



# FIRST JAMAICA INVESTMENTS LIMITED AND ITS SUBSIDIARIES

## Unaudited Financial Statements 30 September 2006

### Chairman's Statement

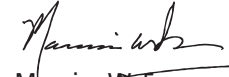
The Group's pre-tax profits from its own continuing operations rose from \$357 million for the nine (9) months to 30 September 2005 to \$411 million for the nine (9) months to 30 September 2006 - an increase of \$54 million or 15%. The major contributors to these results were the continued strong performances from our property company whose revenues increased by 19% to \$530 million (2005: \$447 million) with occupancies continuing to average 95%, and from First Jamaica Investments Limited itself where investment revenues increased by 39% to \$149 million (2005: \$107 million).


Offsetting these results was an increase in the Group's effective rate of taxation, coupled with significant restatement of 2005 profits on the part of our associated companies (Note 2). These adverse factors had the effect of reflecting an overall decrease in profits from Continuing Operations down to \$802 million from \$811 million.

For the quarter to 30 September 2006, the Group's profit from continuing operations increased by 14% to \$259 million (2005: \$228 million), which was bolstered by a 50% increase in our share

of result in associated companies to \$153 million compared to a restated \$103 million for the comparable period of 2005 (Note 2). The Group's earnings per share also increased by 15% for the quarter to \$0.86 per share (2005: \$0.75 per share).

The un-audited consolidated balance sheet records stockholders' funds at \$8,352 million (2005: \$7,395 million), an increase of 13%. If the market value of the 25% of Life of Jamaica stock units held as at 30 September 2006 were to be used, Stockholders' Funds would increase to \$10,522 million or \$34.81 per stock unit.

  
Maurice W. Facey  
Chairman

  
Stephen B. Facey  
Chief Executive Officer

### Unaudited Consolidated Statement of Operations

Nine months ended 30 September 2006

	3-Months to September 2006 \$'000	Restated 3-Months to September 2005 \$'000	9-Months to September 2006 \$'000	Restated 9-Months to September 2005 \$'000
Continuing operations				
Income				
Investments	46,931	41,154	148,965	106,884
Property	180,542	159,260	530,387	446,592
Other	<u>12,021</u>	<u>63,152</u>	<u>44,164</u>	<u>91,594</u>
	239,494	263,566	723,516	645,070
Operating Expenses	<u>(103,651)</u>	<u>(100,853)</u>	<u>(293,849)</u>	<u>(269,089)</u>
Operating profits	135,843	162,713	429,667	375,981
Interest expense	<u>(8,312)</u>	<u>(13,808)</u>	<u>(17,787)</u>	<u>(19,385)</u>
	127,531	148,905	411,880	356,596
Gain on dilution of stockholding in associated company	-	-	15,452	-
Share of results of associated companies	<u>153,954</u>	<u>102,997</u>	<u>454,316</u>	<u>503,854</u>
Profit before taxation	281,485	251,902	881,648	860,450
Taxation	<u>(22,108)</u>	<u>(24,230)</u>	<u>(79,322)</u>	<u>(49,339)</u>
Profit from continuing operations	<u>259,377</u>	<u>227,672</u>	<u>802,326</u>	<u>811,111</u>
Discontinued operations				
Gain on disposal	-	-	-	1,591,881
Profit from operations (note 1)	-	-	-	<u>98,751</u>
	-	-	-	1,690,632
Net profit	<u>259,377</u>	<u>227,672</u>	<u>802,326</u>	<u>2,501,743</u>
Earnings per stock unit attributable to equity holders of the company				
Basic				
Continuing operations	\$0.86	\$0.75	\$2.65	\$2.68
Discontinued operations	\$0.00	\$0.00	\$0.00	\$5.59
Fully diluted				
Continuing operations	\$0.86	\$0.75	\$2.65	\$2.68
Discontinued operations	\$0.00	\$0.00	\$0.00	\$5.59

### Unaudited Financial Information by Business Segments

Nine months ended 30 September 2006

	Property Management \$'000	Investments Management Services \$'000	Eliminations \$'000	Total \$'000
REVENUE				
External	587,652	135,864	-	723,516
Inter-segment	<u>3,189</u>	<u>90,642</u>	<u>(93,831)</u>	-
Total revenue	<u>590,841</u>	<u>226,506</u>	<u>(93,831)</u>	<u>723,516</u>
Operating profit	249,559	184,665	(4,557)	429,667
Interest expense	<u>(3,083)</u>	<u>(18,530)</u>	<u>3,826</u>	<u>(17,787)</u>
	246,476	166,135	(731)	411,880
Gain on dilution of stockholding in associated company				15,452
Share of results of associated companies				<u>454,316</u>
Profit before taxation				881,648
Taxation				<u>(79,322)</u>
Net profit				<u>802,326</u>
30 September 2005 (restated)				
	Property Management \$'000	Investment Management Services \$'000	Eliminations \$'000	Total \$'000
REVENUE				
External	499,487	145,583	-	645,070
Inter-segment	<u>2,574</u>	<u>89,049</u>	<u>(91,623)</u>	-
Total revenue	<u>502,061</u>	<u>234,632</u>	<u>(91,623)</u>	<u>645,070</u>
Operating profit	184,691	194,357	(3,067)	375,981
Interest expense	<u>(2,227)</u>	<u>(18,928)</u>	<u>1,770</u>	<u>(19,385)</u>
	182,464	175,429	(1,297)	356,596
Share of results of associated companies				<u>503,854</u>
Profit before taxation				860,450
Taxation				<u>(49,339)</u>
Profit after taxation				811,111
Gain on disposal of discontinued operations				1,591,881
Profit from discontinued operations				<u>98,751</u>
Net profit				<u>2,501,743</u>

### Unaudited Consolidated Balance Sheet

Nine months ended 30 September 2006

	September 2006 \$'000	Restated December 2005 \$'000	Restated September 2005 \$'000
ASSETS			
Cash and Bank Balances	11,108	36,065	16,606
Investments			
Short term deposits	134,007	111,554	70,878
Securities:			
Available-for-sale	1,704,932	1,403,878	1,467,060
Loans and lease receivables	51,447	58,420	60,405
Securities purchased under agreements to resell	274,824	424,828	406,433
Investment properties	2,161,712	2,018,930	1,931,930
Investment in associated companies	4,440,176	3,934,272	3,851,066
	8,767,098	7,951,882	7,787,772
Taxation recoverable	100,836	114,697	150,922
Deferred tax assets	226	226	2,974
Other assets	261,143	163,799	231,780
Due from related parties	5,983	30,627	748
Property, plant and equipment	117,543	72,506	104,978
Retirement benefit assets	<u>30,582</u>	<u>30,582</u>	<u>34,216</u>
	9,294,519	8,400,384	8,329,996
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity			
Capital and Reserves Attributable to the Company's Equity Holders			
Stated capital	355,848	355,848	355,848
Capital redemption reserve	3,000	3,000	3,000
Investment and other reserves	2,881,267	2,809,307	2,743,982
Retained earnings	5,127,288	4,495,750	4,308,011
Treasury stock	<u>(15,574)</u>	<u>(15,574)</u>	<u>(15,574)</u>
	8,351,829	7,648,331	7,395,267
Liabilities			
Bank overdraft	13,232	4,825	909
Taxation payable	15,564	76,796	34,886
Deferred tax liability	86,141	81,313	70,728
Other liabilities	614,995	350,676	444,971
Due to related party	126,409	135,154	251,011
Long term loans	53,177	70,117	74,862
Retirement benefit liabilities	<u>33,172</u>	<u>33,172</u>	<u>57,362</u>
	9,294,519	8,400,384	8,329,996

### Unaudited Consolidated Statement of Changes in Stockholders' Equity

Nine months ended 30 September 2006

	9-Months to September 2006 \$'000	Restated 9-Months to September 2005 \$'000
Balance at the beginning of the period	7,648,331	5,277,636
Unrealised (losses)/ gains on available-for-sale assets	(53,940)	14,125
Realised fair value gains transferred to Consolidated Statement of Operations	(7,597)	(12,820)
Net profit for the period	802,326	2,501,743
Move in reserves of associated companies	133,497	(195,383)
Dividends paid	<u>(170,788)</u>	<u>(190,034)</u>
Balance at the end of the period	<u>8,351,829</u>	<u>7,395,267</u>

### Unaudited Consolidated Statement of Cash Flows

Nine months ended 30 September 2006

	9-Months to September 2006 \$'000	Restated 9-Months to September 2005 \$'000
Net profit	802,326	2,501,743
Items not affecting cash	<u>(722,944)</u>	<u>(2,253,557)</u>
	79,382	248,186
Changes in non-cash working capital components	<u>(4,548)</u>	<u>(179,972)</u>
Cash flows from operating activities	74,834	68,214
Cash flows used in investing activities	(339,329)	(567,848)
Cash flows from financing activities	<u>103,580</u>	<u>27,929</u>
Net decrease in cash and cash equivalents	(160,915)	(471,705)
Cash and cash equivalents at beginning of period	<u>567,622</u>	<u>964,713</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>406,707</u>	<u>493,008</u>
Comprising:		
Cash and bank balances	11,108	16,606
Short term investments	134,007	70,878
Securities purchased under agreements to resell	274,824	406,433
Bank overdraft	<u>(13,232)</u>	<u>(909)</u>
	406,707	493,008

### Notes

	September 2005 \$'000		
<b>Note 1</b>			
Discontinued Operations			
Income	490,803		
Operating expenses	<u>(362,355)</u>		
Operating profits	128,448		
Taxation	<u>(29,697)</u>		
Profit from discontinued operations	<u>98,751</u>		
<b>Note 2</b>			
<b>Restatements</b>			
An associated company has made adjustments to certain intangibles, which were applied retroactively from the date of acquisition. A gain on sale of shares to the associated company's ultimate parent, previously recognized in the fourth quarter of 2005, has now been reflected in the second quarter of 2005, the period in which the shares were actually transferred. The company's gain on discontinued operations has been adjusted for related expenses under-provided in the first half of 2005. The effects of these changes to the prior year financial statements are as follows:			
Previously Stated \$'000	Adjustments \$'000	Restated \$'000	
Share of results of associated companies (net of taxation)	423,890	79,964	503,854
Gain on disposal of discontinued operations	1,687,658	(95,777)	1,591,881

