FIRST JAMAICA INVESTMENTS LIMITED

ANNUAL REPORT
2006

Contents

Notice of Annual General Meeting

Notice is hereby given that the Thirty-Fifth Annual General Meeting of First Jamaica Investments Limited will be held at The Courtyard, 60 Knutsford Boulevard, Kingston 5 on Tuesday, May 29, 2007 at 2:30 p.m. for the following purposes:

1. To receive the Audited Financial Statements for the year ended December 31, 2006 and the Reports of the Directors and Auditors thereon.

To consider and (if thought fit) pass the following Resolution:

"THAT the Audited Accounts for the year ended December 31, 2006, together with the Reports of the Directors and the Auditors thereon be and are hereby adopted."

2. Dividend

To declare the interim dividends of 76.5 cents paid during the year, as final dividend for the year ended December 31, 2006.

To consider and (if thought fit) pass the following Resolution:

"THAT the interim dividends of 16.5 cents paid March 17, 2006, 20 cents paid June 23, 2006, 20 cents paid September 22, 2006 and 20 cents paid December 21, 2006, making a total of 76.5 cents be declared as final dividend for the year ended December 31, 2006."

3. To elect Directors

1. The Director retiring by rotation pursuant to Article 96 of the Articles of Association is Mr. Paul A.B. Facey.

   To consider and (if thought fit) pass the following Resolution:

   (a) "THAT the retiring Director Paul A.B. Facey be re-elected."

2. The Directors retiring by rotation pursuant to Article 98 of the Articles of Association are Messrs. W. G. Bryan Ewen and Roy Collister, who being eligible offer themselves for re-election.

   To consider and (if thought fit) pass the following Resolution:

   (b) "THAT the retiring Director W. G. Bryan Ewen be re-elected."

   (c) "THAT the retiring Director Roy Collister be re-elected."

4. To fix the remuneration of the Directors

To consider and (if thought fit) pass the following Resolution:

"THAT the amount shown in the Accounts of the Company for the year ended December 31, 2006 as remuneration of the Directors be and is hereby approved."

5. To fix the remuneration of the Auditors or to determine the manner in which such remuneration is to be fixed.

To consider and (if thought fit) pass the following Resolution:

"THAT the Directors be and are hereby authorized to fix the remuneration of the Auditors, PricewaterhouseCoopers, who have signified their willingness to continue in office."

6. Amendment to the Articles of Association and the adoption of New Articles of Incorporation.

To consider and (if thought fit) pass the following as a Special Resolution:

"THAT the Articles of Association of the Company be amended in the manner set out and/or as described in the Table of Amendments entitled "Table of Amendments – Proposed Amendments for the Articles of Association of First Jamaica Investments Limited" attached to this notice and marked APPENDIX for identification and that the Articles so amended be adopted as the Articles of Incorporation of the Company in lieu of the Memorandum of Association and Articles of Association of the Company."

7. To consider any other business of an Annual General Meeting.

By order of the Board

Gene M. Douglas
Secretary

Kingston, Jamaica
March 5, 2007

A member entitled to attend and vote at the above-mentioned meeting is entitled to appoint one or more proxies to attend and on a poll to vote instead of him. Such proxy must be lodged at the Company's Registered Office not less than forty-eight hours before the meeting. A proxy need not be a member. A suitable form of proxy is enclosed.

Report of the Directors

To the Shareholders of First Jamaica Investments Limited

The Directors are pleased to present their report and audited accounts for the year ended December 31, 2006

	$'000
The Group profit before taxation was	1,234,685
Taxation amounted to	(86,409)
Profit after tax	1,148,276
The share of Minority Interest in the results of subsidiaries was	(3,788)
Making the Profit Attributable to Stockholders	1,144,488
Dividends Paid & Proposed	(231,488)
Retained Earnings brought forward	4,489,593
Transfers to reserves, net	(15,452)
Retained Earnings carried forward	5,387,141

Dividends

The Directors have recommended that the interim dividends paid to stockholders on March 17, 2006, June 23, 2006, September 22, 2006 and December 21, 2006 be declared as final dividend for the year ended December 31, 2006.

Directors

Mr. Paul Facey was appointed during the year and will retire at this annual general meeting and being eligible offers himself for re-election. The Directors retiring by rotation are Messrs. W. G. Bryan Ewen and Roy Collister, who being eligible offer themselves for re-election.

During the year Mr. C. A. Lloyd Facey died.

Auditors

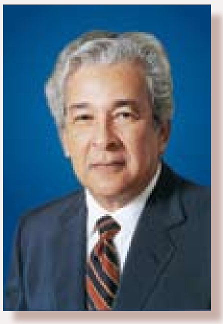
PricewaterhouseCoopers have expressed their willingness to continue in office in accordance with Section 153 of the Companies Act, 1965.

By order of the Board

Gene M. Douglas
Secretary
Kingston, Jamaica

March 5, 2007

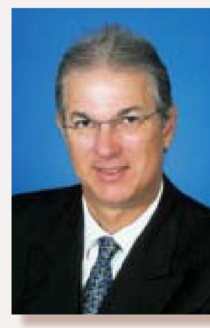
Board of Directors



Hon. Maurice W. Facey, O.J., J.P.

Hon. Maurice Facey has served as Chairman for First Jamaica Investments Ltd. since 2004. Best known as the Chairman of Pan-Jamaican Investment Trust Ltd. since 1966, the highly-respected pioneer in real estate development has long been credited with being a true catalyst for change. Today the Group continues to benefit and thrive under his leadership and entrepreneurial spirit. Mr. Facey is a founding Director of Jamaica Property Company, a main subsidiary of First Jamaica. He has served on several Boards over the years, and currently is the Chairman of Kingston Restoration Company.

Stephen B. Facey, M. Arch

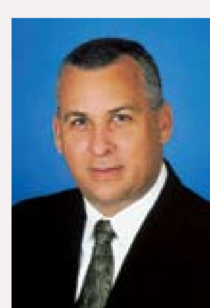


As CEO of First Jamaica Investments Ltd., Mr. Stephen Facey brings over 25 years of business experience to the Board. An architect by training with substantial experience in real estate, he was appointed CEO of Jamaica Property Company Ltd. in 1990, an established property management company. Mr. Facey currently serves on the Boards of Pan-Jamaican Investment Trust Ltd., Life of Jamaica Ltd., Hardware & Lumber Ltd., Kingston Restoration Company, The New Kingston Civic Association and Kingston City Centre Improvement Company.

Donovan H. Perkins, M.B.A.

Mr. Donovan Perkins has been CEO of Pan Caribbean Financial Services Ltd. since 1993. Under his leadership the Company has grown into a diversified financial services group. A former Vice President of the Jamaica Bankers Association and former Director of the Jamaica Export Association, he now serves on the Boards of the Pan-Jamaican Investment Trust Ltd, National Insurance Fund, Jamaica Stock Exchange and is Vice President of the Private Sector Organization of Jamaica.

Paul A. B. Facey, M.B.A.

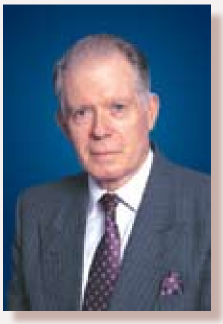


Mr. Paul Facey is the most recent addition to the board of First Jamaica Investments Ltd., having been appointed in August, 2006. Mr. Facey has been Vice President, Investments of Pan-Jamaican Investment Trust Ltd., and First Jamaica Investments Ltd. (formerly FirstLife) since 2004. He brings to the First Jamaica board his substantial experience in the trading, manufacturing and financial operations of the Pan-Jam Group over the last seventeen years. Mr. Facey sits on the boards of Pan-Jamaican Investment Trust Ltd., and Life of Jamaica Ltd. where he is a member of the Investments Committee.

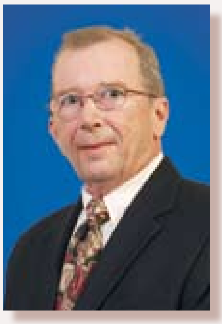
James E. Morrison, M.Sc.

Mr. James Morrison is the past Group Finance Director of both First Jamaica Investments Ltd. and Pan-Jamaican Investment Trust Ltd. A widely respected accounting and management consultant, he has, in the capacity of Director, brought his proven expertise to several other companies within the Pan-Jam group. In addition to Pan-Jam, Mr. Morrison sits on the Boards of several other commercial and statutory companies.

Roy Collister, B.A. (Com.), F.C.A.



Mr. Roy Collister has been a Director of First Jamaica Investment Ltd. since 1999. He is a retired partner in the Jamaican practice of Ernst & Young and a Fellow of the Institute of Chartered Accountants of Jamaica and Institute of Chartered Accountants in England and Wales. He currently sits on the Boards of Pan-Jamaican Investment Trust Ltd., Courts Jamaica Ltd., West Indies Alliance Insurance Company Ltd., CDC's West Indies Development Corporation Limited and University of the West Indies Development and Endowment Fund. He has also served on the Board of several other commercial companies and he remains active in public life serving on a number of committees and organizations.



W.G. Bryan Ewen, F.C.A.

Mr. Bryan Ewen is a past CEO of First Jamaica Investments Ltd. and past Vice President of Finance for Pan-Jamaican Investment Trust Ltd. A chartered accountant by training, the Pan-Jam group has benefited tremendously over the decades from his broad knowledge and experience in financial management, accounting and banking. Having served on several other boards, he currently sits on the Boards of Pan-Jamaican Investment Trust Ltd., Life of Jamaica Ltd., Hardware & Lumber Ltd. and Jamaica Property Company Ltd.

Corporate Data

BOARD OF DIRECTORS

Hon. Maurice W. Facey, O.J., J.P.
Chairman

Stephen B. Facey, M. Arch.
Chief Executive Officer

Paul A.B. Facey, M.B.A.

Donovan H. Perkins, M.B.A.

James E. Morrison, M.Sc.

Roy Collister, B.A. (Com.), F.C.A.

W. G. Bryan Ewen, F.C.A.

Senior Management:

Stephen B. Facey, M.Arch.
Chief Executive Officer

Paul A.B. Facey, M.B.A.
Vice President – Investments

Mrs. Camelia Nelson, F.C.A.,
F.C.C.A., F.L.M.I., A.C.S.
Director, Accounting Services

Secretary

Gene M. Douglas, F.C.I.S., M.B.A

Registered Office:

Pan Caribbean Building
60 Knutsford Boulevard
Kingston 5, Jamaica

Bankers:

Pan Caribbean Merchant Bank Limited
The Bank of Nova Scotia (Jamaica) Limited
First Caribbean International Bank (Jamaica) Ltd

Auditors:

PricewaterhouseCoopers

Attorneys-at-Law

Patterson, Mair, Hamilton
John G. Graham & Company

GROUP STRUCTURE

Investment Management And Financial Services

Portfolio Partners Limited
60 Knutsford Boulevard
Kingston 5

Property

Jamaica Property Company Limited
60 Knutsford Boulevard
Kingston 5

Jamaica Property Development Limited
60 Knutsford Boulevard
Kingston 5

Jamaica Property Management Limited
60 Knutsford Boulevard
Kingston 5

St. Andrew Developers Limited
60 Knutsford Boulevard
Kingston 5

Knutsford Holdings Limited
60 Knutsford Boulevard
Kingston 5

ASSOCIATED COMPANIES

Insurance & Banking

Life of Jamaica Limited
28-48 Barbados Avenue
Kingston 5

Pan Caribbean Financial Services Ltd.
60 Knutsford Boulevard
Kingston 5

Pan Caribbean Merchant Bank Limited
60 Knutsford Boulevard
Kingston 5

Financial Highlights

Ten-year Statistical Review)

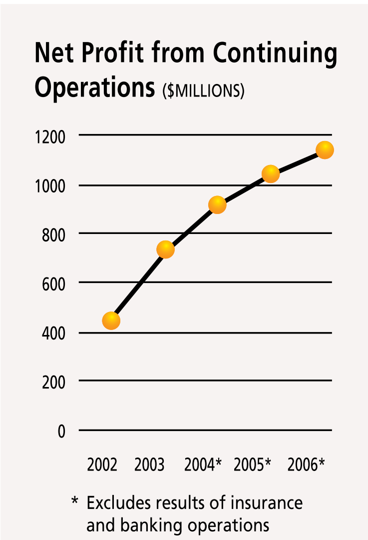
	2006	2005	Restated 2004	Restated 2003	Restated 2002	Restated 2001	2000	1999	1998	1997
SELECTED FINANCIAL DATA ($'000)										
Total assets	9,938,947	8,520,393	8,617,625	23,713,120	18,723,053	8,118,474	5,083,811	4,435,092	3,268,015	2,943,920
Investments & other earning assets	9,299,748	8,066,741	7,492,220	20,741,295	16,346,203	14,404,034	3,577,983	3,030,176	2,470,469	2,530,446
Stockholders' equity (net worth)	8,845,811	7,642,174	5,277,636	3,453,192	2,736,458	2,494,935	1,960,846	1,707,510	1,650,406	1,586,814
Profit before tax	1,234,685	2,886,446	991,995	772,083	457,203	412,462	299,307	235,405	189,673	160,774
Net profit attributable to equity holders	1,144,488	2,732,987	1,576,186	724,699	443,708	385,107	265,835	205,370	169,449	161,776
Dividends paid, gross	232,177	241,283	165,240	133,115	125,543	44,984	9,000	15,000	15,000	9,990
Retained earnings	5,387,141	4,489,593	3,867,498	2,441,029	1,771,477	1,337,272	1,111,683	904,828	775,179	637,179
FINANCIAL RATIOS										
Net worth per stock unit	$29.26	$25.28	$17.53	$11.50	$9.12	$8.32	$6.54	$5.69	$5.50	$5.28
Earnings per stock unit	$3.79	$9.04	$5.24	$2.41	$1.48	$1.28	$0.89	$0.68	$0.56	$0.54
Price earnings ratio	10.8	4.8	8.7	5.7	7.4	5.6	4.5	2.2	2.0	1.9
Dividends paid per stock unit	$0.765	$0.795	$0.546	$0.443	$0.418	$0.150	$0.030	$0.049	$0.049	$0.033
Dividend payout ratio (%)	20.2%	8.8%	10.4%	18.4%	28.3%	11.7%	3.4%	7.3%	8.9%	6.2%
Weighted average number of stock units	302,280	302,280	302,211	300,258	300,124	300,000	300,000	300,000	300,000	300,000
Return on average equity pre-tax (%)	15.0%	44.7%	46.0%	25.0%	17.2%	18.2%	16.3%	14.0%	14.0%	16.5%
Return on average equity (%)	13.9%	42.3%	37.6%	23.4%	16.7%	17.0%	14.5%	12.2%	12.5%	16.5%
Change in stockholders' equity (%)	15.7%	44.8%	52.8%	26.2%	9.7%	27.2%	14.8%	3.5%	4.0%	4.7%
OTHER DATA										
Stock price at year end	$41.00	$43.00	$45.50	$13.81	$10.99	$7.10	$4.00	$1.50	$1.10	$1.05
Price change from last year (%)	-4.7%	-5.5%	229.5%	25.7%	54.8%	77.5%	166.7%	36.4%	4.8%	-27.5%
JSE Index at year end	100,678	102,445	104,001	60,304	41,044	32,595	29,776	21,124	20,050	18,147
Change in JSE Index (%)	-1.7%	-1.5%	72.5%	46.9%	25.9%	9.5%	41.0%	5.4%	10.5%	18.4%
Exchange rate J$:US$	$66.92	$64.10	$61.73	$60.24	$49.26	$47.62	$44.64	$40.00	$36.90	$35.97
Inflation rate year over year (%)	5.8%	15.9%	11.6%	14.1%	5.0%	7.6%	8.3%	6.4%	7.1%	9.4%

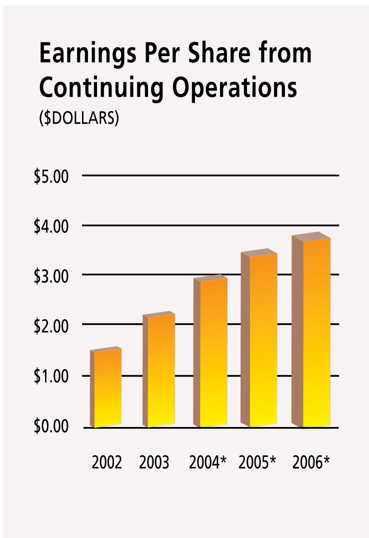
Statement from the Chairman and the Chief Executive Officer

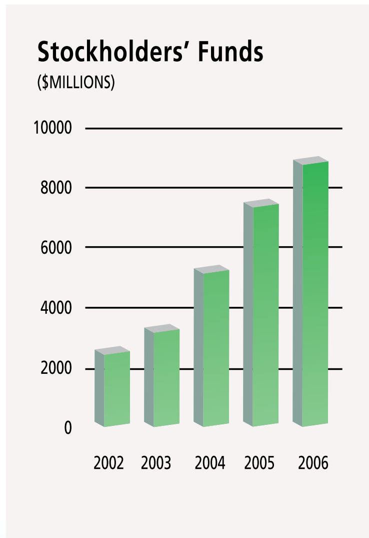
On behalf of the Directors, we are pleased to present the Annual Report of First Jamaica Investments Limited (FJI) and its subsidiaries for the year ended 31 December 2006. This represents our first full year of operation as First Jamaica Investments Limited.

Net profit attributable to shareholders was $1,144 million for 2006, compared to $2,733 million in the previous year. Profits for 2005 were significantly enhanced by the one-time gain on sale of insurance and banking operations of $1,592 million. The 2006 performance reflects a 9% improvement on profit from continuing operations over 2005. Total earnings per stock unit for 2006 of $3.79 compare to the 2005 level of $9.04 ($3.45 on continuing operations).

Our balance sheet continues to strengthen, with total assets at 31 December 2006 amounting to $9,939 million, up 17% on the $8,520 million at 31 December 2005. Stockholders' equity increased by 16% to $8,846 million (2005: $7,642 million), which equates to a book value per share of $29.26 as at 31 December 2006 (2005: $25.28).





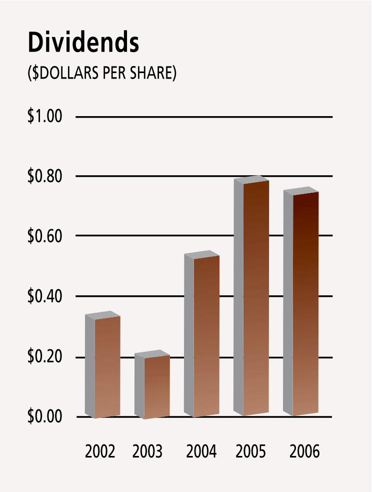


Left:
Hon. Maurice W. Facey, O.J., J.P.
Chairman

Right:
Stephen B. Facey, M. Arch.
Chief Executive Officer

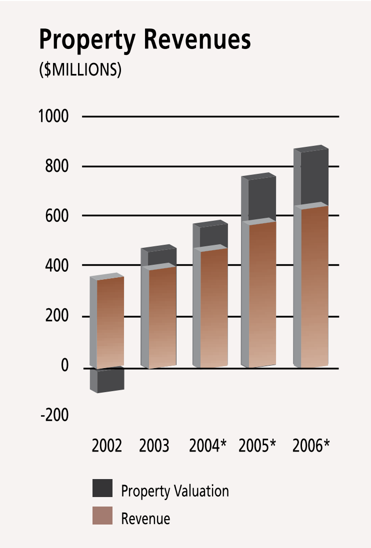
■ Dividends

Your Directors have authorized the payment of dividends totaling $0.765 per share during 2006. This represents a payout of approximately 20% of 2006 net profit.



■ Jamaica Property Company Ltd.

Property income increased from $684 million in 2005 to $801 million in 2006, an increase of 17%. Contribution to group operating profit increased from $280 million in 2005 to $321 million in 2006. Our investment properties grew in value by 11% to $2,533 million as at 31 December 2006 (2005: $2,289 million), driven principally by an increase in fair value. Whilst this increase in property value reflects the higher net rentals achieved during the year, the carrying values are still significantly below replacement and development costs. Occupancies for the year were at an average rate of 93%.



Direct costs of property management amounted to $317 million in 2006 (2005: $237 million) an increase of 34%. This was as a result of higher than normal property maintenance costs incurred during the year that were necessary to continue to maintain our properties at their very high standard.

■ Life of Jamaica Limited

We are pleased with the performance of our investment in insurance and banking. 2006 proved to be a challenging but satisfying year for Life of Jamaica (LOJ) as the company digested the acquisition of 53% of Pan Caribbean Financial Services Limited (PCFS), First Life Insurance's assets and liabilities, and 51% of Cayman General Insurance.

Net profit attributable to shareholders of LOJ amounted to $2,572 million, an increase of 5% over the previous year. However, excluding the one-time gain of $430 million in 2005 from the sale of PCFS shares to the parent company, 2006 showed an increase of 27% over the 2005 net profit.

LOJ's re-entry into the real estate development market has been successful, with the completion of the apartments at the Winchester Estate project during the year. Construction at the Winchester Business Centre continues, and is scheduled for completion in the second quarter of 2007.

Our balance sheet continues to strengthen, with total assets at 31 December 2006 amounting to $9,939 million, up 17% on the $8,520 million at 31 December 2005.

Pan Caribbean Financial Services Limited, LOJ's subsidiary, had another satisfactory year with net income improving by 8% to end the year at $1,113 million and which constitutes the sixth consecutive year of record profits. Operating income also increased to $2,272 million, 11% improvement over the $2,054 million posted in 2005. PCFS's assets increased 12% to $44,739 million. Stockholders' equity increased to $7,204 million, including investment reserves of $535 million.

Investments

Investment income grew by 8% to $232 million (2005: $215 million) in a year in which interest rates continued to fall.

Our investment assets continue to be held in a diversified portfolio consisting of Jamaican Government securities, equities, and money market securities. The portfolio is weighted 44% in Jamaican Government securities.

> ***Our Investment income grew by 8% to $232 million (2005: $215 million) in a year in which interest rates continued to fall.***

Corporate Governance

The Company is committed to operating within the framework of the highest corporate governance standards. The Board has established an Audit Committee with clearly defined terms of reference, procedures, responsibilities and powers.

The Audit Committee has principal oversight to monitor the adequacy and effectiveness of the Company's systems of risk management and control, and to review the Company's annual and interim financial statements and related policies and assumptions and any accompanying reports or related policies and statements.

The Audit Committee shall consist of Non-Executive Directors of the Company duly appointed by the Board. The Board shall also appoint the Chairman and Secretary of the Audit Committee. The Board Chairman shall not be a member of the Committee. The Committee shall consist of not less than three members, two of which shall be independent members.

The Audit Committee comprises Roy Collister (Chairman) W.G. Bryan Ewen and James E. Morrison. During the year the committee met seven (7) times.

Outlook for 2007

With interest rates continuing to trend downwards, a relatively stable exchange rate, and moderate inflation, we are well placed with our strong balance sheet to take advantage of both real estate and other investment opportunities.

Our success in 2006 would not have been possible without the support of our respected clients, and the dedication, commitment and efforts of our staff and fellow Directors.

Maurice W. Facey	Stephen B. Facey
Chairman	Chief Executive Officer

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
Scotiabank Centre
Duke Street
Box 372
Kingston Jamaica
Telephone (876) 922 6230
Facsimile (876) 922 7581

Independent Auditors' Report

To the Members of
First Jamaica Investments Limited

Report on the Consolidated Financial Statements

We have audited the accompanying financial statements of First Jamaica Investments Limited and its subsidiaries, and the accompanying financial statements of First Jamaica Investments Limited standing alone, set out on pages 12 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 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.

PricewaterhouseCoopers

Chartered Accountants

5 March 2007
Kingston, Jamaica

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	232,386	215,259
Property	6	800,948	683,635
Other	6	38,725	64,743
		1,072,059	963,637
Operating expenses	7	(464,380)	(380,589)
Operating Profit		607,679	583,048
Interest expense		(28,406)	(25,587)
Gain on dilution of shareholding in associated company	8	15,452	-
Share of results of associated companies		639,960	608,656
Profit before Taxation		1,234,685	1,166,117
Taxation	10	(86,409)	(110,119)
Profit for the year from continuing operations		1,148,276	1,055,998
Discontinued Operations			
Profit for the year from discontinued operations	11	-	98,751
Gain on sale of insurance operations		-	1,591,881
		-	1,690,632
NET PROFIT		1,148,276	2,746,630
Attributable to:			
Equity holders of the company		1,144,488	2,732,987
Minority interest		3,788	13,643
		1,148,276	2,746,630
Earnings per stock unit attributable to equity holders of the company during year			
Basic and fully diluted	12		
Continuing operations		3.79	3.45
Discontinued operations		-	5.59

Consolidated Balance Sheet

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2006 $'000	2005 $'000
ASSETS			
Cash and Bank Balances	13	102,419	36,065
Investments			
Short term deposits	13	261	111,554
Securities:			
Financial assets at fair value through profit and loss	14	72,103	-
Available-for-sale	14	1,784,605	1,403,878
Loans and receivables	14	46,896	58,419
Securities purchased under agreements to resell	15	411,618	432,522
Investment properties	16	2,533,020	2,288,930
Investment in associated companies	17	4,451,245	3,771,438
		9,299,748	8,066,741
Taxation recoverable		133,720	114,697
Deferred tax assets	18	226	226
Other assets	19	276,677	168,949
Due from related parties	26	3,149	30,627
Property, plant and equipment	20	76,781	72,506
Retirement benefit assets	21	46,227	30,582
		9,938,947	8,520,393

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	22	355,848	355,848
Capital redemption reserve	23	3,000	3,000
Investment and other reserves	24	3,115,396	2,809,307
Retained earnings		5,387,141	4,489,593
Treasury shares		(15,574)	(15,574)
		8,845,811	7,642,174
Minority Interest		95,726	91,938
		8,941,537	7,734,112
Liabilities			
Bank overdraft	13	3,074	5,072
Taxation payable		10,815	76,796
Deferred tax liability	18	147,008	91,647
Due to related parties	26	40,344	140,379
Other liabilities	27	191,458	140,980
Loan liabilities	28	568,844	298,235
Retirement benefit liabilities	21	35,867	33,172
		9,938,947	8,520,393

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

Consolidated Statement of Changes in Stockholders' Equity

Year ended 31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

\\———Attributable to Equity holders of the Company———\\

	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 31 December 2004, as restated	303,500	52,348	3,000	69,820	997,044	3,867,498	(15,574)	78,295	5,355,931
Unrealised gains on available-for-sale investments	-	-	-	-	9,814	-	-	-	9,814
Realised fair value gains transferred to Consolidated Statement of Operations	-	-	-	-	(12,820)	-	-	-	(12,820)
Net gains not recognised in the Consolidated Statement of Operations	-	-	-	-	(3,006)	-	-	-	(3,006)
Net profit for the year	-	-	-	-	-	2,732,987	-	13,643	2,746,630
Total recognised income for 2005	-	-	-	-	(3,006)	2,732,987	-	13,643	2,743,624
Dividends paid	-	-	-	-	-	(239,696)	-	-	(239,696)
Transfer of share premium	52,348	(52,348)	-	-	-	-	-	-	-
Transfer from retained earnings	-	-	-	-	1,943,794	(1,943,794)		-	-
Transfer from investment reserve	-	-	-	-	(2,778)	2,778	-	-	-
Transfer from special insurance reserve	-	-	-	(69,820)	-	69,820	-	-	-
Share of reserves in associated companies	-	-	-	-	(125,747)	-	-	-	(125,747)
	52,348	(52,348)	-	(69,820)	1,815,269	(2,110,892)	-	-	(365,443)
Balance at 31 December 2005	355,848	-	3,000	-	2,809,307	4,489,593	(15,574)	91,938	7,734,112

Consolidated Statement of Changes in Stockholders' Equity (Continued)

Year ended 31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

	Attributable to Equity holders of the Company						
	Share Capital	Capital Redemption Reserve	Investment and Other Reserves	Retained Earnings	Treasury Shares	Minority Interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 31 December 2005	355,848	3,000	2,809,307	4,489,593	(15,574)	91,938	7,734,112
Unrealised gains on available-for-sale investments	-	-	39,933	-	-	-	39,933
Realised fair value gains transferred to Consolidated Statement of Operations	-	-	(21,874)	-	-	-	(21,874)
Net gains not recognised in the Consolidated Statement of Operations	-	-	18,059	-	-	-	18,059
Net profit for the year	-	-	-	1,144,488	-	3,788	1,148,276
Total recognised income for 2006	-	-	18,059	1,144,488	-	3,788	1,166,335
Dividends paid	-	-	-	(231,488)	-	-	(231,488)
Transfer from retained earnings	-	-	15,452	(15,452)	-	-	
Share of reserves in associated companies	-	-	272,578	-	-	-	272,578
	-	-	288,030	(246,940)	-	-	41,090
Balance at 31 December 2006	355,848	3,000	3,115,396	5,387,141	(15,574)	95,726	8,941,537

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	29	98,166	324,190
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment		(25,114)	(46,889)
Acquisition of investment properties		(7,127)	(2,570)
Net cash inflow on disposal of insurance and employee benefits operations		-	378,886
Proceeds from disposal of property, plant and equipment		-	12,162
Dividends from associates		248,197	119,500
Acquisition of investment securities, net		(397,836)	(854,108)
Net cash used in investing activities		(181,880)	(393,019)
Cash Flows from Financing Activities			
Due (to)/from parent company and fellow subsidiaries		(15,137)	(35,847)
Loans received		283,053	41,000
Loans repaid		(21,216)	(98,228)
Dividends paid		(231,488)	(239,696)
Net cash provided by/(used in) financing activities		15,212	(332,771)
Effect of exchange rate changes on cash and cash equivalents		-	4,262
Net decrease in cash and cash equivalents		(68,502)	(397,338)
Cash and cash equivalents at beginning of year		567,375	964,713
CASH AND CASH EQUIVALENTS AT END OF YEAR	13	498,873	567,375

Company 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	307,617	280,125
Dividend income	5	250,941	124,844
Other	6	4,761	14,984
		563,319	419,953
Operating expenses	7	(54,361)	(26,314)
Operating Profit		508,958	393,639
Interest expense		(25,270)	(20,213)
Profit before taxation		483,688	373,426
Taxation	10	(44,582)	(64,853)
Profit for the Year from Continuing Operations		439,106	308,573
Discontinued Operations			
Profit for the year from discontinued operations	11	-	98,751
Gain on sale of insurance operations		-	3,429,586
		-	3,528,337
NET PROFIT		439,106	3,836,910

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2006 $'000	2005 $'000
ASSETS			
Cash and Bank Balances	13	101,288	34,431
Investments			
Short term deposits	13	261	-
Securities -			
Available-for-sale	14	1,587,615	1,121,820
Loans receivables	14	422,359	411,672
Securities purchased under agreements to resell	15	286,886	414,870
Investment in subsidiaries	17	211,058	211,058
Investment in associated companies	17	3,493,066	3,493,066
		6,001,245	5,652,486
Taxation Recoverable		131,829	113,957
Other Assets	19	132,233	51,442
Due From Related Parties	26	5,373	43,129
Retirement Benefit Assets	21	9,015	3,667
		6,380,983	5,899,112
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity			
Share capital	22	355,848	355,848
Capital redemption reserve	23	3,000	3,000
Investment and other reserve	24	3,510,985	3,492,638
Retained earnings		1,744,812	1,537,883
		5,614,645	5,389,369
Liabilities			
Taxation payable		-	39,606
Deferred tax liabilities	18	45,274	7,363
Due to related parties	26	57,527	137,851
Other liabilities	27	130,243	83,498
Demand loans	28	509,352	218,123
Retirement benefit liabilities	21	23,942	23,302
		6,380,983	5,899,112

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

Company Statement of Changes in Stockholders' Equity

Year ended 31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Share Premium	Capital Redemption Reserve	Insurance and Banking Reserves	Investment and Other Reserves	Retained Earnings	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 31 December 2004	303,500	52,348	3,000	69,820	53,816	1,299,244	1,781,728
Unrealised gains on available-for-sale investments	-	-	-	-	12,014	-	12,014
Realised fair value gains transferred to Statement of Operations	-	-	-	-	-	-	-
Net gains not recognised in the Statement of Operations	-	-	-	-	12,014	-	12,014
Net profit for the year	-	-	-	-	-	3,836,910	3,836,910
Total recognised income for 2005	-	-	-	-	12,014	3,863,910	3,848,924
Transfer from share premium	52,348	(52,348)	-	-	-	-	-
Transfer from investment reserve	-	-	-	-	(2,778)	2,778	-
Transfer from special insurance reserve	-	-	-	(69,820)	-	69,820	-
Transfer of gain on sale on insurance operations	-	-	-	-	3,429,586	(3,429,586)	-
Dividends paid	-	-	-	-	-	(241,283)	(241,283)
	52,348	(52,348)	-	(69,820)	3,426,808	(3,598,271)	(241,283)
Balance at 31 December 2005	355,848	-	3,000	-	3,492,638	1,537,883	5,389,369

Year ended 31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Capital Redemption Reserve	Investment and Other Reserves	Retained Earnings	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 31 December 2005	355,848	3,000	3,492,638	1,537,883	5,389,369
Unrealised gains on available-for-sale investments	-	-	33,734	-	33,734
Realised fair value gains transferred to Statement of Operations	-	-	(15,387)	-	(15,387)
Net gains not recognised in the Statement of Operations	-	-	18,347	-	18,347
Net profit for the year	-	-	-	439,106	439,106
Total recognised income for 2006	-	-	18,347	439,106	457,453
Dividends paid	-	-	-	(232,177)	(232,177)
	-	-	-	(232,177)	(232,177)
Balance at 31 December 2006	355,848	3,000	3,510,985	1,744,812	5,614,645

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	29	326,692	(1,814,676)
Cash Flows from Investing Activities			
Net cash inflow on disposal of insurance and employee benefits operations		-	542,347
Acquisition of investment securities, net		(453,300)	1,492,219
Net cash (used in)/provided by investing activities		(453,300)	2,034,566
Cash Flows from Financing Activities			
Due (to)/from parent company and fellow subsidiaries		14,866	(247,797)
Loans received		283,053	-
Loans repaid		-	(117,263)
Dividends paid		(232,177)	(241,283)
Net cash provided by/(used in) financing activities		65,742	(606,343)
Net decrease in cash and cash equivalents		(60,866)	(386,453)
Cash and cash equivalents at beginning of year		449,301	835,754
CASH AND CASH EQUIVALENTS AT END OF YEAR	13	388,435	449,301

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

(a) First Jamaica Investments Limited ("the company"), formerly First Life Insurance Company Limited, is incorporated and domiciled in Jamaica. It is a 73% owned subsidiary of Pan-Jamaican Investment Trust Limited, which is also incorporated and domiciled in Jamaica.

The main activity of the company is the provision of investment management services. The registered office of the company is located at 60 Knutsford Boulevard, Kingston 5.

The company is listed on the Jamaica Stock Exchange.

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

		Proportion of issued equity capital held by	
	Principal Activities	**Company**	**Subsidiaries**
Subsidiaries			
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%	
St Andrew Developers Limited	Property Development	33 1/3%	33 1/3%
Knutsford Holdings Limited	Office Rental	32%	28%
Associated Companies			
Life of Jamaica Limited	Insurance and Pension Management	24.64%	
Impan Properties Limited	Office Rental		20%

All of the company's subsidiaries and associated companies are incorporated and domiciled in Jamaica.

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 and 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.

(expressed in Jamaican dollars unless otherwise indicated)

2. 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.

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.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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;
- **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.

2. Significant Accounting Policies (Continued)

(i) Basis of preparation (continued)

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

(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.

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 stockholders' 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 1/3%.

(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.

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.

2. Significant Accounting Policies (Continued)

(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 31.

(g) 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.

2. Significant Accounting Policies (Continued)

(g) Investments (continued)

(i) Investment securities (continued)

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 profit or loss – 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.

(ii) Financial assets at fair value through profit or 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.

(iv) 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.

2. Significant Accounting Policies (Continued)

(g) Investments (continued)

(v) 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.

(h) Investments in subsidiaries

Investments in subsidiaries are stated at cost.

(i) 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 and bank balances, deposits held on call with banks and bank overdrafts.

2. Significant Accounting Policies (Continued)

(j) Leases

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.

(k) Inventories

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

(l) 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	over the period of the lease
Furniture and fixtures	10% & 12½%
Equipment	10%
Computer equipment	20%
Motor vehicles capitalised under finance leases	over the period of the lease
Motor vehicles	15% & 20%

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

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.

2. Significant Accounting Policies (Continued)

(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.

(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) Termination benefits

Termination benefits are payable when employment is terminated by the group 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 to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

2. Significant Accounting Policies (Continued)

(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 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.

(q) 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.

(r) Dividends

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

2. Significant Accounting Policies (Continued)

(s) Insurance and investment 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.

2. Significant Accounting Policies (Continued)

(s) Insurance and investment contracts (continued)

(ii) Recognition and measurement (continued)

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.

(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)

(s) Insurance and investment contracts (continued)

(iv) 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.

(v) 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.

2. Significant Accounting Policies (Continued)

(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. 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.

3. Critical Accounting Judgements 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.

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 the 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	Eliminations	Group
	$'000	$'000	$'000	$'000
External operating revenue	209,094	862,965	-	1,072,059
Operating revenue from other segments	129,506	17,611	(147,117)	-
Operating revenue	338,600	880,576	(147,117)	1,072,059
Segment result	258,370	320,903	-	579,273
Gain on dilution of shareholding in associated company				15,452
Share of results of associated companies				639,960
Profit before taxation				1,234,685
Taxation				(86,409)
Net profit				1,148,276
Segment assets	2,967,081	2,988,782	(468,161)	5,487,702
Associates				4,451,245
Total assets				9,938,947
Segment liabilities	772,810	692,761	(468,161)	997,410
Other segment items:				
Capital expenditure	-	25,114	-	25,114
Depreciation	-	2,201	56	2,257

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	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000
External operating revenue	490,803	199,786	763,851	-	1,454,440
Operating revenue from other segments	-	125,747	4,188	(129,935)	-
Operating revenue	490,803	325,533	768,039	(129,935)	1,454,440
Segment result	128,448	277,372	280,089	-	685,909
Share of results of associated companies					608,656
Profit before taxation					1,294,565
Taxation					(139,816)
Profit after taxation					1,154,749
Gain on sale of insurance and employee benefit operations					1,591,881
Net profit					2,746,630
Segment assets	-	2,470,570	2,708,459	(430,074)	4,748,955
Associates					3,771,438
Total assets					8,520,393
Segment liabilities	-	546,906	669,449	(430,074)	786,281
Other segment items:					
Capital expenditure	-	-	46,889	-	46,889
Depreciation	1,307	171	2,301	168	3,947

5. Investment Income

	The Group		The Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Income				
Government of Jamaica securities	124,260	113,352	97,090	81,349
Other	109,496	120,449	462,838	343,034
	233,756	233,801	559,928	424,383
Direct expenses				
Interest expense	-	6,374	-	7,246
Investment expense	1,370	12,168	1,370	12,168
	(1,370)	(18,542)	(1,370)	(19,414)
	232,386	215,259	558,558	404,969

6. Property and Other Income

	The Group		The Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Rental income	582,567	518,549	-	-
Fair value gains on property valuation	218,381	165,086	-	-
	800,948	683,635	-	-
Other				
Management fees	31,383	35,350	-	-
Miscellaneous income	7,342	29,393	4,761	14,984
	38,725	64,743	4,761	14,984

7. Operating Expenses by Nature

	The Group		The Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Staff costs (Note 9)	46,809	56,380	4,284	9,274
Depreciation	2,257	3,947	-	1,307
Direct costs of property management	316,625	237,175	-	-
Bad debts	9,984	-	6,328	-
Computer services	8,617	5,139	-	-
Motor vehicle	3,672	4,245	-	-
Bank charges	1,330	1,172	292	1,155
Auditors' remuneration	5,929	6,741	3,000	3,400
Legal and professional fees	37,178	59,010	28,435	38,480
Directors fees	10,983	9,881	3,383	1,905
Rent and lease	8,828	15,046	4,057	3,825
Advertising and promotion	3,158	2,238	3,158	2,238
Other	9,010	20,031	1,424	5,146
	464,380	421,005	54,361	66,730
Less: Allocated to discontinued operations (Note 11)	-	(28,248)	-	(28,248)
Less: Allocated to investment expenses (Note 5)	-	(12,168)	-	(12,168)
	464,380	380,589	54,361	26,314

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.

9. Staff Costs

	The Group		The Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Wages and salaries	48,749	56,368	5,293	18,565
Payroll taxes	2,900	3,854	540	1,995
Pension (Note 21(a))	(12,126)	(45,401)	(5,273)	(50,001)
Other post retirement benefits (Note 21(b))	4,272	31,249	2,139	29,432
Redundancy costs	-	5,103	-	5,103
Other	3,014	5,207	1,585	4,180
	46,809	56,380	4,284	9,274

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	-	3,525
Investment income tax at 15%	-	28,223	-	28,223
Current income tax at 33⅓%	42,965	95,031	18,187	57,414
Overprovision in prior year	(11,917)	-	(11,516)	-
Deferred income taxes (Note 18)	55,361	13,037	37,911	5,388
	86,409	139,816	44,582	94,550
This is broken down as follows:				
Continuing operations	86,409	110,119	44,582	64,853
Discontinued operations (Note 11)	-	29,697	-	29,697
	86,409	139,816	44,582	94,550

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
Premium tax				
Gross premium income	-	451,628	-	451,628
Tax at 3%	-	13,549	-	13,549
Income not subject to tax	-	(10,331)	-	(10,331)
Amounts on deposit	-	282	-	282
Premium tax on segregated funds deposits	-	25	-	25
	-	3,525	-	3,525
Investment and health income tax				
Gross investment and health income	-	510,213	-	510,213
Tax at 15%	-	76,532	-	76,532
Deductible expenses	-	(48,320)	-	(48,320)
Expenses not deductible for tax purposes	-	11	-	11
	-	28,223	-	28,223
Current income tax				
Profit before tax	1,234,685	4,115,970	483,688	3,779,326
Tax at 33⅓%	411,562	1,371,990	161,229	1,259,775
Income not subject to tax	(313,375)	(1,265,731)	(105,131)	(1,196,973)
Expenses not deductible for tax purposes	137	1,576	-	-
Net effect of other charges and allowances	2	(168)	-	
	98,326	107,667	56,098	62,802
Adjustment for prior year (over)/under provision	(11,917)	401	(11,516)	-
Income tax expense	86,409	139,816	44,582	94,550

11. Profit from Discontinued Operations

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

12. Earnings Per Stock Unit

Basic earnings per stock unit is calculated by dividing the net profit attributable to equity holders of the group by the weighted average number of ordinary stock units in issue during the year, excluding ordinary stock units purchased by the group and held as treasury. Diluted earnings per stock unit is calculated by adjusting the weighted average number of ordinary stock units outstanding to assume conversion of all dilutive potential ordinary stock units. The group has no dilutive potential ordinary stock units.

	The Group	
	2006	**2005**
Net profit attributable to stockholders ($'000)		
Continuing operations	1,144,488	1,042,355
Discontinued operations	-	1,690,632
	1,144,488	2,732,987
Weighted average number of ordinary stock units (thousands)	302,280	302,280
Earnings per stock unit ($)		
Continuing operations	3.79	3.45
Discontinued operations	-	5.59
Basic and fully diluted	$3.79	$9.04

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 at bank and in hand	102,419	36,065	101,288	34,431
Short term deposits	261	111,554	261	-
Securities purchased under agreements to resell (Note 15)	399,267	424,828	286,886	414,870
Less:				
Bank overdraft	(3,074)	(5,072)	-	-
	498,873	567,375	388,435	449,301

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 $'000	2005 $'000	2006 $'000	2005 $'000
Financial assets at fair value through profit and loss	72,103	-	-	-
Available-for-sale –				
Debt securities:				
Government of Jamaica	1,028,430	854,289	953,782	781,875
Other	317,684	-	317,684	-
Equity securities:				
Quoted	305,219	378,464	172,877	174,729
Unquoted	133,272	171,125	143,272	165,216
	1,784,605	1,403,878	1,587,615	1,121,820
Loans and receivables -				
Corporate debenture	17,994	17,994	17,994	17,994
Other	27,361	33,729	323,033	324,435
Interest receivable	1,541	6,696	81,332	69,243
	46,896	58,419	422,359	411,672

Included in the available for sale securities above is interest receivable amounting to $34,431,000 and $32,910,000 (2005 - $36,553,000 and $26,958,000) for the group and the company respectively.

Included in loans and receivables are corporate debenture investments with the parent company of $21,795,000 (2005 - $22,122,000).

Investments valued at US$7,700,000 (2005 - US$3,000,000) have been pledged as collateral for loans granted to the company (Note 28)

15. Securities Purchased under Agreements to Resell

The group and the company entered into collateralised 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 $399,267,000 (2005 - $424,828,000), 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
At 1 January	2,288,930	2,073,024	-	-
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	2,533,020	2,288,930	-	-

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.

17. Investment in Subsidiaries and Associated Companies

	The Group		The Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Subsidiary companies -				
At cost				
Jamaica Property Company Limited	-	-	123,020	123,020
Portfolio Partners Limited	-	-	15,000	15,000
St. Andrew Developers Limited	-	-	866	866
Knutsford Holdings Limited	-	-	72,172	72,172
	-	-	211,058	211,058

17. Investment in Subsidiaries and Associated Companies (Continued)

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Associated companies -				
Life of Jamaica Limited				
Shareholding at cost	3,493,066	3,493,066	3,493,066	3,493,066
Share of profit	1,147,241	507,281	-	-
Dividend received	(367,697)	(119,500)	-	-
Gain on dilution	15,452			
Share of reserves	164,079	(108,499)	-	-
	4,452,141	3,772,348	3,493,066	3,493,066
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)	-	-
	4,451,245	3,771,438	3,493,066	3,493,066
Comprising:				
Share of net assets	3,550,168	2,870,361		
Goodwill	901,077	901,077		
	4,451,245	3,771,438		

The assets, liabilities, revenue and net profit/(loss) of the associates as at and for the years ended 31 December 2006 and 2005 are as follows:

	Assets	**Liabilities**	**Revenue**	**Net Profit/(loss)**
	$'000	**$'000**	**$'000**	**$'000**
2006				
Life of Jamaica Limited	79,058,214	64,646,427	14,768,584	2,572,216
Impan Properties Limited	44,119	4,018	-	-
	79,102,333	64,650,445	14,768,584	2,572,216
2005				
Life of Jamaica Limited	70,910,853	59,258,805	12,123,435	2,449,261
Impan Properties Limited	44,133	4,018	-	-
	70,954,986	59,262,823	12,123,435	2,499,261

18. Deferred Income Taxes

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	226	226	-	-
Deferred tax liabilities	(147,008)	(91,647)	(45,274)	(7,363)
Net liability	(146,782)	(91,421)	(45,274)	(7,363)

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.

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

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Balance as at 1 January	(91,421)	(78,384)	(7,363)	(1,975)
Charged to statement of operations	(55,361)	(13,037)	(37,911)	(5,388)
Balance as at 31 December	(146,782)	(91,421)	(45,274)	(7,363)

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	3,975	3,291	-	-
Interest payable	2,216	307	1,927	-
Net lease obligations	101	710	-	-
Unutilised tax losses	226	226	-	-
Unrealised foreign exchange loss	-	2,959	-	2,959
	6,518	7,493	1,927	2,959

18. Deferred Income Taxes (Continued)

	The Group		The Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Deferred income tax liabilities				
Unrealised foreign exchange gain	6,876	10,322	6,876	10,322
Investment securities	1,536	-	-	-
Pensions and other post retirement benefits	12,404	8,972	-	-
Tax depreciation on investment property	88,753	77,960	-	-
Interest receivable	40,412	16	40,325	-
Receivables	3,319	1,644	-	-
	153,300	98,914	47,201	10,322
Net liability	(146,782)	(91,421)	(45,274)	(7,363)

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 earnings totaled $2,496,755,000 at 31 December 2006 (2005 - $1,971,020,000).

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	3,975	3,291	-	-
Deferred tax assets to be recovered within 12 months	2,543	4,202	1,927	2,959
	6,518	7,493	1,927	2,959
Deferred tax liability to be recovered after more than 12 months	102,692	86,932	-	-
Deferred tax liability to be recovered within 12 months	50,608	11,982	47,201	10,322
	153,300	98,914	47,201	10,322
	(146,782)	(91,421)	(45,274)	(7,363)

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
Inventories	2,830	2,077	-	-
Trade receivables	42,295	34,874	-	-
Managed properties	25,158	22,315	-	-
Deposits	36,084	21,646	36,084	-
Other receivables	36,354	15,921	52	15,930
Land awaiting development	104,775	36,603	66,916	-
Work-in-progress	29,181	35,513	29,181	35,512
	276,677	168,949	132,233	51,442

20. Property, Plant and Equipment

	The Group						
	Freehold Premises $'000	Leasehold Improvements $'000	Furniture, Fixtures & Equipment $'000	Motor Vehicles Capitalised under Finance Leases $'000	Motor Vehicles $'000	Capital Work in Progress $'000	Total $'000
At Cost -							
1 January 2005	39,305	19	49,084	10,889	1,117	34,732	135,146
Additions	-	-	21	750	-	46,118	46,889
Disposals	-	-	-	(1,494)	-	-	(1,494)
Adjustments	-	(19)	(21,719)	-	-	-	(21,738)
Transfers	-	-	(19,520)	(465)	-	(49,420)	(69,405)
31 December 2005	39,305	-	7,866	9,680	1,117	31,430	89,398
Additions	-	-	584	-	5,185	19,345	25,114
Transfers	-	-	-	-	-	(18,582)	(18,582)
31 December 2006	39,305	-	8,450	9,680	6,302	32,193	95,930
Accumulated Depreciation							
1 January 2005	2,084	9	37,828	6,273	1,117	-	47,311
Charge for year	168	1	2,274	1,504	-	-	3,947
Relieved on disposals	-	-	(14,334)	(188)	-	-	(14,522)
Adjustments	-	(10)	(19,834)	-	-	-	(19,844)
31 December 2005	2,252	-	5,934	7,589	1,117	-	16,892
Charge for year	61	-	281	1,915	-	-	2,257
31 December 2006	2,313	-	6,215	9,504	1,117	-	19,149
Net Book Value -							
31 December 2006	36,992	-	2,235	176	5,185	32,193	76,781
31 December 2005	37,053	-	1,932	2,091	-	31,430	72,506

20. Property, Plant and Equipment (Continued)

	The Company				
	Leasehold Improvements $'000	Furniture & Fixtures $'000	Computer Hardware & Software $'000	Motor Vehicles $'000	Total $'000
At Cost -					
1 January 2005	18	283	40,952	-	41,253
Disposals	-	-	(19,516)	-	(19,516)
Write Offs	(18)	(283)	(21,436)	-	(21,737)
31 December 2005 and 2006	-	-	-	-	-
Accumulated Depreciation -					
1 January 2005	8	23	32,096	-	32,127
Charge for the year	1	-	1,306	-	1,307
Write Offs	(9)	(23)	(19,068)	-	(19,100)
Disposals	-	-	(14,334)	-	(14,334)
31 December 2005 and 2006	-	-	-	-	-
Net Book Value -					
31 December 2005 and 2006	-	-	-	-	-

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 (assets)/liabilities recognised in the balance sheet comprise:

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Pension schemes (Note 21(a))	(46,227)	(30,582)	(9,015)	(3,667)
Other post-retirement obligations:				
Medical and life insurance (Note 21(b))	35,867	33,172	23,942	23,302
	(10,360)	2,590	14,927	19,635

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

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Pension schemes (Note 21(a))	(12,126)	(45,401)	(5,273)	(50,001)
Other post-retirement obligations:				
Medical and life insurance (Note 21(b))	4,272	31,249	2,139	29,432
	(7,854)	(14,152)	(3,134)	(20,569)

21. Retirement Benefits (Continued)

(a) Pension schemes (continued)

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 funded obligations	105,115	93,977	41,211	40,554
Fair value of plan assets	(175,046)	(158,290)	(69,984)	(67,770)
	(69,931)	(64,313)	(28,773)	(27,216)
Unrecognised actuarial losses	(10,985)	(7,943)	(8,103)	(7,000)
Unrecognised past service cost	34,689	41,674	27,861	30,549
Asset in the balance sheet	(46,227)	(30,582)	(9,015)	(3,667)

Life of Jamaica Limited, an associated company which manages the group's pension fund assets, has invested in ordinary stock units of the company 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 $'000	2005 $'000	2006 $'000	2005 $'000
Beginning of year	93,977	152,653	40,554	106,920
Current service cost	2,505	3,669	244	1,408
Interest cost	11,217	13,696	4,866	8,400
Contributions by plan participants	3,031	4,633	373	2,105
Actuarial losses	2,316	3,225	2,104	2,444
Transfer	-	(53,456)	-	(53,456)
Benefits paid	(7,931)	(30,443)	(6,930)	(27,267)
End of year	105,115	93,977	41,211	40,554

21. Retirement Benefits (Continued)

(a) Pension schemes (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	158,290	287,975	67,770	211,947
Expected return on plan assets	18,870	23,585	7,702	14,304
Actuarial (losses)/gains	(733)	5,307	994	2,716
Employer contributions	3,519	4,422	75	1,174
Employee contributions	3,031	4,633	373	2,105
Transfer	-	(137,292)	-	(137,292)
Benefits paid	(7,931)	(30,340)	(6,930)	(27,184)
End of year	175,046	158,290	69,984	67,770

The (income)/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	2,505	3,669	244	1,408
Interest cost	11,217	13,696	4,866	8,400
Expected return on plan assets	(18,870)	(23,585)	(7,702)	(14,304)
Net actuarial losses recognised during the year	7	4,687	7	4,687
Change in unrecognised assets	(6,985)	(43,868)	(2,688)	(50,192)
Total, included in staff costs (Note 9)	(12,126)	(45,401)	(5,273)	(50,001)

The actual return on plan assets was $16,919,000 and $10,128,000 (2005 – $43,686,000 and $30,976,000) for the group and the company respectively.

21. Retirement Benefits (Continued)

(a) Pension schemes (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	4.0

(b) Other Post-retirement Benefits

In addition to pension benefits, the company and certain subsidiaries offers 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	31,273	28,347	16,925	17,984
Unrecognised actuarial losses	4,594	4,825	7,017	5,318
Liability in the balance sheet	35,867	33,172	23,942	23,302

21. Retirement Benefits (Continued)

(b) Other Post-retirement Benefits (continued)

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	28,347	91,080	17,984	82,356
Current service cost	937	2,420	99	1,694
Interest cost	3,452	6,914	2,157	5,823
Contributions by plan participants	(1,577)	(2,636)	(1,499)	(2,555)
Transfer	-	(52,803)	-	(52,803)
Actuarial losses/(gains)	114	(16,628)	(1,816)	(16,531)
End of year	31,273	28,347	16,925	17,984

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	937	2,420	99	1,694
Interest cost	3,452	6,914	2,157	5,823
Net actuarial (gains)/losses recognised during the year	(117)	21,915	(117)	21,915
Total, included in staff costs (Note 9)	4,272	31,249	2,139	29,432

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	6,188	4,403
Effect on the defined benefit obligation	33,161	29,621

21. Retirement Benefits (Continued)

(c) Post-employment benefits - pension

Plan assets are comprised as follows:

	2006		2005	
	$'000	%	$'000	%
Equity	32,594	19	13,028	8
Debt	141,330	80	145,261	92
Other	1,122	1	-	-
	175,046	100	158,289	100

Movement in the defined benefit obligation is as follows:

	The Group			
	2006	2005	2004	2003
	$'000	$'000	$'000	$'000
Present value of defined obligation	105,115	93,977	152,633	83,548
Fair value of plan assets	(175,046)	(158,289)	(287,975)	(227,180)
Deficit/(surplus)	(69,931)	(64,312)	(135,342)	(143,632)
Experience adjustments on plan liabilities	2,316	3,225	57,501	(18,050)
Experience adjustments on plan assets	732	(23)	(28,598)	(19,157)

	The Company			
	2006	2005	2004	2003
	$'000	$'000	$'000	$'000
Present value of defined obligation	41,211	40,554	106,920	60,342
Fair value of plan assets	(69,984)	(67,770)	(211,947)	(165,338)
Deficit/(surplus)	(28,773)	(27,216)	(105,027)	(104,996)
Experience adjustments on plan liabilities	2,104	2,444	37,506	(4,577)
Experience adjustments on plan assets	(994)	(2,567)	(23,996)	(18,474)

22. Share Capital

	2006	2005
Authorised:	No.	No.
350,000,000 ordinary stock units	350,000	350,000
	$'000	$'000
Issued and fully paid:		
303,500,000 stock units	355,848	355,848

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, and the amount of $52,348,000, previously classified as share premium is now included in the total shown for share capital.

23. Capital Redemption Reserve

This arose on the redemption of preference shares out of prior year profits.

24. Investment and Other Reserves

These comprise:

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Fair value gains on investments	191,546	173,487	81,399	63,052
Capital reserves	2,225,736	2,210,284	3,429,586	3,429,586
Other reserves	698,114	425,536	-	-
	3,115,396	2,809,307	3,510,985	3,492,638
Capital reserves				
Realised gain on sale of ESOP shares	12,218	12,218	-	-
Realised gain on sale of insurance operations	1,591,881	1,591,881	3,429,586	3,429,586
Realised gain on dilution of holding in subsidiary	367,365	351,913	-	-
Other	254,272	254,272	-	-
	2,225,736	2,210,284	3,429,586	3,429,586

25. Dividends

	2006 $'000	2005 $'000
First interim dividends for 2006 at $0.165 (2005 - $0.165) per stock unit – gross	50,077	50,077
Second interim dividends for 2006 at $0.20 (2005 - $0.30) per stock unit – gross	60,700	91,050
Third interim dividend for 2006 at $0.20 (2005 - $0.165) per stock unit – gross	60,700	50,078
Fourth interim dividend for 2006 at $0.20 (2005 – $0.165) per stock unit – gross	60,700	50,078
Total dividends paid for year	232,177	241,283
Less dividends received by ESOP scheme	(689)	(1,587)
	231,488	239,696

26. Related Party Transactions and Balances

(a) Year end balances arising from transactions with related parties:

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Amounts due from related parties				
Holding company:				
Current account	3,119	30,597	1,044	29,558
Fellow subsidiaries:				
Scotts Preserves Limited	30	30		-
ESOP scheme	-	-	4,329	13,571
	3,149	30,627	5,373	43,129
Amounts due to related parties				
Subsidiaries:				
Portfolio Partners Limited	-	-	23,580	2,743
Jamaica Property Company Limited	-	-	347	2
Jamaica Property Development Limited	-	-	2,900	2,900
Associated company:				
Life of Jamaica Limited	35,925	137,431	30,700	132,206
Related company				
Pan Caribbean Financial Services Limited	4,419	2,948	-	-
	40,344	140,379	57,527	137,851
Net liability	(37,195)	(109,752)	(52,154)	(94,722)

26. 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	4,073	5,212	4,073	5,212
Management fees paid	(15,720)	(14,300)	(9,300)	(8,457)
Interest paid	(291)	(585)	-	-
Professional fees	(10,600)	(50,612)	(10,600)	(50,612)
Fellow subsidiaries:				
Interest income	-	-	120,206	116,372
Management fees paid	-	-	-	(2,900)
Interest paid	-	-	(5,046)	(3,538)
Other	-	-	(5,254)	(4,188)
Associated companies:				
Interest paid	-	(9,241)	-	(9,241)
Other related parties				
Rental income	36,387	34,100	-	-
Interest and other income earned	32,636	62,529	20,850	50,914
Interest and other expenses paid	(19,562)	(12,808)	(19,562)	(12,808)
Other expenses	(3,800)	(3,953)	(3,800)	(3,353)

(c) Key management compensation:

	The Group		The Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Salaries and other short-term employee benefits	18,276	18,031	3,689	4,700
Statutory contributions	1,355	1,588	226	371
Pension costs and other retirement benefits	(1,640)	1,440	(438)	450
	17,991	21,059	3,477	5,521
Directors emoluments				
Fees	3,383	1,905	3,383	1,905
Management compensation (included above)	7,600	7,976	-	-
	10,983	9,881	3,383	1,905

26. 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	-	160,000	-	160,000
Repayments	-	(120,000)	-	(120,000)
Transfer to current account	-	(40,000)	-	(40,000)
Interest charged	-	7,890	-	7,890
Interest paid/transferred	-	(7,890)	-	(7,890)
	-	-	-	-
Total loans from related parties				
Balance at beginning of year	178,213	188,314	178,213	188,314
Advanced during year	277,054	41,000	277,054	41,000
Repayments	(147)	(59,000)	(147)	(59,000)
Interest charged	20,651	12,808	20,651	12,808
Interest paid	(19,562)	(12,808)	(19,562)	(12,808)
Foreign exchange loss	12,606	7,899	12,606	7,899
	468,815	178,213	468,815	178,213

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

27. Other Liabilities

	The Group		The Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Other liabilities and accrued expenses	151,670	93,106	90,455	35,624
Managed funds	39,788	47,874	39,788	47,874
	191,458	140,980	130,243	83,498

28. 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
(iii) Pan Caribbean Financial Services Limited	US$	6.02	2007	283,053	-
Unsecured -					
(iv) Bank of Nova Scotia Jamaica Limited	J$		2009	2,422	
(v) JN Properties Limited	J$	35.00	2007	13,586	13,586
Consortium loan	US$	20.00	2007	5,335	5,335
				563,062	292,162
Interest payable				5,782	6,073
				568,844	298,235

	Currency	Rate	Repayable	The Company 2006	The Company 2005
		%		$'000	$'000
Secured					
(i) Pan Caribbean Financial Services Limited	US$	6.70 & 6.75	2007	185,762	178,213
(iii) Pan Caribbean Financial Services Limited	US$	6.02	2007	283,053	-
Unsecured -					
(vi) Portfolio Partners Limited		12.0	2007	29,421	29,421
Other		20.0		5,335	5,335
				503,571	212,969
Interest payable				5,781	5,154
				509,352	218,123

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

(vi) The loan from Portfolio Partners Limited is unsecured, payable on demand and attracts interest at 12% per annum.

Maturity of non current borrowings:

	2006 $'000	2005 $'000
Between 1 and 2 years	568,083	298,235
Between 2 and 5 years	761	-
	568,844	298,235

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

29. Cash Flows from Operating Activities

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2006 $'000
Net profit	1,148,276	2,746,630	439,106	3,836,910
Adjustments to reconcile net profit to cash flows provided by operating activities:				
Depreciation of property, plant and equipment	2,257	3,947	-	1,307
Interest capitalised on loans	-	1,809		-
Gain on sale of insurance and employee benefits operations	-	(1,591,881)	-	(3,429,586)
Interest income	(233,756)	(233,801)	(559,926)	(424,383)
Interest expense	28,406	35,695	25,270	20,213
Share of profit in associated company	(639,960)	(608,656)	-	-
Gain on dilution of shareholding in associated company	(15,452)	-	-	-
Income tax expense	86,409	139,816	44,582	94,550
Change in retirement benefit asset/obligation	(12,950)	(20,556)	(4,708)	(23,645)
Gain on sale of property, plant and equipment	-	(2,141)	-	-
Write off of property, plant and equipment and investment property	-	-	-	2,636
Fair value gains on investment property	(218,381)	(165,086)	-	-
Unrealised gain on foreign currency denominated investment	(25,463)	(31,123)	(4,835)	(22,179)
Unrealised fair value gains on financial assets at fair value through profit	(4,606)			
Unrealised loss on foreign currency denominated loans	8,772	12,131	7,549	-
Change in policyholders' funds	-	44,054	-	(2,119,175)
	123,552	330,838	(52,962)	(2,063,352)
Changes in operating assets and liabilities:				
Other assets, net	(126,751)	(62,331)	(67,686)	184,790
Other liabilities, net	(6,956)	14,371	(10,690)	(197,796)
	(10,155)	282,878	(131,338)	(2,076,358)
Interest received	233,756	233,801	559,926	424,383
Interest paid	(28,406)	(35,695)	(24,643)	(20,213)
Income tax paid	(97,029)	(156,794)	(77,253)	(142,488)
Net cash provided by/(used in) operating activities	98,166	324,190	326,692	(1,814,676)

30. 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	-	-

31. 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 minimize 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 is exposed to foreign exchange risk arising from various currency exposures, through its investment operations, primarily with respect to the US dollar. Foreign exchange risk arises from transactions for purchases and recognised assets and liabilities.

31. Financial Risk Management (Continued)

(a) Financial risk factors (continued)

(i) Market risk (continued)

Currency risk

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	102,419	-	-	102,419
Investments (excluding investments in subsidiaries and associated companies)	924,579	1,218,567	172,337	2,315,483
Investment properties	2,533,020	-	-	2,533,020
Other	4,921,109	66,916	-	4,988,025
Total assets	8,481,127	1,285,483	172,337	9,938,947
Liabilities				
Other liabilities	428,566	-	-	428,566
Loans	27,125	541,719	-	568,844
Total liabilities	455,691	541,719	-	997,410
Net position	8,025,436	743,764	172,337	8,941,537

	2005			
	Jamaican $	US$	Other	Total
	J$'000	J$'000	J$'000	J$'000
Assets				
Cash and bank balances	36,065	-	-	36,065
Investments (excluding investments in subsidiaries and associated companies)	1,014,926	818,960	172,487	2,006,373
Investment properties	2,288,930	-	-	2,288,930
Other	4,189,025	-	-	4,189,025
Total assets	7,528,946	818,960	172,487	8,520,393
Liabilities				
Other liabilities	477,638	10,408	-	488,046
Loans	19,659	278,576	-	298,235
Total liabilities	497,297	288,984	-	786,281
Net position	7,031,649	529,976	172,487	7,734,112

31. Financial Risk Management (Continued)

(a) Financial risk factors (continued)

(ii) Market risk (continued)

Currency risk (continued)

	The Company			
	2006			
	Jamaican $	**US$**	**Other**	**Total**
	J$'000	**J$'000**	**J$'000**	**J$'000**
Assets				
Cash and bank balances	101,288	-	-	101,288
Investments (excluding investments in subsidiaries and associated companies)	950,837	1,173,947	172,337	2,297,121
Other	3,982,574	-	-	3,982,574
Total assets	5,034,699	1,173,947	172,337	6,380,983
Liabilities				
Other liabilities	256,986	-	-	256,986
Loans	40,537	468,815	-	509,352
Total Liabilities	297,523	468,815	-	766,338
Net position	4,737,176	705,132	172,337	5,614,645

	2005			
	Jamaican $	**US$**	**Other**	**Total**
	J$'000	**J$'000**	**J$'000**	**J$'000**
Assets				
Cash and bank balances	34,431	-	-	34,431
Investments (excluding investments in subsidiaries and associated companies)	994,137	781,737	172,488	1,948,362
Other	3,916,319	-	-	3,916,319
Total assets	4,944,887	781,737	172,488	5,899,112
Liabilities				
Other liabilities	291,620	-	-	291,620
Loans	39,910	178,213	-	218,123
Total Liabilities	331,530	178,213	-	509,743
Net position	4,613,357	603,524	172,488	5,389,369

31. 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	1,028,430	854,289	953,782	781,938
Foreign institutions	317,945	-	317,945	-
Financial institutions	411,618	544,076	286,886	414,870
Corporate equities	510,594	549,589	316,149	339,945
Other	46,896	58,419	422,359	411,609
	2,315,483	2,006,373	2,297,121	1,948,362

31. 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	102,419	-	-	-	102,419
Investments	545,338	295,611	125,557	1,348,977	2,315,483
Investment properties	-	-	-	2,533,020	2,533,020
Investments in associated companies	-	-	-	4,451,245	4,451,245
Other	103,810	292,953	31,403	108,615	536,780
Total assets	751,567	588,564	156,960	8,441,856	9,938,947
Liabilities					
Bank Overdraft	3,074	-	-	-	3,074
Other	66,383	594,983	162,038	170,932	994,337
Total liabilities	69,457	594,983	162,038	170,932	997,411
Net Liquidity	682,110	(6,419)	(5,078)	8,270,924	8,941,537
Cumulative Liquidity	682,110	675,691	670,613	8,941,537	

31. 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	36,065	-	-	-	36,065
Investments	666,576	25,564	294,892	1,019,341	2,006,373
Investment properties	-	-	-	2,288,930	2,288,930
Investments in associated companies	-	-	-	3,771,438	3,771,438
Other	-	201,127	216,460	-	417,587
Total assets	702,641	226,691	511,352	7,079,709	8,520,393
Liabilities					
Bank Overdraft	5,072	-	-	-	5,072
Other	128,055	438,384	214,770	-	781,209
Total liabilities	133,127	438,384	214,770	-	786,281
Net Liquidity	569,514	(211,693)	296,582	7,079,709	7,734,112
Cumulative Liquidity	569,514	357,821	654,403	7,734,112	

	The Company 2006				
	Within 3 Months	3 to 12 Months	1 to 5Years	Over 5 Years	Total
	$'000	$'000	$'000	$'000	$'000
Assets					
Cash and bank balances	101,288	-	-	-	101,288
Investments	307,656	484,336	444,125	1,061,004	2,297,121
Investment in subsidiaries	-	-	-	211,058	211,058
Investments in associated companies	-	-	-	3,493,066	3,493,066
Other	-	269,436	-	9,014	278,450
Total assets	408,944	753,772	444,125	4,774,142	6,380,983
Liabilities					
Other	-	697,121	23,943	45,274	766,338
Total liabilities	-	697,121	23,942	45,274	766,337
Net Liquidity	408,944	56,651	420,182	4,728,868	5,614,645
Cumulative Liquidity	408,944	465,595	885,777	5,614,645	

31. 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	34,431	-	-	-	34,431
Investments	551,703	22,596	379,277	994,786	1,948,362
Investment in subsidiaries	-	-	-	211,058	211,058
Investments in associated companies	-	-	-	3,493,066	3,493,066
Other	-	208,528	3,667	-	212,195
Total assets	586,134	231,124	382,944	4,698,910	5,899,112
Liabilities					
Other	39,606	439,472	30,665	-	509,743
Total liabilities	39,606	439,472	30,665	-	509,743
Net Liquidity	546,528	(208,348)	352,279	4,698,910	5,389,369
Cumulative Liquidity	546,528	338,180	690,459	5,389,369	

(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.

31. Financial Risk Management (Continued)

(a) Financial risk factors (continued)

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

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.

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	102,419	-	-	-	102,419
Investments	922,623	409,543	470,326	512,991	2,315,483
Investment properties	-	-	-	2,533,020	2,533,020
Investments in associated companies	-	-	-	4,451,245	4,451,245
Property, plant and equipment	-	-	-	76,781	76,781
Other				459,999	459,999
Total assets	1,025,042	409,543	470,326	8,034,036	9,938,947
Liabilities					
Bank overdraft	3,074	-	-	-	3,074
Other	557,258	13,586	-	423,492	994,336
Total liabilities	560,332	13,586	-	423,492	997,410
On balance sheet interest sensitivity gap	464,710	395,957	470,326	7,610,544	8,941,537
Cumulative interest sensitivity gap	464,710	860,667	1,330,993	8,941,537	

31. 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	36,065	-	-	-	36,065
Investments	807,436	277,604	368,312	553,021	2,006,373
Investment properties	-	-	-	2,288,930	2,288,930
Investments in associated companies	-	-	-	3,771,438	3,771,438
Property, plant and equipment	-	-	-	72,506	72,506
Other	-	-	-	345,081	345,081
Total assets	843,501	277,604	368,312	7,030,976	8,520,393
Liabilities					
Bank overdraft	5,072	-	-	-	5,072
Other	284,649	13,586	-	482,974	781,209
Total liabilities	289,721	13,586	-	482,974	786,281
On balance sheet interest sensitivity gap	553,780	264,018	368,312	6,548,002	7,734,112
Cumulative interest sensitivity gap	553,780	817,798	1,186,110	7,734,112	

31. Financial Risk Management (Continued)

(a) Financial risk factors (continued)

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

	The Company				
	2006				
	Up to 1 Year	One to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000
Assets					
Cash and bank balances	101,288	-	-	-	101,288
Investments	1,164,446	357,583	456,546	318,546	2,297,121
Investment in subsidiaries	-	-	-	211,058	211,058
Investments in associated companies	-	-	-	3,493,066	3,493,066
Other	-	-	-	278,450	278,450
Total assets	1265,734	357,583	456,546	4,301,120	6,380,983
Liabilities					
Other	479,931	29,421	-	256,986	766,338
Total liabilities	479,931	29,421	-	256,986	766,338
On balance sheet interest sensitivity gap	785,803	328,162	456,546	4,044,134	5,614,645
Cumulative interest sensitivity gap	785,803	1,113,965	1,570,511	5,614,645	

	The Company				
	2005				
	Up to 1 Year	One to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000
Assets					
Cash and bank balances	34,431	-	-	-	34,431
Investments	980,052	268,737	356,038	343,535	1,948,362
Investment in subsidiaries	-	-	-	211,058	211,058
Investments in associated companies	-	-	-	3,493,066	3,493,066
Other	-	-	-	212,195	212,195
Total assets	1,014,483	268,737	356,038	4,259,854	5,899,112
Liabilities					
Other	252,969	-	-	256,774	509,743
Total liabilities	252,969	-	-	256,774	509,743
On balance sheet interest sensitivity gap	761,514	268,737	356,038	4,003,080	5,389,369
Cumulative interest sensitivity gap	761,514	1,030,251	1,386,289	5,389,369	

(expressed in Jamaican dollars unless otherwise indicated)

31. Financial Risk Management (Continued)

(a) Financial risk factors (continued)

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

	The Group					The Company				
	J$	US$	CAN$	GBP	Other	J$	US$	CAN$	GBP	Other
	%	%	%	%	%	%	%	%	%	%
Cash and balances	-	-	-	-	-	-	-	-	-	-
Investments	14.0	10.6	-	-	-			-	-	-
Securities purchased under agreements to resell	11.2	5.7	-	-	-			-	-	-
Other loans and leases	25.0	-	-	-	-			-	-	-
Liabilities										
Bank overdraft	18.3	-	-	-	-	18.7	-	-	-	-
Loans	18.0	-	-	-	-	16.0	6.5	-	-	-

(b) Fair value estimation

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 fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

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.

31. Financial Risk Management (Continued)

The following table present the fair value of financial instruments which are not reflected in the financial statements at fair value:

	The Group			
	Carrying Value	Fair Value	Carrying Value	Fair Value
	2006	2006	2005	2005
Financial Assets	$'000	$'000	$'000	$'000
Investment in associates	4,451,245	8,098,396	3,771,438	9,063,585
Loans and receivables	46,896	46,499	58,419	57,420

	The Company			
	2006	2006	2005	2005
	$'000	$'000	$'000	$'000
Investment in associates	3,493,066	8,098,396	3,493,066	9,063,585
Loans and receivables	422,359	414,577	411,672	397,021

	The Group			
	2006	2006	2005	2005
Financial Liabilities	$'000	$'000	$'000	$'000
Loans	568,844	589,200	298,325	308,238

	The Company			
	2006	2006	2005	2005
	$'000	$'000	$'000	$'000
Loans	509,352	524,794	218,123	230,278

32. 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 made against the group at year end.

Interest of Directors and Major Shareholders

Year Ended December 31, 2006

DIRECTORS AND CONNECTED PARTIES STOCKHOLDINGS

Name	Personal	Connected Parties
Roy Collister	Nil	140
W. G. Bryan Ewen	Nil	250,000
Maurice W. Facey	Nil	808,000
Stephen B. Facey	640,000	168,000
James E. Morrison	10,518	1
Donovan H. Perkins	821,701	1,000
Paul A. B. Facey	Nil	Nil

MAJOR STOCKHOLDERS

	Name	Stockholdings
1.	Pan-Jamaican Investment Trust Ltd.	221,415,858
2.	Life of Jamaica Pooled Equity Fund No. 1	14,165,478
3.	Scotia Jamaica Investment Management Ltd. – A/C 542	10,394,153
4.	National Insurance Fund	7,664,047
5.	Guardian Holdings Limited	3,662,548
6.	Barita Investments Limited. – Nominee A/C	3,198,575
7.	The Jamaica Development Bank Limited	1,900,000
8.	West Indies Trust Company Ltd. - A/C WT109	1,836,337
9.	Superclubs Resorts Pension Scheme	1,469,590
10.	Manchester Pension Trust Fund Ltd.	1,410,000

SENIOR MANAGERS

Name	Stockholdings
Stephen B. Facey	640,000
Paul A. B. Facey	Nil
Camelia Nelson	Nil

Notes

Form of Proxy

I/We ____

of ____

being a Member(s) of FIRST JAMAICA INVESTMENTS LIMITED hereby appoint

____

of ____

or failing him ____

of____

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the said Company to be held on Tuesday, May 29, 2007 at The Courtyard, 60 Knutsford Boulevard, Kingston 5, at 2:30 p.m. or any adjournment thereof.

Signed this ____________________ day of ________________________ 2007

Signature ______________________________

If executed by a Corporation, the Proxy should be sealed.

Resolutions	For	Against
1		
2		
3(a)		
3(b)		
3(c)		
4		
5		
6		

PLACE
$100
STAMP
HERE

N.B. The instrument appointing Proxy must be produced at the meeting or adjourned meeting at which it is to be used, and in default shall not be treated as valid.