DEHRING BUNTING & GOLDING LIMITED

Notes to the Financial Statements

March 31, 2005

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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 company is domiciled in Jamaica and its 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) and their interpretations adopted by the International Accounting Standards Board (IASB).

(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.

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, 2005, except for Billy Craig Investments Limited, which has audited financial statements up to December 31, 2004. These were adjusted for significant intervening transactions to March 31, 2005 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 30)].

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 1/2%
Leasehold improvements	10% - 50%
Motor vehicles	20%
Furniture and equipment	10%
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 at 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 expenses:

Interest income and interest 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 stock compensation plan, are recorded as earned and incurred, respectively, in the

group profit and loss account.

(g) Finance leases:

Leases where the group transfers substantially all the risks and rewards of ownership of an asset to the lessee are classified as finance leases. A receivable at an amount equal to the present value of the lease payments is recognised.

The difference between the gross receivable and the present value of the receivable is unearned finance income and is recognised over the term of the lease using the effective interest rate method.

(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.

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 pre-tax 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 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 bold 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 they are transferred to the company or the group. 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 changes 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 cost 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/or depreciation in fair value 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 are stated at cost.

(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	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Cash floats	-	-	-	40
Cash reserves - Bank of Jamaica	-	-	112,680	75,010
Cash at bank	220,268	997,297	255,628	1,079,213
	220,268	997,297	368,308	1,154,263

(a) A minimum of 23% (2004: 23%) of prescribed liabilities is required to be maintained in liquid assets by a subsidiary. This includes a cash reserve deposit of 9 % (2004: 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 3% (2004: 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	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Within 3 months	220,268	997,297	255,628	1,079,265
From 3 months to 1 year	-	-	112,680	74,998

	220,268	997,297	368,308	1,154,263

5. Loans and other receivables

	Company		Group	
	2005 ($'000)	2004 ($'000)	2005 ($'000)	2004 ($'000)
Loans receivable [see notes 5(b), (c), (e) and (f)]	997,773	724,920	2,057,914	1,112,051
Less provision for doubtful debts [note 5(d)]	(420,971)	(484,016)	(433,612)	(502,994)
	576,802	240,904	1,624,302	609,057
Other receivables:				
Interest	651,169	618,890	684,197	615,052
Sundry	89,662	243,429	112,696	292,343
	740,831	862,319	796,893	907,395
Less: provision for doubtful debts	-	-	-	-
	740,831	862,319	796,893	907,395
	1,317,633	1,103,223	2,421,125	1,516,452
Amounts due within twelve months from balance sheet date	827,490	795,074	1,541,602	952,999
Amounts due more than twelve months from balance sheet date	490,143	308,149	879,593	563,453
	1,317,633	1,103,223	2,421,195	1,516,452

Other receivables includes $213,000 (2004: $3,149,000) 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 (2004: $Nil) in both instances.

(b) Concentration of loans:

The loan portfolio before provision is concentrated as follows:

	Company		Group	
	2005 ($'000)	2004 ($'000)	2005 ($'000)	2004 ($'000)
Agriculture	3,208	3,662	27,785	13,462
Distribution	-	-	77,270	-
Manufacturing	122,006	89,007	123,006	89,165
Mining, Quarrying & Processing	-	-	21,898	-
Construction and real estate development	140,468	99,169	290,083	151,777
Tourism	562,584	308,878	610,986	336,402
Transportation	-	-	62,235	-
Professional and other services	97,897	154,440	144,826	233,081
Personal	71,337	69,491	486,184	287,891
Other	273	273	213,641	273
	997,773	724,920	2,057,914	1,112,051

(c) Loans on which interest is suspended amounted to $495,578,000 (2004: $617,481,000) for the company and $535,143,000 (2004: $684,221,000) for the group. These loans are included in the financial statements at their estimated net realisable value of $83,093,000 (2004: $117,944,000) for the company and $116,694,000 (2004: $169,163,000) for the group.

(d) Provision for probable loan losses:

	Company		Group	
	2005 ($'000)	2004 ($'000)	2005 ($'000)	2004 ($'000)
Provision made during the year	92,233	22,378	99,359	29,142
Issa Trust's provision at July 31, 2003	-	-	-	13,770
Provisions no longer required	(71,261)	(18,621)	(87,853)	(27,850)
Increase in provision	20,972	3,757	11,506	15,062
Provision at beginning of year	484,016	467,320	502,994	467,320
Net loan balance written off / (written back) during the year	(84,017)	12,939	(80,888)	20,612
At end of year	420,971	484,016	433,612	502,224

(e) Loans receivable include loans to the company's Employee Share Ownership Plan (ESOP) amounting to $9,837,000 (2004: $9,691,000) for the company and the group. The number of shares held by the ESOP at March 31, 2005 was 14,893,256 (2004: 15,968,000) for the company and the group (see note 19).

(f) Loans receivable include US$ loans to Runaway Bay Developments Limited amounting to US$8,302,000 (2004: US$8,760,000) 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 (2004: US$2,351,000) in favour of other creditors. Interest will accrue at 8% (2004: 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 (2004: US$2,366,000) for the company and the group.

6. Net investment in leases

	Group	
	2005	2004
	($'000)	($'000)
Total minimum lease payments receivable	55,634	70,968
Unearned income	(18,047)	(24,808)
	37,587	46,160
Comprised as follows - current portion	14,361	16,877
- non-current portion	23,226	29,283
	37,587	46,160

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

	Group	
	2005	2004
	($'000)	($'000)
Within 1 year	14,361	16,877
Between 1 and 3 years	22,150	23,537
Between 3 and 5 years	18,604	22,371
Greater than 5 years	519	8,183
	55,634	70,968

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Net investment in leases amounting to $37,587,000 (2004: $46,160,000) represents amounts collectible under leases assigned to a subsidiary by the parent company.

7. Capital management fund

The fund represents 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	
	2005 ($'000)	2004 ($'000)	2005 ($'000)	2004 ($'000)
Held for trading:				
Bonds	1,167,104	1,267,318	1,167,104	1,267,318
Local registered stock	2,295,592	2,519,001	2,295,592	2,519,001
Debentures	750,303	318,102	750,303	318,102
Quoted securities	157,943	138,270	157,943	138,270
Units in unit trusts	356,644	272,188	430,985	322,676
Government of Jamaica Guaranteed Certificate of Participation	100,026	153,558	100,026	153,558
Certificates of Security Held (COSH)	300,576	50,261	300,576	50,261
Treasury Bills	18,644	-	18,644	-
Promissory notes	-	494	-	494
	5,146,832	4,719,192	5,221,173	4,769,680
Originated securities and receivables				
Bonds	85,823	581,281	85,823	581,281
Local registered stock	601,787	518,599	601,787	518,599
Debentures	255,252	62,078	255,252	62,078
Government of Jamaica Guaranteed				

Certificate of Participation	1,980,634	1,153,586	1,980,634	1,153,586
COSH	1,498,899	104,000	1,498,899	104,000
Treasury Bills	93,431	-	93,431	-
Promissory Notes	38,870	277,749	38,870	277,749
Repurchase agreements	-	227,332	-	227,332
	4,554,696	2,924,625	4,554,696	2,924,625
Held-to-maturity securities				
Bonds	160,902	298,792	160,902	298,792
Local registered stock	4,371,540	4,777,762	4,371,540	4,777,762
Promissory Notes	-	6,459	-	6,459
	4,532,442	5,083,013	4,532,442	5,083,013
Available-for-sale securities:				
Bonds	1,068,693	637,276	1,682,018	1,096,859
Local registered stock	2,674,225	2,976,255	2,809,787	3,026,761
Debentures	300,431	101,660	300,431	112,868
Development Bond Issue	-	-	1,117	-
COSH	100,037	169,648	150,112	169,648
Repurchase agreements	-	-	-	1,590
Runaway Bay Development	-	83,811	-	83,811
Jamaica Stock Exchange seat	15,000	15,000	15,000	15,000
	4,158,386	3,983,650	4,958,465	4,506,537
	18,392,356	16,710,480	19,266,776	17,283,855

(i) The company has pledged securities totalling $100,000,000 (2004:$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 $ 189,793,000 (2004: $40,593,000).

(iii) The company owns 19.5% (2004: 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	

	2005 ($'000)	2004 ($'000)	2005 ($'000)	2004 ($'000)
Within 3 months	1,728,629	1,654,072	1,840,706	1,704,561
From 3 months to 5 years	7,219,138	3,804,002	7,537,604	3,995,058
5 years and over	9,444,589	11,252,406	9,888,466	11,584,236
	18,392,356	16,710,480	19,266,726	17,283,855

10. Interest in subsidiaries

	2005 ($'000)	2004 ($'000)
Shares, at cost (see note 33)	568,784	568,784
Current accounts	(253,118)	(366,508)
	315,666	202,276

11. Deferred tax assets and liabilities

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

	Group 2005 ($'000)	Group 2004 ($'000)
Property, plant and equipment	324	(790)
Other liabilities	(16,000)	(16,000)
Unutilised tax value of losses	25,045	34,305
	9,369	17,515

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	(790)	1,114	324
Other liabilities	(16,000)	-	(16,000)
Utilised tax value of losses	34,305	(9,260)	25,045

Net deferred tax assets	17,515	(8,146)	9,369
Deferred tax liability [note 11 (b)]		(165)	
Total charge (note 24)		(8,311)	

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

	Group	
	2005	2004
	($'000)	($'000)
Property, plant and equipment	4,216	1,968
Investments	-	510
Other liabilities	(22)	(10)
Unutilised tax value of loss carry forward	(3,060)	(1,169)
	1,134	1,299

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	1,968	2,248	4,216
Investments	510	(510)	-
Other liabilities	(10)	(12)	(22)
Utilised tax value of losses	(1,169)	(1,891)	(3,060)
Net deferred tax liabilities	1,299	(165)	1,134

(c) Deferred tax assets have not been recognised in respect of tax losses of the parent company amounting to $179,757,000 (2004: $236,145,000). 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, 2004	27,856	1,182	146,757	175,795
Additions	8,954	-	31,470	40,424
Disposals	-	-	(80)	(80)
March 31, 2005	36,810	1,182	178,147	216,139
Depreciation:				
March 31, 2004	18,140	429	73,031	91,600
Charge for the year	10,245	295	23,580	34,120
Eliminated on disposals	-	-	(54)	(54)
March 31, 2005	28,385	724	96,557	125,666
Net book values:				
March 31, 2005	8,425	458	81,590	90,473
March 31, 2004	9,716	753	73,726	84,195

Group

	Building ($'000)	Leasehold improvements ($'000)	Motor vehicles ($'000)	Furniture, equipment and computers ($'000)	Total ($'000)
At cost:					
March 31, 2004	1,013	45,023	2,579	195,765	244,380
Additions	-	10,699	-	55,179	65,878
Disposals	-	-	-	(1,272)	(1,272)
March 31, 2005	1,013	55,722	2,579	249,672	308,986

Depreciation:					
March 31, 2004	143	19,949	1,040	94,195	115,327
Charge for the year	80	12,827	577	30,780	44,264
Eliminated on disposals	-	-	-	(1,040)	(1,040)
March 31, 2005	223	32,376	1,617	123,935	158,551
Net book values:					
March 31, 2005	790	22,946	962	125,737	150,435
March 31, 2004	870	25,074	1,539	101,570	129,053

14. Goodwill on consolidation

	2005 ($'000)	2004 ($'000)
At beginning of year	66,188	70,653
Amortisation for year	(4,465)	(4,465)
At end of year	61,723	66,188

15. Customers' deposits and savings accounts

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

	2005		2004	
	No	$ ($'000)	No	$ ($'000)
Local currency:				
Less than one month	149	168,225	157	201,047
1 to 3 months	156	174,633	88	44,843
Over 3 months	99	127,310	35	19,272
	404	470,168	280	265,162
Foreign currency:				
Less than one month	69	383,855	58	193,468
1 to 3 months	112	307,841	47	298,130
Over 3 months	113	925,719	36	310,172
	294	1,617,415	141	801,770

	698	2,087,583	421	1,066,932

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

	2005		2004	
	No	($'000)	No	($'000)
Local currency:				
Less than one month	2	43,623	5	69,870
1 to 3 months	1	24,990	3	50,789
Over 3 months	1	59,829	17	332,844
	4	128,442	25	453,503
Foreign currency:				
Less than one month	2	187,095	5	607
1 to 3 months	2	64,757	3	383
Over 3 months	3	578,204	17	4,589
	7	830,056	25	5,579
	11	958,498	50	459,082

(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 individuals and institutions by entering into repurchase agreements with these individuals and 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	
	2005	2004	2005	2004
	($'000)	($"000)	($'000)	($"000)
Within 3 months	12,785,763	7,939,645	12,370,131	7,183,178

From 3 months to 5 years	1,880,012	1,003,453	1,612,898	1,194,509
5 years and over	-	-	-	331,831
	14,665,775	8,943,098	13,983,029	8,709,518

At March 31, 2005, securities that the company and the group held had a fair value at $15,179,802,000 (2004:$8,921,534,000) and $14,497,056,000 (2004: $8,687,953,000), respectively.

17. Promissory notes

	Company		Group	
	2005 ($'000)	2004 ($'000)	2005 ($'000)	2004 ($'000)
2.78% - 9.5 %(2004: 2%-13 %)				
United States dollar promissory notes	2,483,466	4,782,145	2,750,443	4,782,145
3% - 7.5% (2004:2% -7%)				
Pounds sterling promissory notes	29,285	65,223	29,285	65,223
6% - 17.5% (2004: 2%-37%) Jamaica dollar promissory notes	679,969	3,521,328	699,590	3,543,226
	3,192,720	8,368,696	3,479,318	8,390,594

The promissory notes are 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

	2005 ($'000)	2004 ($'000)
Authorised:		
1,200,000,000 (2004: 1,200,000,000) ordinary shares of $0.10 each	120,000	120,000
1,000 special redeemable preference shares of $0. 10 each	-	-

	120,000	120,000
Issued and fully paid:		
290,385,731 stock units (2004: 276,825,714 stock units) [note 5 (e)]	29,039	27,683
1,000 special redeemable preference shares of $0.10 each	-	-
	29,039	27,683

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 res-

pects 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. 13,560,017 (2004: 4,783,343 during the year ended March 31, 2004) ordinary shares were issued during the year ended March 31, 2005. 12,809,013 ordinary shares are to be issued during the year ending March 31, 2006 (see note 26).

Under the Companies Act 2004 (the Act), which became effective on February 1, 2005, all shares in issue are deemed to be shares without a par (or nominal) value, unless the company, by ordinary resolution, elects to retain its shares with a par value. The company proposes to retain shares with a par value and has until July 31, 2005 to elect to do so and if such election is made, its shares will remain with par value for eighteen months thereafter.

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.

21. Financial instruments

A financial instrument is any contract which gives rise to 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, 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, with the exception of loans and receivables, 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, cash flow, equity and operating 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

	2005					
	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	-	-	-	-	220,268	220,268
Loans and other receivables	50,159	168	64,775	490,143	712,388	1,317,633
Capital management fund	1,569,368	283,008	1,030,793	1,249,427	87,034	4,219,630
Government securities fund	-	-	-	1,444,843	56,286	1,501,129
Investments	3,200,110	3,601,242	3,201,543	7,813,417	576,044	18,392,356
Total financial assets	4,819,637	3,884,418	4,297,111	10,997,830	1,652,020	25,651,016
Accounts payable	-	-	-	-	600,354	600,354
Securities sold under repurchase agreements	8,764,459	4,021,304	1,875,859	4,153	-	14,665,775
Promissory notes	1,985,240	790,676	407,403	9,401	-	3,192,720
Capital management fund obligations	4,219,630	-	-	-	-	4,219,630
Government securities fund	1,501,129	-	-	-	-	1,501,129
Total financial liabilities	16,470,458	4,811,980	2,283,262	13,554	600,354	24,179,608
Total interest rate sensitivity gap	(11,650,821)	(927,562)	2,013,849	10,984,276	1,051,666	1,471,408
Cumulative gap	(11,650,821)	(12,578,383)	(10,564,534)	419,742	1,471,408	

	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 obligation	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	

Group

	2005					
	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	14,146	-	-	70,930	283,232	368,308
Loans and other receivables	85,323	241,546	144,720	1,212,633	736,973	2,421,195
Net investment in leases	-	69	14,292	23,226	-	37,587
Capital management fund	1,569,368	283,008	1,030,793	1,249,427	87,034	4,219,630
Government securities fund	-	-	-	1,444,843	56,286	1,501,129
Investments	2,803,922	3,641,705	3,769,087	8,361,677	650,385	19,226,776
Due from Unit Trust Funds	-	-	-	-	829	829
Total financial assets	4,472,759	4,166,328	4,958,892	12,362,736	1,814,739	27,775,454
Accounts payable	-	-	-	-	594,067	594,067
Customers' deposits	-	1,034,555	1,046,323	6,705	-	2,087,583
Customers' savings accounts	6,067	-	-	-	-	6,067
Securities sold under repurchase agreements	8,348,828	3,754,189	1,875,859	4,153	-	13,983,029
Promissory notes	1,985,240	1,057,653	407,403	9,401	19,621	3,479,318
Capital management fund obligations	4,219,630	-	-	-	-	4,219,630
Government securities fund obligations	1,501,129	-	-	-	-	1,501,129
Total financial liabilities	16,060,894	5,846,397	3,329,585	20,259	613,688	25,870,823
Total interest rate sensitivity gap	(11,588,135)	(1,680,069)	1,629,307	12,342,477	1,201,051	1,904,631
Cumulative gap	(11,588,135)	(13,268,204)	(11,638,897)	703,580	1,904,631	

	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 obligations	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	

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

Company

	2005				
	Immediately rate sensitive %	Within 3 months %	Three to 12 months %	Over 12 months %	Total %
Loans and other receivables	5.70	15.07	13.88	8.71	9.18

Capital management fund	10.35	16.50	8.39	11.39	10.60
Government securities fund	-	-	-	10.16	10.16
Investments	16.15	15.44	11.38	11.55	13.13
Securities sold under repurchase agreements	9.94	10.55	11.98	12.42	10.37
Promissory notes	5.00	9.79	10.26	6.11	6.86
Capital management fund obligations	8.96	-	-	-	8.96
Government securities fund obligations	8.86	-	-	-	8.86

	2004				
	Immediately rate sensitive %	Within 3 months %	Three to 12 months %	Over 12 months %	Total %
Loans and other receivables	21.75	10.06	9.55	11.13	10.72
Capital management fund	9.00	19.00	15.00	14.00	12.00
Government securities fund	26.00	10.00	-	11.00	10.00
Investments	23.33	14.53	13.56	9.43	15.55
Securities sold under repurchase agreements	13.45	12.00	16.57	14.59	13.43
Promissory notes	12.33	13.21	15.30	12.50	12.87
Capital management fund obligations	10.52	6.53	5.73	-	10.42
Government securities fund obligations	9.89	-	-	-	9.89

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

Group

	2005			
	Immediately	Within	Three to	Over 12

	rate sensitive	3 months	12 months	months	Total
	%	%	%	%	%
Loans and other receivables	8.97	15.42	13.92	8.71	11.97
Net investments in leases	12.20	12.20	12.20	12.20	12.20
Capital management fund	10.35	16.50	8.39	11.39	10.60
Government securities fund	-	-	-	10.16	10.16
Investments	16.15	15.44	11.38	11.55	13.13
Customers' deposits	-	8.94	8.13	7.00	8.53
Customers' savings accounts	8.74	-	-	-	8.74
Securities sold under repurchase agreements	9.94	10.55	11.98	12.42	10.37
Promissory notes	5.00	9.79	10.26	6.11	6.86
Capital management fund obligations	8.96	-	-	-	8.96
Government securities fund obligations	8.86	-	-	-	8.86

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

Group

			2004		
	Immediately rate sensitive	Within 3 months	Three to 12 months	Over 12 months	Total
	%	%	%	%	%
Loans and other receivables	17.00	18.00	18.15	12.07	16.31
Net investments in leases	12.20	12.20	12.20	12.20	12.20
Capital management fund	9.00	19.00	15.00	14.00	12.00
Government securities fund	26.00	10.00	-	11.00	10.00
Investments	23.33	14.53	13.56	9.43	15.55
Customers' deposits	-	12.00	12.71	14.93	13.21
Customers' savings accounts	6.18	-	-	-	6.18
Securities sold under repurchase agreements	13.45	12.00	16.57	14.59	13.43

Promissory notes	12.33	13.21	15.30	12.50	12.87
Capital management fund obligations	10.52	6.53	5.73	-	10.42
Government securities fund obligations	9.89	-	-	-	9.89

(ii) 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 5(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 fund 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.

(iii) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

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 United States 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:

	2005		2004	
	Company ('000)	Group ('000)	Company ('000)	Group ('000)
United States dollars	(12,677)	(12,402)	9,174	10,508
Canadian dollars	(943)	(422)	642	642
Euro	11,786	11,941	1,753	1,753
Cayman	(11)	(11)	-	-
Pounds sterling	(2,214)	(2,210)	(625)	(618)

(iv) Market risk:

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The company and group manage this risk through a Financial Planning Unit which carries out extensive research and monitors the price movement of securities on the local and international markets. The company and group's portfolios are balanced with respect to the duration of the securities included in order to minimise exposure to volatility, based on projected market conditions.

(v) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the company and the group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close, to its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities. The company and group manage their liquidity risk by establishing accurate projections for varying tenors of maturing assets and liabilities. These projections are monitored daily by the Treasury Committee and the portfolio of assets and liabilities are adjusted according to the need to liquidate maturing liabilities or take advantage of impending opportunities.

(vi) Cash flow risk:

Cash flow risk is the risk that future flows associated with a monetary financial instrument will fluctuate in amount. The company manages this risk by assessing, as far as possible, that fluctuations in monetary financial liabilities and assets are matched to mitigate any significant cash outflows.

(vii) Equity risks:

Equity risks arise out of price fluctuations in the equity prices. The risk arises out of holding positions in either individual stocks (idiosyncratic risk) or in the market as a whole (systemic risk). The goal is to earn dividend income and realise capital gains sufficient to offset the interest foregone in holding such long-term positions. Diversification is one strategy employed to reduce the impact on the portfolio, which may result from the non-performance of a specific class of assets. Given the potential volatility in the value of equities and the non-interest bearing characteristics of these instruments, the company limits the amount invested in them.

(viii) Operating risk:

This is the risk of loss from inadequate or failed processes, practices, human performance, technology, and business strategies or from external events. Its impact can be both financial and non-financial, as in the case of damage to reputation or loss of competitive position. While no company can ever fully eliminate this risk, the development of a sound business strategy, including recovery strategies, well documented and internationally accepted policies and procedures, as well as strict adherence to and compliance with the rules and regulations outlined by the regulatory authorities, aids in the mitigation of possible damage.

The management of this area of risk is the direct responsibility of the President and Chief Operating Officer.

22. Staff costs

	2005 ($'000)	2004 ($'000)
Salaries and incentive pay	424,904	288,913
Statutory contributions	39,986	23,203

Pension scheme contributions	24,453	16,138
Other	49,575	48,198
ESOP shares	-	16,857
Staff loan interest differential	6,461	21,891
	545,379	415,200

The number of employees for the group were as follows:

	Average number	
	2005	2004
Full time	203	176
Part time	3	4
	206	180

23. Profit before taxation

Profit before taxation is stated after charging:

		2005 ($'000)	2004 ($'000)
Directors' emoluments	- fees	1,585	1,533
	- management remuneration	112,402	67,065
Auditors' remuneration		8,880	9,817
Depreciation		44,264	31,406

24.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:

	2005 ($'000)	2004 ($'000)
(i) Current tax charge:		
Income tax at 33 1/3%	-	-

(ii) Deferred taxation:		
Origination and reversal of temporary differences	(3,376)	1,599
Tax benefit of unused tax losses	11,687	7,413
Total taxation in group profit and loss account	8,311	9,012

(b) Taxation losses, subject to agreement by the Commissioner of Taxpayer Audit and Assessment, available for set-off against future taxable profits, amounted to approximately $878,557,000 (2004: $978,032,000) for the company and $905,716,000 (2004: $978,845,000) for the group.

(c) Reconciliation of effective tax rate -

	2005 ($'000)	2004 ($'000)
Profit before taxation	802,642	538,595
Computed "expected" tax charge at 33 1/3%	267,547	179,532
Difference between profit for financial statements and tax reporting purposes on -		
Depreciation charge and capital allowances	(1,821)	(1,983)
Interest receivable	(71,573)	57,839
Exempt income	(181,891)	(220,306)
Disallowed expenses and other capital adjustment	2,653	1,666
Gain on disposal of property, plant and equipment	(87)	(263)
Tax losses utilised	(5,952)	(6,969)
Other	(565)	(504)
Actual tax charge	8,311	9,012

25. Net Profit attributable to members

Dealt with in the financial statements of the company, $742,963,000 (2004: $482,188,000).

26. Earnings per stock unit

The calculation of earnings per stock unit is based on the net profit of $802,642,000 (2004: $538,595,000) and stock units in issue (see note 19). The calculation of diluted earnings per stock unit is based on the net profit of $802,642,000 (2004: $538,595,000) and stock units, including those to be issued under the executive stock compensation plan for 2005 (see note 19). Fully diluted earnings per stock unit is difficult to determine and not presented as the number of shares to be issued is dependent on future profitability and the average book value for each relevant year.

27. Retained profits

Retained in the financial statements of:

	2005 ($'000)	2004 ($'000)
The company	1,571,299	918,356
Subsidiaries	222,178	180,577
	1,793,477	1,098,933

28. Managed funds

The subsidiary, DBG Unit Trust Managers Limited (note 33) 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, 2005, these funds aggregated $5,420,876,449 (2004: $3,207,482,000).

29. Related party balances and transactions

A related party 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:

	Company		Group	
	2005	2004	2005	2004
	($'000)	($'000)	($'000)	($'000)
Loans and other receivables:				
Loans				
Directors	15,288	7,403	15,288	7,403
Subsidiaries	344,923	44,282	-	-
Interest receivable - directors	197	18	197	18
Accounts payable:				
Executive stock compensation plan	(1,281)	(1,374)	(1,281)	(1,374)
Interest				
Directors	(239)	(5,154)	(239)	(5,154)
Subsidiaries	(25,447)	(35,577)	-	-
Current account				
Subsidiaries	(253,118)	(202,276)	-	-
Securities sold under repurchase agreements:				
Directors	(20,482)	(13,425)	(20,482)	(13,425)
Subsidiaries	(666,065)	(273,126)	-	-
Promissory notes				
Directors	-	(11,819)	-	(11,819)
Stockbrokerage account				
Directors	2,000	-	2,000	-
Capital management fund obligations:				
Directors	(81,001)	(52,473)	(81,001)	(52,473)

(b) During the year, the following (income)/expenses, arising in the ordinary course of business with related parties, were as follows:

	Company		Group	
	2005	2004	2005	2004
	($'000)	($'000)	($'000)	($'000)
Interest income:				
Directors	(809)	(1,268)	(809)	(1,268)
Subsidiaries	(205)	-	-	-
Interest expense:				
Directors	14,611	5,154	14,611	5,154

Subsidiaries	50,978	35,577	-	-

30. 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 the company. The contributions for the year amounted to $24,453,000 (2004: $16,138,000) for the company and the group.

31. Lease commitments

The lease payments due within twelve months of the balance sheet date amounted to $23,755,878 (2004: $23,970,000) for the company and the group.

32. Commitments for capital expenditure

Commitment for capital expenditure amounts to approximately $37,587,000 (2004: $2,959,000) at balance sheet date in respect of total project costs of approximately $37,800,000 (2004:$6,108,000). Of this amount, $213,000 (2004:$3,149,000) has already been paid and is included in other receivables (see note 5).

33. Subsidiaries

	Country of incorporation	% of equity capital held		Principal activities
DB&G Merchant Bank Limited (see note 1)	Jamaica	100	100	Receiving deposits, making loans, leasing assets and managing funds
DB&G Unit Trust Managers Limited (see note 28)	Jamaica	100	100	Management of Unit Trust Funds, as well as funds on non-recourse bases
Billy Craig Investments Limited	Jamaica	100	100	Holding of investments

Asset Management Company Limited	Jamaica	100	100	Management of funds on non-recourse basis
Interlink Investments Limited	Grand Cayman	100	100	Holding of investments
DB & G Corporate Services Limited	Jamaica	100	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.

34. Dividends paid

	2005 ($'000)	2004 ($'000)
Ordinary dividends:		
Interim paid in respect of 2005 - 31 cents (2004: 20 cents) per stock unit - gross	90,020	50,765

35. Segment reporting

Segment information is presented in respect of the Group's business segments. The primary business segments are based on the company's management and internal reporting structure.

The Group operated in two principal geographical areas, Jamaica and the Cayman Islands. The geographical location of the Group's entire revenue, however, is Jamaica, based on the geographical location of its clients. All the Group's assets are geographically located in Jamaica.

At this time there are no material segments into which the Group's business may be broken down.