

DYOLL GROUP LIMITED

THREE MONTH PERIOD ENDED MARCH 31, 2003

Chairman's Report

On behalf of the Board of Dyoll I am pleased to present the first quarter 2003 results of the Dyoll Group. The gross operating revenues of the Group increased 42.4% over the same period in 2002 from \$164.7 million to \$234 million. The substantial change in gross revenues was due to a large increase in premiums in all classes of insurance business, in our traditionally slow period. This then caused an increase in our operating expenses as some of this income was booked to our unearned premium reserves and has not yet flowed through to the gross profit. The gross operating profit was also affected in part by the final crop expenses in Dyoll Wataru being accounted for while the coffee sale revenue is not yet booked. The gross operating loss after these items is \$39.9 million. However, after investment income of \$25 million and gains on foreign exchange of \$27 million, the operating profit of the group is \$14.3 million at the end of the March quarter. Exceptional expenses include an increase in doubtful debts for insurance premiums greater than 90 days old and a provision for the debt owed by Drax Hall Holdings Ltd. This latter provision is not allowable for tax purposes. The profit attributable to shareholders for our first quarter 2003 is \$708,989.

For this first quarter, our consolidated balance sheet has shown significant growth to \$1.14 billion (\$1.03 billion first quarter 2002) . This growth has occurred due to good collections of premiums and coffee sale advances, thus increasing both short and medium term cash resources, while we have also managed to reduce total receivables. This increase in cash resources is also reflected in our statement of cash flows.

Overall, we are concerned that the growth experienced in the first quarter will not continue due to the macro economic conditions now prevailing. We also believe this year our valued customers will come under financial strain and this will negatively impact all the companies in the Group. Our targets for 2003 are now under review and we will endeavor at our up coming Annual General Meeting to give all our stakeholders a more realistic forecast of how the group will fare in 2003. The negotiations with Finsac on behalf of all shareholders continues and we now have a valuation in hand. On this matter we look forward to some resolution on these shares well before the end of the year.

C.D.R. Bovell
Chairman,
Dyoll Group

UNAUDITED GROUP BALANCE SHEET

	Mar-03	Mar-02 (Restated)	Dec-02
CURRENT ASSETS			
Cash resources	683,768,182	596,035,069	594,053,594
Accounts receivable and prepaid expenses	247,657,735	265,874,575	205,618,755
Inventories	7,313,609	7,775,452	7,189,040
Taxation recoverable	6,415,800	4,173,748	3,145,772
	<u>945,155,326</u>	<u>873,858,844</u>	<u>810,007,161</u>
CURRENT LIABILITIES			
Accounts payable and accrued charges	149,192,950	117,109,059	108,631,113
Current maturities of long-term debt	240,000	501,818	320,000
Taxation payable	2,477,483	12,311,014	2,788,356
	<u>151,910,433</u>	<u>129,921,891</u>	<u>111,739,469</u>

NET CURRENT ASSETS	793,244,893	743,936,953	698,267,692
INVESTMENT IN ASSOCIATED COMPANIES	15,484,623	19,208,838	16,156,339
OTHER INVESTMENTS	180,672,073	147,861,946	234,284,241
ADVANCES DUE FROM DYOLL PENSION SCHEME	17,493,755	0	17,493,755
ADVANCES FROM ASSOCIATED COMPANIES	0	5,767,434	0
LONG-TERM RECEIVABLE	40,880,000	47,493,795	43,880,000
FIXED ASSETS	25,957,103	24,284,918	23,749,407
DEFERRED EXPENSES	38,586,107	39,928,205	38,921,612
GOODWILL ON CONSOLIDATION	1,844,634	1,844,634	1,844,634
	<u>1,114,163,188</u>	<u>1,030,326,723</u>	<u>1,074,597,680</u>

Financed by:

NET SHARE HOLDERS EQUITY	361,212,709	285,955,201	358,727,816
LONG-TERM DEBT	31,735,946	17,046,111	23,692,946
MINORITY INTEREST	0	21,692,765	81,648
INVESTMENT INSTRUMENT	22,000,000	52,171,384	22,000,000
INSURANCE FUNDS	699,214,533	653,461,262	670,095,270
	<u>1,114,163,188</u>	<u>1,030,326,723</u>	<u>1,074,597,680</u>

GROUP PROFIT AND LOSS ACCOUNT

	<u>3 Months to March 31, 2003</u>	<u>3 Months to March 31, 2002</u>	<u>12 Months to December 31, 2002</u>
Gross operating revenue	234,650,293	164,737,824	888,633,224
Operating expenses	<u>(274,599,797)</u>	<u>(152,309,163)</u>	<u>(920,218,705)</u>
Gross operating(loss)/ profit	(39,949,504)	12,428,661	(31,585,481)
Other income/(expenses)			
Interest and dividends	25,631,428	31,076,497	95,585,774
Gain on exchange	27,697,052	(5,311,044)	5,625,858
Other income	<u>927,819</u>	<u>44,748</u>	<u>21,957,032</u>
	14,306,795	38,238,862	91,583,183
Share of profits of associated companies	1,059,828	(659,770)	13,949,942
Finance costs	<u>(691,578)</u>	<u>(1,633,707)</u>	<u>(5,432,337)</u>
Profit before exceptional items	14,675,045	35,945,385	100,100,788
Exceptional items, net	<u>(8,691,098)</u>	<u>(3,744,329)</u>	<u>(8,278,664)</u>
Profit for the year, before taxation	5,983,947	32,201,056	91,822,124
Taxation	<u>(5,356,606)</u>	<u>(12,792,327)</u>	<u>(32,539,288)</u>
extraordinary item	627,341	19,408,729	59,282,836
Minority interest	<u>81,648</u>	<u>1,585,137</u>	<u>16,466,785</u>
Profit attributable to group before extraordinary item	708,989	20,993,866	75,749,621
Extraordinary item, less taxation		0	11,662,504
Net profit attributable to the group	<u>708,989</u>	<u>20,993,866</u>	<u>87,412,125</u>
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Earnings per stock unit:			
Before extra ordinary item (cents)	1	34	124
After extraordinary item (cents)	1	34	143

STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

	Share Capital Reserve	Share Premium	Other reserves	Capital Redemption	Accumulated Deficit	Total
Balance at December 2001	30,460,857	79,942,744	215,167,872	53,771,381	(109,659,397)	269,683,457
As previously reported	30,460,857	79,942,744	215,167,872	53,771,381	(109,659,397)	269,683,457
Prior year adjustment (note 1)	-	-	13,873,997	-	(18,596,119)	(4,722,122)
As restated	30,460,957	79,942,744	229,041,869	53,771,381	(125,255,516)	264,961,335
Profit for the period	-	-	-	-	20,993,866	20,993,866
Balance at March 31 2002	30,460,857	79,942,744	229,041,869	53,771,381	(107,261,650)	285,955,201
Balance at December 2002	30,460,857	79,942,744	246,179,774	23,600,001	(21,455,560)	358,727,816
Foreign exchange gain on equity						
Of foreign associate	-	-	1,637,528	-	-	1,637,528
Gain on exchange	-	-	138,376	-	-	138,376
Profit for the period	-	-	-	-	709,989	708,989
Balance at March 31, 2003	30,460,957	79,942,744	247,955,678	23,600,001	(20,746,981)	361,212,709

STATEMENT OF CASH FLOWS

	2003	2002 Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the year attributable to the group	708,989	20,993,866
Adjustments to reconcile net profit for the year to net cash provided by operating activities:		
Depreciation	1,428,493	2,846,899
Increase/(decrease) in insurance funds (net)	29,119,263	(42,592,814)
Advances from associated company written off	6,070,000	3,793,629
Gain on disposal of fixed assets	(5,333)	0
Share of profits of associated companies, net of dividends	2,309,244	659,770
Amortisation of deferred expenses	335,505	335,532
Minority interests	(81,648)	(1,585,137)
Exchange gain on foreign currency receivable	(3,070,000)	(220,000)
	<u>36,814,513</u>	<u>(15,768,255)</u>
(Increase)/decrease in current assets		
Accounts receivable and prepaid expenses	(42,038,980)	(13,924,686)
Taxation recoverable	(3,270,028)	(2,946,941)
Inventories	(124,569)	(60,898)
Increase/(decrease) in current liabilities		
Accounts payable and accrued charges	40,561,837	(14,805,992)
Taxation payable	(310,873)	(24,258,068)
	<u>31,631,900</u>	<u>(71,764,840)</u>
Net cash provided/(used) by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments, net	53,750,544	(7,910,994)
Additions to fixed assets	(3,636,184)	(2,918,918)
Advances to associated companies	0	(1,871,151)
Proceeds from sale of fixed assets	5,328	0
	<u>50,119,688</u>	<u>(12,701,063)</u>
Net cash provided/(used) by investing activities		

CASH FLOWS FROM FINANCING ACTIVITIES

Long term debt, net

7,963,0002,299,860**Net cash provided by financing activities**7,963,0002,299,860

Net increase/(decrease) in cash resources

89,714,588

(82,166,043)

Cash resources at beginning of the year

594,053,594678,201,112**Cash resources at end of the period****683,768,182****596,035,069**

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