Life of Jamaica LIMITED

A member of the Sagicor Group

Life of Jamaica Limited
Un-audited Consolidated Financial Statements
For the year ended December 31, 2005

Report to stockholders for the year and quarter ended December 2005

The Board of Directors of Life of Jamaica Limited (LOJ) is pleased to present the unaudited, consolidated financial results of the LOJ Group of companies for the year and quarter ended December 31, 2005. This report is being issued at this time to conform to the requirements of the Jamaica Stock Exchange guidelines for listed companies. The final and audited financial statements of Life of Jamaica Limited will be published by March 31, 2006.

For the twelve months to December 31, 2005, the Group produced net profits after taxes, attributable to stockholders, of $2.2 billion, 57% better than the $1.4 billion recorded for the same period in 2004. These profits were generated on revenues of $11.6 billion (2004: $7.1 billion).

These results include the consolidation of PCFS revenues, expenses, assets and liabilities and 51% of that company's profits for twelve months, nine months of the First Life's group life, health and pension management business and one month of earnings from Cayman General Insurance Company Ltd. (CGI).

These solid results: indicate strong core business performance in our major profit centres, individual life, employee benefits and as of 2005, investment banking; are the product of our strategy of diversifying the sources of LOJ's profitability; and are due to our maintaining the competitive advantages of being market leader and the most cost efficient supplier of life and health insurance and pension management services in Jamaica. The results also reflect our efforts of building a motivated workforce and constantly improving our customer service standards.

LOJ's basic earnings per stock unit for the year under review was $0.65 (2004: $0.57) and $0.62 on a fully diluted basis (2004: $0.56). The basic earnings per stock unit were calculated on an average number of 3,426,472,393 shares outstanding for the period. Ordinary shares in issue grew from 2,543,690,130 at December 2004 to 3,716,910,925 at the end of 2005.

The results were negatively influenced by lower interest rates and financing costs of $26.9 million associated with the acquisition of PCFS shares. Balancing those effects were the positives of very good new business growth, a high renewal rate for our annual Group insurance contracts, realized capital gains from the sale of certain securities and favorable mortality and morbidity experience.

The Individual Life Division continued to generate strong new business. New annualized premium income in Jamaica was 29% better than that for the 2004 period.

The Employee Benefits Division also registered strong sales and a high contract renewal rate during the period. Both divisions contributed as expected to the Group's profit outcome. PCFS's performance for the year was also commendable. The banking group met its net interest income targets while revenue from fees and commissions were better than expected.

Construction continued on our real estate development project, Winchester Estate and Winchester Business Centre where we are constructing for sale, 60 apartments and 120,000 square feet of light commercial and office space. Completion of the residential phase is expected by mid 2006 and the commercial portion by December 2006.

LOJ's consolidated balance sheet shows total assets of $69.2 billion (December 2004: $20.1 billion), a dramatic increase mainly as a result of the acquisition of PCFS and CGI. This growth was essentially funded by new equity (the issuance of 1,156,020,795 million LOJ shares to First Jamaica Investment Limited), limited borrowing and earnings for the year.

At the year-end, shareholders' equity attributable to stockholders stood at $11.7 billion (December 2004: $6.2 billion). The net profits of $2.2 billion represent an annualized return on average equity of 25.0%. LOJ's share price was $9.86 at December 31, 2005. The market capitalization was $36.6 billion, the fifth largest market cap on the Jamaica Stock Exchange.

In 2005 two interim dividends of $0.10 and $0.13 per share amounting to $739 million or 33% of net profit were paid to shareholders. This represents an increase of $484.9 million over the amount paid during 2004 and conforms with the Company's dividend payout policy of up to 40% of earnings for the year, attributable to shareholders.

On October 19, 2005 Life of Jamaica Limited announced that through its subsidiary, Sagicor Life of the Cayman Islands Ltd. it intended to acquire a controlling interest in Cayman General Insurance Co Ltd (CGI). This acquisition will allow the LOJ Group to provide property and casualty insurance in the Cayman Islands, as well as augment its interest in health insurance, for which we have a large portfolio in Jamaica and expect to create synergies and cost savings. Our confidence in the success of this acquisition is enhanced by CGI significantly strengthening its reinsurance program following hurricane Ivan. The adequacy of this program was assessed and endorsed by international consultants. The acquisition was finalized on November 30, 2005, with Sagicor Cayman holding a 51% interest, Cayman National Corporation (24.2%) and the Government of Cayman (24%).

We are keenly aware that the performance of LOJ will encourage new and fierce competition and as such the Board of Directors and management continue to focus on the key strategic drivers of performance and value creation. We remain optimistic about the future performance of the LOJ Group of companies and Jamaica.

On behalf of the Board

J.Arthur Bethell
Chairman

Richard O. Byles
President & CEO

February 10, 2006

Consolidated Balance Sheet
as at December 31, 2005
(Expressed in thousands of Jamaican dollars)

	Dec-05 Un-audited	Sept-05 Un-audited	December-04 Audited
Assets:			
Equity securities, at fair value through income	$ 716,975	$ 285	$ 0
Equity securities, available-for-sale	698,736	734,488	1,992,904
Debt securities, available-for-sale	39,108,702	38,543,457	6,124,002
Loans and leases	7,025,013	7,178,169	2,111,023
Securities purchased under resale agreements	2,378,715	2,451,668	710,476
Short term deposits	771,439	43,522	58,430
Investment properties	561,217	426,621	585,780
	51,260,797	49,378,210	11,582,615
Investment in associated companies	16,322	15,616	4,099
Cash resources	1,632,149	2,213,490	334,549
Property, plant and equipment	698,532	727,573	517,311
Intangible assets	3,902,207	3,255,670	1,020,640
Insurance receivables	1,811,105	586,087	516,149
Other assets	4,791,311	3,991,180	1,057,474
Segregated funds' assets	5,060,185	5,460,651	5,096,916
	17,895,489	16,234,651	8,543,039
Total Assets	**$ 69,172,608**	**$ 65,628,477**	**$20,129,753**
Liabilities:			
Insurance and annuity liabilities	$ 5,204,364	$ 5,278,001	$ 3,822,155
Deposit administration funds	2,439,996	2,339,468	1,389,064
Policy funds on deposit	2,037,715	1,838,771	1,476,529
Policy benefits payable	1,466,970	867,895	677,493
Other insurance payables	756,043	371,891	268,605
	11,905,088	10,696,026	7,633,846
Borrowings	523,584	164,599	154,943
Demand and term deposits	6,069,234	4,130,144	0
Securities sold under re-purchase agreements	28,752,479	27,237,134	0
Other liabilities	2,032,831	4,187,411	1,092,727
Segregated funds' liabilities	5,060,185	5,460,651	5,096,916
	42,438,313	41,179,939	6,344,586
Total liabilities	**54,343,401**	**51,875,965**	**13,978,432**
Equity:			
Capital and reserves attributable to the Company' Stockholders			
Share Capital	7,547,739	7,545,557	3,006,856
Other reserves	658,119	629,283	1,165,866
Retained earnings	3,466,160	2,847,199	1,978,599
	11,672,018	11,022,039	6,151,321
Minority interest in subsidiaries	3,157,189	2,730,473	0
	14,829,207	13,752,512	6,151,321
Total Liabilities and Equity	**$69,172,608**	**$65,628,477**	**$20,129,753**

On behalf of the Board

J. Arthur Bethell
Chairman
February 10, 2006

Richard O. Byles
President & CEO

Consolidated Statement of Operations
for the period January to December 2005
(Expressed in thousands of Jamaican dollars)

	December-05 Current Quarter Un-audited	December-05 Year-to-date Un-audited	December-04 Current quarter Un-audited	December-04 Year-to-date Audited
Revenues:				
Net insurance premiums and annuity contributions	$ 2,148,236	$ 7,512,982	$ 1,297,371	$ 5,216,692
Net investment income	493,903	2,712,139	345,368	1,278,439
Co-insurance distributions	0	19,906	45,758	0
Fees and other revenues	347,986	1,356,871	114,288	554,977
Total revenues	**$ 2,990,125**	**$ 11,601,898**	**$ 1,802,785**	**$ 7,050,108**
Benefits and expenses:				
Net Insurance benefits	$ 1,125,438	$ 3,736,865	$ 647,322	$ 2,355,824
Changes in insurance and annuity liabilities	(152,998)	384,386	(296,175)	29,060
Administration expenses and Commissions	1,115,510	4,085,751	817,589	2,873,377
Co-insurance distributions	0	0	100,896	100,896
Total benefits and expenses	**2,087,950**	**8,207,002**	**1,269,632**	**5,359,157**
Results of operating activities	902,175	3,394,896	533,153	1,690,951
Finance costs	(7,812)	(34,732)	0	0
Profit before taxation	**894,363**	**3,360,164**	**533,153**	**1,690,951**
Taxation	(108,970)	(565,305)	(29,458)	(257,161)
Profit after taxation	**$ 785,393**	**$ 2,794,859**	**$ 503,695**	**$ 1,433,790**
Net profit attributable to:				
Stockholders	618,961	2,226,848	503,695	1,433,790
Minority interest	166,432	568,011	0	0
Net profit for period	**$ 785,393**	**$ 2,794,859**	**$ 503,695**	**$ 1,433,790**
Earnings per share for profit attributable to stockholders:				
- Basic	$0.17	$0.65	$0.20	$0.57
- Fully diluted	$0.16	$0.62	$0.19	$0.56

Consolidated Statement of Changes in Stockholders' Equity
for the period January to December 31, 2005
(Expressed in thousands of Jamaican dollars)

	Share capital	Investment & fair value reserves	Currency translation reserve	Special investment reserves	Retained earnings	Minority interest	Total
Year ended December 31, 2004:							
Balance as at December 31, 2003	$ 2,940,166	$ (86,144)	$ 294,030	$ 64,496	$ 627,600	$ 0	$ 3,840,148
Prior year adjustments	0	(503,141)	0	0	0	0	(503,141)
Currency translation differences	0	0	23,048	0	0	0	23,048
Unrealised gains on available-for-sale Securities	0	1,758,645	0	0	0	0	1,758,645
Gains recycled to revenue on disposal and maturity of available-for-sale securities	0	(286,092)	0	0	0	0	(286,092)
Unrealised gains on revaluation of owner-occupied properties	0	72,602	0	0	0	0	72,602
Net profit	0	0	0	0	1,433,790	0	1,433,790
Dividends	0	0	0	0	(254,369)	0	(254,369)
Transfer to special investment reserve	0	0	0	42,392	(42,392)	0	0
Transfer to retained earnings	0	(213,970)	0	0	213,970	0	0
Issue of shares	66,690	0	0	0	0	0	66,690
Balance as at December 31,2004	**$ 3,006,856**	**$ 741,900**	**$ 317,078**	**$ 106,888**	**$ 1,978,599**	**$ 0**	**$ 6,151,321**
Period January to December 2005:							
Balance as at December 31, 2004	$ 3,006,856	$ 741,900	$ 317,078	$ 106,888	$ 1,978,599	$ 0	$ 6,151,321
Assumed on acquisition	0	0	0	0	0	2,687,189	2,687,189
Currency translation differences	0	0	82,946	0	0	0	82,946
Unrealised losses on available-for-sale securities	0	(419,752)	0	0	0	(146,604)	(566,356)
Gains recycled to revenue on disposal and maturity of available-for-sale securities	0	(221,518)	0	0	0	0	(221,518)
Unrealised gains on revaluation of owner-occupied properties	0	0	0	0	0	0	0
Net profit	0	0	0	0	2,226,848	568,011	2,794,859
Dividends	0	0	0	0	(739,287)	0	(739,287)
Movement in loan loss reserves	0	0	0	50,577	0	48,593	99,170
Issue of shares	4,540,883	0	0	0	0	0	4,540,883
Balance as at December 31, 2005	**$ 7,547,739**	**$ 100,630**	**$ 400,024**	**$ 157,465**	**$ 3,466,160**	**$ 3,157,189**	**$ 14,829,207**

Consolidated Statement of Cash Flows
for the period ended December 31, 2005
(Expressed in thousands of Jamaican dollars)

	December-05 Year-to-date Un-audited	December-04 Year-to-date Audited
Cash Flows from operating activities:		
Net profit	$ 2,226,848	$ 1,433,790
Items not affecting cash	978,276	(731,524)
Net non-cash changes in working capital	34,308	529,901
Cash generated from operations	3,239,432	1,232,167
Cash Flows from investing activities:		
Net purchase of investments	(2,847,677)	(611,981)
Acquisition of portfolios, net of cash acquired	(2,808,735)	0
Acquisition of Insurance Portfolio, net of cash	0	(295,326)
Other investing activities	(353,457)	(40,356)
Cash used in investing activities	(6,009,869)	(947,663)
Cash Flows from financing activities:		
Dividends paid to stockholders	(855,170)	(254,369)
Ordinary shares issued	2,234	66,690
Proceeds from borrowing	4,292,083	0
Other financing activities	456,224	0
Cash from / (used in) financing activities	3,895,371	(187,679)
Net increase in net cash and cash equivalents	**$ 1,124,934**	**$ 96,825**
Cash and cash equivalents:		
Cash and cash equivalents, at beginning of year	$ 277,776	$ 177,153
Currency translation adjustments	82,946	3,798
Cash acquired on equity issue	162,510	0
Increase in net cash and cash equivalents	1,124,934	96,825
Net cash and cash equivalents, at end of year	**$ 1,648,166**	**$ 277,776**

Consolidated Segmental Financial Information
for the period January to December 31, 2005
(Expressed in thousands of Jamaican dollars)

The Group is managed on a matrix basis, reflecting both line of business and geography. Accordingly, segment information is presented in two formats. The Group is organized into five primary business segments, these are:

a) Individual Life Services - Includes the provision of life insurance services to individuals.
b) Employee Benefits Services - Includes group insurance; creditor life; personal accident; group annuities; pension funds investment and administration services and the administration of trust accounts.
c) Banking and Asset Management Service – Includes development banking; merchant banking and asset management.
d) General Insurance Services - Includes property and casualty insurance.
e) Other Services - Includes property management and shareholders cost.

	Individual Life Services	Employee Benefits Services	Other Services	General Ins. Services	Banking Services	Eliminations	December-05 Group
	$	$	$	$	$	$	**$**
Total Revenue	4,296,893	4,918,714	285,117	48,092	2,086,560	(33,478)	**11,601,898**
Benefits and expenses	(3,235,646)	(3,913,867)	(342,262)	(23,908)	(691,318)		**(8,207,001)**
Finance costs	0	0	0	0	0	(33,478)	**(34,732)**
Profit / (loss) before tax	1,061,247	1,004,847	(57,145)	24,184	1,395,242	0	**3,360,165**
Taxation	(140,056)	(178,102)	0	0	(247,147)	0	**(565,305)**
Profit/(loss) after taxation	921,191	826,745	(57,145)	24,184	1,148,095	0	**2,794,860**
Minority interest	0	(6,062)	62	(5,434)	(556,571)	0	**(568,004)**
Net profit attributable to Stockholders	**921,191**	**820,683**	**(57,080)**	**18,750**	**591,524**	**0**	**2,226,848**
Assets	20,647,871	7,577,404	75,989	2,224,475	39,512,801	**(5,784,461)**	**65,254,079**
Investment in associates							**16,322**
Intangible Assets							**3,902,207**
	20,647,871	7,577,404	75,989	2,224,475	39,512,801	**(5,784,461)**	**69,172,608**
Liabilities	12,471,191	6,879,733	101,263	1,475,840	33,787,208	**(1,164,524)**	**53,550,711**
Retirement benefit obligations							**269,106**
Borrowings							**523,584**
	12,471,191	6,879,733	101,263	1,475,840	33,787,208	**(1,164,524)**	**54,343,401**

	Individual Life Services	Employee Benefits Services	Other Services	General Ins. Services	Banking Services	Eliminations	Dec-04 Group
Total Revenue	3,562,626	3,353,311	153,155	0	0	**(18,984)**	**7,050,108**
Benefits and expenses	(2,558,822)	(2,581,940)	(237,379)	0	0	**18,984**	**(5,359,157)**
Profit / (loss) before tax	1,003,804	771,371	(84,224)	0	0	**0**	**1,690,951**
Taxation	(100,555)	(156,201)	(405)	0	0	**0**	**(257,161)**
Net profit attributable to Stockholders	903,249	615,170	(84,629)	0	0	**0**	**1,433,790**
Assets	15,719,931	4,537,265	163,100	0	0	**(1,315,282)**	**19,105,014**
Investment in associates							**4,099**
Intangible Assets							**1,020,640**
	15,719,931	4,537,265	163,100	0	0	**(1,315,282)**	**20,129,753**
Liabilities	9,616,207	4,079,266	109,722	0	0	**(90,477)**	**13,714,718**
Retirement benefit obligations							**263,714**
	9,616,207	4,079,266	109,722	0	0	**(90,477)**	**13,978,432**

The Group's secondary format for segment information is geographic:

	Jamaica	Grand Cayman	December-05 Group
Revenues	10,826,339	775,559	**$ 11,601,898**
Total assets	62,122,497	7,050,111	**$ 69,172,608**

	Jamaica	Grand Cayman	Dec-04 Group
Total Revenues	6,545,667	504,441	**$ 7,050,108**
Assets	17,505,476	3,122,081	**$ 20,627,557**

Explanatory Notes

1. Accounting Policies

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investment securities, investment property, certain property plant and equipment and financial assets held at fair value through income.

The computation of insurance and annuity reserves conforms to standards established under the Insurance Regulation 2001, as no specific guidance is provided by IFRS in this area.

(b) Basis of consolidation

Subsidiaries are consolidated on a line-by-line basis from the date on which control is transferred to the Group and are no longer consolidated from the date on which control ceases. The Group uses the purchase method of accounting for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Inter-company transactions, balances and unrealized gains and losses on transactions between group companies are eliminated.

Investments in associates are accounted for by the equity method of accounting. Under this method the company's share of the post-acquisition profits or losses of associates is recognized in the statement of operations and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the company's interest in the associate; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(c) *Investments*

Investments are classified as financial assets at fair value through income, available-for-sale financial assets or loans, as determined by management at the time of purchase.

Financial assets at fair value through income consist of held-for-trading securities. A financial asset is classified into this category at inception if acquired principally for the purpose of selling in the short-term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking or if so designated by management.

Available-for-sale securities are initially recognized at cost and are subsequently re-measured at their fair value based on quoted bid prices. If the market for a financial asset is not active the Group establishes fair values by using valuation techniques. Unrealized gains and losses arising from changes in fair value of securities classified as available-for-sale are deferred to Investments and Fair Value Reserves. When the securities are disposed of or impaired, the related accumulated unrealized gains or losses included in reserves are transferred to the Investment Income.

Loans and leases are financial assets with fixed or determinable payments that are not quoted in an active market.

(d) *Investment Properties*

Investment properties are carried at fair value as determined by independent valuator taken to Investment Income. Changes in fair value are taken to Investment Income.

(e) *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 collateralised 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.

(f) *Cash and Cash equivalents*

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the Cash Flow Statement, Cash and Cash equivalents comprise cash in hand, Deposits held with banks and Repurchase Agreements with a maturity date of three months or less from the date of acquisition and bank overdraft balances.

2. Segregated Funds

The Group manages various unitized funds on behalf of life insurance policyholders. The policyholders share all rewards and risks of the performance of the funds. Consequently, the assets and liabilities of these funds are recorded on the Consolidated Balance Sheet separately from the general funds of the Group. All income and expenditure are recorded directly to the Balance Sheet as an adjustment to "Segregated Funds' Liabilities". Income earned by the Group from investment fees is included in "Fees and Other Revenues" in the Consolidated Statement of Operations.

3. Pension Funds Under Management

These funds are held in trust through the subsidiary company, LOJ Pooled Investment Funds Limited (LOJ PIF Limited), the Diversified Investment Funds (DIF), First Life Pooled Funds and other managed funds. All investment returns accrue directly to the funds with the Group assuming no risks. The assets, liabilities and operations of these funds are not included in these Consolidated Financial Statement. At December 31, 2005 the total pension funds under management were $36.9 billion (December 2004: $26.5 billion). Administration and investment fees earned by the Group are included in "Fees and Other Revenues" in the Consolidated Statement of Operations.

4. Earnings Per Stock Unit

Basic earnings per stock unit are calculated by dividing the net profit attributable to shareholders by the weighted-average number of ordinary shares in issue during the period.

The diluted earnings per stock unit is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The adjustments related to un-issued shares for the Staff Share Ownership Plan and un-issued shares for the Executive Stock Option Plan.

5. Intangible Assets

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of net identifiable assets acquired. Goodwill on acquisition of subsidiaries is included in Intangible Assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Other Intangible Assets

Other intangible assets which have been acquired directly are recorded at cost initially and written-off over the estimated useful life. The useful life of other intangible assets acquired through acquisitions is estimated at the point of acquisition. If the estimated useful life is definite, then the cost of the asset is amortised over its life, and is tested for impairment when there is evidence of same. If the estimated useful life is indefinite, the asset is tested annually for impairment.

6. Business combination

Effective 1 January 2005, LOJ acquired 43% of the share capital of Pan Caribbean Financial Services (PCFS). Along with its previously held 8%, LOJ obtained a 51% controlling interest. Subsequent share purchases during the year brought LOJ's interest to 53.17% by the year end. The acquired business contributed revenues of $2.1 billion and net profits of $591.5 million to the LOJ Group, after minority interest.

LOJ acquired First Life Insurance Company Limited's Insurance and Pensions Management business from April 1, 2005.

On November 30, 2005, Sagicor Life of the Cayman Islands Limited acquired a 51% interest in Cayman General Insurance Company Limited. This entity contributed revenues of $111.4 million and net profits of $11.9 million for the month of December, after minority interest.

7. Borrowings

Borrowings include bank overdrafts and loans payable.

On January 13, 2005, Sagicor Financial Corporation, ultimate parent company of LOJ, provided LOJ with financing of $2.5 billion at the rate of 5% per annum. These funds were used as part consideration for the purchase of 43% of the share capital of PCFS. The loan was extinguished on May 6, 2005 when LOJ issues 1,156,020,795 shares to acquire First Life Insurance Company (First Life)'s Employee Benefits business and 37% interest in PCFS and transferred the 37% interest in PCFS to Sagicor Financial Corporation.

On December 16th 2005, LOJ acquired a short-term loan of US$5.0 million @ 6.5% from Dehring Bunting & Golding. This loan is to assist in financing the development of Real Estate. It is due for repayment on June 15th 2006.

8. International Financial Reporting Standards (IFRS)

A number of International Financial Reporting Standards were revised effective January 1, 2005. These revisions have been adopted by the Group where relevant to its operations. Certain re-classifications and re-statements have been made to the prior-year amounts to conform to current-year reporting.

One of the changes was fair valuing and reclassification of Debt Securities from the investments category "Originated Loans" to the category "Debt Securities, Available-for-sale". As originated loans, the securities were carried at their amortized cost. As Available-for-sale securities, they are being carried at fair value with the unrealized gain/ (losses) deferred in Investment Reserves with-in Equity. The effect of this change was to reduce total assets as at December 2004 by $231,262,000.