DEHRING BUNTING & GOLDING LIMITED 2000

Notes to the Financial Statements

March 31, 2000
(With comparative figures as at andfor the year ended December 31, 1998)

1. The company

The company is incorporated in Jamaica and the financial statements are presented in thousands of Jamaican dollars ($'000), unless otherwise stated.

The principal activities of the company comprise the provision of corporate finance and investment and advisory services in accordance with a licence issued by the Securities Commission, including the making of investments and the management of funds on a non-recourse basis (note 27). The company's wholly-owned subsidiaries and their principal activities are detailed in note 32.

By agreement, dated September 13, 1996, the company agreed to acquire the total operations of Billy Craig Finance & Merchant Bank Limited (DB&G Merchant Bank Limited since June 25, 1999) and Billy Craig Investments Limited (investee companies), subject to certain conditions. By agreement, dated June 22, 1998, the company agreed with FINSAC Limited (FINSAC) to recapitalise the investee companies, and, accordingly, effective January 1, 1998, shares were issued by the investee companies to FINSAC for the total consideration of $106,417,000.

On January 1, 1999 and February 1, 1999, additional shares were issued to FINSAC and the company by the investee companies for the consideration of $41,600,000 and $52,344,000, respectively. The shares issued to the company represent 51% of the issued share capital of the investee companies with the remainder being held by FINSAC.

During the first quarter of 2000, the company acquired the entire share capital of Eagle Unit Trusts Management Company Limited, which had its name changed to DB&G Unit Trust Managers Limited, with the approval of the Registrar of Companies, on March 27, 2000.

2. Significant accounting policies

The financial statements are prepared in accordance with the provisions of the Companies Act and Statements of Standard Accounting Practice issued by the Institute of Chartered Accountants of Jamaica, as well as the Financial Institutions Act and Industrial and Provident Societies Act, in respect of applicable subsidiary company operations. The Financial Institution Act states that, except as otherwise directed in writing by the Supervisor of Banks and Financial Institutions ("Supervisor"), the financial statements shall be prepared in accordance with Jamaican generally accepted accounting principles ("GAAP").

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the balance sheet date and the income and expenses for the period then ended.

The significant accounting policies are as follows:

(a) Accounting convention:

The financial statements are prepared under the historical cost convention.

(b) Basis of consolidation:

The group financial statements include the group's share of the operations of the subsidiaries (note 32) for the period ended March 31, 2000, except for Billy Craig Investments Limited, which has audited financial statements up to December 31, 1999. These were adjusted for significant intervening transactions to March 31, 2000 for consolidation purposes. The associated company is accounted for on the cost basis for the company and the group (note 9).

All significant intra-group transactions are eliminated.

The company and its subsidiaries are collectively referred to as the "group".

(c) Depreciation:

Fixed assets 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:

Leasehold improvements	10% - 33 1/3%
Motor vehicles	20%
Furniture and equipment	10%
Computers	20%-25%

(d) Investments:

Short-term investments (excluding bonds) are stated at the lower of cost and market value. Other investments are shown at cost.

(e) Repurchase and reverse repurchase agreements:

Transactions involving purchases of securities under agreements to resell (reverse repurchase agreements ('reverse repos')] or sales of securities under agreements to repurchase (repurchase agreements (repos)] are accounted for as short-term collateralised financings. 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.

(f) Foreign currencies:

Foreign currency balances at the balance sheet date are translated at the rates of exchange ruling on that date.

Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions.

Gains and losses arising from fluctuations in exchange rates are included in the profit and loss account.

(g) Provision for probable loan losses:

The provision for probable loan losses is maintained at a level considered adequate to provide for potential loan losses. The provision is increased by amounts charged to earnings and reduced by net charge-offs. The level of the provision is based on management's evaluation of each loan with due consideration being given to prevailing and anticipated economic conditions, the collateral held, the debtors ability to repay the loan and, in the case of a subsidiary, the requirements of the Financial

Institutions Act, 1992.

(h) Financial instruments:

The amounts included in the financial statements for cash and short-term deposits, other receivables, securities purchased under resale agreements, due to Unit Trust funds, securities sold under repurchase agreements and accounts payable are assumed to reflect their approximate fair value because of the short-term nature of these instruments. The fair value of the company's and group's other financial instruments and the basis of determination are disclosed in note 19(a).

(i) Impairment:

The carrying amounts of the company's and 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 assets' recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. All impairment losses are recognised in the profit and loss account.

The recoverable amount of the company's quoted investments is their market value. The recoverable amount of other assets is their fair value.

(j) Pension scheme costs:

The company participates in a pension scheme (note 29) the assets of which are held separately from those of the company and the group. Contributions to the scheme, made on the basis provided for in the rules, are charged to the profit and loss account when due.

(k) Revenue and expense recognition:

Income from foreign exchange cambio trading is determined on a trade-date basis. Interest income is recorded on the accrual basis, except, where collectibility is considered doubtful, it is recorded when received. Other revenue and expenses are recorded as earned and incurred, respectively.

(l) Finance leases:

Lease payments are apportioned between interest (included in the profit and loss account) and principal, to produce a constant periodic rate of return on the outstanding lease obligations.

(m) Provisions:

A provision is recognised in the balance sheet when the company and the group have a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3. Cash and short-term deposits

	Company		Group	
	2000 ($'000)	1998 ($'000)	2000 ($'000)	1998 ($'000)
Cash reserve - Bank of Jamaica	-	-	1,008	-
Cash at bank	25,356	42,415	38,711	43,814
Cash floats	26,745	14,880	36,596	14,880
	52,101	57,295	76,315	58,694

A minimum of 33% (1998: 34%) of prescribed liabilities is required to be maintained in liquid assets by a subsidiary. This includes a cash reserve deposit of 15% (1998: 16%) of the amount of the prescribed liabilities, which is required to be maintained with the Bank of Jamaica at Nil% interest.

4. Loans and other receivables

	Company		Group	
	2000 ($'000)	1998 ($'000)	2000 ($'000)	1998 ($'000)
Loans receivable [see (e) below]	781,451	534,141	797,340	644,529
Less provision for doubtful debts	(136,666)	(55,257)	(136,666)	(55,257)
	644,785	478,884	660,674	589,272
Other receivables:				
Interest	378,701	237,174	383,714	237,174
Sundry	50,475	1,981	58,788	2,500
	429,176	239,155	442,502	239,674
	1,073,961	718,039	1,103,176	828,946
Amounts due within twelve months from balance sheet date	558,675	*	575,061	*
Amounts due more than twelve months				

from balance sheet date	515,286	*	528,115	*
	1,073,961		1,103,176	

*Comparative information not readily available

(a) Loans which exceeded 10% of the total loans owing to the company and the group, respectively, and also exceeded 10% of the total deposits due by the company and the group, respectively:

	2000*	
	Company and Group Total ($'000)	Company and Group Number of loans
Repayable after 12 months	220,850	1

(b) Concentration of loans

The loan portfolio before provision, is concentrated as follows:

	2000*	
	Company ($'000)	Group ($'000)
Agriculture	13,654	13,931
Manufacturing	11,707	11,945
Construction and real estate development	34,226	34,922
Tourism	406,455	414,719
Professional and other services	280,430	286,133
Personal	34,979	35,690
	781,451	**797,340**

(c) Loans on which interest is suspended amounted to $355,432,000 (1998: $218,300,000).

These loans are included in the financial statements at their estimated net realisable value of $218,765,000 (1998: $166,043,000).

(d) Provision for probable loan losses:

	Company 2000 ($'000)	Company 1998 ($'000)	Group 2000 ($'000)	Group 1998 ($'000)
Provision made during the period/year	94,130	22,130	100,236	22,130
Provisions no longer required	(12,721)	(693)	(18,827)	(693)
Increase/(decrease) in provision	81,409	21,437	81,409	21,437
At beginning of period/year	55,257	33,820	55,257	33,820
At end of period/year	136,666	55,257	136,666	55,257

(e) Loans receivable include loans to the company's Employee Share Ownership Plan (ESOP) amounting to $9,181,000 (1998: $9,931,000) for the company and the group. The number of shares held by the ESOP at March 31, 2000 was 3,639,507 (1998: 2,700,000) for the company and the group (see notes 13 and 17).

* Comparative information not readily available

5. Net investment in leases

	Group 2000 ($'000)	Group 1998 ($'000)
Total minimum lease payments receivable	123,467	-
Unearned income	(69,080)	-
	54,387	-
Comprised as follows - current portion	2,405	-
- non-current portion	51,982	-
	54,387	-

Future minimum lease payments are receivable as follows:

	2000	1998
Within 1 year	11,245	-
Between 1 and 3 years	22,653	-
Between 3 and 5 years	22,653	-

Greater than 5 years	66,916	-

6. Securities purchased under resale agreements, and securities sold under repurchase agreements

The company and the group acquire funds from and make funds available to institutions by entering into very short-term agreements with these institutions. For securities purchased under resale agreements, the company and the group, on delivering the funds, receive the securities and agree to resell them on a specified date and at a specified price. For securities sold under agreements to repurchase, the company and the group, on receipt of the funds, deliver the securities and agree to repurchase them on a specified date and at a specified price.

7. Capital management fund

The capital management fund represents investments of contributions from third-party clients. Changes in the value of the fund at each valuation date are based on the net accretion in value of the investments (see note 15).

8. Investments

	Company		Group	
	2000	1998	2000	1998
Securities issued or guaranteed by Government of Jamaica:				
Local Registered Stock	4,474,515	2,211,581	4,474,515	2,211,581
Investment debentures	886,887	-	886,887	-
Bonds	579,627	61,291	579,627	61,291
	5,941,029	2,272,872	5,941,029	2,272,872
Unit Trust Funds	27,002	2	53,786	0
Quoted, net of provision for diminution	165	15,077	481	15,077
	5,968,196	**2,287,951**	**5,995,296**	**2,287,949**

9. Interest in associated company

Company		Group	
2000	1998	2000	1998
($'000)	($'000)	($'000)	($'000)

Shares, at cost	94,637	74,337	94,637	74,337
Post-acquisition reserves	-	-	(726)	(726)
Carrying value at end of year	94,637	74,337	93,911	73,611
Loans -US$: 13% (1998: Nil%)	304,382	-	304,382	-
Interest receivable/(payable)	23,174	(20)	23,174	(20)
Capital management fund obligation	-	(34,005)	-	(34,005)
Current account	-	13,230	-	13,230
	422,193	**53,542**	**421,467**	**52,816**

(i) The company holds 41% of the equity capital of Runaway Bay Developments Limited which holds 100% of the equity capital of RBDL (1998) Limited and RBDL Services Limited (incorporated August 5, 1999). All three companies are incorporated in Jamaica.

In the previous year, the shares in the associated company were accounted for under the equity basis for the group. The investment is now being held exclusively with a view to its disposal in the near future and, accordingly, the equity basis of accounting is no longer appropriate and the cost basis is used. The carrying value of the investment at the beginning of the year is, therefore, regarded as cost for the group.

Preliminary discussions with a potential purchaser of this investment are in progress.

(ii) The loans, which are secured by certain land and building, are repayable in 2009.

10. Interest in subsidiaries

	2000 ($'000)	1998 ($'000)
Shares, at cost (see note 32)	255,907	100,002
Current accounts	(75,376)	(25,012)
	180,531	**74,990**

11. Fixed assets

	Building ($'000)	Leasehold improvements ($'000)	Motor vehicle ($'000)	Furniture, equipment and computers ($'000)	Total ($'000)

Company					
At cost:					
December 31, 1998	-	4,679	2,574	37,066	44,319
Additions	-	1,356	380	4,809	6,545
Disposals	-	-	(475)	-	(475)
March 31, 2000	-	6,035	2,479	41,875	50,389
Depreciation:					
December 31, 1998	-	980	1,731	18,527	21,238
Charge for the year	-	1,919	678	5,170	7,767
Eliminated on disposals	-	-	(312)	-	(312)
March 31, 2000	-	2,899	2,097	23,697	28,693
Net book values:					
March 31, 2000	-	3,136	382	18,178	21,696
December 31, 1998	-	3,699	843	18,539	23,081
Group					
At cost or valuation:					
December 31, 1998	-	4,679	2,574	37,066	44,319
Additions	3,550	1,470	2,525	18,612	26,157
Disposals	-	(12)	(1,001)	(1,199)	(2,212)
March 31, 2000	3,550	6,137	4,098	54,479	68,264
Broken down as follows:					
At cost	-	6,137	4,098	54,479	64,714
At valuation	3,550	-	-	-	3,550
	3,550	6,137	4,098	54,479	68,264
Depreciation:					
December 31, 1998	-	980	1,731	18,527	21,238
Charge for the year	320	1,936	2,140	11,287	15,683
Eliminated on disposals	-	(4)	(691)	(682)	(1,377)
March 31, 2000	320	2,912	3,180	29,132	35,544
Net book values:					
March 31, 2000	3,230	3,225	918	25,347	32,720
December 31, 1998	-	3,699	843	18,539	23,081

12. Deposits payable

(a) Local currency deposits, including accrued interest, in a subsidiary comprise:-

Period after balance sheet date when deposits are due:

	2000		1998	
	No	($'000)	No	($'000)
Less than one month	6	764	-	-
1 to 3 months	3	663	-	-
4 to 6 months	2	286	-	-
	11	1,713	-	-

Depositors whose deposits, including accrued interest, exceed 10% of deposits in the class:

	2000		1998	
	No	($'000)	No	($'000)
Less than one month	3	727	-	-
1 to 3 months	2	599	-	-
4 to 6 months	2	286	-	-
	7	1,612	-	-

(b) There were no foreign deposits held by the group.

13. Accounts payable

Included in accounts payable is $Nil (1998: $7,506,111) for the company and the group which represents an amount to be expended on behalf of the ESOP trustees on the purchase of the company's shares for the ESOP [see note 4(e)].

14. Loans and Rromissory notes

	Company		Group	
	2000	1998	2000	1998
	($'000)	($'000)	($'000)	($'000)
4%-13.5% (1998: 8% - 17%)				

United States dollar promissory notes [note (i)]	140,194	318,079	140,194	318,079
14-24% (199 8: 27% - 3 1 %) Jamaican dollar promissory notes (note (i)]	234,693	110,782	232,591	110,782
Repurchase certificates (note (ii)]	-	110,000	-	110,000
	374,887	**538,861**	**372,785**	**538,861**

(i) The promissory notes are repayable in 2000 and 2001 and include S136,579,000 (1998: $66,955,000) payable to other financial institutions for the company and the group.

(ii) The repurchase certificates were fully repaid during the period.

15. Capital management fund obligations

The company's obligation to clients is based on the allocated share of the accumulated net value of the capital management fund (see note 7).

16. Due to Unit Trust Funds

This represents the net of amounts due to and from the Eagle Premium Growth Fund (EPGF) and Eagle Unit Trust Money Market Fund, for the following:

(a) Management fees due and not yet received from both funds and amounts due to be reimbursed by the Trustees of the Funds to a subsidiary company for the settlement of amounts due to unit holders on the encashment of units and amounts due to the Funds by the subsidiary for units purchased but payment for which has not yet been remitted to the Trustees.

(b) Legal fees to be reimbursed to EPGF.

(c) Proceeds from sale of quoted equities to EPGF.

17. Share caRital

2000 ($'000)	1998 ($'000)

Authorised:		
250,000,000 ordinary shares of $0. 10 each	**25,000**	**25,000**
Issued and fully paid:		
112,500,000 stock units [(see note 4 (e)]	**11,250**	**11,250**

18. Statutory reserve fund

Under Section 8 of the Financial Institutions Act, a subsidiary is required to transfer at least 15% of its profit after taxation in each year to a reserve fund until the credit balance in the fund equals fifty percent (50%) of its paid-up capital, and thereafter, 10% of the net profit until the amount of credit in the said flind is equal to the paid-up capital.

19. Financial instruments

(a) Fair value

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. Many of the company's' and the group's financial instruments lack an available trading market. Therefore, these instruments have been valued using present value or other valuation techniques and may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments.

Determination of fair value (see also note 2(h)]

The fair value of quoted investments is determined by the quoted market price.

The estimated fair values of loans, net investment in leases, capital management fund and capital management fund obligations are considered to be equal to their carrying values, as the directors are of the opinion that there is no impairment in these values and based on prevailing economic conditions, the carrying values approximate estimated realisable values.

2000

	Company Fair Value ($'000)	Carrying Value ($'000)	Group Fair Value ($'000)	Carrying Value ($'000)
Assets				
Cash and cash equivalents	52,101	52,101	76,315	76,315
Loans and other receivables	1,073,961	1,073,961	1,103,176	1,103,176
Net investment in leases	-	-	54,387	54,387
Securities purchased under resale agreements	-	-	38,270	38,270
Capital management fund	976,840	976,840	976,840	976,840
Investments	5,968,196	5,968,196	5,995,296	5,995,296
Interest in associated company	422,193	422,193	421,467	421,467
Interest in subsidiaries	180,531	180,531	-	-
Liabilities				
Bank overdrafts	33,833	33,833	29,533	29,533
Deposits payable	-	-	1,713	1,713
Accounts payable	199,727	199,727	222,741	222,741
Customers' savings accounts	-	-	4,404	4,404
Securities sold under repurchase agreements	6,902,190	6,902,190	6,857,896	6,857,896
Loans and promissory notes	374,887	374,887	372,785	372,785
Capital management fund obligations	976,840	976,840	976,840	976,840
Due to Unit Trust Funds	-	-	1,217	1,217

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk is affected where there is a mismatch between interest earning assets and interest bearing liabilities, which are subject to interest rate adjustment within a specified period. The company and the group manage this risk by consistently analysing and adjusting the duration and modified duration of its portfolio of interest earning assets, depending on the direction in which interest rates are going in the opinion of management.

The following tables summarise the carrying amounts of balance sheet assets, liabilities and equity, and off-balance sheet financial instruments to arrive at the company's and the group's interest rate gap based on the earlier of contractual repricing and maturity dates:

Company

2000

	Immediately rate sensitive ($'000)	Within 3 months ($'000)	Three to 12 months ($'000)	Over 12 months ($'000)	Non-rate sensitive ($'000)	Total ($'000)
Cash and cash equivalents	-	-	-	-	52,101	52,101
Loans and other receivables	50,390	10,855	68,343	515,197	429,176	1,073,961
Capital management fund	398,988	385,805	87,404	104,643	-	976,840
Investments	312,771	3,710,342	629,349	1,288,567	27,167	5,968,196
Interest in associated company	-	-	-	304,382	117,811*	422,193
Interest in subsidiaries	-	-	-	-	180,531*	180,531
Fixed assets	-	-	-	-	21,696*	21,696
Total assets	762,149	4,107,002	785,096	2,212,789	828,482	8,695,518
Bank overdrafts	-	-	-	-	33,833	33,833
Accounts payable	-	-	-	-	199,727	199,727
Securities sold under repurchase agreements	3,023,521	2,572,416	1,294,665	11,588	-	6,902,190
Loans and promissory notes	106,402	118,290	144,396	5,799	-	374,887
Capital management fund obligations	398,988	385,805	87,404	104,643	-	976,840
Taxation payable	-	-	-	-	7,614*	7,614
Stockholders' equity	-	-	-	-	200,427*	200,427
Total liabilities and stockholders' equity	3,528,911	3,076,511	1,526,465	122,030	441,601	8,695,518
On- balance sheet gap	(2,766,762)	1,030,491	(741,369)	2,090,759	386,881	-
Off- balance sheet gap	-	-	-	-	-	-
Interest rate sensitivity based on contractual repricing	(2,766,762)	1,030,491	741,369	2,090,759		
Adjustment to expected repricing	-	-	-	-	-	-
Total interest rate sensitivity gap	(2,766,762)	1,030,491	(741,369)	2,090,759	386,881	-
Cumulative gap	(2,766,762)	(1,736,271)	(2,477,640)	(386,881)	-	-

* These are (or include) non-financial instruments.

Group

2000

	Immediately rate sensitive ($'000)	Within 3 months ($'000)	Three to 12 months ($'000)	Over 12 months ($'000)	Non-rate sensitive ($'000)	Total ($'000)
Cash and cash equivalents	3,496	-	-	-	72,819	76,315
Loans and other receivables	50,390	11,299	70,121	528,028	443,338	1,103,176
Net investment in leases	-	-	-	54,387	-	54,387
Securities purchased under resale agreements	-	6,558	31,712	-	-	38,270
Capital management fund	398,988	385,805	87,404	104,643	-	976,840
Investments	312,771	3,710,342	629,349	1,288,567	54,267	5,995,296
Interest in associated company	-	-	-	304,382	117,085*	421,467
Fixed assets				-	32,720*	32,720
Goodwill	-	-	-	-	107,160	107,160
Total assets	765,645	4,114,004	818,586	2,280,007	827,389	8,805,631
Bank overdraft	-	-	-	-	29,533	29,533
Deposits payable	764	663	286	-	-	1,713
Accounts payable	-	-	-	-	222,741	222,741
Customer savings account	4,404	-	-	-	-	4,404
Securities sold under repurchase agr	2,985,494	2,572,415	1,288,399	11,588	-	6,857,896
Loans and promissory notes	106,402	116,188	144,396	5,799	-	372,785
Capital management fund obligations	398,988	385,805	87,404	104,643	-	976,840
Minority interests	-	-	-	-	77,006	77,006
Taxation payable	-	-	-	-	11,198	11,198
Due to Unit Trust Funds	-	-	-	-	1,217	1,217
Stockholders' equity	-	-	-	-	250,298*	250,298
Total liabilities and stockholders'	3,496,052	3,075,071	1,520,485	122,030	591,993	8,805,631
On- balance sheet gap	2,730,407	1,038,933	(701,899)	2,157,977	235,396	-
Off- balance sheet gap	-	-	-	-	-	-
Interest rate sensitivity based on contractual repricing	(2,730,407)	1,038,933	(701,899)	2,157,977	235,396	-
Adjustment to expected repricing						
Total interest rate sensitivity gap	(2,730,407)	1,038,933	(701,899)	2,157,977	235,396	-
Cumulative gap	(2,730,407)	(1,691,474)	(2,393,373)	(235,396)	-	-

* These are (or include) non-financial instruments.

Average effective yields by the earlier of the contractual repricing and maturity dates:

Company

	2000				
	Immediately rate sensitive	Within 3 months	Three to 12 months	Over 12 months	Total
	%	%	%	%	%
Loans and other receivables	15.06	18.35	19.23	16.89	17.02
Capital management ftind	16.19	16.80	20.27	11.17	16.26
Investments	22.31	22.38	22.80	16.87	21.22
Interest in associated company	-	-	-	13.00	13.00
Securities sold under repurchase agreements	17.19	17.02	16.40	11.50	16.97
Loans and promissory notes	13.82	12.68	22.28	11.00	16.68
Capital management fund obligations	13.70	14.31	17.78	8.68	13.77

Group

	2000				
	Immediately rate sensitive	Within 3 months	Three to 12 months	Over 12 months	Total
Loans and other receivables	18.77	18.35		20.03	18.15
Net investments in leases	-	-	-	17.05	17.05
Securities purchased under resale agreements	-	18.50	24.00	-	23.06
Capital management fund	16.19	16.80	20.27	11.17	16.26
Investments	22.31	22.38	22.80	16.87	21.22
Interest in associated company	-	-	-	13.00	13.00
Deposits payable	16.15	16.70	16.00	-	16.31
Customer savings accounts	13.90	-	-	-	13.90
Securities sold under repurchase agreements	17.25	17.02	16.39	11.50	16.99
Loans and promissory notes	13.82	12.68	22.28	11.00	16.68
Capital management fund obligations	**13.70**	**14.31**	**17.78**	**8.68**	**13.77**

(c) 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 incur a financial loss. The company and-the group monitor their credit risk by establishing a credit committee which reviews and assesses the company's and the group's credit portfolio with a view to reducing and controlling the company's and the group's credit risk. The tools utilised by the credit committee are based on local and international credit guidelines.

Note 4(b) summarises the credit exposure of the company and the group by sector in respect of loans and other receivables.

In respect of cash and short-term deposits, securities purchased under resale agreements, capital management ftind and investments, there is a significant concentration of credit risk with financial institutions. The credit exposure is limited to the carrying value of financial instruments in the balance sheet.

(d) Foreign exchange risk

The company and the group incur foreign currency risk on transactions that are denominated in a currency other than the Jamaican dollar. The main currency giving rise to this risk is the US dollar. The company and the group ensure that the net exposure is kept within limits established by management as a proportion of the company's capital base.

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

		2000	
		Company ('000)	Group ('000)
United States dollars	US$	(2,908)	(2,856)
Canadian dollars	Can	(83)	(77)
Pound sterling	£	78	87

20. Staff costs

	2000 ($'000)	1998 ($'000)
Salaries and incentive pay	76,543	29,171
Statutory contributions	7,466	2,960

Pension scheme contributions	2,891	1,216
Other	14,492	7,391
	101,392	40,738

The number of employees were as follows:

	Average		Period/year-end	
	2000	1998	2000	1998
Full	91	46	89	49
Part	6	3	6	3
	97	**49**	**95**	**52**

21. Disclosure of expenses/(income)

Profit before taxation is stated after charging/(crediting):

		2000 ($'000)	1998 ($'000)
Directors' emoluments	- fees	440	104
	- management remuneration	7,409	3,987
Auditors' remuneration	- current period	3,780	1,426
	- previous year	879	120
Deferred expenses		-	19
Bad debts		78,767	32,574
Appreciation in value of quoted investments		(321)	(1,685)

22. Taxation

(a) The charge for income tax is calculated at 33 1/3% of the profit before taxation, as adjusted for tax purposes, and is made up as follows:

	2000 ($'000)	1998 ($'000)
Current year	8,446	3,005
Adjustment in respect of previous years	1,597	195
	10,043	3,200

(b) Taxation losses in subsidiaries, subject to agreement by the Commissioner of Taxpayer Audit and Assessment, available for set-off against future taxable profits, amounted to approximately $179,505,000 (1998: $Nil)

23. Capital distribution

This represents capital distribution of 4 cents per stock unit, which was paid out of the company's realised capital reserves.

24. Net profit attributable to members

Dealt with in the financial statements of the company, $45,733,000 (1998: $6,101,000).

25. Retained Profits;

Retained in the financial statements of*

	2000 ($'000)	1998 ($'000)
The company	83,731	37,998
Subsidiaries	50,528	36,342
	(726)	(726)
	133,533	73,614

26. Earnings per stock unit

The calculation of earnings per stock unit is based on the net profit of $54,330,000 (1998: $23,362,000) and 112,500,000 (1998:112,500,000) stock units in issue.

27. Managed funds

The company and some of its subsidiaries (note 32) manage funds, on a non-recourse basis, on behalf of investors. The group has no legal or equitable right or interest in these funds and, accordingly, they have been excluded from the financial statements.

At March 31, 2000, these funds aggregated $1,808,689,000 (1998: $1,003,661,000) for the company and $2,245,430,000 (1998: $1,003,661,000) for the group.

28. Related Party balances and transactions

A related company is one which controls or exercises significant influence over or is controlled or significantly influenced by the company in making financial and operating decisions, or, along with the company, is subject to common control or significant influence.

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

	2000 ($'000)	1998 ($'000)	2000 ($'000)	1998 ($'000)
Loans and other receivables:				
Loans				
Directors	181	82	181	82
Subsidiaries	59,469	-	-	-
Other related companies	133,919	31,822	133,531	32,211
Interest receivable				
Directors	5	1	5	1
Subsidiaries	237	-	-	-
Other related companies	4,092	975	4,092	975

	Company		Group	
	2000 ($'000)	1998 ($'000)	2000 ($'000)	1998 ($'000)
Capital management fund obligations:				
Directors	(8,291)	(11,900)	(8,291)	(11,900)
Related companies	(101,498)	(446)	(101,498)	(446)
Accounts payable:				
Interest				
Directors	(143)	(108)	(143)	(108)
Subsidiaries	(10,467)	-	-	-
Other related companies	(2,666)	(9)	(2,666)	(9)
Securities sold under repurchase agreements:				
Subsidiaries	(524,021)	-	-	-

Loans and promissory notes:				
Subsidiaries	(136,558)	-	-	-

(c) The profit and loss account includes the following (income)/expenses arising in the ordinary course of business with related parties, as follows:

	Company		Group	
	2000 ($'000)	1998 ($'000)	2000 ($'000)	1998 ($'000)
Interest income:				
Directors	(62)	(70)	(62)	(70)
Subsidiaries	(35,122)	-	-	-
Other related companies	(36,087)	(3,804)	(36,087)	(3,804)
Interest expense:				
Directors	2,854	1,370	2,854	1,370
Subsidiaries	6,154	-	-	-
Other related companies	27,859	116	27,859	116
Other administration costs:				
Subsidiaries	4,100	850	-	-

29. Pension scheme

The company operates a contributory pension scheme for employees who have satisfied certain minimum service requirements.

The scheme, which is a defined contribution plan, is managed by a life insurance company. The contributions for the year amounted to S2,891,000 (1998: $1,216,000) for the company and the group.

30. Lease commitments

At March 31, 2000, commitments under non-cancellable operating leases expiring in 2001-2003 amounted to $Nil (1998: $Nil) for the company and $14,790,000 (1998: $14,406,000) for the group. The lease payments due within twelve months of the balance sheet date amounted to $Nil (1998: $Nil) for the company and $5,460,000 (1998: $4,339,000) for the group.

31. Contingent liabilities

(a) At March 31, 2000, outstanding guarantees in favour of customers amounted to $56,738,000 (1998: $74,657,000) for the company and the group.

(b) See also note 34.

32. Subsidiaries

	Country of incorporation	% of equity capital held	Principal activities
DB&G Merchant Bank Limited (formerly, Billy Craig Finance & Merchant Bank Limited)	Jamaica	51%	Receiving deposit, making loans, leasing assets and managing funds
DB&G Unit Trust Managers Limited	Jamaica	100%	Management of Unit Trust Funds
Billy Craig Investments Limited	Jamaica	100%	Holding of investments
Asset Management Company Limited	Jamaica	100%	Management of funds on non-recourse basis
Interlink Investments Limited	Grand Cayman	100%	Holding of investments
DB & G Corporate Services Limited (incorporated August 3, 1998)	Jamaica	100%	Administration and management services provider

The shares in Interlink Investments Limited may be redeemed by that company at any time at its option, en bloc or individually, by repayment of the capital sum subscribed in respect of such shares, in the currency in which such subscription was paid.

33. Regulations

A subsidiary, DB&G Merchant Bank Limited, is registered under the Financial Institutions Act, 1992. For the period ended March 31, 2000, the subsidiary was in breach of Section 18 of the

Act, which states that audited financial statements must be submitted within ninety days after the subsidiary's year-end.

34. Subseguent event

Subsequent to March 31, 2000, a suit was filed against the company and Runaway Bay Developments Limited in respect of claims for damages amounting to $30,000,000 for alleged breach of contract (note 31). The directors and the company's attorneys are of the opinion that the claims are without foundation, and a defence and a counter-claim are being prepared for filing in the Supreme Court. No provision has been made in the financial statements in this regard.