DEHRING BUNTING & GOLDING LIMITED

Notes to the Financial Statements

March 31, 2004

---

1. The company

Dehring, Bunting & Golding Limited ("company") is incorporated in Jamaica and its principal activities comprise the provision of corporate finance, investment, brokerage and advisory services in accordance with a licence issued by the Financial Services Commission and the Jamaica Stock Exchange, including the making of investments and the managing of funds on a non-recourse basis (see note 8). The company's wholly-owned subsidiaries and their principal activities are detailed in note 33. The registered office is located at 7 Holborn Road, Kingston 10, Jamaica, W.I.

The company acquired Issa Trust & Merchant Bank Limited (Issa Trust) from Issa Financial Services Limited (IFSL) and the acquisition is accounted for by the purchase method. The purchase price of $115 million was settled by way of an exchange of securities (see note 19). The acquired entity was merged with the company's subsidiary, DB&G Merchant Bank Limited, effective August 1, 2003, and the merged entity is operating under the name of DB&G Merchant Bank Limited (see note 33).

2. Statement of compliance, basis of preparation and basis of consolidation

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial

Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB), as well as interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and recommendations by the Institute of Chartered Accountants of Jamaica.

The financial statements are prepared using IFRS for the first time. Consequently, where necessary, prior year comparatives have been reclassified and restated to conform to IFRS. IFRS 1 - First time adoption of IFRS, which is effective for accounting periods beginning on or after January 1, 2004, has been adopted early.

Explanations of the effects of the transition to IFRS on equity, results of operations and cash flows of the company and the Group, are provided in the statement of changes in shareholders' equity (pages 4 and 5) and note 35.

(b) Basis of preparation:

The financial statements are prepared on the historical cost basis, modified for the inclusion of securities held-for-trading and available-for-sale investments at fair value. They are also prepared in accordance with the provisions of the Companies Act and, in respect of applicable subsidiary company operations, the Financial Institutions Act and Industrial and Provident Societies Act.

The financial statements are presented in Jamaican dollars, which is the measurement currency of the company.

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, contingent assets and contingent liabilities at the balance sheet date and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

The significant accounting policies set out in note 3 have been applied consistently to all periods presented in the financial statements and conform in all material respects to IFRS and the Companies Act.

(c) Basis of consolidation:

The Group's financial statements include the Group's share of the operations of the subsidiaries (see note 33) for the year ended March 31, 2004, except for Billy Craig Investments Limited, which has audited financial statements up to December 31, 2003. These were adjusted for significant intervening transactions to March 31, 2004 for consolidation purposes.

All significant intra-group transactions are eliminated.

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

3. Significant accounting policies

(a) Property, plant and equipment:

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses [see note 3(j)].

Property, plant and equipment 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:

Building	2.50%
Leasehold improvements	10%-50%
Motor vehicles	20.00%
Furniture and equipment	10.00%
Computers	20%-25%

(b) 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 group profit and loss account.

(c) Provision for probable losses on loans and guarantees:

The provision for probable losses on loans and guarantees is maintained at a level which management considers 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.

General provisions for doubtful credits are established against the loan portfolio where a prudent assessment by the subsidiary, of adverse economic trends, suggests that losses may occur, but where such losses cannot be determined on an item by item basis. This provision is established at the minimum 1% established by the Supervisor, Bank of Jamaica.

IFRS permits only specific loan loss provision, plus a percentage of the remaining debts based upon the subsidiary's actual loan loss experience and requires that the future cash flows of impaired loans be discounted and the increase in the present value be reported as interest income. The loan loss reserve required under the Financial Institutions Regulation that is in excess of the requirements of IFRS is treated as an appropriation of retained earnings and included in a non-distributable loan loss reserve [note 20(ii)].

(d) Employee benefits:

Employee benefits are all forms of consideration given by the company and the group in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions, annual leave, and non-monetary benefits such as medical care and loans; post-employment benefits such as pensions; and other long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognised in the following manner: Short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave. Post-employment benefits are accounted for as described below.

The company participates in a defined-contribution pension scheme (see note 30), 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 group profit and loss account when due.

(e) Taxation:

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the group profit and loss account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(f) Revenue and expense recognition:

(i) Interest income and interest expense:

Interest income and expenses are recognised in the group profit and loss account on the accrual basis using the effective yield method, except that, where collection of interest income is considered doubtful or payment is outstanding for 90 days or more, the cash basis is used. Accrued interest on loans, which are in arrears for 90 days and over, is excluded from income in accordance with the Financial Institutions Act.

IFRS requires that when the collection of loans becomes doubtful, such loans should be written down to their recoverable amounts after which interest income is to be recognised based on the rate of interest that was used to discount the future cash flows in arriving at the recoverable amount. The difference between the basis of interest recognition under IFRS and the Financial Institutions Act has been assessed as immaterial.

(ii) Income from foreign exchange cambio trading is determined on a trade-date basis.

(iii) Other revenue and expenses, including accrual for the executive compensation plan, are recorded as earned and incurred, respectively, in the group profit and loss account.

(g) Finance leases:

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

(h) 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 and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(i) Goodwill and negative goodwill:

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the fair value of the net identifiable assets acquired. Goodwill is stated at cost, or deemed cost, less accumulated amortisation and impairment losses [see note 3 (j)]. Goodwill arising on consolidation is amortised over its useful life, estimated by management to be twenty years.

Negative goodwill is the excess of the fair value of net identifiable assets acquired over the cost of an acquisition.

Negative goodwill, which does not relate to an expectation of future losses and expenses and in excess of the fair value of non-monetary assets acquired, is recognised immediately in the group profit or loss account.

(j) Impairment:

The carrying amounts of the company's and 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 asset's recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the group profit and loss account.

Goodwill was tested for impairment as at April 1, 2002, the date of transition to IFRS, even though no indication of impairment existed.

In-house assessment of the group's assets revealed no negative material changes and, hence, it was not necessary to account for impairment losses in the group's accounts.

(i) Calculation of recoverable amount

The recoverable amount of the company's and the group's investments in originated and held-to-maturity securities and receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of an originated or held-to-maturity security or receivable is reversed, if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed, if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Determination of profit and loss:

Profit is determined as the difference between the revenues from the goods and services rendered and the costs and other charges incurred during the year. Profits on transactions are taken in the year in which they are realised. A transaction is realised at the moment of delivery. Losses are taken in the year in which they are realised or predeterminable.

(l) Financial instruments:

(i) Classification:

Trading instruments are those that the company and the group principally hold for the purpose of short-term profit taking.

Originated loans and receivables are loans and receivables created by the company and the group by providing money to a debtor other than those created with the intention of short-term profit taking.

Held-to-maturity assets are financial assets with fixed or determinable payments and fixed maturity that the company and the group has the intent and ability to hold to maturity.

Available-for-sale assets are financial assets that are not held for trading purposes, originated by the company, or held-to-maturity. Available-for-sale instruments include certain debt and equity investments.

(ii) Recognition:

The company and the group recognise four classes of financial assets, trading, originated loans and receivables, available-for-sale and held-to-maturity. Available-for-sale assets are recognised on the date of the commitment to purchase the assets. From this date, any gains and losses arising from changes in fair value of the assets are recognised. Originated loans and receivables are recognised on the day they are transferred to the company or the group.

(iii) Measurement:

Financial instruments are measured initially at cost, including transaction costs.

Subsequent to initial recognition, all trading and available-for-sale assets are measured at fair value, except that any available-for-sale instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured, is stated at cost, including transaction costs, less impairment losses. Gains and losses arising from change in fair value of available-for-sale instruments is included in investment revaluation reserve.

All non-trading financial liabilities, originated loans and receivables and held-to-maturity assets are measured at amortised cost, less impairment losses. Amortised cost is calculated on the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

Based on the above guidelines the company's and group's investments are measured as follows:

[i] Loans and net investment in leases are classified as originated loans and receivables and are stated at cost (amortised cost), less provision for losses as appropriate.

[ii] Government of Jamaica securities purchased on the primary market, securities purchased under reverse repurchase agreements and interest bearing deposits are stated at historical or amortised cost.

[iii] Government of Jamaica securities purchased on the secondary market are classified as available-for-sale or trading. Both are measured at fair value, with changes in fair value for available-for-sale assets taken to investment revaluation reserve and fair value adjustments for trading assets taken to the group profit and loss account.

[iv] Quoted equities are classified as trading and are stated at fair value. The fair value is based on the quoted bid price at the balance sheet date. Appreciation and depreciation are recognised in the group profit and loss account.

[v] Securities purchased under reverse repurchase agreements:

A repurchase agreement ("Repo")/reverse repurchase agreement ("Reverse repo") is a short-term transaction whereby securities are sold/bought with simultaneous agreements for repurchasing/reselling the securities on a specified date and at a specified price. Repos and reverse repos are accounted for as short-term collateralised borrowing and lending, respectively, and are carried at cost.

The difference between the purchase/sale and reverse repurchase/repurchase considerations is recognised on an accrual basis over the period of the agreements, using the effective yield method, and is included in interest.

(iv) Fair value measurement principles:

The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deduction for transaction costs. Where a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques or a generally accepted alternative method.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the balance sheet date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the balance sheet date.

(v) Gains and losses on subsequent measurement:

Gains and losses arising from a change in the fair value of available-for-sale assets are recognised directly in equity. When the financial assets are sold, collected or otherwise disposed of, the cumulative gain or loss recognised in equity is transferred to the group profit and loss account.

(vi) Accounts payables, including provisions [note 3(h)], are stated at their cost.

A provision is recognised in the balance sheet when the company has 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. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(vii) Cash resources, including short-term deposits with maturities ranging between three and twelve months from balance sheet date, are shown at cost.

(viii) Loans and other receivables are stated at their cost, less impairment losses.

(m) Segment reporting

A segment is a component of the group that is engaged either in providing distinguishable services and products (business segment), or in providing services and products within a distinguishable economic environment (geographical segment), which are subject to risks and rewards that are different from those of other segments.

4. Cash resources

	Company		Group	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Cash floats	-	-	40	24,941
Cash reserves - Bank of Jamaica	-	-	75,010	1,099
Cash at bank	997,297	158,840	1,079,213	169,450

	997,297	158,840	1,154,263	195,490

(a) A minimum of 23% (2003: 23%) of prescribed liabilities is required to be maintained in liquid assets by a subsidiary. This includes a cash reserve deposit of 9% (2003: 9%) of the amount of the prescribed liabilities, which is required to be maintained with the Bank of Jamaica at an interest rate of Nil% per annum. and an additional 5% (2003: 5%) special deposit reserve, introduced on January 10, 2003, earning interest at 6% per annum.

(b) Cash resources:

Due from the date of the balance sheet as follows:

	Company		Group	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Within 3 months	997,297	158,840	1,079,265	184,877
From 3 months to 1 year	-	-	74,998	10,613
	997,297	158,840	1,154,263	195,490

5. Loans and other receivables

	Company		Group	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Loans receivable [see notes 5(b), (c), (e) and (f)]	724,920	1,127,973	1,112,051	1,116,725
Less provision for doubtful debts [note 5(d)]	(486,016)	(467,320)	(502,994)	(467,320)
	240,904	660,653	609,057	649,405
Other receivables:				
Interest	618,890	659,329	615,052	659,226
Sundry	243,429	42,624	292,343	30,605
	862,319	701,953	907,395	689,831

Less: provision for doubtful debts	-	-	-	-
	862,319	701,953	907,395	689,831
	1,103,223	1,362,606	1,516,452	1,339,236
Amounts due within twelve months from balance sheet date	795,074	828,760	952,999	901,020
Amounts due more than twelve months from balance sheet date	308,149	533,846	563,453	438,216
	1,103,223	1,362,606	1,516,452	1,339,236

Other receivables includes $3,149,000 (2003: Nil) in connection with capital expenditure (note 32).

(a) Loans which exceeded 10% of the total loans owing to the company and the Group, and also exceeded 10% of the total deposits due by the company and the group, totalled $Nil (2003: $Nil) in both instances.

(b) Concentration of loans

The loan portfolio before provision, is concentrated as follows:

	Company		Group	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Agriculture	3,662	3,611	13,462	3,611
Manufacturing	89,007	59,519	89,165	59,519
Construction and real estate development	99,169	134,721	151,777	134,721
Tourism	308,878	515,103	336,402	515,103
Professional and other services	154,440	167,657	233,081	142,000
Personal	69,491	247,089	287,891	247,089
Other	273	273	273	14,682
	724,920	1,127,973	1,112,051	1,116,725

(c) Loans on which interest is suspended amounted to $617,481,000 (2003: $501,502,000). These loans are included in the financial statements at their estimated net realisable value of $117,944,000 (2003: $84,154,000).

(d) Provision for probable loan losses:

	Company		Group	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Provision made during the year	22,378	74,748	29,142	123,716
Issa Trust's provision at July 31, 2003	-	-	13,770	-
Provisions no longer required	(18,621)	(10,276)	(27,850)	(14,539)
Increase in provision	3,757	64,472	15,062	109,177
Provision at beginning of year	467,320	359,357	467,320	359,357
Net loan balance written off during the year	12,939	43,491	20,612	(1,214)
At end of year	484,016	467,320	502,994	467,320

(e) Loans receivable include loans to the company's Employee Share Ownership Plan (ESOP) amounting to $9,691,000 (2003: $24,662,000) for the company and the group. The number of shares held by the ESOP at March 31, 2004 was 15,968,000 (2003: 6,232,000) for the company and the group (see note 19).

(f) Loans receivable include US$ loans to Runaway Bay Developments Limited amounting to US$8,760,000 (2003: US$9,109,000) for the company and the group. The loans are secured by certain land and buildings and are repayable in 2009. Of this amount, the company has subordinated the servicing of US$2,351,000 (2003: US$2,351,000) in favour of other creditors. Interest will accrue at 10.5% (2003: 10.5%) per annum but payment will be deferred together with principal based on certain stipulated conditions.

At the balance sheet date provision for probable loan losses in respect of these loans amounted to US$2,366,000 (2003: US$2,351,000) for the company and the group.

6. Net investment in leases

Group

	2004	2003
	$'000	$'000
Total minimum lease payments receivable	70,968	85,354
Unearned income	(24,808)	(31,132)
	46,160	54,222
Comprised as follows - current portion	16,877	15,021
- non-current portion	29,283	39,201
	46,160	54,222

Future minimum lease payments are receivable after balance sheet date as follows:

	Group	
	2004	2003
	$'000	$'000
Within 1 year	16,877	22,722
Between 1 and 3 years	23,537	22,794
Between 3 and 5 years	22,371	21,390
Greater than 5 years	8,183	18,448
	70,968	85,354

Net investment in leases amounting to $46,160,000 (2003: $54,222,000) represents amounts collectible under leases assigned to a subsidiary by the parent company.

7. Capital management fund

The fund represent the investment 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 18).

8. Government securities fund

The company manages funds, on a non-recourse basis, on behalf of investors. There is no legal or equitable right or interest in these funds.

9. Investments

	Company		Group	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Held for trading:				
Bonds	1,267,318	243,000	1,267,318	243,000
Local registered stock	2,519,001	372,972	2,519,001	372,972
Debentures	318,102	-	318,102	-
Quoted securities	138,270	48,533	138,270	48,533
Units in unit trusts	272,188	198,474	322,676	221,355
Government of Jamaica Guaranteed Certificate of Participation	153,558	-	153,558	-
Certificates of Security Held (COSH)	50,261	-	50,261	-
Promissory notes	494	-	494	-
	4,719,192	862,979	4,769,680	885,860
Originated securities and receivables				
Bonds	581,281	2,161,229	581,281	2,161,229
Local registered stock	518,599	526,808	518,599	526,808
Debentures	62,078	526,422	62,078	526,422
Government of Jamaica Guaranteed Certificate of Participation	1,153,586	-	1,153,586	-
COSH	104,000	-	104,000	-
Promissory Notes	277,749	722,016	277,749	722,016
Repurchase agreement	227,332	232,917	227,332	232,917
	2,924,625	4,169,392	2,924,625	4,169,392
Held-to-maturity securities				
Bonds	298,792	272,958	298,792	272,958
Local registered stock	4,777,762	5,021,035	4,777,762	5,021,035
Promissory Notes	6,459	13,885	6,459	13,885
	5,083,013	5,307,878	5,083,013	5,307,878
Available-for-sale securities:				
Bonds	637,276	279,928	1,096,859	279,928
Local registered stock	2,976,255	5,950,235	3,026,761	5,950,235
Debentures	101,660	-	112,868	-
COSH	169,648	1,600,000	169,648	1,600,000

Promissory Notes	-	172,232	-	172,232
Repurchase agreement	-	-	1,590	-
Runaway Bay Development	83,811	83,811	83,811	83,811
Jamaica Stock Exchange seat	15,000	15,000	15,000	15,000
	3,983,650	8,101,206	4,506,537	8,101,206
	16,710,480	18,441,455	17,283,855	18,464,336

The company has pledged securities totalling $100,000,000 as a requirement of operating a current account at Bank of Jamaica.

(ii) The company purchased units in Unit Trusts from a subsidiary company during the year at the market value of $40,593,000 (2003: $87,708,000).

(iii) The company owns 19.5% (2003: 19.5%) of the equity capital of Runaway Bay Developments Limited (RBDL). RBDL holds 100% of the equity capital of RBDL (1998) Limited and RBDL Services Limited, and all three companies are incorporated in Jamaica.

(iv) Investments are due from the date of the balance sheet as follows:

	Company		Group	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Within 3 months	1,654,072	2,166,784	1,704,561	2,189,550
From 3 months to 5 years	3,804,002	5,729,850	3,995,058	5,729,850
5 years and over	11,252,406	10,544,821	11,584,236	10,544,936
	16,710,480	18,441,455	17,283,855	18,464,336

10. Interest in subsidiaries

	2004	2003
	$'000	$'000
Shares, at cost (see note 33)	568,784	453,784
Current accounts	(366,508)	(297,894)
	202,276	155,890

11. Deferred tax assets and liabilities

(a) Deferred tax assets are attributable to the following:

	2004 $'000	2003 $'000
Property, plant and equipment	(790)	326
Other liabilities	(16,000)	-
Unutilised tax value of losses	34,305	41,604
	17,515	41,930
	=======	=======

Movements in temporary differences during the year:

	Balance at April 1 $'000	Recognised in income $'000	Assumed on merger $'000	Balance at March 31 $'000
Property, plant and equipment	326	(1,116)	-	(790)
Other liabilities	-	-	(16,000)	16,000
Utilised tax value of losses	41,604	(7,299)	-	34,305
Net deferred tax assets	41,930	(8,415)	(16,000)	17,515
Deferred tax liability [note 11 (b)]	======	(597)	=======	======
Total charge (note 24)		(9,012)		
======				
		======		

(b) Deferred tax liabilities are attributable to the following:

	2004 $'000	2003 $'000
Property, plant and equipment	1,968	1,473
Other receivables	-	2
Investments	510	510
Other liabilities	(10)	-

Unutilised tax value of loss carry forward	(1,169)	(1,283)
	1,299	702
	======	======

Movements in temporary differences during the year:

	Balance at April 1 $'000	Recognised in income $'000	Balance at March 31 $'000
Property, plant and equipment	1,473	495	1,968
Other receivables	2	(2)	-
Investments	510	-	510
Other liabilities	-	(10)	(10)
Utilised tax value of losses	(1,283)	114	(1,169)
Net deferred tax liabilities	702	597	1,299
	======	======	======

(c) Deferred tax assets have not been recognised in respect of tax losses of the parent company amounting to $236,145,000 (2003: $99,139,000). At this time, management does not consider that it is probable that future taxable profits will be available against which the asset will be realised.

12. Due from/to Unit Trust Funds

These represent amounts due from/to the DB&G Premium Growth Fund and DB&G Unit Trust Money Market Fund, for 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.

13. Property, plant and equipment

Company

	Leasehold improvements $'000	Motor vehicles $'000	Furniture, equipment and computers $'000	Total $'000

At cost:				
March 31, 2003	27,670	1,182	119,560	148,412
Additions	186	-	29,046	29,232
Disposal	-	-	(1,849)	(1,849)
March 31, 2004	27,856	1,182	146,757	175,795
Depreciation:				
March 31, 2003	11,741	134	55,351	67,226
Charge for the year	6,399	295	18,271	24,965
Eliminated on disposal	-		(591)	(591)
March 31, 2004	18,140	429	73,031	91,600
Net book values:				
March 31, 2004	9,716	753	73,726	84,195
March 31, 2003	15,929	1,048	64,209	81,186

Group

	Building $'000	Leasehold improvements $'000	Motor vehicles $'000	Furniture, equipment and computers $'000	Total $'000
At cost:					
March 31, 2003	1,013	28,599	1,182	146,273	177,067
Acquired from Issa Trust	-	2,795	6,640	12,729	22,164
Additions	-	16,389	-	44,012	60,401
Disposals	-	(2,760)	(5,243)	(6,807)	(14,810)
Write-offs	-	-	-	(442)	(442)
March 31, 2004	1,013	45,023	2,579	195,765	244,380
Depreciation:					
March 31, 2003	64	12,203	134	65,704	78,105
Acquired from Issa Trust	-	2,795	1,365	11,567	15,727
Charge for the year	79	7,710	1,125	22,492	31,406
Eliminated on disposals	-	(2,759)	(1,584)	(5,292)	(9,635)
Eliminated on write offs	-	-	-	(276)	(276)
March 31, 2004	143	19,949	1,040	94,195	115,327

Net book values:					
March 31, 2004	870	25,074	1,539	101,570	129,053
March 31, 2003	949	16,396	1,048	80,569	98,962

14. Goodwill on consolidation

	2004 $'000	2003 $'000
At beginning of year	70,653	75,118
Amortisation for year	(4,465)	(4,465)
At end of year	66,188	70,653

15. Customers' deposits and savings accounts

(a) The maturity profile of deposits, with reference to the balance sheet date, is as follows:

	2004		2003	
	No	$'000	No	$'000
Local currency:				
Less than one month	157	201,047	13	3,906
1 to 3 months	88	44,843	4	959
Over 3 months	35	19,272	-	-
	280	265,162	17	4,865
Foreign currency:				
Less than one month	58	193,468	-	-
1 to 3 months	47	298,130	-	-
Over 3 months	36	310,172	-	-
	141	801,770	-	-
	421	1,066,932	17	4,865

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

2004 2003

	No	$'000	No	$'000
Local currency:				
Less than one month	5	69,870	2	2,387
1 to 3 months	3	50,789	2	841
Over 3 months	17	332,844	0	0
	25	453,503	4	3,228
Foreign currency:				
Less than one month	5	607	-	-
1 to 3 months	3	383	-	-
Over 3 months	17	4,589	-	-
	25	5,579	-	-
	50	459,082	4	3228

(c) Customers' savings accounts

These amounts are all due within one year after balance sheet date.

16. Securities sold under repurchase agreements

The company and the group make funds available to institutions by entering into very short-term agreements with these institutions. 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.

Securities sold under repurchase agreements are due from the date of the balance sheet as follows:

	Company		Group	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Within 3 months	7,939,645	9,307,729	7,183,178	9,236,180
From 3 months to 5 years	1,003,453	2,826,365	1,194,509	2,826,365
5 years and over	-	-	331,831	-
	8,943,098	12,134,094	8,709,518	12,062,545

17. Promissory notes

	Company		Group	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
2% -13%(2003:1%-11.5%) United States dollar promissory notes	4,782,145	3,542,770	4,782,145	3,542,770
2% - 7% (2003:5% -7%) Pounds sterling promissory notes	65,223	5,752	65,223	5,752
2% - 37% (2003: 1%-36.65%) Jamaica dollar promissory notes	3,521,328	3,307,348	3,543,226	3,334,848
	8,368,696	6,855,870	8,390,594	6,883,370

The promissory notes were repayable in 2003 but are now repayable in 2004 to 2005 and are secured by Government of Jamaica securities and long-term loans.

18. Capital management fund obligations

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

19. Share capital

	2004	2003
	$'000	$'000
Authorised:		
1,200,000,000 (2003: 250,000,000) ordinary shares of $0.10 each	120,000	25,000
1,000 special redeemable preference shares of $0.10 each	-	-
	120,000	25,000
Issued and fully paid:		
276,825,714 stock units (2003: 122,129,514 stock units) [note 5 (e)]	27,683	12,213
1,000 special redeemable preference shares of $0.10 each	-	-
	27,683	12,213

The securities held in respect of the acquisition of Issa Trust and Merchant Bank Limited were converted to 23,000,000 ordinary shares, which were issued at a premium of $4.90 per share.

At the Annual General Meeting held on November 26, 2003, the following resolutions were passed -
That the authorised share capital of the company be increased from $25,000,100 by the creation of 950,000,000 new ordinary shares of $0.10 each, such shares to rank for all purposes immediately upon their issue pari passu with the existing stock units in the Company.

That upon the recommendation of the Directors, it is desirable to capitalise the sum of $12,691,286 being part of the amount for the reserve account, and that accordingly the said sum be capitalised and applied in paying up in full at par 126,912,857 unissued ordinary shares of $0. 10 each in the capital of the company, such shares to be allotted and distributed as fully paid among the persons who are registered as the holders of the ordinary stock units in the capital of the company at the close of business on December 10, 2003, at the rate of one (1) fully paid share for each one (1) stock unit held by such holders respectively, such fully paid shares to rank for all purposes immediately upon their issue pari passu with the existing ordinary stock units in the company.

That the directors be and are hereby authorised to convert the said ordinary shares, as soon as they are issued, into ordinary stock units of $0. 10 each in the company.

To facilitate the implementation of the Executive Stock Compensation Plan which had been approved by the company's Board of Directors, the authorised and issued share capital of the company was increased as at March 31, 2002 by the sum of one hundred dollars ($100.00) comprised of one thousand (1,000) special redeemable preference shares of 0.10 each, such special redeemable preference shares being non-voting and ranking pari passu in all respects as between themselves.

Each one of the said special redeemable preference shares:

(a) has the right to receive a dividend in respect of the period of fifteen months commencing on January 1, 2000 and ending March 31, 2001 and in respect of each financial year of the company thereafter (until and including the financial year which most recently precedes the year during which such special redeemable preference share is redeemed) in the form of the issue to the holder thereof by the company of such number of new ordinary shares of $0.10 each in the company as is arrived at from dividing - (i) 0.01% of the amount of the company's consolidated net profits before taxation for such fifteen month period or such financial year (as the case may be), by (ii) the average book value per ordinary stock unit in the company during such fifteen month period or such financial year, as the case may be, such new ordinary shares to be treated as fully paid up in full at par (that is, $0.10 per share) out of the company's retained earnings account and to rank pari passu in all respects with the other issued ordinary stock units in the company (save and except that such new ordinary shares shall not rank for any dividend or capital distribution declared from profits or gains made in the fifteen month period or financial year, as the case may be, with respect to which such new ordinary shares are issued), such new ordinary shares in the company to be converted into ordinary stock units of $0. 10 each in the company upon their issue and to be thereupon listed on any and all stock exchanges as the company's other issued ordinary stock units are from time to time listed, and such new ordinary shares to be issued either to the holder of such special redeemable preference share in respect of which they are issued or to such person as such holder may from time to time nominate;

(b) shall not be transferable by the person to whom such special redeemable preference share is issued, other than to another executive officer employed to or otherwise engaged by the company and then only with the prior approval of a resolution of the company's Board of Directors, and

(c) shall be redeemable at par at the option of the company once the holder thereof ceases to be employed or engaged as an executive officer of the company. 4,783,343 (2003: 9,629,474 in respect of 2001 and 2002), ordinary shares were issued during the year ended March 31, 2004. 13,739,626 ordinary shares are to be issued during the year ending March 2005.

20. Reserves

(i) 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 fund is equal to the paid-up capital.

(ii) Loan loss reserve

Loan loss reserve represents provisions for loan loss in accordance with Bank of

Jamaica provisioning requirements in excess of the requirements of IFRS [see notes 3(c) and 5(d)].

(iii) Investment revaluation reserve

Investment revaluation reserve represents cumulative unrealised gains or losses arising from the changes in fair value of available-for-sale investments.

(iv) Retained profits

Retained profits include $Nil (2003: $225,174) incentive dividends and $118,600 (2003: $105,749) franked income available for distribution without deduction of tax.

21. Financial instruments

A financial instrument is any contract which gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

(a) Fair value of financial instruments:

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.

The carrying amounts included in the financial statements for cash resources, loans and other receivables, net investment in leases, capital management fund, due from Unit Trust Funds, capital management fund obligations, bank overdrafts, accounts payable, customers' deposits and customers' savings accounts, securities sold under repurchase agreements and promissory notes 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.

(b) Financial instrument risks:

Exposure to interest rate, credit, foreign currency, market, liquidity and cash flow risks arises in the ordinary course of the company's and group business

(i) 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 specific period.

The company and the group manage this risk by creating a portfolio of assets that reprices frequently and at different periods. This risk is further reduced by constant extensive market research which provides a basis for predicting interest rate market movements. The assets portfolio is then adjusted based on the market prediction.

The following tables summarise the carrying amounts of financial assets and liabilities, 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	2004					
	Immediately rate sensitive $'000	Within 3 months $'000	Three to 12 months $'000	Over 12 months $'000	Non-rate sensitive $'000	Total $'000
Cash resources	-	-	-	-	997,297	997,297
Loans and other receivables	100,691	165	1,772	308,149	692,446	1,103,223
Capital management fund	763,875	174,920	163,109	573,719	97,601	1,773,224
Government securities fund	3,000	1,196,355	-	183,265	26,382	1,409,002
Investments	2,676,678	7,142,384	6,134,985	218,306	538,127	16,710,480
Total financial assets	3,544,244	8,513,824	6,299,866	1,283,439	2,351,853	21,993,226
Accounts payable		-	-	-	620,264	620,264
Securities sold under repurchase agreements	5,642,845	2,296,800	998,546	4,907	-	8,943,098
Promissory notes	5,465,966	2,100,051	786,561	16,118	-	8,368,696

Capital management fund obligations	1,729,012	39,734	4,478	-	-	1,773,224
Government securities fund	1,409,002	-	-	-	-	1,409,002
Total financial liabilities	14,246,825	4,436,585	1,789,585	21,025	620,264	21,114,284
Total interest rate sensitivity gap	(10,702,581)	4,077,239	4,510,281	1,262,414	1,731,589	878,942
Cumulative gap	(10,702,581)	(6,625,342)	(2,115,061)	(852,647)	878,942	

2003

	Immediately rate sensitive $'000	Within 3 months $'000	Three to 12 months $'000	Over 12 months $'000	Non-rate sensitive $'000	Total $'000
Cash resources	-	-		-	158,840	158,840
Loans and other receivables	81,294	31,229	12,843	533,846	703,394	1,362,606
Capital management fund	37,176	18,004	72,626	662,348	53,766	843,920
Government securities fund	736,800	-	-	-	-	736,800
Investments	2,720,623	5,038,982	2,199,718	8,124,708	357,424	18,441,455
Total financial assets	3,575,893	5,088,215	2,285,187	9,320,902	1,273,424	21,543,621
Accounts payable		-	-	-	359,590	359,590
Securities sold under repurchase agreements	7,179,091	2,128,638	2,802,001	24,364	-	12,134,094
Promissory notes	4,190,364	1,572,569	1,077,844	15,093	-	6,855,870
Capital management fund obligations	843,920	-	-	-	-	843,920
Government securities fund obligations	736,800	-	-	-	-	736,800
Total financial liabilities	12,950,175	3,701,207	3,879,845	39,457	359,590	20,930,274
Total interest rate sensitivity gap	(9,374,282)	1,387,008	(1,594,658)	9,281,445	913,834	613,347
Cumulative gap	(9,374,282)	(7,987,274)	(9,581,932)	(300,487)	613,347	

Group

2004

	Immediately rate sensitive $'000	Within 3 months $'000	Three to 12 months $'000	Over 12 months $'000	Non-rate sensitive $'000	Total $'000
Cash resources	78,226		-	51,840	1,024,197	1,154,263
Loans and other receivables	202,014	17,728	70,406	567,626	658,678	1,516,452

Net investment in leases	-	-	16,882	29,278	-	46,160
Capital management fund	763,875	174,920	163,109	573,719	97,601	1,773,224
Government securities fund	3,000	1,196,355		183,265	26,382	1,409,002
Investments	2,456,980	7,334,904	6,263,286	690,559	538,126	17,283,855
Total financial assets	3,504,095	8,723,907	6,513,683	2,096,287	2,344,984	23,182,956
Accounts payable	-	-	-	-	637,689	637,689
Customers' deposits	11,608	727,419	312,952	14,953	-	1,066,932
Customers' savings accounts	7,380	-	-	-	-	7,380
Securities sold under repurchase agreements	5,409,265	2,296,800	998,546	4,907	-	8,709,518
Promissory notes	5,465,966	2,100,051	786,561	38,016	-	8,390,594
Capital management fund obligations	1,729,012	39,734	4,478	-	-	1,773,224
Government securities fund obligation	1,409,002	-	-	-	-	1,409,002
Total financial liabilities	14,032,233	5,164,004	2,102,537	57,876	637,689	21,994,339
Total interest rate sensitivity gap	(10,528,138)	3,559,903	4,411,146	2,038,411	1,707,295	1,188,617
Cumulative gap	(10,528,138)	(6,968,235)	(2,557,089)	(518,678)	1,188,617	

	2003					
	Immediately rate sensitive $'000	Within 3 months $'000	Three to 12 months $'000	Over 12 months $'000	Non-rate sensitive $'000	Total $'000
Cash resources	-	-	-	0	195,490	195,490
Loans and other receivables	155,911	33,545	23,487	438,363	687,930	1,339,236
Net investment in leases	-		15,021	39,201	-	54,222
Capital management fund	37,176	18,004	72,626	716,114	-	843,920
Government securities fund	736,800	-	-	-	-	736,800
Investments	2,720,772	5,038,982	2,199,718	8,124,824	380,040	18,464,336
Due from Unit Trust Funds	-	-	-	-	53,312	53,312
Total financial assets	3,650,659	5,090,531	2,310,852	9,318,502	1,316,772	21,687,316
Accounts payable	-	-	-	-	401,373	401,373
Customers' deposits	-	4,865	-	-	-	4,865
Customers' savings accounts	5,032	-	-	-	4	5,036
Securities sold under repurchase agreements	7,179,091	2,093,140	2,765,950	24,364	-	12,062,545
Promissory notes	4,190,364	1,572,569	1,077,844	42,593	-	6,883,370
Capital management fund obligations	843,920	-	-	-	-	843,920

Government securities fund	736,800	-	-	-	-	(736,800)
Total financial liabilities	12,955,207	3,670,574	3,843,794	66,957	401,377	20,937,909
Total interest rate sensitivity gap	(9,304,548)	1,419,957	(1,532,942)	9,251,545	915,395	749,407
Cumulative gap	(9,304,548)	(7,884,591)	(9,417,533)	(165,988)	749,407	

Average effective yields by the earlier of the contractual repricing and maturit