

GLOBAL MOMENTUM



## TO OUR SHAREHOLDERS

We are pleased to present the interim report of Dundee Bancorp Inc. for the three months ended March 31, 1998. Net income for the first quarter of 1998 was \$8.7 million or \$0.32 per share compared with \$7.6 million or \$0.30 per share in the same period of 1997. Operating income was \$12.7 million during the quarter compared with \$10.8 million in the first quarter of 1997.

Revenue for the first quarter of 1998 increased by 33% to \$47.6 million from \$35.9 million in the first quarter of 1997. Management fee revenue was \$29.8 million in the first quarter of 1998, an increase of 16% from the same period of 1997. Total assets under management at March 31, 1998 were approximately \$8.2 billion, comprised of third party assets of \$7.6 billion and a merchant banking portfolio with a market value of approximately \$600 million.

Dundee Bancorp Inc. is a leading investment management firm which provides investment management and administrative services to Dynamic Mutual Funds, closed-end 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  
May 6, 1998



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

	March 31, 1998	December 31, 1997
<b>ASSETS</b>		
Cash and short-term investments	\$ 52,422	\$ 20,258
Accounts receivable	40,924	22,171
Investment portfolio	485,071	540,910
Deferred sales commissions	104,761	108,333
Other assets	40,306	36,302
<b>TOTAL ASSETS</b>	<b>\$ 723,484</b>	<b>\$ 727,974</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 26,844	\$ 35,182
Corporate debt	157,718	156,996
Deferred income taxes	49,033	46,100
	233,595	238,278
<b>SHAREHOLDERS' EQUITY</b>		
Share Capital		
– Common shares	320,179	323,399
– Preference shares	5,686	5,686
Retained earnings	164,024	160,611
	489,889	489,696
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 723,484</b>	<b>\$ 727,974</b>
<b>COMMON SHARES OUTSTANDING (CLASS A AND B)</b>	<b>26,831,739</b>	<b>27,095,014</b>

DUNDEE BANCORP INC.  
**CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS**  
For the three months ended March 31, 1998 and 1997  
(expressed in thousands of Canadian dollars, except per share amounts)  
(unaudited)

	1998	1997
<b>REVENUE</b>		
Management fees	\$ 29,771	\$ 25,656
Financial services	2,971	813
	32,742	26,469
Investment income	14,830	9,416
	47,572	35,885
<b>EXPENSES</b>		
Selling, general & administrative	14,790	11,068
Amortization of deferred sales commissions	9,913	7,989
Trailer fees	6,590	5,228
Depreciation and amortization	953	739
Interest	2,643	41
	34,889	25,065
<b>OPERATING INCOME</b>	<b>12,683</b>	<b>10,820</b>
Provision for deferred income taxes	(3,943)	(3,242)
<b>NET INCOME FOR THE PERIOD</b>	<b>8,740</b>	<b>7,578</b>
Retained earnings at beginning of period	160,611	126,162
	169,351	133,740
Premiums related to cancellation of share capital	(5,256)	(81)
Dividends	(71)	(71)
<b>RETAINED EARNINGS AT END OF PERIOD</b>	<b>\$ 164,024</b>	<b>\$ 133,588</b>
<b>EARNINGS PER SHARE</b>		
Basic	\$ 0.32	\$ 0.30
Fully diluted	\$ 0.30	\$ 0.28

## DUNDEE BANCORP INC.

## CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

For the three months ended March 31, 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	\$ 12,683	\$ 10,820
Items not affecting cash from operations:		
Depreciation and amortization	10,866	8,728
Net investment gains	(8,905)	(5,251)
Share of unremitted equity earnings	(4,352)	(4,037)
	10,292	10,260
Changes in other non-cash working capital items	(27,953)	3,870
	(17,661)	14,130
<b>FINANCING</b>		
Issuance of Class A subordinate shares, net of costs	908	646
Acquisition of Class A subordinate shares	(9,384)	(120)
Preference share dividends	(71)	(71)
	(8,547)	455
<b>INVESTING</b>		
Proceeds on sales of portfolio investments	115,153	11,305
Acquisition of portfolio investments	(47,350)	(13,919)
Sales commissions paid on distribution of mutual funds – net	(6,341)	(15,445)
Other	(3,090)	(1,018)
	58,372	(19,077)
<b>INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS</b>	<b>32,164</b>	<b>(4,492)</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>\$ 52,422</b>	<b>\$ 3,182</b>



# DUNDEE BANCORP INC.

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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

Myron I. Gottlieb  
President  
Livent Inc.

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  
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