

**Life of Jamaica Limited
Un-audited Consolidated Financial Statements
and Interim Report to Shareholders for the period
January to September 2006**

On behalf of the Board of Directors, we are pleased to present the un-audited consolidated financial statements for Life of Jamaica Limited (LOJ) for the third quarter of 2006.

For the nine month period January to September 2006, the LOJ Group generated net profits attributable to shareholders of \$1,778 million. For the same period in 2005 the Group's restated results were \$1,921 million. With the exclusion of the "one-time" gain of \$430 million from the sale of shares to the ultimate parent (note 7), the 2005 profits attributable to shareholders would have been \$1,491 million. The January to September 2006 performance is therefore a 19% improvement on the normal results for the previous year and represents an annualized return of 19% on shareholders equity. Earnings per share for the current period were \$0.48 as compared to \$0.58 (\$0.45 before the unusual gain). The comparison of earnings per share from normal operations is affected by the weighted average number of shares in issue during the current period being about 12% more than those outstanding during the corresponding period of 2005. Shareholders will recall that we acquired the First Jamaica Investments Limited's (formerly First Life) financial services business for the issue of 1,156,020,795 LOJ shares in the second quarter of 2005.

The acquisitions completed between April and November 2005 have contributed to the growth in the respective amounts for revenue, benefits and expenses recorded in the nine month period January to September 2006 over the comparative period in 2005.

Revenues for the 2006 period were \$10,927 million, up 21% on the 2005 amount of \$9,042 million, which includes the unusual gain. Some of this increase is because 2005 reflects only six months of the acquired First Life insurance business and no revenue from our subsidiary Sagicor General Insurance (Cayman) Ltd (formerly Cayman General Insurance Company Ltd) which was acquired at the end of November 2005. In contrast, the 2006 numbers include nine months of operations of both First Life and Sagicor General. When the revenues are placed on a comparable basis, the increase in 2006 revenue over 2005 is 9%. Despite a very competitive market, earned premiums from employee benefits services grew by 10% and by 21% for the individual life portfolio, both on a comparable basis. However, investment income (when adjusted for the acquired portfolios) showed no growth over the previous year, the result of lower interest rates, a retreating stock market and deployment of cash in the purchase of Sagicor General.

The critical performance ratios of the company which include those which measure new sales, expenses, commissions, conservation, benefit payments, return on invested assets and return on Capital, all indicate the company's core business continues to be strong and is operating within expected parameters.

The book value of Shareholders' Equity as at September 30, 2006 was \$13,650 million, compared to \$11,635 million as at December 31, 2005. Total assets of the Group stood at \$78,985 million compared to \$70,886 million at December 31, 2005.

Construction continued satisfactorily on our real estate development projects, Winchester Estate and Winchester Business Centre. During the period 17 units were deemed to be practically complete and accordingly profit arising thereon has been booked in these accounts. The remainder of the apartments will be delivered before December 2006. The commercial units are expected to be ready for delivery in the first quarter of 2007.

In a banking environment of increasingly tight interest margins, the profit contribution of \$432 million (before amortization of acquired intangibles) by Pan Caribbean Financial Services Ltd (PCFS) was strong and up 3.4% on the performance for the corresponding period in 2005. The Balance sheet and trading income showed good improvement but lower interest rates and asset management fees (arising from a retreating stock market) slowed income growth.

In fulfilling its commitment to participation in initiatives that enhance the long-term quality of life of our staff and our communities, LOJ once again operated its Summer Mentorship Program where more than 80 young men and women, at the sixth form level or in the final year of university studies, were employed for the summer holidays gaining valuable work experience.

During the period under review, LOJ took the decision to rename Cayman General Insurance (CGI) to Sagicor General Insurance (Cayman) Ltd. The rebranding marks the new controlling ownership and aligns the company's image with the highly respected Sagicor brand.

The Group performance to-date has been strong and Management remains optimistic about the expected outcome for the full year 2006.

On behalf of the Board,



Dodridge D. Miller
Chairman
November 6, 2006



Richard O. Byles
President & CEO

Consolidated Balance Sheet
as at September 30, 2006

(Expressed in thousands of Jamaican dollars)

	September-06 Un-audited	Restated September-05 Un-audited	Restated December-05
Assets:			
Financial assets at fair value through income	1,365,280	300	717,697
Available-for-sale securities	46,781,588	40,491,020	41,325,217
Loans and leases	7,769,226	7,308,416	7,469,812
Securities purchased under resale agreements	2,781,787	2,466,003	2,000,132
Short term deposits	331,229	0	777,316
Investment properties	601,895	426,621	556,382
Investment in associated companies	2,725	15,616	2,725
	<u>59,633,730</u>	<u>50,707,976</u>	<u>52,849,281</u>
Cash resources	2,371,127	2,213,490	1,482,419
Property, plant and equipment	618,599	727,573	694,074
Intangible assets	5,438,490	5,287,440	5,670,532
Reinsurance assets	1,095,336	55,955	1,172,698
Income tax assets	369,265	319,558	735,283
Miscellaneous assets and receivables	4,259,804	2,337,810	2,833,043
Segregated funds' assets	5,199,036	5,460,651	5,448,888
	<u>19,351,657</u>	<u>16,402,477</u>	<u>18,036,937</u>
Total Assets	<u>78,985,387</u>	<u>67,110,453</u>	<u>70,886,218</u>
Liabilities:			
Insurance and annuity liabilities	5,427,634	5,278,001	4,882,483
Other insurance liabilities	2,314,569	872,540	2,256,950
Investment contracts liabilities	4,483,359	4,178,239	4,658,937
	<u>12,225,562</u>	<u>10,328,780</u>	<u>11,798,370</u>
Loans Payable	922,134	0	321,903
Deposits and security liabilities	38,897,865	31,387,471	34,808,826
Provisions	417,704	385,564	364,862
Income tax liabilities	517,824	192,292	579,086
Accounts payable and accrued liabilities	2,771,881	4,121,208	1,849,907
Segregated funds' liabilities	5,199,036	5,460,651	5,448,888
	<u>48,726,444</u>	<u>41,547,186</u>	<u>43,373,472</u>
Total liabilities	<u>60,952,006</u>	<u>51,875,966</u>	<u>55,171,842</u>
Equity:			
Capital and reserves attributable to the Company's Shareholders			
Share Capital	7,654,212	7,545,557	7,547,679
Investment and other reserves	970,258	629,283	428,465
Retained earnings	5,025,043	3,160,232	3,659,232
	<u>13,649,513</u>	<u>11,335,072</u>	<u>11,635,376</u>
Minority interest in subsidiaries	<u>4,383,868</u>	<u>3,899,415</u>	<u>4,079,000</u>
	<u>18,033,381</u>	<u>15,234,487</u>	<u>15,714,376</u>
Total Liabilities and Equity	<u>78,985,387</u>	<u>67,110,453</u>	<u>70,886,218</u>

On behalf of the Board,


Dodridge D. Miller
Chairman
November 6, 2006


Richard Byles
President & CEO

Consolidated Statement of Operations
for the period January to September 2006

(Expressed in thousands of Jamaican dollars)

	3 months to September-06 Un-audited	Restated 3 months to September-05 Un-audited	9 months to September-06 Un-audited	Restated 9 months to September-05 Un-audited	Restated December-05 Full year
Revenues:					
Gross premium revenue	3,089,056	2,119,475	8,744,322	5,684,539	8,031,557
Reinsurance premium ceded	(541,599)	(110,834)	(1,432,088)	(319,793)	(556,041)
Net premium revenue	2,547,457	2,008,641	7,312,234	5,364,746	7,475,516
Net investment income	741,409	736,798	2,279,072	2,218,236	3,075,717
Gain on sale of shares to ultimate parent company	0	0	0	429,940	429,940
Fees, commissions and other revenues	474,283	328,549	1,335,224	1,028,791	1,142,262
Total revenue	3,763,149	3,073,988	10,926,530	9,041,713	12,123,435
Benefits and expenses:					
Insurance benefits incurred	1,177,126	1,045,784	3,721,916	2,671,983	3,794,030
Insurance benefits reinsured	(12,799)	(24,961)	(62,506)	(60,556)	(81,664)
Net Insurance benefits incurred	1,164,327	1,020,823	3,659,410	2,611,427	3,712,366
Changes in insurance and annuity liabilities	289,947	343,502	519,589	537,384	382,135
Administrative expenses	862,516	685,014	2,494,402	2,015,738	2,730,819
Commissions and related expenses	439,715	319,233	1,241,426	903,647	1,288,361
Depreciation and amortization	102,191	75,140	334,922	253,381	398,351
Finance cost	6,774	0	16,038	26,920	31,941
Total benefits and expenses	2,865,470	2,443,712	8,265,787	6,348,497	8,543,973
Profit before taxation	897,679	630,276	2,660,743	2,693,216	3,579,462
Taxation	(175,688)	(148,049)	(525,357)	(456,335)	(708,686)
Profit after taxation	721,991	482,227	2,135,386	2,236,881	2,870,776
Net profit attributable to:					
Shareholders of the company	602,774	401,628	1,777,551	1,920,920	2,449,227
Minority interest	119,217	80,599	357,835	315,961	421,549
Net profit for period	721,991	482,227	2,135,386	2,236,881	2,870,776
Earnings per share for profit attributable to shareholders:					
- Basic	\$0.16	\$0.11	\$0.48	\$0.58	\$0.71
- Fully diluted	\$0.15	\$0.10	\$0.46	\$0.55	\$0.70

Consolidated Statement of Changes in Shareholders' Equity
for the period January to September 2006
(Expressed in thousands of Jamaican dollars)

	Share capital	Investment & fair value reserves	Currency translation reserve	Other reserves	Retained Earnings	Minority interest	Total
Year ended December 31, 2005:							
Balance as at January 1, 2005, as restated	3,006,856	742,006	317,078	106,888	1,978,599	0	6,151,427
Currency translation differences	0	0	72,761	0	0	0	72,761
Reversal of unrealized fair value gains on							
Acquired subsidiary	0	(861,222)	0	0	0	0	(861,222)
Unrealised gains on available-for-sale securities	0	365,986	0	0	0	(174,072)	191,914
Gains recycled to revenue on disposal and							
Maturity of available-for-sale securities	0	(372,148)	0	0	0	0	(372,148)
Unrealised gains on revaluation of owner-occupied properties	0	27,809	0	0	0	0	27,809
Net profit	0	0	0	0	2,449,227	421,549	2,870,776
Transfer to special investment reserve	0	0	0	5,483	(5,483)	0	0
Transfer to retained earnings	0	44,165	0	0	(44,165)	0	0
Adjustment between regulatory loan provisioning and IFRS	0	0	0	(20,341)	20,341	0	0
Minority interest net assets of acquired Subsidiaries	0	0	0	0	0	4,157,703	4,157,703
Net movement in equity for minority Interest	0	0	0	0	0	(218,291)	(218,291)
Issue of shares	4,540,823	0	0	0	0	0	4,540,823
Dividend paid to minorities	0	0	0	0	0	(107,889)	(107,889)
Dividends	0	0	0	0	(739,287)	0	(739,287)
Balance as at December 31, 2005	7,547,679	(53,404)	389,839	92,030	3,659,232	4,079,000	15,714,376
Period ended September 30, 2006:							
Balance as at January 1, 2006, as restated	7,547,679	(53,404)	389,839	92,030	3,659,232	4,079,000	15,714,376
Currency translation differences	0	0	45,594	0	0	0	45,594
Unrealised gains on available-for-sale securities	0	754,009	0	0	0	21,367	775,376
Gains recycled to revenue on disposal and							
Maturity of available-for-sale securities	0	(271,156)	0	0	0	0	(271,156)
Unrealised gains on revaluation of owner-occupied properties	0	11,933	0	0	0	0	11,933
Net profit	0	0	0	0	1,777,551	357,835	2,135,386
Transfer to special investment reserve	0	0	0	0	0	0	0
Adjustment between regulatory loan provisioning and IFRS	0	0	0	1,413	(1,413)	1,244	1,244
Net movement in equity for minority Interest	0	0	0	0	0	(30,251)	(30,251)
Issue of shares	106,533	0	0	0	0	0	106,533
Dividend paid to minorities	0	0	0	0	0	(45,327)	(45,327)
Dividends	0	0	0	0	(410,327)	0	(410,327)
Balance as at September 30, 2006	7,654,212	441,382	435,433	93,443	5,025,043	4,383,868	18,033,381

**Consolidated Statement of Cash Flows
for the period January to September 2006**

(Expressed in thousands of Jamaican dollars)

	9 months to September-06 Un-audited	Restated 9 months to September-05 Un-audited	Restated December-05 Full year
Cash Flows from operating activities:			
Net profit	2,135,387	2,236,881	2,870,775
Items not affecting cash	390,928	3,037,646	(1,866,944)
Changes in operating assets and liabilities	(3,116,898)	(3,125,171)	4,938,120
Interest received	1,010,554	1,035,134	4,822,317
Interest paid	(360,356)	(323,556)	(3,551,793)
Income taxes paid	(475,295)	(274,294)	(736,742)
Cash generated from operating activities	(415,680)	2,586,640	6,475,733
Cash Flows from investing activities:			
Property, plant and equipment, net	(77,293)	(61,214)	(114,642)
Intangible assets, net	(33,993)	(56,118)	(111,341)
Acquisition of subsidiaries, net of cash acquired	0	(2,287,439)	(3,110,009)
Cash (used in) / provided by investing activities	(111,286)	(2,404,771)	(3,335,992)
Cash Flows from financing activities:			
Dividends paid to shareholders	(414,770)	(739,287)	(724,221)
Dividend paid to minority interest	(45,327)	0	(107,889)
Ordinary shares issued	106,533	52	147,944
Proceeds from loans, net	580,547	2,519,450	2,966,837
Cash provided by financing activities	226,983	1,780,215	2,282,671
Net (decrease) / increase In net cash and cash equivalents	(299,983)	1,962,084	5,422,412
Cash and cash equivalents:			
Cash and cash equivalents, at beginning of period	5,985,833	277,776	277,776
Effects of exchange rate changes	1,314	42,840	285,645
(Decrease) / increase in net cash and cash equivalents	(299,983)	1,962,084	5,422,412
Net cash and cash equivalents, at end of period	5,687,164	2,282,700	5,985,833

Consolidated Segmental Financial Information
for the period January to September 2006
(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:

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

	Individual Life Services	Employee Benefits Services	Other Services	General Ins. Services	Banking Services	Eliminations	Sept-06 Group
Total Revenue	3,709,093	4,930,923	347,239	323,846	1,692,318	(76,889)	10,926,530
Amortization of purchased intangibles	0	(73,869)	0	(21,000)	(167,278)	0	(262,147)
Benefits and expenses	(2,725,016)	(4,029,614)	(405,906)	(288,930)	(594,683)	56,547	(7,987,602)
Finance costs	0	0	(36,380)	0	0	20,342	(16,038)
Profit / (loss) before tax	984,077	827,440	(95,047)	13,916	930,357	0	2,660,743
Taxation	(147,324)	(93,303)	0	0	(284,730)	0	(525,357)
Profit / (loss) after taxation	836,753	734,137	(95,047)	13,916	645,627	0	2,135,386
Segment Assets -							
Intangible assets	1,277,275	1,476,995	33	385,541	2,299,004	0	5,438,848
Other assets	19,843,705	10,206,951	73,983	2,752,582	45,050,706	(4,422,547)	73,505,380
	21,120,980	11,683,946	74,016	3,138,123	47,349,710	(4,422,247)	78,944,228
Unallocated Assets -							
Investment in associates							2,725
Deferred tax assets							21,729
Retirement benefit asset							16,705
Total Assets							78,985,387
Segment Liabilities	13,212,168	6,471,505	87,548	1,829,646	39,017,600	(171,427)	60,447,040
Unallocated Liabilities -							
Deferred tax liabilities							217,271
Retirement benefit liabilities							287,695
Total Liabilities							60,952,006

	Individual Life Services	Employee Benefits Services	Other Services	General Ins. Services	Banking Services	Eliminations	Sept-05 Group
Total Revenue	3,328,075	3,478,439	204,136	18,894	1,602,558	(20,329)	8,611,773
Amortization of purchased intangibles	0	(35,246)	0	0	(167,278)	0	(202,524)
Benefits and expenses	(2,469,370)	(2,852,199)	(304,832)	29,146	(529,600)	7,802	(6,119,053)
Finance costs	0	0	(39,447)	0	0	12,527	(26,920)
Profit / (loss) before tax	858,705	590,994	(140,143)	48,040	905,680	0	2,263,276
Gain on sale of shares to parent company							429,940
Taxation	(52,036)	(150,890)	0	0	(253,409)	0	(456,335)
Profit / (loss) after taxation	806,669	440,104	(140,143)	48,040	652,271	0	2,236,881
Segment Assets -							
Intangible assets	1,262,209	1,547,487	0	0	2,477,744	0	5,287,440
Other assets	19,316,259	7,453,092	70,759	60,886	38,713,178	(3,897,147)	61,717,027
	20,578,468	9,000,579	70,759	60,886	41,190,922	(3,897,147)	67,004,467
Unallocated Assets -							
Investment in associates							15,616
Deferred tax assets							90,370
Retirement benefit asset							0
Total Assets							67,110,453
Segment Liabilities	12,193,233	6,724,795	94,607	6,025	33,208,558	(618,331)	51,608,887
Unallocated Liabilities -							
Deferred tax liabilities							0
Retirement benefit liabilities							267,079
Total Liabilities							51,875,966

	Individual Life Services	Employee Benefits Services	Other Services	General Ins Services	Banking Services	Eliminations	Dec-05 Group
Total Revenue	4,229,678	5,054,982	268,330	45,884	2,106,621	(12,000)	11,693,495
Amortization of purchased intangibles		(52,869)		(2,254)	(223,031)	0	(278,154)
Benefits and expenses	(3,247,492)	(3,938,468)	(343,724)	(24,982)	(691,212)	12,000	(8,233,878)
Finance costs			(4,941)		(27,000)		(31,941)
Profit / (loss) before tax	982,186	1,063,645	(80,335)	18,648	1,165,378	0	3,149,522
Gain on sale of shares to parent company							429,940
Taxation	(171,017)	(178,762)	4,870	0	(363,777)	0	(708,686)
Profit / (loss) after taxation	811,169	884,883	(75,465)	18,648	801,601	0	2,870,776
Segment Assets -							
Intangible assets	1,242,449	1,529,864	40	408,263	2,489,917	0	5,670,533
Other assets	19,283,358	8,561,123	3,062	2,289,328	39,139,984	(4,102,329)	65,174,526
	20,525,807	10,090,987	3,102	2,697,591	41,629,901	(4,102,329)	70,845,059
Unallocated Assets -							
Investment in associates							2,725
Deferred tax assets							21,729
Retirement benefit assets							16,705
Total Assets							70,886,218
Segment Liabilities	13,373,927	6,627,896	24,769	1,542,487	33,770,226	(672,429)	54,666,876
Unallocated Liabilities -							
Deferred tax liabilities							217,271
Retirement benefit liabilities							287,695
Total Liabilities							55,171,842

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

	Jamaica	Grand Cayman	Sept-06 Group
Total Revenue	9,429,911	1,496,619	10,926,530
Total Assets	71,495,039	7,490,348	78,985,387

	Jamaica	Grand Cayman	Sept-05 Group
Total Revenue	8,518,214	523,499	9,041,713
Total Assets	62,703,050	4,407,403	67,110,453

	Jamaica	Grand Cayman	Dec-05 Group
Total Revenue	11,483,517	639,918	12,123,435
Total Assets	64,136,452	6,749,766	70,886,218

Explanatory Notes

1. Significant Accounting Policies

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) which includes International Accounting Standards (IAS) 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, 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 and are initially recognized at cost. 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) Segment reporting

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of components in other economic environments.

(d) Investments

Investments are classified as financial assets at fair value through income, available-for-sale financial assets or loans and leases, 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 Investment Income.

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

All purchases and sales of investment securities are recognized on the trade date.

(e) Investment Properties

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

(f) 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 and are recorded at the amount at which the securities were acquired or sold plus accrued interest.

(g) Cash and Cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the Statement of Cash Flows, 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, Commissions 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 Statements. At September 30, 2006 the total pension funds under management were \$38.7 billion (December 2005: \$36.0 billion). Administration and investment fees earned by the Group are included in "Fees, Commissions 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 relate to un-issued shares for the Staff Share Ownership Plan and un-issued shares for the Executive Stock Option Plan.

The outstanding shares were as follows:

	<i>Sept. '06</i>	<i>Sept. '05</i>
Common shares in issue	3,730,244,258	3,716,910,925
Weighted average number of common shares	3,725,799,814	3,329,659,549
Weighted average number of common shares, assuming full dilution	3,898,860,797	3,476,053,865

5. Intangible Assets

The item Intangible Assets includes, Group controlled computer software, goodwill and other intangible assets.

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired at the acquisition date. Goodwill is initially measured at cost and is not amortized. After initial recognition goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Other Intangible Assets

Other intangible assets include contractual customer relationships, trade names and computer software acquired through acquisitions. The fair values and estimates of useful life of these identifiable intangible assets are determined by independent appraisers at the point of acquisition. These assets are initially recorded at cost. 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 not amortized but is tested annually for impairment.

6. Business combinations

As allowed under IFRS 3, the accounting for the fair value of identifiable intangible assets acquired during 2005 from the PCFS, First Life and Sagicor General business combinations was done using provisional values. Having received updated values for these identifiable intangible assets, the carrying values of purchased goodwill, intangible assets and the related amortization charges have been adjusted from the acquisition dates.

7. Gain on sale of shares to ultimate parent company

During the second quarter of 2005, LOJ acquired First Life's financial services business, including 197,137,614 PCFS shares. These shares were later sold to Sagicor Financial Corporation (SFC) in settlement of the debt incurred by LOJ to purchase another block of 226,208,971 PCFS shares. LOJ realized a gain of \$429,940,000 on the transfer of the shares to SFC.

8. Restatements and reclassifications

The adjustments to the value of certain intangibles (note 6) were applied retroactively from the date of the acquisitions. The gain on the sale of shares to the ultimate parent company (note 7), previously recognized in the fourth quarter of 2005, has been reflected in the second quarter of 2005 when the shares were actually transferred.

Restatements and reclassifications (cont'd)

In addition, these financial statements reflect the reclassification of some items as reported in previous quarters. Reclassifications have also been made to the prior year numbers to conform to current year reporting. The effect of these changes on the prior year financial statements is summarised as follows:

	<i>Previously Stated</i>	<i>Adjustments to Intangibles</i>	<i>Gain on sale of shares</i>	<i>Reclassifications</i>	<i>Restated</i>
September 2005:					
Balance Sheet -					
Total Assets	65,628,477	(202,524)	429,940	1,254,560	67,110,453
Retained earnings	2,847,199	(116,907)	429,940	0	3,160,232
Shareholders' equity	11,022,039	(116,907)	429,940	0	11,335,072
Minority interest	2,730,473	(85,618)	0	1,254,560	3,899,415
Statement of Operations -					
Total revenue	8,611,773	0	429,940	0	9,041,713
Depreciation and amortization	50,857	202,524	0	0	253,381
Net profit attributable to:					
Shareholders	1,607,887	(116,907)	429,940	0	1,920,920
Minority Interest	401,579	(85,618)	0	0	315,961

December 2005:					
Balance Sheet -					
Total Assets	70,669,887	(175,097)	0	391,428	70,886,218
Total liabilities	54,780,414		0	391,428	55,171,842
Retained earnings	3,634,334	24,898	0	0	3,659,232
Shareholders' equity	11,610,478	24,898	0	0	11,635,376
Minority interest	4,278,996	(199,996)	0	0	4,079,000
Statement of Operations -					
Total revenue	12,136,778	(45,284)	0	31,941	12,123,435
Depreciation and amortization	534,075	(135,724)	0	0	398,351
Finance Cost	0	0	0	31,941	31,941
Net profit attributable to:					
Shareholders	2,424,329	24,898	0	0	2,449,227
Minority Interest	356,008	65,541	0	0	421,549