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To the Members of
DEHRING BUNTING & GOLDING LIMITED

Auditors' Report

We have audited the financial statements as at and for the year ended March 31, 2006, set out on pages 2 to 41, of Dehring Bunting & Golding Limited ("company") and have obtained all the information and explanations which we required. The financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, proper accounting records have been kept and proper returns adequate for the purpose of our audit have been received from branches not visited by us. The financial statements, which are in agreement therewith and have been prepared in accordance with International Financial Reporting Standards, give a true and fair view of the state of affairs of the company and the group as at March 31, 2006, and of the results of operations, changes in shareholders' equity and cash flows of the group for the year then ended, and comply with the provisions of the Companies Act, so far as concerns members of the company.

KPMG

May 8, 2006

DEHRING BUNTING & GOLDING LIMITED

Group Balance Sheet
March 31, 2006

| | Notes | 2006 ($`000) | 2005 ($`000) |
|---|---|---|---|
| ASSETS | | | |
| Cash and cash equivalents | 4 | 378,082 | 368,308 |
| Loans and other receivables | 5, 30(a) | 3,330,433 | 2,421,195 |
| Net investment in leases | 6 | 29,838 | 37,587 |
| Capital management fund | 7 | 7,053,755 | 4,219,328* |
| Government securities fund | 8 | 1,349,240 | 1,501,129 |
| Investments | 9 | 17,726,996 | 19,267,078* |
| Taxation recoverable | | 15,910 | 5,525** |
| Customers' liabilities under guarantees issued, as per contra | | 398,853 | 380,228 |
| Deferred tax asset | 11(a) | 9,848 | 9,369 |
| Due from Unit Trust Funds | 12 | - | 829 |
| Property, plant and equipment | 13 | 173,757 | 100,838 |
| Intangible assets | 14 | 43,925 | 49,597 |
| Goodwill on consolidation | 15 | 61,723 | 61,723 |
| | | 30,572,360 | 28,422,734 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| LIABILITIES | | | |
| Accounts payable | 30(a) | 323,400 | 594,953** |
| Taxation payable | | 3,638 | 3,638 |
| Customers' deposits | 16(a), (b) | 2,452,666 | 2,087,583 |
| Customers' savings accounts | 16(c) | 40,657 | 6,067 |
| Securities sold under repurchase agreements | 17, 30(a) | 15,001,920 | 13,983,029 |
| Promissory notes | 18 | 299,723 | 3,479,318 |
| Capital management fund obligations | 19, 30(a) | 7,053,755 | 4,219,328* |
| Government securities fund obligations | 8 | 1,349,240 | 1,501,129 |
| Assets held in trust on behalf of participants | 21(iv) | 79,091 | 44,015** |
| Deferred tax liabilities | 11(b) | 4,765 | 1,134 |
| Due to Unit Trust Funds | 12 | 1,478 | - |
| Guarantees issued, as per contra | | 398,853 | 380,228 |
| | | 27,009,186 | 26,300,422 |
| STOCKHOLDERS' EQUITY | | | |
| Share capital | 20 | 223,850 | 29,039 |
| Share premium | 20 | - | 193,531 |
| Statutory reserve fund | 21(i) | 27,666 | 15,698 |
| Loan loss reserve | 21(ii) | 15,764 | 12,941 |
| Investment revaluation reserve | 21(iii) | 737,415 | 99,596 |
| Reserves for own shares - ESOP | 21(iv) | ( 86,683) | ( 58,196)** |
| Capital reserve | | 22,075 | 22,075 |
| Retained profits | 28 | 2,623,087 | 1,807,628** |
| | | 3,563,174 | 2,122,312 |
| | | 30,572,360 | 28,422,734 |

The financial statements on pages 2 to 41 were approved for issue by the Board of Directors on May 8 , 2006 and signed on its behalf by:

Director
P. Bunting

Director
G. Sinclair

* Reclassified to conform with 2006 presentation.
** Restated [see note 21(iv)].
The accompanying notes form an integral part of the financial statements.

DEHRING BUNTING & GOLDING LIMITED

Statement of Changes in Stockholders' Equity
Year ended March 31, 2006

**Company**

| | Share capital ($`000) (note 20) | Share premium ($`000) (note 20) | Investment revaluation reserve ($`000) [note 21 (iii)] | Capital reserve ($`000) | Retained profits ($`000) | Total ($`000) |
|---|---|---|---|---|---|---|
| Balances at March 31, 2004 | 27,683 | 193,531 | ( 2,411) | 24,615 | 918,356 | 1,161,774 |
| Shares issued (note 20) | 1,356 | - | - | - | - | 1,356 |
| Investment revaluation gains [note 21(iii)] | - | - | 57,835 | - | - | 57,835* |
| Profit for the year (note 26) | - | - | - | - | 742,963 | 742,963* |
| Dividends (note 35) | - | - | - | - | ( 90,020) | ( 90,020) |
| Balances at March 31, 2005 | 29,039 | 193,531 | 55,424 | 24,615 | 1,571,299 | 1,873,908 |
| Shares issued (note 20) | 1,280 | - | - | - | - | 1,280 |
| Transfer of share premium (note 20) | 193,531 | (193,531) | - | - | - | - |
| Investment revaluation gains [note 21 (iii)] | - | - | 603,888 | - | - | 603,888* |
| Profit for the year (note 26) | - | - | - | - | 791,677 | 791,677* |
| Dividends (note 35) | - | - | - | - | ( 45,479) | ( 45,479) |
| Balances at March 31, 2006 | 223,850 | - | 659,312 | 24,615 | 2,317,497 | 3,225,274 |

* Total recognised gains amounted to $1,395,565,000 (2005: $800,798,000).
The accompanying notes form an integral part of the financial statements.

DEHRING BUNTING & GOLDING LIMITED

Statement of Changes in Stockholders' Equity
Year ended March 31, 2006

**Group**

| | Share capital ($`000) (note 20) | Share premium ($`000) (note 20) | Statutory reserve fund ($`000) [note 21 (i)] | Loan loss reserve ($`000) [note 21 (ii)] | Investment revaluation reserve ($`000) [note 21 (iii)] | Reserve for own shares ($`000) [note 21(iv)] | Capital reserve ($`000) | Retained profits ($`000) | Total ($`000) |
|---|---|---|---|---|---|---|---|---|---|
| Balances at March 31, 2004, as previously reported | 27,683 | 193,531 | 6,125 | 4,406 | 26,096 | - | 22,075 | 1,098,933 | 1,378,849 |
| Effect of consolidation of ESOP [note 21(iv)] | - | - | - | - | - | (34,933) | - | 2,938 | (31,995) |
| As restated | 27,683 | 193,531 | 6,125 | 4,406 | 26,096 | (34,933) | 22,075 | 1,101,871 | 1,346,854 |
| Shares issued (note 20) | 1,356 | - | - | - | - | - | - | - | 1,356 |
| Investment revaluation gains [note 21(iii)] | - | - | - | - | 73,500 | - | - | - | 73,500* |
| Own shares acquired by ESOP | - | - | - | - | - | (24,311) | - | 11,243 | (13,068) |
| Own shares sold by ESOP | - | - | - | - | - | 1,048 | - | - | 1,048 |
| Transfer [note 21 (i)] | - | - | 9,573 | - | - | - | - | (9,573) | - |
| Loan loss reserve transfer [note 3(d)] | - | - | - | 8,535 | - | - | - | (8,535) | - |
| Profit for the year | - | - | - | - | - | - | - | 802,642 | 802,642* |
| Dividends paid (note 35) | - | - | - | - | - | - | - | (90,020) | (90,020) |
| Restated balances at March 31, 2005 | 29,039 | 193,531 | 15,698 | 12,941 | 99,596 | (58,196) | 22,075 | 1,807,628 | 2,122,312 |
| Shares issued (note 20) | 1,280 | - | - | - | - | - | - | - | 1,280 |
| Transfer of share premium (note 20) | 193,531 | (193,531) | - | - | - | - | - | - | - |
| Investment revaluation gains [note 21(iii)] | - | - | - | - | 637,819 | - | - | - | 637,819* |
| Own shares acquired by ESOP | - | - | - | - | - | (34,001) | - | (6,590) | (40,591) |
| Own shares sold by ESOP | - | - | - | - | - | 5,514 | - | - | 5,514 |
| Transfer [note 21 (i)] | - | - | 11,968 | - | - | - | - | (11,968) | - |
| Loan loss reserve transfer [note 3(d)] | - | - | - | 2,823 | - | - | - | (2,823) | - |
| Profit for the year | - | - | - | - | - | - | - | 882,319 | 882,319* |
| Dividends paid (note 35) | - | - | - | - | - | - | - | (45,479) | (45,479) |
| Balances at March 31, 2006 | 223,850 | - | 27,666 | 15,764 | 737,415 | (86,683) | 22,075 | 2,623,087 | 3,563,174 |

* Total recognised gains amounted to $1,520,138,000 (2005: $876,142,000).
The accompanying notes form an integral part of the financial statements.

DEHRING BUNTING & GOLDING LIMITED

Group Income Statement
Year ended March 31, 2006

| | Notes | 2006 ($`000) | 2005 ($`000) |
|---|---|---|---|
| Interest revenue | | 3,115,428 | 3,042,377* |
| Interest expense | | (2,341,584) | (2,412,064)* |
| Net interest revenue | | 773,844 | 630,313 |
| Other operating revenue: | | | |
| Fees | | 219,107 | 302,151 |
| Foreign exchange trading gains | | 126,370 | 194,084 |
| Lease income | | 5,922 | 6,811 |
| Gain on sale of investments | | 682,486 | 516,830 |
| Other revenue | | 7,714 | 6,806 |
| | | 1,041,599 | 1,026,682 |
| Other operating expenses: | | | |
| Staff costs | 23 | ( 545,800) | ( 545,379) |
| Provision for probable loan losses | 5(d) | ( 5,418) | ( 11,506) |
| Loss on disposal of property, plant and equipment | | - | ( 192) |
| Goodwill written off | 15 | - | ( 4,465) |
| Other administration costs | | ( 377,796) | ( 284,500)* |
| | | ( 929,014) | ( 846,042) |
| Profit before taxation | 24 | 886,429 | 810,953 |
| Taxation | 25 | ( 4,110) | ( 8,311) |
| Profit for the year attributable to members | 26 | 882,319 | 802,642 |
| Earnings per stock unit: | 27 | | |
| - basic | | 291 cents | 276 cents |
| - diluted | | 285 cents | 260 cents** |

* Reclassified to conform with 2006 presentation.
** Restated.
The accompanying notes form an integral part of the financial statements.

DEHRING BUNTING & GOLDING LIMITED

Group Statement of Cash Flows
Year ended March 31, 2006

| | 2006 ($`000) | 2005* ($`000) |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit for the year attributable to members | 882,319 | 802,642 |
| Adjustments to reconcile profit for the year attributable to members to net cash (used)/provided by operating activities: | | |
| Items not involving cash: | | |
| Depreciation and amortisation | 50,047 | 44,264 |
| Provision for probable loan losses | 5,418 | 11,506 |
| Interest income | (3,115,428) | (3,042,202) |
| Interest expense | 2,341,584 | 2,412,238 |
| Goodwill written off | - | 4,465 |
| Gain on sale of investments | ( 682,486) | ( 516,830) |
| Deferred taxation | 4,110 | 8,311 |
| Loss on disposal of property, plant and equipment | - | 192 |
| | ( 514,436) | ( 275,414) |
| Changes in operating assets and liabilities: | | |
| Interest received | 3,241,452 | 2,973,359 |
| Loans and other receivables (net) | (1,041,638) | ( 847,104) |
| Net investments in leases | 7,749 | 8,573 |
| Capital management fund | (2,834,427) | (2,446,104) |
| Government securities fund | 151,889 | ( 92,127) |
| Investments held-for-trading | 1,391,319 | ( 451,493) |
| Taxation recoverable | ( 10,384) | ( 1,795) |
| Due to/(from)Unit Trust Funds | 2,307 | ( 21,562) |
| Interest paid | (2,402,248) | (2,562,161) |
| Accounts payable | ( 209,609) | 106,302 |
| Customers' deposits | 365,083 | 1,020,651 |
| Customers' savings accounts | 34,590 | ( 1,313) |
| Securities sold under repurchase agreements | 1,018,891 | 5,273,511 |
| Promissory notes | (3,179,595) | (4,911,276) |
| Capital management fund obligations | 2,834,427 | 2,446,104 |
| Government securities fund | ( 151,889) | 92,127 |
| Net cash (used)/provided by operating activities | (1,296,519) | 310,278 |
| CASH FLOWS FROM BY INVESTING ACTIVITIES | | |
| Investments - non-trading | 1,469,067 | ( 941,691) |
| Additions to property, plant and equipment & intangible asset | ( 118,643) | ( 65,878) |
| Proceeds from disposal of property, plant and equipment | 1,348 | - |
| Net cash provided/(used) by investing activities | 1,351,772 | (1,007,569) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Shares issued | - | 1,356 |
| Dividends paid | ( 45,479) | ( 90,020) |
| Net cash used by financing activities | ( 45,479) | ( 88,664) |
| Net increase/(decrease) in cash and cash equivalents | 9,774 | ( 785,955) |
| Cash and cash equivalents at beginning of the year | 368,308 | 1,154,263 |
| Cash and cash equivalents at end of the year | 378,082 | 368,308 |

* Reclassified to conform with 2006 presentation.
The accompanying notes form an integral part of the financial statements.

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 licences 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 has a branch operation in Trinidad & Tobago. The company's wholly-owned subsidiaries and their principal activities are detailed in note 34. The company is domiciled in Jamaica and its registered office is located at 7 Holborn Road, Kingston 10.

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, with the Financial Institutions Act and the Industrial and Provident Societies Act.

The financial statements are presented in Jamaican dollars, which is the functional currency.

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 [note 3(o)].

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 34) for the year ended March 31, 2006, except for Billy Craig Investments Limited, which has audited financial statements up to December 31, 2005. These were adjusted for significant intervening transactions to March 31, 2006 for consolidation purposes. The consolidated financial statements also include the unaudited results of the operations of the company's Employee Share Ownership Plan (ESOP), classified as a special purpose entity, for the year ended March 31, 2006. The results of the ESOP are not material to the group.

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(k)].

Property, plant and equipment are depreciated on the straight-line basis at annual rates estimated to write off the assets to residual values over their expected useful lives. The depreciation rates are as follows:

| | |
|---|---|
| Building | 2½% |
| Leasehold improvements | 10 % - 50% |
| Motor vehicles | 20% - 25% |
| Furniture and equipment | 10% |

(b) Intangible assets:

(i) Computer software:

Expenditure relating to the acquisition of computer software is stated at cost, less accumulated amortisation and impairment losses [note 3(k)].

(ii) Amortisation:

Amortisation is charged to the group income statement on a straight-line basis over the estimated useful lives of the intangible assets.

The estimated useful life of computer software is 4-5 years.

(c) Foreign currencies:

The group's foreign assets and liabilities are translated at the selling rates of exchange ruling at the balance sheet date [note 22(b)(iii)].

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

Gains and losses arising from translating profit and loss items are included in the group’s income statement. Exchange differences arising on other changes to stockholders' equity are reflected in other capital reserves.

(d) 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 write-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.

3. Significant accounting policies (cont'd)

(d) Provision for probable losses on loans and guarantees (cont'd):

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, the 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 21(ii)].

(e) 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 31), 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 income statement when due.

(f) Taxation:

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the group income statement, 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.

3. Significant accounting policies (cont'd)

(f) Taxation (cont'd):

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.

(g) 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 are recorded as earned and incurred, respectively, in the group income statement.

(h) 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.

(i) 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.

3. Significant accounting policies (cont'd)

(j) 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 up to March 31, 2005 and impairment losses. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was $61,723,000. No impairment loss was recognised during 2006 and 2005.

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 is in excess of the fair value of non-monetary assets acquired, is recognised immediately in the group income statement.

(k) 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 income statement.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value less any impairment loss on that financial asset previously recognised in profit or loss.

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 held-to-maturity securities and loans 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.

3. Significant accounting policies (cont'd)

(k) Impairment (cont'd):

(i) Calculation of recoverable amount (cont'd):

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 held-to-maturity securities or loans and other receivables is reversed, if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed.

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.

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.

(l) 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.

3. Significant accounting policies (cont'd)

(m) Financial instruments:

(i) Classification:

Management determines the classification of investments at the time of purchase and takes account of the purpose for which the investments were purchased. Investments are classified as held-for-trading, loans and receivables, held-to-maturity, and available-for-sale.

During the year, the company sold some of its held-to-maturity securities. In keeping with IFRS 39, the remaining securities were reclassified to available-for-sale and the company is restricted from classifying any financial assets as held-to-maturity for the next two financial years [note 21 (iii)].

Loans and receivables are those instruments with fixed or determinable payments and are not quoted in an active market. Loans and receivables are recognised on the day they are transferred to the company.

Available-for-sale instruments are those which the company chooses to classify as such, other than those which are held for trading purposes. Available-for-sale assets are recognised on the date the company commits to purchase the assets.

(ii) Recognition:

The company and the group recognise four classes of financial assets, trading, 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. 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, 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 loans and receivables and are stated at cost (amortised cost), less provision for losses as appropriate.

3. Significant accounting policies (cont'd)

(m) Financial instruments (cont'd):

(iii) Measurement (cont'd):

[ii] Government of Jamaica Securities, which are not quoted in an active market, securities purchased under reverse repurchase agreements and interest bearing deposits are stated at cost or amortised cost.

[iii] Government of Jamaica securities, which are quoted in an active 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 income statement.

[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 income statement.

[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.

3. Significant accounting policies (cont'd)

(m) Financial instruments (cont'd):

(vi) Accounts payables are stated at cost.

(vii) Cash and cash equivalents, 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.

(n) 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.

(o) Accounting estimates and judgements:

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year is discussed below:

(i) Allowance for loan losses:

In determining amounts recorded for impairment of loan losses in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from loans, for example, repayment default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired loans as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individual significant loans and loans portfolio with similar characteristics, such as credit risks.

It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from these assumptions could require a material adjustment to the carrying amount reflected in the financial statements.

(ii) Impairment of goodwill:

Impairment of goodwill is dependent upon management's internal assessment of future cashflows from cash-generating units that gave rise to the goodwill. That internal assessment determines the amount recoverable from future use of those units. In addition, the estimate of the amount recoverable from future use of those units is sensitive to the discount rates used. See note 15 for additional information on goodwill.

It is possible, based on existing knowledge, that outcomes that are different from these assumptions could require a material adjustment to the carrying amount reflected in future financial statements.

## 4. Cash and cash equivalents

| | Company | | Group | |
|---|---|---|---|---|
| | 2006 ($`000) | 2005 ($`000) | 2006 ($`000) | 2005 ($`000) |
| Cash floats | - | - | 1,776 | - |
| Cash reserves - Bank of Jamaica | - | - | 114,130 | 112,680 |
| Cash at bank | 245,787 | 220,268 | 262,176 | 255,628 |
| | 245,787 | 220,268 | 378,082 | 368,308 |

(a) A minimum of 23% (2005: 23%) of prescribed liabilities is required to be maintained in liquid assets by a subsidiary. This includes a cash reserve deposit of 9% (2005: 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 1% (2005: 3%) special deposit reserve (note 38), introduced on January 10, 2003, earning interest at 6% per annum.

(b) Cash and cash equivalents are due from the date of the balance sheet as follows:

| | Company | | Group | |
|---|---|---|---|---|
| | 2006 ($`000) | 2005 ($`000) | 2006 ($`000) | 2005 ($`000) |
| Within 3 months | 245,787 | 220,268 | 268,502 | 255,628 |
| From 3 months to 1 year | - | - | 109,580 | 112,680 |
| | 245,787 | 220,268 | 378,082 | 368,308 |

## 5. Loans and other receivables

| | Company | | Group | |
|---|---|---|---|---|
| | 2006 ($`000) | 2005 ($`000) | 2006 ($`000) | 2005 ($`000) |
| Loans receivable [see notes 5(b), (c), (e) and (f)] | 846,875 | 997,773 | 3,055,897 | 2,057,914 |
| Less provision for doubtful debts [note 5(d)] | ( 337,796) | ( 420,971) | ( 346,642) | ( 433,612) |
| | 509,079 | 576,802 | 2,709,255 | 1,624,302 |
| Other receivables: | | | | |
| Interest | 511,395 | 651,169 | 557,215 | 684,197 |
| Sundry | 54,855 | 89,662 | 63,963 | 112,696 |
| | 566,250 | 740,831 | 621,178 | 796,893 |
| Less: provision for doubtful debts | - | - | - | - |
| | 566,250 | 740,831 | 621,178 | 796,893 |
| | 1,075,329 | 1,317,633 | 3,330,433 | 2,421,195 |
| Amounts due within twelve months from balance sheet date | 590,345 | 827,490 | 1,958,891 | 1,541,602 |
| Amounts due more than twelve months from balance sheet date | 484,984 | 490,143 | 1,371,542 | 879,593 |
| | 1,075,329 | 1,317,633 | 3,330,433 | 2,421,195 |

5. Loans and other receivables (cont'd)

Other receivables includes $4,397,000 (2005: $213,000) in connection with capital expenditure (note 33).

(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 (2005: $Nil) in both instances.

(b) Concentration of loans:

The loan portfolio before provision is concentrated as follows:

| | Company | | Group | |
|---|---|---|---|---|
| | 2006 ($`000) | 2005 ($`000) | 2006 ($`000) | 2005 ($`000) |
| Agriculture | 3,048 | 3,208 | 36,284 | 27,785 |
| Distribution | - | - | 259,872 | 77,270 |
| Manufacturing | 101,220 | 122,006 | 200,548 | 123,006 |
| Mining, Quarrying & Processing | - | - | 17,908 | 21,898 |
| Construction and real estate development | 3,469 | 140,468 | 249,772 | 290,083 |
| Tourism | 548,365 | 562,584 | 1,004,369 | 610,986 |
| Transportation | - | - | 161,806 | 62,235 |
| Professional and other services | 70,473 | 97,897 | 786,907 | 144,826 |
| Personal | 120,300 | 71,337 | 326,762 | 486,184 |
| Other | - | 273 | 11,669 | 213,641 |
| | 846,875 | 997,773 | 3,055,897 | 2,057,914 |

(c) Loans on which interest is suspended amounted to $357,584,000 (2005: $495,578,000) for the company and $380,730,000 (2005: $535,143,000) for the group. These loans are included in the financial statements at their estimated net realisable value of $19,788,000 (2005: $83,093,000) for the company and $39,228,000 (2005: $116,694,000) for the group.

(d) Provision for probable loan losses:

| | Company | | Group | |
|---|---|---|---|---|
| | 2006 ($`000) | 2005 ($`000) | 2006 ($`000) | 2005 ($`000) |
| Provision made during the year | 18,116 | 92,233 | 14,321 | 99,359 |
| Provisions no longer required | ( 9,756) | ( 71,261) | ( 8,903) | ( 87,853) |
| Increase in provision | 8,360 | 20,972 | 5,418 | 11,506 |
| Provision at beginning of year | 420,971 | 484,016 | 433,612 | 502,994 |
| Net balance written back during the year | ( 91,535) | ( 84,017) | ( 92,388) | ( 80,888) |
| At end of year | 337,796 | 420,971 | 346,642 | 433,612 |

5. Loans and other receivables (cont'd)

(e) Loans receivable include loans to the company's employees to acquire shares in the company under the Employee Share Ownership Plan (ESOP) amounting to $43,569,000 (2005: $9,837,000) for the company and the group. The number of shares held by the ESOP at March 31, 2006 was 14,334,000 (2005: 14,893,256) for the company and the group (see note 20).

(f) Loans receivable include US$ loans to Runaway Bay Developments Limited amounting to US$8,247,000 (2005: US$8,302,000) 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 (2005: US$2,351,000) in favour of other creditors. Interest will accrue at 8 % (2005: 8%) 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 (2005: US$2,366,000) for the company and the group.

6. Net investment in leases

| | | | Group | |
|---|---|---|---|---|
| | | | 2006 ($`000) | 2005 ($`000) |
| Total minimum lease payments receivable | | | 41,297 | 55,634 |
| Unearned income | | | (11,459) | (18,047) |
| | | | 29,838 | 37,587 |
| Comprised as follows | - | current portion | 12,546 | 14,361 |
| | - | non-current portion | 17,292 | 23,226 |
| | | | 29,838 | 37,587 |

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

| | Group | |
|---|---|---|
| | 2006 ($`000) | 2005 ($`000) |
| Within 1 year | 12,546 | 14,361 |
| Between 1 and 3 years | 20,568 | 22,150 |
| Between 3 and 5 years | 8,183 | 18,604 |
| Greater than 5 years | - | 519 |
| | 41,297 | 55,634 |

Net investment in leases amounting to $29,838,000 (2005: $37,587,000) 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 19).

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.

DEHRING BUNTING & GOLDING LIMITED

Notes to the Financial Statements (Continued)
March 31, 2006

9. Investments

| | Company | | Group | |
|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 |
| | ($`000) | ($`000) | ($`000) | ($`000) |
| **Held-for- trading securities:** | | | | |
| Bonds | 37,260 | 1,167,104 | 37,260 | 1,167,104 |
| Local registered stock | 2,372,076 | 2,295,592 | 2,372,076 | 2,295,592 |
| Debentures | 812,459 | 750,303 | 812,459 | 750,303 |
| Quoted securities | 57,418 | 157,943 | 57,418 | 157,943 |
| Units in unit trusts | 261,266 | 356,644 | 334,492 | 430,985 |
| Government of Jamaica Guaranteed Certificate of Participation | 216,149 | 100,026 | 216,149 | 100,026 |
| Certificates of Security Held (COSH) | - | 300,576 | - | 300,576 |
| Treasury Bills | - | 18,644 | - | 18,644 |
| | 3,756,628 | 5,146,832 | 3,829,854 | 5,221,173 |
| **Loans and receivables:** | | | | |
| Bonds | - | 85,823 | - | 85,823 |
| Local registered stock | - | 601,787 | - | 601,787 |
| Debentures | 41,138 | 255,252 | 41,138 | 255,252 |
| Government of Jamaica Guaranteed Certificate of Participation | 633,096 | 1,980,634 | 633,096 | 1,980,634 |
| COSH | - | 1,498,899 | - | 1,498,899 |
| Treasury Bills | - | 93,431 | - | 93,431 |
| Promissory Notes | 43,680 | 38,870 | 43,680 | 38,870 |
| Repurchase agreements | 307,348 | - | 307,348 | - |
| | 1,025,262 | 4,554,696 | 1,025,262 | 4,554,696 |
| **Held-to-maturity securities:** | | | | |
| Bonds | - | 160,902 | - | 160,902 |
| Local registered stock | - | 4,371,540 | - | 4,371,540 |
| | - | 4,532,442 | - | 4,532,442 |
| **Available-for-sale securities:** | | | | |
| Bonds | 6,205,576 | 1,068,693 | 6,904,109 | 1,682,018 |
| Local registered stock | 3,284,133 | 2,674,225 | 3,324,507 | 2,810,089 |
| Debentures | 497,211 | 300,431 | 549,467 | 300,431 |
| Development Bond Issue | - | - | 744 | 1,117 |
| COSH | 1,941,152 | 100,037 | 1,941,152 | 150,112 |
| Government of Jamaica Guaranteed Certificate of Participation | 2,134 | - | 2,134 | - |
| Treasury Bills | 134,767 | - | 134,767 | - |
| Jamaica Stock Exchange seat | 15,000 | 15,000 | 15,000 | 15,000 |
| | 12,079,973 | 4,158,386 | 12,871,880 | 4,958,767 |
| | 16,861,863 | 18,392,356 | 17,726,996 | 19,267,078 |

(i) The company has pledged securities totalling $100,000,000 (2005:$100,000,000) as a requirement of operating a current account at Bank of Jamaica.

9. Investments (cont'd)

(ii) The company purchased units in Unit Trusts from a subsidiary company during the year at the market value of $Nil (2005: $189,793,000).

(iii) The company owns 17.76% (2005: 19.50%) 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. The investment was written off in the year ended March 31, 2005.

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

| | Company | | Group | |
|---|---|---|---|---|
| | 2006 ($`000) | 2005 ($`000) | 2006 ($`000) | 2005 ($`000) |
| Within 3 months | 3,532,877 | 1,728,629 | 4,131,834 | 1,841,008 |
| From 3 months to 5 years | 4,858,493 | 7,219,138 | 5,391,723 | 7,537,604 |
| 5 years and over | 8,470,493 | 9,444,589 | 8,203,439 | 9,888,466 |
| | 16,861,863 | 18,392,356 | 17,726,996 | 19,267,078 |

10. Interest in subsidiaries

| | 2006 ($`000) | 2005 ($`000) |
|---|---|---|
| Shares, at cost (see note 34) | 568,784 | 568,784 |
| Current accounts | ( 8,189) | (253,118) |
| | 560,595 | 315,666 |

11. Deferred tax assets and liabilities

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

| | Group | |
|---|---|---|
| | 2006 ($`000) | 2005 ($`000) |
| Property, plant and equipment | 818 | 324 |
| Other liabilities | (15,928) | (16,000) |
| Tax value of unutilised losses | 24,958 | 25,045 |
| | 9,848 | 9,369 |

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 | 324 | 494 | 818 |
| Other liabilities | (16,000) | 72 | (15,928) |
| Utilised tax value of losses | 25,045 | ( 87) | 24,958 |
| Net deferred tax assets | 9,369 | 479 | 9,848 |
| Deferred tax liability [note 11(b)] | | 3,631 | |
| Total charge (note 25) | | 4,110 | |

11. Deferred tax assets and liabilities (cont'd)

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

| | Group | |
|---|---|---|
| | 2006 ($`000) | 2005 ($`000) |
| Property, plant and equipment | 7,507 | 4,216 |
| Other liabilities | ( 26) | ( 22) |
| Unutilised tax value of loss carry forward | ( 2,716) | (3,060) |
| | 4,765 | 1,134 |

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 | 4,216 | 3,291 | 7,507 |
| Other liabilities | ( 22) | ( 4) | ( 26) |
| Tax value of utilised losses | (3,060) | 344 | (2,716) |
| Net deferred tax liabilities | 1,134 | 3,631 | 4,765 |

(c) Net deferred tax assets amounting to $84,745,000 (2005: $179,757,000) have not been recognised in respect of the surplus of tax losses over other deferred tax liabilities of the parent company.

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, 2005 | 36,810 | 1,182 | 99,105 | 137,097 |
| Additions | 667 | 65 | 23,678 | 24,410 |
| March 31, 2006 | 37,477 | 1,247 | 122,783 | 161,507 |
| Depreciation: | | | | |
| March 31, 2005 | 28,385 | 724 | 59,771 | 88,880 |
| Charge for the year | 5,743 | 303 | 11,871 | 17,917 |
| March 31, 2006 | 34,128 | 1,027 | 71,642 | 106,797 |
| Net book values: | | | | |
| March 31, 2006 | 3,349 | 220 | 51,141 | 54,710 |
| March 31, 2005 | 8,425 | 458 | 39,334 | 48,217 |

**Group:**

| | Building ($`000) | Leasehold improvements ($`000) | Motor vehicles ($`000) | Furniture, equipment and computers ($`000) | Total ($`000) |
|---|---|---|---|---|---|
| At cost: | | | | | |
| March 31, 2005 | 1,013 | 55,722 | 2,579 | 159,702 | 219,016 |
| Additions | - | 44,892 | 65 | 62,794 | 107,751 |
| Disposals | ( 562) | - | (1,297) | ( 2,252) | ( 4,111) |
| March 31, 2006 | 451 | 100,614 | 1,347 | 220,244 | 322,656 |
| Depreciation: | | | | | |
| March 31, 2005 | 223 | 32,776 | 1,617 | 83,562 | 118,178 |
| Charge for the year | 74 | 11,371 | 322 | 21,716 | 33,483 |
| Eliminated on disposals | ( 243) | - | ( 812) | ( 1,707) | ( 2,762) |
| March 31, 2006 | 54 | 44,147 | 1,127 | 103,571 | 148,899 |
| Net book values: | | | | | |
| March 31, 2006 | 397 | 56,467 | 220 | 116,673 | 173,757 |
| March 31, 2005 | 790 | 22,946 | 962 | 76,140 | 100,838 |

Notes to the Financial Statements (Continued)
March 31, 2006

14. Intangible assets

**Company:**

| | Computer software $'000 |
|---|---|
| At cost: | |
| March 31, 2005 | 79,041 |
| Additions | 10,275 |
| March 31, 2006 | 89,316 |
| Amortisation: | |
| March 31, 2005 | 36,786 |
| Charge for the year | 14,264 |
| March 31, 2006 | 51,050 |
| Net book values: | |
| March 31, 2006 | 38,266 |
| March 31, 2005 | 42,256 |

**Group:**

| | Computer Software $'000 |
|---|---|
| At cost: | |
| March 31, 2005 | 89,970 |
| Additions | 10,892 |
| March 31, 2006 | 100,862 |
| Amortisation: | |
| March 31, 2005 | 40,373 |
| Charge for the year | 16,564 |
| March 31, 2006 | 56,937 |
| Net book values: | |
| March 31, 2006 | 43,925 |
| March 31, 2005 | 49,597 |

15. Goodwill on consolidation

| | 2006 ($`000) | 2005 ($`000) |
|---|---|---|
| At beginning of year | 61,723 | 66,188 |
| Amortisation for year | - | ( 4,465) |
| At end of year | 61,723 | 61,723 |

16. Customers' deposits and savings accounts

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

| | 2006 | | 2005 | |
|---|---|---|---|---|
| | No | $ ($`000) | No | $ ($`000) |
| Local currency: | | | | |
| Less than one month | 102 | 155,453 | 149 | 168,225 |
| 1 to 3 months | 98 | 169,952 | 156 | 174,633 |
| Over 3 months | 111 | 140,738 | 99 | 127,310 |
| | 311 | 466,143 | 404 | 470,168 |
| Foreign currency: | | | | |
| Less than one month | 57 | 813,733 | 69 | 383,855 |
| 1 to 3 months | 85 | 389,702 | 112 | 307,841 |
| Over 3 months | 143 | 783,088 | 113 | 925,719 |
| | 285 | 1,986,523 | 294 | 1,617,415 |
| | 596 | 2,452,666 | 698 | 2,087,583 |

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

| | 2006 | | 2005 | |
|---|---|---|---|---|
| | No | ($`000) | No | ($`000) |
| Local currency: | | | | |
| Less than one month | 3 | 68,645 | 2 | 43,623 |
| 1 to 3 months | - | - | 1 | 24,990 |
| Over 3 months | 1 | 32,069 | 1 | 59,829 |
| | 4 | 100,714 | 4 | 128,442 |
| Foreign currency: | | | | |
| Less than one month | 4 | 548,942 | 2 | 187,095 |
| 1 to 3 months | 1 | 80,226 | 2 | 64,757 |
| Over 3 months | 6 | 1,049,467 | 3 | 578,204 |
| | 11 | 1,678,635 | 7 | 830,056 |
| | 15 | 1,779,349 | 11 | 958,498 |

(c) Customers' savings accounts:

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

17. Securities sold under repurchase agreements

The company and the group make securities 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.

17. Securities sold under repurchase agreements (cont'd)

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

| | Company | | Group | |
|---|---|---|---|---|
| | 2006 ($`000) | 2005 ($`000) | 2006 ($`000) | 2005 ($`000) |
| Within 3 months | 3,015,451 | 12,785,763 | 3,015,451 | 12,370,131 |
| From 3 months to 5 years | 12,003,151 | 1,880,012 | 11,986,469 | 1,612,898 |
| | 15,018,602 | 14,665,775 | 15,001,920 | 13,983,029 |

At March 31, 2005, securities that the company and the group held had a fair value at $15,067,140,000 (2005:$15,179,802,000) and $16,608,489,000 (2005: $14,497,056,000), respectively.

18. Promissory notes

| | Company | | Group | |
|---|---|---|---|---|
| | 2006 ($`000) | 2005 ($`000) | 2006 ($`000) | 2005 ($`000) |
| 4.7%-7% (2005: 2.78% - 9.5 %) United States dollar promissory notes | 155,631 | 2,483,466 | 185,307 | 2,750,443 |
| 6 % (2005: 3% - 7.5%) Pounds sterling promissory notes | 8,795 | 29,285 | 8,795 | 29,285 |
| 12%-16.25% (2005: 6% - 17.5%) Jamaica dollar promissory notes | 105,621 | 679,969 | 105,621 | 699,590 |
| | 270,047 | 3,192,720 | 299,723 | 3,479,318 |

The promissory notes are repayable in 2005 to 2006 and are secured by Government of Jamaica securities and long-term loans.

19. 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).

20. Share capital

| | 2006 ($`000) | 2005 ($`000) |
|---|---|---|
| Authorised: | | |
| 1,200,000,000 (2005: 1,200,000,000) ordinary shares of no par value (2005:$0.10 each) | 120,000 | 120,000 |
| 1,000 (2005: 1,000) special redeemable preference shares of no par value (2005:$0.10 each) | - | - |
| | 120,000 | 120,000 |
| Issued and fully paid: | | |
| 303,194,744 stock units of no par value (2005: 290,385,731 stock units) [note 5 (e)] | 223,850 | 29,039 |
| 1,000 (2005: 1,000) special redeemable preference shares of no par value (2005:$0.10 each) | - | - |
| | 223,850 | 29,039 |

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.

20. Share capital (cont'd)

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. During the year ended March 31, 2006, 12,809,013 (2005: 13,560,017) ordinary shares were issued. The number of ordinary shares to be issued during the year ending March 31, 2007 is 6,063,895 [2006: 12,809,013 (see note 27)]. During the year, the Compensation Committee recommended and the directors approved a maximum 2% annual dilution in respect of the dividend payable.

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. No such election was made. The share capital for 2006 is comprised of the sum of the par value of shares in issue and share premium.

21. 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.

21. Reserves (cont'd)

(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(d) 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. This includes $579,000,000 arising from the reclassification of held-to-maturity securities to available-for-sale due to the tainting of held-to-maturity securities, as required by IFRS [note 3(m)(i)].

(iv) Reserve for own shares – ESOP:

A reserve for own shares was included in these financial statements by consolidation of the company's Employee Share Ownership Plan (ESOP) as it is regarded as a Special Purpose Entity and is required to be consolidated under IAS 27, as interpreted by SIC 12. The previous year comparatives have been restated accordingly. The reserve comprises the cost of the company's shares held by the Group through the ESOP.

The number of stock units [note 5(e)] held by the ESOP at March 31, 2006 was 14,334,000 (2005: 14,893,256). Based on the bid price, less a 10% discount normally allowed to staff, the value of those stock units at March 31, 2006 was $79,091,000 (2005: $44,015,000).

22. 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 and cash equivalents, 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.

22. Financial instruments (cont'd)

(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:**

| | 2006 | | | | | |
|---|---|---|---|---|---|---|
| | Immediately rate sensitive | Within 3 months | Three to 12 months | Over 12 months | Non-rate sensitive | Total |
| | ($`000) | ($`000) | ($`000) | ($`000) | ($`000) | ($`000) |
| Cash and cash equivalents | - | - | - | - | 245,787 | 245,787 |
| Loans and other receivables | 19,934 | 155 | 4,007 | 484,984 | 566,249 | 1,075,329 |
| Capital management fund | 2,955,539 | 1,963,504 | 1,674,697 | 393,403 | 66,897 | 7,054,040 |
| Government securities fund | - | - | - | 1,301,277 | 47,963 | 1,349,240 |
| Investments | 4,042,127 | 3,403,521 | 2,705,012 | 6,377,519 | 333,684 | 16,861,863 |
| Total financial assets | 7,017,600 | 5,367,180 | 4,383,716 | 8,557,183 | 1,260,580 | 26,586,259 |
| Accounts payable | - | - | - | - | 319,089 | 319,089 |
| Securities sold under repurchase Agreements | 9,691,901 | 3,015,451 | 2,260,146 | 51,104 | - | 15,018,602 |
| Promissory notes | 72,541 | 145,150 | 36,374 | 15,982 | - | 270,047 |
| Capital management fund obligations | 7,054,040 | - | - | - | - | 7,054,040 |
| Government securities fund obligations | 1,349,240 | - | - | - | - | 1,349,240 |
| Total financial liabilities | 18,167,722 | 3,160,601 | 2,296,520 | 67,086 | 319,089 | 24,011,018 |
| Total interest rate sensitivity gap | (11,150,122) | 2,206,579 | 2,087,196 | 8,490,097 | 941,491 | 2,575,241 |
| Cumulative gap | (11,150,122) | (8,943,543) | (6,856,347) | 1,633,750 | 2,575,241 | - |

DEHRING BUNTING & GOLDING LIMITED

Notes to the Financial Statements (Continued)
March 31, 2006

22. Financial instruments (cont'd)

(b) Financial instrument risks (cont'd):

(i) Interest rate risk (cont'd):

**Company (cont'd):**

| | 2005 | | | | | |
|---|---|---|---|---|---|---|
| | Immediately rate sensitive | Within 3 months | Three to 12 months | Over 12 months | Non-rate sensitive | Total |
| | ($`000) | ($`000) | ($`000) | ($`000) | ($`000) | ($`000) |
| Cash and cash equivalents | - | - | - | - | 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 | - | - | - | - | 600,355 | 600,355 |
| 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 | 600,355 | 24,179,609 |
| Total interest rate sensitivity gap | (11,650,821) | ( 927,562) | 2,013,849 | 10,984,276 | 1,051,665 | 1,471,407 |
| Cumulative gap | (11,650,821) | (12,578,383) | (10,564,534) | 419,742 | 1,471,407 | - |

**Group:**

| | 2006 | | | | | |
|---|---|---|---|---|---|---|
| | Immediately rate sensitive | Within 3 months | Three to 12 months | Over 12 months | Non-rate sensitive | Total |
| | ($`000) | ($`000) | ($`000) | ($`000) | ($`000) | ($`000) |
| Cash and cash equivalents | - | - | - | - | 378,082 | 378,082 |
| Loans and other receivables | 19,934 | 155 | 1,372,772 | 1,296,842 | 640,730 | 3,330,433 |
| Net investment in leases | - | - | 12,546 | 17,292 | - | 29,838 |
| Capital management fund | 2,955,539 | 1,963,504 | 1,674,697 | 393,403 | 66,612 | 7,053,755 |
| Government securities fund | - | - | - | 1,301,277 | 47,963 | 1,349,240 |
| Investments | 4,042,127 | 3,974,124 | 3,038,376 | 6,338,400 | 333,969 | 17,726,996 |
| Total financial assets | 7,017,600 | 5,937,783 | 6,098,391 | 9,347,214 | 1,467,356 | 29,868,344 |
| Accounts payable | - | - | - | - | 323,400 | 323,400 |
| Customers' deposits | - | 969,186 | 1,127,767 | 355,713 | - | 2,452,666 |
| Customers' savings accounts | 40,657 | - | - | - | - | 40,657 |
| Securities sold under repurchase agreements | 9,675,218 | 3,015,451 | 2,260,146 | 51,105 | - | 15,001,920 |
| Promissory notes | 72,541 | 165,150 | 36,374 | 25,658 | - | 299,723 |
| Capital management fund Obligations | 7,053,755 | - | - | - | - | 7,053,755 |
| Government securities fund Obligations | 1,349,240 | - | - | - | - | 1,349,240 |
| Due to Unit Trust Funds | - | - | - | - | 1,478 | 1,478 |
| Total financial liabilities | 18,191,411 | 4,149,787 | 3,424,287 | 432,476 | 323,878 | 26,522,839 |
| Total interest rate sensitivity gap | (11,173,811) | 1,787,996 | 2,674,104 | 8,914,738 | 1,142,478 | 3,345,505 |
| Cumulative gap | (11,173,811) | (9,385,815) | (6,711,711) | 2,203,027 | 3,345,505 | - |

DEHRING BUNTING & GOLDING LIMITED

Notes to the Financial Statements (Continued)
March 31, 2006

22. Financial instruments (cont'd)

(b) Financial instrument risks (cont'd):

(i) Interest rate risk (cont'd):

**Group:**

| | 2005 | | | | | |
|---|---|---|---|---|---|---|
| | Immediately rate sensitive | Within 3 months | Three to 12 months | Over 12 months | Non-rate sensitive | Total |
| | ($\`000) | ($\`000) | ($\`000) | ($\`000) | ($\`000) | ($\`000) |
| Cash and cash equivalents | 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 | 1,569,066 | 283,008 | 1,030,793 | 1,249,427 | 87,034 | 4,219,328 |
| Government securities fund | - | - | - | 1,444,843 | 56,286 | 1,501,129 |
| Investments | 2,804,224 | 3,641,705 | 3,769,087 | 8,361,677 | 650,385 | 19,227,078 |
| 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 | - | - | - | | 594,953 | 594,953 |
| Customers' deposits | - | 1,034,857 | 1,046,021 | 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 | 4,219,328 | - | - | - | - | 4,219,328 |
| Government securities fund obligations | 1,501,129 | - | - | - | - | 1,501,129 |
| Total financial liabilities | 16,060,592 | 5,846,699 | 3,329,283 | 20,259 | 614,574 | 25,871,407 |
| Total interest rate sensitivity gap | (11,587,833) | ( 1,680,371) | 1,629,609 | 12,342,477 | 1,200,165 | 1,904,047 |
| Cumulative gap | (11,587,833) | (13,268,204) | (11,638,595) | 703,882 | 1,904,047 | - |

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

**Company:**

| | 2006 | | | | |
|---|---|---|---|---|---|
| | Immediately rate sensitive | Within 3 months | Three to 12 months | Over 12 months | Total |
| | % | % | % | % | % |
| Loans and other receivables | 22.55 | 8.00 | 6.54 | 8.04 | 8.59 |
| Capital management fund | 9.64 | 8.43 | 6.34 | 19.24 | 8.96 |
| Government securities fund | - | - | - | 9.06 | 9.06 |
| Investments | 14.55 | 14.46 | 8.59 | 9.72 | 11.46 |
| Securities sold under repurchase agreements | 9.71 | 8.83 | 10.77 | 8.36 | 9.69 |
| Promissory notes | 7.92 | 9.18 | 11.43 | 9.50 | 9.17 |
| Capital management fund obligations | 7.74 | - | - | - | 7.74 |
| Government securities fund obligations | 7.65 | - | - | - | 7.65 |

Notes to the Financial Statements (Continued)
March 31, 2006

22. Financial instruments (cont'd)

(b) Financial instrument risks (cont'd):

(i) Interest rate risk (cont'd):

**Company (cont'd):**

| | 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 |

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

**Group:**

| | 2006 | | | | |
|---|---|---|---|---|---|
| | Immediately rate sensitive | Within 3 months | Three to 12 months | Over 12 months | Total |
| | % | % | % | % | % |
| Loans and other receivables | 22.55 | 9.50 | 6.54 | 10.52 | 9.80 |
| Net investments in leases | - | - | 16.00 | 16.00 | 16.00 |
| Capital management fund | 9.64 | 8.43 | 6.34 | 19.24 | 8.96 |
| Government securities fund | - | - | - | 9.06 | 9.06 |
| Investments | 14.55 | 14.46 | 8.59 | 9.72 | 11.46 |
| Customers' deposits | - | 7.71 | 7.33 | 8.77 | 7.66 |
| Customers' savings accounts | 8.91 | - | - | - | 8.91 |
| Securities sold under repurchase agreements | | | | | |
| Promissory notes | 7.92 | 9.18 | 11.43 | 9.50 | 9.17 |
| Capital management fund obligations | 7.74 | - | - | - | 7.74 |
| Government securities fund obligations | 7.65 | - | - | - | 7.65 |

Notes to the Financial Statements (Continued)
March 31, 2006

22. Financial instruments (cont'd)

(b) Financial instrument risks (cont'd):

(ii) Interest rate risk (cont'd):

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

**Group:**

| | 2005 | | | | |
|---|---|---|---|---|---|
| | Immediately rate sensitive | Within 3 months | Three to 12 months | Over 12 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 | 10.6 |
| 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 |

(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.

Notes to the Financial Statements (Continued)
March 31, 2006

22. Financial instruments (cont'd)

(b) Financial instrument risks (cont'd):

(iii) Foreign currency risk (cont'd):

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

| | 2006 | | 2005 | |
|---|---|---|---|---|
| | Company (\`000) | Group (\`000) | Company (\`000) | Group (\`000) |
| United States dollars | 3,390 | 3,410 | (12,677) | (12,402) |
| Canadian dollars | 73 | 76 | ( 943) | ( 422) |
| Euro | 117 | 102 | 11,786 | 11,941 |
| Cayman dollars | 13 | 75 | ( 11) | ( 11) |
| Pounds sterling | 193 | 196 | ( 2,214) | ( 2,210) |
| Trinidad & Tobago dollars | 1,711 | 1,711 | - | - |

Selling exchange rates at:

| | March 31 | |
|---|---|---|
| | 2006 | 2005 |
| US$1 to J$ | 65.4957 | 61.5438 |
| £1 to J$ | 112.9419 | 115.3547 |
| Cayman to J$ | 74.7580 | 71.9267 |
| Canadian to J$ | 56.1390 | 50.6081 |
| €1 to J$ | 78.6062 | 81.9000 |

(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.

Notes to the Financial Statements (Continued)
March 31, 2006

22. Financial instruments (cont'd)

(b) Financial instrument risks (cont'd):

(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.

23. Staff costs

| | 2006 ($`000) | 2005 ($`000) |
|---|---|---|
| Salaries and incentive pay | 413,517 | 424,904 |
| Statutory contributions | 38,372 | 39,986 |
| Pension scheme contributions | 19,731 | 24,453 |
| Other | 72,201 | 49,575 |
| Staff loan interest differential | 1,979 | 6,461 |
| | 545,800 | 545,379 |

The number of employees for the group were as follows:

| | Average number | |
|---|---|---|
| | 2006 | 2005 |
| Full time | 209 | 203 |
| Part time | 3 | 3 |
| | 212 | 206 |

24. Profit before taxation

Profit before taxation is stated after charging:

| | | | 2006 ($`000) | 2005 ($`000) |
|---|---|---|---|---|
| Directors' emoluments | - | fees | 10,442 | 1,585 |
| | - | management remuneration | 108,863 | 112,402 |
| Auditors' remuneration | | | 9,652 | 8,880 |
| Depreciation and amortisation | | | 50,047 | 44,264 |

25. Taxation

(a) The charge for income tax is calculated at 33⅓% of the profit before taxation, as adjusted for tax purposes, and is made up as follows:

| | | 2006 ($'000) | 2005 ($'000) |
|---|---|---|---|
| (i) | Current tax charge: | | |
| | Income tax at 33⅓% | - | - |
| (ii) | Deferred taxation: | | |
| | Origination and reversal of temporary differences | (2,732) | ( 3,376) |
| | Tax benefit of unused tax losses | 6,842 | 11,687 |
| | Total taxation in group income statement | 4,110 | 8,311 |

(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 $825,468,000 (2005: $878,557,000) for the company and $850,310,000 (2005: $905,716,000) for the group. In his April 2005 budget presentation, the Minister of Finance and Planning announced that instead of indefinitely, the carry forward of tax losses would be restricted to five years, with effect for January 1, 2006. Up to May 8, 2006, enabling legislation has not been passed into law.

(c) Reconciliation of effective tax rate -

| | 2006 ($'000) | 2005 ($'000) |
|---|---|---|
| Profit before taxation | 886,429 | 810,953 |
| Computed "expected" tax charge at 33⅓% | 295,476 | 270,318 |
| Difference between profit for financial statements and tax reporting purposes on - | | |
| Depreciation charge and capital allowances | ( 1,251) | ( 1,821) |
| Interest receivable | ( 89,483) | ( 71,573) |
| Exempt income | (170,249) | (181,891) |
| Disallowed expenses and other capital adjustment | ( 2,078) | 2,653 |
| Gain on disposal of property, plant and equipment | ( 192) | ( 87) |
| Tax losses utilised | ( 19,652) | ( 5,952) |
| Other | ( 8,461) | ( 3,336) |
| Actual tax charge | 4,110 | 8,311 |

26. Profit attributable to members

Dealt with in the financial statements of the company, $791,677,000 (2005: $742,963,000).

27. Earnings per stock unit

The calculation of earnings per stock unit is based on the profit of $882,319,000 (2005: $802,642,000) and stock units in issue (see note 20). The calculation of diluted earnings per stock unit is based on the profit of $882,319,000 (2005: $802,642,000) and stock units, including those to be issued under the executive stock compensation plan for 2006 (see note 20). 2005 was restated to reflect the dilution at 2006. 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.

28. Retained profits

Retained in the financial statements of:

| | 2006<br>($`000) | 2005<br>($`000) |
|---|---|---|
| The company | 2,317,497 | 1,571,299 |
| Subsidiaries | 305,590 | 236,329 |
| | 2,623,087 | 1,807,628 |

29. Managed funds

The subsidiary, DBG Unit Trust Managers Limited (note 34) manages 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, 2006, these funds aggregated $5,522,468,999 (2005: $5,420,876,449).

30. Related party balances and transactions

A party is related to the company if:

(i) directly or indirectly the party:

- controls, is controlled by, or is under common control with the company;
- has an interest in the company that gives it significant influence over the company; or
- has joint control over the company.

(ii) the party is a member of the key management personnel of the company.

(iii) the party is a close member of the family of any individual referred to in (i) or (ii) above.

(iv) the party is a post-employment benefit plan for the benefit of employees of the company, or any company that is a related party of the company.

DEHRING BUNTING & GOLDING LIMITED

Notes to the Financial Statements (Continued)
March 31, 2006

30. Related party balances and transactions (cont'd)

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

| | Company | | Group | |
|---|---|---|---|---|
| | 2006 ($`000) | 2005 ($`000) | 2006 ($`000) | 2005 ($`000) |
| Loans and other receivables: | | | | |
| Loans | | | | |
| Directors | 14,471 | 15,288 | 14,471 | 15,288 |
| Subsidiaries | 52,061 | 344,923 | - | - |
| Interest receivable - directors | 81 | 197 | 81 | 197 |
| Investments | | | | |
| Subsidiaries | 865,434 | - | - | - |
| Accounts payable: | | | | |
| Executive stock compensation plan | - | ( 1,281) | - | ( 1,281) |
| Interest | | | | |
| Directors | ( 134) | ( 239) | ( 134) | ( 239) |
| Subsidiaries | ( 21,367) | ( 25,447) | - | - |
| Current account | | | | |
| Subsidiaries | (123,796) | (253,118) | - | - |
| Securities sold under repurchase agreements: | | | | |
| Directors | ( 9,481) | ( 20,482) | ( 9,481) | (20,482) |
| Subsidiaries | (749,726) | (666,065) | - | - |
| Stockbrokerage account | | | | |
| Directors | 23 | 2,000 | 23 | 2,000 |
| Capital management fund obligations: | | | | |
| Directors | ( 97,749) | ( 81,001) | ( 97,749) | (81,001) |

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

| | Company | | Group | |
|---|---|---|---|---|
| | 2006 ($`000) | 2005 ($`000) | 2006 ($`000) | 2005 ($`000) |
| Interest income: | | | | |
| Directors | ( 1,963) | ( 809) | ( 1,963) | ( 809) |
| Subsidiaries | ( 38,467) | ( 205) | - | - |
| Interest expense: | | | | |
| Directors | 12,334 | 14,611 | 12,334 | 14,611 |
| Subsidiaries | 51,330 | 50,978 | - | - |
| Legal and professional fees: | | | | |
| Firm in which a director is a partner | 669 | 2,053 | 1,702 | 2,998 |
| Staff cost: | | | | |
| Key management personnel: | | | | |
| - post-employment benefits | 3,425 | 5,973 | 4,233 | 6,822 |
| - short term benefits | 108,863 | 112,402 | 125,493 | 129,991 |

31. 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 $19,731,000 (2005: $24,453,000) for the company and the group.

32. Lease commitments

The lease payments due within twelve months of the balance sheet date amounted to $43,945,000 (2004: $23,970,000) for the company and the group.

33. Commitments for capital expenditure

Commitment for capital expenditure amounts to approximately $13,343,000 (2005: $37,587,000) at balance sheet date in respect of total project costs of approximately $13,343,000 (2005:$37,800,000). Of this amount, $4,397,000 (2005:$213,000) has already been paid and is included in other receivables (see note 5).

34. Subsidiaries

| | Country of incorporation | % of equity capital held | | Principal activities |
|---|---|---|---|---|
| | | 2006 | 2005 | |
| DB&G Merchant Bank Limited | Jamaica | 100 | 100 | Receiving deposits, making loans, dealing in all foreign currencies and foreign currency instruments |
| DB&G Unit Trust Managers Limited (see note 29) | 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.

The company has indicated that it will provide the financial support necessary for one of its subsidiaries to meet its future financial and operating obligations. As at the year-end, that subsidiary had a working capital deficit of $96,541,596. This is stated after taking account of a liability of $120,927,145 due to the parent company.

35. Dividends paid

| | 2006 ($'000) | 2005 ($'000) |
|---|---|---|
| Ordinary dividends: | | |
| Interim paid in respect of 2006 - 15¢ (2005: 31¢) per stock unit – gross | 45,479 | 90,020 |

36. Segment reporting

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

The Group operated in three principal geographical areas, Jamaica, Trinidad and the Cayman Islands. However, the vast majority of the Group's total revenues arise in Jamaica, based on the geographical location of its clients.

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

37. Adoption of new and revised IFRS and interpretations

At the date of authorisation of the financial statements, there were certain standards and interpretations which were in issue but were not yet effective. The standards and interpretations and their effective dates are as follows:

| | | |
|---|---|---|
| IFRS 6 | Exploration for Evaluating of Mineral Resources | January 1, 2006 |
| 1FRS 7 | Financial Instruments: Disclosure | January 1, 2007 |
| IFRIC 4 | Determining whether an Arrangement Contains a Lease | January 1, 2006 |
| IFRIC 5 | Rights to Interest Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds | January 1, 2006 |
| IFRIC 6 | Liabilities arising from Participating in a Specific Market – Waste, Electrical and Electronic Equipment | December 1, 2006 |
| IFRIC 7 | Applying the Restatement Approach under IAS 29 Financial Reporting in Hyper-Inflationary Economies | March 1, 2006 |
| IAS 19 Amendments | Actuarial Gains & Losses, Group Plans and Disclosures | January 1, 2006 |
| IAS 39 Amendments | The Fair Value Option | January 1, 2006 |
| IAS 39 Amendments | Financial Instrument Cash Flow Hedge Accounting for Forecast Intra-group Transactions | January 1, 2006 |

37. Adoption of new and revised IFRS and interpretations (cont'd)

| | | |
|---|---|---|
| IAS 39 Amendments | Financial Guarantee Contracts | January 1, 2006 |
| IFRIC 8 | Scope of IFRS 2 | January 1, 2006 |
| IFRIC 9 | Reassessment of Embedded Derivatives | June 1, 2006 |

The adoption of IFRS 7 is expected to result in additional disclosures for financial instruments. Except for these additional disclosures, the adoption of these standards and interpretations are not expected to have a material impact on the financial statements.

38. Subsequent event

Effective May 1, 2006, the Bank of Jamaica removed the requirement that deposit-taking institutions must hold 1% of prescribed liabilities as a Special Deposit, which now allows for the return of the deposits [note 4(a)].

39. Contingencies

A claim was filed by a former employee in January 2005 seeking damages for breach of contract which he estimated to exceed $750 million, arising out of alleged failure by the company over a period of many years to honour the bonus profit/share provisions in his contract of employment.

The company has filed a Defence approved by Leading Counsel, and also a counterclaim for $6,688,433, plus interest and costs, together with further damages to be quantified.

The company's lawyers indicated that, having taken extensive statements from Company Executives and having reviewed all available documentation, they are of the view that the company has a sound defence to the Claim and reasonable prospects of success in the Counterclaim. A case Management Conference is schedule for July 10, 2006.

No provision has been made in the financial statement in respect of this matter.