

DEHRING BUNTING & GOLDING LIMITED

GROUP RESULTS FOR THE

THREE MONTH ENDED JUNE 30, 2003

<u>Summary of Balance Sheet</u>	UNAUDITED As at <u>30-Jun-03</u> \$000's	UNAUDITED As at <u>30-Jun-02</u> \$000's	UNAUDITED* As at <u>31-Mar-03</u> \$000's
ASSETS			
Cash Resources	118,139	72,624	195,490
Investments	18,626,166	15,367,008	18,461,656
Assets under Management	1,106,463	735,944	843,920
Loans & Other Receivables	1,050,173	953,357	1,355,405
Goodwill	69,351	74,002	70,653
Fixed Assets	107,153	74,836	99,016
Other assets	184,720	107,956	129,357
Total Assets	<u>21,262,165</u> =====	<u>17,385,726</u> =====	<u>21,155,497</u> =====
LIABILITIES			
Securities sold under repurchase agreements	11,376,769	14,384,810	12,062,545
Promissory Notes	7,201,728	856,268	6,883,370
Assets under Management	1,106,463	735,944	843,920
Deposits	21,694	13,186	9,901
Tax Liabilities	3,639	22,907	3,639
Deferred Tax Liabilities	2,793	663	2,661
Other Liabilities	524,509	347,866	399,699
Total Liabilities	<u>20,237,595</u> =====	<u>16,361,643</u> =====	<u>20,205,735</u> =====
STOCKHOLDERS' EQUITY			

Issued Capital	12,213	11,734	12,213
Share Premium	80,831	80,831	80,831
Statutory Reserve Fund	2,118	798	2,118
Investment Reserves	239,605	471,640	229,501
Realised Capital Reserves	21,627	21,627	21,627
Retained Earnings	668,176	437,453	603,472
	<u>1,024,570</u>	<u>1,024,083</u>	<u>949,762</u>
Total Liabilities and Stockholder's Equity	21,262,165	17,385,726	21,155,497
	=====	=====	=====

Unaudited Financial Results
For the Quarter Ended

	Period Ended June 30, 2003	
	<u>30-Jun-03</u>	<u>30-Jun-02</u>
	\$000's	\$000's
Gross Operating Revenue	1,045,586	723,161
less Interest Expense	(890,458)	(554,377)
Operating Expenses	<u>(90,293)</u>	<u>(95,217)</u>
<i>Profit before Taxation</i>	64,835	73,567
Taxation	<u>(131)</u>	<u>(23,060)</u>
Net Profit After Tax	64,704	50,507
	=====	=====
Earnings Per Share (Note 4)	\$0.51	\$0.40

* Derived from the audited financial statements as at March 31, 2003

Notes:

1. The company and some of its subsidiaries 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 above financial statements. At June 30, 2003, these funds aggregated \$2,166,434 thousand (2002:\$2,220,199 thousand) for the group.

2. Accounting Policies

(a) Basis of Preparation

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards, and have been prepared under the historical cost convention, as modified for securities held for trading purposes and available-for-sale investment securities which are shown at valuation.

The Group adopted International Financial Reporting Standards (IFRS) as at April 1 2003. The financial effect of adopting these standards is reported in the Statement of changes in equity.

(b) Fixed Assets

Freehold Land and Building which were revalued on May 15, 1996 at a market value of J\$3.55 million have been restated to cost and the appropriate adjustment made to capital reserves.

(c) Investments

Investments are classified as trading, available-for-sale, originated loans, and held-to-maturity and are initially recorded at cost. On the adoption of IFRS, trading and available-for-sale assets are now measured at fair value. The gains and losses on trading assets are recorded in income statement. The difference that arises from the change in fair value of available-for-sale assets are recorded in Investment Reserves.

Originated loans and held-to-maturity investments are measured at amortised cost.

(d) Deferred Taxation

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases and liabilities and their carrying amount in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

(e) Segment Reporting

The Group is organised into three business segments which include the following:

Investment Banking - This segment combines our investment and merchant banking operations and includes securities and foreign exchange trading.

Stock Brokerage - This segment complements our array of services with equities and option trading.

Unit Trust - This segment is solely responsible for the management and administration of the Group's Unit Trust Fund.

3. Gross Operating Revenue is made up of Interest Income, gains on securities and FX trading, brokerage and commitment fees and unrealised gains on trading assets.
4. The total number of shares used for the computation of the current period's earnings per share is 126,913,823. The comparable 2002 figure has been restated accordingly.

Chairman's Statement

I am pleased to report that Dehring Bunting & Golding recorded unaudited profits after taxation for the three month period ended June 30, 2003 of \$64.7 million, an increase of 28% over the corresponding period last year. This represents earnings per share of \$0.51 (\$0.40 - 2002 diluted and \$0.42 before effect of dilution) and a return on average equity of 26%.

Total funds under management (including Trust assets managed on behalf of clients) continues its upward trend, and now stands at \$23.2 billion. We expect this rate of growth to moderate over the coming months as we execute our strategy of replacing institutional funding with more stable retail funding. This will also strengthen our capital base over time relative to the level of our fund management business.

The sharp increases in interest rates had a negative impact on our net interest income for the quarter. Nonetheless our other revenue streams performed well and compensated for the fall-off in net interest income. Our portfolio of variable rate LRS has now largely re-priced and our net interest income should be much stronger in the second quarter, barring any exceptional interest rate shocks.

Issa Trust and Merchant Bank Limited became a wholly owned subsidiary during the second quarter and we have received approval for its amalgamation with DB&G Merchant Bank Limited effective August 1, 2003. The integration of this company is proceeding satisfactorily.

Notwithstanding substantial foreign exchange rate volatility, the economy showed encouraging signs for the first fiscal quarter with improvements in the fiscal accounts, real GDP growth, a modest reduction in interest rates, and significant improvement in our bond prices. The rate of reduction in Interest rates need to be accelerated if the fiscal improvements are to be sustained.

We adopted International Financial Report Standard(IFRS) on April 1, 2003. This has had a significant impact on our balance sheet (as set out in the Group Statement of Changes in Stockholders' Equity,) resulting in a book value per share of \$8.07.

**Group Statement of Changes in Stockholder's Equity
For the three months ended June 30, 2003**

	Share Capital	Share Premium	Statutory reserve fund	Investment revaluation reserve	Realised Capital reserve	Retained Profits	Total
Balances at March 31, 2002							
As previously stated	11,250	80,831	798	-	24,615	413,101	530,595
Effect of first-time adoption of IFRS	-	-	-	-	-	-	-
IAS 16 - Property, Plant & Equipment	-	-	-	-	(2,988)	404	(2,584)
IAS 39 - Financial Instruments:	-	-	-	116,370	-	913	117,283
As restated	11,250	80,831	798	116,370	21,627	414,418	645,294
Shares issued	484	-	-	-	-	(484)	-
Dividends	-	-	-	-	-	(26,988)	(26,988)
Investment revaluation gains	-	-	-	355,270	-	-	355,270
Restated net profit for the year	-	-	-	-	-	50,507	50,507
Balances at June 30, 2002	11,734	80,831	798	471,640	21,627	437,453	1,024,083
	=====						
Balances as at March 31, 2003:							
As previously stated	12,213	80,831	2,118	-	24,615	603,948	723,725
Effect of first-time adoption of IFRS	-	-	-	-	-	-	-

IAS 12 - Income Taxes	-	-	-	-	(2,151)	(2,151)
IAS 16 - Property, Plant & Equipment	-	-	-	(2,988)	577	(2,411)
IAS 39 - Financial Instruments: Recognition and Measurement	-	-	229,501	-	1,098	230,599
As restated	12,213	80,831	2,118	229,501	21,627	603,472
Investment revaluation gains	-	-	-	10,104	-	10,104
Net profit for the period	-	-	-	-	-	64,704
Balances at June 30, 2003	12,213	80,831	2,118	239,605	21,627	668,176
						1,024,570

Group Statement of Cash Flows

For the three months ended June 30, 2003

	<u>\$000's</u>	<u>\$000's</u>
	<u>30-Jun-03</u>	<u>30-Jun-02</u>
Net Profit attributable to members	64,704	50,507
Items not affecting cash resources	(34,003)	(61,138)
Changes in non-cash working capital components	<u>177,524</u>	<u>48,721</u>
Cash provided by operating activities	208,225	38,090
Cash Flow used in investing activities	(354,089)	(3,637,518)
Cash flow provided by financing activities	68,514	(3,512,239)
Net (decrease)/ increase in cash resources	(77,351)	(87,189)
Cash resources at beginning of the period	195,490	159,813
Cash resources at end of the period	<u>118,139</u>	<u>72,624</u>

Peter Bunting - Chairman

Garfield Sinclair - Director