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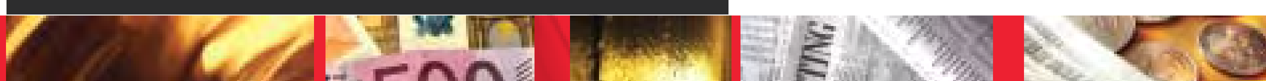

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Notice of AGM

NOTICE IS HEREBY GIVEN that the Annual General Meeting of DEHRING BUNTING & GOLDING LIMITED (the "Company") will be held on Friday the 15th February 2008 at 12:00 noon at the Jamaica Pegasus Hotel, 81 Knutsford Boulevard, Kingston 5, Jamaica for the following purposes, namely:-

1. To receive the audited accounts for seven months (7) months, from April 1, 2007 to October 31, 2007 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 seven months from April 1, 2007 to October 31, 2007 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 are hereby authorised 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 authorised to fix their remuneration for the ensuing year.

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

   That the interim dividends paid of 11 cents on October 4, 2007 and 22 cents on January 10, 2008 be and are hereby approved.

5. As special business, to consider and (if thought fit) pass the following resolution:

   That the Name of the Company be changed from Dehring Bunting & Golding Limited to Scotia DBG Investments Limited.

By order of the Board

David Noël

Secretary

November 26, 2007

REGISTERED OFFICE

7 Holborn Road, Kingston 10

A member entitled to attend and vote at this meeting may appoint a Proxy to attend and vote in his/her stead. A Proxy need not also be a Member of the Company. Enclosed is a Proxy Form for your convenience, which must be lodged at the Company's Registered Office at least forty-eight hours before the time appointed for holding the meeting. The Proxy Form shall bear the stamp duty of $100.00 before being signed. The stamp duty may be paid by adhesive stamp(s) to be cancelled by the person executing the Proxy.

THE YEAR 2007 marked our first full year as the newest subsidiary of the Scotiabank Group. It was a year of significant achievements, changes and challenges as we continued the journey of transforming DB&G into the leading provider of wealth management services in Jamaica. Despite the challenges in the economy and the financial markets in general, DB&G's financial performance was again credible and showed the diversification of our revenue streams and the continued confidence of our customers.

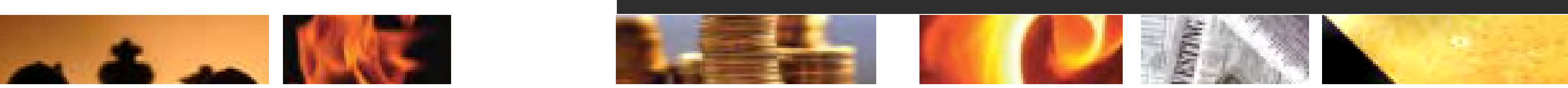
Of particular significance during the year was the successful acquisition of Scotia Jamaica Investment Management Limited (SJIM) in July 2007. This acquisition has allowed DB&G to increase the number of clients it serves across its branch network as well as to expand the funds which it manages on behalf of clients to now in excess of $84 billion. With this acquisition we also gained the advantage of being able to distribute Scotiabank Mutual Funds and can now say without fear of contradiction, that we have the most complete range of wealth management products and services available throughout Jamaica.

The integration of SJIM was done in record time by a dedicated team of professionals throughout the DB&G and Scotiabank Group. I would like to take this opportunity to publicly thank them for their hard work, patience and commitment to the process. The ONE TEAM, ONE GOAL mantra was practiced by all during the year.

Another significant change during 2007 was the departure of the Company's founding members, Peter Bunting and Mark Golding. Their invaluable contribution to DB&G cannot be forgotten and they will forever remain a part of the history of the company. We take some pride in knowing that Mark Golding will continue to serve the Scotiabank Group as a Director of its main board and this will allow us to benefit from his continued wise counsel.

As we move forward into 2008, we do so with renewed purpose and conviction. You will note from the Notice to Shareholders that we are requesting your approval to change the name of the company to Scotia DBG Investments Limited. This

Statement to Shareholders



new name, which blends the best of Scotia and DBG, will allow us to move forward with one consistent brand, proud of our history, but equally proud of our association with the Scotiabank Group. This name change, once approved, will take effect during the 2nd quarter of the year and will mark a new beginning for the company.

We look forward to 2008, larger and stronger and as always committed to remaining –
Your most trusted financial advisor.

Anya Schnoor
Chief Executive Officer

Board of Directors

Stephen Vasciannie – Chairman

Stephen Vasciannie is currently Professor of International Law at the University of the West Indies and Head of the International Division of the Attorney General's Chambers. Professor Vasciannie was appointed Chairman of the DB&G Board of Directors on December 14, 2006. He is a member of the Board of Directors of The Bank of Nova Scotia Jamaica Limited and Scotia Jamaica Life Insurance Company Limited.

Anya Schnoor

Miss Anya Schnoor was appointed to the Board on July 25, 2007. She is the Senior Vice President for the Scotiabank Wealth Management Division and the CEO of Dehring Bunting and Golding Limited. She is also currently the President of the Jamaica Security Dealers Association and has served as President of the Primary Dealers Association. She is a Director of DB&G Merchant Bank, DB&G Unit Trust Managers and Asset Management Limited. She sits on Scotiabank Jamaica's President Council & ALCO Committee.

William Clarke, OJ, CD

Mr. William Clarke was appointed to the Board on December 14, 2006. He is the President and CEO of The Bank of Nova Scotia Jamaica Ltd. Additionally, he is a member of the Board of Directors of Scotia Jamaica Investment Management Limited, The Scotia Jamaica Building Society, Scotia Jamaica Life Insurance Company Limited, Scotia Jamaica General Insurance Brokers Limited, Scotia Financial Services Limited, and Scotiabank Jamaica Foundation.

Barbara Alexander

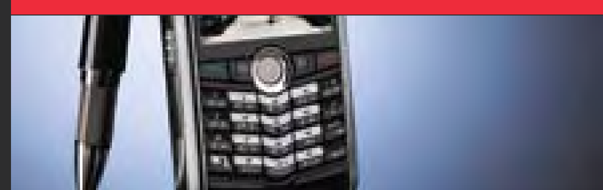
Miss Barbara Alexander was appointed to the Board of Directors on December 14, 2006. She is an Attorney-at-law and a partner at Myers Fletcher & Gordon. She is also a Director of DB&G Unit Trusts Managers Limited, and Scotia Jamaica Building Society.

Anthony Chang

Mr. Anthony Chang was appointed to the Board of Directors of the Company on December 14, 2006. He is also the Chairman of the Board of Directors of DB&G Merchant Bank Limited. He is the Managing Director of T. Geddes Grant Limited and a member of the Board of Directors of The Bank of Nova Scotia Jamaica Limited and Scotia Jamaica Life Insurance Company Limited.

Angela Fowler

Mrs. Angela Fowler was appointed to the Board of Directors on July 25, 2007. She is an Attorney-at-law practicing in the areas of commercial law, estate and corporate tax planning, pensions and employee benefits schemes. She is currently the Vice President of the Jessie Ripoll Primary School, and is a former member of the University Hospital Board of Management and the Independent Schools' Committee of the Ministry of Education.



Muna Issa
Miss Muna Issa was appointed to the Board of Directors of the Company on December 14, 2006. She is the Treasurer of SuperClubs and has been a Director of The Bank of Nova Scotia Jamaica Limited since August 26, 1999. Miss Issa is the Chairperson of the Board of Directors of Scotia Jamaica Life Insurance Company Limited and a member of the Board of Directors of Scotia Jamaica Building Society.

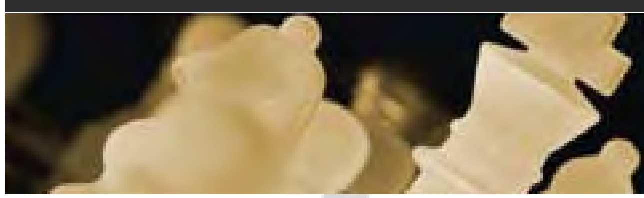
Dr. Anna Law
Dr. Anna Law was appointed to the Board of Directors on July 25, 2007. Dr. Law is a Director of New Vision Limited, Earth Curve Holdings, and Managing Director of Align International Limited. She is an Orthodontist by profession.

Philip Martin
Mr. Philip Martin has been a member of the Board of Directors of the Company since 1992. He is the Managing Director and Chief Executive Officer of Caribbean Fencing Limited and serves on the Board of a number of prominent companies.

Anthony Woodward
Mr. Anthony Woodward was appointed to the Board of Directors on July 25, 2007. He is presently the Senior Vice President – Treasurer for International Banking, Latin America & Caribbean. Prior to his current position in Scotiabank Toronto, he was a consultant in the areas of Treasury and Investments.

Stacie Wright
Miss Stacie Ann Wright was appointed to the Board of Directors on July 25, 2007. She is the Executive Vice President and Chief Financial Officer of The Bank of Nova Scotia Jamaica Ltd. Miss Wright is also a Director of Scotia Jamaica Life Insurance Company Limited, Scotia Jamaica Building Society, Scotia Jamaica Investment Management Limited, Scotia Jamaica Financial Services Limited and Scotiabank Jamaica Foundation.

Corporate Profile



DEHRING BUNTING & GOLDING LTD. (DB&G) IS A MEMBER OF THE SCOTIABANK GROUP. THE ACQUISITION HAS BEEN DEFINED AS A LANDMARK IN DB&G'S HISTORY, AND AS AN EXCELLENT STRATEGIC FIT FOR BOTH COMPANIES.

DB&G opened its doors in 1992 as an investment firm, and the company was publicly listed on the Jamaica Stock Exchange in August of that same year. Since then, it has developed into a comprehensive financial service provider with a total of nine branches; eight branches in Jamaica, and one in Trinidad. The company has had a major impact on the regional capital market, by promoting investing and saving as a functional device for financing corporate and overall economic growth. DB&G's capital market assignments have spanned several sectors of the Jamaican economy, and have involved multi-faceted stock and bond issues, privatization and financial advisory services, mergers and acquisitions, as well as syndicated loans. In 1992, the firm played an integral role in developing the market for corporate commercial paper. Today this market has mushroomed, with the involvement of other brokers and merchant banks, into a platform trading billions of dollars worth of securities.

DB&G provides exclusive asset management and corporate credit services, to individuals and institutional clients. The institution currently has approximately $84 billion in funds under management, through an innovative family of financial products and services. The company operates a cambio that has established itself as a leader in the Jamaican foreign exchange market. DB&G is also an authorized primary dealer, through which the Bank of Jamaica (BOJ) conducts its open market trading operations.

In March 2000, DB&G acquired the Eagle Unit Trust Management Company and broadened the menu of products offered through DB&G Unit Trusts Managers Ltd.

In 2001, DB&G acquired 100% control of Billy Craig Finance and Merchant Bank Ltd., thus adding insured deposit products to its growing list of product options through DB&G Merchant Bank Ltd. (DB&GMB) and later received approval from the BOJ to acquire Issa Trust and Merchant Bank Ltd., along with an authorized dealer license, which allowed for the acceptance of foreign exchange deposits and the making of foreign exchange loans.

The company acquired a seat on the Jamaica Stock Exchange (JSE) and was permitted to operate as a stockbrokerage as of September 2001. The brokerage service also brought with it a number of firsts to the Jamaican investor. Its website gives exclusive access to a range of technical and fundamental information, including detailed company analyses and charts, along with Jamaica's first real-time stock ticker.

DB&G also offers innovative option contracts & margin accounts for the sophisticated investor.

The company was cross-listed on the Trinidad & Tobago Stock Exchange (TTSE) in October 2004, which increased the stock's liquidity by extending the pool of investors to which DB&G shares would be available. DB&G is the fifth Jamaican public company to cross-list on that exchange. Additionally, in a bid to enhance its distribution capability, DB&G has expanded regionally into Port of Spain, Trinidad where it is licensed as a securities company, entitled to provide investment advice and act as a securities dealer and underwriter. The Trinidad branch officially opened its doors in November 2005 and currently offers DB&G's Unit Trust products and multi-currency repurchase agreements (REPOS).

In October 2006, DB&G launched its consumer finance initiative, - Easy Own - through a subsidiary, Asset Management Company Limited. This service facilitates the ability to purchase furniture and major appliances, from participating vendors throughout Jamaica, on very manageable terms, through a hire purchase agreement. The current participating vendors that offer Easy Own are Appliance Traders Limited, ATL Business Solutions, Bashco Trading Company Ltd., Khemlani Mart, MegaMart Wholesale Club, Rayton Electronics, Simartsoft Inc. Limited and Today's Furniture.

In December 2006, majority shares in DB&G were acquired by the Scotiabank Group. The Scotiabank Group offers a wide range of products in the areas of Investments, Insurance, Mortgages, Private, Retail, Commercial & Business Banking.

In July 2007, DB&G acquired Scotia Jamaica Investment Management Limited (SJIM) thereby increasing in client base and funds under management to over $84 billion. DB&G's most valuable asset, however, is its cadre of talented, experienced and motivated professionals, who deliver the firm's menu of products and services with the support of state-of-the-art technology. Senior executives provide the necessary guidance for new recruits and ensure that the highest standards of business practice and ethics are maintained. The company is lead by CEO, Anya Schnoor.

Overall policy and direction is established by an astute and experienced board comprised of Prof. Stephen Vasciannie (Chairman), Anya Schnoor (CEO), Barbara Alexander, Anthony Chang, Hon. William Clarke, OJ, CD, Angela Fowler, Muna Issa, Dr. Anna Law, Philip Martin, Anthony Woodward, and Stacie Ann Wright.

Dehring Bunting & Golding provides a compelling alternative for individuals and institutions worldwide, by providing them with an elite financial services portal. DB&G prides itself on having a personal touch with its clients, and team members are committed to enhancing the economic prosperity of their customers, by providing premium customer service and innovative financial solutions. The company is dedicated to developing and upholding the highest standards of integrity and professionalism, appropriately captured in its mission statement;

"To be your most trusted financial advisor."

We commit to you, our most valued Customer that we will always:

Behave Courteously – we will:

Treat you with the greatest courtesy and consideration

Ensure that you feel comfortable in our environment

Maintain Confidentiality – we will:

Never divulge confidential information about you to any unauthorized third party

Utilize maximum discretion in handling your personal affairs

Respond Punctually – we will:

Answer your telephone call by the third ring with a SMILE

Return your call within 24 hours

Not keep you waiting in our office for more than 5 minutes

Keep your appointment at the agreed time

Follow up on your request and provide information to you within 24 hours

Take Responsibility – we will:

Identify ourselves to you by name

Indicate specific actions and time frames for serving you

Meet deadlines that we gave you

Act Professionally – we will:

Adhere to rules and regulations governing the industry in which we operate

Carry ourselves with dignity both on and off the job

Customer Service Creed

DB&G's Evolution

1992

DB&G opened its doors as one of Jamaica's first investment firms

1993 –1998

DB&G grew its branch network

1999

DB&G Merchant Bank was established

2000

DB&G acquired Eagle Unit Trust Management Limited

2001

DB&G acquired a seat on the Jamaica Stock Exchange

2002

DB&G's network increased to a total of 8 Branches island wide including a Merchant Bank

2004

DB&G cross-listed on the Trinidad and Tobago Stock Exchange

2005

DB&G expanded regionally into Port of Spain, Trinidad

2006

DB&G launched its consumer finance initiative – Easy Own; DB&G became a member of the Scotiabank Group

2007

DB&G acquired Scotia Jamaica Investment Management Limited; DB&G increased its distribution network from 7 branches island wide to a total of 19 access points thus providing clients with additional points of contact

	October 2007	2006	CHANGE
Exchange Rate (JMD:USD)	JMD 71.18	JMD 66.32	-7.30%
6-month T-Bill Rate	13.61%	12.30%	1.30%
Inflation Rate (y-t-d)	10.40%	5.40%	5.00%
WTI - Crude Oil Prices (p/bbl)	US$93.45	US$58.72	59.00%
Net International Reserves	US$1.92Bn	US$2.31Bn	-17.00%
PERIODIC STATISTICS	**September 2007**	**2006**	
Fiscal Defecit	J$21.864Bn	J$16.635Bn	-31.00%
	June 2007	**2006**	
Real GDP Growth (quarterly)	1.50%	1.10%	0.40%

Macro Economic Review

FISCAL ACCOUNTS

Despite the challenges facing the Jamaican economy for the last fiscal year, recent reports reveal a slight improvement in some of the macro economic variables. For the period April – September 2007, the fiscal deficit stood at $21.84 billion, which represents an improvement of 23% or $6.50 billion above programmed. This was fuelled primarily by an increase in Revenues and Grants in conjunction with a reduction in Expenditure.

Jamaican Economic Review

Capital Revenue and Non-Tax Revenue accounted largely for the overall increase in Revenues, at a total intake of $1.38 billion and $0.73 billion respectively higher than programmed, while the outturn for Capital Expenditure was $5.03 billion lower than projected. In addition, the Government spent $823 million less than budgeted for domestic interest payments against the backdrop of a relatively stable interest rate environment over the past year.

EXTERNAL TRADE

For the period ending June 2007, the current account deficit widened by US$185 million to US$672 million. This is due largely to a further deterioration in the income and goods account coupled with a decline in the surplus on the services account. Total imports expanded by US$233 million to $2,721 million, while total exports grew moderately by US$65 million to US$1,145 million.

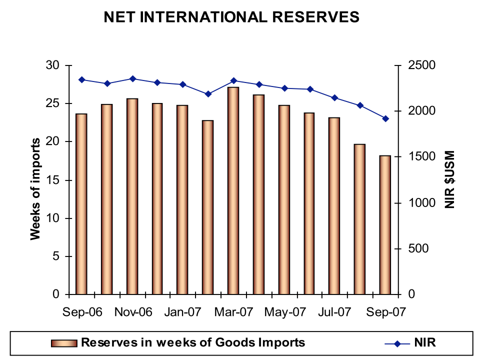
NET OFFICIAL & PRIVATE INVESTMENT INFLOWS

For the period April–September 2007, inflows from remittances amounted to $984.6 million, which represents an increase of 11% or US$97.6 million over 2006. Total visitor arrivals to June 2007 fell by 1.4% relative to the same period in the prior year.

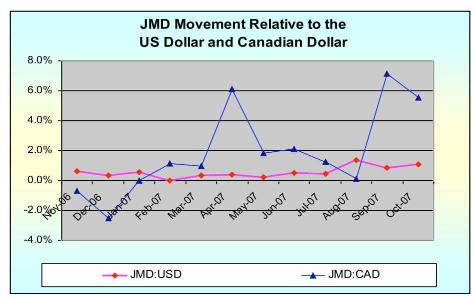
Due to the high levels of liquidity in the Jamaican Dollar Fixed Income Market, there were persistent interventions by the Bank of Jamaica aimed at maintaining stability in the Foreign Exchange Market. As a result, the Net International Reserves declined to US$1.92 billion as at October 2007- the lowest level in 2 years, representing a decrease of 17% or US$381.87 million over the same period in 2006. The Jamaican Dollar fell by 5% or $3.38 relative to the US Dollar for the period April-October 2007, and by 6% or $4.03 since the start of this year.

FOREIGN EXCHANGE RATE

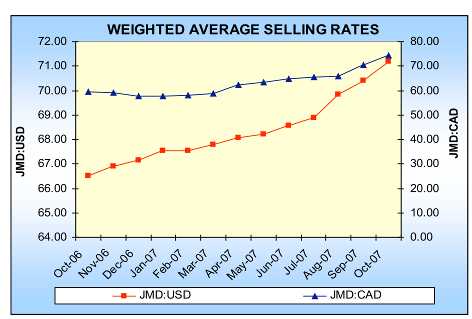
Over the past year, the Jamaican Dollar (JMD) continued to depreciate against its major counterparts, the US Dollar and the Canadian Dollar (CAD). Notably, the JMD declined moderately to the USD when compared with the large swings recorded for the CAD. Since the start of the year, the strongest monthly decline in the JMD relative to the USD occurred during the months of August and October, which were 1.4% and 1.1% respectively.



Despite the challenges facing the Jamaican economy for the last fiscal year, recent reports reveal a slight improvement in some of the macro economic variables.



This above-average depreciation was fuelled largely by demand and supply imbalances for the USD in the foreign exchange market. As a result, the market saw persistent interventions by the Bank of Jamaica in order to stabilize the movement of the Jamaican Dollar, which led to a decline in the Net International Reserves.

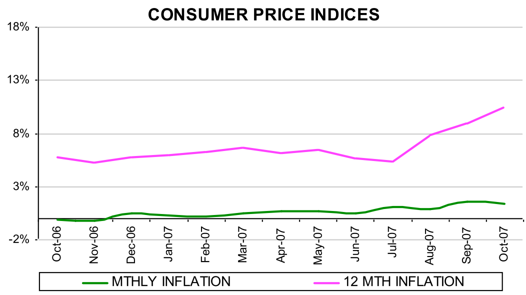


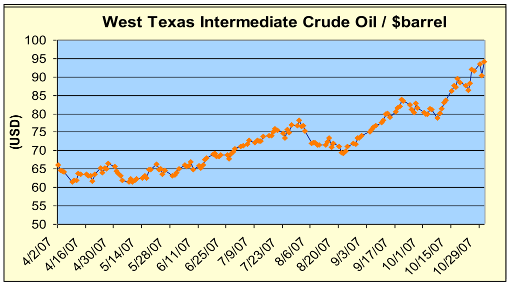
During the period April–October 2007, the Jamaican Dollar fell sharply to the Canadian Dollar by 26% or J$15.55, which is due in large part to the strengthening of the CAD relative to the USD. The strongest monthly declines for the JMD: CAD occurred in April and September of 6.1% and 7.1% respectively.

INFLATION

The continuous poor weather conditions in recent months coupled with the relentless rise in world oil prices contributed significantly to the increase in the rate of inflation. The inflation rate for the month of October was 1.40% compared with 1.60% in September.

The calendar year-to-date inflation as at October 2007 stood at 10.4%. The increase in inflation over last year's figures resulted largely from an increase in the Food & Drink category due to the fall-out in the agricultural sector. Further, during the financial year world oil prices rose sharply by 43% and ended on October 31, 2007 at US$94.16 p/bbl. As a result, the Government's target for single digit inflation will not be achieved for the calendar year 2007, given the unparalleled increases in international oil prices along with the downturn in the agricultural sector.

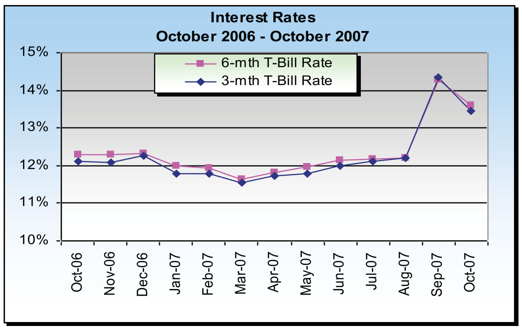


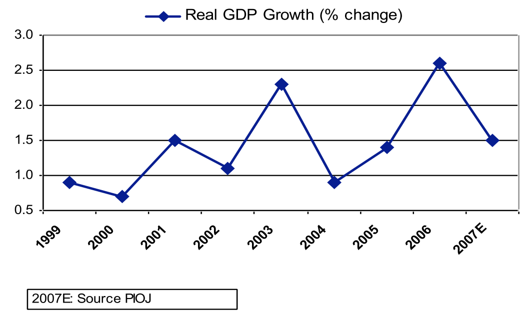


INTEREST RATES

Treasury bill rates have remained relatively stable during the period October 2006 to August 2007. This occurred against the background of a favourable macro economic environment in conjunction with increased stability in the fixed income market.

However, in September of this year, Treasury bill rates increased sharply driven primarily by low liquidity in the market coupled with the offering of higher yielding securities. The 90-day and 180-day tenors surged by 2.13% and 2.08% respectively in September 2007. For the month of October the market registered a moderate downtrend in the Treasury bill rates underpinned by stronger liquidity levels. The expectation is that Treasury bill rates should stabilize in the coming months given that liquidity conditions improve in the market.





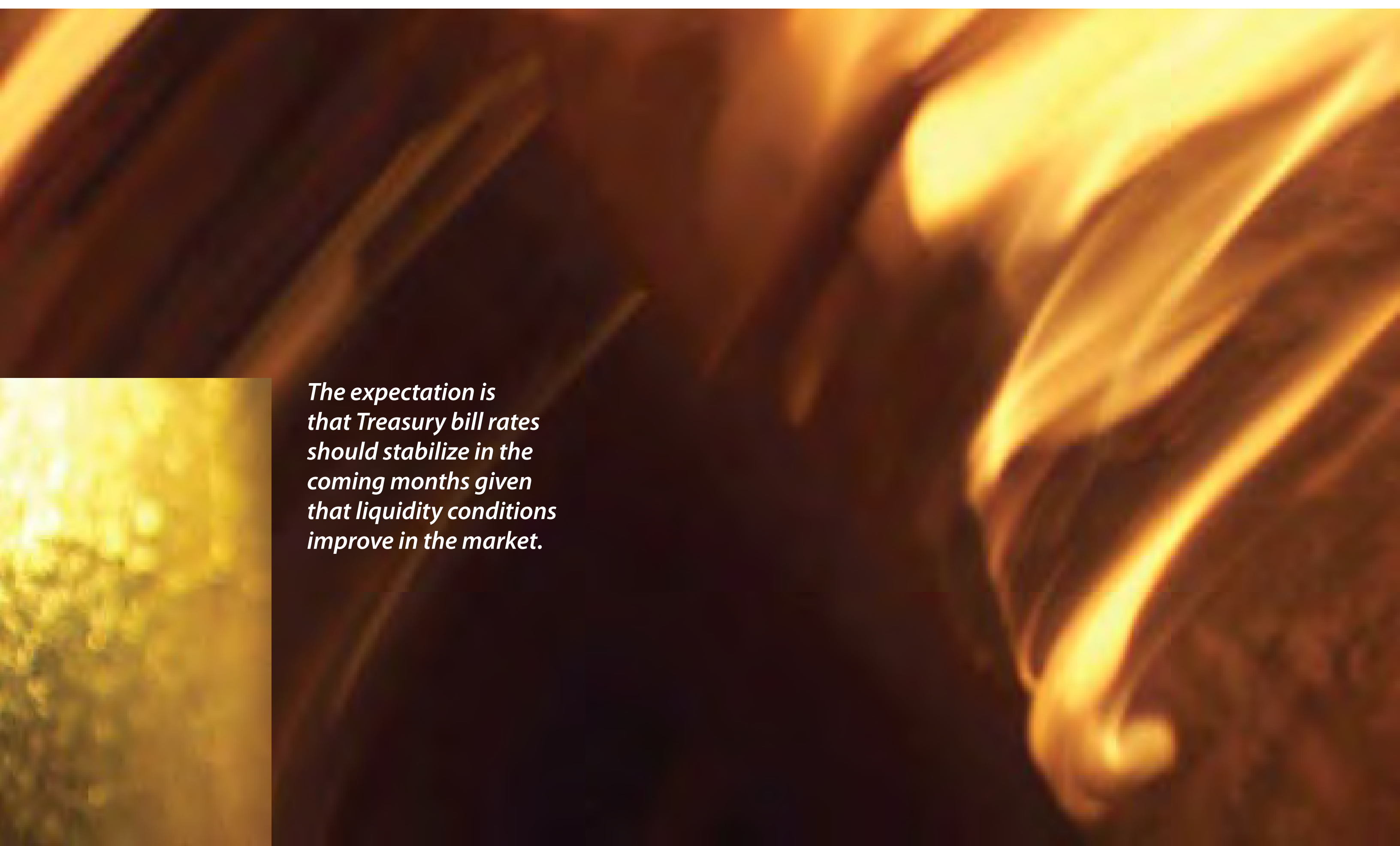
GROSS DOMESTIC PRODUCT

The outturn of Real GDP growth for the third quarter ending September 2007 is estimated at 0.5% relative to the same period in 2006. The passage of Hurricane Dean coupled with the unrelenting poor weather conditions resulted in a 6.3% decline in the Agricultural sector. Overall, the Service sector rose by 1.7%, while the Goods-producing sector declined by 1.2%. The Construction & Installation sector recorded growth of 3.0% while the Finance and Insurance Services rose by 4.0%

OUTLOOK

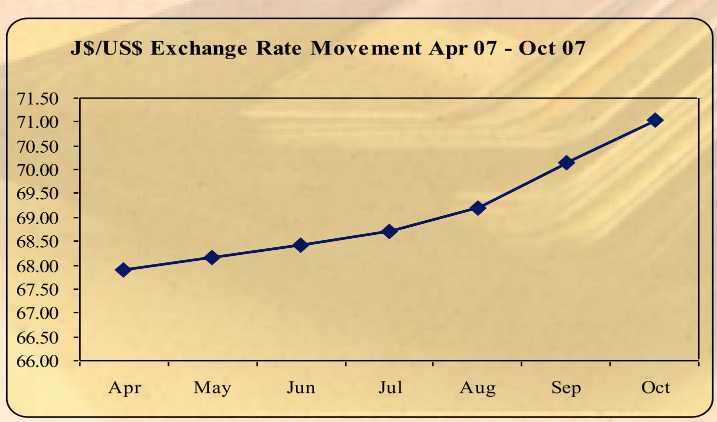
The Jamaican economy is expected to record lackluster growth for the year 2007, driven largely by the downturn in the key productive sectors such as Agriculture and Mining. The PIOJ is estimating Real GDP growth of 1.5% for 2007, which is a decline over 2006. Notably, the risks for shocks to economy remain pronounced underpinned by the very high public debt burden, particularly as the national debt nears the $1 trillion mark, which is approximately 130% of GDP.

In addition, it is anticipated that key macro economic targets such as single digit inflation will not be met and it is highly unlikely that the Government will achieve its fiscal deficit targets for FY07/08. Therefore, it is extremely imperative that the Government displays a high level of fiscal discipline as it seeks to spur growth in the productive sectors of the economy in the future.



FOREIGN EXCHANGE MARKET

For the period April 2007 to October 2007, the Jamaican Dollar lost $3.33 or 4.92% against its US counterpart, to end the period with a weighted average selling rate of J$71.03/US$1. The Central Bank intervened on several occasions during the 7-month period to augment US dollar supplies; however these actions proved to be marginally inadequate in curtailing the extensive buying pressures from brokers and end-users given the high levels of Jamaican dollar liquidity which persisted during the period. The interventions made by the Bank of Jamaica resulted in the level of net international reserves falling from US$2.3 million (April 2007) to US$1.9 million as at the end of October 2007.



Foreign Exchange Market Review

During the quarter ended June 2007, the local dollar depreciated by 1.06% relative to the greenback. The decline in the local currency was abated by the release of GOJ Variable Rate Investment Bond Series 'Aj' during April 2007 which was avidly subscribed to by investors. Demand for the greenback was spurred by the presence of the Air Jamaica Bond (which offered a yield of 8.25% over an average life of 15 years) during June 2007 which saw investors rapaciously buying US dollars to invest in this instrument. Additionally, increased demand from selected private sector entities to facilitate dividend payments, also acted as triggers for increased instability in the market over the quarter.

The quarter ended September 2007 saw the local currency declining by 2.51% relative to the greenback, despite the intervention efforts of the Bank of Jamaica and the presence of attractive long term fixed income securities and variable rate certificates of deposit in the market. The foreign exchange market experienced major demand-supply imbalances during the quarter. This was due to a decline in net private capital inflows which primarily occurred from the narrowed interest rate differential between foreign currency-denominated instruments and local currency investments following the 50 basis point reduction in the federal funds rate in the United States during September. The foreign exchange market also suffered from the disruption caused by Hurricane Dean in August and the uncertainty surrounding the general election. The crisis in the US sub-prime mortgage market which spilled over into the global financial markets also eroded local investor confidence.

During October 2007, the local currency depreciated by 1.27% against its US counterpart bringing the devaluation of the local currency since the start of 2007 to 5.78%. This is more than double the 2.97% depreciation experienced for the corresponding period of 2006.

During April 2007 to October 2007, the Jamaican dollar lost 8.42% to the British Pound Sterling and 19.20% to the Canadian dollar. Fluctuations were indicative on happenings on the international market such as changes in interest rate differentials globally, and continuing increases in global commodity prices, particularly crude oil and grains.

BOJ Open Market Rates

Percentage Point Change (April 2007 - October 2007)	30-days	60-days	90-days	120-days	180-days	270-days	365-days
Previous Rate (April 2007)	11.65%	11.70%	11.80%	11.85%	12.00%	n/a	n/a
Current Rate (October 2007)	11.65%	11.70%	11.80%	11.85%	12.00%	n/a	n/a
CHANGE IN RATES (bp)	-	-	-	-	-	n/a	n/a

Source: Bank of Jamaica

The Jamaican Dollar Fixed Income Market remained fairly stable during the period April–August 2007, underpinned by a cautious but optimistic outlook for the local economy in the short-to-medium term. The liquidity levels in the market were sufficient to meet the demand of investors during the first two quarters of the calendar year. As a result, the Bank of Jamaica was able to leave interest rates unchanged for the open market instruments. However, the Secondary Market saw higher interest rates for the months of September and October, driven by increased uncertainty in the macro economic environment. This occurred largely against the background of poor weather conditions coupled with the relentless rise in world oil prices, which derailed some of the key economic targets.

Money Market Review

The Bank of Jamaica responded swiftly in order to maintain stability in the domestic market, by offering attractively priced Variable Rate Investment Instruments to satisfy investors' demand for higher interest rates. This gave rise to higher interest rates for both the 180 -day and 90-day tenors in September and October. However, the persistent interventions by the Bank of Jamaica restored stability to the market, and as a result, the Secondary Market interest rates have began to trend downwards, and approach levels similar to the start of this year.

Savings and Loan Rates

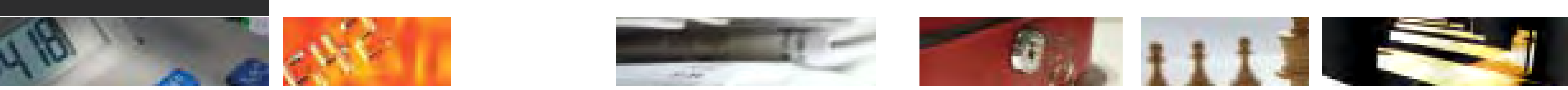
The average savings rate offered by Commercial Banks fell by 27 basis points moving from 5.15% p.a. in April 2007 to 4.88% p.a. as at September 2007. Meanwhile, the average lending rate decreased in the same period by 141 basis points from 22.49% p.a. to 21.08% p.a. as at September 2007.

The Global Bond Market

Maturity	Coupon	Offer Level		
		Apr 07	Oct 07	Change
2/11/2009	10.500%	€ 109.350	€ 104.500	-4.44%
5/15/2011	11.750%	$ 124.250	$ 123.000	-1.01%
7/27/2012	11.000%	€ 121.250	€ 113.250	-6.60%
7/27/2014	10.500%	€ 122.750	€ 114.250	-6.92%
6/2/2015	9.000%	$ 111.250	$ 108.500	-2.47%
6/20/2017	10.625%	$ 123.000	$ 120.875	-1.73%
1/15/2022	11.625%	$ 148.000	$ 148.500	0.34%
10/17/2025	9.250%	$ 116.000	$ 113.000	-2.59%
2/28/2036	8.500%	$ 107.500	$ 105.000	-2.33%
3/15/2039	8.000%	$ 100.500	$ 98.750	-1.74%

The Global Bond Market ended the month of October in the negative territory relative to the offer levels at the beginning of April 2007. The downturn in bond prices resulted primarily against the background of the overarching low liquidity in emerging markets, fuelled in large part by the crisis in the US Housing Market surrounding subprime mortgages. As a result, the bond market was adversely impacted by the restructuring of investment portfolios by some overseas investors/ hedge fund managers, as they sought to reduce their exposure to emerging market debt. The market also experienced lackluster demand against the background of slower economic growth in the US amid ongoing speculation of the looming threats of a recession.

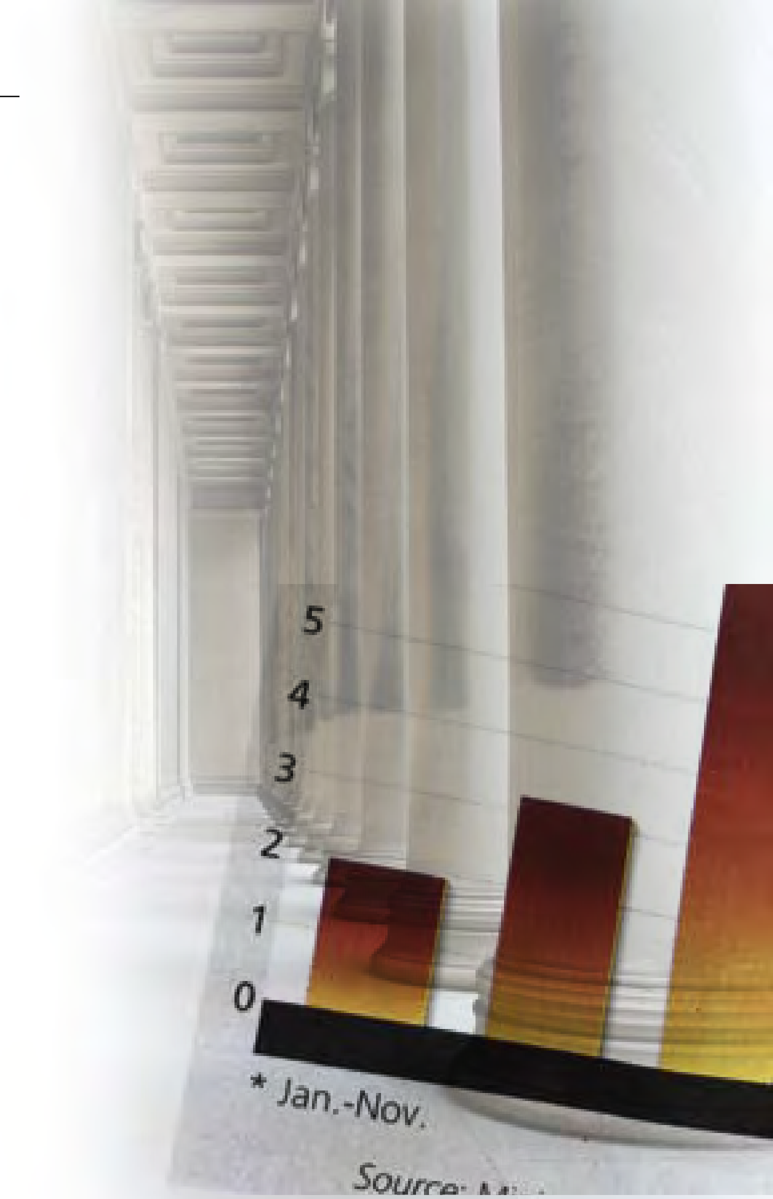
Despite the difficult economic environment in the US, the local market was not devoid of its own challenges, which were fuelled by poor weather conditions and the unprecedented increase in international oil prices. This triggered further instability in the domestic market resulting in a higher-than-expected



decline in the Jamaican Dollar for 2007, as well as a sharp rise in inflation. This lead to the lowering of ratings for the Jamaican Global Bonds by some overseas investors, which caused a retreat in bond prices.

Notably, during the month of October, the GOJ sought to obtain additional funding from the overseas market in order to meet its budgetary requirements. As a result, the GOJ re-opened the Global Bond 2039, and successfully raised an additional USD150 million, which has brought the new face amount to USD500 million.

Looking ahead, the bond market is expected to experience fluctuations in prices in the coming months due to the challenging economic environment in both the US and the local market.



STOCKBROKERAGE MARKET

The local equities market exhibited continued resilience in the face of volatile currency market conditions, prolonged election campaigning, and challenging overall economic conditions occurring against a backdrop of international uneasiness stemming from the sub-prime fiasco in the United States.

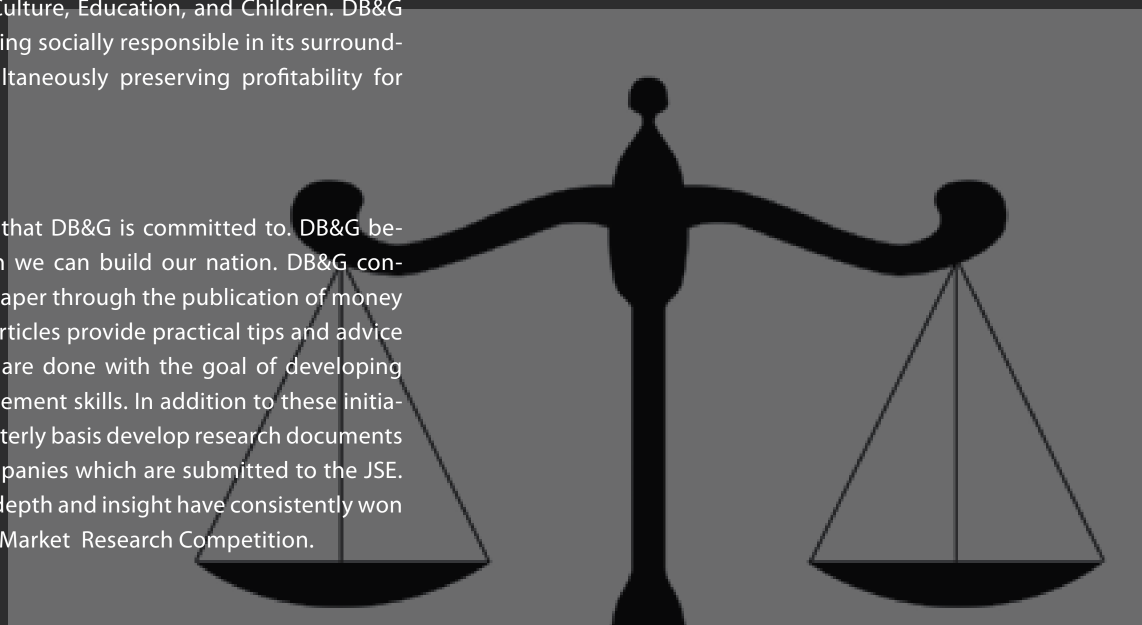
Volatility notwithstanding, local equities returned positive returns as indicated by the 9.9% upswing in the Main JSE Index for the seven months ending October 31, 2007. FCIB was the main contributor to the movement in the Index over the period, but an improvement in corporate earnings on the whole contributed to a general increase in trading activity in the latter part of the year. Increased interest in Lascelles also contributed to the positive movement in the market, and this interest was crystallized in November with the announcement of the proposed alliance with Angostura Holdings Limited.

Stock Market Review

Corporate & Social Responsibility

DB&G OVER THE PAST FIFTEEN YEARS HAS CONSISTENTLY MAINTAINED ITS COMMITMENT TO ENHANCING THE NATION'S SOCIAL WELFARE. THE COMPANY RECOGNIZES THE IMPORTANCE OF GOOD CORPORATE CITIZENSHIP.

At the beginning of each financial year within the fiscal budget, a portion is allocated to sponsorships and donations, which are diverted to the areas of Sports, Art and Culture, Education, and Children. DB&G places high importance on being socially responsible in its surrounding communities, while simultaneously preserving profitability for stakeholders.



Investor Education

Investor Education is an area that DB&G is committed to. DB&G believes that through education we can build our nation. DB&G contributes to the national newspaper through the publication of money management articles. These articles provide practical tips and advice on money management and are done with the goal of developing and enhancing money management skills. In addition to these initiatives, DB&G Analysts on a quarterly basis develop research documents on various publicly listed companies which are submitted to the JSE. These documents given their depth and insight have consistently won the Jamaica Stock Exchange's Market Research Competition.

Sponsorships & Donations

Through various sponsorships and donations, DB&G contributes to programmes and charities that aid the betterment of society. DB&G sponsored the Jamaican Paralympic Team, which represented Jamaica at the International Paralympic Committee World Athletics Championships in Assen, Netherlands. The company would like to take this opportunity to congratulate The Jamaican Paralympic Team on their outstanding performance and achievements. They returned to Jamaica with a world record, a silver medal and a bronze medal. Sponsorship was also given to the RJR Group SACC Charity Golf Tournament. This charity is focused on enriching the lives of children on the streets. Other donations include Sandals Special Achievers Core Awards and Clarendon Chess Association.

Community Involvement & Children

DB&G encourages staff to participate in volunteer endeavours, as a part of the organization's mandate to play its part in the enhancement of social welfare. Many of DB&G's volunteer activities are carried out through Scotia Volunteers, which is a vibrant organization that is continuously involved in assisting children. Some of these activities included a Christmas treat at the Bustamante Children's Hospital, a breakfast feeding program at Holy Family Primary in Kingston, and Sir Clifford Campbell Primary School in Savanna-la-mar.

DB&G IS DEDICATED TO UPHOLDING GOOD CORPORATE GOVERNANCE. CORPORATE GOVERNANCE PRACTICES CULTIVATE TRANSPARENCY, ACCOUNTABILITY AND MANAGERIAL EFFICIENCY.

One of the primary benefits of having good corporate governance is to ensure that the Board of Directors has the ability to effectively supervise the management of the company. The company's commitment to corporate governance is supported by their code of ethics that is manifested throughout the organization. DB&G's Board encompasses eleven Directors who were appointed based on certain key characteristics that they possess. These characteristics include objectivity, professionalism, integrity and leadership. The Board of Directors is diverse and as a result, DB&G has an objective overview and insight on all matters brought before them. This type of objectivity was sought out, when appointing the Board of Directors.

The Human Resources Committee, Audit and Conduct Committee, and Asset & Liability Committees were also formed in order to adhere to good corporate governance practices. These committees were established in the interest of stakeholders and with the overall purpose of maintaining investors' confidence.

Human Resources Committee

This sub-committee of the Board was formed in order to make decisions pertaining to the salary structure and compensation for key executives in the Company. By acknowledging that the most valuable asset is the cadre of team members, the company sees it fit to ensure that they are properly compensated for their contribution and dedication. DB&G operates on a profit sharing scheme, along with an approved ESOP plan. This type of compensation structure fosters ownership among the DB&G staff. As a result all team members feel a sense of ownership and work towards the common goal of further developing DB&G. The Human Resources Committee comprises of Barbara Alexander–Chair, Hon. William Clarke, OJ, CD, Dr. Anna Law, Prof. Stephen Vasciannie, and Stacie Ann Wright.

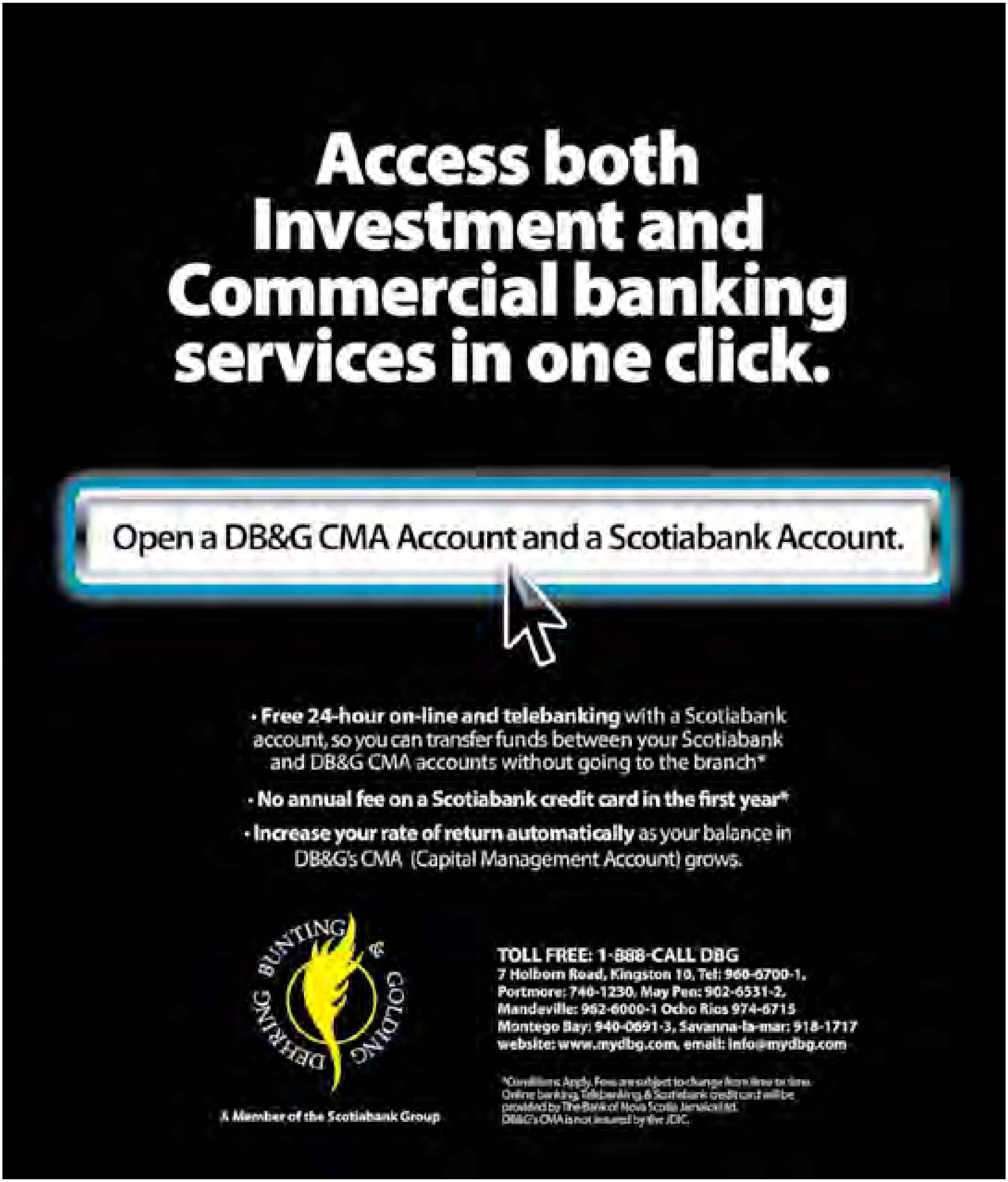
Corporate Governance

Audit and Conduct Committee

DB&G's Audit and Conduct committee is a sub committee of the Board of Directors. This committee has the responsibility of over seeing the financial reporting process to ensure balance, transparency and integrity of the published financial information and the effectiveness of all internal financial control and risk management systems. In complying with International standards the audit committee also ensures that DB&G is utilizing the most modern and effective procedures and systems for auditing purposes. The committee is also responsible for reviewing the company's business conduct policies. The committee comprises of Muna Issa - Chair, Barbara Alexander, Anthony Chang, Angela Fowler, and Phillip Martin.

Asset & Liability Committee

The Asset and Liability Committee (ALCO) has the responsibility of establishing the most appropriate strategy for the management of the company's assets and liabilities. This involves determining the most appropriate mix of assets and liabilities given the expectations of the future and the potential consequences of interest rate movements, liquidity constraints, foreign exchange exposure and capital adequacy. ALCO is comprised of Anya Schnoor (CEO), Lissant Mitchell, Andrea Tinker, Tanya Ho-Shue, Johann Heaven, Brian Frazer, Vaughn Cunningham, Vernon James, Clay Moodie, Hugh Miller and Frederick Williams.


Access both Investment and Commercial banking services in one click.
Open a DB&G CMA Account and a Scotiabank Account.
• Free 24-hour on-line and telebanking with a Scotiabank account, so you can transfer funds between your Scotiabank and DB&G CMA accounts without going to the branch*
• No annual fee on a Scotiabank credit card in the first year*
• Increase your rate of return automatically as your balance in DB&G's CMA (Capital Management Account) grows.
DEHRING BUNTING & GOLDING
A Member of the Scotiabank Group
TOLL FREE: 1-888-CALL DBG
7 Holborn Road, Kingston 10, Tel: 960-6700-1,
Portmore: 740-1230, May Pen: 902-6531-2,
Mandeville: 962-6000-1 Ocho Rios 974-6715
Montego Bay: 940-0891-3, Savanna-la-mar: 918-1717
website: www.mydbg.com, email: info@mydbg.com
*Conditions Apply. Fees are subject to change from time to time.
Online banking, Telebanking & Scotiabank credit card will be
provided by The Bank of Nova Scotia Jamaica Ltd.
DB&G's CMA is not insured by the JDIC.

Financial Highlights

	MARCH 1998 ('000)	MARCH 1999 ('000)	MARCH 2000* ('000)	MARCH 2001 ('000)
Profit and Loss Account				
Gross Operating Revenue	407,276	885,235	1,155,072	1,424,279
Net Interest Revenue	140,201	160,630	181,584	218,332
Other Operating Revenues	28	3,518	122,619	276,246
Other Operating Expenses	117,742	137,586	233,913	376,299
Net Profit attributable to members	22,487	23,362	59,988	111,625
Balance Sheet				
Total Assets	3,207,063	4,470,815	8,805,631	9,365,262
Total Liabilities	3,035,615	4,276,005	8,478,327	8,926,126
Total Stockholder's Equity	171,448	194,810	250,298	361,923
Total Funds Under Management	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
Key Financial Ratios				
Earnings per share****	0.20	0.21	0.53	0.99
Book Value per share***	1.52	1.73	2.22	3.22
Efficiency Ratio	84%	84%	77%	76%
Return on Average Equity	14.04%	12.76%	26.95%	35.55%
Return on Average Asset	1%	1%	1%	1%
Net Profit Growth (% growth)	206%	4%	157%	86%
Asset Growth (% growth)	238%	39%	97%	6%
Equity Growth (% growth)	15%	14%	28%	45%
Average Equity	160,205	183,129	222,554	313,992
Average Assets	2,078,362	3,838,939	6,638,223	9,085,447
Net Revenue	140,229	164,148	304,203	494,578

2003 to 2007 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

MARCH 2002 ('000)	MARCH 2003 ('000)	MARCH 2004 ('000)	MARCH 2005 ('000)	MARCH 2006 ('000)	MARCH 2007 ('000)	7 MONTHS TO OCTO-BER ('000)
2,323,909	3,544,374	4,540,765	4,069,059**	4,157,027	4,228,630	3,399,152
202,911	279,042	320,434	630,313**	773,844	854,915	724,633
406,239	473,165	871,722	1,026,682	1,041,599	745,971	340,353
426,874	509,850	644,549	846,042**	929,014	930,863	595,607
180,216	239,418	538,595	802,642	882,319	702,955	686,295
13,999,646	22,106,116	23,652,828	28,422,734	30,572,360	37,749,263	56,352,603
13,469,051	21,127,171	22,273,979	26,300,422	27,009,186	33,341,157	50,402,165
530,595	978,945	1,378,849	2,122,312	3,563,174	4,408,106	5,950,438
15,947,502	22,851,218	24,564,132	30,697,330	31,720,431	38,519,109	84,480,969
112,501,040	122,129,514	276,825,714	290,385,731	303,194,744	309,258,639	374,364,997
1.60	1.96	1.95	2.76	2.85	2.27	1.83
4.72	8.02	4.98	7.31	11.75	14.25	15.89
70%	68%	54%	51%	51%	57%	57%
38.90%	31.53%	46.37%	46.08%	30.84%	18.44%	21.96%
2%	1%	2%	3%	3%	2%	1%
61%	33%	125%	49%	10%	-20%	n/a
49%	58%	7%	20%	8%	23%	49%
47%	84%	41%	54%	68%	24%	35%
463,226	759,350	1,161,511	1,741,824	2,860,832	3,811,985	5,357,867
11,682,454	18,052,881	22,879,472	26,037,781	29,497,547	34,160,812	47,050,933
609,150	752,207	1,192,156	1,656,646	1,815,443	1,630,965	1,053,094

**Fifteen months arising from the change of year-end.*

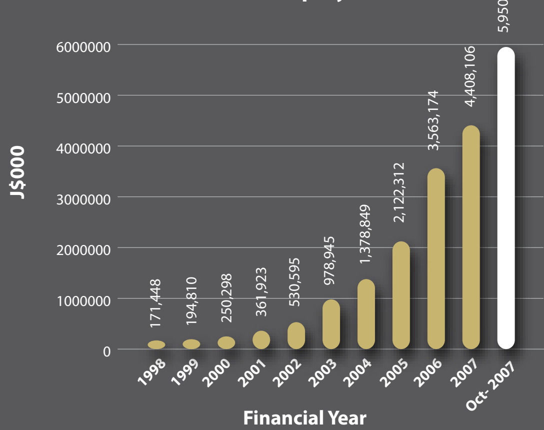
***Reclassified to conform to 2006 presentation*

****Calculated on the basis of the number of stock units in issue at year-end.*

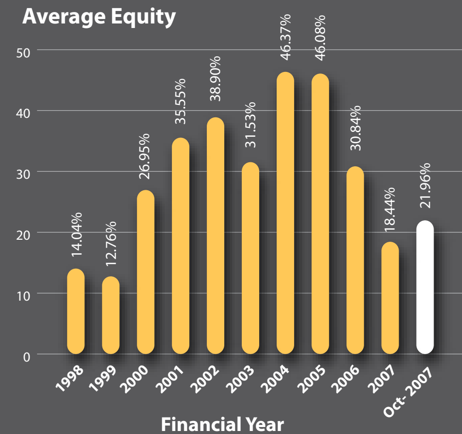
*****Reflects value for basic earnings per share*

Financial Highlights

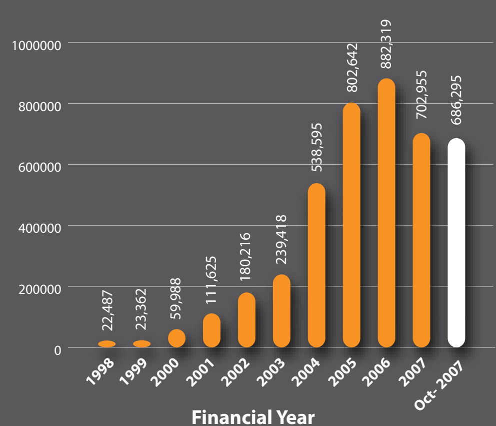
DB&G's Stockholders' Equity



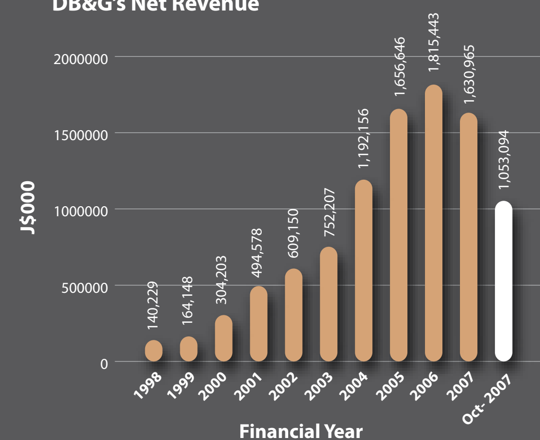
DB&G's Return on Average Equity



DB&G's Net Profit



DB&G's Net Revenue



Stockholders' Equity
Stockholders' equity represents the equity stake currently held on the books by a firm's ordinary shareholders. It is calculated either as a firm's total assets minus its total liabilities, or as share capital plus retained earnings minus treasury shares.

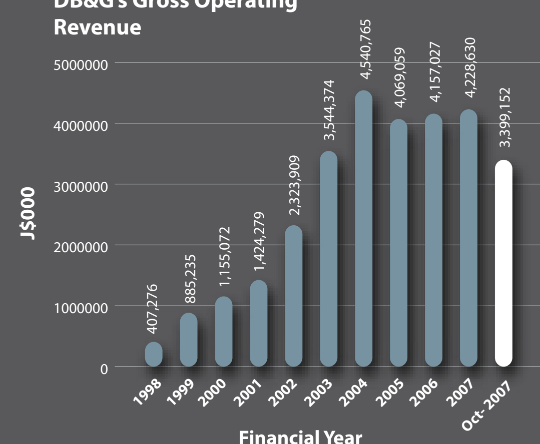
Return on Average Equity
A measure of a company's profitability that indicates the profit per unit of equity invested in the company. Return on equity is often calculated by dividing net income by average shareholders' equity. Average shareholders' equity is calculated by adding the shareholders' equity at the beginning of a period to the shareholders' equity at period's end and dividing the result by two.

Return on Assets (ROA)
An indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings. ROA is calculated by dividing a company's annual earnings by its total assets. ROA tells you what earnings were generated from invested capital (assets). The ROA figure gives investors an idea of how effectively the company is converting the money it has to invest into net income.

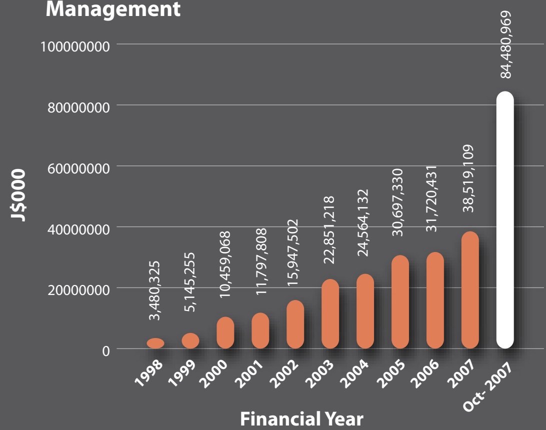
Net Income (NI)
A company's total earnings (or profit) which is calculated by taking revenues and adjusting for operating costs, depreciation, interest, taxes and other expenses. This number is found on a company's income statement and is an important measure of how profitable the company is over a period of time. The measure is also used to calculate earnings per share. Net income is often referred to as "the bottom line" since net income is listed at the bottom of the income statement.

Net Revenue
The amount of money that a company actually receives during a specific period, excluding discounts and deductions for returned merchandise.

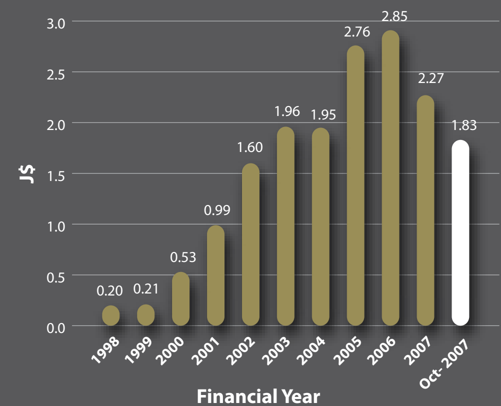
DB&G's Gross Operating Revenue



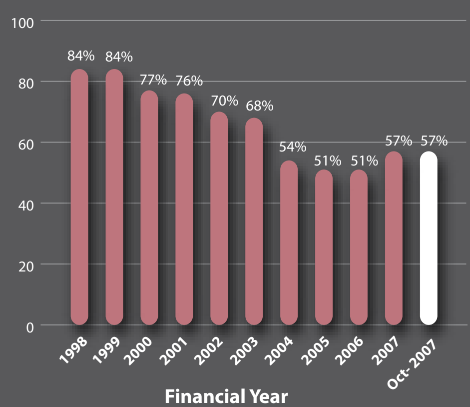
DB&G's Funds Under Management



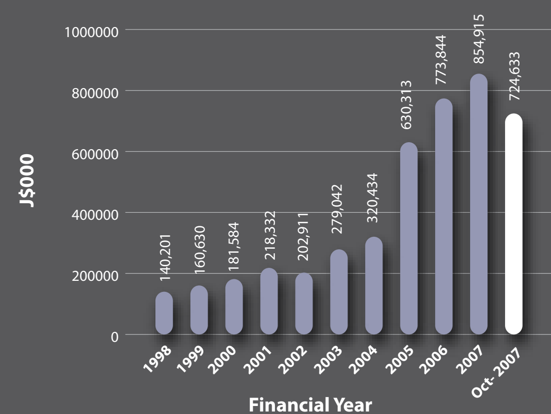
DB&G's Earnings Per Share



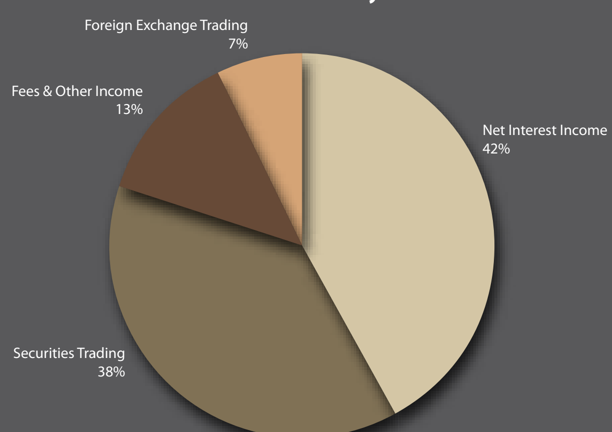
DB&G's Efficiency Ratio



DB&G's Net Interest Revenue



DB&G's Net Revenue Composition for the year ended March 2007



Gross Operating Revenue

The amount of profit realized from a business's own operations, but excluding operating expenses (such as cost of goods sold) and depreciation from gross income. This does not include items such as investments in other firms, taxes or interest expenses. In addition, nonrecurring items such as cash paid for a lawsuit settlement are often not included.

Earnings Per Share (EPS)

The portion of a company's profit allocated to each outstanding share of common stock. EPS serves as an indicator of a company's profitability. Earnings per share are generally considered to be the single most important variable in determining a share's price. EPS is also a major component of the price-to-earnings valuation ratio.

Efficiency Ratio

A ratio used to evaluate the overhead structure of a financial institution. The efficiency ratio gives us a measure of how effectively a bank is operating. Efficiency is usually an acceptable measure of profitability as the more efficient banks are those that are able to generate increased profits which containing increases in operating costs. The efficiency ratio may be calculated in a number of ways, but the most common is non-interest expense divided by total revenue less interest expense (net revenue). An increasing efficiency ratio means the company is losing a larger percentage of its income to expenses. If the ratio is getting lower, it is good for the bank and its shareholders.

Net Interest Income

Net interest income (NII) is the difference between the interest income to the bank on loans and the interest payments made by the bank to the customers on the deposits.

NII = {Interest payments on assets} - {Interest payments on liabilities}

Depending on the banks specific portfolio of assets and liabilities (fixed or floating rate) the banks NII can be more or less sensitive to changes in interest rates.

FINANCIAL RESULTS

DB&G's net income for the seven months to October 31, 2007 amounted to $686 million, while net revenues for the period stood at $1.05 billion. These results compare to net income of $703 million for the twelve months to March 31, 2007 and net revenue for the same period of $1.63 billion and represent annualized increases of 67% and 11% respectively.

The results also include a significant one time deferred tax benefit of $229 million which is reflected in the profit and loss statement of the Company.

Earnings per share (EPS) for the period were $1.83, compared to $2.27 for the prior twelve months, while annualized Return on Average Equity (ROE) equaled 21.96%, improving from the 18.44% for the year ended March 2007.

NET INTEREST INCOME

Net interest income for the seven months amounted to $725 million, representing an annualized increase of 45% when compared to the year ended March 2007. This improvement is the result of strong growth primarily in our funds under management, due mainly to the acquisition of SJIM and also to a slight improvement in our spreads over the final quarter (as a result of the increase in interest rates in the market).

Management Discussion & Analysis

OCTOBER 31, 2007

	7 months to October 31 2007	12 months to March 31 2007
	0	**0**
Interest income	3,058,799	3,482,659
Interest expense	2,334,166	2,627,744
Net interest income	**724,633**	**854,915**

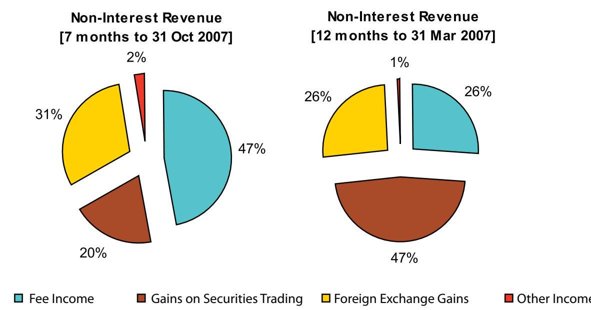
OTHER REVENUE

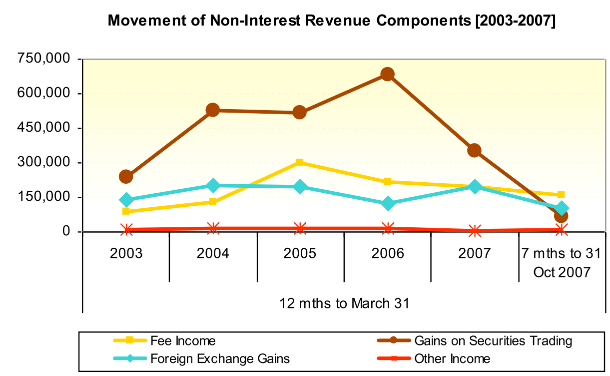
Other revenue for the seven months was $340 million, down 22% on an annualized basis when compared to the prior twelve month period. This was the result of the reduction in securities trading which amounted to $66.4 million for the seven months compared to $350 million for the year to March 2007 and reflected the bearish mode of both the local bond and equity markets over the period.

Gains from foreign exchange trading fell below the prior period by 8% on an annualized basis, registering $105 million for the seven month period. Fees and commission income, on the other hand, showed a laudable performance up 40% over last year, generating income of $160 million. This resulted from strong performance from our Merchant Bank and also from the inclusion of income from the Pension Fund Management services, which was acquired with the acquisition of SJIM.

In accordance with IFRS and internationally accepted accounting practices, a deferred tax credit that was derived mainly from our portfolio of tax-free securities, was applied during the period in the amount of $229 million. This tax credit was achieved by the booking of deferred tax on tax losses carried forward of approximately J$719 million for the company and J$808 million for the group.

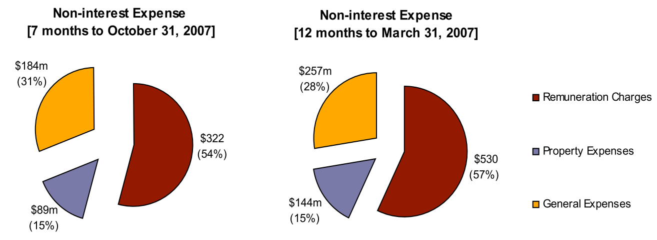
Fees and commission income…showed a laudable performance up 40% over last year, generating income of $160 million.





NON-INTEREST EXPENSES & PRODUCTIVITY

Our productivity ratio (non-interest expense as a percentage of net revenue) - a key measure of cost efficiency - was 56.56% which is better than the international benchmark of 60%. We expect to see improvements in this ratio over the coming quarters, with our continued efforts at cost containment and, again, as a result of cost sharing with Scotiabank.



Non-interest expense amounted to $596 million for the seven month period and represents an annualized 10% increase over the prior twelve-month period. It, however, was largely influenced by the inclusion of certain one time integration expenses, as well as the SJIM's expenses since July.

Remuneration charges that account for the majority of DB&G's operating expenditure, declined from $530 million for the year ended March 2007 to $322 million for the seven months to October 2007. This represents an annualized increase of just about 4%. The group's second largest expense item, general expenses, was $184 million for the period to October 31 (down from $257 million in the prior year), while property expenses amounted to $89 million (down from $144 million). On an annualized basis, these translated to increases of 23% and 6% respectively.

Total Assets

Total assets increased over the seven month period by $18.6 billion or 49.28% to $56.4 billion as at October 31, 2007. This considerable increase in the asset base is mainly as a result of the acquisition of SJIM during the period.

Total assets increased over the seven month period by $18.6 billion

DB&G's capital base is now even stronger with the acquisition of Scotia Investments

Funds under Management

Total funds under management as at October 31, 2007 stood at $84.5 billion, up $45.7 billion over March 31, 2007 and includes managed funds of $34.8 billion. This considerable growth is mainly the result of the acquisition of SJIM, as well as the 16% growth in our Merchant Bank's deposit base and the 20% growth in our Capital management and Government securities funds.

Over the coming quarters, DB&G will continue to review and enhance its sales distribution model and will implement strategies during the year to drive further growth in its Funds under management.

Loans

Our loan book, decreased by 7% to $3.56 billion when compared to the figures as at March 31, 2007, as loans in the amount $611 million were paid off during the seven-month period. Additional plans are already in place to aggressively market the Merchant Bank's loan products to get the consolidated loan portfolio growth back on track. On another note, our Easy Own product continues to grow – it has delivered credible performance in the review period and broke even in October 2007 after 14 months of operations.

Shareholder's Equity

DB&G's capital base is now even stronger with the acquisition of SJIM. Total shareholders equity rose to $5.95 billion, an increase of $1.54 billion over the equity as at March 31, 2007. During the period the company declared two dividend payments totaling 97 cents per stock unit or $312.5 million.

The group subsequently declared dividend of 22 cents per share, payable to shareholders on record as at December 4, 2007. The X-date is November 30, 2007 and the payment date is January 10, 2008.

Asset Management Company Limited (AMCL)

For the seven month period ended October 31, 2007, Asset Management Company Limited (AMCL) expanded its network of vendors from 20 to 22 locations with the addition of two Bashco stores in May Pen and Savanna-la-Mar respectively. The company also completed the negotiations and contract stage with a new vendor, Rayton Electric Commercial Equipment Limited.

During the year, over 2100 customers applied to AMCL for credit limits, resulting in 1100 new loans. The company was therefore able to increase its loan book balance from $45 million as at March 31st, to $75 million as at October 31st, a 66% increase over the period. The company recorded Gross Operating Income of $22.6 million for the seven months and Net Profit after tax of $4.2 million.

DB&G Merchant Bank

The seven-month period April to October 2007 was successful for DB&G Merchant Bank (DB&G MB). Profit after tax was $71 million ($121.7 million annualized) compared with $103 million for the year ended March 31, 2007. This strong performance is attributable to the continued growth in Net Interest Income.

DB&G MB offers deposits and loans in both Jamaican and Foreign Currencies and the Bank's clientele consists primarily of commercial entities. DB&G MB also offers access to loans made available through the Development Bank of Jamaica (DBJ) and the National Export-Import Bank of Jamaica (EXIM Bank) to businesses in Jamaica within the productive sectors of the economy.

Going forward DB&G MB will expand its range of products and services to enhance the value proposition to our clients including the launch of Lease Financing. DB&G MB remains committed to service excellence and will be looking at new initiatives to ensure that every client receives exceptional service at every point of contact. These initiatives are expected to drive growth in both loans and deposits and in turn increase revenues.

DB&G Unit Trust Managers Limited

DB&G Unit Trust Managers Limited continues to be a dominant force in the unit trust market despite a challenging year with increased competition from alternative investment schemes. As at October 31, 2007, our market share of the $15.6 billion unit trust market was 37%. Over the seven-month period (April to October 2007), the company contributed $56 million ($96 million annualized) to the revenues of DB&G Limited.

DB&G Money Market Fund (MMF)

The DB&G MMF continues to be Jamaica's largest fixed income unit trust with net asset value of $4.5 billion as at the end of the period. The fund continues to meet its objective of providing its investors with a yield higher then those in the short-term money market. The fund managers continued to actively manage the fund, taking advantage of the marginal increase in interest rates by the Central Bank.

	Cumulative Return	Compounded Annual Return
1 Year Growth Rate	**10.62%**	**10.62%**
2 Year Growth Rate	**24.60%**	**11.63%**
3 Year Growth Rate	**42.88%**	**12.63%**
5 Year Growth Rate	**103.94%**	**15.32%**
10 Year Growth Rate	**437.66%**	**18.32%**

Subsidiary & Divisional Reports

DB&G Premium Growth Fund (PGF)

With total net asset value of $1.32 billion as at October 31, 2007, the DB&G PGF remained one of the top two equity unit trusts in the island. Despite operating in a prolonged bear stock market the fund returned a 12-month growth rate of 13.45% (tax-free) to its investors making it the top performing equity unit trust as at October 31, 2007. The PGF benefited from the fund managers' decision to diversify outside of the local market, a move which allowed the fund to participate in the gains from sustained growth in external markets.

	Cumulative Return	Compounded Annual Return
1 Year Growth Rate	13.45%	13.45%
2 Year Growth Rate	10.86%	5.29%
3 Year Growth Rate	3.01%	0.99%
5 Year Growth Rate	161.01%	21.15%
10 Year Growth Rate	505.99%	19.74%

Stockbrokerage Division

DB&G remained the broker of choice for efficient order execution and credible stock market research. Clients' confidence in our services was demonstrated in the fact that DB&G executed transactions averaging 34.6 million shares worth $251.4 million for the seven month period to October. This allowed DB&G to close the period as the third ranked stockbroker in the land by trading value.

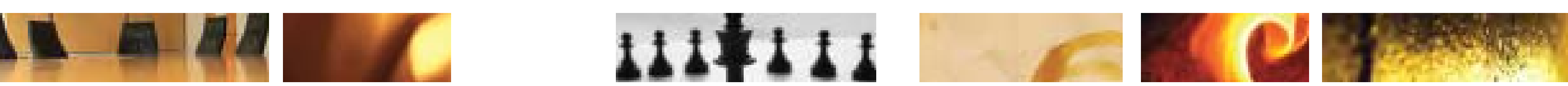
Although 2008 is expected to be challenging as investors grapple with the effects of an uncertain domestic and international environment, we anticipate further improvements in corporate earnings in the new fiscal year with the possibility of further consolidation in a few industries. The Stockbrokerage team commits unwaveringly to providing clients with balanced advice and executing stock orders with utmost integrity and efficiency. The winning strategy remains focused on enhanced customer care, improved efficiency in the execution of order, expanded investor education and leveraging our local and regional relationships.

The unit accomplished most of its reporting objectives during the reporting period, in particular completing two financial year end audits on time in March and October 2007. With the small core of dedicated and committed staff, FCU will continue to ensure that the companies within the Group comply with all International Financial Reporting Standards and other compliance regulations.

Pensions and Mutual Funds Division

Evolving out of the acquisition of SJIM by DB&G, the five Scotia Mutual Funds previously marketed by SJIM were transferred to DB&G, providing our clients with an impressive array of managed international mutual funds. When the Scotia funds were combined with DB&G's existing suite of CI mutual funds, the total client portfolio as at October 31, 2007 was US$ 62 million. In the coming year our focus will be to increase mutual fund sales to investors who are seeking to diversify into the broader global market.

Another significant aspect of the acquisition was the pension business of SJIM and the establishment of a Pension division at DB&G with funds under management of over $24 billion as at December 31, 2007. The division now manages the investments of ten (10) pension funds, three (3) foundations, two (2) unit trusts and also offers investment management services to several smaller clients. Fee revenues as at October 31, 2007 increased by over 120% compared to the previous year end and will allow DB&G to continue its strategy of diversifying its revenue source going forward.



Finance & Compliance Division

The Finance & Compliance Unit (FCU) is made up of the Finance & Compliance teams with the primary functions encompassing accounting, financial reporting and compliance monitoring for The DB&G Group of companies. FCU ensures that all transactions executed by the Group comply with legal, regulatory, internal and external policy requirements as well as guidelines issued by regulators while ensuring that operational and reputational risk exposure is monitored and minimized at all times. Internal policies and procedures are also developed by or with the assistance of the FCU, which has the responsibility for communicating and enforcing them throughout the branch network.

Information Technology Division

The Information Technology (I.T.) Unit is the backbone of DB&G and is responsible for the availability of mission critical business systems. I.T. ensures the privacy and confidentiality of all client information and the integrity of all data within the system infrastructure.

The I.T. Unit operates within industry standards and best practices, and is governed by DB&G's comprehensive corporate governance frame work.

In 2007, I.T. was a critical factor in the integration of SJIM into DB&G, and the merger into Scotiabank Group. This incorporated the integration of business applications, business process re-engineering and the addition of new financial products and services.

Sales & Service Division

Through the acquisition of SJIM by DB&G the unit experienced an increase in its client base to 35,000 clients. These new clients are now able to access a wider array of products ranging from fixed deposits in various currencies, stockbrokerage services, and unit trust and mutual funds.

DB&G also capitalized on joining the Scotiabank Group by placing Investment Representatives strategically at Scotiabank branches through out the island. This move increased DB&G's access points and offered additional convenience to clients.

Comprehensive sales training was also a critical focus for the sales team, it was undertaken to ensure that all team members' approach was consistent across the board, in order to maintain the high level of service provided to DB&G clients.

All DB&G Sales Representatives are certified by the Canadian Institute of Bankers (CIB) and have all undergone mutual fund training.

Treasury Division

Despite the global slowdown in international bond trading attributed to the US sub-prime fiasco, the newly integrated DB&G/SJIM unit was ranked as Jamaica's Top Performing Primary Dealer Unit up to October 2007, based on the volumes of JMD securities underwritten and distributed on behalf of the Government and the Bank of Jamaica. Prudent risk management and years of market experience allowed DB&G to successfully navigate the turbulent financial markets while avoiding contagion associated with risky illiquid investments.

Our cambio operations despite increased competition and due diligence requirements traded over US$173 million for the seven months, generating in excess of JA$105 million in trading profits. Importantly, DB&G continued to be a major market marker in the cambio market accounting for some 10% share during the period.

DB&G's association with Scotiabank and our dedication to superior customer service should augur well for the strength of the Treasury division in the upcoming financial year. Additionally, our ability to leverage pricing, technology and experience with our partners at the Scotia International Group will set a new benchmark in the Jamaican financial landscape.

Human Resources and Administration (HRA) Division

The Human Resource and Administration (HRA) department focuses on attracting, preserving, motivating and developing team members. Through a rigorous interviewing process, all DB&G team members are carefully selected. After the selection process HRA has an ongoing mandate to further develop a skilled team and maintain a high level of staff retention.

Team building is crucial to the preservation of DB&G's unique culture. The company fosters a team-oriented environment and as such they work together as a team to attain superior results. On a consistent basis DB&G has received numerous awards. Such strides are not achieved by individuals within a firm, but rather by teams.

DB&G's success is accredited to the cadre of committed team members.

The HRA mission that has been developed and upheld states -

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

Risk Management

The risk management process of Dehring Bunting and Golding Limited is managed through a framework of risk principles, organizational structures and risk measurement and monitoring processes that are closely aligned with the activities of our business units. The company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to date information systems.

With the acquisition by Scotiabank, certain key risk management functions have been centralized and are monitored by the wider Scotiabank Group. These include the credit risk management and market and operational risk management departments that execute the risk management functions, under the guidance of policies approved by the Board of Directors.

Scotiabank's Global Risk Management (GRM) department provides technical advice and expertise on the development and establishment of the systems and procedures used to measure, manage and monitor risk, and to implement accurate policies and practices.

Risk Management

The Asset and Liability Committee (ALCO) has the responsibility of ensuring that risks are managed within the limits established by the Board of Directors. The Committee meets at least once monthly to review risks, evaluate performance and provide strategic direction. In addition, internal audit is responsible for the independent review of risk management and the control environment. The most important types of risk are credit risk, liquidity risk, market risk and operational risk.

Credit Risk

Credit risk is the risk that a counterparty will cause a financial loss by being unable to pay amounts in full when due. Credit exposures arise principally in lending activities that lead to loans (including guarantees and other credit commitments) and investment activities that bring debt securities into the Group's asset portfolio.

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 the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

The market risks arising from trading and non-trading activities are concentrated in the Treasury and Asset trading department and are independently monitored by the middle and back office support roles. ALCO provides senior management oversight of the company's market risk exposure, within the policy and limit framework established by the Board. ALCO carries out extensive research and monitors the price movement of securities on the local and international markets.

The group manages market risk through risk limits approved by the Board of Directors. Risk limits are determined for each portfolio, and are set by product and risk type, with market liquidity being a principal factor in determining the level of limits set. Limits are set using a combination of risk measurement techniques, including position limits and stress testing to identify the potential net interest income and market value effects of the positions in different scenarios. The results of the stress tests are reviewed by senior management and by the Board of Directors.

Liquidity Risk

Liquidity risk is the risk that the company will be unable to meet its funding requirements as they become due. The Board of Directors approves the Group's liquidity and funding management policies and establishes limits to control the risk. The Group assesses the adequacy of its liquidity position by analyzing its current liquidity position, present and anticipated funding requirements, and alternative sources of funds.

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 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***

The fallible nature of humans lend 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.

DB&G 2007 AWARDS

- *Runner–up for best Annual Report at the JSE's Best Practices Awards*
- *DB&G PGF was the best performing fund in its class*

DB&G's Financial Analysts dominated the JSE's Market Research Competition:

- *Keisha Bennett, DB&G's Financial Analyst won 1st quarter for 2007 (see below left)*
- *Shane Ingram, DB&G's Broker Analyst won Financial Analyst for the 2nd quarter (see below right)* ■

DB&G Awards & Accolades

Left: Anya Schnoor presents a prize to DB&G's Relationship Officer Kayon Heslop.

Above: DB&G's CEO Anya Schnoor addresses the audience at DB&G's Annual General Meeting held on July 25, 2007.

Right: Anya Schnoor and Bill Clarke presents a token of their appreciation to Garfield Sinclair at his send off.

Far Right: DB&G Montego Bay Branch Manager, Kaylene Grant presents a cheque to Sandals Special Achievers Core.

DB&G Moments

Above: DB&G Investment Advisor Shari Small hands over gift basket, compliments of DB&G, to the Panjam Corporate Team at the sponsored UWI Golf Tournament held at Caymanas Golf Club.

Above: DB&G Investment Advisor Jodi Mair runs with hands raised at the announcement that she just won a prize at an event heralding the Scotiabank Wealth Division Sales team.

Below: DB&G's Mandeville Branch Manager Karrian Hepburn, and Garfield Sinclair stand under an umbrella to keep dry while she makes a tribute to him – doing a rendition of Barbara Streisand "Wind Beneath My Wings".

Below: Mark Golding, Peter Bunting, and Anya Schnoor share a light laugh while admiring a bamboo portrait gift illustrating, Christopher Dehring, Mark Golding & Peter Bunting (from left to right) – The three founders of DB&G at Peter Bunting's send off.

Below: Three members of DB&G's sales team take a moment to smile and wave to the camera.

A Member of the Scotiabank Group

Above: DB&G Branch Managers; Kaylene Grant, Raquel Pusey and Jasmine Sappleton come together for a group shot a Scotiabank's Funday.

Left: DB&G Branch Manager Jasmine Sappleton, and her team present a cheque to the Clarendon Chess Association.

DB&G 10 Largest Shareholders

Scotia Group Jamaica Limited	325,891,065	77.01
LOJ Pooled Equity Fund No. 1	11,654,412	2.75
MF&G Trust & Finance Limited A/C 528	10,023,050	2.37
Mayberry Investments Ltd A/C 09022	6,048,137	1.43
Trustees DBG Employee Share Ownership Plan	3,855,191	0.91
Capital & Credit Securities Ltd	3,207,108	0.76
Bridgeton Management Services	3,011,142	0.71
Guardian Life Limited	1,492,166	0.35
Pan Caribbean Merchant Bank A/C J1996	1,439,006	0.34
Colsam Limited	1,255,000	0.30
Total	**367,876,277**	**86.93**

DB&G Directors' & Senior Managers' Interests

Directors & Senior Managers' Interest	Directors' Holdings	Connected Parties	Connected Holdings
Stephen Vasciannie	37,983	-	-
Stacie-Ann Wright	10,000	-	-
Trustees DBG Employee Share Ownership Plan	3,855,191	-	-
Jasmine Sappleton	1,000	-	-
Hugh Pendley	1,700	-	-
Paul Parchment	2,000	-	-
Marva Senior	2,291	-	-

Executive Management Team

DB&G

Above, L-R:
Brian Frazer - Assistant Vice President, Pensions & General Manager, DB&G Unit Trust Managers Ltd.**, Tanya Ho-shue -** Vice President & General Manager, DB&G Merchant Bank Ltd.**, Johann Heaven -** Assistant Vice President, Projects & Strategic Planning**, Chorvelle Johnson -** Vice President, Sales & Service**, Vanessa Reid-Boothe -** General Manager, Asset Management Company Ltd.**, Lissant Mitchell -** Senior Vice President, Treasury & Capital Markets**, Anya Schnoor -** Chief Executive Officer**, Andrea Tinker -** Vice President & Chief Financial Officer.

Below, L-R:
Phillip Nash - Assistant Vice President, Information Technology**, Pamela Douglas -** Assistant Vice President, Sales Support & Branch Communication**, Nadine Hinds -** Assistant Vice President, Operations & Trust**, Sherri Murray -** Vice President, Human Resources**, Clay Moodie -** Assistant Vice President, Treasury. **Missing: Vernon James -** Assistant Vice President, Equities Trading.

DB&G Branch Managers

Above, L-R:
Cosmond Jackson - Savanna-la-mar**, Kaylene Grant -** Montego Bay**, Karrian Hepburn -** Mandeville**, Ryan McMorris -** Portmore**, Jasmine Sappleton -** May Pen**, Raquel Pusey -** Kingston

Missing:
Lisa-Maria Alexander - Trinidad**, Hugo Pendley -** Ocho Rios

A Member of the Scotiabank Group

Financial Statements

DEHRING BUNTING & GOLDING
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INDEPENDENT AUDITORS' REPORT

To the Members of
DEHRING BUNTING & GOLDING LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Dehring Bunting & Golding Limited ("company"), set out on pages 45 to 114, which comprise the company and the group balance sheets as at October 31, 2007, the group and the company statements of income, changes in equity and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and consistently applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Members of
DEHRING BUNTING & GOLDING LIMITED

Report on the Financial Statements (cont'd)

Opinion
In our opinion, the financial statements give a true and fair view of the financial positions of the group and the company as at October 31, 2007, and of the group's and the company's financial performance, changes in equity and cash flows for the period then ended in accordance with International Financial Reporting Standards, and comply with the Jamaican Companies Act, so far as concerns members of the company.

Report on additional requirements of the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, proper returns have been received for branches not visited by us and the financial statements are in agreement with the accounting records and returns, and give the information required by the Jamaican Companies Act in the manner so required.

KPMG
November 26, 2007

(Expressed in thousands of Jamaican dollars unless otherwise stated)

	Note	October 2007	March 2007
Net interest income and other revenue			
Interest from loans and deposits with banks		376,098	385,058
Interest from securities		2,682,701	3,097,601
Total interest income	7	3,058,799	3,482,659
Interest expense	7	2,334,166	2,627,744
Net interest income		724,633	854,915
Impairment adjustments on loans	22	(11,892)	30,079
Net interest income after impairment adjustments on loans		712,741	884,994
Fee and commission income	8	160,108	195,406
Net foreign exchange trading income	9	105,377	195,483
Gains less losses on securities trading		66,413	349,922
Dividends		4,022	1,555
Other revenue		4,433	3,603
		340,353	745,969
		1,053,094	1,630,963
Expenses			
Salaries, pension contributions and other staff benefits	10	322,069	529,716
Property expenses, including depreciation & amortization		89,049	143,973
Other operating expenses		184,489	257,172
	11	595,607	930,861
Profit before taxation	12	457,487	700,102
Taxation	13	228,808	2,853
Net profit for the period/year	14	686,295	702,955
EARNINGS PER STOCK UNIT (expressed in $ per share)	15	1.83	2.27

DEHRING BUNTING & GOLDING
CONSOLIDATED BALANCE SHEET

31 October 2007

(With comparative figures as at 31 March 2007)

(Expressed in thousands of Jamaican dollars unless otherwise stated)

	Note	October 2007	March 2007
ASSETS			
Cash resources			
Notes and coins of, deposit with, and money at call at, Bank of Jamaica	16	179,724	201,148
Government and bank notes other than Jamaica	17	1,920	1,458
Amounts due from other banks	17	509,536	263,084
Accounts with parent and fellow subsidiaries	17, 18	292,911	222,494
		984,091	688,184*
Financial assets at fair value through statement of revenue and expenses	19	1,045,225	970,142*
Pledged assets	20	33,560,537	18,521,063*
Loans, after allowance for impairment losses	21	3,466,685	3,769,252*
Leases and hire purchase contracts, receivable	23	94,209	69,726
Investment securities			
Available-for-sale	24	2,225,840	1,228,220*
Capital management fund & government securities fund	25	14,059,606	11,714,618
Other assets			
Customers' liabilities under guarantees		474,174	384,953
Taxation recoverable		40,420	21,808
Sundry assets	26	148,588	106,582*
Property, plant and equipment	27	148,606	161,186
Intangible assets	28	42,899	43,869
Deferred tax assets	29	-	7,937
Goodwill on consolidation		61,723	61,723
		916,410	788,058
		56,352,603	37,749,263

*Reclassified to conform with current year presentation.

DEHRING BUNTING & GOLDING
CONSOLIDATED BALANCE SHEET

31 October 2007

(With comparative figures as at 31 March 2007)
(Expressed in thousands of Jamaican dollars unless otherwise stated)

	Note	October 2007	March 2007
LIABILITIES			
Deposits			
Deposits by the public	30	3,048,121	2,614,104
Amounts due to other financial institutions	31	95,106	88,436
		3,143,227	2,702,540*
Capital management fund & government securities fund	25	14,059,606	11,714,618
Other liabilities			
Promissory notes	32	607,182	599,008*
Guarantees issued		474,174	384,953
Securities sold under repurchase agreements	20	31,858,054	17,821,879*
Other liabilities	33	128,151	78,165*
Taxation payable		22,713	3,638
Deferred tax liabilities	29	26,758	-
Assets held in trust on behalf of participants	40	82,300	36,356
		33,199,332	18,923,999
STOCKHOLDERS' EQUITY			
Share capital	35	1,911,903	224,457
Reserve fund	36(a)	75,213	64,561*
Retained earnings reserve	36(b)	240,223	173,160
Cumulative remeasurement result from available-for-sale financial assets	37	577,221	1,051,318
Loan loss reserve	38	57,266	26,079
Capital reserves	39	22,075	22,075
Reserves for own shares-ESOP	40	(88,746)	(43,948)
Unappropriated profits		3,155,283	2,890,404*
		5,950,438	4,408,106
		56,352,603	37,749,263

The financial statements on pages 45 to 114 were approved for issue by the Board of Directors on November 26, 2007 and signed on its behalf by:

____________________ Director
Professor Stephen Vasciannie

____________________ Director
William E. Clarke

____________________ Director
Anya Schnoor

____________________ Secretary
David A. Noel

*Reclassified to conform with current year presentation.

DEHRING BUNTING & GOLDING
STATEMENT OF CONSOLIDATED CHANGES IN STOCKHOLDERS' EQUITY

Seven months ended 31 October 2007

(Expressed in thousands of Jamaican dollars unless otherwise stated)

	Note	Share capital	Reserve fund	Retained earnings reserve	Cumulative remeasurement result from available-for-sale financial assets	Loan loss reserve	Capital reserve	Reserve for own Shares	Un-appropriated profits	Total
Balances at March 31, 2006		223,850	49,140	86,500	737,415	15,764	22,075	(86,683)	2,515,113	3,563,174
Shares issued	35	607	-	-	-	-	-	-	-	607
Unrealised gains on available-for-sale securities, net of taxes		-	-	-	313,903	-	-	-	-	313,903*
Net profit for the year		-	-	-	-	-	-	-	702,955	702,955*
Dividends paid	47	-	-	-	-	-	-	-	(215,268)	(215,268)
Own shares acquired by ESOP		-	-	-	-	-	-	42,735	-	42,735*
Transfer to retained earnings reserve		-	-	86,660	-	-	-	-	(86,660)	-
Transfer to reserve fund	36	-	15,421	-	-	-	-	-	(15,421)	-
Transfer to loan loss reserve	38	-	-	-	-	10,315	-	-	(10,315)	-
Movement for the year		607	15,421	86,660	313,903	10,315	-	42,735	375,291	844,932
Balances at March 31, 2007		224,457	64,561	173,160	1,051,318	26,079	22,075	(43,948)	2,890,404	4,408,106
Shares issued	35	1,687,446	-	-	-	-	-	-	-	1,687,446
Unrealised losses on available-for-sale securities, net of taxes		-	-	-	(469,045)	-	-	-	-	(469,045)*
Realised gains on available-for-sale securities, transferred to statement of revenue & expenses		-	-	-	(5,052)	-	-	-	-	(5,052)*
Net profit for the period		-	-	-	-	-	-	-	686,295	686,295*
Dividends paid	47	-	-	-	-	-	-	-	(312,514)	(312,514)
Own shares acquired by ESOP		-	-	-	-	-	-	(44,798)	-	(44,798)*
Transfer to reserve fund		-	10,652	-	-	-	-	-	(10,652)	-
Transfer to retained earnings reserve		-	-	67,063	-	-	-	-	(67,063)	-
Transfer to loan loss reserve	38	-	-	-	-	31,187	-	-	(31,187)	-
Movement for the period		1,687,446	10,652	67,063	(474,097)	31,187	-	(44,798)	264,879	1,542,332
Balances at October 31, 2007		1,911,903	75,213	240,223	577,221	57,266	22,075	(88,746)	3,155,283	5,950,438

* Total recognised revenue and expenses for the period/year $167,400 (March 31, 2007: $1,059,593)

(Expressed in thousands of Jamaican dollars unless otherwise stated)

	Note	October 2007	March 2007
Cash flows from operating activities			
Net profit for the period/year		686,295	702,955
Items not affecting cash:			
Interest income	7	(3,058,799)	(3,482,659)
Interest expense	7	2,334,166	2,627,744
Deferred taxation	13	(254,915)	(2,853)
Depreciation & amortisation		68,052	64,016
Impairment losses on loans	22	11,892	(30,079)
Income tax expense	13	26,107	-
		(187,202)	(120,876)
Changes in operating assets and liabilities			
Loans and leases		273,412	(420,552)
Deposits by the public		440,687	209,217
Pledged assets		(12,778,970)	(2,424,259)
Other assets		(43,406)	(17,196)
Securities sold under repurchase agreements		13,491,085	2,819,959
Other liabilities		49,737	(246,788)
Amounts due from other banks		(30,257)	(20,315)
Financial assets at fair value through statement of revenue and expenses		(75,083)	(651,458)
Taxation recoverable		(18,613)	(5,897)
Promissory notes		(3,305)	295,908
Statutory reserves at Bank of Jamaica		(11,738)	10,183
		1,106,347	(572,074)
Interest received		3,060,244	3,235,222
Interest paid		(1,787,653)	(2,606,480)
Income tax paid		(7,033)	-
Net cash provided by operating activities		2,371,905	56,668

DEHRING BUNTING & GOLDING
STATEMENT OF CONSOLIDATED CASH FLOWS (continued)

Seven months ended 31 October 2007

(With comparative figures for the year ended 31 March 2007)

(Expressed in thousands of Jamaican dollars unless otherwise stated)

	Note	October 2007	March 2007
Net cash provided by operating activities (page 49)		2,371,905	56,668
Cash flows from investing activities			
Investment securities		(1,182,107)	1,332,877
Proceeds from the sale of property, plant and equipment		-	7
Purchase of property, plant and equipment and intangible assets	27,28	(54,504)	(51,396)
Net cash (used)/provided by investing activities		(1,236,611)	1,281,488
Cash flows from operating and investing activities		1,135,294	1,338,156
Cash flows from financing activities			
Shares issued	35	1,687,446	607
Dividends paid	47	(312,514)	(215,268)
Cash provided/(used) by financing activities		1,374,932	(214,661)
Effect of exchange rate on cash and cash equivalents		30,257	20,315
Net increase in cash and cash equivalents		2,540,483	1,143,810
Cash and cash equivalents at beginning of period/year		1,521,892	378,082
Cash and cash equivalent at end of period/year	17	4,062,375	1,521,892

(Expressed in thousands of Jamaican dollars unless otherwise stated)

	Note	October 2007	March 2007
Net interest income and other revenue			
Interest from loans and deposits with banks		88,456	66,121
Interest from securities		2,301,910	2,996,571
Total interest income	7	2,390,366	3,062,692
Interest expense	7	1,873,045	2,385,212
Net interest income		517,321	677,480
Impairment adjustments on loans	22	(5,286)	26,233
Net interest income after impairment adjustments on loans		512,035	703,713
Fee and commission income	8	24,183	16,770
Net foreign exchange trading income	9	103,175	192,767
Gains less losses on securities trading		60,942	341,156
Dividends		4,022	1,555
		192,322	552,248
		704,357	1,255,961
Expenses			
Salaries, pension contributions and other staff benefits	10	241,207	439,455
Property expenses, including depreciation & amortisation		33,031	51,661
Other operating expenses		126,005	159,532
	11	400,243	650,648
Profit before taxation	12	304,114	605,313
Taxation	13	243,226	-
Net profit for the period/year	14	547,340	605,313

DEHRING BUNTING & GOLDING
BALANCE SHEET

31 October 2007

(With comparative figures as at 31 March 2007)
(Expressed in thousands of Jamaican dollars unless otherwise stated)

	Note	October 2007	March 2007
ASSETS			
Cash resources			
Notes and coins of, deposit with, and money at call at, Bank of Jamaica	16	1,813	38,590
Government and bank notes other than Jamaica		-	5
Amounts due from other banks	17	388,426	47,426
Accounts with parent and fellow subsidiaries	17, 18	1,579,894	1,803,533
		1,970,133	1,889,554*
Financial assets at fair value through statement of revenue and expenses	19	957,763	888,151*
Pledged assets	20	33,560,537	18,521,063*
Loans, after allowance for impairment losses	21	603,696	563,402*
Investment securities			
Available-for-sale	24	1,456,216	449,419*
Investment in subsidiaries		2,256,230	568,784*
Capital management fund & government securities fund	25	14,059,606	11,714,618
Other assets			
Customers' liabilities under guarantees		285,314	247,463
Taxation recoverable		40,619	19,879*
Sundry assets	26	69,000	26,442*
Property, plant and equipment	27	56,901	62,712
Intangible assets	28	36,244	37,716
		488,078	394,212
		55,352,259	34,989,203

* Reclassified to conform with current year presentation.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

	Note	October 2007	March 2007
LIABILITIES			
Capital management & government securities fund	25	14,059,606	11,714,618
Other liabilities			
Amounts due to subsidiaries		2,064,629	335,067*
Promissory notes	32	557,009	543,561*
Guarantees issued		285,314	247,463
Securities sold under repurchase agreements	20	32,883,150	18,183,360*
Other liabilities	33	90,599	47,240*
Taxation payable		3,638	3,638
Deferred tax liabilities	29	14,325	-
		35,898,664	19,360,329
STOCKHOLDERS' EQUITY			
Share capital	35	1,911,903	224,457
Cumulative remeasurement result from available-for-sale financial assets	37	515,103	957,642
Loan loss reserve	38	34,141	-
Capital reserves	39	24,615	24,615
Unappropriated profits		2,908,227	2,707,542
		5,393,989	3,914,256
		55,352,259	34,989,203

The financial statements on pages 45 to 114 were approved for issue by the Board of Directors on November 26, 2007 and signed on its behalf by:

_________________ Director
Professor Stephen Vasciannie

_________________ Director
William E. Clarke

_________________ Director
Anya Schnoor

_________________ Secretary
David A. Noel

* Reclassified to conform with current year presentation.

A Member of the Scotiabank Group

DEHRING BUNTING & GOLDING
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

Seven months ended 31 October 2007

(Expressed in thousands of Jamaican dollars unless otherwise stated)

	Note	Share capital	Cumulative remeasurement result from available for sale financial assets	Loan loss reserve	Capital reserve	Unappropriated profits	Total
Balances at March 31, 2006		223,850	659,312	-	24,615	2,317,497	3,225,274
Shares issued	35	607	-	-	-	-	607
Realised gains on available-for-sale securities transferred to statement of revenue and expenses		-	298,330	-	-	-	298,330*
Dividends paid	47	-	-	-	-	(215,268)	(215,268)
Net profit for the year		-	-	-	-	605,313	605,313*
Movement for the year		607	298,330	-	-	390,045	688,982
Balances at March 31, 2007		224,457	957,642	-	24,615	2,707,542	3,914,256
Shares issued	35	1,687,446	-	-	-	-	1,687,446
Realised gains on available for sale securities transferred to statement of revenue & expenses		-	(442,539)	-	-	-	(442,539)*
Loan loss reserve transfer	38	-	-	34,141	-	(34,141)	-
Dividends paid	47	-	-	-	-	(312,514)	(312,514)
Net profit for the period		-	-	-	-	547,340	547,340*
Movement for the period		1,687,446	(442,539)	34,141	-	200,685	1,479,733
Balances at October 31, 2007		1,911,903	515,103	34,141	24,615	2,908,227	5,393,989

* Total recognised income and expenses for the period/year $104,801 (March 31, 2007: $903,643)

(Expressed in thousands of Jamaican dollars unless otherwise stated)

	Note	October 2007	March 2007
Cash flows from operating activities			
Net profit for the period/year		547,340	605,313
Items not affecting cash:			
Interest income	7	(2,390,366)	(3,062,692)
Interest expense	7	1,873,045	2,385,212
Deferred taxation	13	(243,226)	-
Depreciation & amortisation		22,134	35,179
Impairment adjustments on loans	22	5,286	(26,233)
		(185,787)	(63,221)
Changes in operating assets and liabilities			
Loans and leases		(44,419)	538,303
Pledged assets		(12,479,445)	(2,649,309)
Other assets		(42,307)	(26,369)
Securities sold under repurchase agreements		14,420,410	2,899,048
Other liabilities		43,109	(271,922)
Amounts due from other banks		(20,366)	(20,082)
Amounts due to subsidiaries		1,729,562	326,978
Financial assets at fair value through statement of revenue and expenses		(69,612)	(569,467)
Taxation recoverable		(20,740)	(19,879)
Promissory notes		1,911	270,195
		3,332,316	414,275
Interest received		2,016,442	2,824,388
Interest paid		(1,589,456)	(2,406,476)
Net cash provided by operating activities		3,759,302	832,187

DEHRING BUNTING & GOLDING
STATEMENT OF CASH FLOWS (continued)

Seven months ended 31 October 2007

(With comparative figures for the year ended 31 March 2007)
(Expressed in thousands of Jamaican dollars unless otherwise stated)

	Note	October 2007	March 2007
Cash provided by operating activities (page 55)		3,759,302	832,187
Cash flows from investing activities			
Investment in subsidiaries		(1,687,446)	-
Investment securities		(1,111,219)	2,043,675
Purchase of property, plant and equipment and intangible assets	27,28	(14,852)	(42,631)
Net cash (used)/provided by investing activities		(2,813,517)	2,001,044
Cash flows from operating and investing activities		945,785	2,833,231
Cash flows from financing activities			
Shares issued	35	1,687,446	607
Dividends paid	47	(312,514)	(215,268)
Cash provided/(used) in financing activities		1,374,932	(214,661)
Effect of exchange rate on cash and cash equivalents		20,366	20,082
Net increase in cash and cash equivalents		2,341,083	2,638,652
Cash and cash equivalents at beginning of period/year		2,884,438	245,787
Cash and cash equivalent at end of period/year	17	5,225,521	2,884,439

(Expressed in thousands of Jamaican dollars unless otherwise stated)

1. Identification, Regulation and Licence

(a) Dehring, Bunting & Golding Limited ("the company") is incorporated and domiciled in Jamaica. It is a 77.01% subsidiary of Scotia Group Jamaica Limited ("Scotia Group") which is incorporated and domiciled in Jamaica. The Bank of Nova Scotia, which is incorporated and domiciled in Canada, is the ultimate parent company. The registered office of the company is located at 7 Holborn Road, Kingston 10.

The company's principal activities comprise the provision of corporate finance, investment, operating foreign currency cambios, brokerage, and advisory services in accordance with licences issued by the Financial Services Commission, Bank of Jamaica and the Jamaica Stock Exchange, including the making of investments and the managing of funds on a non-recourse basis [see note 25(b)]. The Company has a branch operation in Trinidad & Tobago.

(b) The company's subsidiaries, which together with the company are referred to as "the Group", are as follows:

Subsidiaries	Principal Activities	Holding	Country of Incorporation
DB&G Merchant Bank Limited	Receiving deposits, making loans, dealing in all foreign currencies and foreign currency instruments	100%	Jamaica
DB&G Unit Trust Managers Limited (note 49)	Management of Unit Trust Funds, as well as funds on non-recourse bases	100%	Jamaica
Billy Craig Investments Limited	Holding of investments	100%	Jamaica
Scotia Jamaica Investment Limited [see note c(ii) below]	Investment and pension fund management	100%	Jamaica
Asset Management Company Limited*	Hire purchase financing	100%	Jamaica
Interlink Investments Limited	Holding of investments	100%	Grand Cayman
DB&G Corporate Services Limited	Administration and management services	100%	Jamaica

*Inactive in previous years, commenced hire purchase operations during the year ended March 31, 2007.

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 period/year-end, that subsidiary had a working capital deficit of $91,809 (March 2007: $89,721). This is stated after taking account of a liability of $100,933 (March 2007: $105,328) due to the parent company.

1. Identification, Regulation and Licence (cont'd)

(c) Pursuant to the Scheme of Arrangement that was undertaken by Scotia Group, the company became a 77.01% subsidiary of Scotia Group.

(i) On December 12, 2006, The Bank of Nova Scotia Jamaica Limited acquired 15.80% (48,865,919 shares) interest in the company, and the Bank of Nova Scotia acquired 52.74% (163,089,020 shares).

(ii) On May 1, 2007, Scotia Group Jamaica Limited, the newly formed parent company, acquired the total share holding of 68.54% (211,954,939 shares) from The Bank of Nova Scotia Jamaica Limited and the Bank of Nova Scotia.

(iii) On July 1, 2007, the company acquired 100% interest in Scotia Jamaica Investment Management Limited (SJIML) from The Bank of Nova Scotia Jamaica Limited in exchange for 113,936,126 shares in Dehring Bunting & Golding Limited. This resulted in an additional 8.47% holding in the company for Scotia Group, increasing its total holding to 77.01%.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied by the Group entities for all the years or period presented, unless otherwise stated.

(a) Statement of compliance and basis of preparation:

(i) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act and the Financial Institutions Act.

Amendments to published standards and interpretations during the period

Certain amendments to published standards and interpretations came into effect during the current financial period. The company has assessed the relevance of all such amendments and interpretations and has adopted the following which are relevant to its operations.

IAS 19 (Amendment), Actuarial Gains and Losses, Group Plans and Disclosures, which became effective for financial periods beginning on or after January 1, 2006, introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. As the company does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans. This amendment has no impact on the financial statements.

2. Summary of significant accounting policies (cont'd)

(a) Statement of compliance and basis of preparation (cont'd):

(i) Statement of compliance (cont'd)

Amendments to published standards and interpretations during the period (cont'd)

IFRIC 4, Determining whether an Arrangement contains a Lease, which became effective for financial periods beginning on or after January 1, 2006, requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. IFRIC 4 has no material effect on the company's accounting policies or the financial statements.

IFRS 7, Financial Instruments: Disclosures and the complementary *Amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures* (effective for accounting periods beginning on or after January 1, 2007) require new disclosures to improve the information about financial instruments and the level of an entity's capital and how it is managed. IFRS 7 requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. IFRS 7 resulted in additional disclosures with respect to the company's financial instruments, while the amended IAS 1 disclosures has no significant impact on the company's financial statements.

IFRIC 8, Scope of IFRS 2 Share-based Payment, which became effective for financial periods beginning on or after May 1, 2006, requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of IFRS 2. IFRIC 8 does not have any material impact on the financial statements.

IFRIC 9 Reassessment of Embedded Derivatives requires that a reassessment of whether an embedded derivative should be separated from the underlying host contract should be made only when there are changes to the contract. IFRIC 9, effective for accounting periods beginning on or after June 1, 2006, has no significant impact on company's financial statements.

IFRIC 10, Interim Financial Reporting and Impairment, which became effective for financial periods beginning on or after November 1, 2006, prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill, an investment in an equity instrument classified as available-for-sale, or a financial asset carried at cost. IFRIC 10 does not have any impact on the financial statements.

2. Summary of significant accounting policies (cont'd)

(a) Statement of compliance and basis of preparation (cont'd):

(i) Statement of compliance (cont'd)

Amendments to published standards and interpretations during the period (cont'd)

IFRIC 11 – IFRS 2 – Group and Treasury Share Transactions addresses the classification of a share-based payment transaction (as equity or cash-settled), in the financial statements of the entity whose employees are entitled to the share-based payment, where equity instruments of the parent or another group company are transferred in settlement of the obligation. IFRIC 11, effective for accounting periods beginning on or after March 1, 2007, has no significant impact on the company's financial statements.

All changes in the accounting policies have been made in accordance with the transitional provisions in the respective standards. There was no impact on opening retained earnings as at April 1, 2007, from the adoption of any of the above-mentioned standards.

New standards, and interpretations of and amendments to existing standards that are not yet effective:

At the date of authorization of these financial statements, certain new standards, and amendments to and interpretations of existing standards, have been issued which are not yet effective at balance sheet date and which the company has not early-adopted. The company has assessed the relevance of all such new standards, amendments and interpretations with respect to the company's operations and has determined that the following may be relevant to its operations and has concluded as follows:

IFRS 8 Operating Segments requires disclosures, based on the components of a group or company, that management monitors in making decisions about operating matters, as well as qualitative disclosures on segments. IFRS 8, effective for accounting periods beginning on or after January 1, 2009, is not expected to have any impact on the company's financial statements.

IFRIC 12 Service Concession Arrangements addresses the accounting requirements for public-to-private service concession arrangements in private sector entities. IFRIC 12, effective for accounting periods beginning on or after January 1, 2008 is not expected to have any impact on the company's financial statements.

2. Summary of significant accounting policies (cont'd)

(a) Statement of compliance and basis of preparation (cont'd):

(i) Statement of compliance (cont'd)

New standards, and interpretations of and amendments to existing standards that are not yet effective (cont'd):

IFRIC 13 Accounting for Customer Loyalty Programmes, creates consistency in accounting for customer loyalty plans. The interpretation is applicable to all entities that grant awards as part of a sales transaction (including awards that can be redeemed for goods or services not supplied by the entity). IFRIC 13, effective for accounting periods beginning on or after July 1, 2008, is not expected to have any impact on the financial statements.

IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, which becomes effective for financial periods beginning on or after 1 January 2008, provides guidance on assessing the limit set in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. IFRIC 14 will be applied for the year ending October 31, 2008, but it is not expected to have any impact on the financial statements.

IAS 1 (Revised) Presentation of Financial Statements requires the presentation of all non-owners changes in equity in one or two statements: either in a single statement of comprehensive income, or in an income statement of comprehensive income. The standard, which becomes effective for accounting periods beginning on or after January 1, 2009, is not expected to have any significant impact on the company's financial statements.

IAS 23(Revised) – Borrowing Costs, which becomes effective for financial periods beginning on or after January 1, 2009, removes the option of either capitalising borrowing costs relating to qualifying assets or expensing the borrowing costs and requires management to capitalise borrowing costs attributable to qualifying assets. Qualifying assets are assets that take a substantial time to get ready for their intended use or sale. An example is self-constructed assets such as buildings, machinery and internally developed software (intangible assets). This is not expected to have a material impact on the company's financial statements.

2. Summary of significant accounting policies (cont'd)

(a) Statement of compliance and basis of preparation (cont'd):

(ii) Basis of measurement

The financial statements have been prepared on the historical cost basis as modified for the revaluation of available-for-sale financial assets and financial assets at fair value through statement of revenue and expenses.

(iii) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS and the Companies Act requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

(iv) Functional and presentation currency

These financial statements are presented in Jamaican dollars, which is the company's functional currency. Except where indicated to be otherwise, financial information presented are shown in thousands of Jamaican dollars.

(v) Comparative information

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

Interest receivable and interest payable were previously included in other assets and other liabilities respectively. In the current year they are included as part of the financial assets and financial liabilities, respectively, to which they relate.

The amounts involved are as follows:

	The Group		The Company	
	October 2007	March 2007	October 2007	March 2007
Interest receivable	1,131,774	776,450	1,123,355	749,431
Interest payable	563,213	266,139	564,651	277,825

(vi) Accounting policies

Accounting policies have been changed where necessary to ensure consistency with the policies adopted by Scotia Group. The effects of the changes were not considered material.

2. Summary of significant accounting policies (cont'd)

(b) Basis of consolidation

The consolidated financial statements include the assets, liabilities and results of operations of the company and its subsidiaries presented as a single economic entity. Intragroup transactions, balances and unrealised gains and losses are eliminated in preparing the consolidated financial statements.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more that one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are no longer consolidated from the date that control ceases. A special purpose entity (SPE) is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE.

Inter-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group's financial statements include the Group's share of the operations of the subsidiaries (see note 1) for the period ended October 31, 2007. The consolidated financial statements also include the audited results of the operations of the company's Employee Share Ownership Plan (ESOP), classified as a special purpose entity, for the year ended October 31, 2007. The results of the ESOP are not material to the group. The financial statements cover seven (7) months as the company changed its year-end from March 31 to that of the parent company, October 31.

Intra-group transactions, balances and unrealised gains and losses are eliminated in preparing the consolidated financial statements.

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

(d) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Jamaican dollars at the exchange rates prevailing at the balance sheet date, being the mid-point between the Bank of Jamaica's (the Central Bank) weighted average buying and selling rates at that date.

Gains and losses arising from translating profit and loss items are included in the group income statement.

Transactions in foreign currencies are translated at the rates of exchange ruling at the dates of those transactions.

2. Summary of significant accounting policies (cont'd)

(e) Revenue recognition

(i) Interest income

Interest income and expense are recognised in the statement of revenue and expenses for all interest bearing instruments on the accrual basis using the effective interest method based on the actual purchase price. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset or liability and is not revised subsequently. Interest income includes coupons earned on fixed income investments and accrued discount on treasury bills and other discounted instruments.

Where collection of interest income on loans is considered doubtful, or payment is outstanding for more than 90 days or more, the regulations stipulate that interest should be taken into account on the cash basis. 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 loans become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount. However, such amounts as would have been determined under IFRS are considered to be immaterial.

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

(ii) Fees and commission

Fee and commission income are recognised on the accrual basis when service has been provided. Origination fees, for loans which are probable of being drawn down, are recognised in the statement of revenue and expenses immediately, as they are not considered material for deferral.

Portfolio and other management advisory and service fees are recognised based on the applicable service contracts. Asset management fees are apportioned over the period the service is provided. The same principle is applied for financial planning and custody services that are continuously provided over an extended period of time.

(iii) Dividend income

Dividend income is recognised when the right to receive payment is established.

2. Summary of significant accounting policies (cont'd)

(f) Taxation

Taxation on the profit or loss for the year comprises current and deferred taxes. Current and deferred taxes are recognised as tax expense or benefit in the statement of revenue and expenses except where they relate to items recorded in stockholders' equity, in which case they are charged or credited to stockholders' equity.

(i) Current taxation

Current tax is the expected taxation payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable and tax losses in respect of previous years and items that are never taxable or deductible.

(ii) Deferred tax

Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilised. Deferred tax assets are reviewed at each reporting date to determine whether it is probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on enacted rates.

Current and deferred tax assets and liabilities are offset when the legal right of set-off exist and when they relate to income taxes levied by the same Tax Authority on either the same taxable entity, or different taxable entities which intend to settle current tax liabilities and assets on a net basis.

(g) Intangible assets

(i) 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, 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. Goodwill is assessed annually for impairment.

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 statement of revenue and expenses.

2. Summary of significant accounting policies (cont'd)

(g) Intangible assets (cont'd)

(ii) Computer software

Expenditure relating to the acquisition of computer software is stated at cost, less accumulated amortisation and impairment losses. Amortisation is charged to the group statement of revenue and expenses 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.

(h) 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 statement of revenue and expenses.

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 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.

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.

2. Summary of significant accounting policies (cont'd)

(h) Impairment (cont'd)

(ii) Reversals of impairment:

An impairment loss in respect of 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.

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.

(i) Financial assets and liabilities

(i) Recognition

The Group initially recognises loans and advances and deposits on the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the settlement date, at which the Group becomes a party to the contractual provisions of the instrument.

(ii) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

2. Summary of significant accounting policies (cont'd)

(i) Financial assets and liabilities (cont'd)

(ii) Derecognition (cont'd)

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or have expired.

The Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the balance sheet. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

(j) Financial assets

The Group classifies its financial assets into the following categories: financial assets at fair value through statement of revenue and expenses; loans and receivables; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

(i) Financial assets at fair value through the statement of revenue and expenses

This category includes financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money or services directly to a debtor with no intention of trading the receivable.

(iii) Available-for-sale

Available-for-sale investments are those intended to be held for an indefinite period of time, and may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Purchases and sales of financial assets at fair value through profit or loss, and available-for-sale are recognised at the settlement date - the date on which an asset is delivered to or by the Group. Loans are recognised when cash is advanced to the borrowers. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

2. Summary of significant accounting policies (cont'd)

(j) Financial assets (cont'd)

Available-for-sale financial assets and financial assets at fair value through statement of revenue and expenses are carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the statement of revenue and expenses in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial assets are derecognised or impaired, at which time the cumulative gains or losses previously recognised in equity are recognised in profit or loss. However, interest, which is calculated using the effective interest method, is recognised in the statement of revenue and expenses.

A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of revenue and expenses. The amount of the impairment loss for an asset carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the original effective interest rate. The recoverable amount of a financial asset carried at fair value is the present value of expected future cash flows discounted at the current market interest rate for a similar financial asset. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit or loss.

(k) Investment in subsidiaries

Investments by the company in subsidiaries are stated at cost less impairment losses.

(l) Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase (repurchase agreements) and securities purchased under agreements to resell (reverse repurchase agreements) are treated as collateralized financing transactions. The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the life of the agreements using the effective yield method.

(m) Loans and allowance for impairment losses

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term.

Loans are stated net of unearned income and allowance for credit losses.

Loans are recognised when cash is advanced to borrowers. They are initially recorded at fair value, which is the cash given to originate the loan, including any transaction costs, and are subsequently measured at amortised cost using the effective interest rate method.

2. Summary of significant accounting policies (cont'd)

(m) Loans and allowance for impairment losses (cont'd)

An allowance for loan impairment is established if there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms of loans. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the impaired loans.

A loan is classified as impaired when in management's opinion, there has been a deterioration in credit quality to the extent that there is no longer reasonable assurance of timely collection of the full amount of principal and interest. As required by statutory regulations, if a payment on a loan is contractually 90 days in arrears, the loan will be classified as impaired, if not already classified as such. Any credit card loan that has a payment that is contractually 90 days in arrears is written off.

When a loan is classified as impaired, recognition of interest in accordance with the terms of the original loan ceases, and interest is taken into account on the cash basis. Interest income on impaired loans has not been recognised, as it is not considered material.

Statutory and other regulatory loan loss reserve requirements that exceed the amounts required under IFRS are dealt with in a non-distributable loan loss reserve as an appropriation of profits.

(n) Guarantees

The Group's potential liability under guarantees is reported as a liability in the balance sheet. The Group has equal and offsetting claims against its customers in the event of a call on these commitments, which are reported as an asset.

(o) Leases

(i) As lessee
Leases of property where the Group has substantially all the risks and rewards of ownership are classified as finance leases. The lease payment is charged as an expense and included in the statement of revenue and expenses.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under operating leases are charged to the statement of revenue and expenses on the straight-line basis over the period of the lease.

(ii) As lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease in a manner which reflects a constant periodic rate of return on the net investment in the lease.

2. Summary of significant accounting policies (cont'd)

(p) Hire purchase financing

Finance income is recognised over the hire purchase term to produce a constant rate of return on the net investment in the hire purchase receivable, using the effective interest rate method. For this purpose, the net investment in the hire purchase receivable is defined as the minimum payments receivable, less unearned income.

(q) Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and, if any, impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other expenditure is classified as repairs and renewals and charged as expenses in the statement of revenue and expenses during the financial period in which it is incurred.

Depreciation and amortisation are calculated on the straight-line method at rates estimated to write off the depreciable amount of the assets over their expected useful lives, as follows:

Buildings	40 years
Furniture, fixtures and equipment	10 years
Computer equipment	4 years
Motor vehicles	5 years
Leasehold improvements	Period of lease

The depreciation methods, useful lives and residual values are reassessed at the reporting date.

Property, plant and equipment are reviewed periodically for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining the profit for the year.

(r) 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 and post-employment benefits such as pensions.

(i) Pension obligations

The company participates in a defined-contribution pension scheme (see note 7), 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 statement of revenue and expenses when due.

2. Summary of significant accounting policies (cont'd)

(r) Employee benefits (cont'd)

(i) Pension obligations (cont'd)

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. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(ii) Equity compensation benefits

The company has an Employee Share Ownership Plan (ESOP) for eligible employees. The amount contributed to the ESOP trust (note 48) by the Group for acquiring shares and allocating them to employees is recognised as an employee expense at the time of making the contribution. The special purpose entity that operates the Plan has been consolidated.

(s) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation 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.

(t) Dividends

Dividends are recorded in the financial statements in the period in which they are approved by the Board of Directors.

(u) Financial instruments

Financial instruments carried on the balance sheet include cash resources, investments, securities purchased under resale agreements, loans and leases and other assets, deposits and other liabilities.

The fair values of the Group's and The Company's financial instruments are discussed in note 42.

2. Summary of significant accounting policies (cont'd)

(v) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include notes and coins on hand, unrestricted balances held with Bank of Jamaica, amounts due from other banks, and highly liquid financial assets with original maturities of less than three months, which are readily convertible to known amounts of cash, and subject to insignificant risk of changes in their fair value.

Cash and cash equivalents are carried at amortised cost in the balance sheet.

3. Financial risk management

By their nature, the Group's activities are principally related to the use of financial instruments. Therefore this will involve analysis, evaluation and management of some degree of risk or combination of risks. Taking these risks is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risks and return and minimise potential adverse effects on the Group's financial performance.

We manage risk through a framework of risk principles, organizational structures and risk measurement and monitoring processes that are closely aligned with the activities of our business units. The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Centralized credit risk management and market and operational risk management departments execute the risk management functions, under the guidance of policies approved by the Board of Directors. The Asset and Liability Committee (ALCO) has the responsibility of ensuring that risks are managed within the limits established by the Board of Directors. The Committee meets at least once monthly to review risks, evaluate performance and provide strategic direction. In addition, internal audit is responsible for the independent review of risk management and the control environment. The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

Credit Risk Management

The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss by being unable to pay amounts in full when due. Credit exposures arise principally in lending activities that lead to loans (including guarantees and other credit commitments) and investment activities that bring debt securities into the Group's asset portfolio.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

3. Financial risk management (cont'd)

Credit Risk Management (cont'd)

In measuring credit risk of commercial loans at the counterparty level, the Group assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. They have been developed internally and combine statistical analysis with credit officer judgment and are validated, where appropriate, by comparison with externally available data. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class:

Group's internal ratings scale and mapping of external ratings

Group's rating	External rating : Standard & Poor's equivalent
Excellent	AAA to AA+
Very Good	AA to A+
Good	A to A-
Acceptable	BBB+ to BB+
Higher Risk	BB to B-

The retail loans are based on an internal scoring system which combine statistical analysis with credit officer judgment, and assign a rating of:

- Good
- Acceptable
- Higher risk

The table below shows the percentage of the Group's on- and off-balance sheet items as at October 31, 2007 relating to loans and advances and the associated impairment provision for each of the Group's internal rating categories:

	The Group		The company	
	October 2007	March 2007	October 2007	March 2007
Excellent	0.7%	0.4%	-	-
Good	28.0%	36.6%	28.7%	22.6%
Acceptable	34.4%	29.5%	71.3%	77.4%
Higher Risk	36.9%	33.5%	-	-
	100.0%	100.0%	100.0%	100.0%

(Expressed in thousands of Jamaican dollars unless otherwise stated)

3. Financial risk management (cont'd)

In relation to debt securities, assets are maintained as a readily available source to meet the funding requirement. The table below presents an analysis of debt securities by rating agency designation as at 31 October 2007, based on Standard and Poor's ratings or their equivalent:

	The Group					
	Financial instruments through revenue & expenses	Investment securities	Pledged assets	CMA & GSF securities fund	October 2007	March 2007
BBB+ to BB+	42,296	-	193,169	175,970	411,435	352,634
BB to B-	221,351	1,009,783	32,627,369	5,383,598	39,242,101	23,490,205
Lower than B-	-	-	-	35,667	35,667	56,013
Unrated	182,011	25,959	505,689	535,129	1,248,788	1,248,788
	445,658	1,035,742	33,326,227	6,130,364	40,937,991	25,147,640

	The Company					
	Financial instruments through revenue & expenses	Investment securities	Pledged assets	CMA & GSF securities fund	October 2007	March 2007
BBB+ to BB+	42,296	-	193,169	175,970	411,435	352,634
BB to B-	221,351	213,194	32,627,369	5,383,598	38,445,512	22,705,944
Lower than B-	-	-	-	35,667	35,667	56,013
Unrated	182,011	25,959	505,689	535,129	1,248,788	1,248,788
	445,658	239,153	33,326,227	6,130,364	40,141,402	24,363,379

The Group manages the levels of credit risk they undertake by placing limits on the amount of risk accepted in relation to any one borrower, or groups of borrowers, and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review. Limits on the level of credit risk by product and industry sector are approved quarterly by the Board of Directors.

The exposure to any one borrower, including banks and brokers, is further restricted by sub-limits covering on and off-balance sheet exposures. Actual exposures against limits are monitored daily.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees, but a significant portion is cash secured where no such facilities can be obtained. The principal collateral types for loans are:

- Charges over business assets such as premises, inventory and accounts receivable;
- Charges over financial instruments such as debt securities and equities.

In addition, in order to minimise the credit loss the Group will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans.

Collateral held as security for financial assets other than loans is determined by the nature of the instrument. Debt securities are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

3. Financial risk management (cont'd)

The Group further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis.

Impairment provisions are made for losses that have been incurred at the balance sheet date. Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in the Group's portfolio, could result in losses that are different from those provided for at the balance sheet date. Management therefore carefully manages its exposure to credit risk. Positions in tradable assets such as bonds also carry credit risk.

The Group's policy requires the review of individual financial assets that are above materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at balance-sheet date on a case-by-case basis, and are applied to all individually significant accounts.

The assessment normally encompasses collateral held and the anticipated receipts for that individual account. Collectively assessed impairment allowances are provided for:

(i) portfolios of homogenous assets

(ii) losses that have been incurred but have not yet been identified, by using the available historical experience, experienced judgment and statistical techniques.

Credit-related commitments

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans or guarantees. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Group separates exposures to market risk into either trading or non-trading portfolios.

The market risks arising from trading and non-trading activities are concentrated in the Treasury and Asset trading department and are independently monitored by the middle and back office support roles. ALCO provides senior management oversight of the Group's market risk exposure, within the policy and limit framework established by the Board. ALCO carries out extensive research and monitors the price movement of securities on the local and international markets.

3. Financial risk management (cont'd)

Market risk (cont'd)

The Group's portfolios are continuously rebalanced with respect to the duration of the securities included in order to minimise exposure to volatility, based on projected market conditions.

Trading portfolios include those positions arising from market-making transactions where the Group acts as principal with clients or with the market. Non-trading portfolios primarily arise from the interest rate management of the entity's assets and liabilities. Non-trading portfolios also consist of foreign exchange arising from the Group's available-for-sale investments.

The group manages market risk through risk limits approved by the Board of Directors. Risk limits are determined for each portfolio, and are set by product and risk type, with market liquidity being a principal factor in determining the level of limits set. Limits are set using a combination of risk measurement techniques, including position limits and stress testing to identify the potential net interest income and market value effects of the positions in different scenarios. The results of the stress tests are reviewed by senior management and by the Board of Directors.

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored weekly.

Foreign exchange risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The main currencies giving rise to this risk are the USD, CAD, GBP, and EUR. The Group ensures that the net exposure is kept to an acceptable level by matching foreign assets with liabilities as far as possible.

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.

The Board sets limits on the level of exposure, and diversification is a key 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.

3. Financial risk management (cont'd)

Liquidity risk

The Group is exposed to daily calls on their available cash resources from overnight and maturing deposits, loan drawdowns and guarantees. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The Board of Directors approves the Group's liquidity and funding management policies and establishes limits to control the risk. The Group assesses the adequacy of its' liquidity position by analyzing its' current liquidity position, present and anticipated funding requirements, and alternative sources of funds. This process includes:

- Projecting day-to-day cash flows for each major currency;
- Managing the concentration and profile of debt maturities;
- Monitoring of depositor concentration both in terms of the overall funding mix and to avoid undue reliance on large individual depositors;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring balance sheet liquidity ratios against internal and regulatory requirements; and
- Maintenance of liquidity and funding contingency plans.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for companies to be completely matched, as transacted business is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

Sources of liquidity are regularly reviewed by the Treasury and Asset Trading department to maintain a wide diversification by customer, currency, product and term.

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash and central bank balances; government and corporate bonds and treasury bills; and loans. In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, debt securities have been pledged to secure liabilities. The Group would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources.

Capital risk management

Capital risk is the risk that the Group fails to comply with mandated regulatory requirements, resulting in a breach of its minimum capital ratios and the possible suspension or loss of its securities dealer and banking licences.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

3. Financial risk management (cont'd)

Capital risk management (cont'd)

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of balance sheets, are:

- To comply with the capital requirements set by the regulators;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Assets are assessed according to their interest risk and assigned weights. The Financial Services Commission requires that licencees maintain a minimum of 12% of their risk-weighted assets in capital.

	The Group	
	October 2007	March 2007
Tier 1 Capital	4,768,245	2,986,149
Tier 2 Capital	19,375	25,653
Total Qualifying Capital	4,787,620	3,011,802
On-balance Sheet Risk Weighted Assets	6,462,781	5,211,083
Off-balance Sheet Risk Weighted Assets	188,860	211,002
Risk Assessed Assets for FX Exposure	151,243	159,377
Total Risk Weighted Assets Capital: Risk Weighted Assets	6,802,884	5,581,462
Capital Adequacy Ratio	70%	54%

	The Company	
	October 2007	March 2007
Tier 1 Capital	4,206,487	2,502,106
Risk Weighted Assets	4,880,556	3,369,797
Capital Adequacy Ratio	86%	74 %
Regulatory Requirement	12%	12%

4. Critical accounting estimates, and judgements in applying accounting policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4. Critical accounting estimates, and judgements in applying accounting policies (cont'd)

(i) Impairment losses on loans and advances:

The Group reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the statement of revenue and expenses, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the Group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. To the extent that the net present value of estimated cash flows differs by +/-*5* percent, the provision would be an estimated $364,764 higher or $404,962 lower.

(ii) Impairment of goodwill:

Impairment of goodwill is dependent upon management's internal assessment of future cash flows 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.

(iii) Income taxes:

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Were the actual final outcome (on the judgements areas), to differ by +/-10% from management's estimates, the Group would need to:

- Increase the income tax liability by up to $6,781 and deferred tax liability would decrease by up to $2,260.

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.

5. Responsibilities of the appointed external auditors

The shareholders, pursuant to the Companies Act, appoint the external auditors. Their responsibility is to conduct an independent and objective audit of the financial statements in accordance with International Standards on Auditing and report thereon to the stockholders.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

6. Segmental financial information

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.

7. Net interest income

	The Group		The Company	
	October 2007	March 2007	October 2007	March 2007
Interest income:				
Deposit with banks and other financial institutions	19,791	16,718	-	-
Investment securities	2,056,712	2,748,123	2,020,446	2,647,093
Reverse repurchase agreements	625,989	349,478	281,464	349,478
Loans	320,637	363,455	70,900	49,403
Other	35,670	4,885	17,556	16,718
	3,058,799	3,482,659	2,390,366	3,062,692
Interest expense:				
Deposits and savings	195,584	242,532	-	-
Repurchase agreements	1,590,577	1,639,529	1,325,040	1,639,529
Other	548,005	745,683	548,005	745,683
	2,334,166	2,627,744	1,873,045	2,385,212
Net interest income	724,633	854,915	517,321	677,480

Interest income does not include accruals for impaired financial assets

8. Fee and commission income

	The Group		The Company	
	October 2007	March 2007	October 2007	March 2007
Fee and commission income:				
Commission earned	16,085	8,355	16,085	8,355
Credit related fees	18,870	43,177	-	-
Trust and other fiduciary fees	40,663	-	-	-
Asset management & other related fees	84,490	143,874	8,098	8,415
	160,108	195,406	24,183	16,770

(Expressed in thousands of Jamaican dollars unless otherwise stated)

9. Net foreign exchange trading income

Net foreign exchange trading income includes gains and losses arising from foreign currency trading activities.

10. Salaries, pension contributions and other staff benefits

	The Group		The Company	
	October 2007	March 2007	October 2007	March 2007
Wages and salaries	239,603	417,846	171,446	364,124
Payroll taxes	19,324	39,011	15,715	33,420
Pension contributions	9,942	19,541	8,296	16,797
Other staff benefits	53,200	53,318	45,750	25,114
	322,069	529,716	241,207	439,455

11. Expenses by nature

	The Group		The Company	
	October 2007	March 2007	October 2007	March 2007
Salaries, pension contributions and other staff benefits (note 10)	322,069	529,716	241,207	439,455
Property expenses, including depreciation	89,049	145,853	33,031	51,661
Transportation and communication	38,265	47,670	24,418	31,235
Marketing and advertising	27,104	73,965	18,777	44,373
Management and consultancy fees	49,848	4,349	488	3,340
Deposit insurance	2,349	3,091	-	-
Stationery	6,891	9,294	1,101	3,103
Other operating expenses	60,032	116,923	81,221	77,481
	595,607	930,861	400,243	650,648

12. Profit before taxation

In arriving at the profit before taxation, the following are among the items that have been charged:

	The Group		The Company	
	October 2007	March 2007	October 2007	March 2007
Auditors' remuneration				
Current year	6,685	11,456	2,500	5,061
Previous year	-	392	-	-
Depreciation	39,715	64,106	22,134	35,179
Directors' emoluments-				
Fees	6,408	9,700	4,032	7,393
Other	20,724	100,981	20,724	76,030

(Expressed in thousands of Jamaican dollars unless otherwise stated)

13. Taxation

(a) Taxation charge

Income tax is computed on the profit for the year as adjusted for tax purposes; other taxes are computed at rates and on items shown below:

	The Group		The Company	
	October 2007	March 2007	October 2007	March 2007
Current income tax:				
Income tax at $33\frac{1}{3}$%	26,107	-	-	-
Deferred income tax (note 29)	(254,915)	(2,853)	(243,226)	-
	(228,808)	(2,853)	(243,226)	-

(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 $718,897 (March 2007: $738,425) for the company and $807,935 (March 2007: $774,474) 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 November 26, 2007, enabling legislation has not been passed into law.

(c) Reconciliation of applicable tax charge to effective tax charge:

	The Group		The Company	
	October 2007	March 2007	October 2007	March 2007
Profit before taxation	457,487	700,102	304,114	605,313
Tax calculated at $33\frac{1}{3}$%	152,496	233,367	101,371	201,771
Adjusted for the effects of:				
Income not subject to tax – tax free investments	(229,538)	(109,150)	(165,354)	(222,224)
Expenses not deductible for tax purposes	64,626	3,732	41,283	67,786
Other charges and allowances	(173,815)	(80,427)	(200,996)	15,435
Tax losses utilised	(42,577)	(50,375)	(19,530)	(62,768)
Taxation expense	(228,808)	(2,853)	(243,226)	-

(Expressed in thousands of Jamaican dollars unless otherwise stated)

14. Net profit and unappropriated profits attributable to stockholders

	October 2007	March 2007
(a) The net profit is dealt with in the financial statements of Group entities as follows:		
The Company	547,340	605,313
The Subsidiaries	138,955	97,642
	686,295	702,955
(b) The unappropriated profits are dealt with in the financial statements of Group entities as follows:		
The Company	2,908,227	2,707,542
The Subsidiaries	247,056	182,862
	3,155,283	2,890,404

15. Earnings per stock unit

Basic earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue during the year.

	October 2007	March 2007
Net profit attributable to stockholders	686,295	702,955
Weighted average number of ordinary stock units in issue ('000)	374,365	309,259
Basic earnings per stock unit (expressed in $ per share)	1.83	2.27
Weighted average number of ordinary shares:		
Issued ordinary shares at March 31	374,365	309,259
Effect of owned shares held by ESOP during the period	(3,855)	(5,094)
Weighted average number of ordinary shares held during the period	370,510	304,165
Earnings per ordinary shares in issue excluding ESOP holdings	1.85	2.31

(Expressed in thousands of Jamaican dollars unless otherwise stated)

16. Cash and balances with Bank of Jamaica

	The Group		The Company	
	October 2007	March 2007	October 2007	March 2007
Statutory reserves and other balances with central bank interest bearing	128,653	110,963	-	-
Statutory reserves with Central Bank – non interest bearing	50,254	81,525	1,803	31,311
Total statutory reserve	178,907	192,488	1,803	31,311
Cash in hand at bank	817	8,660	10	7,279
Cash and balances with central bank (Note 17)	179,724	201,148	1,813	38,590

A minimum of 23% (March 31, 2007: 23%) of prescribed liabilities is required to be maintained in liquid assets by a subsidiary. This includes a cash reserve deposit of 9% (March 31, 2007: 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% up to April 30, 2006 and Nil% thereafter special deposit reserve, introduced on January 10, 2003, earning interest at 6% per annum.

17. Cash and cash equivalents

	The Group		The Company	
	October 2007	March 2007	October 2007	March 2007
Cash and balances with central Bank (Note 16)	179,724	201,148	1,813	38,590
Less: statutory reserves	(115,685)	(103,947)	-	-
	64,039	97,201	1,813	38,590
Cash and balances at bank greater than 90 days	(61,419)	(57,230)	-	-
	2,620	39,971	1,813	38,590
Government and bank notes other than Jamaica	1,920	1,458	-	5
Amounts due from other banks	509,536	263,084	388,426	47,426
Accounts with parent and fellow subsidiaries	292,911	222,494	1,579,894	1,803,533
Government of Jamaica treasury bills and bonds	3,255,388	994,885	3,255,388	994,885
	4,062,375	1,521,892	5,225,521	2,884,439

18. Accounts with parent and fellow subsidiaries

These represent inter-company accounts held with the parent company and fellow subsidiaries in the ordinary course of business.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

19. Financial assets at fair value through statement of revenue and expenses

	The Group		The Company	
	October 2007	March 2007	October 2007	March 2007
Bonds	311,446	303,697	311,446	303,698
Quoted securities	192,012	169,753	192,012	169,753
Units in unit trusts	402,368	374,651	314,906	292,659
Repurchase Agreement	-	122,041	-	122,041
Promissory notes	139,399	-	139,399	-
	1,045,225	970,142	957,763	888,151

All debt securities are made up of fixed and variable coupons.

20. Pledged assets

Securities pledged as collateral under repurchase agreements with counterparties are government bonds. All repurchase agreements mature within twelve (12) months. Mandatory reserve deposits are also held with The Bank of Jamaica under Section 14 (i) of The Banking Act, 1992, viz:

	The Group			
	Asset		Related Liability	
	October 2007	March 2007	October 2007	March 2007
Securities with Bank of Jamaica	810,671	33,000	-	-
Securities sold under repurchase agreements	30,107,707	12,162,756	31,858,054	17,821,879
Other financial institutions	2,642,159	6,325,307	-	-
	33,560,537	18,521,063	31,858,054	17,821,879

	The Company			
	Asset		Related Liability	
	October 2007	March 2007	October 2007	March 2007
Securities with Bank of Jamaica	810,671	33,000	-	-
Securities sold under repurchase agreements	30,107,707	12,162,756	32,883,150	18,183,360
Other financial institutions	2,642,159	6,325,307	-	-
	33,560,537	18,521,063	32,883,150	18,183,360

The Bank of Jamaica holds as security, Government of Jamaica Local Registered Stocks and Investment Bonds valued at $810,671 (March 31, 2007:$33,000) for the Group and the company against possible shortfalls in the operating account.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

21. Loans, after allowance for impairment losses

	The Group		The Company	
	October 2007	March 2007	October 2007	March 2007
Business and Government	2,982,666	3,370,706	819,270	771,629
Personal	783,133	681,492	96,299	99,268
Interest receivable	25,806	28,076	1,303	143
Total	3,791,605	4,080,274	916,872	871,040
Less: allowance for impairment losses (note 22)	(324,920)	(311,022)	(313,176)	(307,638)
	3,466,685	3,769,252	603,696	563,402

(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 $710,493 (March 31, 2007: $678,003) in both instances.

(b) Loans on which interest is suspended amounted to $362,843(2007: $307,638) for the company and $381,012 (March 31, 2007: $333,084) for the group. These loans are included in the financial statements at their estimated net realisable value of $49,667 (March 31, 2007: $35,584) for the company and $56,220 (March 31, 2007: $58,044) for the Group.

(c) Loans receivable include loans to the company's employees to acquire shares in the company under the Employee Share Ownership Plan (ESOP) amounting to $3,368 (March 31, 2007: $6,248) for the company and the Group. The number of shares held by the ESOP at October 31, 2007 was 3,855,191 (March 31, 2007: 5,094,306) for the company and the Group [see note 21(iv)].

(d) Loans receivable include loans to Runaway Bay Developments Limited amounting to US$8,158 and J$5,015 (March 31, 2007: US$8,192 and J$5,015) 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 (March 31, 2007: US$2,351) in favour of other creditors. Interest will accrue at 8 % (March 31, 2007: 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$ 2,621 and J$5,014 (March 31, 2007: US$2,366 and J$5,014) for the company and the Group.

(e) The aging of the loans at the reporting date was:

	Group					
	October 2007			March 2007		
	Gross	Impairment	Net	Gross	Impairment	Net
Current loans	3,100,122	-	3,100,122	3,388,672	-	3,388,672
Past due 0-30 days	289,501	-	289,501	302,406	-	302,406
Past due 30-60 days	9,841	-	9,841	13,070	-	13,070
Past due 60-90 days	4,310	-	4,310	3,876	-	3,876
More than 90 days	362,025	324,920	37,105	344,174	311,022	33,152
	3,765,799	324,920	3,440,879	4,052,198	311,022	3,741,176

(Expressed in thousands of Jamaican dollars unless otherwise stated)

21. Loans, after allowance for impairment losses (cont'd)

(e) The aging of the loans at the reporting date was:

	Company					
	October 2007			March 2007		
	Gross	Impairment	Net	Gross	Impairment	Net
Current Loans	573,158	-	573,158	539,330	-	539,330
Past due 0-30 days	24,341	-	24,341	14,687	-	14,687
Past due 30-60 days	1,086	-	1,086	2,807	-	2,807
Past due 60-90 days	1,470	-	1,470	570	-	570
More than 90 days	315,514	313,176	2,338	313,503	307,638	5,865
	915,569	313,176	602,393	870,897	307,638	563,259

Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of loans not past due by and up to 90 days.

During the period, the Group renegotiated the terms of loan amounts to nil (March 2007: nil).

22. Impairment adjustments on loans

	The Group		The Company	
	October 2007	March 2007	October 2007	March 2007
Total non-performing loans	792,546	419,428	774,377	393,982
Provision at beginning of year	311,022	346,642	307,638	337,796
Charged against revenue during the year	11,892	457	5,286	-
Foreign exchange differences on bad debts written off	2,006	(5,541)	252	(3,925)
Recoveries of bad debts	-	(30,536)	-	(26,233)
At end of year	324,920	311,022	313,176	307,638
This comprises:				
Specific provisions	317,519	311,022	313,176	307,638
General provisions	7,401	-	-	-
	324,920	311,022	313,176	307,638

Allowance for impairment losses:

A loan is classified as impaired if its book value exceeds the present value of the cash flows actually expected in future periods - interest payments, principal repayments, and proceeds of liquidation of collateral. Provisions for credit losses are made on all impaired loans. Uncollected interest not accrued in these financial statements on impaired loans, was estimated at $124,821 as at October 31, 2007 (March 31, 2007: $110,554) for the company and $149,772 as at October 31, 2007 (March 31, 2007: $131,187) for the Group.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

22. Impairment adjustments on loans (cont'd)

The total allowance for loan losses is made up as follows:

	The Group		The Company	
	October 2007	March 2007	October 2007	March 2007
Allowance based on accounting standard -				
IAS 39 [see (a) below]	324,920	311,022	313,176	307,638
Additional allowance based on BOJ				
regulations [see (b) below]	57,266	26,079	34,141	-
	382,186	337,101	347,317	307,638

(a) This is the allowance based on the requirements of IAS 39, *Financial Instruments: Recognition and Measurement*, and is the amount included in the table above.

(b) This is the allowance based on regulations issued by the banking regulator, Bank of Jamaica. It represents the additional allowance required to meet The Bank of Jamaica loan loss provisioning requirement. A non-distributable loan loss reserve was established to represent the excess of the company's provision over the IAS 39 requirements.

23. Lease and hire purchase contracts, receivables

	The Group	
	October 2007	March 2007
Gross investment in lease and hire purchase contract receivables		
No later than one year, net of provisions	84,930	59,207
Later than one year and no later than five years	50,672	43,948
	135,602	103,155
Less: Unearned income	(41,393)	(33,430)
Net investment in lease and hire purchase contract receivables	94,209	69,725

The net investment in hire purchase contract receivables may be analysed as follows:

current portion	55,453	40,194
non-current portion	38,756	29,531
	94,209	69,725

The provision for uncollectible hire purchase contracts, receivable amounted to $1,253 as at October 31, 2007 (March 31, 2007 - $467).

(Expressed in thousands of Jamaican dollars unless otherwise stated)

24. Investment securities

	The Group		The Company	
	October 2007	March 2007	October 2007	March 2007
Available-for-sale				
Bonds	984,873	1,177,602	215,459	399,173
Local registered stock	1,087,907	-	1,087,907	-
Development Bond	210	372	-	-
Government of Jamaica Guaranteed Certificate of Participation	999	-	999	-
Promissory Notes	24,960	31,200	24,960	31,200
Trinidad & Tobago Exchange seat	80,011		80,011	
Jamaica Stock Exchange seat	15,000	15,000	15,000	15,000
	2,193,960	1,224,174	1,424,336	445,373
Interest receivable	31,880	4,046	31,880	4,046
	2,225,840	1,228,220	1,456,216	449,419

All debt securities are made up of fixed and variable coupons. The Group has not reclassified any financial asset measured at amortised cost to securities carried at fair value during the year.

25. Capital management fund and government securities fund

(a) Capital Management Fund

The capital management 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.

(b) Government Securities Fund

The government securities fund is the management of funds on a non-recourse basis, on behalf of investors. There is no legal or equitable right or interest in these funds.

26. Sundry assets

	The Group		The Company	
	October 2007	March 2007	October 2007	March 2007
Accounts receivable and prepayments	82,449	92,947	16,577	25,195
Other	66,139	13,635	52,423	1,247
	148,588	106,582	69,000	26,442

(Expressed in thousands of Jamaican dollars unless otherwise stated)

27. Property, plant and equipment

	The Group			
	Land & Building	Leasehold Improvements	Furniture, Fixtures, Motor vehicles & Equipment	Total
Cost:				
March 31, 2006	451	100,614	221,591	322,656
Additions	-	13,454	20,530	33,984
Disposals	-	-	(8,093)	(8,093)
Write-offs	-	-	(56)	(56)
March 31, 2007	451	114,068	233,972	348,491
Additions	-	1,713	9,642	11,355
On acquisition of subsidiary	3,146	-	31,244	34,390
October 31, 2007	3,597	115,781	274,858	394,236
Accumulated depreciation:				
March 31, 2006	54	44,147	104,698	148,899
Charge for the year	11	17,853	28,684	46,548
On disposals	-	-	(8,142)	(8,142)
March 31, 2007	65	62,000	125,240	187,305
Charge for the period	30	10,938	19,009	29,977
On acquisition	988	-	27,360	28,348
October 31, 2007	1,083	72,938	171,609	245,630
Net book values:				
October 31, 2007	2,514	42,843	103,249	148,606
March 31, 2007	386	52,068	108,732	161,186
March 31, 2006	397	56,468	116,893	173,757

(Expressed in thousands of Jamaican dollars unless otherwise stated)

27. Property, plant and equipment (cont'd)

	The Company		
	Leasehold improvements	Furniture, Fixtures, Motor vehicles & Equipment	Total
Cost:			
March 31, 2006	37,477	124,030	161,507
Additions	11,970	16,453	28,423
March 31, 2007	49,447	140,483	189,930
Additions	1,713	6,165	7,878
October 31, 2007	51,160	146,648	197,808
Accumulated depreciation:			
March 31, 2006	34,128	72,669	106,797
Charge for the year	5,107	15,314	20,421
March 31, 2007	39,235	87,983	127,218
Charge for the period	3,380	10,309	13,689
October 31, 2007	42,615	98,292	140,907
Net book values:			
October 31, 2007	8,545	48,356	56,901
March 31, 2007	10,212	52,500	62,712
March 31, 2006	3,349	51,361	54,710

28. Intangible assets

	The Group	The Company
	Computer software	Computer software
Cost:		
March 31, 2006	100,862	89,317
Additions	17,412	14,208
March 31, 2007	118,274	103,525
Additions	8,759	6,973
October 31, 2007	127,033	110,498
Amortization:		
March 31, 2006	56,937	51,050
Charge for the year	17,468	14,758
March 31, 2007	74,405	65,808
Charge for the period	9,729	8,446
October 31, 2007	84,134	74,254
Net book values:		
October 31, 2007	42,899	36,244
March 31, 2007	43,869	37,716
March 31, 2006	43,925	38,267

(Expressed in thousands of Jamaican dollars unless otherwise stated)

29. Deferred tax assets and liabilities

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 33⅓ for the Group and all other subsidiaries.

The movement on the deferred income tax account is as follows:

	The Group		The Company	
	October 2007	March 2007	October 2007	March 2007
Opening balance	7,937	5,084	-	-
Recognised in the statement of revenue and expenses (note 13)	254,915	2,853	243,226	-
Recognised in equity:				
Available-for-sale investments				
- fair value re-measurement	(290,295)	-	(259,219)	-
- transfer to net profit	685	-	1,668	-
Closing balance	(26,758)	7,937	(14,325)	-

Deferred income tax assets and liabilities are attributable to the following items:

	The Group		The Company	
	October 2007	March 2007	October 2007	March 2007
Deferred income tax assets:				
Accelerated tax depreciation	7,591	679	2,688	-
Tax value of unutilised losses	268,534	24,524	239,632	-
Impairment losses on loans	1,182	-	906	-
Vacation accrued	1,016	(15,856)	-	-
	278,323	9,347	243,226	-
Deferred income tax liabilities:				
Interest receivable	5	-	-	-
Accelerated tax depreciation	-	795	-	-
Available-for-sale investments	288,610	-	257,551	-
Other temporary differences	16,466	615	-	-
	305,081	1,410	257,551	-
Net deferred tax liability	(26,758)	7,937	(14,325)	-

(Expressed in thousands of Jamaican dollars unless otherwise stated)

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

The deferred tax charge in the statement of revenue and expenses comprises the following temporary differences:

	The Group		The Company	
	October 2007	March 2007	October 2007	March 2007
Accelerated tax depreciation	7,707	6,573	2,688	-
Tax value of utilised losses	245,658	(3,150)	239,632	-
Allowance for loan impairment	1,182	-	-	-
Vacation accrued	1,488	-	906	-
Interest receivable	(5)	(570)	-	-
Other	(1,115)	-	-	-
	254,915	2,853	243,226	-

Deferred income tax liabilities have not been computed on the withholding tax and other taxes that would be payable on distribution of the unappropriated profits of subsidiaries as such amounts are permanently reinvested; such unappropriated profits totaled $279,184 at October 31, 2007 (March 31, 2007: $204,338).

30. Deposits by the public

	The Group	
	October 2007	March 2007
Personal	2,070,420	1,915,720
Other	924,907	642,582
Interest Payable	52,794	55,802
	3,048,121	2,614,104

Deposits are made up of fixed and variable interest rates.

31. Amounts due to other banks and financial institutions

These represent deposits by other banks and financial institutions in the ordinary course of business.

32. Promissory notes

	The Group		The Company	
	October 2007	March 2007	October 2007	March 2007
5% - 6% (March 2007:4% - 7%)				
United States dollar	31,586	132,715	31,586	132,715
4.75% - Euro	402,421	374,032	402,421	374,032
5% - Trinidad & Tobago	80,011	-	80,011	-
9% - 12.4% (March 2007:4% - 7%)				
Jamaica dollar	78,308	88,884	28,135	33,437
	592,326	595,631	542,153	540,184
Interest payable	14,856	3,377	14,856	3,377
	607,182	599,008	557,009	543,561

(Expressed in thousands of Jamaican dollars unless otherwise stated)

32. Promissory notes (cont'd)

Promissory notes consist of fixed and variable interest rates. The Group has not had any defaults of principal, interest or other breaches with respect to their liabilities during the period.

33. Other liabilities

	The Group		The Company	
	October 2007	March 2007	October 2007	March 2007
Accrued liabilities	57,191	32,535	49,323	24,479
Other	70,960	45,630	41,276	22,761
	128,151	78,165	90,599	47,240

34. Acquisition

Pursuant to the Scheme of Arrangement that was undertaken by Scotia Group, the company acquired 100% interest in Scotia Jamaica Investment Management Limited (SJIML).

On July 1, 2007, DB&G Ltd acquired 100% interest in Scotia Jamaica Investment Management Limited (SJIML) from The Bank of Nova Scotia Jamaica Limited in exchange for 113,936,126 shares in DB&G Ltd.

The acquired business contributed gross revenues of $129,557 and net profit of $58,407 to the Group for the period from July 1, 2007 to October 31, 2007. If the acquisition had occurred on April 1, 2007, total Group gross revenue would have been $1,166,553, profit after tax $753,923, and basic earnings per share would have been $1.78.

The acquisition July 1, 2007 is exempt under IFRS 3 as the transaction involved entities under common control and is therefore accounted for at the carrying value using the pooling-of-interest method.

(a) Details of net assets acquired of SJIM on July 1, 2007 are as follows:

	$
Purchase consideration – shares issued	1,687,446
Fair value of net assets acquired	1,687,446

(Expressed in thousands of Jamaican dollars unless otherwise stated)

34. Acquisition (cont'd)

(b) The assets and liabilities arising from the acquisition as at July 1, 2007 were as follows:

	Fair Value as at July 1, 2007	Carrying Value as at July 1, 2007
Cash resources	35,763	35,763
Loans and other receivables	26,308	26,308
Investments	6,993,920	20,484,805
Securities purchased under resale agreements	15,211,298	15,211,298
Deferred tax asset	384	384
Property, plant & equipment	6,050	6,050
Accounts payables	(17,583)	(17,583)
Securities sold under resale agreements	(20,543,693)	(20,543,693)
Deferred tax liability	(11,514)	(11,514)
Taxation payable	(13,487)	(13,487)
Net assets	1,687,446	15,178,331
Total fair value of net asset acquired	1,687,446	15,178,331

There were no acquisitions in the year ended March 31, 2007.

35. Share capital

	Number of Units		Total	
	October 2007	March 2007	October 2007	March 2007
Authorised –				
Ordinary shares of no par value	1,200,000,000	1,200,000,000		
Issued and fully paid –				
At beginning of period/year:				
Ordinary stock units	309,258,639	303,194,744	224,457	223,850
Movement during the period/year –				
Issue of ordinary stock units	113,936,126	6,063,895	1,687,446	607
At end of period/year:				
Ordinary stock units of no par value	423,195,765	309,258,639	1,911,903	224,457

At an extraordinary general meeting held on June 6, 2007, the following resolution was passed:
"That the directors be and are hereby authorized to undertake the acquisition on behalf of the company, of all the issued shares in Scotia Jamaica Investment Management Limited from The Bank of Nova Scotia Jamaica Limited ("BNSJ") in exchange for 113,936,126 ordinary shares, such shares to be created as fully paid and to be issued by the company to BNSJ or its nominee and that the directors be and are further authorized to take such steps and sign and deliver such documents as they may deem necessary or desirable to complete the said transaction."

35. Share capital (cont'd)

"That the aforesaid 113,936,126 ordinary shares in the capital of the company, when issued, be converted to 113,936,126 stock units and the directors be authorized to apply to the Jamaica Stock Exchange for a supplemental listing in respect of such stock units".

Under the provisions of the Companies Act 2004 (the Act), the shares have no par value.

36. (a) 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.

(b) Retained earnings reserve

Under Section 2 of the Financial Institutions Act, a subsidiary may transfer a portion of its net profit to a retained earnings reserve. This reserve constitutes a part of the capital base for the purpose of determining the maximum level of deposit liabilities and lending to customers. Transfers to retained earnings reserve are made at the discretion of the subsidiary's Board but must be notified to the Supervisor to be effective.

37. Cumulative remeasurement result from available-for-sale financial assets

This represents the unrealised surplus or deficit on the revaluation of available-for-sale investments.

38. Loan loss reserve

This is a non-distributive loan loss reserve which represents the excess of the loan loss provision over IAS 39 requirements (Note 22). Loan loss reserve represents provisions for loan losses in accordance with Bank of Jamaica provisioning requirements in excess of the requirements of IFRS.

39. Capital reserves

Capital reserve comprises of gains on disposal of an interest in a subsidiary and land, furniture and fixtures sold to an associated company.

40. Reserves 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 Standards Interpretation Committee (SIC) 12. The reserve comprises the cost of the company's shares held by the Group through the ESOP.

The number of stock units held by the ESOP at October 31, 2007 was 3,855,191(March 31, 2007: 5,094,306). Based on the bid price, less a 10% discount normally allowed to staff, the value of those stock units at October 31, 2007 was $82,300 (March 31,2007:$36,356).

(Expressed in thousands of Jamaican dollars unless otherwise stated)

41. Financial instruments

(a) Cash flow and fair value interest rate risk

The following tables summarise carrying amounts of balance sheet assets, liabilities and equity in order to arrive at the Group's and the company's interest rate gap based on the earlier of contractual repricing and maturity dates.

	The Group						
	October 2007						
	(1) Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-rate sensitive	Total
Cash resources	12,677	887,809	35,152	-	-	48,453	984,091
Securities purchased under resale agreements	10,955,445	11,048,541	2,089,516	2,802,525	6,664,510	-	33,560,537
Loans, leases & trade receivables	65,304	2,883,012	70,187	91,655	415,440	35,296	3,560,894
Investment securities (2)							-
- Available-for-sale	-	46,038	254,710	590,222	144,772	1,190,098	2,225,840
- Financial assets at fair value through statement of revenue and expenses	139,399	-	-	-	306,260	599,566	1,045,225
Capital management & government securities funds	4,485,509	1,398,684	321,385	5,148,237	1,815,270	890,521	14,059,606
Other assets	-	-	-	-	-	916,410	916,410
Total assets	15,658,334	16,264,084	2,770,950	8,632,639	9,346,252	3,680,344	56,352,603
Deposits	89,793	1,274,305	1,404,304	374,825	-	-	3,143,227
Promissory notes	-	508,022	7,947	26,184	50,172	14,857	607,182
Securities sold under repurchase agreements	15,263,129	9,180,848	6,877,910	21,065	-	515,102	31,858,054
Capital management and gov't securities funds	14,056,339	-	-	-	-	3,267	14,059,606
Other liabilities	-	-	-	-	-	734,095	734,095
Stockholders' equity	-	-	-	-	-	5,950,439	5,950,439
Total liabilities and stockholders' equity	29,409,261	10,963,175	8,290,161	422,074	50,172	7,217,760	56,352,603
Total interest rate sensitivity gap	(13,750,927)	5,300,909	(5,519,211)	8,210,565	9,296,080	(3,537,416)	-
Cumulative gap	(13,750,927)	(8,450,018)	(13,969,229)	(5,758,664)	3,537,416	-	-

	March 2007						
Total assets	5,356,167	11,795,736	6,001,284	5,113,531	9,233,995	248,550	37,749,263
Total liabilities and stockholders' equity	21,449,232	3,095,072	8,944,271	92,188	-	4,168,500	37,749,263
Total interest rate sensitivity gap	(16,093,065)	8,700,664	(2,942,987)	5,021,343	9,233,995	(3,919,950)	-
Cumulative gap	(16,093,065)	(7,392,401)	(10,335,388)	(5,314,045)	3,919,950	-	-

(Expressed in thousands of Jamaican dollars unless otherwise stated)

41. Financial instruments (cont'd)

(a) Cash flow and fair value interest rate risk (continued)

	The Company						
	October 2007						
	(1) Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-rate sensitive	Total
Cash resources	-	-	-	-	-	1,970,133	1,970,133
Pledged assets	3,878,472	5,329,418	2,096,582	9,430,371	12,825,694	-	33,560,537
Loans	65,304	125	29,858	91,665	415,440	1,304	603,696
Investment securities (2)	-	-	-	-	-	-	-
- Available-for-sale	4,263	-	1,140,529	183,417	3,574	124,433	1,456,216
- Financial assets at fair value through P&L	139,399	-	-	-	306,260	512,104	957,763
Investments in subsidiaries	-	-	-	-	-	2,256,230	2,256,230
Capital management & government securities funds	4,485,509	1,398,684	321,385	5,148,237	1,815,270	890,521	14,059,606
Other assets	-	-	-	-	-	488,078	488,078
Total assets	8,572,947	6,728,227	3,588,354	14,853,690	15,366,238	6,242,803	55,352,259
Amounts due to subsidiaries	-	-	-	-	-	2,064,629	2,064,629
Promissory notes	508,022	7,947	26,184	-	-	14,856	557,009
Securities sold under repurchase agreements	15,438,488	9,283,092	7,591,594	24,886	-	545,090	32,883,150
Capital management government securities fund	14,056,339	-	-	-	-	3,267	14,059,606
Other liabilities	-	-	-	-	-	393,876	393,876
Stockholders' equity	-	-	-	-	-	5,393,989	5,393,989
Total liabilities and stockholders' equity	30,002,849	9,291,039	7,617,778	24,886	-	8,415,707	55,352,259
Total interest rate sensitivity gap	(21,429,902)	(2,562,812)	(4,029,424)	14,828,804	15,366,238	(2,172,904)	-
Cumulative gap	(21,429,902)	(23,992,714)	(28,022,138)	(13,193,334)	2,172,904	-	-
	March 2007						
Total assets	5,344,031	8,171,526	5,698,597	4,533,987	9,059,616	2,181,446	34,989,203
Total liabilities and stockholders' equity	21,395,748	5,017,078	3,673,642	77,277	-	4,825,458	34,989,203
Total interest rate sensitivity gap	(16,051,717)	3,154,448	2,024,955	4,456,710	9,059,616	(2,644,012)	-
Cumulative gap	(16,051,717)	(12,897,269)	(10,872,314)	(6,415,604)	(2,644,012)	-	-

(1) This represents those financial instruments whose interest rates change concurrently with a change in the underlying interest rate basis, for example, base rate loans.

(2) This includes financial instruments such as equity investments.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

41. Financial risk management (cont'd)

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

The Group

	October 2007					
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Average
	%	%	%	%	%	%
Cash resources (4)	0.84	5.50	11.90	-	-	5.16
Pledged asset	13.85	13.89	9.35	9.35	8.58	12.46
Investment securities (1)						
- Available-for-sale	-	5.80	9.00	10.00	10.00	7.86
- Financial assets at fair value through statement of revenue and expenses	9.00	-	-	9.24	-	9.17
Loan, lease & trade receivables	34.09	13.00	44.00	6.00	16.00	14.00
Capital management government securities fund	8.43	8.85	15.94	11.22	7.68	9.60
Deposits (3)	6.14	7.26	7.66	8.09	-	7.54
Promissory note	5.74	10.22	10.91	9.73	-	8.60
Securities sold under repurchase agreements	10.10	9.99	9.92	7.48	-	10.03
Capital management & government securities fund obligations	7.10	-	-	-	-	7.10

	March 2007					
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Average
	%	%	%	%	%	%
Cash resources (4)	0.01	6.78	-	-	-	6.78
Pledged assets	11.86	11.65	11.14	9.20	7.88	9.82
Investment securities (1)						
- Available-for-sale	-	-	-	13.81	7.29	10.55
- Financial assets at fair value through statement of revenue and expenses	9.00	-	-	-	9.25	9.12
Capital management & government securities fund	10.37	9.55	11.48	10.68	8.49	8.98
Loans (2)	22.55	17.22	8.00	7.67	8.00	11.94
Deposits (3)	8.09	7.55	7.67	9.65	-	7.64
Promissory notes	4.90	7.79	10.78	4.01	-	5.42
Securities sold under repurchase agreements	9.72	9.27	9.27	11.45	-	9.52
Capital management & government securities fund obligations	7.49	-	-	-	-	-

(Expressed in thousands of Jamaican dollars unless otherwise stated)

41. Financial risk management (cont'd)

(a) Cash flow and fair value interest rate risk (cont'd)

The Company
October 2007

	Immediately rate sensitive %	Within 3 months %	3 to 12 months %	1 to 5 years %	Over 5 years %	Average %
Pledged assets	12.22	12.53	12.71	12.71	11.13	12.32
Investment securities (1)						
- Available-for-sale	7.00	-	8.23	11.45	8.44	8.67
- Financial assets at fair value through statement of revenue and expenses	9.00	-	-	9.25	-	9.17
Loans, leases & trade receivables	34.09	8.00	17.84	5.84	15.65	-
Capital management & government securities funds	8.43	8.85	15.94	11.87	7.97	9.88
Promissory Notes	5.74	10.22	10.91	9.73	-	8.60
Securities purchased under resale agreements	10.10	9.98	9.67	9.24	-	9.96
Capital management fund & government securities fund obligations	7.10	-	-	-	-	7.10

The Company
March 2007

	Immediately rate sensitive %	Within 3 months %	3 to 12 months %	1 to 5 years %	Over 5 years %	Average %
Cash resources (4)	3.97	9.68	11.89	-	-	7.34
Pledged assets	11.86	11.65	11.14	9.20	7.88	9.82
Investment securities (1)						
- Available-for-sale	-	7.72	11.06	9.30	6.60	8.04
- Financial assets at fair value through statement of revenue and expenses	-	13.02	12.93	10.97	18.00	12.94
Capital management & government securities fund	10.37	9.55	11.48	10.68	8.94	8.98
Loans (2)	17.29	23.19	13.90	19.18	8.64	18.85
Promissory note	4.90	7.79	10.78	4.01	-	5.42
Capital management fund & government securities fund obligations	7.49	-	-	-	-	7.49

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

(1) Yields are based on book values and contractual interest adjusted for amortisation of premiums and discounts. Yields on tax-exempt investments have not been computed on a taxable equivalent basis.

(2) Yields are based on book values, net of allowance for credit losses and contractual interest rates.

(3) Yields are based on contractual interest rates.

(4) The calculation of the average yields includes statutory reserves at Bank of Jamaica at 0%.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

41. Financial risk management (cont'd)

(a) Cash flow and fair value interest rate risk (cont'd)

Sensitivity analysis

A change of 100 basis points in interest rates would have increased or decreased equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

	The Group		The Company	
	October 2007	March 2007	October 2007	March 2007
Profit or loss				
100 bp increase	155,696	144,060	147,953	135,662
100 bp decrease	155,696	144,060	147,953	135,662
Equity				
100 bp increase	558,162	530,375	515,699	487,407
100 bp decrease	571,017	543,510	524,723	497,312

The use of 100 basis points is based on recently observed market movements.

(b) Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	The Group	
	October 2007	March 2007
Cash and cash equivalents	869,233	1,495,288
Pledged assets	33,560,537	18,521,063
Loans	3,791,605	4,080,724
Investment Securities:		
Fair value through statement of revenue and expenses	1,045,225	970,142
Available for sale	2,225,840	1,228,220
Capital management & government securities fund	14,059,606	11,714,618
Customers' liabilities under guarantees	474,174	384,953
	56,026,220	38,395,008

	The Company	
	October 2007	March 2007
Cash and cash equivalents	1,970,121	925,994
Pledged assets	33,560,537	18,521,063
Loans	916,872	871,040
Investment Securities:		
Trading	957,763	888,151
Available for sale	1,456,216	449,419
Capital management & government securities fund	14,059,606	11,714,618
Customers' liabilities under guarantees	285,315	247,463
	53,206,430	33,617,748

(Expressed in thousands of Jamaican dollars unless otherwise stated)

41. Financial risk management (cont'd)

(b) Credit risk (cont'd)

The following tables summarise the credit exposure of the Group's to individuals, businesses and Government by sector:

	The Group									
	Agriculture fishing and mining	Construction and real estate	Distribution	Financial institutions	Government and public entities	Manufacturing	Personal and other services	Professional	Tourism entertainment.	Total
Cash resources	-	-	-	869,233	-	-	-	-	-	869,233
Pledged assets	-	-	-	-	33,560,537	-	-	-	-	33,560,537
Loans	15,240	576,523	331,197	20,169	6,613	548,269	519,799	940,292	833,503	3,791,605
Investment securities										
Financial assets at										
Fair value through statement of revenue and expenses	-	-	-	960,520	-	83,728	-	977	-	1,045,225
Available-for-sale	-	-	-	119,971	2,105,869	-	-	-	-	2,225,840
Capital management and government securities fund	1,089	7,147	-	-	13,732,064	32,460	34,402	43,127	209,317	14,059,606
Guarantees	-	29,058	90,905	-	-	146,769	127,782	79,660	-	474,174
October 31, 2007	16,329	612,728	422,102	1,969,893	49,405,083	811,226	681,983	1,064,056	1,042,820	56,026,222
March 31, 2007	47,213	562,311	807,281	1,912,445	32,324,649	549,528	644,901	1,127,490	419,190	38,395,008

(Expressed in thousands of Jamaican dollars unless otherwise stated)

41. Financial risk management (cont'd)

(b) Credit risk (cont'd)

	The Company									
	Agriculture fishing and mining	Construction and real estate	Distribution	Financial institutions	Government and public entities	Manufacturing	Personal and other services	Professional	Tourism entertainment.	Total
Cash resources	-	-	-	1,968,318	1,803	-	-	-	-	1,970,121
Pledged assets	-	-	-	-	33,560,537	-	-	-	-	33,560,537
Loans	3,048	20,007	-	-	-	90,864	96,299	120,723	585,931	916,872
Capital Management and government securities fund	1,089	7,147	-	-	13,732,064	32,460	34,402	43,127	209,317	14,059,606
Investment securities Financial assets at fair value through statement of revenue and expenses	-	-	-	873,058	-	83,728	-	977	-	957,763
Available-for-sale	-	-	-	119,971	1,336,245	-	-	-	-	1,456,216
Guarantees	-	11,850	-	-	-	77,893	115,912	79,660	-	285,315
October 2007	4,137	39,004	-	2,961,347	48,630,649	284,945	246,613	244,487	795,248	53,206,430
March 2007	4,693	17,524	-	1,336,162	31,483,157	206,511	265,042	304,659	-	33,617,748

(Expressed in thousands of Jamaican dollars unless otherwise stated)

41. Financial risk management (cont'd)

(c) Currency risk

The table below summarizes the Group's exposure to foreign currency exchange risk at October 31 and March 31, respectively.

	The Group October 2007				
	USD	CAD	GBP	EUR	OTHER (in USD)
Financial Assets					
Cash resources	7,189	1,075	1,062	602	246
Pledged assets	123,346	-	-	-	-
Loans, net of provision for losses	34,952	-	-	-	68
Financial assets at fair value through statement of revenue and expenses	6,346	-	-	-	-
Available-for-sale investments	33,692	-	-	394	155
Capital management & government securities fund	96,308	88	51	8,780	4,506
Other assets	(838)	1,184	4,190	(5,369)	35
Total Financial Assets	300,995	2,347	5,303	4,407	5,010
Financial Liabilities					
Deposits	(52,650)	-	-	-	(81)
Promissory notes	(450)	-	-	(4,062)	(6,980)
Securities sold under repurchase agreement	(124,869)	-	-	(11)	(4,654)
Capital management & government securities fund	(116,474)	(2,123)	(5,179)	(1,486)	(2,142)
Other liabilities	(2,804)	(1)	(9)	-	(5)
Total Financial Liabilities	(297,247)	(2,124)	(5,188)	(5,559)	(13,862)
Net exposure	3,748	223	115	(1,152)	(8,852)
March 31, 2007	122,030	(153)	50	(4,939)	(1,042)

(Expressed in thousands of Jamaican dollars unless otherwise stated)

41. Financial risk management (cont'd)

(c) Currency risk (cont'd)

	The Company October 2007				
	USD	CAD	GBP	EUR	OTHER (in USD)
Financial Assets					
Cash resources	4,492	1,068	1,055	602	246
Pledged assets	123,346	-	-	-	-
Loans, net of provision for losses	6,008	-	-	-	-
Financial assets at fair value through statement of revenue and expenses	6,346	-	-	-	-
Available-for-sale investments	23,415	-	-	394	155
Capital management & government securities fund	96,308	88	51	8,780	4,506
Other assets	(839)	1,184	4,190	(5,369)	35
Total Financial Assets	259,076	2,340	5,296	4,407	4,942
Financial Liabilities					
Promissory notes	(450)	-	-	(4,062)	(6,980)
Securities sold under repurchase agreement	(124,869)	-	-	(11)	(4,654)
Capital Management & government securities fund	(116,474)	(2,123)	(5,179)	(1,486)	(2,142)
Other liabilities	(1,429)	(1)	(9)	-	(5)
Total Financial Liabilities	(243,222)	(2,124)	(5,188)	(5,559)	(13,781)
Net exposure	15,854	216	108	(1,152)	(8,839)
March 31, 2007	12,230	(154)	42	(4,939)	(1,153)

The following significant exchange rates were applied during the period/year:

	Average Rate for the Period		Reporting Date Spot Rate	
	October 2007	March 2007	October 2007	March 2007
USD1	68.9247	66.4464	71.0493	67.8003
CAD1	64.7892	58.5094	73.6303	58.7541
GBP1	137.5859	125.0513	146.4254	132.4012
EUR1	93.7013	85.0247	102.3971	90.7844

(Expressed in thousands of Jamaican dollars unless otherwise stated)

41. Financial risk management (cont'd)

(c) Currency risk (cont'd)

Sensitivity analysis

A 10 percent strengthening (weakening) of the JMD against the following currencies at October 31 would have decreased (increased) the profit and loss by $40,843 (2007: $32,817) for the group and $34,591 (2007: $28,652) for the company.

The use of 10% is based on recently observed market movements

(d) Liquidity risk

The tables below analyse assets and liabilities of the Group and the company into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity dates.

	The Group					
	October 2007					
	Within 3 Months	3 to 12 months	1 to 5 years	Over years	No specific maturity	Total
Cash resources	900,486	35,152	-	-	48,453	984,091
Pledged assets	9,207,890	2,096,582	9,430,371	12,825,694	-	33,560,537
Investment securities (2)						
- Available-for-sale	46,038	254,710	590,222	144,772	1,190,098	2,225,840
- Financial assets at fair value through revenue & expenses	139,399	-	-	306,260	599,566	1,045,225
Loans, lease & trade receivables	2,948,306	70,187	91,665	415,440	35,296	3,560,894
Capital management fund & government securities fund	5,644,193	321,385	5,148,237	2,055,270	890,521	14,059,606
Other assets	-	-	-	-	916,410	916,410
Total assets	18,886,312	2,778,016	15,260,495	15,747,436	3,680,344	56,352,603
Deposits	1,364,098	1,404,304	374,825	-	-	3,143,227
Promissory note	508,022	7,947	26,184	50,172	14,857	607,182
Securities sold under repurchase agreements	24,443,977	6,877,910	21,065	-	515,102	31,858,054
Capital management fund & government securities fund	14,056,339	-	-	-	3,267	14,059,606
Other liabilities	-	-	-	-	734,095	734,095
Stockholders' equity	-	-	-	-	5,950,439	5,950,439
Total liabilities and stockholders' equity	40,372,436	8,290,161	422,074	50,172	7,217,760	56,352,603
Total interest rate sensitivity gap	(21,486,124)	(5,512,145)	14,838,421	15,697,264	(3,537,416)	-
Cumulative gap	(21,486,124)	(26,998,269)	(12,159,848)	3,537,416	-	-

(Expressed in thousands of Jamaican dollars unless otherwise stated)

41. Financial risk management (cont'd)

(d) Liquidity risk (cont'd)

	The Group					
	March 2007					
Total assets	12,398,055	7,705,828	5,806,058	10,185,647	1,653,675	37,749,263
Total liabilities and stockholders' equity	27,544,304	730,655	62,366	-	9,411,938	37,749,263
Total interest rate sensitivity gap	(15,146,249)	6,975,173	5,743,692	10,185,647	(7,758,263)	-
Cumulative gap	(15,146,249)	(8,171,076)	(2,427,384)	7,758,263	-	-

	The Company					
	October 2007					
	(1) Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	No-specific maturity	Total
Cash resources	677,501	-	-	-	1,292,632	1,970,133
Pledged assets	22,003,987	2,089,516	2,802,525	6,664,509	-	33,560,537
Investment securities (2)						
- Available-for-sale	663,207	455,129	180,450	3,574	153,856	1,456,216
- Financial assets at fair value through P&L	139,399	306,260	-	-	512,104	957,763
Investment in subsidiaries	-	-	-	-	2,256,230	2,256,230
Loans, lease & trade receivables	65,429	29,858	91,665	415,440	1,304	603,696
Capital management & government securities funds	5,644,193	321,385	5,148,237	2,055,270	890,521	14,059,606
Other assets (4)	-	-	-	-	488,078	488,078
Total assets	29,193,716	3,202,148	8,222,877	9,138,793	5,594,725	55,352,259
Promissory notes	515,969	26,184	-	-	14,856	557,009
Securities sold under repurchase agreements	24,721,580	7,591,594	24,886	-	545,090	32,883,150
Capital management & government securities fund	14,056,339	-	-	-	3,267	14,059,606
Amounts due to subsidiaries	-	-	-	-	2,064,629	2,064,629
Other liabilities	-	-	-	-	393,876	393,876
Stockholders' equity	-	-	-	-	5,393,989	5,393,989
Total liabilities and stockholders' equity	39,293,888	7,617,778	24,886	-	8,415,707	55,352,259
Total interest rate sensitivity gap	(10,100,172)	(4,415,630)	8,197,991	9,138,793	(2,820,982)	-
Cumulative gap	(10,100,172)	(14,515,802)	(6,317,811)	2,820,982	-	-

	March 2007					
Total assets	13,515,557	5,698,597	4,533,987	9,458,788	1,782,274	34,989,203
Total liabilities and stockholders' equity	26,412,826	3,673,942	77,277	-	4,825,158	34,989,203
Total interest rate sensitivity gap	(12,897,269)	2,024,655	4,456,710	9,458,788	(3,042,884)	-
Cumulative gap	(12,897,269)	(10,872,614)	(6,415,904)	3,042,884	-	-

42. Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms length transaction. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. However, market prices are not available for a significant number of the financial assets and liabilities held and issued by the Group. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at the balance sheet dates.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

(i) financial investments classified as available-for-sale are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques;

(ii) the fair value of liquid assets and other assets maturing within one year is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and liabilities;

(iii) the fair value of demand deposits and savings accounts with no specific maturity is assumed to be the amount payable on demand at the balance sheet date;

(iv) the fair value of variable rate financial instruments is assumed to approximate their carrying amounts; and

(v) the fair value of fixed rate loans is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans. For match-funded loans the fair value is assumed to be equal to their carrying value, as gains and losses offset each other. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values as the impact of credit risk is recognised separately by deducting the amount of the provisions for credit losses from both book and fair values.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

42. Fair value of financial instruments (cont'd)

The following tables present the fair value of financial instruments based on the above-mentioned valuation methods and assumptions. The following financial assets and liabilities are not carried at fair value.

	The Group			
	Carrying Value October 2007	Fair Value October 2007	Carrying Value March 2007	Fair Value March 2007
Financial assets				
Pledged assets	33,560,537	33,742,071	18,521,063	19,297,060
Loans	3,560,894	3,548,213	3,838,978	3,944,550
Capital management fund	14,059,606	14,209,692	11,714,618	11,803,646
Investment securities:				
Financial assets at fair value through statement of revenue and expenses	1,045,225	976,382	970,142	920,063
Available-for-sale	2,225,040	2,252,459	1,228,220	979,045
Financial liabilities				
Deposits	3,143,227	3,230,400	2,702,540	2,777,245
Securities sold under repurchase agreements	31,858,054	31,858,054	17,821,879	17,821,879
Capital management fund	14,059,606	14,209,692	11,714,618	11,803,646

	The Company			
	Carrying Value October 2007	Fair Value October 2007	Carrying Value March 2007	Fair Value March 2007
Financial assets				
Pledged assets	33,560,537	33,742,071	18,521,063	19,297,060
Loans	603,696	591,015	563,402	552,190
Capital management fund	14,059,606	14,209,692	11,714,618	11,803,646
Investment securities:				
Financial assets at fair value through statement of revenue and expenses	957,763	976,382	888,151	920,063
Available- for-sale	1,456,216	1,573,797	444,419	449,452
Financial liability				
Securities sold under repurchase agreements	32,883,150	32,883,150	18,183,360	18,183,360
Capital management fund	14,059,606	14,209,692	11,714,618	11,803,646

(Expressed in thousands of Jamaican dollars unless otherwise stated)

43. Commitments

Operating lease commitments:

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	The Group		The Company	
	October 2007	March 2007	October 2007	March 2007
Not later than one year	91,387	123,111	91,387	123,111
Later than one year and not later than five years	320,476	320,426	320,476	320,476
Later than five years	112,251	112,251	112,251	112,251

44. Fiduciary activities

The Group provides custody, trustee, corporate administration, investment management and advisory services to third parties; this involves the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these financial statements. At the balance sheet date, the Group had investment custody accounts amounting to approximately $28,976,836 (March 2007- $29,979,974).

45. Related party transactions and balances

The Group is controlled by Scotia Group which owns 77.01% of the ordinary stock units. The remaining 29.99% of the stock units are widely held.

A number of investment transactions are entered into with related parties. These include loans, investment management and foreign currency transactions. The volumes of related party transactions, outstanding balances at the year end, and related expenses and income for the year are as follows:

The Group:	Directors and key management personnel	
	October 2007	March 2007
Loans		
Loans outstanding at the beginning of the period	6,262	14,471
Net loans issued/(repaid) during the period/year	5,590	(8,209)
Loans outstanding at the end of the period/year	11,852	6,262
Interest income earned	399	436
Average repayment term (years)	6	6
Average interest rate (%)	4%	4%

(Expressed in thousands of Jamaican dollars unless otherwise stated)

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

	Directors and key management personnel		Subsidiaries	
	October 2007	March 2007	October 2007	March 2007
Securities sold under repurchase agreements and capital management fund	(385,862)	(850,956)	(1,231,893)	(352,715)
Interest paid on repurchase agreements	15,686	25,816	77,969	46,900
Due from banks and other financial institutions	-	-	292,911	-

	The Group		The Company	
	October 2007	March 2007	October 2007	March 2007
Key management compensation				
Salaries and other short term benefits	43,892	84,970	31,354	72,961
Post-employment benefits	2,191	16,441	1,565	3,069

	The Group		The Company	
	October 2007	March 2007	October 2007	March 2007
Cash with parent company	292,911	-	-	-
Interest paid on investment accounts	-	-	71,150	72,716
Securities purchased under resale agreements	(93,809)	-	(1,750,210)	(357,846)
Interest earned on resale agreements	(14,453)	-	(57,853)	(11,875)

There were no related party transactions with the parent company other than the payment of dividends, management fees, guarantee fees, and the amount due to parent company (Note 33).

(Expressed in thousands of Jamaican dollars unless otherwise stated)

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

The company:

	Subsidiaries	
	October 2007	March 2007
Loans		
Loans outstanding at period/year	24,491	52,061
Net loans issued/(repaid) during the period/year	(5,181)	(27,570)
Loans outstanding at period/year	19,310	24,491
Interest income earned	(5,469)	(93,792)
Average repayment term (Years)	4	4
Average interest rate (%)	8	8
Deposits		
Deposits outstanding at beginning of period/year	1,386,635	1,367,223
Net deposits received/(repaid) during the period/year	(32,716)	(274,593)
Deposits outstanding at period/year	1,353,919	1,092,630
Interest expense on investments	77,969	68,298

No provisions have been recognised in respect of loans given to related parties.

Pursuant to Section 13 (1), (d) and (i) of The Companies Act, 2004, connected companies include companies with common directors of the Company and/or its subsidiaries.

Related credit facilities in excess of the limits of Section 13(1), (d) and (i), subject to the maximum of the limits in Section 13(1)(e) of The Banking Act are supported by guarantees issued by the parent company.

46. Litigation and contingent liabilities

The company and its subsidiaries are subject to various claims, disputes and legal proceedings, in the normal course of business. Provision is made for such matters when, in the opinion of management and its legal counsel, it is probable that a payment will be made by the Group, and the amount can be reasonably estimated.

In respect of claims asserted against the Group which have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the Group, which is immaterial to both the financial position and results of its operations.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

47. Dividends

(a) Paid:

	The Group and the company October 2007
In respect of March 31, 2006	90,020
In respect of March 31, 2007	215,268
In respect of October 31, 2007	312,514

(b) Proposed:

At the Board of Directors meeting on November 26, 2007, a dividend in respect of 2007 of 0.22¢ per share (March 2007 - actual dividend $0.86 per share) amounting to a total of $93,103 (March 31, 2007: $265,962) is to be proposed. The financial statements for the period ended October 31, 2007 do not reflect this resolution, which will be accounted for in stockholders' equity as an appropriation of retained profits in the year ending October 31, 2008.

48. Employee Share Ownership Plan

The company has an Employee Share Ownership Plan ("ESOP" or "Plan"), the purpose of which is to encourage eligible employees of the Group to steadily increase their ownership of the company's shares. Participation in the Plan is voluntary; any employee who has completed at least one year's service with any Group entity is eligible to participate.

The operation of the ESOP is facilitated by a Trust. Grants are issued by the company to the Plan to facilitate the issue of loans to employees to acquire the company's shares, at a discounted value. Allocations are made to participating employees on repayment of the outstanding loans. Allocated shares must be held for a two-year period, at the end of which they vest with the employees.

At the balance sheet date, the shares acquired with the employer's contributions and held in trust pending allocation to employees and/or vesting were:

	October 2007	March 2007
Number of shares	3,855,191	5,094,306
Fair value of shares	82,299	58,719

49. Managed funds

The subsidiary, DBG Unit Trust Managers Limited (note 1) 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 October 31, 2007, these funds aggregated $5,836,064 (March 31, 2007: $5,950,505).

DEHRING BUNTING & GOLDING
PROXY FORM

I/We.. of..................................
....
in the parish of ....being a Member/Members of the above named Company, hereby appoint
.... of ....
....or failing him..
.... of ....
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 the 15th day of February 2008 and at any adjournment thereof.

Please indicate by inserting a cross in the appropriate square how you wish your votes to be cast.

RESOLUTION	FOR	AGAINST
NO. 1		
NO. 2		
NO. 3		
NO. 4		
NO. 5		

Unless otherwise instructed, the Proxy will vote as he thinks fit.

As witness my hand this...day of...
....200...................

....
Signature

NOTE: To be valid, this form of Proxy must be duly stamped ($100.00) and lodged at the Companies Registered Offices, 7 Holborn Road, Kingston 10, NOT LESS THAN 48 hours before the time of the meeting.