Pan-Jamaican Investment Trust Limited

Financial Statements
31 December 2006

Pan-Jamaican Investment Trust Limited
Index
31 December 2006

	Page
Auditors' Report to the Members	
Financial Statements	
Consolidated statement of operations	1
Consolidated balance sheet	2- 3
Consolidated statement of changes in stockholders' equity	4 -5
Consolidated statement of cash flows	6
Company statement of operations	7
Balance sheet	8 - 9
Statement of changes in stockholders' equity	10
Company statement of cash flows	11
Notes to the financial statements	12 - 80

Independent Auditors' Report

To the Members of
Pan-Jamaican Investment Trust Limited

Report on the Consolidated Financial Statements

We have audited the accompanying financial statements of Pan-Jamaican Investment Trust Limited and its subsidiaries, and the accompanying financial statements of Pan-Jamaican Investment Trust Limited standing alone, set out on pages 1 to 80, which comprise the consolidated and company balance sheet as of 31 December 2006 and the consolidated and company statement of operations, statement of changes in stockholders' equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the group and the company as of 31 December 2006 and of the financial performance and cash flows of the group and the company for the year then ended, so far as concerns the members of the company, in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

Report on Other Legal and Regulatory Requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Act, in the manner so required.

Chartered Accountants

5 March 2007
Kingston, Jamaica

Pan-Jamaican Investment Trust Limited

Consolidated Statement of Operations

Year ended 31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2006 $'000	2005 $'000
Continuing Operations			
Income			
Investments	5	268,408	259,676
Property	6	800,948	683,635
Premium Income		15,047	11,806
Other	6	57,703	67,933
		1,142,106	1,023,050
Operating expenses	7	(520,528)	(465,435)
Operating Profit		621,578	557,615
Interest expense		(35,416)	(32,447)
Gain on dilution of shareholding in associated company	8	15,452	38,496
Share of results of associated companies		647,817	622,642
Profit before Taxation		1,249,431	1,186,306
Taxation	10	(114,057)	(115,255)
Profit for the year from continuing operations		1,135,374	1,071,051
Discontinued Operations			
Profit for the year from discontinued operations	11	-	98,751
Gain on sale of insurance operations		-	1,626,571
		1,135,374	1,725,322
NET PROFIT		1,135,374	2,796,373
Attributable to:			
Equity holders of the company		822,050	2,043,572
Minority interest		313,324	752,801
		1,135,374	2,796,373
Earnings per stock unit attributable to equity holders of the company during year			
Basic	12		
Continuing operations		4.80	4.53
Discontinued operations		-	7.40
Fully diluted	12		
Continuing operations		4.72	4.53
Discontinued operations		-	7.40

Pan-Jamaican Investment Trust Limited

Consolidated Balance Sheet

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2006	2005
		$'000	**$'000**
ASSETS			
Cash and Bank Balances	13	116,654	42,559
Investments			
Short term deposits	13	45,004	416,745
Securities:			
Financial assets at fair value through profit and loss	14	72,103	-
Available-for sale	14	2,022,035	1,617,433
Loans and receivables	14	38,843	81,590
Securities purchased under agreements to resell	15	411,618	433,680
Investment properties	16	2,527,451	2,283,361
Investment in associated companies	17	4,694,054	4,006,390
		9,811,108	8,839,199
Taxation recoverable		142,632	123,502
Deferred tax assets	18	1,160	27,993
Other assets	19	315,098	204,255
Property, plant and equipment	20	91,771	89,810
Retirement benefit assets	21	50,504	36,523
		10,528,927	9,363,841

Pan-Jamaican Investment Trust Limited

Consolidated Balance Sheet (Continued)

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2006 $'000	2005 $'000
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity			
Capital and Reserves Attributable to the Company's Equity Holders			
Share capital	26	185,354	185,354
Capital redemption reserve		2,176	2,176
Equity compensation reserve	27	2,455	-
Investment and other reserves	28	2,624,396	2,237,801
Retained earnings		4,195,120	3,695,940
Treasury shares		(18,486)	(18,486)
		6,991,015	6,102,785
Minority Interest		2,463,379	2,135,302
		9,454,394	8,238,087
Liabilities			
Bank overdraft	13	6,010	7,462
Taxation payable		11,082	77,063
Deferred tax liability	18	147,824	91,647
Retirement benefit liabilities	21	53,539	50,316
Due to related parties	22	40,344	140,379
Other liabilities	23	237,583	189,074
Loan liabilities	24	571,263	561,339
Finance lease liability	25	6,888	8,474
		10,528,927	9,363,841

Approved for issue by the Board of Directors on 5 March 2007 and signed on its behalf by:

Maurice W. Facey	Director	W. G. Bryan Ewen	Director

Pan-Jamaican Investment Trust Limited

Consolidated Statement of Changes in Stockholders' Equity

Year ended 31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

	\-------------------------------Attributable to Company's Equity Holders----------------------------\								
	Share Capital	**Share Premium**	**Capital Redemption Reserve**	**Insurance and Banking Reserves**	**Investment and Other Reserves**	**Retained Earnings**	**Treasury Shares**	**Minority Interest**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 January 2005, as restated	17,353	168,001	2,176	51,577	886,424	3,182,081	(18,486)	1,482,988	5,772,114
Fair value gains on available-for-sale securities	-	-	-	-	22,086	-	-	1,955	24,041
Realised fair value gains transferred to Consolidated Statement of Operations	-	-	-	-	(9,353)	-	-	(3,467)	(12,820)
Net gains recognised directly in equity	-	-	-	-	12,733	-	-	(1,512)	11,221
Net profit for the year	-	-	-	-	-	2,043,572	-	752,801	2,796,373
Total recognised income for 2005	-	-	-	-	12,733	2,043,572	-	751,289	2,807,594
Transfer of share premium	168,001	(168,001)	-	-	-	-	-	-	-
Transfer from investment reserve	-	-	-	-	(2,028)	2,028	-	-	-
Transfer from special reserve	-	-	-	(51,577)	-	51,577	-	-	-
Transfer from retained earnings	-	-	-	-	1,418,080	(1,418,080)	-	-	-
Dividends paid	-	-	-	-	-	(165,238)	-	-	(165,238)
Dividends paid to minority shareholders	-	-	-	-	-	-	-	(64,966)	(64,966)
Change in reserves of associated company	-	-	-	-	(77,408)	-	-	(34,009)	(111,417)
	168,001	(168,001)	-	(51,577)	1,338,644	(1,529,713)	-	(98,975)	(341,621)
Balance at 31 December 2005	185,354	-	2,176	-	2,237,801	3,695,940	(18,486)	2,135,302	8,238,087

Pan-Jamaican Investment Trust Limited

Consolidated Statement of Changes in Stockholders' Equity (Continued)

Year ended 31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

	\------------------------------Attributable to Company's Equity Holders------------------------------\							
	Share Capital $'000	**Capital Redemption Reserve**	**Equity Compensation Reserve $'000**	**Investment and Other Reserves $'000**	**Retained Earnings $'000**	**Treasury Shares $'000**	**Minority Interest $'000**	**Total $'000**
Balance at 1 January 2006	185,354	2,176	-	2,237,801	3,695,940	(18,486)	2,135,302	8,238,087
Fair value gains on available-for-sale securities	-	-	-	46,915	-	-	9,743	56,658
Realised fair value gains transferred to Consolidated Statement of Operations	-	-	-	(18,787)	-	-	(5,916)	(24,703)
Net gains recognised directly in equity	-	-	-	28,128	-	-	3,827	31,955
Net profit for the year	-	-	-	-	822,050	-	313,324	1,135,374
Total recognised income for 2006	-	-	-	28,128	822,050	-	317,151	1,167,329
Dividends paid	-	-	-	-	(163,260)	-	-	(163,260)
Dividends paid to minority shareholders	-	-	-	-	-	-	(62,795)	(62,795)
Share option expense	-	-	2,455	-	-	-	-	2,455
Movement in other reserve	-	-	-	198,857	-	-	73,721	272,578
Transfer from retained earnings	-	-	-	159,610	(159,610)	-	-	-
	-	-	2,455	358,467	(322,870)	-	10,926	48,978
Balance at 31 December 2006	185,354	2,176	2,455	2,624,396	4,195,120	(18,486)	2,463,379	9,454,394

Pan-Jamaican Investment Trust Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2006 $'000	2005 $'000
Cash Flows from Operating Activities	30	96,021	90,900
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment		(25,654)	(58,761)
Acquisition of investment properties		(7,127)	(2,570)
Net cash inflow on disposal of insurance and employee benefits operations		-	413,576
Proceeds from disposal of property, plant and equipment		35	12,162
Dividends from associates		248,197	119,500
Acquisition of investment securities, net		(358,227)	(787,778)
Net cash used in investing activities		(142,776)	(303,871)
Cash Flows from Financing Activities			
Due from/(to) related parties		(42,615)	76,118
Loans received		279,476	318,651
Loans repaid		(283,866)	(124,541)
Dividends paid to minority interest		(62,795)	(64,966)
Dividends paid to company stockholders		(163,260)	(165,238)
Net cash (used in)/provided by financing activities		(273,060)	40,024
Net decrease in cash and cash equivalents		(319,815)	(172,947)
Effect of exchange rate changes on cash and cash equivalents		1,559	4,262
Cash and cash equivalents at beginning of year		885,522	1,054,207
CASH AND CASH EQUIVALENTS AT END OF YEAR	13	567,266	885,522

Pan-Jamaican Investment Trust Limited

Company Statement of Operations

Year ended 31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2006	2005
		$'000	$'000
Income			
Dividends and interest	5	197,543	208,602
Management fees	6	15,720	14,300
Exchange gain		11,993	8,819
Other		14,140	52,078
		239,396	283,799
Expenses			
Operating expenses	7	77,406	108,884
Interest expense		11,363	12,723
		88,769	121,607
Profit before Taxation		150,627	162,192
Taxation	10	(3,241)	(1,456)
Net Profit		147,386	160,736

Pan-Jamaican Investment Trust Limited

Balance Sheet

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2006	2005
		$'000	**$'000**
ASSETS			
Cash and Bank Balances	13	114	853
Investments			
Short term deposits		4,497	276,409
Available-for-sale securities	14	270,997	255,772
Loans and receivables	14	3,757	36,172
Investment in subsidiaries	17	67,671	67,671
Investment in associated companies	17	22,296	22,296
		369,218	658,320
Due from related parties	22	220,888	218,774
Taxation recoverable		8,856	8,804
Deferred tax asset	18	-	2,426
Other assets	19	-	1,011
Property, plant and equipment	20	7,949	9,917
Retirement benefit assets	21	4,277	5,941
		611,302	906,046

Pan-Jamaican Investment Trust Limited

Balance Sheet (Continued)

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2006	2005
		$'000	$'000
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity			
Share capital	26	185,354	185,354
Equity compensation reserve	27	2,455	-
Investment and other reserves	28	191,886	183,801
Retained earnings		165,582	183,061
		545,277	552,216
Liabilities			
Bank overdraft	13	2,934	2,388
Taxation payable		267	267
Due to related parties	22	1,714	19,505
Other liabilities	23	13,384	22,401
Deferred tax liability	18	815	-
Retirement benefit liabilities	21	17,672	17,144
Loan liabilities	24	22,351	283,651
Finance lease liability	25	6,888	8,474
		611,302	906,046

Approved for issue by the Board of Directors on 5 March 2007 and signed on its behalf by:

Maurice W. Facey	Director	W. G. Bryan Ewen	Director

Pan-Jamaican Investment Trust Limited

Statement of Changes in Stockholders' Equity
Year ended 31 December 2006
(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital $'000	Share Premium $'000	Investment and Other Reserves $'000	Equity Compensation Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2005	17,353	168,001	175,119	-	190,853	551,326
Fair value gains on available-for-sale securities	-	-	8,682	-	-	8,682
Net profit	-	-	-	-	160,736	160,736
Total recognised income for 2005	-	-	8,682	-	160,736	169,418
Dividends paid	-	-	-	-	(168,528)	(168,528)
Transfer of share premium	168,001	(168,001)	-	-	-	-
	168,001	(168,001)	-		(168,528)	(168,528)
Balance at 31 December 2005	185,354	-	183,801	-	183,061	552,216
Fair value gains on available-for-sale securities	-	-	10,915	-	-	10,915
Realised fair value gains transferred to consolidated statement of operations	-	-	(2,830)	-	-	(2,830)
Equity based compensation	-	-	-	2,455	-	2,455
Net profit	-	-	-	-	147,386	147,386
Total recognised income for 2006	-	-	8,085	2,455	147,386	157,926
Dividends paid	-	-	-	-	(164,865)	(164,865)
	-	-	-	-	(164,865)	(164,865)
Balance at 31 December 2006	185,354	-	191,886	2,455	165,582	545,277

Pan-Jamaican Investment Trust Limited

Company Statement of Cash Flows

Year ended 31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2006 $'000	2005 $'000
Cash Flows from Operating Activities	30	137,694	110,642
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment		(539)	(123)
Proceeds from disposal of property, plant and equipment		36	-
Investment securities, net		37,268	(6,961)
Net provided by/(cash used) in investing activities		36,765	(7,084)
Cash Flows from Financing Activities			
Due from/(to) related parties		(19,905)	41,048
Loans received		-	260,367
Loans repaid		(262,886)	(27,915)
Dividends paid		(164,865)	(168,528)
Net cash (used in)/provided by financing activities		(447,656)	104,972
Net (decrease)/increase in cash and cash equivalents		(273,197)	208,530
Cash and cash equivalents at beginning of year		274,874	66,344
CASH AND CASH EQUIVALENTS AT END OF YEAR	13	1,677	274,874

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

(a) Pan-Jamaican Investment Trust Limited, ("the company") is a limited liability company incorporated and domiciled in Jamaica. The company is listed on the Jamaica Stock Exchange

(b) The main activity of the company is the direction and control of the operations of its subsidiaries and associated companies. The company's income consists mainly of dividends, interest income and management fees earned from its subsidiaries and associated companies. The registered office of the company is located at 60 Knutsford Boulevard, Kingston 5.

(c) The company's subsidiaries and associated companies, which together with the company are referred to as "the group" are as follows:

	Principal Activities	**Proportion of issued equity capital held by**	
Subsidiaries		Company	Subsidiaries
First Jamaica Investments Limited	Investment Management	73%	
Jamaica Property Company Limited	Office Rental		100%
Jamaica Property Development Limited	Property Management		100%
Jamaica Property Management Limited	Property Management		100%
Portfolio Partners Limited	Investment Management		100%
Jamaican Floral Exports Limited	Horticulture	80%	
Jamaican Heart Limited	Horticulture		100%
Pan-Jamaican Mortgage Society Limited	Financial Services	100%	
Scotts Preserves Limited	Distribution	100%	
Busha Browne's Company Limited	Distribution		100%
Busha Browne's Company Limited (Incorporated in the Bahamas)	Dormant	100%	
Scotts of Jamaica Limited	Dormant		100%
St Andrew Developers Limited	Property Development		66 2/3%
Knutsford Holdings Limited	Office Rental		60%
Panacea Insurance Company Limited (Incorporated in the Cayman Islands)	Insurance	100%	
Associated Companies			
Hardware & Lumber Limited	Trading	20.83%	
Life of Jamaica Limited	Insurance and Pension Management		24.64%
Impan Properties Limited	Office Rental		20%

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements
31 December 2006
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities (Continued)

(d) All the company's subsidiaries and associated companies are incorporated and domiciled in Jamaica, except as otherwise indicated.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

Pan-Jamaican Investment Trust Limited
Notes to the Financial Statements
31 December 2006
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards effective in 2006
Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The group has assessed the relevance of all such new standards, interpretations and amendments and has adopted the following IFRS, which are relevant to its operations. The 2005 comparative figures have been amended as required, in accordance with the relevant requirements.

IAS 19 (Amendment)	Employee Benefits
IAS 21 (Amendment)	Net Investment in a Foreign Operation
IAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
IAS 39 (Amendment)	The Fair Value Option
IAS 39 and IFRS 4 (Amendment)	Financial Guarantee Contracts
IFRS 1 (Amendment)	First-time Adoption of International Financial Reporting Standards
IFRS 6	Exploration for and Evaluation of Mineral Resources
IFRIC 4	Determining whether an Arrangement contains a Lease
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

The adoption of IAS 19, 21, 39, IFRS 1, 6, IFRIC 4 and IFRIC 5 did not result in substantial changes to the group's accounting policies. In summary:

IAS 19 (Amendment) - Employee Benefits, introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans, adoption of this amendment only impacts the format and extent of disclosures presented in the accounts.

IFRIC 4 - Determining whether an Arrangement contains a Lease, IFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. The group assessed the impact of IFRIC 4 and concluded that there are no transactions to which this applies.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

The adoption of the following interpretations and amendments has resulted in changes to the group's accounting policies, and has impacted the amounts reported for current and prior year as described below:

- **IAS 39 (Amendment) - The Fair Value Option**, Following amendments to IAS 39 Financial Instruments: Recognition and Measurement in June 2005, the ability of entities to designate any financial instrument as fair value through the profit and loss has been limited.

  Financial assets that can no longer be so designated are now classified as either loans and receivables, held-to-maturity or available-for-sale financial assets, and measured appropriate to the category. Financial liabilities that can no longer be so designated are classified as other liabilities and measured at amortised cost.

  There was no impact on opening retained earnings at 1 January 2006 from the adoption of any of the above-mentioned standards.

Standards, interpretations and amendments to published standards that are not yet effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not yet effective at balance sheet date, and which the group has not early adopted. The group has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

- **IFRS 7 Financial Instruments: Disclosures, and a complementary Amendment to IAS 1, Presentation of Financial Statements - Capital Disclosures** (effective from 1 January 2007). IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The group assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of IAS 1. The group will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 January 2007;

- **IFRIC 8 Scope of IFRS 2** (effective for annual periods beginning on or after 1 May 2006) IFRIC 8 requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of IFRS 2. The group will apply IFRIC 8 from 1 January 2007, but it is not expected to have any impact on the group's accounts;

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements
31 December 2006
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

- **IFRIC 10 Interim Financial Reporting and Impairment** (effective for annual periods beginning on or after 1 November 2006) IFRIC 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The group will apply IFRIC 10 from 1 January 2007, but it is not expected to have any impact on the group's accounts; and
- **IFRS 8 Operating Segments** (effective for annual periods beginning on or after 1 January 2009) IFRS 8 sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. It requires identification of operating segments on the basis of internal reports that are regularly reviewed by, and the amount reported for each operating segment item to be the measure reported to, the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance. IFRS 8 will replace IAS 14 – Segment Reporting. The group will apply IFRS 8 from 1 January 2009, but it is not expected to have any significant impact on the group's accounts.

The group has concluded that the following interpretations to existing standards, which are published but not yet effective, are not relevant to the group's operations:

- **IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies** (effective for annual periods beginning on or after 1 March 2006)
- **IFRIC 9 Reassessment of Embedded Derivatives** (effective for annual periods beginning on or after 1 June 2006)
- **IFRIC 11 IFRS 2 - Group and Treasury Share Transactions** (effective for annual periods beginning on or after 1 March 2007)
- **IFRIC 12 Service Concession Arrangements** (effective for annual periods beginning on or after 1 January 2008)

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. 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, irrespective of the extent of any minority interest. 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. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of operations.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

In the company's unconsolidated balance sheet, investments in subsidiaries are shown at cost.

(ii) Transactions and minority interests

The group applies a policy of treating transactions with minority interests as transactions with parties external to the group. Disposals to minority interests result in gains and losses for the group that are recorded in the statement of operations. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(iii) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The group's share of its associates' post-acquisition profits or losses is recognised in the statement of operations, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

(iii) Associates (continued)
Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. In the company's unconsolidated balance sheet, investments in associates are shown at cost.

Dilution gains and losses in associates are recognised in the statement of operations.

(c) Income recognition

(i) Interest income and expenses
Interest income is recognised in the statement of operations for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investments and accrued discount or premium on treasury bills and other discounted instruments. When loans become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

(ii) Premium income
Premiums are recognised as revenue when due from policyholders and are stated net of reinsurance premiums.

Amounts collected for investment type contracts are reported as deposits. Revenue from these contracts consists of policy fees for the cost of insurance, administration and surrenders during the period, and is reported as other income in the statement of operations.

(iii) Property income
Revenue comprises the invoiced value of rental and maintenance charges, net of General Consumption Tax, and changes in fair values of investment properties.

(iv) Dividend income
Dividend income is recognised when the right to receive payment is established.

(d) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Jamaican dollars, which is the group and the company's functional and presentation currency.

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements
31 December 2006
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(d) Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of operations.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the statement of operations as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the investment and other reserves in equity.

(e) Taxation

Taxation expense in the statement of operations comprises current and deferred tax. Current and deferred taxes are recognised as income tax expense or benefit in the statement of operations except, where they relate to items recorded in stockholders' equity, they are also charged or credited to stockholders' equity. Taxation on Jamaican life assurance business is charged on investment income less expenses allowable in earning that income at the rate of 15% and on gross taxable premium income at 3%. Taxation on other operations within the group and the company is based on profit for the year adjusted for taxation purposes at 33 ⅓%.

(i) Current taxation

Current tax is the expected taxation payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable and tax losses in respect of the previous years.

(ii) Deferred income taxes

Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax is provided on temporary differences arising from investments in subsidiaries, except where the timing of reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future. Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilised.

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements
31 December 2006
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(e) Taxation (continued)

(ii) Deferred income taxes (continued)
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on enacted rates.

Deferred tax is not recognised on changes in the fair values of investment properties in excess of cost, as it is management's intention to recover such surplus through the proceeds of sale, which is not subject to tax.

Tax assets and liabilities are offset when they arise from the same taxable entity, relate to the same tax authority and when the legal right of offset exists.

(f) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets

The group's financial assets comprise investment securities, loans and receivables, cash and bank balances, other assets and securities purchased under agreements to resell. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial liabilities

The group's financial liabilities comprise trade and interest payables, bank and short term loans, long term loans and other liabilities. They are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method.

The fair values of the group's and the company's financial instruments are discussed in Note 33.

(g) Cash and cash equivalents
Cash and cash equivalents are carried on the balance sheet at cost. For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise investment securities with less than 90 days maturity from the date of acquisition including cash balances, deposits held on call with banks and bank overdrafts.

2. Significant Accounting Policies (Continued)

(h) Investments

(i) Investment securities

The group classifies its investment securities as fair value through profit and loss, available-for-sale and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Purchases and sales of investments are recognised on settlement date – the date on which an asset is delivered to or by the group. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Available-for-sale financial assets are subsequently carried at fair value.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of monetary securities classified as available-for-sale and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of operations as other income. Interest on available-for-sale securities calculated using the effective interest method is recognised in the statement of operations. Dividends on available-for-sale equity instruments are recognised in the statement of operations when the group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of operations – is removed from equity and recognised in the statement of operations. Impairment losses recognised in the statement of operations on equity instruments are not reversed through the statement of operations.

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements
31 December 2006
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(h) Investments (continued)

(ii) Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(iii) Investment property

Investment property is held for long-term rental yields and is not occupied by the group. Investment property is treated as a long-term investment and is carried at fair value, based on open market value determined annually by independent qualified valuers. Changes in fair values are recorded in the statement of operations**.**

(iii) Securities purchased under agreements to resell

Securities purchased under agreements to resell (reverse repurchase agreements) are treated as collateralised financing transactions. The difference between the purchase and resale price is treated as interest and accrued over the life of the agreements using the effective yield method.

(iv) Loans and allowances for impairment losses

Policyholder, mortgage and other loans are carried at amortised cost.

Loans are recognised when cash is advanced to borrowers. They are initially recorded at cost, which is the cash given to originate the loan including any transaction costs and subsequently measured at amortised cost using the effective interest rate method.

A provision for credit losses is established if there is objective evidence that a loan is impaired. A loan is considered impaired when management determines that it is probable that all amounts due according to the original contractual terms will not be collected. When a loan has been identified as impaired, the carrying amount of the loan is reduced by recording specific provisions for credit losses to its estimated recoverable amount, which is the present value of expected future cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan.

The provision for credit losses also covers situations where there is objective evidence that probable losses are present in components of the loan portfolio at the balance sheet date. These have been estimated based upon historical patterns of losses in each component, the credit ratings allocated to the borrowers and reflecting the current economic climate in which the borrowers operate.

For non-performing and impaired loans the accrual of interest income based on the original terms of the loan is discontinued. IFRS require the increase in the present value of impaired loans due to the passage of time to be reported as interest income.

Write-offs are made when all or part of a loan is deemed uncollectible or in the case of debt forgiveness. Write-offs are charged against previously established provisions for credit losses and reduce the principal amount of a loan. Recoveries in part or in full of amounts previously written-off are credited to the statement of operations.

Pan-Jamaican Investment Trust Limited

2. Significant Accounting Policies (Continued)

(i) Investment in subsidiaries

Investments in subsidiaries are stated at cost.

(j) Leases

(i) As lessee

Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of minimum lease payments. Each lease payment is allocated between the liability and interest charges so as to produce a constant rate of charge on the lease obligation. The interest element of the lease payments is charged to the statement of operations over the lease period.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under operating leases are charged to the statement of operations on a straight-line basis over the period of the lease.

(ii) As lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease in a manner which reflects a constant periodic rate of return on the net investment in the lease.

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned assets.

(k) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of operations during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold improvements	Life of lease
Furniture, fixtures & fittings	10% & 12½%
Equipment	10%
Computer hardware & software	20%
Leased assets	Life of lease
Motor vehicles	14% - 20%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

2. Significant Accounting Policies (Continued)

(k) Property, plant and equipment (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of operations.

(l) Inventories

Inventories are valued on the first-in, first-out basis at the lower of cost and net realisable value.

(m) Employee benefits

(i) Pension obligations

The company and its subsidiaries operate a number of retirement plans, the assets of which are generally held in separate trustee-administered funds. The pension plans are funded by payments from employees and by the relevant companies, taking into account the recommendations of independent qualified actuaries. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Pan-Jamaican Investment Trust Limited

2. Significant Accounting Policies (Continued)

(m) Employee benefits (continued)

(ii) Other post-retirement obligations

Some group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation, are charged or credited to income over the expected average remaining working lives of the related employees. These obligations are valued annually by independent qualified actuaries.

(iii) Annual leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(iv) Equity compensation benefits

The group operates an equity-settled share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, net profit growth target). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the group reviews its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the statement of operations, and a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

The cost of equity transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employee becomes fully entitled to the award (the vesting date).

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of operations for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

2. Significant Accounting Policies (Continued)

(m) Employee benefits (continued)

(v) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed either to terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve (12) months after the balance sheet date are discounted to present value.

(n) Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(o) Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associate at the acquisition date. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

An excess of the identifiable net assets acquired over the acquisition cost is treated as negative goodwill. Negative goodwill related to expected post acquisition losses is taken to income during the period the future losses are recognised. Negative goodwill which does not relate to expected future losses and expenses is recognised as income immediately.

At each balance sheet date the group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of goodwill is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

(p) Investment reserve

Unrealised gains and losses on quoted equities held by the company which are classified as available-for-sale are taken to stockholders' equity.

2. Significant Accounting Policies (Continued)

(q) Insurance and investments contracts

(i) Classification

The group issues contracts that transfer insurance risk or financial risk or both.

Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. The group defines insurance risk as significant if an insured event could cause an insurer to pay significant additional benefits in a scenario that has a discernible effect on the economics of the transactions.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk as defined above.

(ii) Recognition and measurement

Insurance contracts and investment contracts issued by the group are summarised below:

(1.1) Short-term insurance contracts

These contracts are short-duration life and health insurance contracts.

Short duration life and health insurance contracts protect the group's customers from the consequences of events (such as sickness, death and disability) that would affect on the ability of the customer or his/her dependents to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of economic loss suffered by the policyholder. There are no maturity or surrender benefits.

For most of these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability. Premiums are shown before deduction of commission.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders. They include claims settlement costs and arise from events that have occurred up to the balance sheet date even if they have not yet been reported to the group. The group does not discount its liabilities for unpaid claims other than for disability claims. Liabilities for unpaid claims are estimated using statistical analyses for the claims incurred but not reported.

2. Significant Accounting Policies (Continued)

(q) Insurance and investment contracts (continued)

(iii) Amounts on deposit and deposit administration funds
These funds are managed by the company but are not legally separated from the general operations. The assets and liabilities of these funds are included in these financial statements. The company earns administration fees on the management of these funds

(1.2) Long-term traditional insurance contracts -
These contracts are traditional participating and non-participating policies. The group's participating policies do not have a discretionary participation feature as the amount of additional benefits is not paid at the discretion of the group.

The policy reserves have been calculated using the Policy Premium Method (PPM) of valuation. Under this method, explicit allowance is made for all future benefits and expenses under the policies and expected earned investment income. The premiums, benefits and expenses for each policy are projected and the resultant future cash flows are discounted back to the valuation date to determine the reserves.

The process of calculating policy reserves necessarily involves the use of estimates concerning such factors as mortality and morbidity rates, future investment yields and future expense levels. Consequently, these liabilities include reasonable provisions for adverse deviations from the estimates.

An actuarial valuation is prepared at least annually. Changes in the policyholders' liabilities are recorded in the statement of operations.

Maturities and annuities are accounted for when due.

Death and disability claims and surrenders are recognised in the financial statements in the year in which they have been notified.

These contracts insure events associated with human life (for example death, or survival) over a long duration. Premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission.

Benefits are recorded as an expense when they are incurred.

2. Significant Accounting Policies (Continued)

(q) Insurance and investment contracts (continued)

(iii) Reinsurance contracts held

Contracts entered into by the group with reinsurers under which the group is compensated for losses on one or more contracts issued by the group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the group under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

The benefits to which the group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers (classified within loans and receivables), as well longer term receivables (classified as reinsurance assets) that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The group assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the statement of operations. The group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is also calculated following the same method used for these financial assets.

Actuarial liabilities arising from reinsurance are included as an insurance contract liability.

(iv) Receivables and payables related to insurance contracts and investment contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the statement of operations. The group gathers the objective evidence that the insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is also calculated under the same method used for these financial assets.

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements
31 December 2006
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(r) Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(s) Dividends

Dividends are recorded as a deduction from stockholders' equity in the period in which they are approved.

(t) Share capital

Ordinary shares are classified as equity**.**

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(u) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

(v) Comparative information

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated impairment of goodwill
The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(o).

(ii) Income taxes
The group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Pan-Jamaican Investment Trust Limited

3. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

(iii) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. The group uses discounted cash flow analysis for various available-for-sale financial assets that were not traded in active markets.

(iv) Pension plan assets and post employment obligations

The cost of these benefits and the present value of the pension and the other post-retirement liabilities depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumption used in determining the net periodic cost (income) for pension and post-retirement benefits include the expected long-term rate of return on the relevant plan assets, the discount rate and, in the case of the post-employment medical benefits, the expected rate of increase in medical costs. Any changes in these assumptions will impact the net periodic cost (income) recorded for pension and post-retirement benefits and may affect planned funding of the pension plans. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The group determines the appropriate discount rate at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension and post-retirement benefit obligations. In determining the appropriate discount rate, the group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. The expected rate of increase of medical costs has been determined by comparing the historical relationship of the actual medical cost increases with the rate of inflation in the respective economies. Past experience has shown that the actual medical costs have increased on average by one time the rate of inflation. Other key assumptions for the pension and post retirement benefits cost and credits are based in part on current market conditions.

(v) Investment properties

Investment properties are carried in the balance sheet at market value. The group uses independent qualified property appraisers to value its investment properties annually, generally using the income approach. This approach takes into consideration various assumptions and factors including; the level of current and future occupancy, the rate of annual rent increases, the rate of inflation of direct expenses, the appropriate discount rate, and the current condition of the properties together with an estimate of future maintenance and capital expenditures. Reference is also made to recent comparable sales. A change in any of these assumptions and factors could have a significant impact on the valuation of investment properties.

Pan-Jamaican Investment Trust Limited
Notes to the Financial Statements
31 December 2006
(expressed in Jamaican dollars unless otherwise indicated)

4. Segmental Financial Information

The group is organised into two main business segments:

(a) Investment management services – This incorporates investment management and securities trading;

(b) Property management services – This incorporates the rental and management of commercial real estate.

In 2005, the group's Insurance and pension management services segment, which incorporated provision of ordinary life, group life and group health insurance and pension management services., was sold to Life of Jamaica Limited.

	2006				
	Investment Management Services	**Property Management Services**	**Other**	**Eliminations**	**Group**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
External operating revenue	246,674	862,965	32,467	-	1,142,106
Operating revenue from other segments	201,816	-	716	(202,532)	-
Operating revenue	448,490	862,965	33,183	(202,532)	1,142,106
Segment result	407,155	320,903	27,487	(169,383)	586,162
Gain on dilution of shareholding in associated company					15,452
Share of results of associated companies					647,817
Profit before taxation					1,249,431
Taxation					(114,057)
Net profit					1,135,374
Segment assets	2,888,429	2,988,782	195,500	(237,838)	5,834,873
Associates					4,694,054
Total assets					10,528,927
Segment liabilities	837,807	224,599	249,965	(237,838)	1,074,533
Other segment items:					
Capital expenditure	1,896	23,758	-	-	25,654
Depreciation	2,448	2,252	250	84	5,034

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

4. Segmental Financial Information (Continued)

	2005					
	Insurance and Pension Management Services	**Investment Management Services**	**Property Management Services**	**Other**	**Eliminations**	**Group**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
External operating revenue	502,609	234,844	763,851	12,549	-	1,513,853
Operating revenue from other segments	-	215,081	-	-	(215,081)	-
Operating revenue	502,609	449,925	763,851	12,549	(215,081)	1,513,853
Segment result	128,448	401,472	280,089	19,924	(176,317)	653,616
Gain on dilution of shareholding in associated company						38,496
Share of results of associated companies						622,642
Profit before taxation						1,314,754
Taxation						(144,952)
Profit after taxation						1,169,802
Gain on sale of insurance and employee benefits operations						1,626,571
Net profit						2,796,373
Segment assets	-	2,740,729	2,695,018	178,499	(256,795)	5,357,451
Associates						4,006,390
						9,363,841
Segment liabilities	-	846,852	274,441	261,256	(256,795)	1,125,754
Other segment items:						
Capital expenditure	-	46,889	11,872	-	-	58,761
Depreciation	-	4,094	2,301	-	112	6,507

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements
31 December 2006
(expressed in Jamaican dollars unless otherwise indicated)

5. Investment Income

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Income				
Government of Jamaica securities	160,586	153,217	25,625	25,848
Other	109,192	125,001	171,918	182,754
	269,778	278,218	197,543	208,602
Direct Expenses				
Interest expense	-	6,374	-	-
Investment expense	1,370	12,168	-	-
	1,370	18,542	-	-
	268,408	259,676	197,543	208,602

6. Property and Other Income

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Rental income	582,567	518,550	-	-
Fair value gains on property valuation	218,381	165,085	-	-
	800,948	683,635	-	-
Management fees	31,383	35,350	15,720	14,300
Miscellaneous income	26,320	32,583	26,133	60,897
	57,703	67,933	41,853	75,197

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements
31 December 2006
(expressed in Jamaican dollars unless otherwise indicated)

7. Operating Expenses by Nature

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Staff costs (Note 9)	70,903	124,737	24,094	68,357
Auditor's remuneration	10,781	9,899	2,700	2,900
Direct cost of property management	316,625	237,175	-	-
Bad debts	21,468	1,893	8,958	1,893
Depreciation	5,034	6,507	2,429	2,449
Office expense	1,510	2,501	737	778
Computer charges	8,617	5,139	-	-
Bank charges	2,792	4,280	1,462	3,108
Directors Fees	24,615	23,680	13,633	13,799
Professional fees	18,196	37,251	5,686	5,405
Rental and lease	8,828	15,046	-	-
Subscription and donations	8,389	5,716	8,335	5,595
Travelling and motor	1,423	695	1,423	695
Advertising	4,391	3,810	1,233	1,572
Other	16,956	27,522	6,716	2,333
	520,528	505,851	77,406	108,884
Less: Allocated to investment expense (Note 5)	-	(12,168)	-	-
	520,528	493,683	77,406	108,884
Less: Allocated to discontinued operations (Note 11)	-	(28,248)	-	
	520,528	465,435	77,406	108,884

8. Gain on Dilution of Shareholding in Associated Company

During 2006, one of the company's associated companies, Life of Jamaica Limited, issued ordinary shares to its employees through its ESOP scheme. This issue reduced the company's holding from 24.73% to 24.64%. The gain arising from the share issue of $15,452,000 has been credited to the statement of operations.

During 2005, another associated company, Hardware & Lumber Limited, announced a rights issue of one new share for every five shares previously held. The company renounced its rights, thereby reducing its holding from 25% to 20.83%. The gain arising from the rights issue of $38,496,000 has been credited to the statement of operations.

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

9. Staff Costs

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Wages and salaries	61,113	117,757	12,364	61,389
Payroll taxes	3,607	4,815	707	961
Pension - funded (Note 21(a))	(9,859)	(44,001)	2,267	1,400
Pension – unfunded (Note 21(b))	1,579	1,614	1,579	1,614
Other post retirement benefits (Note 21(c))	5,018	31,612	746	363
Stock compensation expense (Note 27)	2,455	-	2,455	-
Redundancy costs	-	5,103	-	-
Other	6,990	7,837	3,976	2,630
	70,903	124,737	24,094	68,357

10. Taxation

(a) Composition of tax charge

The taxation charge for the year is comprised of:

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Premium tax at 3%	-	3,525	-	-
Investment income tax at 15%	-	28,223	-	-
Current income tax at 33⅓%	42,964	94,630	-	-
(Over)/under provision in prior year	(11,917)	401	-	-
Deferred income taxes (Note 18)	83,010	18,173	3,241	1,456
	114,057	144,952	3,241	1,456
This is broken down as follows:				
Continuing operations	114,057	115,255	3,241	1,456
Discontinued operations (Note 11)	-	29,697	-	-
	114,057	144,952	3,241	1,456

Subject to agreement with the Taxpayer Audit and Assessment Department, some of the group subsidiaries have losses available for offset against future taxable profits amounting to approximately $70,132,000 (2005 - $79,141,000).

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

10. Taxation (Continued)

(b) Reconciliation of applicable tax charges to effective tax charge:

	The Group		The Company	
	2006 $'000	**2005 $'000**	**2006 $'000**	**2005 $'000**
Insurance operations				
Premium tax				
Gross premium income	-	463,434	-	-
Tax at 3%	-	13,903	-	-
Income not subject to tax	-	(10,685)	-	-
Amounts on deposit	-	282	-	-
Premium tax on segregated funds deposits	-	25	-	-
	-	3,525	-	-
Investment and health income tax				
Gross investment and health income	-	510,213	-	-
Tax at 15%	-	76,532	-	-
Deductible expenses	-	(48,320)	-	-
Expenses not deductible for tax purposes	-	11	-	-
	-	28,223	-	-
Other operations				
Current income tax				
Profit before tax	1,249,431	4,289,201	150,627	162,192
Tax at 33 ⅓%	416,460	1,429,735	50,209	54,064
Income not subject to tax	(311,151)	(1,318,444)	(51,823)	(52,713)
Expenses not deductible for tax purposes	5,834	1,681	4,855	105
Tax losses carried forward not utilised	14,829	-	-	-
Net effect of other charges and allowances	2	(169)	-	-
	125,974	112,803	3,241	1,456
Adjustment for prior year (over)/under provision	(11,917)	401	-	-
Income tax expense	114,057	113,204	3,241	1,456

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

11. Profit from Discontinued Operations

	The Group	
	2006	**2005**
	$'000	**$'000**
Gross premiums	-	451,628
Reinsurance	-	(8,360)
Net premiums	-	443,268
Investment income	-	45,660
Other income	-	1,875
	-	490,803
Expenses		
Policyholders' benefits and reserves	-	301,637
Commissions	-	32,470
Management expenses (Note 7)	-	28,248
	-	(362,355)
Profit before Taxation	-	128,448
Taxation (Note 10)	-	(29,697)
Profit for the year from discontinued operations	-	98,751

12. Earnings per Stock Unit

The calculation of basic earnings per stock unit (EPS) is based on the net profit attributable to equity holders of the group and the weighted average number of stock units in issue during the year, excluding ordinary stock units purchased by the group and held as treasury stocks.

	2006	2005
Net profit attributable to stockholders ($'000)		
Continuing operations	822,050	775,495
Discontinued operations	-	1,268,077
	822,050	2,043,572
Weighted average number of stock units in issue (thousands)	171,299	171,289
Basic earnings per stock unit ($)		
Continuing operations	4.80	4.53
Discontinued operations	-	7.40
	$4.80	$11.93

For fully diluted EPS, the weighted average number of stock units in issue is adjusted to assume conversion of all potentially dilutive ordinary stock units. The net profit is also adjusted to reflect the after tax effect of income arising from the conversion of such potential ordinary stock units.

Fully diluted EPS was calculated as follows:

	2006	2005
Net profit attributable to stockholders ($'000)		
Continuing operations	822,050	775,495
Discontinued operations	-	1,268,077
Net profit used to determine diluted earnings per stock unit ($'000)	822,050	2,043,572
Weighted average number of ordinary shares in issue (thousands)	171,299	171,289
Adjustments for - assumed conversion of preference shares (thousands)	-	15
- share options (thousands)	3,063	-
Weighted average number of shares for diluted earnings per stock unit (thousands)	174,362	171,304
Fully diluted earnings per stock unit ($)		
Continuing operations	4.72	4.53
Discontinued operations	-	7.40
Fully diluted earnings per stock unit	$4.72	$11.93

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements
31 December 2006
(expressed in Jamaican dollars unless otherwise indicated)

13. Cash and Cash Equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise the following balances with original maturity dates not exceeding 90 days.

	The Group		The Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Cash and bank balances	116,654	42,559	114	853
Short term deposits	45,004	416,745	4,497	276,409
Securities purchased under agreements to resell (Note 15)	411,618	433,680	-	-
	573,276	892,984	4,611	277,262
Bank overdrafts	(6,010)	(7,462)	(2,934)	(2,388)
	567,266	885,522	1,677	274,874

Security for the bank overdrafts includes certain specific securities and investment properties owned by the subsidiaries as well as the unlimited guarantee of the holding company. The effective interest rate on overdraft facility was 18.25% (2005 – 18.75%).

14. Investment Securities

	The Group		The Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Financial assets at fair value through profit and loss	72,103	-	-	-
Available-for-sale:				
Debt securities -				
Government of Jamaica	1,387,189	1,179,470	265,535	244,514
Other	317,684	-	-	-
Equity securities -				
Quoted	183,890	266,838	5,462	11,258
Unquoted	133,272	171,125	-	-
	2,022,035	1,617,433	270,997	255,772
Loans and receivable -				
Corporate debentures	17,994	54,022	-	36,028
Other	18,108	20,490	2,557	-
Interest receivable	2,741	7,078	1,200	144
	38,843	81,590	3,757	36,172

14. Investment Securities (Continued)

(a) Corporate debentures are shown net of provision for impairment losses of $50,303,000 (2005 - $50,832,000) for the group.

(b) Included in the group's investments are Government of Jamaica securities pledged as collateral as follows:

Investments valued at US$7,700,000 (2005 - US$3,000,000) have been pledged as collateral for loans granted to one of the company's subsidiary (Note 24).

15. Securities Purchased under Agreements to Resell

The group entered into collateralised reverse repurchase agreements (securities purchased under agreements to resell), which may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations.

Included in securities purchased under agreements to resell are $411,618,000 (2005 - $433,680,000), which are regarded as cash and cash equivalents for the purposes of the consolidated statement of cash flows.

16. Investment Properties

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	2,283,361	2,067,455	-	-
Acquired during the year	7,127	2,570	-	-
Transferred from capital work-in-progress	18,582	48,250	-	-
Fair value gains	218,381	165,086	-	-
At 31 December	2,527,451	2,283,361	-	-

Property income and direct expenses including repairs and maintenance that generated property income during the year in relation to investment properties are as follows:

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Property income	582,567	518,549	-	-
Direct costs	(316,625)	(237,175)	-	-

The properties were valued at current market value as at 31 December 2006 by D.C. Tavares & Finson Realty Limited, independent qualified property appraisers and valuers.

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements
31 December 2006
(expressed in Jamaican dollars unless otherwise indicated)

17. Investment in Subsidiaries and Associated Companies

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Subsidiary companies -				
At cost				
First Jamaica Investments Limited	-	-	57,758	57,758
Busha Browne's Company Limited	-	-	1	1
Scott's Preserves Limited	-	-	1	1
Panacea Insurance Company Limited	-	-	6,910	6,910
Jamaica Floral Exports Limited	-	-	3,000	3,000
Pan Jamaican Mortgage Society Limited	-	-	1	1
	-	-	67,671	67,671
Associated companies -				
Life of Jamaica Limited				
Shareholding at cost	3,493,066	3,493,066	-	-
Share of profit	1,147,241	507,281	-	-
Dividend received	(367,697)	(119,500)	-	-
Share of reserves	164,079	(108,499)	-	-
Gain on dilution of holding	15,452	-	-	-
	4,452,141	3,772,348	-	-
Hardware and Lumber Limited				
Shareholding at cost	22,296	22,296	22,296	22,296
Share of profit	64,829	56,972	-	-
Share of capital reserves	155,684	155,684	-	-
	242,809	234,952	22,296	22,296
Impan Properties Limited				
Shareholding at cost	20	20	-	-
Share of profit	58	58	-	-
Share of capital reserve	7,945	7,945	-	-
Current account	(8,919)	(8,933)	-	-
	(896)	(910)	-	-
	4,694,054	4,006,390	22,296	22,296
Comprising:				
Share of net assets	3,792,977	3,105,313	-	-
Goodwill	901,077	901,077	-	-
	4,694,054	4,006,390	-	-

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements
31 December 2006
(expressed in Jamaican dollars unless otherwise indicated)

17. Investment in Subsidiaries and Associated Companies (Continued)

The assets, liabilities, revenue and net profit/(loss) of the associates as at and for the years ended 31 December 2006 are as follows:

	Assets $'000	Liabilities $'000	Revenue $'000	Net Profit/(loss) $'000
2006				
Life of Jamaica Limited	79,058,214	64,646,427	14,768,584	2,572,216
Hardware and Lumber Limited	2,938,810	1,773,141	5,655,194	37,718
Impan Properties Limited	44,119	4,018	-	-
	82,041,143	66,423,586	20,423,778	2,609,934
2005				
Life of Jamaica Limited	70,910,853	59,258,805	12,123,435	2,449,261
Hardware and Lumber Limited	2,773,791	1,645,840	5,393,126	69,478
Impan Properties Limited	44,133	4,018	-	-
	73,728,777	60,908,663	17,516,561	2,518,739

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

18. Deferred Income Taxes

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 33 1/3% for both 2006 and 2005.

Assets and liabilities recognised on the balance sheet are as follows:

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Deferred tax assets	1,160	27,993	5,013	2,426
Deferred tax liabilities	(147,824)	(91,647)	(5,828)	-
Net (liability)/asset	(146,664)	(63,654)	(815)	2,426

The movement on the deferred income tax balance is as follows:

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Balance at 1 January	(63,654)	(45,481)	2,426	3,882
Charged to statement of operations (Note 10)	(83,010)	(18,173)	(3,241)	(1,456)
Balance at 31 December	(146,664)	(63,654)	(815)	2,426

Deferred income tax assets and liabilities are attributable to the following items:

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Deferred income tax assets				
Pensions and other post retirement benefits	8,457	9,006	4,482	5,715
Interest payable	2,218	1,219	3	912
Net lease obligations	629	1,801	528	1,091
Unrealised foreign exchange losses	1,493	2,959	-	-
Unutilised tax losses	226	26,669	-	-
Accrued vacation leave	-	-	-	63
	13,023	41,654	5,013	7,781

18. Deferred Income Taxes (Continued)

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Deferred income tax liabilities				
Property, plant and equipment	82	53	82	53
Investment securities	1,536	-	-	-
Pension benefits	13,829	10,952	1,425	1,980
Tax depreciation on investment property	88,752	77,960	-	-
Unrealised foreign exchange gains	11,330	14,239	3,921	2,954
Receivables	3,719	-	-	-
Interest receivable	40,439	2,104	400	368
	159,687	105,308	5,828	5,355
Net (liability)/asset	(146,664)	(63,654)	(815)	2,426

Deferred income tax liabilities have not been established for the withholding tax that would be payable on the unappropriated profits of subsidiaries, as such amounts are permanently reinvested; such unappropriated profits totalled $5,387,000,000 at 31 December 2006 (2005 - $4,490,000,000).

The amounts shown in the balance sheet include the following:

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets to be recovered after more than 12 months	8,457	35,675	4,482	5,715
Deferred tax assets to be recovered within 12 months	4,566	5,979	531	2,066
	13,023	41,654	5,013	7,781
Deferred tax liability to be recovered after more than 12 months	88,834	78,013	1,507	2,033
Deferred tax liability to be recovered within 12 months	70,853	27,295	4,321	3,322
	159,687	105,308	5,828	5,355
Net (liability)/asset	(146,664)	(63,654)	(815)	2,426

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

19. Other Assets

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	42,295	57,189	-	-
Inventories	2,830	2,077	-	-
Managed properties fees	25,158	22,315	-	-
Other receivables	74,775	50,558	-	1,011
Deposits	36,084	-	-	-
Land awaiting development	104,775	36,603	-	-
Work-in-progress	29,181	35,513	-	-
	315,098	204,255	-	1,011

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

20. Property, Plant and Equipment

	The Group						
	Freehold Premises	**Leasehold Improvements**	**Furniture, Fixtures & Equipment**	**Assets Capitalised under Finance Leases**	**Motor Vehicles**	**Capital Work in Progress**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At Cost -							
1 January 2005	44,161	14,344	63,927	2,632	1,147	34,731	160,942
Additions	-	-	144	750	11,749	46,118	58,761
Disposals	-	-	-	(1,494)	-	-	(1,494)
Adjustments	-	-	(2,304)	2,304	-	-	-
Write offs	-	(19)	(21,719)	-	-	-	(21,738)
Transfers	-	-	(19,520)	(465)	-	(49,419)	(69,404)
31 December 2006	44,161	14,325	20,528	3,727	12,896	31,430	127,067
Additions	-	-	1,124	-	5,185	19,345	25,654
Disposals	-	-	(113)	-	-	-	(113)
Transfers	-	-	-	-	-	(18,582)	(18,582)
31 December 2005	44,161	14,325	21,539	3,727	18,081	32,193	134,026
Accumulated Depreciation -							
1 January 2005	2,512	9,715	49,728	2,411	749	-	65,115
Charge for year	280	4	2,370	1,504	2,349	-	6,507
Relieved on disposals	-	-	(14,334)	(188)	-	-	(14,522)
Write-offs	-	(9)	(19,834)	-	-	-	(19,843)
31 December 2005	2,792	9,710	17,930	3,727	3,098	-	37,257
Charge for year	325	1	443	-	4,265	-	5,034
Relieved on disposals	-	-	(36)	-	-	-	(36)
31 December 2006	3,117	9,711	18,337	3,727	7,363	-	42,255
Net Book Value -							
31 December 2006	41,044	4,614	3,202	-	10,718	32,193	91,771
31 December 2005	41,369	4,615	2,598	-	9,798	31,430	89,810

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

20. Property, Plant and Equipment (Continued)

	The Company				
	Leasehold Improvements	**Furniture & Fixtures**	**Assets Capitalised under Finance Leases**	**Motor Vehicles**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
At Cost -					
1 January 2005	199	3,271	-	957	4,427
Additions	-	123	11,749	-	11,872
31 December 2005	199	3,394	11,749	957	16,299
Additions	-	539	-	-	539
Disposals	-	(113)	-	-	(113)
31 December 2006	199	3,820	11,749	957	16,725
Accumulated Depreciation -					
1 January 2005	195	2,782	-	957	3,934
Charge for the year	3	96	2,349	-	2,448
31 December 2005	198	2,878	2,349	957	6,382
Charge for the year	1	78	2,350	-	2,429
Relieved on disposal	-	(35)	-	-	(35)
31 December 2006	199	2,921	4,699	957	8,776
Net Book Value -					
31 December 2006	-	899	7,050	-	7,949
31 December 2005	1	516	9,400	-	9,917

21. Retirement Benefits

The company and its subsidiaries have established a number of pension schemes covering all permanent employees. The assets of funded plans are held independently of the group's assets in separate funds administered by the company. Defined benefit plans are valued by independent actuaries annually, using the projected unit credit method.

The latest actuarial valuations were carried out as at 31 December 2006.

The amounts recognised in the balance sheet comprise:

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Assets				
Funded pension schemes (Note 21(a))	50,504	36,523	4,277	5,941
Liabilities				
Unfunded pension scheme (Note 21(b))	13,445	13,509	13,445	13,509
Other (Note 21(c))	40,094	36,807	4,227	3,635
	53,539	50,316	17,672	17,144

The (income)/expense recognised in the statement of operations comprise:

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Pension schemes - funded (Note 21(a))	(9,859)	(44,001)	2,267	1,400
Pension scheme – unfunded (Note 21(b))	1,579	1,614	1,579	1,614
Other post-retirement obligations:				
Medical and life insurance (Note 21(c))	5,018	31,612	746	363
	(3,262)	(10,775)	4,592	3,377

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements
31 December 2006
(expressed in Jamaican dollars unless otherwise indicated)

21. Retirement Benefit (Continued)

(a) Funded pension obligations

The amounts recognised in the balance sheet are determined as follows:

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Present value of funded obligations	119,951	128,796	14,836	34,819
Fair value of plan assets	(318,528)	(303,717)	(143,482)	(145,427)
	(198,577)	(174,921)	(128,646)	(110,608)
Unrecognised actuarial gains	4,498	2,665	15,483	10,608
Limitation on asset recognised	143,575	135,733	108,886	94,059
Asset in the balance sheet	(50,504)	(36,523)	(4,277)	(5,941)

Life of Jamaica Limited, an associated company which manages the group's pension fund assets, has invested in ordinary stock units of a subsidiary of the group with a fair value of $48,320,000 (2005 - $8,885,000).

The movement in the defined benefit obligation over the year is as follows:

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Beginning of year	128,796	168,540	34,819	15,907
Current service cost	3,485	4,209	980	540
Interest cost	14,120	15,598	2,903	1,902
Contributions by plan participants	3,488	6,478	457	1,845
Actuarial losses/(gains)	(756)	17,972	(3,072)	14,747
Transfer	-	(53,456)	-	-
Benefits paid	(29,182)	(30,545)	(21,251)	(122)
End of year	119,951	128,796	14,836	34,819

Pan-Jamaican Investment Trust Limited
Notes to the Financial Statements
31 December 2006
(expressed in Jamaican dollars unless otherwise indicated)

21. Retirement Benefit (Continued)

(a) Funded pension obligations (continued)

The movement in the fair value of plan assets over the year is as follows:

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Beginning of year	303,717	410,571	145,427	122,596
Expected return on plan assets	35,313	38,605	16,443	15,020
Actuarial gains	1,070	7,974	1,803	2,667
Transfer	-	(137,292)	-	-
Employer contributions	4,122	7,843	603	3,421
Employee contributions	3,488	6,478	457	1,845
Benefits paid	(29,182)	(30,462)	(21,251)	(122)
End of year	318,528	303,717	143,482	145,427

The amounts recognised in the statement of operations are as follows:

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Current service cost	3,485	4,209	980	540
Interest cost	14,120	15,598	2,903	1,902
Expected return on plan assets	(35,313)	(38,605)	(16,443)	(15,020)
Net actuarial gains recognised in year	7	3,739	-	(948)
Change in limitations on asset	7,842	(28,942)	14,827	14,926
Total	(9,859)	(44,001)	2,267	1,400

The actual return on plan assets was $33,000,000 and $16,081,000 (2005 - $62,690,000 and $19,004,000) for the group and the company, respectively.

21. Retirement Benefits (Continued)

(a) Funded pension obligations (continued)

The principal actuarial assumptions used were as follows:

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	%	**%**	**%**	**%**
Discount rate	12.0	12.5	12.0	12.5
Expected return on plan assets	12.0	12.5	12.0	12.5
Future salary increases	9.5	10.0	9.5	10.0
Future pension increases	3.5	3.5	3.5	3.5

(b) Unfunded Pension Obligations

The amounts recognised in the balance sheet are determined as follows:

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Present value of unfunded obligations	13,445	13,509	13,445	13,509

The movement in the liability recognised in the balance sheet is as follows:

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Beginning of year	13,509	13,538	13,509	13,538
Expense	1,579	1,614	1,579	1,614
Contributions paid	(1,643)	(1,643)	(1,643)	(1,643)
End of year	13,445	13,509	13,445	13,509

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements
31 December 2006
(expressed in Jamaican dollars unless otherwise indicated)

21. Retirement Benefit (Continued)

(c) Post-employment benefits

In addition to pension benefits, the company and certain subsidiaries offer retiree medical and life insurance benefits that contribute to the health care and life insurance coverage of employees and beneficiaries after retirement. The method of accounting and frequency of valuations are similar to those used for defined benefit pension schemes.

The main actuarial assumption is a long-term increase in health costs of 11% per year (2005 - 10.5%).

Other assumptions were as for the pension plans set out above.

The amounts recognised in the balance sheet are determined as follows:

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Present value of unfunded obligations	35,757	33,387	4,484	5,040
Unrecognised actuarial (losses)/gains	4,337	3,420	(257)	(1,405)
Liability in the balance sheet	40,094	36,807	4,227	3,635

The movement in the defined benefit obligation over the year is as follows:

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Beginning of year	33,387	93,737	5,040	2,657
Current service cost	1,135	2,491	198	71
Interest cost	4,082	7,246	630	332
Contributions by plan participants	(1,577)	(2,636)	-	-
Actuarial losses/(gains)	(1,116)	(14,519)	(1,230)	2,109
Benefits paid	(154)	(129)	(154)	(129)
Transfer	-	(52,803)		
End of year	35,757	33,387	4,484	5,040

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

21. Retirement Benefit (Continued)

(c) Post-employment benefits (continued)

The expense recognised in the statement of operations is as follows:

	The Group		The Company	
	2006 $'000	**2005 $'000**	**2006 $'000**	**2005 $'000**
Current service cost	1,135	2,491	198	71
Interest cost	4,082	7,246	630	332
Net actuarial (gains)/losses recognised during the year	(199)	21,875	(82)	(40)
Total, included in staff costs (Note 9)	5,018	31,612	746	363

The effects of a 1% movement in the assumed medical cost trend rate were as follows:

	Increase	**Decrease**
Effect on the aggregate of the current service cost and interest cost	6,926	4,965
Effect on the defined benefit obligation	38,224	33,615

Plan assets are comprised as follows:

	2006		2005	
	$'000	**%**	**$'000**	**%**
Equity	50,987	16	41,204	13
Debt	266,419	83	261,579	86
Other	1,122	1	934	1
	318,528	100	303,716	100

Pan-Jamaican Investment Trust Limited
Notes to the Financial Statements
31 December 2006
(expressed in Jamaican dollars unless otherwise indicated)

21. Retirement Benefit (Continued)

(c) Post-employment benefits (continued)

Movement in the defined benefit obligation is as follows:

	The Group			
	2006	**2005**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Present value of defined obligation	133,396	142,305	182,078	114,025
Fair value of plan assets	(318,528)	(303,717)	(410,571)	(326,351)
Deficit/(surplus)	(185,132)	(161,412)	(228,493)	(212,326)
Experience adjustments on plan liabilities	(206)	17,706	55,629	(21,273)
Experience adjustments on plan assets	(1,071)	(2,690)	(41,173)	(19,946)

	The Company			
	2006	**2005**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Present value of defined obligation	28,281	48,328	29,445	30,477
Fair value of plan assets	(143,482)	(145,427)	(122,596)	(99,171)
Deficit/(surplus)	(115,201)	(97,099)	(93,151)	(68,694)
Experience adjustments on plan liabilities	(2,522)	14,481	(1,872)	(3,223)
Experience adjustments on plan assets	(1,803)	(2,667)	(12,575)	(789)

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

22. Related Party Balances and Transactions

(a) The balance sheet includes the following balances with related parties and companies:

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Amounts due from related parties:				
Subsidiaries:				
Busha Browne's Company Limited	-	-	102,837	103,393
First Jamaica Investments Limited	-	-	4,323	-
Portfolio Partners Limited	-	-	575	575
Jamaica Floral Exports Limited	-	-	90,378	90,369
Pan-Jamaican Mortgage Society Limited	-	-	402	402
Scott's Preserves Limited	-	-	22,373	24,044
	-	-	220,888	218,774
Amounts due to related parties:				
Subsidiaries:				
First Jamaica Investments Limited	-	-	-	17,779
Jamaica Property Company Limited	-	-	1,714	1,726
Associated companies				
Life of Jamaica Limited	35,925	137,431	-	-
Related company				
Pan Caribbean Financial Services Limited	4,419	2,948	-	-
	40,344	140,379	1,714	19,505
Net asset/(liability)	(40,344)	(140,379)	219,174	199,269

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

22. Related Party Transactions and Balances (Continued)

(b) The consolidated statement of operations includes the following transactions with related parties:

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Parent				
Interest income	-	-	-	-
Management fee income	-	-	-	-
Interest paid	-	-	-	-
Professional fees	-	-	-	-
Fellow subsidiaries				
Interest income	-	-	291	585
Management fees paid	-	-	15,720	14,300
Interest paid	-	-	(4,073)	(5,212)
Other	-	-	10,600	(50,612)
Associated companies				
Interest paid	(428)	(9,241)	(428)	(323)
Other related parties				
Rental income	36,387	34,100	-	-
Interest and other income earned	34,556	68,182	1,920	5,653
Interest and other expenses paid	(19,562)	(15,545)	-	(2,737)
Other expenses	(3,800)	(3,953)	-	-

(c) Key management compensation:

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Salaries and other short-term employee benefits	33,955	56,784	14,324	37,297
Post-employment benefits	(1,640)	3,718	149	2,278
Share-based payments	2,455	-	2,455	
	34,770	60,502	16,928	39,575
Directors emoluments				
Fees	6,618	5,307	3,235	3,402
Other	10,397	10,397	10,397	10,397
Management compensation (included above)	21,193	32,605	13,593	32,605
	38,208	48,309	27,225	46,404

22. Related Party Transactions and Balances (Continued)

(d) Loans from related parties

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Loans from associates				
Balance at beginning of year	2,040	160,000	2,040	-
Loans advanced during year	-	2,040	-	2,040
Loans repayments received	-	(120,000)	-	-
Transfer to current account	-	(40,000)	-	-
Interest charged	428	7,890	428	-
Interest paid/transferred	(392)	(7,890)	(392)	-
	2,076	2,040	2,076	2,040
Total loans from related parties				
Balance at beginning of year	439,277	188,314	261,064	-
Loans advanced during year	277,054	298,865	-	257,865
Loans repayments received	(261,211)	(59,000)	(261,064)	-
Interest charged	22,776	15,545	2,125	2,737
Interest paid	(21,687)	(12,808)	(2,125)	-
Foreign exchange loss	12,606	8,361	-	462
	468,815	439,277	-	261,064

A subsidiary has pledged certain of its freehold land and buildings as security for First Mortgage Debenture Stocks issued by the company under a joint trust deed. At 31 December 2006, the balance outstanding was $286,000 (2005 - $902,000).

23. Other Liabilities

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Promissory note – managed funds	39,788	47,874	-	-
Other liabilities and accrued expenses	196,542	139,947	7,853	13,899
Dividends payable	1,253	1,253	5,531	8,502
	237,583	189,074	13,384	22,401

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

24. Loan Liabilities

	Currency	Rate	Repayable	The Group 2006	The Group 2005
		%		$'000	$'000
Secured -					
(i) First Caribbean International Bank Limited	US$	LIBOR+ 2.875 / 3.65	2007	72,904	95,028
(ii) Pan Caribbean Financial Services Limited	US$	6.70/6.75	2007	185,762	178,213
Pan Caribbean Financial Services Limited	US$	7.50		-	258,327
(iii) Pan Caribbean Financial Services Limited	US$	6.02	2007	283,053	-
Unsecured -					
(iv) Bank of Nova Scotia Jamaica Limited	J$	20.00	2009	2,422	-
(v) Life of Jamaica Limited	J$	21.00	2007	2,040	2,040
(vi) JN Properties Limited	J$	35.00	2007	13,586	13,586
Consortium loan	J$	20.00	2007	5,335	5,335
				565,102	552,529
Interest payable				6,161	8,810
				571,263	561,339

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements
31 December 2006
(expressed in Jamaican dollars unless otherwise indicated)

24. Loan Liabilities (Continued)

	Currency	Rate	Repayable	The Company 2006	2005
		%		$'000	$'000
Secured -					
First Mortgage Denture Stocks 1985 - 2006		22.00		172	541
First Mortgage Denture Stocks 1987 - 2007		22.00		114	360
First Mortgage Denture Stocks 1989 - 2007		22.00		1,000	1,000
Pan Caribbean Merchant Bank Limited (US$4,000,000)	US$	7.50		-	258,327
Unsecured -					
Life of Jamaica Limited		20.00		2,040	2,040
First Jamaica Investments Limited			2011	18,646	18,646
				21,972	280,914
Interest payable				379	2,737
				22,351	283,651

24. Loan Liabilities (Continued)

(i) The balance is made up of two demand loans issued by FirstCaribbean International Bank Limited. The first loan is a medium term demand loan for US$2,000,000. Interest is charged on this loan at 2.875 percentage points above the US$ 6-months LIBOR rate and is subject to annual review. The loan is repayable by way of twenty eight (28) equal quarterly installments plus interest and is secured by a first mortgage over commercial Lots 187-198 (inclusive) Grenada Crescent and a commercial parking garage located at 39 Barbados Avenue, New Kingston.

The second loan was issued by FirstCaribbean International Bank Limited to assist with the upgrade and expansion of Hi-Lo Supermarket, Manor Park Plaza, Kingston. The demand loan is subjected to annual reviews. Interest rate on this loan is computed on the basis of US$ 6-months LIBOR plus 3.65%. During the tenor of the loan facility there will be a half yearly interest rate reset on October and March. The loan is secured by first mortgage charge over commercial Lots 195 - 198 (inclusive) Grenada Crescent, New Kingston.

(ii) The balance is made up of two demand loans issued by Pan Caribbean Financial Services Limited. The first loan is for US$1,760,000. Interest is charged at 6.7% per annum. The loan is secured by a 10.5% Government of Jamaica indexed bond valued at US$3,000,000.

The second loan is for US$1,000,000. Interest is also charged at 6.75% per annum. The loan is unsecured.

(iii) This represents a demand loan issued by Pan Caribbean Financial Services Limited. The loan is for US$4,230,000. Interest is charged at 6.02% per annum. The loan is secured by a 8.5% FHMLC bond valued at US$4,700,000.

(iv) This represents three non-revolving demand loans issued by Bank of Nova Scotia Jamaica Limited. Interest is charged at the bank base lending rate plus 1.5%. The loans are repayable by way of thirty five (35) monthly installments plus interest. The loans are unsecured.

(v) This represents a loan with Life of Jamaica and attracts a interest rate of 21%. The loan is unsecured.

(vi) This represents a loan advanced by J.N. Properties Limited. The debt is unsecured, attracts interest at 35% per annum with no fixed repayment terms.

Maturity of non current borrowings:

	2006 $'000	2005 $'000
Between 1 and 2 years	570,747	561,339
Between 2 and 5 years	516	-
	571,263	561,339

Pan-Jamaican Investment Trust Limited
Notes to the Financial Statements
31 December 2006
(expressed in Jamaican dollars unless otherwise indicated)

25. Finance Lease Liability

The finance lease obligations are as follows:

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Minimum lease payments under finance leases:				
Not later than 1 year	2,906	2,906	2,906	2,906
Later than 1 year and not later than 5 years	5,974	8,880	5,974	8,880
	8,879	11,786	8,879	11,786
Future finance charges	(1,991)	(3,312)	(1,991)	(3,312)
Present value of finance lease obligations	6,888	8,474	6,888	8,474

The present value of the lease obligations are as follows:

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Not later than 1 year	1,877	1,321	1,877	1,321
Later than 1 year and not later than 5 years	5,011	7,153	5,011	7,153
	6,888	8,474	6,888	8,474

26. Share Capital

	2006	**2005**
	No.	**No.**
Authorised -		
Ordinary stock units	20,000	19,998
10% convertible cumulative redeemable preference shares	-	2
	20,000	20,000
	$'000	**$'000**
Issued and fully paid -		
173,535,078 (2005 - 173,532,953) ordinary stock units	185,354	185,352
10% convertible cumulative redeemable preference shares of no par value	-	2
	185,354	185,354

Pan-Jamaican Investment Trust Limited
Notes to the Financial Statements
31 December 2006
(expressed in Jamaican dollars unless otherwise indicated)

26. Share Capital (Continued)

The company did not elect, under section 37 of the Companies Act 2004, to maintain its shares at par or nominal value. As of 1 August 2005, therefore, the issued shares of the company are deemed to have been converted to shares without a nominal or par value.

27. Share Options

In November 2006, the company established the 2006 Executive Share Option Scheme ("the option plan"). Under the terms of the option plan, 7.5% of the share capital of the company has been reserved for issue. Officers and other key employees of the company and its subsidiaries are eligible to receive options under the plan. The plan is administered by a committee of the Board of Directors of the company. The exercise price of the granted options is equal to the fair value of the company's shares at the date of the grant of the option, or the date on which the company has entered into a binding commitment to grant the options, whichever is the earlier. Shares issued when share options are exercised have the same rights as other issued common shares.

As at 31 December 2006, options over 3,062,500 common shares had been granted at an exercise price of $45.00 to 2 executives, which vest in 5 annual equal amounts on the anniversary of the grant date. Vested options are exercisable for periods of time as determined by the committee of the Board, but in no event shall exceed 10 years from the date of grant. No options were vested or exercisable at 31 December 2006.

The company has recognised share based compensation of $2,455,000 (2005: nil).

The company has used the Black-Scholes valuation model for determining the fair value of the share options. The range of fair value of share options granted during the year, determined using this model, was $9.31 to $23.35.

The significant inputs into the model were as follows:

	Share Options
Grant dates	**2006**
Share Price (range in $)	45.00
Annual Risk Free Rate (%)	12.61 – 13.16
Expected Volatility (%)	35.00
Expected Dividend yield (%)	0.98

The annual risk free rate used is based on Government of Jamaica Treasury Bills with terms equal to the expected life of the options.

The expected volatility of the share price has been determined by reference to the historical volatility of comparable companies to Pan Jamaican Investment Trust Limited at each of the grant dates.

The expected dividend yield has been determined by reference to the historical dividends paid by the company.

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

27. Share Options (Continued)

The movement in the number of share options is as follows:

	Share Options
	2006
At 1 January	-
Granted during the year	3,062,500
Cancelled during the year	-
Lapsed during the year	-
Exercised during the year	-
At 31 December	3,062,500

28. Investment and Other Reserves

These comprise:

	The Group		The Company	
	2006 **$'000**	**2005** **$'000**	**2006** **$'000**	**2005** **$'000**
Fair value gains on investments	129,905	101,778	45,063	36,978
Capital reserves	1,806,044	1,646,435	146,823	146,823
Other reserves	688,447	489,588	-	-
	2,624,396	2,237,801	191,886	183,801
Capital reserves				
Realised gain on sale of ESOP shares	9,010	9,010	-	-
Realised gain on sale of insurance operations	1,161,344	1,161,344	-	-
Realised gain on dilution of holding in subsidiary	416,344	256,735	-	-
Other	219,346	219,346	146,823	146,823
	1,806,044	1,646,435	146,823	146,823

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

29. Dividends

	2006	2005
	$'000	**$'000**
First interim dividends for 2006 at $0.20 (2005 - $0.20) per stock unit – gross	34,704	34,703
Second interim dividends for 2006 at $0.25 (2005 - $0.373) per stock unit – gross	43,380	64,722
Third interim dividend for 2006 at $0.25 (2005 - $0.20) per stock unit – gross	43,380	34,399
Fourth interim dividends for 2006 at $0.25 (2005 - $0.20) per stock unit - gross	43,380	34,704
	164,844	168,528
Preference dividends	21	-
Less: Dividends received by ESOP scheme	(1,605)	(3,290)
	163,260	165,238

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements
31 December 2006
(expressed in Jamaican dollars unless otherwise indicated)

30. Cash Flows from Operating Activities

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Net profit	1,135,374	2,796,376	147,386	160,736
Adjustments to reconcile net profit to cash flows provided by operating activities:				
Depreciation of property, plant and equipment	5,034	6,507	2,429	2,448
Interest capatilised on long term loans	-	1,809		
Equity compensation expense	2,455	-	2,455	-
Interest income	(269,778)	(278,218)	(197,543)	(208,602)
Interest expense	35,416	27,609	11,363	12,723
Share of profit in associated company	(647,817)	(622,642)	-	-
Gain on sale of discontinued operations	-	(1,626,571)	-	-
Gain on dilution of shareholding in associated company	(15,452)	-	-	-
Income tax expense	114,057	144,952	3,241	1,456
Change in retirement benefit asset/obligation	(10,758)	(22,372)	2,192	(1,816)
Loss/(gain) on sale of property, plant and equipment	42	(2,141)	42	-
Fair value gains on investment properties	(218,381)	(165,085)	-	-
Unrealised gain on foreign currency denominated investment	(40,729)	(39,942)	(11,993)	(3,461)
Unrealised loss on foreign currency denominated loans	12,728	12,131	-	2,590
Unrealised gain on financial assets at fair value through profit and loss	(4,606)	-	-	-
Change in policyholders' funds	-	44,054	-	-
	97,585	276,467	(40,428)	(33,926)
Changes in operating assets and liabilities:				
Taxation recoverable	(19,130)	-	(52)	(556)
Other assets, net	(110,843)	(66,303)	1,011	4,474
Other liabilities, net	(8,925)	(204,894)	(9,017)	(55,229)
	(41,313)	5,270	(48,486)	(85,237)
Interest received	269,778	278,218	197,543	208,602
Interest paid	(35,416)	(35,794)	(11,363)	(12,723)
Income tax paid	(97,028)	(156,794)	-	-
Net cash provided by operating activities	96,021	90,900	137,694	110,642

31. Commitments

Operating lease commitments – where the group/company is the lessor:

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	The Group		The Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Not later than 1 year	193,503	196,462	-	-
Later than 1 year and not later than 5 years	549,570	343,564	-	-
Later than 5 years	25,080	24,431	-	-
	768,153	564,457	-	-

32. Financial Risk Management

(a) Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by a central treasury function which identifies, evaluates and manages financial risks in close co-operation with the group's operating business units. The Board of Directors sets guidelines for overall risk management including specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investing excess liquidity.

(i) Market risk

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from transactions for purchases and recognised assets and liabilities.

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

32. Financial Risk Management (Continued)

(a) Financial risk factors (continued)

(i) Market risk (continued)

Currency risk (continued)

Net foreign currency assets/ (liabilities) of the Group were as follows:

	The Group			
	2006			
	Jamaican $	**US$**	**Other**	**Total**
	J$'000	**J$'000**	**J$'000**	**J$'000**
Assets				
Cash and bank balances	114,657	1,997	-	116,654
Investments (excluding investments in subsidiaries and associated companies)	797,212	1,620,054	172,337	2,589,603
Investment properties	2,527,451	-	-	2,527,451
Other	5,208,967	86,252	-	5,295,219
Total assets	8,648,287	1,708,303	172,337	10,528,927
Liabilities				
Other liabilities	478,158	25,112	-	503,270
Loans	29,544	541,719	-	571,263
Total liabilities	507,702	566,831	-	1,074,533
Net position	8,140,585	1,141,472	172,337	9,454,394

	The Group			
	2005			
	Jamaican $	**US$**	**Other**	**Total**
	J$'000	**J$'000**	**J$'000**	**J$'000**
Assets				
Cash and bank balances	40,015	2,544	-	42,559
Investments (excluding investments in subsidiaries and associated companies)	930,312	1,446,649	172,487	2,549,448
Investment properties	2,283,361	-	-	2,283,361
Other	4,480,010	8,463	-	4,488,473
Total assets	7,733,698	1,457,656	172,487	9,363,841
Liabilities				
Other liabilities	540,482	23,933	-	564,415
Loans	21,729	539,610	-	561,339
Total liabilities	562,211	563,543	-	1,125,754
Net position	7,171,487	894,113	172,487	8,238,087

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

32. Financial Risk Management (Continued)

(a) Financial risk factors (continued)

(i) Market risk (continued)

Currency risk (continued)

Net foreign currency assets/ (liabilities) of the company were as follows (continued):

	The Company		
	2006		
	Jamaican $	**US$**	**Total**
	J$'000	**J$'000**	**J$'000**
Assets			
Cash and bank balances	114	-	114
Investments (excluding investments in subsidiaries and associated companies)	11,208	268,043	279,251
Other	331,937	-	331,937
Total assets	343,259	268,043	611,302
Liabilities			
Other liabilities	43,674	-	43,674
Loans	22,351	-	22,351
Total liabilities	66,025	-	66,025
Net position	277,234	268,043	545,277

	The Company		
	2005		
	Jamaican $	**US$**	**Total**
	J$'000	**J$'000**	**J$'000**
Assets			
Cash and bank balances	9	844	853
Investments (excluding investments in subsidiaries and associated companies)	50,540	517,813	568,353
Other	336,840	-	336,840
Total assets	387,389	518,657	906,046
Liabilities			
Other liabilities	70,179	-	70,179
Loans	22,618	261,033	283,651
Total liabilities	92,797	261,033	353,830
Net position	294,592	257,624	552,216

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

32. Financial Risk Management (Continued)

(a) Financial risk factors (continued)

(i) Market risk (continued)

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The group is exposed to price risk because of investments held by the group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The group is not exposed to commodity price risk. The group manages its price risk by trading these instruments when appropriate to reduce the impact of any adverse price fluctuations.

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The group has significant concentrations of credit risk in Government of Jamaica issued securities. The group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Cash transactions are limited to high credit quality financial institutions. The group manages its credit risk by screening its customers, establishing credit limits, obtaining bankers' guarantees or collateral for loans where applicable, and the rigorous follow-up of receivables; and ensuring investments are low-risk or, are held with sound financial institutions.

The following table summarises the credit exposure of the group to businesses and government by sectors in respect of investments:

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Government of Jamaica	1,387,189	1,179,470	265,535	244,514
Foreign institution	317,684	-	-	-
Financial institutions	456,622	850,425	4,497	276,409
Corporate equities	389,265	437,963	5,462	11,258
Other	38,843	81,590	3,757	36,172
	2,589,603	2,549,448	279,251	568,353

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

32. Financial Risk Management (Continued)

(a) Financial risk factors (continued)

(iii) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The following tables summarise the liquidity risk of the group and the company by analysing the assets and liabilities into relevant maturity groupings, based on the remaining period at balance sheet date to the contractual maturity date:

	The Group				
	2006				
	Within 3 Months	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Assets					
Cash and bank balances	116,654	-	-	-	116,654
Investments	590,056	332,655	215,994	1,450,898	2,589,603
Investment properties	-	-	-	2,527,451	2,527,451
Investments in associated companies	-	-	-	4,694,054	4,694,054
Other	103,810	334,102	46,119	117,134	601,165
Total assets	810,520	666,757	262,113	8,789,537	10,528,927
Liabilities					
Bank overdraft	6,010	-	-	-	6,010
Other	66,383	644,966	183,822	173,352	1,068,523
Total liabilities	72,393	644,966	183,822	173,352	1,074,533
Net Liquidity	738,127	21,791	78,291	8,616,185	9,454,394
Cumulative Liquidity	738,127	759,918	838,209	9,454,394	

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

32. Financial Risk Management (Continued)

(a) Financial risk factors (continued)

(iii) Liquidity risk (continued)

	The Group				
	2005				
	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	$'000	$'000	$'000	$'000	$'000
Assets					
Cash and bank balances	42,559	-	-	-	42,559
Investments	977,716	59,888	296,082	1,215,762	2,549,448
Investment properties	-	-	-	2,283,361	2,283,361
Investments in associated companies	-	-	-	4,006,390	4,006,390
Other	-	214,609	254,781	12,693	482,083
Total assets	1,020,275	274,497	550,863	7,518,206	9,363,841
Liabilities					
Bank overdraft	7,462	-	-	-	7,462
Other	128,322	749,879	240,091	-	1,118,292
Total liabilities	135,784	749,879	240,091	-	1,125,754
Net Liquidity	884,491	(475,382)	310,772	7,518,206	8,238,087
Cumulative Liquidity	884,491	409,109	719,881	8,238,087	

	The Company				
	2006				
	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	$'000	$'000	$'000	$'000	$'000
Assets					
Cash and bank balances	114	-	-	-	114
Investments	4,497	37,044	124,058	113,652	279,251
Investment in subsidiaries	-	-	-	67,671	67,671
Investments in associated companies	-	-	-	22,296	22,296
Other	-	229,744	7,949	4,277	241,970
Total assets	4,611	266,788	132,007	207,896	611,302
Liabilities					
Other	2,934	17,242	23,498	22,351	66,025
Total liabilities	2,934	17,242	23,498	22,351	66,025
Net Liquidity	1,677	249,546	108,509	185,545	545,277
Cumulative Liquidity	1,677	251,223	359,732	545,277	

32. Financial Risk Management (Continued)

(a) Financial risk factors (continued)
(iii) Liquidity risk (continued)

	The Company				
	2005				
	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	$'000	$'000	$'000	$'000	$'000
Assets					
Cash and bank balances	853	-	-	-	853
Investments	282,357	34,324	35,299	216,373	568,353
Investment in subsidiaries	-	-	-	67,671	67,671
Investments in associated companies	-	-	-	22,296	22,296
Other	-	228,589	9,917	8,367	246,873
Total assets	283,210	262,913	45,216	314,707	906,046
Liabilities					
Other	2,665	325,846	25,319	-	353,830
Total liabilities	2,665	325,846	25,319	-	353,830
Net Liquidity	280,545	(62,933)	19,897	314,707	552,216
Cumulative Liquidity	280,545	217,612	237,509	552,216	

(iv) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

The group manages its cash flow interest rate risk by adjusting the duration of financial instruments and switching between floating and fixed interest rate instruments when appropriate.

The group's interest bearing financial instruments include other investments, leases and loans receivable, short term investments, bank and short term loans and long term liabilities. The effective rates of interest impacting these instruments are disclosed in the individual notes to the financial statements associated with each item.

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

32. Financial Risk Management (Continued)

(a) Financial risk factors (continued)

(iv) Cash flow and fair value interest rate risk

The following tables summarise carrying amounts of balance sheet assets, liabilities and equity, in order to arrive at the group's and company's interest rate gap based on earlier of contractual repricing or maturity dates.

	The Group				
	2006				
	Up to One Year	One to Five Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000
Assets					
Cash and bank balances	116,654	-	-	-	116,654
Investments	1,004,385	533,601	659,932	391,685	2,589,603
Investment properties	-	-	-	2,527,451	2,527,451
Investments in associated companies	-	-	-	4,694,054	4,694,054
Property, plant and equipment	-	-	-	91,771	91,771
Other	-	-	-	509,394	509,394
Total assets	1,121,039	533,601	659,932	8,214,355	10,528,927
Liabilities					
Bank overdraft	6,010	-	-	-	6,010
Other	557,258	22,893	-	488,372	1,068,523
Total liabilities	563,268	22,893	-	483,372	1,074,533
On balance sheet interest sensitivity gap	557,771	510,708	659,932	7,725,983	9,454,394
Cumulative interest sensitivity gap	557,771	1,068,479	1,728,411	9,454,394	

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

32. Financial Risk Management (Continued)

(a) Financial risk factors (continued)

(iv) Cash flow and fair value interest rate risk (continued)

	The Group				
	2005				
	Up to One Year	One to Five Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000
Assets					
Cash and bank balances	42,559	-	-	-	42,559
Investments	1,152,900	312,903	642,250	441,395	2,549,448
Investment properties	-	-	-	2,283,361	2,283,361
Investments in associated companies	-	-	-	4,006,390	4,006,390
Other	-	-	-	482,083	482,083
Total assets	1,195,459	312,903	642,250	7,213,229	9,363,841
Liabilities					
Bank overdraft	7,462	-	-	-	7,462
Other	548,050	21,761	-	548,481	1,118,292
Total liabilities	555,512	21,761	-	548,481	1,125,754
On balance sheet interest sensitivity gap	639,947	291,142	642,250	6,664,748	8,238,087
Cumulative interest sensitivity gap	639,947	931,089	1,573,339	8,238,087	

	The Company				
	2006				
	Up to One Year	One to Five Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000
Assets					
Cash and bank balances	114	-	-	-	114
Investments	41,541	124,058	108,190	5,462	279,251
Investment in subsidiaries	-	-	-	67,671	67,671
Investments in associated companies	-	-	-	22,296	22,296
Other	-	-	-	234,021	234,021
Total assets	41,655	124,058	108,190	337,399	611,302
Liabilities					
Other	2,934	29,239	-	33,852	66,025
Total liabilities	2,934	29,239	-	33,852	66,025
On balance sheet interest sensitivity gap	38,721	94,819	108,190	303,547	545,277
Cumulative interest sensitivity gap	38,721	133,540	241,730	545,277	

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

32. Financial Risk Management (Continued)

(a) Financial risk factors (continued)

(iv) Cash flow and fair value interest rate risk (continued)

	The Company				
	2005				
	Up to One Year	One to Five Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000
Assets					
Cash and bank balances	853	-	-	-	853
Investments	316,681	35,299	205,115	11,258	568,353
Investment in subsidiaries	-	-	-	22,296	22,296
Investments in associated companies	-	-	-	67,671	67,671
Other	-	-	-	246,873	246,873
Total assets	317,534	35,299	205,115	348,098	906,046
Liabilities					
Other	286,338	8,175	-	59,317	353,830
Total liabilities	286,338	8,175	-	59,317	353,830
On balance sheet interest sensitivity gap	31,196	27,124	205,115	288,781	552,216
Cumulative interest sensitivity gap	31,196	58,320	263,435	552,216	

	The Group		The Company	
	J$	US$	J$	US$
	%	%	%	%
Investments	14.00	11.09	-	12.04
Securities purchased under agreements to resell	11.63	5.80	-	5.79
Other loans and leases	25.00	-	-	-
Liabilities				
Bank overdraft	18.25	-	-	-
Loans	19.75	7.00	21.50	-

33. Fair Value of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognised stock exchange) exists as it is the best evidence of the fair value of a financial instrument. For financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at balance sheet dates.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

(a) Cash and deposits, receivables, payables and related party balances reflect their approximate fair values due to the short term nature of these instruments;

(b) Investment securities classified as available-for-sale and financial assets at fair value through profit and loss are measured at fair value by reference to quoted market prices.

(c) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts;

(d) The fair value of fixed rate loans is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans; and

(e) Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment.

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

33. Fair Value of Financial Instruments (Continued)

The following financial assets and financial liabilities are not carried at fair value:

	The Group			
	Carrying Value	Fair Value	Carrying Value	Fair Value
	2006	2006	2005	2005
	$'000	$'000	$'000	$'000
Financial Assets				
Investments in associates	4,694,054	8,388,046	4,006,390	9,359,971
Loans and receivables	38,843	38,239	81,590	81,904

	The Company			
	Carrying Value	Fair Value	Carrying Value	Fair Value
	2006	2006	2005	2005
	$'000	$'000	$'000	$'000
Investments in associates	22,296	289,650	22,296	289,650
Loans and receivables	3,757	3,934	36,172	37,780

	The Group			
	2006	2006	2005	2005
	$'000	$'000	$'000	$'000
Financial Liabilities				
Long term liabilities (including current portion)	571,263	591,596	561,339	571,342

	The Company			
	2006	2006	2005	2005
	$'000	$'000	$'000	$'000
Long term liabilities (including current portion)	22,351	22,689	283,651	283,651

34. Litigation and Contingent Liabilities

The company and its subsidiaries are subject to various claims, disputes and legal proceedings, as part of the normal course of business. Provision is made for such matters, when, in the opinion of management and its professional advisor, it is probable that a payment will be made by the group, and the amount can be reasonably estimated.

In respect of claims asserted against the group which, according to the principles outlined above, have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the group which is immaterial to both financial position and results of operations.

There were no significant claims against the company at the financial year end.