



GLOBAL MOMENTUM



## TO OUR SHAREHOLDERS

We are pleased to present the interim report of Dundee Bancorp Inc. for the six months ended June 30, 1998. Net income for the six and three months ended June 30, 1998 was \$13.6 million or \$0.49 per share and \$4.9 million or \$0.17 per share, respectively. This compares with net income of \$19.9 million or \$0.78 per share and \$12.4 million or \$0.48 per share for the same periods of the prior year. Operating income was \$9.4 million during the quarter compared with \$17.8 million in the same period of 1997.

Total revenue for the second quarter, which includes investment income, was \$44.5 million compared with \$42.8 million in the second quarter of 1997. Management fee revenue was \$31.2 million in the second quarter of 1998, an increase of 13% from the same period of 1997. Total assets under management at June 30, 1998 were approximately \$7.7 billion, comprised of third party assets of \$7.2 billion and the investment portfolio with a market value of approximately \$500 million.

During this quarter, we launched a new fund family of four Pow<sup>er</sup> Mutual Funds. Pow<sup>er</sup> funds utilize an earnings momentum and growth style of investment to complement our fundamental value based Dynamic Mutual Funds. The launch of the Pow<sup>er</sup> funds necessitated the restructuring of our mutual fund group under the name of Dundee Mutual Funds as the sponsor of both the 27 Dynamic and four Pow<sup>er</sup> Mutual Funds. The name of Goodman & Company Ltd. was changed to Dundee Investment Management & Research Ltd. at the same time. Goodman & Company, Investment Counsel remains as our investment counsel partnership division.

Dundee Bancorp Inc. is a leading investment management firm which provides investment management and administrative services to Dundee Mutual Funds, closed-end funds, hedge funds, pension funds, institutional accounts and private individuals. Dundee is also engaged in securities brokerage, corporate finance, financial planning and advisory services to corporations and individuals, as well as merchant banking for its own account.

Ned Goodman  
Chairman, President and Chief Executive Officer

August 12, 1998

DUNDEE BANCORP INC.  
**CONSOLIDATED BALANCE SHEETS**  
(expressed in thousands of Canadian dollars)  
(unaudited)

	June 30, 1998	December 31, 1997
<b>ASSETS</b>		
Cash and short-term investments	\$ 50,436	\$ 20,258
Accounts receivable	21,930	22,171
Investment portfolio	510,220	540,910
Deferred sales commissions	91,786	108,333
Other assets	49,489	36,302
<b>TOTAL ASSETS</b>	<b>\$ 723,861</b>	<b>\$ 727,974</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 19,503	\$ 35,182
Corporate debt	154,217	156,996
Deferred income taxes	53,006	46,100
	226,726	238,278
<b>SHAREHOLDERS' EQUITY</b>		
Share Capital – Common shares	328,734	323,399
– Preference shares	–	5,686
Retained earnings	168,401	160,611
	497,135	489,696
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 723,861</b>	<b>\$ 727,974</b>
<b>COMMON SHARES OUTSTANDING (CLASS A AND B)</b>	<b>28,337,868</b>	<b>27,095,014</b>

DUNDEE BANCORP INC.  
**CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS**  
For the six months ended June 30, 1998 and 1997  
(expressed in thousands of Canadian dollars, except per share amounts)  
(unaudited)

	Three Months		Six Months	
	1998	1997	1998	1997
<b>REVENUE</b>				
Management and administrative fees	\$ 31,164	\$ 27,593	\$ 60,935	\$ 53,249
Financial services	2,359	1,220	5,330	2,033
	33,523	28,813	66,265	55,282
Investment income	10,941	13,973	25,771	23,389
	44,464	42,786	92,036	78,671
<b>EXPENSES</b>				
Selling, general & administrative	15,286	9,593	30,076	20,661
Amortization of deferred sales commissions	9,912	8,642	19,825	16,631
Trailer fees	6,441	5,739	13,031	10,967
Depreciation and amortization	1,283	855	2,236	1,594
Interest	2,100	119	4,743	160
	35,022	24,948	69,911	50,013
<b>OPERATING INCOME</b>	<b>9,442</b>	<b>17,838</b>	<b>22,125</b>	<b>28,658</b>
Provision for deferred income taxes	(4,554)	(5,488)	(8,497)	(8,730)
<b>NET INCOME FOR THE PERIOD</b>	<b>4,888</b>	<b>12,350</b>	<b>13,628</b>	<b>19,928</b>
Retained earnings at beginning of period	164,024	133,588	160,611	126,162
	168,912	145,938	174,239	146,090
Premiums related to cancellation of share capital	(511)	(119)	(5,767)	(200)
Dividends	–	(130)	(71)	(201)
<b>RETAINED EARNINGS AT END OF PERIOD</b>	<b>\$ 168,401</b>	<b>\$ 145,689</b>	<b>\$ 168,401</b>	<b>\$ 145,689</b>
<b>EARNINGS PER SHARE</b>				
Basic	\$ 0.17	\$ 0.48	\$ 0.49	\$ 0.78
Fully diluted	\$ 0.17	\$ 0.44	\$ 0.48	\$ 0.72

## DUNDEE BANCORP INC.

## CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

For the six months ended June 30, 1998 and 1997

(expressed in thousands of Canadian dollars)

(unaudited)

	1998	1997
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Operating income	\$ 22,125	\$ 28,658
Items not affecting cash from operations:		
Depreciation and amortization	22,061	18,225
Net investment gains	(11,101)	(12,573)
Share of unremitted equity earnings	(7,860)	(10,063)
	25,225	24,247
Changes in other non-cash working capital items	(20,106)	(328)
	5,119	23,919
<b>FINANCING</b>		
Increase in corporate debt	2,363	540
Issuance of Class A subordinate shares, net of costs	1,403	1,141
Acquisition of Class A subordinate shares	(10,338)	(302)
Redemption of Series Y preference shares	(5,166)	-
Preference share dividends	(71)	(201)
	(11,809)	1,178
<b>INVESTING</b>		
Proceeds on sales of portfolio investments	125,944	25,389
Acquisition of portfolio investments	(81,571)	(19,639)
Sales commissions paid on distribution of mutual funds - net	(3,278)	(25,946)
Other	(4,227)	(9,880)
	36,868	(30,076)
<b>INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS</b>	<b>30,178</b>	<b>(4,979)</b>
<b>CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF PERIOD</b>	<b>20,258</b>	<b>7,674</b>
<b>CASH AND SHORT-TERM INVESTMENTS, END OF PERIOD</b>	<b>\$ 50,436</b>	<b>\$ 2,695</b>



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## BOARD OF DIRECTORS

Ned Goodman  
Chairman, President and  
Chief Executive Officer  
Dundee Bancorp Inc.

Normand Beauchamp  
President and  
Chief Executive Officer  
Radiomutuel Inc.

Norman Bengough  
President  
Goodman & Company,  
Investment Counsel

Robert M. Buchan  
Chairman and  
Chief Executive Officer  
Kinross Gold Corporation

Paul A. Carroll  
Chairman and  
Chief Executive Officer  
World Wide Minerals Ltd.

Jonathan Goodman  
Partner  
Goodman & Company,  
Investment Counsel

Richard L. Lister  
President and  
Chief Executive Officer  
Zemex Corporation

Garth A.C. MacRae  
Vice Chairman  
Dundee Bancorp Inc.

Richard J. Renaud  
Chairman  
MPACT Immedia Corporation

K. Barry Sparks  
President  
Torvan Capital Group Inc.

Harry R. Steele  
Chairman and  
Chief Executive Officer  
Newfoundland Capital  
Corporation Limited

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## OFFICERS

Ned Goodman  
Chairman, President and  
Chief Executive Officer

Garth A.C. MacRae  
Vice Chairman

Ray Benzinger  
Executive Vice President and  
Chief Financial Officer

Donald K. Charter  
Executive Vice President

Jonathan Goodman  
Executive Vice President

Gary Kawaguchi  
Senior Vice President, Marketing

Carole Colbert  
Vice President and Secretary

Aaron H. Gropper  
Vice President

Lucie Presot  
Controller

Lori E. Beak  
Assistant Secretary

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## SHAREHOLDER INFORMATION

EXECUTIVE OFFICE  
Scotia Plaza, 55th Floor  
40 King Street West  
Toronto, Ontario  
M5H 4A9

STOCK SYMBOLS  
Subordinate Voting – DBC.A  
Common – DBC.B

STOCK LISTING  
The Toronto Stock Exchange

TRANSFER AGENT  
Montreal Trust Company  
8th Floor, 151 Front Street West  
Toronto, Ontario  
M5J 2N1  
Tel: (416) 981-9633  
Fax: (416) 981-9800