Hanover	5 / 7	1.36
Westmoreland	0 / 0	0
St. Elizabeth	16 / 22	8.05
Manchester	12 / 20	7.48
Clarendon	10 / 15	3.73
St. Catherine	177 / 292	115.35
Total	320 / 526	190.70

switchboard system. This new system provides automatic voice response after one ring, connecting the customer quickly to the department or person of his/her choice. This is a great improvement on the previous system in which the operators had to answer all incoming calls, causing long wait times prior to the phone being answered.

Over the years, the NHT has been criticised for granting unsecured mortgage loans. Normally, these loans relate to old Ministry of Housing schemes for which individual titles were not available on project completion. Each year, the Company Secretariat focuses its attention on obtaining the titles for several of these schemes. This year, 439 individual titles were obtained for the following schemes: Straun Castle-40, White House-12, Llandilo-53, Rosemount-75, Simmonds Park-38, Catherine Hall-86, Lydford - 135.

Number of Benefits to be Provided for 1999/2000

Benefit Type	Number of Benefits	Value \$M
Scheme Units/lots	2478	1464.19
Build-on-Own-Land	838	616.77
Open Market	1792	1361.92
Home Improvement	537	107.40
CMP	344	234.71
House Lot	324	113.40
House Lot with Unit	502	225.90
Re-Financing	90	68.40
Total	6905	4192.69

Number of Solutions by Parish and Scheme for 1999/ 2000

NHT SCHEME PROJECTS			Type	Units	NHT SCHEME PROJECTS			Type	Units
KGn & ST. ANDREW					CLARENDON				
Manley Meadows	Urbana	151			Longville	Serviced Lots		279	
Spanish Town Road	Studio	2			Longville	Studios		250	
					Swansea	Serviced Lots		37	
ST. CATHERINE					JOINT VENTURE				
Succaba Pen	Studio	42			Manley Meadows	Urbana		31	
Succaba Pen	2BR	4			Spanish Town Road	Studio		3	
Christian Pen	Studio	120			Wicki Wacki	Serviced Lots		2	
Bevans Pen	Studio	140			Old Harbour Mews	Studio		7	
ST. ANN						Christian Pen	Studio	26	
Moneague	Serviced Lots	118			Bevans Pen	Studio		7	
ST. THOMAS						East Prospect	Serviced Lots	5	
Red Hills Pen	Studio	135			East Prospect	2 BR		7	
East Prospect	2 BR	131			Red Hills Pen	Studio		7	
Wicki Wacki	Serviced Lots	50			Rosemount - squatter	Serviced Lots		5	
ST. JAMES						Rosemount III	Serviced Lots	4	
Rosemount	Serviced Lots	90			Adelphi	Serviced Lots		4	
TRELAWNY						Retirement	Serviced Lots	10	
Retirement	Serviced Lots	200			Longville	Serviced Lots		20	
					Longville	Studio		29	

In the Pipeline

As the NHT looks to the start of the new millenium, it is getting ready to achieve its vision of becoming a world class housing finance institution by 2002. 1999/2000 will see the organisation taking several steps in this direction, with the major emphasis being on the appropriate use of technology.

The organisation will become Y2K compliant early in the second quarter of the financial year. This means that on January 1, 2000, the NHT will be able to provide all regular services to clients without interruption. Secondly, ICBS, the new loan and contribution software should be implemented by the end of March 2000, although the benefits will not kick in until the following financial year. The Trust also plans to upgrade its network to increase system reliablity and provide faster response times.

While technology is important, the vision will not be achieved without a corresponding focus on the process and the people manning the systems. Thus, the organisation has redesigned the mortgage and contribution processes, reducing cycle times. The new processes will be implemented in tandem with the implementation of ICBS. Also in progress, is a review of the organisational structure aimed at improving efficiencies. This new structure will be rolled out with ICBS.

One major project that was completed in 1998/99 for implementation in the 1999/2000 year, is the revised mortgage and contributions policies. These policies were proposed taking into account the needs and requests of our customers. Implementation will be on a phased basis but will begin in the second quarter of the financial year.

With respect to day to day operations, the Trust has set the following targets:

- Contribution collections of \$4.28B
- Mortgage repayments of \$2.46B
- 6905 individuals benefitting from loans valuing \$2.73B
- Housing expenditure of \$5.52B which will help complete 2364 units and serviced lots

1999/2000 will be both challenging and exciting for the NHT. In spite of all the changes, we are planning on maintaining the high levels of customer service to which clients have become accustomed. We look forward to serving you, as we continue in our efforts to provide loans that meet the needs of our contributors and as we continue our quest for world class status.



Joan Andrea Hutchinson and Tulip Reid entertain the audience at the launch of NHT's Citizens' Charter.



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AUDITORS' REPORT

To the Board of Directors of
NATIONAL HOUSING TRUST

We have audited the financial statements set out on pages 19 to 38. These financial statements are the responsibility of the directors and management. The directors and management are required to select suitable accounting policies and then apply them consistently, make judgements and estimates that are reasonable and prudent, follow applicable accounting standards, and prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Trust will continue in business. The directors and management are responsible for keeping proper accounting records, for safeguarding the assets of the Trust, and for the prevention and detection of fraud and other irregularities. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with standards on auditing generally accepted in Jamaica. Those standards require that we plan and perform the audit to obtain all the information and explanations which we considered necessary to provide us with reasonable assurance that 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. It also includes assessing the accounting principles used and significant estimates made by directors and management, as well as evaluating the overall financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

As described in Note 8, certain investments relating primarily to loans granted to beneficiaries are not secured although the Trust is currently pursuing titles to register individual mortgages in respect of the loans referred to at Note 8.4.

The Trust has established personal accounts for employed persons who made contributions to the Trust as detailed in Note 15. The processing of annual returns is ongoing, and the Trust is taking steps to complete the processing to bring its records up to date and issue the relevant certificates, although its progress is hampered by employers not submitting the returns required in a timely manner.

In our opinion, subject to the effects of any adjustments which might be necessary in respect of the matters referred to in paragraph three above, the financial statements present fairly in all material respects the state of affairs of the Trust as at March 31, 1999 and of the surplus and cash flows for the year then ended in accordance with generally accepted accounting principles in Jamaica. Except for the Trust's inability to maintain up-to-date personal accounts due to the late submission of annual returns, proper accounting records have been kept and the financial statements are in agreement therewith.

Deloitte & Touche

Chartered Accountants

Kingston, Jamaica,
September 16, 1999

NATIONAL HOUSING TRUST

BALANCE SHEET (Cont'd)

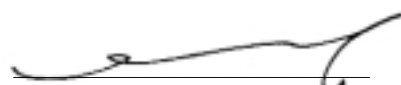
Year ended March 31, 1999
(Expressed in '000)

LIABILITIES AND ACCUMULATED FUND

	<u>Notes</u>	<u>1999</u> \$	<u>1998</u> \$
CURRENT LIABILITIES			
Accounts payable		305,398	311,609
Cash grants due to employees	10	672,960	325,008
Bonus payable to employers		37,793	34,286
Current portion of long-term liabilities	12	<u>16,261</u>	<u>15,047</u>
		1,032,412	685,950
BONUS TO EMPLOYEES NOT YET DUE	11	526,594	398,313
PROVISION FOR UNREMITTED EMPLOYEES' CONTRIBUTIONS		3,456	3,456
LONG-TERM LIABILITIES	12	109,086	101,379
UNCLAIMED CASH GRANTS	13	531,346	548,748
DEFERRED INCOME	17	<u>740,227</u>	<u>662,820</u>
		<u>2,943,121</u>	<u>2,400,666</u>
REFUNDABLE CONTRIBUTIONS NOT YET DUE	2	-	-
Employees' contributions	15	7,220,300	5,700,593
Employers' contributions		<u>117,893</u>	<u>117,893</u>
		<u>7,338,193</u>	<u>5,818,486</u>
ACCUMULATED FUND			
Non-refundable employers' contributions	16	9,416,777	7,578,022
Surplus on income and expenditure account	16,19	6,300,753	5,037,357
Capital reserve	9	<u>208,208</u>	<u>216,844</u>
		<u>15,925,738</u>	<u>12,832,223</u>
		<u>26,207,052</u>	<u>21,051,375</u>

The Notes on pages 24 to 38 form an integral part of the financial statements.

Approved on behalf of the Board.


Kingsley Thomas (Chairman)


Earl Samuels (Managing Director)

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) Members of the Board
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NATIONAL HOUSING TRUST

INCOME AND EXPENDITURE ACCOUNT

Year ended March 31, 1999
(Expressed in '000)

	<u>Notes</u>	<u>1999</u> \$	<u>1998</u> \$
INCOME			
Interest on:			
- Loans to beneficiaries		1,513,406	1,106,617
- Investments		871,740	448,057
- Finance for house construction		87,247	162,638
Gain on disposal of housing units		12,382	11,607
Service charge on loans to beneficiaries		29,952	22,283
Miscellaneous		54,961	46,897
		<u>2,569,688</u>	<u>1,798,099</u>
EXPENDITURE			
Operating		782,307	715,304
Bonus			
Employees'	11	197,026	149,900
Employers'		3,539	3,539
Mortgage loss provision	6(i)	119,756	109,453
Losses on projects		133,242	69,948
		<u>1,235,870</u>	<u>1,048,144</u>
SURPLUS BEFORE EXCEPTIONAL ITEMS		1,333,818	749,955
EXCEPTIONAL ITEMS	18	(<u>79,058</u>)	<u>440,687</u>
NET SURPLUS	19	1,254,760	1,190,642
Transfer from capital reserve	16	8,636	-
Surplus, April 1		<u>5,037,357</u>	<u>3,846,715</u>
SURPLUS, MARCH 31	19	<u>6,300,753</u>	<u>5,037,357</u>

The Notes on pages 24 to 38 form an integral part of the Financial Statements.