Pan-Jamaican Investment Trust Limited 1999

Notes to the Financial Statements

31 December 1999

1. Identification and Activities

   The main activity of the company, which is incorporated and domiciled in Jamaica and is limited by shares, is the direction and control of the operations of its subsidiaries and associated companies. The company's income consists mainly of dividends, interest income and management fees earned from its subsidiaries and associated companies.

   The principal activities of the subsidiaries and associated companies are detailed in note 2(c).

   These financial statements are expressed in Jamaican dollars.

2. Significant Accounting Policies

   (a) Basis of preparation

   These financial statements have been prepared in accordance with and comply with Jamaican Accounting Standards and have been prepared under the historical cost convention as modified by the revaluation of certain securities, fixed assets and investment properties.

   (b) Use of estimates

   The preparation of financial statements in conformity with Jamaican generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(c) Consolidation

The group financial statements comprise the financial statements of the company, its subsidiaries and associated companies made up to 31 December 1999.

All amounts are stated in Jamaican dollars. At 31 December the rate of exchange was approximately J$41 to US$1 (1998 - J$37 to US$1).

The wholly and partly owned subsidiaries at 31 December 1999 are:

	Principal Activities	Proportion of issued equity capital held by Company	Subsidiary
First Life Insurance Company Limited	Life and Health Insurance	73%	
Jamaica Property Company Limited	Office Rental		100%
Jamaica Property Development Limited	Property Management		100%
Jamaica Property Management Limited	Property Management		100%
Pan Caribbean Merchant Bank Limited	Merchant Banking		100%
Pan Caribbean Investments Limited	Financial Services		100%
Portfolio Partners Limited	Investment Management		100%
Hardware & Lumber Limited	Trading	69%	
H.& L. True Value Limited	Trading		100%
H & L Agri & Marine Company Limited	Trading		100%
Hole-In-The-Wall Limited	Dormant		100%
Office Services Limited	Construction and Janitorial Services		100%
Wherry Wharf Sales Company Limited	Dormant		93%
Jamaican Floral Exports Limited	Horticulture	80%	
Jamaican Heart Limited	Horticulture		100%
Pan-Jamaican Mortgage Society Limited	Financial Services	100%	
Scotts Preserves Limited	Distribution	100%	
Busha Browne's Company Limited	Distribution		100%
Busha Browne's Company Limited (incorporated in the Bahamas)	Dormant		
Scotts of Jamaica Limited	Dormant		100%
			100%

The associated companies are held by the First Life Group (First Life) and at 31 December 1999 are:

	Principal Activities	Proportion of equity capital held by
Impan Properties Limited	Office Rental	20%
Knutsford Holdings Limited	Office Rental	28%
St. Andrew Developers Limited	Property Development	66%
Trafalgar Development Bank Limited	Development Banking	20%

The Group's investment in St. Andrew Developers Limited is intended to be short term and, as a result, this is accounted for by the equity method.

On 30 September 1999, First Life acquired a 20% interest in Trafalgar Development Bank Limited.

The company and all subsidiaries, and associated companies except where indicated otherwise, are incorporated and domiciled in Jamaica.

Goodwill and capital reserve arising on consolidation are dealt with in capital reserves.

(d) Investment in subsidiaries and associated companies

Investment by the holding company in subsidiaries is stated at cost.

Associated companies are accounted for by the equity method. By this method, the group's share of profits is included in profit before taxation and the taxation attributable to the share of profits in the group's tax charge. In the group's balance sheet, the investment is shown at cost plus reserves arising since the acquisition date.

(e) Expenses

Expenses are charged to income as incurred except for amounts allocated to lands awaiting development, construction in progress and developments for sale, subject to carrying costs not exceeding realisable value. Expenses which relate to future periods are included in deferred expenditure and amortised over the expected periods of benefit.

(f) Fixed assets and depreciation

Fixed assets are stated at cost, with the exception of certain freehold land and buildings which are stated at depreciated replacement cost or market value as computed in 1977.

Additions subsequent to valuation are stated at cost. The cost or valuation of fixed assets is written off on the straight line method over the expected useful lives of the assets held at the beginning of the year. The expected average useful lives are as follows:

Buildings	20 to 50 years
Plant, furniture and equipment	8 to 15 years
Motor vehicles	5 years
Leasehold improvement	Life of lease
Leased assets	Life of lease

Gains and losses arising on disposal of fixed assets are dealt with in the profit and loss account. Repairs and maintenance expenditure are charged to the profit and loss account.

(g) Investment properties

Freehold land and buildings held for investment are stated at market value. Valuations are revised on the basis of annual appraisals carried out by independent property appraisers and valuers.

(h) Investments

Investments are stated as follows:

(i) Quoted equities held by the insurance and banking subsidiaries at market value and all other subsidiaries at cost with adjustment for any permanent diminution in value;

(ii) Unquoted equities are stated at cost with adjustment for any permanent diminution in value;

(iii) Government of Jamaica and other securities at cost after provision for any anticipated losses on realisation;

(iv) Mortgage loans at the aggregate of the unpaid principal;

(v) Policy loans at the aggregate of the unpaid balance;

(vi) Assets held under repurchase agreements are stated at cost;

(vii) Deposits are stated at cost;

(viii) Equity investment is stated at the cost of the investment plus the group's and company's share of reserves arising since acquisition of the investment.

Gain and losses arising from the sale of investments (carried at cost or valuation) are dealt with in investment reserve or profit and loss account as is appropriate.

(i) Investment reserves

The group's life insurance subsidiary, First Life Insurance Company Limited, reflects realised gains or losses together with unrealised appreciation or depreciation in market values of quoted equities and investment properties in investment reserves. A percentage of this reserve is transferred annually to the profit and loss account.

(j) Reserve for future benefits

The reserve for future benefits to policyholders is calculated by an external actuary based on the details of business in force at the end of First Life Insurance Company Limited's accounting year, and represents the amount required, together with future premiums and interest, to provide for future benefits on insurance and annuity contracts. These reserves are calculated on the policy premium method, using interest, inflation and mortality assumptions appropriate to the policies in force. Any adjustment to the reserves is reflected in the year to which it relates.

(k) Taxation and deferred taxation

Taxation charged in these financial statements is based on the profit for the year. Deferred taxation is recorded only in respect of timing differences which are expected to reverse in the foreseeable future.

(l) Income recognition

(i) Premiums
Premiums are recognised as earned when due and are stated net of reinsurance premiums.

(ii) Sale of goods and services

Sales revenue is recognised upon delivery of products and customer acceptance or performance of services.

(iii) Other income

All other income are recognised on the accruals basis.

(m) Financial instruments

Financial instruments carried on the balance sheet include investments, cash, premiums receivable, trade and other receivables, interest receivable, due to other banks, bank overdrafts, trade and other liabilities and long term loans.

The fair values of the group's financial instruments are discussed in Note 19.

(n) Intangible assets

(i) Goodwill

This represents purchased goodwill which is being written off over the expected period of benefit, which has been assessed at seven years.

(ii) Deferred expenses

These are being written off over the expected period of benefit.

(o) Cash and cash equivalents

These comprise cash at bank and in hand, deposits and investments maturing within three months net of bank overdrafts.

(p) Foreign currency translation

Transactions in foreign currencies are converted at the rate of exchange ruling at the date of the transaction. Balances due or payable in foreign currencies are translated at rates of exchange ruling at the balance sheet date. Losses or gains are reflected in the profit and loss account.

(q) Inventories

Inventories are stated at the lower of cost and net realisable value, cost being determined on the FIFO and average cost bases.

(r) Finance leases

The gross investment in finance leases net of unearned income is recorded as a receivable balance. Income is recognised over the term of the lease.

(s) Provision for credit losses

Provision for credit losses is based on management's evaluation of the potential losses in the credit portfolio, taking into consideration the business and economic conditions.

(t) Retirement benefit plans

Retirement benefits are actuarially determined based on career earnings. Employers' contributions to fund past service deficiencies and future service liabilities are made monthly and are charged to the profit and loss account.

3. Taxation

The charge for taxation comprises:

	1999	1998
	$'000	$'000
Income tax at 33 1/3%	20,573	10,305
Tax credit on bonus issue of shares	1,984	1,395
Premium tax	4,405	2,375
Investment income tax	10,996	10,963
Contractors' levy	-	300
Stamp duties	5,254	3,025
	39,244	**25,573**

Subject to agreement with the Commissioner of Income Tax, tax losses available for set off against future profits of certain subsidiaries amounted to $179,773,000 (1998 - $236,606,000).

4. Net Profit

(a) Group profit before taxation is arrived at after charging/crediting) the following items:

	1999 $'000	1998 $'000
Directors' emoluments -		
Fees	53	46
Management remuneration (included in staff costs)	23,878	21,999
Auditors' remuneration -		
Current year	10,931	10,759
Prior year	(260)	132
Depreciation	25,438	24,340
Provision for credit losses	1,500	10,063
Amortisation of deferred expenditure	11,992	8,144
Amortisation of goodwill	4,679	-
Gain on foreign exchange	4,530	6,330
Staff costs (Note 5)	280,940	247,941
Loss on disposal of subsidiary	**-**	**1,331**

(b) Net profit/(loss) dealt with in the financial statements of the holding company was **12,451** (1999) **(11,515)** (1998)

(c) Interest

	1999 $'000	1998 $'000
Mortgage debentures and fixed loans	14,209	13,346
Bank overdraft and other	27,657	37,395
Interest on banking operations	21,856	12,611
	63,722	**63,352**

5. Staff Costs

	The Group	
	1999	1998
	$'000	$'000
Wages and salaries	216,406	179,516
Statutory deductions	18,449	16,475
Pension costs	10,439	9,685
Other	35,646	42,265
	280,940	**247,941**
Average number of employees		
Regular	403	397
Contract	227	156
	630	**553**

6. Earnings per Stock Unit

The calculation of earnings per stock unit is based on:

(i) the group profit after taxation and minority interest;

(ii) the weighted average number of units in issue during the year (11999 - 160,054,000; 1998 - 158,040,000).

7. Fixed Assets

The Group

	Land & Buildings $'000	Leasehold Improvement $'000	Work in Progress $'000	Plant, Equipment & Furniture $'000	Motor Vehicles $'000	Total $'000
Cost or Valuation -						
1 January 1999	21,510	29,827	26,415	172,782	23,936	274,470
Additions	2,034	18,834	20,320	33,880	5,648	80,716
Reclassifications	-	4,783	(7,086)	1,493	810	-
Disposals	-	(395)	(12,516)	(8,865)	(5,325)	(27,101)
31 December 1999	23,544	53,049	27,133	199,290	25,069	328,085
Depreciation -						
1 January 1999	19,728	15,339	-	75,062	11,226	121,355
Charge for the year	3,655	3,105		14,959	3,719	25,438
Reclassification	-	-		(339)	339	-
On disposals	-	(395)		(1,975)	(4,647)	(7,017)
31 December 1999	23,383	18,049	-	87,707	10,637	139,776
Net Book Value -						
31 December 1999	**161**	**35,000**	**27,133**	**111,583**	**14,432**	**188,309**
31 December 1998	**1,782**	**14,488**	**26,415**	**97,720**	**12,710**	**153,115**

The Company

	Leasehold Improvement $'000	Plant, Equipment & Furniture $'000	Motor Vehicles $'000	Total $'000
Cost				
1 January 1999	199	2,768	1,263	4,230
Additions	-	14	-	14
Disposals	-	-	(306)	(306)
31 December 1999	199	2,782	957	3,938
Depreciation				
1 January 1999	163	1,721	881	2,765
Charge for the year	10	204	190	404
On disposals	-	-	(306)	(306)
31 December 1999	173	1,925	765	2,863
Net Book Value				
31 December 1999	**26**	**857**	**192**	**1,075**
31 December 1998	**36**	**1,047**	**382**	**1,465**

8. Goodwill

	The Group $'000
Goodwill purchased	71,767
Amortised during the year	(4,679)
	67,088

During 1998, the Government of Jamaica, through Finsac Limited, acquired the business of Jamaica Mutual Life Assurance Society, Dyoll Life Limited, Crown Eagle Life Insurance Company Limited and Horizon Life Insurance Limited as part of its financial sector restructuring program.

Effective 1 August 1999, a subsidiary purchased the group life and health insurance portfolio of the above-mentioned entities. The excess of policyholder liabilities over the value of assets acquired has been accounted for as goodwill.

9. Investment Properties

Investment properties were valued at current market value as at 31 December 1999 by D.C. Tavares & Finson Realty Limited, property appraisers and valuers.

10. Investments

	The Group		The Company	
	1999	1998	1999	1998
	$'000	$'000	$'000	$'000
Associated companies -				
Cost	100,337	55,388	-	48,358
Group's/company's share of -				
Net loss	(12,214)	(44,820)	-	(36,144)
Write down of investment	(40,626)	(12,214)	-	(12,214)
Reserves	41,165	45,412	-	-
	88,662	43,766	-	-
Equity Investment	50,555	54,655	-	-
Quoted	59,900	68,827	29,875	34,906
Unquoted	3,789	3,507	800	562
Government of Jamaica and other	1,414,094	889,664	16,690	19,550
Mortgage loans	23,250	25,687	-	-
NHT contributions	161	161	12	12
	1,640,411	**1,086,267**	**47,377**	**55,030**

The National Housing Trust contributions were made prior to 31 July 1979 and are recoverable in the years 2001 to 2004.

11. Other Insurance and Banking Assets

	The Group	
	1999	1998
	$'000	$'000
Loans on policies	27,023	24,642
Loans to customers and lease receivables	264,889	113,016
Accrued interest	82,460	72,961
Customers' liabilities under guarantees	286,053	26,484
Receivables	135,767	91,250
Cash resources	137,506	67,960
	933,698	**396,313**

(a) Included in loans to customers and lease receivables is the group's investment in finance leases as follows:

	$'000
Minimum lease payments receivable, less provision for losses	60,282
Less: Unearned finance income	(18,204)
	42,078

Minimum lease payments are receivable in the years ending 31 December:

	$'000
2000	29,389
2001	16,677
2002	9,159
2003	1,782
2004	2,919
2005	356
	60,282

(b) Cash resources include a subsidiary's statutory cash reserve with the Bank of Jamaica amounting to $13,807,000 (1998 - $16,165,000). This amount is held on a non-interest bearing basis and is not available for investment or other use by the subsidiary.

12. Deferred Expenditure

This represents system development costs related to certain subsidiaries and is to be written off over the expected period of benefit.

13. Bank Indebtedness

	The Group		The Company	
	1999	1998	1999	1998
	$'000	$'000	$'000	$'000
Bank loans and overdrafts	64,982	38,033	4,421	4,337
Amounts included in -				
Current maturities	11,755	13,060	-	-
Long term liabilities	36,202	21,719	-	-
	47,957	34,779	-	-
Aggregate amount	112,939	72,812	4,421	4,337
Amount secured	**99,068**	**64,818**	**-**	**-**

14. Share Capital

	1999	1998
	$'000	$'000
Authorised -		
Ordinary shares of 10c each	**17,500**	**17,500**
Issued and fully paid -		
Ordinary stock units of 10c each	**16,054**	**15,804**

During the year a certain director exercised his share options and acquired 2,500,000 ordinary shares at par value of $0.10 per share. These shares were fully paid for at the end of the year.

15. Policyholders' Funds

	The Group	
	1999	1998
	$'000	$'000
Reserve for future policyholders' benefits	894,169	386,354
Deposit administration funds	651,652	524,965
Pooled pension funds	405,442	283,561
Policy dividends on deposit	16,305	15,260
Other policyholders' funds	594	784
	1,968,162	**1,210,924**

The actuary has given his opinion that the actuarial liabilities are adequate to provide for future payments under the terms of the policies in force.

16. Other Insurance and Banking Liabilities

	The Group	
	1999	1998
	$'000	$'000
Amounts due to other banks	169,850	52,397
Customers' deposits and savings accounts	85,453	118,159
Customers' liabilities under guarantees	286,053	26,484
Payables	78,060	63,300
Benefits payable to policyholders	11,260	14,337
Bank overdraft	29,274	7,476
	659,950	**282,153**

17. Long Term Liabilities

		The Group		The Company	
		1999	1998	1999	1998
		$'000	$'000	$'000	$'000
Secured loans -					
First mortgage debenture stocks					
9 1/2%	1975- 1999	-	557	-	601
21%	1984-2001	500	500	500	500
13%	1976-2000	75	142	75	142
12%	1979-2003	985	1,167	1,103	1,307
18 1/2%	1995- 1999	-	3,000	-	3,000
22%	1985-2006	1	-	3,575	3,843
22%	1987-2007			1,161	1,226
First mortgage debentures					
22%	1989-2009	-	-	1,000	1,000
Bank of Nova Scotia Jamaica Limited					
Variable rate 1996 - 2001		3,258	681	-	-
Trafalgar Development Bank Limited					
3%	1998-2002	9,665	11,923	-	-
Carried forward		14,484	17,970	7,414	11,619

	The Group		The Company	
	1999	1998	1999	1998
Secured loans (Continued)				
Brought forward	14,484	17,970	7,414	11,619
Citibank N.A. (US$220,000) variable rate 1998 - 2002	9,101	12,823	-	-
CIBC Jamaica Limited 14% 1997 - 2000	-	5,694	-	-
Victoria Mutual Building Society 12% 1997 - 2005 (£1,000,000)	65,801	61,067	65,801	61,067
Agricultural Credit Bank of Jamaica Limited 15% 1999 - 2003	3,070	-	-	-
Total Secured	92,456	97,554	73,215	72,686
Unsecured loans -				
Variable rate Debt Bonds				
1997- 1999	-	3,000	-	-
1998-2001	2,581	11,200		
2000-2001	11,000	13,203	-	-
First Life Insurance Company Limited	-	-	20,688	2,685
George and Branday Limited 23% 1998 - 2000	2,882	2,505	-	-
Consortium loans				
10% 1999 - 2000	2,618	-	-	-
24% 1999 - 2004	1,785	3,334	-	-
25% 1999 - 2003	20,000	-	-	-
Jamaica Public Service Company Limited 8% 1999 - 2000	1,313	-	-	-
Total unsecured	42,179	33,242	20,688	2,685
	134,635	130,796	93,903	75,371
Less current maturities	41,118	33,735	21,393	6,890
	93,517	97,061	72,510	68,481

18. Insurance and Banking Reserves

	Insurance		Banking	
	Special Reserve	Retained Earnings	Statutory Reserve	Total
	$'000	$'000	$'000	$'000
Balance at beginning of year	34,087	5,847	8,885	48,819
Transfers	39,394	-	5,133	44,527
Balance at end of year	73,481	5,847	14,018	93,346

Insurance

The Special Reserve is maintained by First Life Insurance Company Limited and represents:

(a) The sum of the negative reserves which have been offset in the reserve for future benefits, and

(b) The difference between the cash surrender value (CSV) of the policies and the reserve for future benefits, where the CSV is greater.

The reserve is non-distributable.

Banking

This represents the amount that Pan Caribbean Merchant Bank Limited is required to set aside under the licence under which it operates and is non-distributable.

19. Financial Instruments

(a) Currency risk

The consolidated balance at 31 December 1999 includes aggregate net foreign liabilities of approximately US$4,624,000 (1998 - US$1,290,000) and E998,000 (1998 E984,000) in respect of transactions arising in the ordinary course of business.

(b) Credit risk

Cash and short term investments are held with substantial financial institutions. A significant portion of investments is held in various government instruments. There are no significant concentrations of risk attaching to other receivables and premium receivable as these amounts are not concentrated in any given sector or institution and are shown net of provisions for doubtful debts.

(c) Fair values

The amounts included in the financial statements for cash and cash equivalent, other assets (excluding taxation recoverable and deferred expenses), other liabilities (excluding taxation payable and amounts due to other banks), current portion of long term loans and customer deposits and savings accounts reflect their approximate fair values because of the short term maturity of these instruments.

The estimated fair values of the group's other financial instruments are as follows:

The Group

	1999		1998	
	Carrying Amount $'000	Fair Value $'000	Amount $'000	Fair Value $'000
Financial assets				
Investments (excluding NHT, equity investments, and associated companies	1,501,033	1,501,033	987,685	987,685
Other Insurance and Banking Assets (excluding cash resources, receivables, accrued interest and customers liabilities under guarantees)	291,912	291,912	137,658	137,658
Financial liabilities				
Long term liabilities (including current portion)	134,634	134,634	130,796	130,796
Amounts due to other banks	**169,850**	**169,850**	**52,397**	**52,397**

	The Company			
	1999		1998	
	Carrying Amount	Fair Value	Amount	Fair Value
	$'000	$'000	$'000	$'000
Financial assets				
Investments (excluding deposits and equity investments)	47,377	47,377	55,030	55,030
Financial liabilities				
Long term liabilities (including current portion)	**93,903**	**93,903**	**75,371**	**75,371**

The estimated fair values have been determined using available market information and appropriate valuation methodologies. However, considerable judgement is necessarily required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented above are not necessarily indicative of the amounts that the group would realise in a current market exchange.

Fair values were estimated as follows:

Investments

Fair value of debt instruments is based upon projected cash flows discounted at an estimated current market rate of interest. Fair value of equity instruments is determined based on quoted market prices for these instruments. When quoted market prices are not available, an approximation of fair value is based on the net underlying assets of the investee.

Financial liabilities

The fair values of long term liabilities either approximate their carrying amounts or are estimated using discounted cash flow analyses based on the group's current incremental borrowing rates for similar types of borrowing arrangements.

20. Borrowings

The interest rate exposure of borrowings are as follows:

	The Group		The Company	
	1999	1998	1999	1998
	$'000	$'000	$'000	$'000
Total borrowings				
At fixed rates	255,601	292,701	93,901	75,371
At floating rates	107,157	163,917	-	-
	362,758	**456,618**	**93,901**	**75,371**
	%	%	%	%
Weighted average effective interest rates:				
Due to banks and other financial institutions	9.34	9.43	-	-
Bank borrowing	16	15	12	12
Other	**17.50**	**21**	**18**	**18**

21. Retirement Benefit Plans

The company and its subsidiaries participate in contributory pension plans administered by First Life Insurance Company Limited. Benefits under the plans are based on the employees' earnings during recognised service.

(a) First Life Insurance Company Limited

The latest actuarial valuation which was carried out at 31 December 1995, revealed a past service surplus of $4,084,000. The actuary has recommended that the employer contribute at a rate of 3.1 % of members' earnings until the next valuation date, which should be no later than 31 December 1998. The employees contribute at 5%. Effective 1 January 1998, the company implemented the actuary's recommendation.

(b) Jamaica Property Company Limited

The latest actuarial valuation which was carried out at 31 December 1995 revealed that there was inadequate funding to provide the benefits under the plan and that there was a deficiency of $3,248,000 as at that date.

In order to restore the solvency of the scheme, the actuaries have recommended that, allowing for members contribution at the rate of 5% of earnings, the employer should contribute 6% of members' pensionable earnings and that the valuation be conducted no later than 31 December 1998. The company has been contributing at the rate of 10% of members' pensionable earnings since 1996.

(c) Pan Caribbean Merchant Bank Limited

Based on the latest actuarial valuation which was carried out at 31 December 1995, the scheme is adequately funded.

(d) Hardware and Lumber Limited and its Subsidiaries

The company and most of its subsidiaries participate in a plan whose benefits are based on 2% of final five years' average salary for each year of service. The latest actuarial valuation, which was carried out at 31 December 1996, indicated that there was a past service deficiency of $2,294,000. The trustees have implemented the actuary's recommendation that, effective 1 January 1997, the employer contributes at the rate of 6.2% of members' earnings until the next valuation date which should occur no later than 31 December 1999.

The employer's contribution of 6.2% includes a contribution of 3% of members' basic earnings, which is required to eliminate the deficiency over a period of three years. The employees contribute at a rate of 5% of earnings.

One subsidiary, Office Services Limited, participates in a plan whose benefits are based on career earnings. The latest actuarial valuation, which was carried out as at 31 December 1995, indicated that there was a funding surplus of $157,000.

During the year contributions made by the group were $10,439,000 (1998 - $8,221,000) and by the company $639,000 (1998 - $403,000).

22. Contingency

The Commissioner of Income Tax has assessed one of the subsidiaries on an estimated basis for income taxes totalling $1,500,000 in respect of the years of assessment 1987 - 1989. No provision for liability has been made in the accounts based on the subsidiary's objection to the matter.

23. Capital Expenditure

Capital expenditure authorised and committed by the group at 31 December 1998, not provided for in these financial statements, amounted to:

	The Group & The Company	
	1999	1998
	$'000	$'000
	-	**1,710**

24. Assets under Management

Assets under management, which are not beneficially owned by certain subsidiaries, but which are managed by these subsidiaries on behalf of investors, have been excluded from the consolidated balance sheet. At the balance sheet date, the book value of these assets amounted to $4,761,835,000 (1998 - $4,449,374,000).

Assets under management include $974,716,000 (1998: $796,041,000) which are denominated in United States Dollars.

25. Subsequent Event

A certain subsidiary and Facey Commodity Company Limited, signed an Assets Purchase Agreement under which the subsidiary acquired selected accounts receivable, accounts payable and inventories of the hardware division of Facey Commodity Company Limited. The effective date of the acquisition was 3 March 2000.

26. Comparative Information

Certain comparative amounts have been reclassified to conform with current year presentation.