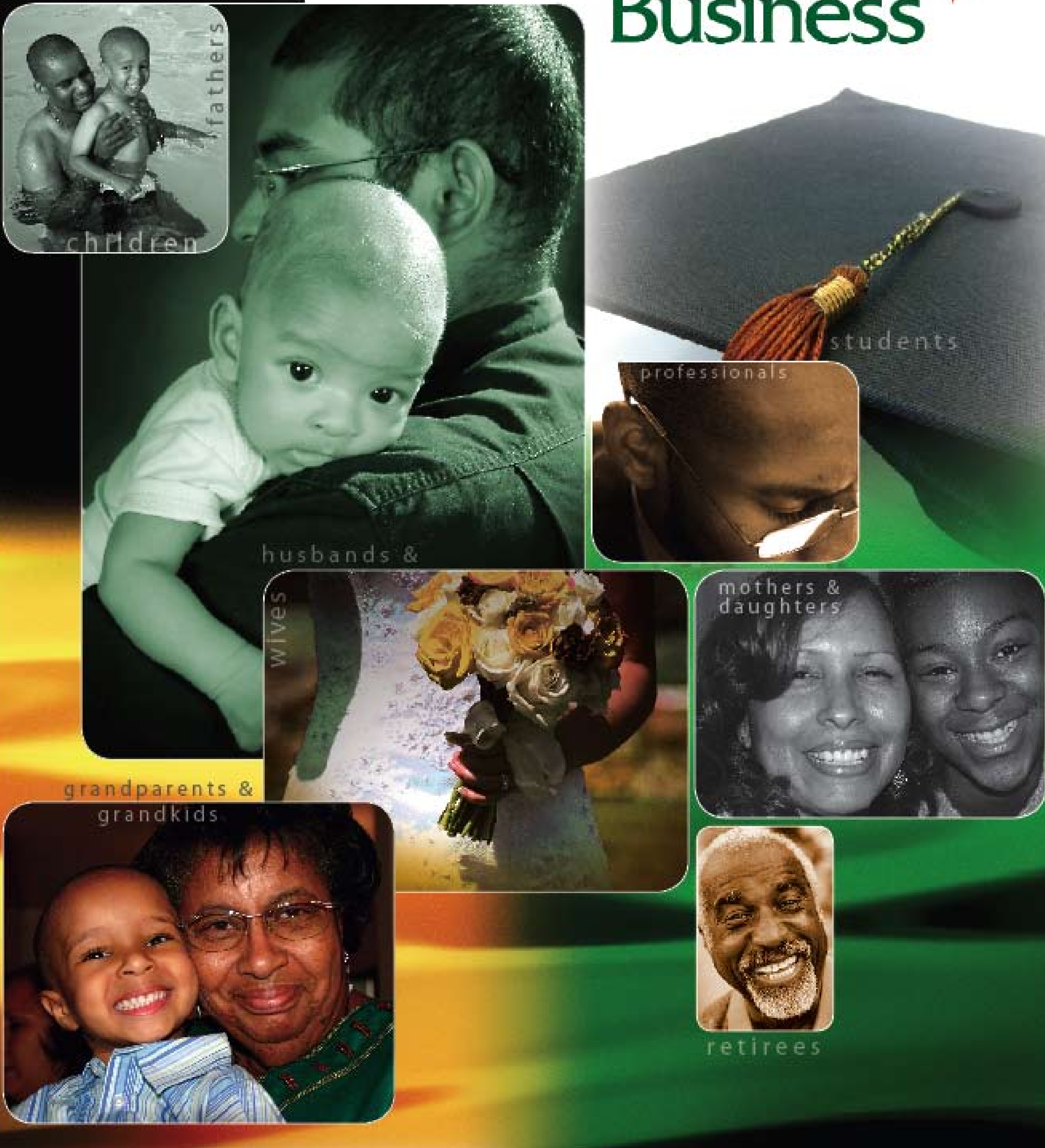
DB&G
ANNUAL REPORT 2006

Your Future... Our Business



Contents

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of DEHRING BUNTING & GOLDING LIMITED (the "Company") will be held at the DB&G Merchant Bank Building, 1B Holborn Road, Kingston 10 at 5:00 pm, July 26, 2006 for the following purposes:

1. To receive the audited accounts for 12 months ended 31st March, 2006 and the reports of the directors and auditors circulated herewith. To consider and (if thought fit) pass the following resolution:

   That the audited accounts for the 12 months ended 31 March, 2006 and the reports of the directors and auditors circulated with the notice convening the meeting be adopted.

2. To fix the remuneration of the auditors or to determine the manner in which such remuneration is to be fixed. To consider and (if thought fit) pass the following resolution:

   That the directors be and they are hereby authorized to fix the remuneration of the auditors at a figure to be agreed.

3. To fix the remuneration of the directors or to determine the manner in which such remuneration is to be fixed. To consider and (if thought fit) pass the following resolution:

   That the directors be and are hereby authorized to fix their remuneration for the ensuing year.

4. To approve and ratify interim dividend. To consider and (if thought fit) pass the following resolution:

   That the interim dividends of 15 cents per stock unit paid on December 12, 2005 and 71 cents per stock unit paid on June 2, 2006, be and are hereby approved.

By order of the Board

Mark J. Golding

Secretary

Statement to Shareholders


Our Mission:

To be your most **trusted** Financial Advisor.

Ten years ago, in my first year as CEO, Dehring Bunting & Golding Limited (DB&G) recorded an annual profit of J$ 7 million. In the intervening decade, through hard work and innovation, your company has developed into a premier financial services firm offering an array of financial products and providing expert financial advice and excellent customer service. These efforts have allowed us to realize a profit of J$882 million as at March 31, 2006 or over 100 times what we were earning a decade ago!

Our 4th Quarter Financial Report already gave shareholders a detailed financial review of the last financial year so I will not repeat that here, except to say that we recorded a satisfactory performance overall. Creating greater value for shareholders is our primary objective and, although the regional stock markets have been bearish this past year, we have sought to mitigate the impact on our shareholders through increased dividend payments.

Most of our success can be attributed to the competent and dedicated staff in whom we have systematically invested. Our Talent Optimization Team (a.k.a. the Human Resource and Administration Dept.) is responsible for the recruitment and development of our staff. Recruitment is based both on interviews and psychometric tests. We also spend over J$10M per year in training, primarily through education grants to staff to pursue university degrees. Fifty-two percent of staff have at least a first degree, while 14% have master's degrees. The company is assisting a further 24% of our team members to pursue university degrees. Based on this level of training, within a few years we should have over 75% of all staff with university degrees, with 30% of all staff having postgraduate degrees or other professional qualifications.

While we are proud of this achievement on a stand alone basis, we are happy to say that it has translated into a better experience for our customers. Our customer satisfaction surveys show that over 90% of our clients have an excellent customer service experience at our branches. The surveys also reveal that 95% of DB&G clients would recommend DB&G to a loved one or colleague. This question is considered to be the acid test of customer loyalty, and we score extremely high in that area. Additionally, market research has found that persons who will be opening investment accounts in the future, consider DB&G as the preferred institution to do business with amongst our institutional peer group.

We acknowledge the importance of corporate and social responsibility. At DB&G we practice giving back to the community that has aided in our development and success. Our areas of focus include sports, the arts, and education. We have made various contributions to these areas throughout the year and will continue to do so in the upcoming fiscal year.

I am proud of the company that my fellow team members, clients, and shareholders have worked together to build throughout the years. We look forward to another successful year, one which will be associated with increased growth, profitability and contributions to the development of Jamaica, Trinidad & Tobago, and the Caribbean community.

I would like to take this opportunity to thank you for your continued support and commitment to DB&G, whose mission is ***to be your most your trusted financial advisor.***

Peter Bunting
Executive Chairman

This Code was adopted many years ago but is being re-published here as it is topical in Corporate Governance discussions. It has the purpose of guiding DB&G people in a broad and ethical sense, in all aspects of our business activities. Experience should demonstrate the practical utility of this document.

The Code is not an attempt to prescribe actions for every business encounter. It isn't published out of any doubt about the desire of DB&G people to comply with its contents. Rather, we believe that the complexity of our business and the fact that ethical conduct isn't always subject to precise definition, argue strongly for our development of standards.

To the extent our actions match these high standards, such can be a source of pride. To the extent they don't, the Code should be a challenge to each of us.

The overall purpose of DB&G is to enhance the long-term interests of those who own the business – stockholders. This in no way diminishes the strong and legitimate claims of employees, customers, government, and others whose interests touch upon our own – nor, indeed, of the public at large. Nor is this to assert that profit should be maximized in any short–term framework at the expense of valid considerations.

Rather, it is to say we attempt to take a long–range view of things. We believe we can best serve stockholders and the long-term profitability of the enterprise through fair, honest, and intelligent actions with respect to all our constituencies. This is particularly true in the case of customers. Continuous improvement is a basic principle on which DB&G operates. This is part of the quest to deliver the type of service that exceeds the customers' expectations. We envisage a consistent and totally satisfying experience for our customer. We intend to be increasingly responsive to customers and their changing needs – and to bring our full capabilities to the solution of customers' problems.

Ethics

Code of

The company's most valuable asset is a reputation for integrity. If that becomes tarnished customer, investors, and employees will seek affiliation with other, more attractive companies. We intend to hold a single high standard of integrity everywhere. We will keep our word. We won't promise more than we can reasonably expect to deliver; nor will we make commitments we don't intend to keep.

In our advertising and other public communications, we will avoid not only untruths, but also exaggeration and overstatement.

DB&G employees shall not engage in activities that produce, or reasonably appear to produce, conflict between personal interest of an employee and interest of the company.

We seek long–lasting relationships, based on integrity, with all whose activities touch upon our own.

The ethical performance of the enterprise is the sum of the ethical performance of the men and women who work here. Thus, we are all expected to adhere to high standards of personal integrity. For example, any illegal action, ostensibly taken to "protect" the company is wrong. The end doesn't justify the means.

Our business experience shows that employees want to work, to contribute, and to be a factor in improving things. Few people really wish to leave a job feeling they haven't made a contribution, or been challenged in some way.

If a business errs, we believe it's often by not fully utilizing the human energies, skills, and loyalties that are available from its own employees.

Towards that end, we'll involve employees in improving their own work methods and results, and those of the enterprise as a whole. Participative styles and teamwork will be the cornerstone of our management philosophy. We'll manage and reward people in such a fashion that they will come to identify in a personal way the company's economic health.

We encourage an entrepreneurial spirit among employees and a feeling of personal accountability for results.

We aspire to a high standard of excellence in human relations. Specifically, we intend:

1. **To select and place employees on the basis of qualifications for the work to be performed – without discrimination in terms of race, religion, nationality origin, colour, sex, age, sexual preferences or physical or mental disability.**
2. **To place people on jobs that are truly productive and necessary for achievement of approved objectives.**
3. **To show each employee the purpose of his or her job and work unit and require that work be done well.**
4. **To ask that people give their best efforts, including their ideas and suggestions for innovation and continuous improvement.**
5. **To maintain uniform, high standards of work and offer people opportunities to make the best use of their abilities.**
6. **To encourage self-development and assist employees in mastering their current jobs and improving their job skills.**
7. **To protect people's health. This includes maintaining a clean work environment as free as practicable from health and safety hazards.**
8. **To provide employees with timely information concerning company mission, vision,**

Ethics

operations and results, as well as other work-related matters in which they logically have an interest.

9. **To compensate people fairly, according to contributions to the company, within the framework of national and local practices.**
10. **To develop human relationships that inspire respect, confidence and trust in the company.**
11. **To operate the business in such a way that employees don't feel a need for representation by unions or other third parties.**
12. **To provide stable, secure employment consistent with the long-term success of DB&G.**
13. **To develop a climate that encourages good people to want to work for, and build careers with DB&G.**
14. **To give special effort to work directly with each other in a helpful, friendly way - avoiding bureaucracy and other hazards common to large organizations.**

A Board of Directors is elected to represent the stockholders – the owners of the enterprise. It is a director's responsibility, in all decisions he or she is called upon to make concerning the Company's affairs, to conscientiously weigh the interest of stockholders in light of circumstances and effects of such decisions on stockholders' interest.

Board deliberations should be highly reflective of the public interest. We believe this is a basic, inseparable part of stewardship to stockholders – and of the goal of maximizing the long–term value of the enterprise for the stockholders.

The current Board of Directors (2006) is as follows:

Peter Bunting – Chairman

Mark Golding – Company Secretary

Garfield Sinclair

Deanne Bell

Christopher Dehring (currently on a leave of absence)

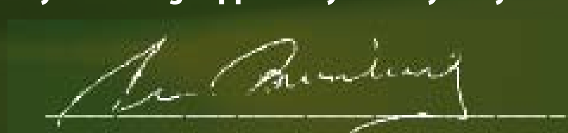
A. Barclay Ewart

Eugene Ffolkes

Philip Martin

Peter Reid

No document Issued by DB&G is more important than this one. I ask that you give this Code your strong support as you carry out your daily responsibilities.



Chairman
On behalf of the Board of Directors

Board of Directors

Peter Bunting - Executive Chairman

Mr. Bunting is one of three co-founders of Dehring Bunting & Golding, one of Jamaica's first private sector investment firms. He has served as Chief Executive Officer since 1996. Mr. Bunting is primarily involved with mapping the strategic direction of the firm and with overseeing the island-wide branch network, Financial Planning & Analysis and Human Resources & Administration Units. In addition to over 15 years experience in the financial sector, he has served the public sector in many capacities, including Chairman of the National Water Commission, President of the National Investment Bank of Jamaica, Parliamentary Secretary in the Ministry of Health, and as a Member of Parliament in the constituency of South-East Clarendon. Mr. Bunting, a graduate of McGill with a Bachelors Degree in Engineering (Mech.), also holds a Master of Business Administration Degree from the University of Florida.

Mark Golding - Company Secretary

A founding partner of Dehring Bunting & Golding Ltd. since 1992, Mr. Golding is a practicing attorney-at-law with primary responsibility for commercial law, banking and corporate finance. His particular specialization is the law of credit and security, mergers and acquisitions and corporate restructuring. He has acted as an advisor and legal counsel to the Government and several major commercial, merchant banks and investment houses in this regard. Mr. Golding holds a Masters Degree (LL.M) in Commercial Law from the University of London.

Christopher Dehring

Also a founding partner, Mr. Dehring has extensive experience in the financial services industry, ranging from credit financial analysis to investment management, with a particular specialization in corporate finance. His financial advisory and fund raising assignments have spanned several sectors of the Jamaican economy including insurance and financial services, manufacturing, tourism, agriculture and government. He was a licensed securities dealer in the Jamaican capital market and has acted as an advisor to several agencies of the government on capital issues. Mr. Dehring has also advised private companies on their raising of capital, financial structuring, mergers, acquisitions and corporate strategy. He was CEO at DB&G until 1996 when he was seconded to the West Indies Cricket Board. Mr. Dehring has taken a leave of absence from the Board of Directors until June 2007. He is the CEO and Managing Director of ICC Cricket World Cup and he will be extremely busy preparing for Cricket World Cup 2007.

Garfield Sinclair - President & Chief Operating Officer

Mr. Sinclair has been with DB&G since 1994 and is responsible for overseeing the Treasury & Asset Trading Division (includes Foreign Exchange and Equities Trading), Information Technology and Marketing Units. He has substantial experience in the financial services industry having held a senior position with the audit firm PricewaterhouseCoopers, where he specialized in auditing some of the country's largest financial institutions. Mr. Sinclair also ran his own financial services firm in Los Angeles, California U.S.A., where he consulted with small to medium- sized companies on a variety of tax, accounting and operational issues. He is a licensed CPA with the California Board of Accountancy.

Philip Martin

Mr. Martin has been an active member of DB&G's Board since 1992. He is currently Managing Director and Chief Executive Officer of Caribbean Fencing Limited and participates in a number of prominent companies. His knowledge and experience in the Jamaican market place has provided valuable insight into many different DB&G projects.

Eugene Ffolkes

Mr. Ffolkes was Managing Director of the Jamaica Lottery Company Limited for over seven years. Prior to that, he has held positions of Assistant General Manager at the Jamaica Unit Trust Services Ltd. and Manager at Eagle Unit Trust Management Co. Ltd. Mr. Ffolkes is presently the Executive Director at Telegens Incorporated.

Barclay Ewart - Audit Committee Chair

Mr. Ewart has brought a wealth of business knowledge and experience to the DB&G Board since 1992. His extensive knowledge from a range of sectors, has proven invaluable. He is the Group Managing Director of Alkali Ltd., Power & Tractors Limited, Industrial Chemical Co. Ltd., and Tanners Ltd. Mr. Ewart has served on a number of boards, such as BRC Jamaica Ltd., CVM Television, Prudential Stockbrokers Ltd., JAMPRO Ltd. (as Chairman) and the Jamaica Exporters Association.

Peter Reid - Remuneration Committee Chair

Mr. Reid was one of the original team members of Dehring Bunting & Golding when the firm began in 1992, and was instrumental in structuring our initial stock issue and many corporate finance deals during the period 1992-1995. He moved on as District General Manager of the Bank of Nova Scotia and returned to DB&G in 2005. Prior to joining DB&G, Mr. Reid was with Citibank, Jamaica.

Deanne Bell

Ms. Bell is currently the Chief Executive Officer of DrycleanUSA. Prior to this, Ms. Bell was a Partner at Pan Caribbean Merchant Bank and General Manager of Portfolio Partners Ltd. Ms. Bell has held directorships on the Boards of numerous entities including the Bank of Jamaica, Factories Corporation of Jamaica, Big City Brewing Co., Jamaica Broilers Group, Jamaica Lottery Co., and Pan Caribbean Merchant Bank Ltd.

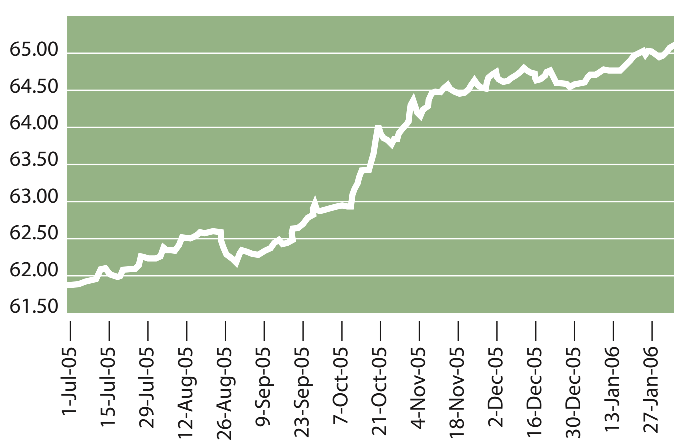
Foreign Exchange Market; Money Market; Equities Market

Foreign Exchange Market

For the fiscal year ended March 31, 2006, the Jamaican dollar lost $3.70 or just over 5.6% against its US counterpart. Most of this devaluation occurred between the months of September and December 2005, as increased seasonal end-user and broker demand for the US dollar was coupled with low levels of US dollar liquidity in the market.

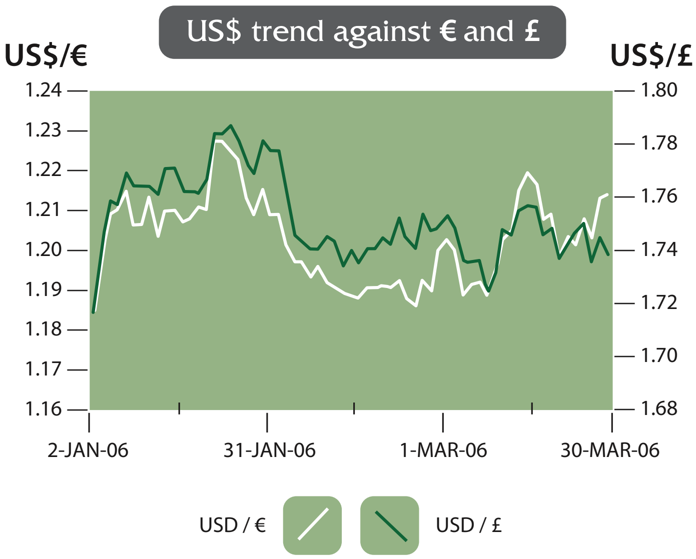
The Jamaican currency continued its decline in the first quarter of 2006, as investors sought to take advantage of various US dollar investments available on the market. Of particular mention was the Government of Jamaica's 2036 US$ global bond issued in February, in which the government successfully raised US$250 million.

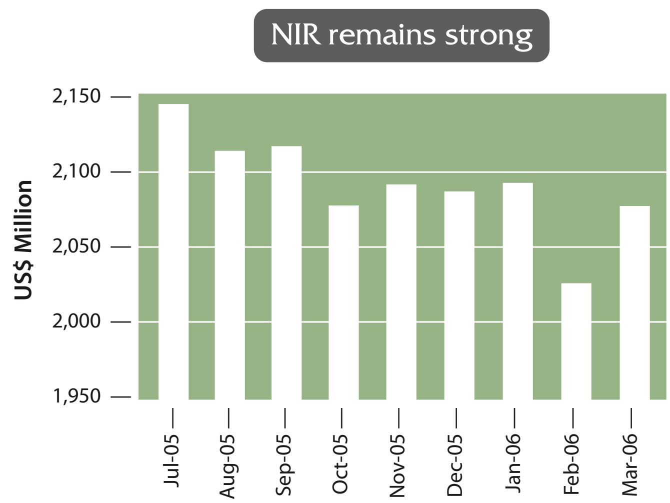
J$ slides against US



As the fiscal year ended there was a noticeable slowdown in the rate of decline of the Jamaican dollar, as we experienced strong inflows from tourism, remittances and foreign direct investment, along with the Bank of Jamaica's improved capacity to defend the dollar, with the Net International Reserves at US$2.07 billion.

In the international marketplace, the USD displayed an overall weakening against its major benchmark currencies. For the quarter ended March 2006, the



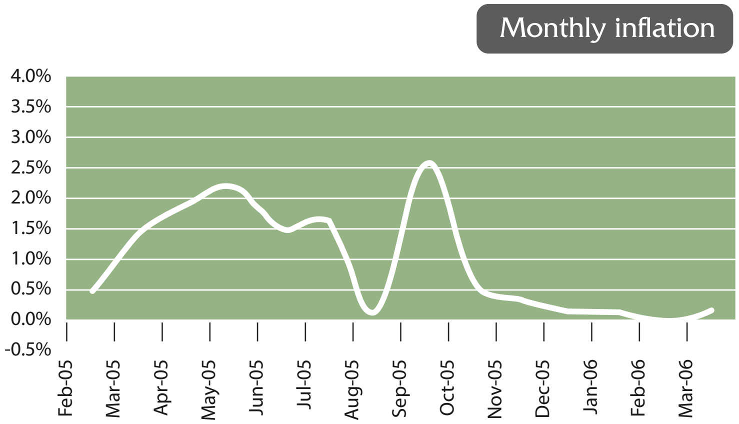


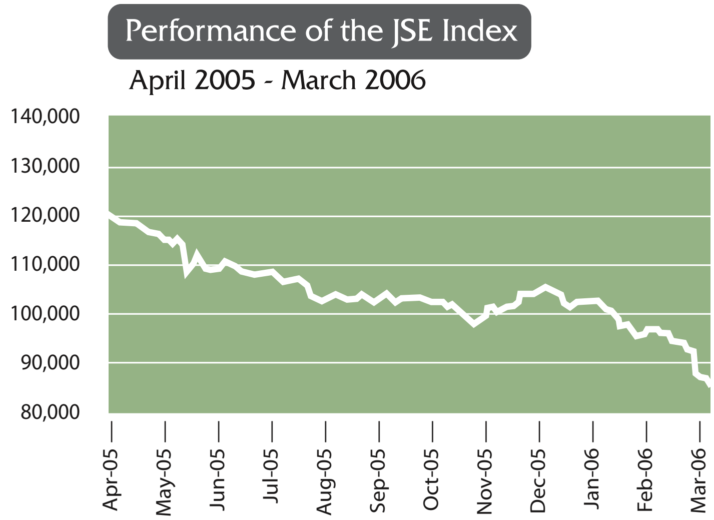
Greenback lost 2.51% to the Euro and 1.19% to the Pound Sterling. Despite that however, the US dollar showed considerable strengthening from mid-January to mid-March as the Federal Reserve increased its benchmark rate twice to 4.5% on January 31 and to 4.75% on March 28. Investors' confidence in the Greenback grew on the back of widening interest differentials between the US and other economies. However, the weakening witnessed in the latter part of March reflected the market's concern about the US's growing deficit and anticipation of further increases in the Euro-zone benchmark rates.

Money Market

The Bank of Jamaica was forced to slow the pace of decline of its benchmark interest rates during the fiscal year, as concerns over the high levels of inflation and the devaluing dollar and relatively tight economic conditions caused the Central Bank to take a conservative stand during the year. Its open market instruments remained unchanged since May 2005, when rates were cut to a range of 12.60% on 30-day instruments to 13.60% on the 365-day instruments.

Rates in the secondary market reflected these tight economic conditions, inching up slightly during the last few months of 2005, with low levels of Jamaican dollar liquidity experienced in the market. These rates however normalized during the first quarter of 2006, with the relative stability in the currency market and reductions in the rate of inflation. This was reflected in the 6-month Treasury bill rates, which in March 2006 cleared the market at an average yield of 13.18% or 37 basis points below the rate applicable at the end of December 2005.





Inflation was measured at March 2006 for 0.1%, which brought the cumulative three month inflation (January – March) 2006 to 0.2%, the lowest quarterly outturn in two years. This translated into a calendar year inflation of 11.4%, down from 12.9% in the previous quarter.

Equities Market

Local equity prices retreated for the fiscal year ended March 2006, as investor psyche was largely dominated by concerns arising from uncertainty over concerns of the generally poor economic conditions, the possibility of increased interest rates and a devaluing local currency. The poor performance of the Initial Public Offerings floated during the year, along with the 'Cement Debacle' at Caribbean Cement Company and its economic repercussions also weighed on the market during the period.

The bearish conditions persisted in the first quarter of 2006 even amidst the backdrop of reduced inflation and interest rates, the relatively stable currency market and record tourism levels. Consequently, all three market indices fell over the fiscal year. The Main Jamaica Stock Exchange Index declined 22% to close at 86,896.10; the All Jamaican Composite weakened 29% to 85,796.11 and the JSE Select fell 27% to 2,343.92.

…the market
will experience
GROWTH.

Corporate Governance

Our board of directors encompass independent directors, directors representing shareholders' interests and, of course, our Executive Chairman and President. Our directors are selected based on fairness, objectivity and professionalism.

The Remuneration, Audit, Credit and Asset and Liability Committees have been established in adhering to good corporate governance. These committees have been established in the interest of stakeholders, and also with the purpose of maintaining investors' confidence.

Corporate Responsibility

DB&G, being aware of the importance of good corporate citizenship, places a strong emphasis on corporate responsibility and social consciousness. The company believes in playing its part in enhancing the nation's social welfare, and embarks on finding ways in order to perform these duties. Sports, the arts, children and education are some of the areas that the company focuses on the most.

On an annual basis, various contributions in cash and kind are made to different organizations such as churches, sports programmes, and learning institutions. The company also encourages staff to take part in community efforts, and to build relationships with our neighbours in need.

Assistance was given to the National Youth Service, making Success Camp 2005 a reality. The camp aims at achieving behaviour modification, among high school students at risk of being expelled from school. We also sponsored the annual Youth Leadership Breakfast in Mandeville, where the youths of Central Jamaica listened to motivational speakers and youth leaders discuss issues affecting today's young people.

Some of the other sponsorships and donations that were made throughout the year include, Genesis Academy, Jamaicans for Justice, Mona Preparatory football team, Sports Development Foundation, and St. James Football Association.

Financial Highlights

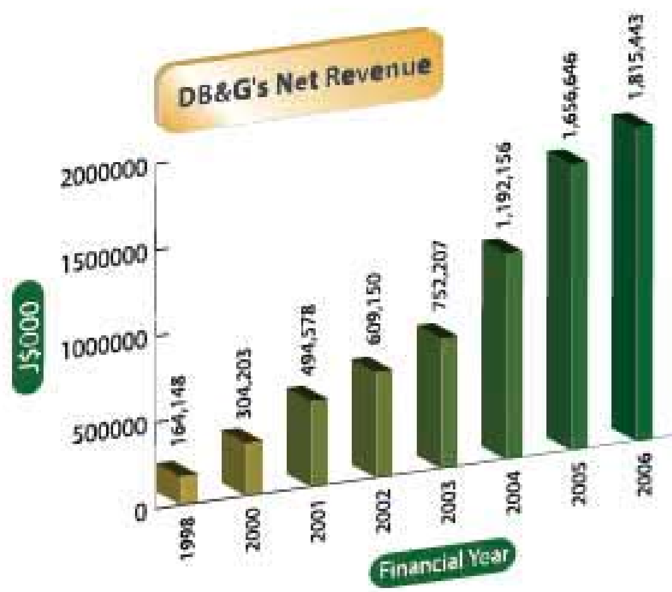
J$	1996 ('000)	1997 ('000)	1998 ('000)	2000* ('000)	2001 ('000)
Profit and Loss Account					
Gross Operating Revenue	255,603	407,276	885,235	1,155,072	1,424,279
Net Interest Revenue	78,383	140,201	160,630	181,584	218,332
Other Operating Revenues	1,487	28	3,518	122,619	276,246
Other Operating Expenses	72,512	117,742	137,586	233,913	376,299
Net Profit attributable to members	7,358	22,487	23,362	59,988	111,625
Balance Sheet					
Total Assets	949,660	3,207,063	4,470,815	8,805,631	9,365,262
Total Liabilities	800,699	3,035,615	4,276,005	8,478,327	8,926,126
Total Stockholder's Equity	148,961	171,448	194,810	250,298	361,923
Total Funds Under Management	2,011,490	3,480,325	5,145,255	10,459,068	11,797,808
Outstanding Shares	112,500,000	112,500,000	112,500,000	112,500,000	112,500,000
Key Financial Ratios					
Earnings per share (cents)	0.09	0.20	0.21	0.53	0.99
Book Value per share***	1.32	1.52	1.73	2.22	3.22
Efficiency Ratio	91%	84%	84%	77%	76%
Return on Equity	8%	15%	14%	31%	45%
Return on Average Assets	1%	1%	1%	1%	1%
Net Profit Growth (% growth)	-70%	206%	4%	157%	86%
Asset Growth (% growth)	33%	238%	39%	97%	6%
Equity Growth (% growth)	56%	15%	14%	28%	45%
Average Equity	122,256	160,205	183,129	222,554	306,111
Average Assets	830,946	2,078,362	3,838,939	6,638,223	9,085,447
Net Revenue	79,870	140,229	164,148	304,203	494,578

2003 to 2006 are prepared under International Financial Reporting Standards (IFRS). 1997 and 2002 are prepared under Jamaica Generally Accepted Accounting Principles. Adjustments which would be required to make 1997 to 2002 information IFRS compliant are in respect of:
IAS 12 - Income Taxes
IAS 16 - Property, plant & equipment
IAS 39 - Financial Instruments - Recognition and measurement

2002 ('000)	2003 ('000)	2004 ('000)	2005 ('000)	2006 ('000)
2,323,909	3,544,374	4,540,765	4,069,059**	4,157,027
202,911	279,042	320,434	630,313**	773,844
406,239	473,165	871,722	1,026,682	1,041,599
426,874	509,850	644,549	846,042**	929,014
180,216	239,418	538,595	802,642	882,319
13,999,646	22,106,116	23,652,828	28,422,734	30,572,360
13,469,051	21,127,171	22,273,979	26,300,422	27,009,186
530,595	978,945	1,378,849	2,122,312	3,563,174
15,947,502	22,851,218	24,564,132	30,697,330	31,720,431
112,501,040	122,129,514	276,825,714	290,385,731	303,194,744
1.60	1.96	1.95	2.76	2.91
4.72	8.02	4.98	7.31	11.75
70%	68%	54%	51%	51%
50%	45%	55%	58%	42%
2%	1%	2%	3%	3%
61%	33%	125%	49%	10%
49%	58%	7%	20%	8%
47%	84%	41%	54%	68%
446,259	754,770	1,178,897	1,750,581	2,842,743
11,682,454	18,052,881	22,879,472	26,037,781	29,497,547
609,150	752,207	1,192,156	1,656,646	1,815,443

**Fifteen months arising from the change of year-end.*
***Reclassifed to conform to 2006 presentation.*
****Calculated on the basis of the number of stock units in issue at year-end.*

Financial Highlights




DB&G's Gross Operating Revenue
J$000
5000000
4000000
3000000
2000000
1000000
0
255,603
407,276
885,235
1,155,072
1,424,279
2,323,909
3,544,374
4,540,765
4,069,059
4,157,027
1996
1997
1998
2000
2001
2002
2003
2004
2005
2006
Financial Year

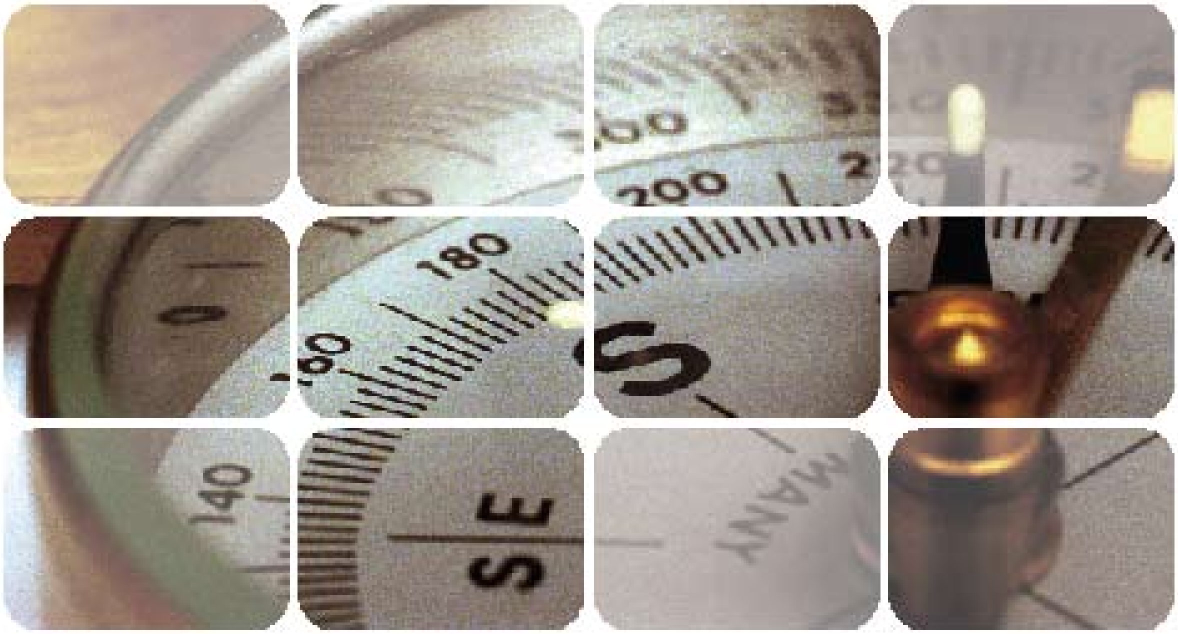

DB&G's Funds Under Management
J$000
35000000
30000000
25000000
20000000
15000000
10000000
5000000
0
2,011,490
3,480,325
5,145,255
10,459,068
11,797,808
15,947,502
22,851,218
24,564,132
30,697,330
31,720,431
1996
1997
1998
2000
2001
2002
2003
2004
2005
2006
Financial Year


DB&G's Earnings Per Share (EPS)
J$
3.0
2.5
2.0
1.5
1.0
0.5
0.0
0.09
0.20
0.21
0.53
0.99
1.60
1.96
1.95
2.76
2.91
1996
1997
1998
2000
2001
2002
2003
2004
2005
2006
Financial Year


DB&G's Efficiency Ratio
100%
80%
60%
40%
20%
0
84%
77%
76%
70%
68%
54%
51%
51%
1998
2000
2001
2002
2003
2004
2005
2006
Financial Year


DB&G's Net Revenue Composition for the year ended March 2006
Fees & Other Income - 13%
Foreign Exchange Trading - 7%
Net Interest Income - 42%
Securities Trading - 38%

Branch Expansion & Future Plans



Branch Expansion

DB&G successfully expanded regionally with its new branch in Port of Spain, Trinidad that opened its doors in November 2005. DB&G's Trinidad branch is licensed as a securities company, acting as a dealer and underwriter offering financial advice. The branch also offers advice on DB&G's unit trust products.

The organization's continued growth has prompted further development in the company, with the relocation of two of its branches. The Merchant Bank and the Portmore branch have both moved to newer and larger offices, offering additional comfort and convenience to clients.

Future Plans

The company's future plans to expand revenue streams will include the launch of a new US$ dollar bond fund, a renewed corporate finance emphasis, and a consumer finance initiative. DB&G will also be placing a strong focus on attracting commercial bank deposits, growing merchant bank loans and being more cost efficient.

Mark Golding, director and company secretary, has begun pioneering the expansion of DB&G's corporate finance division. The division will focus primarily on debt restructuring and equity-type deals.

Additionally, DB&G is actively pursuing listing on the Barbados Stock Exchange (BSE). This will further enhance the company's brand name, leading to increased regional recognition.

Offering additional comfort and convenience to clients.

Treasury and Asset Trading

DB&G's Treasury and Asset Trading unit caters to institutional clients by offering debt and equity funding expertise through bond issues, rights issues, and initial public offerings; along with private and public debt placements. They also assist in management buy-outs and buy-ins, balance sheet restructuring and debt refinancing.

The unit is comprised of well-trained professionals, who are experts in the areas of portfolio diversification and portfolio management. Through this team, the division provides general financial and strategic advice.

As a licensed cambio dealer, DB&G also facilitates foreign exchange trading in all major foreign currencies; Euro, Pound Sterling, US, Canadian, and Cayman dollars, at competitive rates, and offers same day wire transfers* for added convenience.

DB&G emerged as one of the most profitable foreign exchange traders in the market, ending the fiscal year with J$126 million in profits. Securities trading remained the primary driver of revenues for the company contributing J$682 million for the financial year.

The DB&G Money Market Fund and the DB&G Premium Growth Fund, the company's two unit trust products were the top - performers of their Jamaican peers. The Jamaica Stock Exchange Select Index was outperformed by the DB&G Premium Growth Fund.

Stockbrokerage

As one of the company's primary generators of profit, the Stockbrokerage unit offers expert advice about the stock market and performs trades on behalf of our clients.

The unit offers options contracts and margin accounts for sophisticated investors, allowing them to play the stock market at a fraction of the cost. Additionally, the company also offers a dividend re-investment programme where dividends are placed in one of DB&G's top-performing unit trust products.

DB&G was ranked the number one Stockbroker in Jamaica for 2005, based on total value of shares traded on the Jamaica Stock Exchange. The organization was also adjudged the "Best Performing Company" at the inaugural Jamaica Stock Exchange Best Practices Awards.

**Conditions apply*

The company's present market share in Jamaica, and increasing brand awareness in Trinidad, has placed DB&G in a position to capitalize on any opportunities that will arise.

The latest news, research, analysis of publicly listed companies, and a real- time stock ticker can be found on our stockbrokerage website.

Human Resources and Administration

HRA MISSION:

"To be best in class by providing excellent customer service to both our internal and external customers"

At Dehring Bunting and Golding (DB&G), we believe our employees are the organization's most valuable asset. As a result, we provide them with the tools and training needed for further development and empowerment, by creating well-trained and experienced individuals.

Our Human Resources department is also charged with the responsibility of team building. The department carries out the task of building family and team values, through company events such as staff retreats. The team spirit is manifested throughout the company, and consequently consistently plays its part in DB&G's success. By bringing together the brightest minds, and fostering a team-focused environment, everyone works together to enhance the company's performance.

Marketing

Using various marketing communications tools, DB&G's Marketing unit promotes the company, its products and services and its expertise.

The Marketing unit employs not only creativity, but also a scientific approach to marketing using research. Some of the past year's marketing activities included promotions, innovative and informative advertising campaigns, client events, public relations, and sales support.

Investor education is one of the hallmarks of DB&G's marketing activities. Electronic newsletters, investment seminars and, most recently, Investors' Briefings are some of the methods used by DB&G, to sensitize the public about money management.

Information Technology

Being on the cutting edge of technology, we are better able to provide excellent customer service to our clients. Our technology is critical in realizing the organization's strategic objectives.

One notable achievement this past year, was the routing of all incoming calls to our Jamaican branches to our central call centre in Kingston. This re-routing has allowed all customer inquiries to be handled in an efficient yet courteous manner.

To further enhance the service offering to our clients, we will be launching an online financial service called DB&G Direct in the new financial year. DB&G Direct will allow clients to view their accounts online and perform transactions at their convenience*.

**Conditions apply*

Risk Management

The risk management framework of Dehring Bunting and Golding Limited, has been designed around our fundamental philosophy of preserving and enhancing shareholder value. We believe that we have a responsibility to all our stakeholders; including our valued clients, regulators, employees and to the wider Jamaican economy; and have employed a significant amount of resources towards educating employees, acquiring new technology and upgrading facilities with the tools necessary.

The company has taken an enterprise-wide view of risk management, as we face several kinds of risk in the normal course of business. The Risk & Compliance unit is responsible for identifying, assessing, managing and monitoring the company's risk, and has ultimate responsibility for establishing policies and procedures to mitigate and eliminate perceived risks where possible. These policies are set by the Policies & Procedures committee and submitted to the Board for approval.

The Internal Audit unit acts as an independent body within the Company with a direct reporting line to the Board of Directors, through the Chairman of the Audit committee. They have responsibility for assessing the effectiveness of risk management policies and internal controls. The Internal Audit team is comprised of a highly qualified cadre of professionals who conduct regular examinations and submit findings to Unit Heads and the Audit Sub-Committee for immediate response. The Compliance unit has responsibility for ensuring that our business processes and business practices are in line with regulatory requirements and that the company is protected from potential legal and reputational risks.

As an organization, and on a daily basis, we actively manage a myriad of risks that can best be broadly categorized into (i) Credit Risk (ii) Market Risk (iii) Liquidity Risk and (iv) Operational Risk .

Credit Risk

Credit risk is risk due to uncertainty in a counterparty's ability to meet its obligations. Because there are many types of counterparties—from individuals to sovereign governments—and many different types of obligations—from auto loans to derivatives transactions—credit risk takes many forms.

Our credit policy has clearly established guidelines for the assessment, authorization and review of all credit facilities. Limits and cross-departmental authorizations are utilized to ensure that sales, operations and risk approvals are obtained before settlement.

Market Risk

Market risk is exposure to the uncertain market value of the company's portfolio at a point in the future. This uncertainty arises from movements in exchange rate, interest rate, credit rating, liquidity among other factors.

The Asset Liability Management Policy of the company is formulated and implemented by the Asset Liability Committee (ALCO). ALCO periodically presents the policy and a summary of ALM activities to the Board of Directors (or as needed) for their review and guidance. The committee holds weekly meetings to discuss current market conditions and monitor (Asset Liability Management) ALM metrics, including GAP, liquidity and profitability reports. Trading parameters are established by this committee according to modeled assumptions regarding the direction of interest and exchange rates.

Liquidity Risk

Liquidity risk is financial risk due to uncertain liquidity. An institution might lose liquidity if its credit rating falls; if it experiences sudden unexpected cash outflows; or some other event causes counterparties to avoid trading with or lending to the institution. A firm is also exposed to liquidity risk if markets on which it depends are subject to loss of liquidity.

The objective of the liquidity management processes is to ensure that the company is able to meet all funding requirements as they become due. This is achieved through daily cash flow reporting as well as weekly gapping and maturity profile analysis. The Treasury unit oversees this process and reports weekly to the Asset Liability Committee which informs the strategic planning process for maintaining an optimal portfolio profile.

Prudent risk management has also dictated that a contingency plan be put in place for any unexpected outflows. Short-term financing facilities with a major commercial bank have been put in place to deal with unexpected liquidity requirements.

Operational Risk

Operational Risk can best be defined as the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. This catch-all category of risks is understood to include:

- **employee errors;**
- **systems failures;**
- **fire, floods or other losses to physical assets;**
- **fraud or other criminal activity.**

During the financial year, several major initiatives were introduced to better assess and manage this area. The successful implementation of a number of these initiatives has resulted in the strengthening of the Company's risk management culture and we are proud of the strides made to date.

A few of the achievements that we feel demonstrate our ongoing commitment to operational risk management include:

- (Coming out of the Business Process Re-engineering project that began last year) A major overhaul was undertaken in the process flow and transaction processing design which has led to tremendous improvements in efficiency and accuracy.

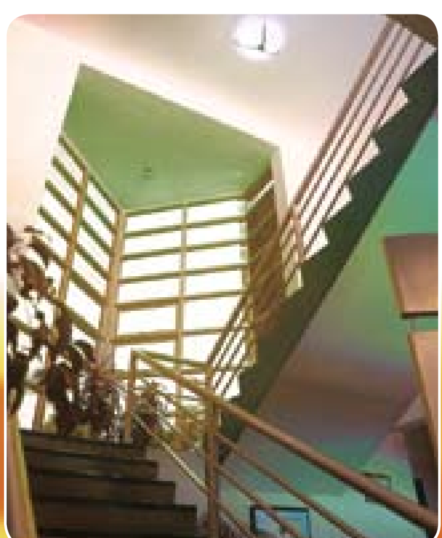
- The upgrading and revamping of our Company Intranet. This acts as the central depository for all policies, procedures, and company documents to which all employees have access and have been trained on its usage.

- Improved training department, training curriculum and fully equipped training facilities for use by all team members

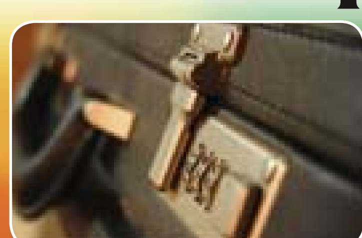
- The identification and establishment of a remote "hot-site". This will serve as a back-up location for all computer operating systems in the event that a natural disaster interrupts head office systems.

- Increased investment in surveillance equipment and other security related services.

The fallible nature of humans lends itself to errors and potential losses due to fraud, however, a rigorous check and balance approach is adopted at all levels of transaction processing. This has proven to be effective in the timely identification of discrepancies and accountability is demanded from all team members.



…we are **proud**



of the strides made

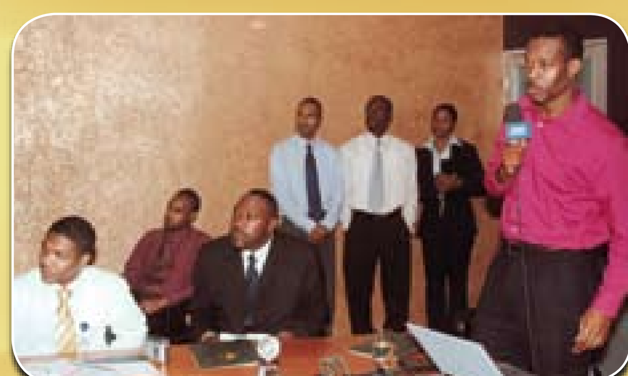
to date.

DB&G Moments

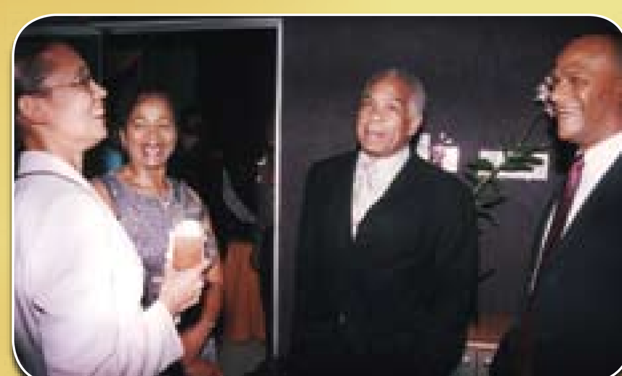
Left to Right - Cable and Wireless Jamaica Ltd.'s (CWJ) Chief Executive Officer, Rodney Davis; Dr. Hopeton Dunn, Director of Telecommunications Policy & Management Programs, Mona School of Business; DB&G's President and Chief Operating Officer, Garfield Sinclair; CWJ's Chief Financial Officer, Mark Thompson; and DB&G's Executive Chairman, Peter Bunting , share a light moment at DB&G's Investors' Briefing featuring CWJ.

Executive Chairman, Peter Bunting, makes an enlightening presentation as the featured speaker at Investment 06.

2006



President, Garfield Sinclair, presents on DB&G's third quarter results at DB&G's Analysts' Briefing held in January, to update broker analysts and members on the media on DB&G's financial performance and strategic plans.



Right to Left - DB&G's Executive Chairman, Peter Bunting, Dr. The Hon. Omar Davies and Mrs. Davies, DB&G's Assistant Vice President of Internal Audit, Suzanne Salazar, enjoy a laugh at the grand opening of DB&G Merchant Bank's new office.

DB&G's May Pen branch team members, delight clients by performing at their Investors' Night, to show appreciation to their customers.

DEHRING BUNTING & GOLDING

DB&G Trinidad Country Manager, Lisa - Maria Alexander (left), is flanked by team members at the Branch's grand opening.

DB&G Merchant Bank's team celebrates the holidays as they gather around the Christmas tree at St. Andrews Girls Home

DB&G's Montego Bay Branch Manager, Kaylene Grant-Patterson, awards a student at the Sandals Montego Bay Young Achievers Core Award ceremony. The program aids in assisting students in furthering their education.

The DB&G sponsored Mona Preparatory School Football team, pose for a picture as champions of the Henriques Cup and Alberga Cup knockout and league competitions.

We believe in having a Healthy Body and a Healthy Mind. The company in their efforts to promote wellness, has regular exercise sessions and discussions with various health experts. In the picture above, DB&G's team members are seen participating in an intense workout at one of the company's exercise sessions.

The DB&G team stand together for a photo after taking part in the annual Sigma Corporate Run.

At a team-building event, some of DB&G's staff members gear up for some ATV off-road action.

DB&G Ten Largest Shareholders

Shareholding

Peter Bunting	39,921,979
Philip Martin &/or Sandra Martin	19,448,318
National Insurance Fund	15,205,441
LOJ Pooled Equity Fund No. 1	15,196,111
Messrs. Bunting, Golding, Sinclair in Trust (ESOP)	14,334,191
Transaction Management Limited	14,142,058
Mark Golding	13,270,550
Platoon Ltd.	12,002,253
Pan Caribbean Merchant Bank	8,328,994
Marco E Miret	8,164,998
Total	**160,014,893**

Directors' & Senior Managers' Interests

Directors & Senior Managers	Shareholding	Connected Party Holdings
Peter Bunting	39,921,979	
Philip Martin	19,448,318	
Messrs. Bunting, Golding, Sinclair in Trust (ESOP)	14,334,191	
Mark Golding	13,270,550	14,142,058
Christopher Dehring	7,229,219	
Peter Reid	560,781	
Deanne Bell	55,629	
Vaughn Cunningham	2,291	
Garfield Sinclair		12,002,253
Barclay Ewart		4,000,000
Eugene Ffolkes		1,312,114
Vernon James		100,000
Paul Parchment	2,000	
Jasmine Sappleton	1,000	

Auditors' Report

KPMG
Chartered Accountants

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Kingston
Jamaica

The Victoria Mutual Building
6 Duke Street
Kingston
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email:firmmail@kpmg.com.jm

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 26 to 65, 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

Company Balance Sheet March 31, 2006

	Notes	2006 ($`000)	2005 ($`000)
ASSETS			
Cash and cash equivalents	4	245,787	220,268
Loans and other receivables	5, 30(a)	1,075,329	1,317,633
Capital management fund	7	7,054,040	4,219,630
Government securities fund	8	1,349,240	1,501,129
Investments	9, 30(a)	16,861,863	18,392,356
Interest in subsidiaries	10	560,695	315,666
Customers' liabilities under guarantees issued, as per contra		267,813	164,303
Property, plant and equipment	13	54,710	48,217
Intangible assets	14	38,266	42,256
		27,507,743	26,221,458
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES			
Accounts payable	30(a)	319,089	600,355
Securities sold under repurchase agreements	17, 30(a)	15,018,602	14,665,775
Promissory notes	18	270,047	3,192,720
Capital management fund obligations	19, 30(a)	7,054,040	4,219,630
Government securities fund obligations		1,349,240	1,501,129
Taxation payable		3,638	3,638
Guarantees issued, as per contra		267,813	164,303
		24,282,469	24,347,550
STOCKHOLDERS' EQUITY			
Share capital	20	223,850	29,039
Share premium	20	-	193,531
Investment revaluation reserve	21(iii)	659,312	55,424
Capital reserve		24,615	24,615
Retained profits		2,317,497	1,571,299
		3,225,274	1,873,908
		27,507,743	26,221,458

The financial statements on pages 26 to 65 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

The accompanying notes form an integral part of the financial statements.

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 26 to 65 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.

Statement of Changes in Stockholders' Equity - Company

Year Ended March 31, 2006

	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.

Statement of Changes in Stockholders' Equity - Group

Year Ended March 31, 2006

	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.

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.

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.

Notes to the Financial Statements March 31, 2006

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.

Notes to the Financial Statements March 31, 2006

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.

Notes to the Financial Statements March 31, 2006

(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.

Notes to the Financial Statements March 31, 2006

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.

Notes to the Financial Statements March 31, 2006

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

Notes to the Financial Statements March 31, 2006

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.

Notes to the Financial Statements March 31, 2006

9. Investments

	Company		Group	
	2006 ($'000)	2005 ($'000)	2006 ($'000)	2005 ($'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	

Notes to the Financial Statements March 31, 2006

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: $179,757,00) have not been recognized 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 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.

Notes to the Financial Statements March 31, 2006

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.

Notes to the Financial Statements March 31, 2006

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 ($'000)	Within 3 months ($'000)	Three to 12 months ($'000)	Over 12 months ($'000)	Non-rate sensitive ($'000)	Total ($'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	-

Notes to the Financial Statements 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 ($'000)	Within 3 months ($'000)	Three to 12 months ($'000)	Over 12 months ($'000)	Non-rate sensitive ($'000)	Total ($'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 ($'000)	Within 3 months ($'000)	Three to 12 months ($'000)	Over 12 months ($'000)	Non-rate sensitive ($'000)	Total ($'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	-

22. Financial instruments (cont'd)

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

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

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 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 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

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 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.

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

Notes to the Financial Statements March 31, 2006

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 $33^1/_3$% 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 $33^1/_3$%	-	-
(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 $33^1/_3$%	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 ($'000)	2005 ($'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.

Notes to the Financial Statements 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 2006 ($'000)	Company 2005 ($'000)	Group 2006 ($'000)	Group 2005 ($'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 2006 ($'000)	Company 2005 ($'000)	Group 2006 ($'000)	Group 2005 ($'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.

Notes to the Financial Statements March 31, 2006

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
IFRS 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 quanitified.

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.

DB&G Senior Management Team

Peter Bunting	Executive Chairman
Garfield Sinclair	President & Chief Operating Officer
Cosmond Jackson	Regional Vice President
Chorvelle Johnson	Regional Vice President
Tanya Ho-Shue	Vice President, DB&G Merchant Bank Ltd.
Sherri Murray	Vice President
Andrea Tinker	Vice President
Kim Edwards	Assistant Vice President
Kaylene Grant-Patterson	Assistant Vice President
Johann Heaven	Assistant Vice President
Clay Moodie	Assistant Vice President, DB&G Unit Trust Managers Ltd.
Phillip Nash	Assistant Vice President
Paul Parchment	Assistant Vice President
Hugh Pendley	Assistant Vice President
Racquel Pusey	Assistant Vice President
Suzanne Salazar	Assistant Vice President
Jasmine Sappleton	Assistant Vice President
Lisa-Maria Alexander	Senior Manager/Country Manager
Kerry-Ann Betton	Senior Manager
Kathryn Buchanan	Senior Manager
Carole Budhlall	Senior Manager
Marcia Chin	Senior Manager
Vaughn Cunningham	Senior Manager
Douglas Domenico	Senior Manager
Karrian Hepburn	Senior Manager
Vernon James	Senior Manager
Tisa Ramdial	Senior Manager
Caroline Receptor-Jones	Senior Manager
Marva Senior	Senior Manager
Nicole Spence	Senior Manager
Joy Thomas	Senior Manager

Lisa - Maria Alexander	Trinidad
Kaylene Grant-Patterson	Montego Bay
Tanya Ho-Shue	DB&G Merchant Bank
Cosmond Jackson	Savanna - La - Mar
Chorvelle Johnson	Mandeville
Ryan Mc Morris	Portmore
Hugh Pendley	Ocho Rios
Racquel Pusey	Kingston
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Proxy Form

I/We____

Of____

Being a member(s) of Dehring Bunting & Golding Limited (“the Company”)

hereby appoint

Name____

Company____

Address____

As my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on July 26, 2006 at 5:00 p.m. and at any adjournment thereof.

As witness my hand,

This_________________day of______________________________________2006

Signature____

NOTE: Forms of Proxy must be duly stamped and lodged at the Companies registered Offices, 7 Holborn Road, Kingston 10, NOT LESS THAN 48 hours before the time of the meeting.

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