PRICEWATERHOUSECOOPERS

First Jamaica Investments Limited

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Independent Auditors' Report to the Members

Financial Statements

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Independent Auditors' Report

To the Members of
First Jamaica Investments Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of First Jamaica Investments Limited, its subsidiaries and associated companies ("the group"), and the accompanying financial statements of First Jamaica Investments Limited ("the company") standing alone, set out on pages 1 to 85, which comprise the consolidated and company statement of financial position as of 31 December 2010 and the consolidated and company income statements, the consolidated and company statements of comprehensive income, the consolidated and company statements of changes in equity and the consolidated and company statements of cash flows 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 2010, 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

1 March 2011
Kingston, Jamaica

First Jamaica Investments Limited

Consolidated Income Statement

Year ended 31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010 $'000	2009 $'000
Income			
Investments	5	137,187	368,803
Property	6	1,256,050	1,181,012
Other	6	62,333	85,777
		1,455,570	1,635,592
Operating expenses	7	(737,586)	(652,996)
Operating Profit		717,984	982,596
Interest expense		(35,724)	(51,020)
Share of results of associated companies		1,146,967	1,188,569
Profit before Taxation		1,829,227	2,120,145
Taxation	10	(166,247)	(179,651)
NET PROFIT		1,662,980	1,940,494
Attributable to:			
Owners of the parent		1,642,133	1,917,969
Non-controlling interests		20,847	22,525
		1,662,980	1,940,494
Earnings per stock unit attributable to owners of the parent during the year			
Basic and fully diluted	11	5.43	6.35

First Jamaica Investments Limited
Consolidated Statement of Comprehensive Income
Year ended 31 December 2010
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010 $'000	2009 $'000
Net Profit for the year		1,662,980	1,940,494
Other Comprehensive Income			
Unrealised gain on available-for-sale financial assets, net of tax		81,584	101,489
Gain on dilution of shareholding in associated company	8	-	11,119
Share of other comprehensive income of associated company		556,132	371,633
Other Comprehensive Income for the year, net of tax		637,716	484,241
TOTAL COMPREHENSIVE INCOME		2,300,696	2,424,735
Attributable to:			
Owners of the parent		2,279,787	2,402,025
Non-Controlling Interests		20,909	22,710
		2,300,696	2,424,735

First Jamaica Investments Limited
Consolidated Statement of Financial Position
31 December 2010
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010	2009
		$'000	$'000
ASSETS			
Cash and Bank Balances	12	18,805	12,259
Investments			
Deposits	12	15,071	122,144
Investment securities:			
Financial assets at fair value through profit and loss	13	158,902	126,404
Available-for-sale	13	1,566,908	1,492,436
		1,725,810	1,618,840
Securities purchased under agreements to resell	14	1,021,671	736,956
Investment properties	15	3,894,259	3,590,147
Investment in associated companies	16	7,148,841	5,755,548
		13,805,652	11,823,635
Other Assets			
Taxation recoverable		44,459	53,143
Deferred tax assets	17	1,982	8,473
Prepayment and miscellaneous	18	329,058	174,282
Due from related parties	25	146,019	181,113
Property, plant and equipment	19	198,804	90,718
Retirement benefit assets	20	18,682	36,734
		14,563,461	12,380,357

First Jamaica Investments Limited
Consolidated Statement of Financial Position (Continued)
31 December 2010
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010	2009
		$'000	$'000
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity			
Capital and Reserves Attributable to Owners of the Parent			
Share capital	21	355,848	355,848
Equity compensation reserve	22	40,512	35,907
Property revaluation reserve	23	3,038,261	2,737,909
Investment and other reserves	24	3,209,811	2,572,157
Retained earnings		6,857,085	5,908,268
Treasury stock		(15,574)	(15,574)
		13,485,943	11,594,515
Non-controlling interests		181,608	160,699
		13,667,551	11,755,214
Liabilities			
Bank overdraft	12	-	2,610
Taxation payable		24,343	80,656
Due to related parties	25	20,610	5,244
Loan liabilities	26	516,324	241,924
Finance lease liability	27	9,664	1,899
Deferred tax liabilities	17	128,822	104,499
Retirement benefit liabilities	20	55,428	50,156
Other liabilities	28	140,719	138,155
		895,910	625,143
		14,563,461	12,380,357

Approved for issue by the Board of Directors on 1 March 2011 and signed on its behalf by:

Maurice W. Facey Director

Stephen B. Facey Director

First Jamaica Investments Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Equity Compensation Reserve	Property Revaluation Reserve	Investment and Other Reserves	Retained Earnings	Treasury Stock	Non-Controlling Interests	Total
		|---------Attributable to Owners of the Parent					---------|		
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2009		355,848	28,397	2,433,042	2,088,101	4,627,674	(15,574)	137,989	9,655,477
Comprehensive Income									
Net profit		-	-	-	-	1,917,969	-	22,525	1,940,494
Other comprehensive income:									
Unrealised gain on available-for-sale financial assets, net of tax		-	-	-	101,304	-	-	185	101,489
Gain on dilution of shareholding in associated company	8	-	-	-	11,119	-	-	-	11,119
Share of other comprehensive income of associated company		-	-	-	371,633	-	-	-	371,633
Total other comprehensive income for the year		-	-	-	484,056	-	-	185	484,241
Total comprehensive income		-	-	-	484,056	1,917,969	-	22,710	2,424,735
Transactions with Owners									
Dividends paid	29	-	-	-	-	(332,508)	-	-	(332,508)
Stock compensation provision	22	-	7,510	-	-	-	-	-	7,510
Total transactions with owners		-	7,510	-	-	(332,508)	-	-	(324,998)
Transfer									
Transfer of unrealised property revaluation gain	23	-	-	304,867	-	(304,867)	-	-	-
Transfer		-	-	304,867	-	(304,867)	-	-	-
Balance at 31 December 2009		355,848	35,907	2,737,909	2,572,157	5,908,268	(15,574)	160,699	11,755,214

First Jamaica Investments Limited

Consolidated Statement of Changes in Equity (Continued)

Year ended 31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

		|--------------------	--------------------Attributable	to Owners of the Parent	--------------------	--------------------|			
		Share Capital	Equity Compensation Reserve	Property Revaluation Reserve	Investment and Other Reserves	Retained Earnings	Treasury Stock	Non-Controlling Interests	Total
	Note	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2010		355,848	35,907	2,737,909	2,572,157	5,908,268	(15,574)	160,699	11,755,214
Comprehensive Income									
Net profit		-	-	-	-	1,642,133	-	20,847	1,662,980
Other comprehensive income:									
Unrealised gain on available-for-sale financial assets, net of tax		-	-	-	81,522	-	-	62	81,854
Share of other comprehensive income of associated company		-	-	-	556,132	-	-	-	556,132
Total other comprehensive income for the year		-	-	-	637,654	-	-	62	637,716
Total comprehensive income		-	-	-	637,654	1,642,133	-	20,909	2,300,696
Transactions with Owners									
Dividends paid	29	-	-	-	-	(392,964)	-	-	(392,964)
Stock compensation provision	22	-	4,605	-	-	-	-	-	4,605
Total transactions with owners		-	4,605	-	-	(392,964)	-	-	(388,359)
Transfer									
Transfer of unrealised property revaluation gain	23	-	-	300,352	-	(300,352)	-	-	-
Transfer		-	-	300,352	-	(300,352)	-	-	-
Balance at 31 December 2010		355,848	40,512	3,038,261	3,209,811	6,857,085	(15,574)	181,608	13,667,551

First Jamaica Investments Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010 $'000	2009 $'000
Cash Flows from Operating Activities	30	341,574	526,299
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	19	(116,764)	(12,630)
Acquisition of investment properties	15	(3,833)	(2,420)
Purchase of shares in associated company		(87,222)	-
Dividends from associated company		397,028	523,960
Investment securities, net		(245,949)	453,270
Other investing activities		(165,001)	-
Net cash (used in)/provided by investing activities		(221,741)	962,180
Cash Flows from Financing Activities			
Due from/(to) related parties		44,181	(175,531)
Finance lease		7,765	(2,110)
Loans received		444,994	53,653
Loans repaid		(160,016)	(352,521)
Interest paid		(31,335)	(45,893)
Dividends paid	29	(392,964)	(332,508)
Net cash used in financing activities		(87,375)	(854,910)
Net increase in cash and cash equivalents		32,458	633,569
Effect of exchange rate changes on cash and cash equivalents		(29,173)	28,717
Cash and cash equivalents at beginning of year		866,022	203,736
CASH AND CASH EQUIVALENTS AT END OF YEAR	12	869,307	866,022

First Jamaica Investments Limited
Company Income Statement
Year ended 31 December 2010
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010	2009
		$'000	**$'000**
Income			
Investments	5	583,619	897,098
Other	6	5,042	38,339
		588,661	935,437
Operating expenses	7	(87,427)	(81,518)
Operating Profit		501,234	853,919
Interest expense		(10,584)	(30,938)
Profit before Taxation		490,650	822,981
Taxation	10	(72,778)	(67,595)
NET PROFIT		417,872	755,386

First Jamaica Investments Limited

Company Statement of Comprehensive Income

Year ended 31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	2010	2009
	$'000	$'000
Net Profit for the year	417,872	755,386
Other Comprehensive Income		
Unrealised gain on available-for-sale financial assets, net of tax	35,980	70,714
Other Comprehensive Income for the year, net of tax	35,980	70,714
TOTAL COMPREHENSIVE INCOME	453,852	826,100

First Jamaica Investments Limited

Company Statement of Financial Position

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010	2009
		$'000	**$'000**
ASSETS			
Cash and Bank Balances	12	8,783	7,705
Investments			
Deposits	12	7,699	117,934
Investment securities:			
Financial assets at fair value through profit and loss	13	6,646	-
Available-for-sale	13	1,176,623	1,199,519
Loans and receivables	13	313,045	358,231
		1,496,314	1,557,750
Securities purchased under agreements to resell	14	245,114	372,194
Investment in subsidiaries	16	211,103	211,058
Investment in associated companies	16	3,580,288	3,493,066
		5,540,518	5,752,002
Other Assets			
Taxation recoverable		26,098	45,189
Prepayments and miscellaneous	18	117,726	41,751
Due from related parties	25	247,588	179,582
Retirement benefit assets	20	18,682	6,294
		5,959,395	6,032,523

First Jamaica Investments Limited
Company Statement of Financial Position (Continued)
31 December 2010
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010 $'000	2009 $'000
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity			
Share capital	21	355,848	355,848
Investment and other reserves	24	3,433,512	3,397,532
Retained earnings		2,021,713	1,998,391
		5,811,073	5,751,771
Liabilities			
Taxation payable		23,689	21,411
Deferred tax liabilities	17	25,475	22,439
Retirement benefit liabilities	20	27,008	25,625
Due to related parties	25	23,092	17,072
Loan liabilities	26	-	147,271
Other liabilities	28	49,058	46,934
		148,322	280,752
		5,959,395	6,032,523

Approved for issue by the Board of Directors on 1 March 2011 and signed on its behalf by:

Maurice W. Facey Director

Stephen B. Facey Director

First Jamaica Investments Limited

Company Statement of Changes in Equity

Year ended 31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital $'000	Investment and Other Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2009		355,848	3,326,818	1,576,855	5,259,521
Comprehensive Income					
Net profit		-	-	755,386	755,386
Other comprehensive income:					
Unrealised gain on available-for-sale financial assets, net of tax		-	70,714	-	70,714
Total other comprehensive income for the year		-	70,714	-	70,714
Total comprehensive income		-	70,714	755,386	826,100
Transaction with Owners					
Dividends paid	29	-	-	(333,850)	(333,850)
Total transaction with owners		-	-	(333,850)	(333,850)
Balance at 1 January 2010		355,848	3,397,532	1,998,391	5,751,771
Comprehensive Income					
Net profit		-	-	417,872	417,872
Other comprehensive income:					
Unrealised gain on available-for-sale financial assets, net of tax		-	35,980	-	35,980
Total other comprehensive income for the year		-	35,980	-	35,980
Total comprehensive income		-	35,980	417,872	453,852
Transaction with Owners					
Dividends paid	29	-	-	(394,550)	(394,550)
Total transaction with owners		-	-	(394,550)	(394,550)
Balance at 31 December 2010		355,848	3,433,512	2,021,713	5,811,073

First Jamaica Investments Limited

Company Statement of Cash Flows

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010 $'000	2009 $'000
Cash Flows from Operating Activities	30	650,401	755,945
Cash Flows from Investing Activities			
Purchase of shares in associated company		(87,222)	-
Investment in subsidiaries		(45)	-
Investment securities, net		(470)	429,073
Other investing activities		(165,001)	-
Net cash (used in)/ provided by investing activities		(252,738)	429,073
Cash Flows from Financing Activities			
Due from related parties		(72,049)	(155,508)
Loans repaid		(142,624)	(267,542)
Interest paid		(18,566)	(25,828)
Dividends paid	29	(394,550)	(333,850)
Net cash used in financing activities		(627,789)	(782,728)
Net (decrease)/increase in cash and cash equivalents		(230,126)	402,290
Effect of exchange rate changes on cash and cash equivalents		(6,111)	17,968
Cash and cash equivalents at beginning of year		497,833	77,575
CASH AND CASH EQUIVALENTS AT END OF YEAR	12	261,596	497,833

First Jamaica Investments Limited

Notes to the Financial Statements
31 December 2010
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

(a) First Jamaica Investments Limited ("the company") is incorporated and domiciled in Jamaica. It is an 83.00% (2009 – 73.31%) owned subsidiary of Pan-Jamaican Investment Trust Limited (the Parent Company) which is also incorporated and domiciled in Jamaica.

The main activities of the company are the holding of investments, and property management and rental. 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, associated companies and other consolidated entities, 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	Commercial Property Rental	100%	-
Jamaica Property Development Limited	Property Management	-	100%
Jamaica Property Management Limited	Property Management	-	100%
Portfolio Partners Limited	Investment Management	100%	-
Castleton Investments Limited (Incorporated in St Lucia)	Investment Management	100%	-
St Andrew Developers Limited	Property Development	33 1/3%	33 1/3%
Imbrook Properties Limited	Property Development	-	100%
Knutsford Holdings Limited	Office Rental	32%	28%
Associated Companies			
Sagicor Life Jamaica Limited	Insurance and Pension Management	24.78%	
Impan Properties Limited	Office Rental		20%
Other Consolidated Entity			
First Jamaica Employee Share Ownership Scheme	Employee Share Ownership Plan	100%	

With the exception of Castleton Investments Limited("Castleton"), which is incorporated and domiciled in St. Lucia, all of the company's subsidiaries associated companies and other consolidated entities are incorporated and domiciled in Jamaica. The group's holding in Castleton was acquired in the current year. For all other entities within the group, there has been no significant change over the prior year, of the proportion of capital held.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these 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 and the financial statements of the company standing alone (together referred to as the financial statements) have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, and financial assets 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 judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Standards and amendments to published standards effective 1 January 2010 that are relevant to the group's operations

The following standards and amendments to previously existing standards, which became effective in the current financial year are relevant to the group, and have impacted the financial statements as described below.

- **IAS 1 (Amendment), 'Presentation of financial statements'**. The amendment provides clarification that the potential settlement of a liability by issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The new guidance has had no impact on the group's financial statements, as the group and the company present an unclassified Statement of financial position.

- **IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', -** The revised standard is to be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The revised standard continues to apply the acquisition method to business combinations but with some significant changes when compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are now expensed**.** Where control is achieved in stages, the revised standard also requires goodwill to be determined only at the acquisition date rather than at the previous stages. The determination of goodwill includes a requirement for the previously held equity interest to be adjusted to fair value, with any gain or loss recorded in the income statement. IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

First Jamaica Investments Limited

Notes to the Financial Statements
31 December 2010
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)
Standards and amendments to published standards effective 1 January 2010 that are relevant to the group's operations (continued)

- IAS 28 (revised) requires that gains or losses on the dilution of investments in associated companies, where the group retains significant influence, be recorded in the income statement.

  The adoption of this standard had no impact on the financial statements, as there were no business combinations and no transactions with non-controlling interests of subsidiaries. There were also no dilutions of the group's holdings in its associated companies. The aforementioned amendments will be applied prospectively.

Standards, interpretations and amendments to published standards that are not yet effective
At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to existing standards have been issued which are mandatory for the group's accounting periods beginning on or after 1 January 2011 or later periods, but were not effective at the statement of financial position date, one of which the group has early adopted. The group has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be immediately relevant to its operations, and has concluded as follows:

- **Amendment to IAS 12, 'Income taxes', effective 1 January 2012 (Early adopted by the group).** This amendment introduces rebuttable presumption that value of investment property measured at fair value will be recovered entirely through sale. Management has early adopted this standard and has determined that there is no material impact on the group's financial statements.

- **IAS 24 (Revised), 'Related party disclosures', effective 1 January 2011.** This amendment removes the requirement for government related entities to disclose details of all transactions with the government and other government-related entities and it clarifies and simplifies the definition of a related party. The new guidance is not expected to have a material impact on the group's financial statements.

- **Amendment to IFRS 7, 'Financial Instruments: Disclosure', effective 1 July 2011.** The amendments will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. Management is of the view that the amendment will not impact the group, as it presently does not participate in securitization transactions.

- **IFRS 9, 'Financial instruments'**. The standard introduces new requirements for the classification and measurement of financial assets and financial liabilities and is effective from 1 January 2013 with early adoption permitted. The standard divides all financial assets and financial liabilities that are currently in the scope of IAS 39 into two classifications – those measured at amortised cost and those measured at fair value. This standard is a work in progress and will eventually replace IAS 39 in its entirety.

First Jamaica Investments Limited

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) Basis of consolidation

(i) Subsidiaries

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement .Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(ii) Transactions and non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

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2. Summary of Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

(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 income statement, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. 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.

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 statement of financial position, investments in associates are shown at cost.

Dilution gains and losses in investments in associated companies are recognised in the income statement.

(c) Revenue recognition

(i) Investment income

Interest income is recognised in the income statement 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 discounts or premiums on treasury bills and other discounted instruments. When amounts receivable in connection with investments 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.

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

(ii) 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. Rental income and maintenance charges are recognised on an accrual basis over the life of the building occupancy by tenants. Investment properties are valued on an annual basis by external professional valuators and the change in the fair value is recognised in the income statement.

2. Summary of Significant Accounting Policies (Continued)

(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 also the company's functional currency.

(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 income statement.

Changes in the fair value of monetary assets denominated in foreign currencies and classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the asset and other changes. Translation differences resulting from the changes in amortised cost are recognised in the income statement, and other changes are recognised in other comprehensive income.

Translation differences on non-monetary items such as equities classified as available-for-sale are included in the fair value reserve.

(e) Taxation

Taxation expense in the income statement comprises current and deferred tax. Current and deferred taxes are recognised as income tax expense or benefit in the income statement except, where they relate to items recorded in other comprehensive income, in which case they are also charged or credited to other comprehensive income. Taxation 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 statement of financial position 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.

2. Summary of Significant Accounting Policies (Continued)

(e) Taxation (continued)

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

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

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

(f) Financial instruments

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

Financial assets

The group's financial assets comprise cash and bank balances, deposits, investment securities, accounts receivable, including balances due from related parties. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial liabilities

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

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

(g) Investments

(i) Investment securities

The group classifies its investment securities as available-for-sale, fair value through profit and loss, 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.

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 which is the cash consideration including any transaction costs, for all financial assets not carried at fair value through profit and loss. For financial assets at fair value through profit or loss, transaction costs are expensed as incurred.

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2. Summary of Significant Accounting Policies (Continued)

(g) Investments (continued)

(i) Investment securities (continued)

(a) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets are carried at fair value. Changes in the fair value for available for sale investments denominated in the functional currency of the reporting entity are recorded in other comprehensive income, and under investment and other reserves in equity. Changes in the fair value of foreign currency denominated available-for-sale financial assets are discussed in Note 2 (d) (ii).

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments previously recognised in other comprehensive income are included in the income statement as investment income.

The group assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, objective evidence of impairment includes significant difficulty on the part of the borrower and attempts to restructure the contractual cash flows associated with the debt. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

The determination of the fair values of financial assets is discussed in Note 33.

(b) 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. These assets are subsequently measured at fair value, with the fair value gains or losses being recognised in the income statement.

2. Summary of Significant Accounting Policies (Continued)

(g) Investments (continued)

(i) Investment securities (continued)

(c) Loans and receivables

Loans and receivables are carried at amortised cost.

Loans are recognised when cash is advanced to borrowers. They are carried 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, using the criteria for debt securities discussed under available for sale securities, 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.

For impaired loans and receivables, 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 income statement.

(ii) 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.

(iii) Investment property

Investment property is held for 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 fair market valuation exercises conducted annually by independent qualified valuers. Changes in fair values are recorded in the income statement.

(h) Cash and cash equivalents

Cash and cash equivalents are carried on the statement of financial position at cost. For the purpose of the consolidated statement of cash flows, 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, securities purchased under agreements to resell, and bank overdrafts.

2. Summary of Significant Accounting Policies (Continued)

(i) 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 charge on the lease obligation. The interest element of the lease payments is charged to the income statement 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 income statement on a straight-line basis over the period of the lease.

(j) Inventories

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

(k) Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. If such subsequent cost relates to a replaced part, the carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the income statement 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 below. No depreciation is charged in the year of acquisition.

Freehold premises	2½%
Furniture and fixtures	10% & 12½%
Equipment	10%
Motor vehicles capitalised under finance leases	over the period of the lease
Motor vehicles	15% & 20%

2. Summary of Significant Accounting Policies (Continued)

(k) Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position 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 income statement.

(l) Employee benefits

(i) Pension obligations

The company and its subsidiaries operate a number of defined benefit pension 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 amount recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position 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 Government of Jamaica 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-employment benefits

Some group companies provide post-employment 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.

2. Summary of Significant Accounting Policies (Continued)

(l) Employee benefits (continued)

(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 statement of financial position date.

(iv) Equity compensation benefits

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

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

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

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

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

(v) 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 twelve (12) months after the statement of financial position date are discounted to present value.

2. Summary of Significant Accounting Policies (Continued)

(m) 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 impairment are reviewed for possible reversal of the impairment at each reporting date.

(n) 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 the acquisition of a subsidiary is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

At each statement of financial position 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.

(o) 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.

(q) Dividends

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

(r) 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.

(s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

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(n).

(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.

(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 valuation inputs, and make assumptions that are mainly based on market conditions existing at each statement of financial position date. The group uses discounted cash flow analyses and references to prices for other instruments that are substantially the same for various available-for-sale financial assets that are not traded in active markets. Details of investment securities valued using other than quoted prices in an active market are provided in Note 33 of the financial statements.

(iv) Impairment of investment securities and investment in associated companies
The group follows the guidance of IAS 39, IAS 28 and IAS 36 to determine when an investment security or an investment in an associated company is impaired. In making this determination for investment securities, the group evaluates, among other factors, financial difficulties on the part of the borrowers and variations to the contractual cash flows associated with the investment for debt instruments, and the duration for and extent to which the fair value of an available-for-sale equity investment is lower than its cost. For investments in associated companies, management determines the investment's recoverable amount, and compares this to the investment's carrying amount. Management's evaluation of the aforementioned factors for debt and equity securities, as well as the determination of the recoverable amount for its investment in associated companies requires the use of significant judgement. Except as otherwise disclosed in the notes to the financial statements, management is of the view that there is no impairment to investment securities or investment in associated companies.

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3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

(v) Pension plan assets and post-employment obligations

The cost of these benefits and the present value of the pension and the other post-employment liabilities depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net periodic cost (income) for pension and post-employment 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-employment 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-employment benefit obligations. In determining the appropriate discount rate, the group considers the interest rates of high-quality 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. Other key assumptions for the pension and post-employment benefits cost and credits are based in part on current market conditions. A change in any of the assumptions used could have a significant impact on the value of the related retirement benefit asset or liability.

(vi) Investment properties

Investment properties are carried in the statement of financial position 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, a discount rate, and the current condition of the properties. 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.

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4. Segmental Financial Information

The group is organised into two main business segments:

(a) Investments – This incorporates investment management and holding of securities; and

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

The operating segments have been determined by management based on the reports reviewed by the board of directors, and are used to make strategic and operational decisions. The property management and investments segments derive their income from rental and property management fees, and interest and dividend income respectively.

	2010			
	Investments	Property Management And Rental	Eliminations	Group
	$'000	$'000	$'000	$'000
External operating revenue	91,505	1,364,065	-	1,455,570
Inter group revenue	125,961	6,466	(132,427)	-
Total revenue	217,466	1,370,531	(132,427)	1,455,570
Operating profit	129,009	588,975	-	717,984
Interest expense	(10,584)	(25,140)	-	(35,724)
	118,425	563,835	-	682,260
Share of results of associated companies	1,146,967	-	-	1,146,967
Profit before taxation	1,265,392	563,835	-	1,829,227
Taxation	(80,435)	(85,812)	-	(166,247)
Net profit	1,184,957	478,023	-	1,662,980
Segment assets	2,446,817	5,316,231	(348,428)	7,414,620
Investment in associated companies	7,148,841	-	-	7,148,841
	9,595,658	5,316,231	(348,428)	14,563,461
Segment liabilities	126,752	1,117,586	(348,428)	895,910
Other segment items:				
Capital expenditure	-	116,764	-	116,764
Depreciation	-	5,464	-	5,464

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4. Segmental Financial Information (Continued)

	2009			
	Investments	Property Management And Rental	Eliminations	Group
	$'000	$'000	$'000	$'000
External operating revenue	322,081	1,313,511	-	1,635,592
Inter group revenue	125,369	6,084	(131,453)	-
Total revenue	447,450	1,319,595	(131,453)	1,635,592
Operating profit	364,624	617,972	-	982,596
Interest expense	(30,907)	(20,113)	-	(51,020)
	333,717	597,859	-	931,576
Share of results of associated companies	1,188,569	-	-	1,188,569
Profit before taxation	1,522,286	597,859	-	2,120,145
Taxation	(79,228)	(100,423)	-	(179,651)
Net profit	1,443,058	497,436	-	1,940,494
Segment assets	2,565,952	4,447,216	(388,359)	6,624,809
Investment in associated companies	5,755,548	-	-	5,755,548
	8,321,500	4,447,216	(388,359)	12,380,357
Segment liabilities	264,222	749,280	(388,359)	625,143
Other segment items:				
Capital expenditure	-	12,630	-	12,630
Depreciation	-	3,964	-	3,964

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5. Investment Income

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Income				
Interest income -				
Available-for-sale investments	93,773	127,542	65,027	92,817
Loans and receivables	-	-	121,121	121,789
Securities purchased under agreement to resell and deposits	42,212	51,290	16,033	25,017
Realised gains on disposal of investments, net	7,043	22,033	4,071	19,606
Fair value gains on financial assets at fair value through profit and loss	14,911	20,788	1,546	-
Impairment losses on available-for-sale investments	(24,322)	(9,441)	(24,322)	(9,334)
Foreign exchange (losses)/gains, net	(49,260)	115,238	(37,407)	92,137
Dividends	39,606	35,386	427,449	549,099
Other	13,304	5,998	10,156	5,998
	137,267	368,834	583,674	897,129
Direct expenses				
Investment expense	(80)	(31)	(55)	(31)
	137,187	368,803	583,619	897,098

6. Property and Other Income

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Property				
Rental income	955,698	876,145	-	-
Fair value gains on property valuation (Note 15)	300,352	304,867	-	-
	1,256,050	1,181,012	-	-
Other				
Management fees	45,152	45,159	4,840	4,279
Miscellaneous income	17,181	40,618	202	34,060
	62,333	85,777	5,042	38,339

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7. Operating Expenses by Nature

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Direct costs of property management (Note 15)	442,778	401,201	-	-
Staff costs (Note 9)	140,959	107,868	24,405	27,863
Directors fees	16,508	13,728	4,751	2,242
Professional fees	45,750	40,587	25,256	22,038
Auditors' remuneration	9,114	8,601	3,781	3,611
Information technology services	14,818	14,078	1,138	1,143
Office expenses	6,873	5,908	536	486
Public relations, advertising and promotion	2,577	2,165	1,214	1,669
Rental and lease	6,990	6,566	5,732	5,592
Bad debts (recoveries)/expense	(7,707)	3,107	-	-
Donation	15,911	13,875	11,053	9,350
Depreciation	5,464	3,964	-	-
Other	37,551	31,348	9,561	7,524
	737,586	652,996	87,427	81,518

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8. Gain on Dilution of Shareholding in Associated Company

During 2009 an associated company, Sagicor Life Jamaica Limited, issued ordinary shares to its employees through its ESOP scheme, resulting in a gain on dilution of $11,119,000. The issue had no material impact on the company's holding in the associated company.

9. Staff Costs

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Wages and salaries	85,819	67,894	26,093	20,574
Statutory contributions	7,086	5,914	1,734	1,900
Pension (Note 20(a))	26,908	9,964	(12,262)	(3,515)
Other post-employment benefits (Note 20(b))	7,461	7,961	2,988	2,822
Stock compensation expense (Note 22)	4,605	7,510	-	-
Other	9,080	8,625	5,852	6,082
	140,959	107,868	24,405	27,863

10. Taxation

(a) Composition of tax charge

The taxation charge/(credit) for the year is comprised of:

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Current income tax at 33⅓%	144,701	173,841	69,742	71,554
Deferred income taxes (Note 17)	21,546	5,810	3,036	(3,959)
	166,247	179,651	72,778	67,595

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10. Taxation (Continued)

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

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Current income tax				
Profit before tax	1,829,227	2,120,145	490,650	822,981
Tax at 33⅓%	609,742	706,715	163,550	274,327
Adjusted for the tax effects of:				
Income not subject to tax	(105,613)	(138,869)	(136,487)	(210,386)
Share of associates' profit included net of tax	(382,322)	(396,190)	-	-
Other charges and credits	44,440	7,995	45,715	3,654
Income tax expense	166,247	179,651	72,778	67,595

Income not subject to tax consists principally of property revaluation gains for the group and dividend income for the company.

(c) Tax (charge)/credit relating to components of other comprehensive income is as follows:

	The Group			The Company		
	Before tax	**Tax (charge) credit**	**After tax**	**Before tax**	**Tax (charge) credit**	**After tax**
2010	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Fair value gains on available-for-sale financial assets	90,852	(9,268)	81,584	35,980		35,980
Share of other comprehensive income of associated company	556,132	-	556,132	-	-	-
Other comprehensive income	646,984	(9,268)	637,716	35,980	-	35,980
Current income tax		-			-	
Deferred income tax (Note 17)		(9,268)			-	
		(9,268)			-	

10. Taxation (Continued)

(c) Tax (charge)/credit relating to components of other comprehensive income is as follows (continued):

	The Group			The Company		
2009	**Before tax $'000**	**Tax (charge) credit $'000**	**After tax $'000**	**Before tax $'000**	**Tax (charge) credit $'000**	**After tax $'000**
Fair value gains on available-for-sale financial assets	105,416	(3,927)	101,489	70,714	-	70,714
Gain on dilution of shareholding in associated company	11,119	-	11,119	-	-	-
Share of other comprehensive income of associated company	371,633	-	371,633	-	-	-
Other comprehensive income	488,168	(3,927)	484,241	70,714	-	70,714
Current income tax		-			-	
Deferred income tax (Note 17)		(3,927)			-	
		(3,927)			-	

11. Earnings Per Stock Unit/Net Profit and Retained Earnings

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 (303,500,000 – 2010 and 2009), excluding ordinary stock units purchased by the group through the Employee Share Ownership Scheme and held as treasury stock (1,220,000 – 2010 and 2009). 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	
	2010	**2009**
Net profit attributable to equity holders ($'000)	1,642,133	1,917,969
Weighted average number of ordinary stock units (thousands)	302,280	302,280
Earnings per stock unit ($)		
Basic and fully diluted	$5.43	$6.35

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11. Earnings Per Stock Unit/Net Profit and Retained Earnings (Continued)

The net profit and retained earnings of the group are reflected in the records of the company, its subsidiaries and associated companies as follows:

	2010	2009
	$'000	$'000
Net Profit		
The company	417,872	755,386
Associated companies	749,939	664,609
Subsidiaries	495,169	520,679
	1,662,980	1,940,494
Retained Earnings		
The company	2,021,713	1,998,391
Associated companies	3,201,827	2,451,888
Subsidiaries	1,633,545	1,457,989
	6,857,085	5,908,268

Net profit and retained earnings attributable to associated companies and subsidiaries are shown net of dividends received by the company.

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12. Cash and Cash Equivalents

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

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Cash and bank balances	18,805	12,259	8,783	7,705
Short term deposits	13,252	119,417	7,699	117,934
Securities purchased under agreements to resell (Note 14)	837,250	736,956	245,114	372,194
	869,307	868,632	261,596	497,833
Bank overdrafts	-	(2,610)	-	-
	869,307	866,022	261,596	497,833

The bank overdraft facility is unsecured. The effective interest rate on the overdraft facility was 18% (2009 – 21%). For the group and company respectively, short term deposits amounted to $15,071,000 and $7,699,000 (2009 – $122,144,000 and $117,934,000) of which $13,252,000 and $7,699,000 (2009 - $119,417,000 and $117,934,000, had original terms to maturity not exceeding 90 days.

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13. Investment Securities

	The Group		The Company	
	2010 $'000	**2009 $'000**	**2010 $'000**	**2009 $'000**
Financial assets at fair value through profit and loss				
Debt securities	6,244	-	2,048	-
Equity securities – quoted	152,658	126,404	4,598	-
	158,902	126,404	6,646	-
Available-for-sale:				
Debt securities -				
Government of Jamaica	451,416	483,206	265,063	288,292
Corporate bonds	363,975	369,678	259,181	343,339
Equity securities – quoted				
Quoted	751,517	639,552	652,379	567,888
	1,566,908	1,492,436	1,176,623	1,199,519
Loans and receivables -				
Other	-	-	306,249	306,870
Interest receivable	-	-	6,796	51,361
	-	-	313,045	358,231

All of the group's financial assets at fair value through profit and loss are held for trading. Included in the available-for-sale debt securities above is interest receivable amounting to $18,228,000 and $17,768,000 (2009 - $22,684,000 and $17,379,000) for the group and the company respectively.

Certain of the group's corporate bonds were impaired as at 31 December. Impairment charges of $24,322,000 (2009 - $9,441,000) have been recorded in the income statement.

14. Securities Purchased under Agreements to Resell

The group and the company have acquired 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.

Except for $184,421,000 (2009 – Nil), pledged as collateral for a related party loan, securities purchased under agreements to resell, totalling $837,250,000 and $245,114,000 (2009 -$736,956,000 and $372,194,000) for the group and company respectively, are regarded as cash and cash equivalents for the purposes of the consolidated and company statements of cash flows (Note 12).

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15. Investment Properties

	The Group		The Company	
	2010 $'000	**2009 $'000**	**2010 $'000**	**2009 $'000**
At 1 January	3,590,147	3,280,392	-	-
Acquired during the year	3,833	2,420	-	-
Transferred from capital work-in-progress (Note 19)	2,740	2,468	-	-
Disposal	(2,813)	-	-	-
Fair value gains (Note 6)	300,352	304,867	-	-
At 31 December	3,894,259	3,590,147	-	-

Property income and direct expenses including repairs and maintenance in relation to investment properties are as follows:

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Rental income (Note 6)	955,698	876,145	-	-
Direct costs (Note 7)	(442,778)	(401,201)	-	-

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

16. Investment in Subsidiaries and Associated Companies

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'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
Castleton Investments Limited	-	-	45	-
	-	-	211,103	211,058

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16. Investment in Subsidiaries and Associated Companies (Continued)

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Associated companies -				
Sagicor Life Jamaica Limited				
Shareholding at cost	3,580,288	3,493,066	3,580,288	3,493,066
Share of profit	5,170,745	4,023,778	-	-
Dividend received	(1,968,918)	(1,571,890)	-	-
Gain on dilution	38,936	38,936	-	-
Share of reserves	328,655	(227,477)	-	-
	7,149,706	5,756,413	3,580,288	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	(8,888)	(8,888)	-	-
	(865)	(865)	-	-
	7,148,841	5,755,548	3,580,288	3,493,066
Comprising:				
Share of net assets	6,244,589	4,856,932		
Goodwill	904,252	898,616		
	7,148,841	5,755,548		

The assets, liabilities, revenue and net profit of the associates as at and for the years ended 31 December 2010 and 2009 are as follows:

	Assets	**Liabilities**	**Non-Controlling Interest**	**Revenue**	**Net Profit**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
2010					
Sagicor Life Jamaica Limited	143,158,853	116,426,917	1,528,892	25,657,022	4,671,171
Impan Properties Limited	44,126	4,032	-	-	-
	143,202,979	116,430,949	1,528,892	25,657,022	4,671,171
2009					
Sagicor Life Jamaica Limited	135,466,417	114,134,447	1,469,261	27,872,526	4,390,112*
Impan Properties Limited	44,126	4,032	-	-	-
	135,510,543	114,138,509	1,469,261	27,872,526	4,390,112

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16. Investment in Subsidiaries and Associated Companies (Continued)

In 2009, Sagicor Life of Jamaica Limited (Sagicor) early adopted IFRS 3/IAS 27 Revised. These standards were not then early adopted by the group. As a consequence of Sagicor's early adoption of the standards, certain gains which were realised on the acquisition of non-controlling interests of a subsidiary, were recorded in equity in Sagicor's financial statements. Due to the fact that the group did not early adopt the aforementioned standards, the group's share of these gains should be recorded in net profit in the books of the group. These gains were therefore added to Sagicor's reported net profit for the purposes of determining the share of results of associated companies reported in the group's financial statement as follows:

	$'000
Sagicor's reported net profit	4,390,112
Gains on acquisition of minority, recycled to income statement to make accounting consistent with the accounting policies of the group	467,954
Net profit used to determine share of associated company results	4,858,066

17. Deferred Income Taxes

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 33 1/3% for both 2010 and 2009.

Assets and liabilities recognised on the statement of financial position are as follows:

	The Group		The Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Deferred tax assets	1,982	8,473	-	-
Deferred tax liabilities	(128,822)	(104,499)	(25,475)	(22,439)
Net liability	(126,840)	(96,026)	(25,475)	(22,439)

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

	The Group		The Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Balance as at 1 January	(96,026)	(86,289)	(22,439)	(26,398)
Tax (charged)/credited to income statement (Note 10)	(21,546)	(5,810)	(3,036)	3,959
Tax charged to components of comprehensive income (Note 10)	(9,268)	(3,927)	-	-
Balance as at 31 December	(126,840)	(96,026)	(25,475)	(22,439)

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17. Deferred Income Taxes (Continued)

The movement in deferred income tax assets and liabilities during the year is as follows:

	The Group						
	Pension and other post employment benefits $'000	**Investment securities $'000**	**Interest payable $'000**	**Stock compensation provision $'000**	**Unutilised tax losses $'000**	**Other $'000**	**Total $'000**
Deferred income tax assets							
At 1 January 2009	6,524	26,672	17,915	9,466	1,391	2,891	64,859
Credited/(charged) to the income statement	1,653	(11,634)	(1)	2,503	331	(983)	(8,131)
Charged to other comprehensive income	-	(3,927)	-	-	-	-	(3,927)
At 31 December 2009	8,177	11,111	17,914	11,969	1,722	1,908	52,801
Credited/(charged) to the income statement	1,296	(6,252)	(15,384)	1,535	260	3,001	(15,544)
Charged to other comprehensive income	-	(9,268)	-	-	-	-	(9,268)
At 31 December 2010	9,473	(4,409)	2,530	13,504	1,982	4,909	27,989

	The Group					
	Pension benefits $'000	**Investment property $'000**	**Interest receivable $'000**	**Unrealised foreign exchange $'000**	**Other $'000**	**Total $'000**
Deferred income tax liabilities						
At 1 January 2009	12,321	101,303	29,344	8,171	9	151,148
(Credited)/charged to the income statement	(10,619)	7,869	4,968	(4,530)	(9)	(2,321)
At 31 December 2009	1,702	109,172	34,312	3,641	-	148,827
(Credited)/charged to the income statement	(1,702)	7,958	(25,046)	24,792	-	6,002
At 31 December 2010	-	117,130	9,266	28,433	-	154,829

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17. Deferred Income Taxes (Continued)

The movement in deferred income tax assets and liabilities during the year is as follows:

	The Company			
	Interest payable $'000	Unrealised gains (net) $'000	Interest receivable $000	Total $000
At 1 January 2009	1,373	-	(27,771)	(26,398)
Credited/(charged) to the income statement	(16)	(42)	4,017	3,959
At 31 December 2009	1,357	(42)	(23,754)	(22,439)
(Charged)/credited to the income statement	(1,357)	(19,228)	17,549	(3,036)
At 31 December 2010	-	(19,270)	(6,205)	(25,475)

Deferred income tax liabilities have not been established for the potential distribution of the unappropriated profits of subsidiaries as such distributions are not subject to tax.

The amounts shown in the statement of financial position include the following:

	The Group		The Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Deferred tax assets to be recovered after more than 12 months	24,959	21,868	-	-
Deferred tax assets to be recovered within 12 months	3,030	30,933	-	1,357
	27,989	52,801	-	1,357
Deferred tax liabilities to be settled after more than 12 months	117,130	110,874	-	-
Deferred tax liabilities to be settled within 12 months	37,699	37,953	25,475	23,796
	154,829	148,827	25,475	23,796
Net liability	(126,840)	(96,026)	(25,475)	(22,439)

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18. Prepayment and Miscellaneous Assets

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	18,639	30,557	-	-
Land awaiting development	42,168	42,162	-	-
Inventories	2,371	2,341	-	-
Managed properties fees receivable	27,081	32,940	-	-
Prepaid expenses	32,447	32,386	12,850	17,864
Other receivables	16,135	10,009	-	-
Deposits	190,217	23,887	104,876	23,887
	329,058	174,282	117,726	41,751

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19. Property, Plant and Equipment

	The Group					
	Freehold Premises $'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 2009	61,108	15,065	9,680	7,726	13,850	107,429
Additions	-	768	-	6,838	5,024	12,630
Disposals	-	-	-	-	(1,796)	(1,796)
Transfers	-	-	-	-	(2,468)	(2,468)
31 December 2009	61,108	15,833	9,680	14,564	14,610	115,795
Additions	-	2,672	10,085	14,402	89,605	116,764
Disposals	-	-	-	(4,469)	(437)	(4,906)
Transfers	-	7,282	-	-	(10,022)	(2,740)
31 December 2010	61,108	25,787	19,765	24,497	93,756	224,913
Accumulated Depreciation -						
1 January 2009	3,555	6,885	9,504	1,169	-	21,113
Charge for year	1,288	248	-	2,428	-	3,964
31 December 2009	4,843	7,133	9,504	3,597	-	25,077
Charge for year	1,398	283	2,606	1,177	-	5,464
Relieved on disposals	-	-		(4,432)	-	(4,432)
31 December 2010	6,241	7,416	12,110	342	-	26,109
Net Book Value -						
31 December 2010	54,867	18,371	7,655	24,155	93,756	198,804
31 December 2009	56,265	8,700	176	10,967	14,610	90,718

20. 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 2010.

The (assets)/liabilities recognised in the statement of financial position comprise:

	The Group		The Company	
	2010 $'000	**2009 $'000**	**2010 $'000**	**2009 $'000**
Pension schemes (Note 20(a))	(18,682)	(36,734)	(18,682)	(6,294)
Other post-employment obligations:				
Medical and life insurance (Note 20(b))	55,428	50,156	27,008	25,625
	36,746	13,422	8,326	19,331

The expense/(income) recognised in the income statement comprises:

	The Group		The Company	
	2010 $'000	**2009 $'000**	**2010 $'000**	**2009 $'000**
Pension schemes (Note 20(a))	26,908	9,964	(12,262)	(3,515)
Other post-employment obligations:				
Medical and life insurance (Note 20(b))	7,461	7,961	2,988	2,822
	34,369	17,925	(9,274)	(693)

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20. Retirement Benefits (Continued)

(a) Pension schemes

The amounts recognised in the statement of financial position are determined as follows:

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Present value of funded obligations	223,464	136,457	30,729	18,655
Fair value of plan assets	(262,000)	(226,719)	(90,907)	(78,477)
	(38,536)	(90,262)	(60,178)	(59,822)
Unrecognised actuarial (losses)/gains	(82,766)	(24,022)	5,886	10,455
Unrecognised asset due to restriction in IAS 19, Paragraph 58	102,620	77,550	35,610	43,073
Asset in the statement of financial position	(18,682)	(36,734)	(18,682)	(6,294)

Sagicor Life Jamaica Limited, an associated company which manages the group's pension fund assets in a pooled pension fund, has invested in ordinary stock units of the company with a fair value of $62,000 (2009 - $408,240,000).

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

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Beginning of year	136,457	112,777	18,655	34,233
Current service cost	4,274	3,184	435	214
Interest cost	19,496	16,527	2,691	4,804
Contributions by plan participants	7,110	5,656	492	457
Actuarial losses/(gains)	69,560	3,696	9,933	(16,482)
Benefits paid	(13,433)	(5,383)	(1,477)	(4,571)
End of year	223,464	136,457	30,729	18,655

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20. 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	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Beginning of year	226,719	187,801	78,477	69,669
Expected return on plan assets	22,796	26,725	7,806	10,653
Actuarial gains	9,952	4,848	5,483	2,152
Employer contributions	8,856	7,072	126	117
Employee contributions	7,110	5,656	492	457
Benefits paid	(13,433)	(5,383)	(1,477)	(4,571)
End of year	262,000	226,719	90,907	78,477

The expense recognised in the income statement is as follows:

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Current service cost	4,274	3,184	435	214
Interest cost	19,496	16,527	2,691	4,804
Expected return on plan assets	(22,796)	(26,725)	(7,806)	(10,653)
Net actuarial (gain)/losses recognized during the year	864	328	(119)	55
Change in unrecognised asset	25,070	16,650	(7,463)	2,065
Total, included in staff costs (Note 9)	26,908	9,964	(12,262)	(3,515)

The actual return on plan assets was a gain of $37,611,000 and $14,509,000 (2009 – gain $35,713,000 and $13,879,000) for the group and the company, respectively.

20. Retirement Benefits (Continued)

(a) Pension schemes (continued)

The principal actuarial assumptions used were as follows:

	The Group		The Company	
	2010	2009	2010	2009
	%	%	%	%
Discount rate	11.0	16.0	11.0	16.0
Expected return on plan assets	8.3	10.0	8.5	10.0
Future salary increases	9.0	12.0	9.0	12.0
Future pension increases	3.3	4.0	3.5	4.0

(b) Other post-employment benefits

In addition to pension benefits, the company and certain subsidiaries offer retirees medical and life insurance benefits that contribute to the health care and life insurance coverage of employees and beneficiaries during 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 10% per year (2009 – 13.75%).

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

The amounts recognised in the statement of financial position are determined as follows:

	The Group		The Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Present value of unfunded obligations	57,366	38,995	18,405	19,074
Unrecognised actuarial (losses)/gains	(1,938)	11,161	8,603	6,551
Liability in the statement of financial	55,428	50,156	27,008	25,625

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20. Retirement Benefits (Continued)

(b) Other post-employment benefits (continued)

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

	The Group		The Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Beginning of year	38,995	39,405	19,074	18,785
Current service cost	1,733	1,842	271	101
Interest cost	6,070	6,281	2,928	2,883
Benefits paid	(2,189)	(1,771)	(1,605)	(1,590)
Actuarial losses/(gains)	12,757	(6,762)	(2,263)	(1,105)
End of year	57,366	38,995	18,405	19,074

The expense recognised in the income statement is as follows:

	The Group		The Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Current service cost	1,733	1,842	271	101
Interest cost	6,070	6,281	2,928	2,883
Net actuarial gains recognised during the year	(342)	(162)	(211)	(162)
Total, included in staff costs (Note 9)	7,461	7,961	2,988	2,822

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	8,902	6,911
Effect on the defined benefit obligation	66,689	50,220

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20. Retirement Benefits (Continued)

(c) Post-employment benefits

Plan assets are comprised as follows:

	The Group			
	2010		2009	
	$'000	%	$'000	%
Equity	20,491	8	23,353	10
Debt	222,997	85	184,983	82
Other	18,512	7	18,383	8
	262,000	100	226,719	100

	The Company			
	2010		2009	
	$'000	%	$'000	%
Equity	12,642	14	12,653	16
Debt	72,703	80	65,402	83
Other	5,562	6	422	1
	90,907	100	78,477	100

Movement in the defined benefit obligation is as follows:

	The Group			
	2010	2009	2008	2007
	$'000	$'000	$'000	$'000
Present value of defined obligation – pension	223,464	136,457	112,777	105,783
Fair value of plan assets	(262,000)	(226,719)	(187,801)	(195,101)
Surplus	(38,536)	(90,262)	(75,024)	(89,318)
Present value of defined obligation – health & life	57,366	38,995	39,405	39,627

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20. Retirement Benefits (Continued)

(c) Post-employment benefits (continued)

	The Group			
	2010	**2009**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Experience adjustments on plan liabilities - pension	69,560	3,696	(2,836)	(12,874)
Experience adjustments on plan liabilities – health & life	12,757	(6,762)	(5,417)	5,575
Experience adjustments on plan assets	(9,952)	(4,848)	27,150	3,115

	The Company			
	2010	**2009**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Present value of defined obligation - pension	30,729	18,655	34,233	33,439
Present value of defined obligation – health & life	18,405	19,074	18,785	17,339
Fair value of plan assets	(90,907)	(78,477)	(69,669)	(71,774)
Surplus	(41,773)	(40,748)	(16,651)	(20,996)
Experience adjustments on plan liabilities - pension	9,933	(16,482)	713	(8,168)
Experience adjustments on plan liabilities - health & life	(2,263)	(1,105)	782	241
Experience adjustments on plan assets	(5,483)	(2,152)	5,422	2,202

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21. Share Capital

	2010 No. '000	**2009 No. '000**
Authorised:		
Ordinary shares of no par value	350,000	350,000
	$'000	**$'000**
Issued and fully paid:		
303,500,000 stock units	355,848	355,848

22. Share Options/Equity Compensation Reserve

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

As at 31 December 2010 options over 2,500,000 common shares had been granted at an exercise price of $45.00 to 1 executive of the group. These options vest in 5 annual equal amounts on the anniversary of the grant date. Vested options are exercisable for periods of time as determined by the committee of the Board of Directors of the ultimate parent company, but in no event shall exceed 10 years from the date of grant. Options over 2,000,000 shares were vested and exercisable at 31 December 2010 (2009 – 1,500,000)

The group has recognised share based compensation of $4,605,000 (2009 - $7,510,000) which represents the amount to be expensed in relation to options granted to persons employed to the group.

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

The significant inputs into the model were as follows:

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

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22. Share Options/Equity Compensation Reserve (Continued)

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

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

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

2,500,000 share options were in existence at the end of and throughout the 2009 and 2010 financial years.

23. Property Revaluation Reserve

The balance represents the accumulated revaluation gains on investment properties, which have been transferred from retained earnings.

24. Investment and Other Reserves

These comprise:

	The Group		The Company	
	2010 **$'000**	**2009** **$'000**	**2010** **$'000**	**2009** **$'000**
Fair value gains/(losses) on investments	94,899	13,377	926	(35,054)
Capital reserves	2,249,220	2,249,220	3,429,586	3,429,586
Capital redemption reserve	3,000	3,000	3,000	3,000
Other reserves	862,692	306,560	-	-
	3,209,811	2,572,157	3,433,512	3,397,532
Capital reserves comprise				
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 and associate	390,849	390,849	-	-
Other	254,272	254,272	-	-
	2,249,220	2,249,220	3,429,586	3,429,586

Included in fair value gains for the group is a deferred tax charge of $4,763,000 (2009 deferred tax credit - $4,403,000) for unrealized gains/losses on investments.

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25. Related Party Transactions and Balances

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

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Amounts due from related parties				
Holding company:				
Current account	139,638	181,113	144,216	178,398
Subsidiaries:				
Castleton Investments Limited	-	-	98,349	
Portfolio Partners Limited	-	-	-	1,184
Jamaica Property Company Limited	-	-	5,023	-
Other related party				
PanCaribbean Financial Services	6,381	-	-	-
	146,019	181,113	247,588	179,582
Amounts due to related parties				
ESOP scheme	-	-	21,566	17,072
Scotts Preserves	19	19		-
Panacea Holdings Limited	15,366	-	-	-
Subsidiary:				
Portfolio Partners Limited	-	-	1,526	-
Associated company:				
Sagicor Life Jamaica Limited	5,225	5,225	-	-
	20,610	5,244	23,092	17,072
Net receivable	125,409	175,869	224,496	162,510

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25. Related Party Transactions and Balances (Continued)

(b) The consolidated and company income statements include the following transactions with related parties:

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Parent -				
Interest income	13,304	5,998	10,156	5,976
Management fees paid	(24,126)	(22,320)	(15,180)	(13,800)
Subsidiaries:				
Interest income	-	-	121,121	122,080
Management fees received	-	-	4,840	4,279
Interest paid	-	-	-	(31)
Associated companies:				
Dividend received	397,028	523,960	397,028	523,960
Other related parties				
Rental income	76,825	68,203	-	-
Interest and other income earned	42,439	38,980	15,698	21,542
Interest and other expenses paid	(4,611)	(24,202)	(4,352)	(22,766)
Other expenses	(4,915)	(2,576)	(3,184)	(2,576)

(c) Key management compensation:

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Salaries and other short-term employee benefits	47,781	41,042	20,256	17,393
Statutory contributions	4,115	3,629	1,734	1,900
Pension costs and other retirement benefits	(9,232)	1,056	(4,616)	(858)
Share based compensation	4,605	7,510	-	-
	47,269	53,237	17,374	18,435
Directors' emoluments				
Fees	4,751	2,242	4,751	2,242
Management compensation (included above)	11,757	11,486	-	-
	16,508	13,728	4,751	2,242

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25. Related Party Transactions and Balances (Continued)

(d) Loans from related parties:

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Total loans from related parties				
Balance at beginning of year	160,707	384,508	147,271	372,630
Advanced during year	-	53,653	-	-
Repayments	(155,334)	(321,195)	(142,624)	(267,542)
Interest charged	4,611	24,202	4,352	22,766
Interest paid	(9,614)	(23,066)	(8,643)	(21,891)
Foreign exchange (gain)/loss	(370)	42,605	(356)	41,308
	-	160,707	-	147,271

(e) Loan guarantees – Jamaica Property Company Limited (JPCo), has issued a guarantee in the amount of US$2,161,000 for a loan owed by the ultimate parent, Pan-Jamaica Investment Trust Limited. As part of the guarantee, JPCo has hypothecated certain deposit balances it holds with the lending institution.

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26. Loan Liabilities

					The Group	
		Currency	Rate	Repayable	2010	2009
			%		$'000	$'000
Secured						
(i)	Pan Caribbean Financial Services Limited	US$	10.00	2010	-	66,792
(ii)	Pan Caribbean Bank Limited	US$	10.00	2010	-	76,409
(iii)	Pan Caribbean Bank Limited	US$	10.00	2010	-	12,724
(iv)	International Finance Corporation	US$	6.59	2019	426,704	-
(v)	First Caribbean International Bank Limited**	J$	15.1%	2017	62,161	66,842
Unsecured						
(vi)	JN Properties Limited	J$	variable	No fixed date	13,586	13,586
					502,451	236,353
	Interest payable				13,873	5,571
					516,324	241,924

** The First Caribbean International Bank Limited loan has a repayment schedule that would result in repayment by 2017. The terms of the loan agreement however allow the bank the option to call the loan at any time.

					The Company	
		Currency	Rate	Repayable	2010	2009
			%		$'000	$'000
Secured -						
(i)	Pan Caribbean Financial Services Limited	US$	10.00	2010	-	66,792
(ii)	Pan Caribbean Bank Limited	US$	10.00	2010	-	76,409
					-	143,201
	Interest payable				-	4,070
					-	147,271

26. Loan Liabilities (Continued)

(i) This balance represented a US$750,000 loan issued by Pan Caribbean Financial Services Limited. Interest was charged at a rate of 10% per annum. The loan was secured by a corporate bond, with face value of US$1,500,000, and was repaid in 2010.

(ii) This balance represented a US$858,000 loan issued by Pan Caribbean Bank Limited. Interest was charged at a rate of 10% per annum. The loan was secured by a corporate bond with a face value of US$1,716,000, and was repaid in 2010.

(iii) This balance represented a US$142,000 loan issued by Pan Caribbean Bank Limited. Interest was charged at a rate of 10% per annum. The loan was secured by a corporate bond with a face value of US$284,000, and was repaid in 2010

(iv) This balance represents the first drawdown on the US$17,500,000 loan facility from International Finance Corporation (IFC), in the amount of US$5,000,000. Interest is charged at 6.59% per annum. The loan is secured by a first mortgage over the Jamaica Tourism Centre, Manor Park Plaza Phase 1, and the Scotia Centre properties. The loan is repayable over eight years, with the first of sixteen semiannual installments due January 2012. At 31 December 2010, the group was in breach of two covenants attached to this loan. Subsequent to the end of the financial year, management had entered into negotiations with the IFC and designed a plan to remedy the breaches.

(v) This loan was issued by FirstCaribbean International Bank Limited to assist with the extension of the multi-storey parking garage, construction of a well and other building upgrades. Interest rate on this loan is computed on the basis of FCIB's base rate less 1.75%. The loan is secured by a first mortgage over commercial lots 195 – 198 (inclusive) Grenada Crescent, New Kingston. The loan is scheduled to be repaid by 2017, but is repayable on demand, should such a request be made by the bank. At 31 December 2010, the group was in breach of certain covenants attached to this loan.

(vi) This represents a loan advanced by J.N. Properties Limited. The debt is unsecured, attracts interest at a variable rate and has no fixed repayment terms.

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27. Finance Lease Liability

The group has entered into a finance lease arrangement with a related party. Future payments under this lease arrangement are as follows:

	The Group	
	2010	**2009**
	$'000	**$'000**
Minimum lease payments under finance leases:		
Not later than 1 year	3,048	1,970
Later than 1 year and not later than 5 years	10,677	136
	13,725	2,106
Future finance charges	(4,061)	(207)
Present value of finance lease obligations	9,664	1,899

The present value of the lease obligations is as follows:

	The Group	
	2010	**2009**
	$'000	**$'000**
Not later than 1 year	1,627	1,766
Later than 1 year and not later than 5 years	8,037	133
	9,664	1,899

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28. Other Liabilities

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Other liabilities and accrued expenses	80,546	95,545	23,861	23,049
Trade payables	34,976	18,725	-	-
Promissory notes	25,197	23,885	25,197	23,885
	140,719	138,155	49,058	46,934

29. Dividends

	2010	**2009**
	$'000	**$'000**
First interim dividend for 2010 at $0.40 (includes special dividend of $0.10) (2009 – $0.20, special dividend nil) per stock unit – gross	121,400	60,700
Second interim dividend for 2010 at $0.30 (2009 - $0.25) per stock unit – gross	91,050	75,875
Third interim dividend for 2010at $0.30 (2009 - $0.25) per stock unit – gross	91,050	75,875
Fourth interim dividend for 2010 at $0.30, special dividend nil (2009– $0.40, includes special dividend of $0.10) per stock unit – gross	91,050	121,400
Total dividends paid for year by the company	394,550	333,850
Less dividends received by ESOP scheme	(1,586)	(1,342)
Total dividends paid for the year by the group	392,964	332,508

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30. Cash Flows from Operating Activities

	The Group		The Company	
	2010 **$'000**	**2009** **$'000**	**2010** **$'000**	**2009** **$'000**
Net profit	1,662,980	1,940,494	417,872	755,386
Adjustments to reconcile net profit to cash flows provided by operating activities:				
Depreciation of property, plant and equipment	5,464	3,964	-	-
Interest income	(149,289)	(184,830)	(212,337)	(245,621)
Interest expense	35,724	51,020	10,584	30,938
Share of results in associated companies	(1,146,967)	(1,188,569)	-	-
Stock compensation expense	4,605	7,510	-	-
Income tax expense	166,247	179,651	72,778	67,595
Change in retirement benefit asset/obligation	23,324	9,082	(11,005)	(2,400)
Loss on disposal of property, plant and equipment	474	1,796	-	-
Loss on disposal of investment properties	2,813	-	-	-
Fair value gains on investment properties	(300,352)	(304,867)	-	-
Loss/(gain) on foreign currency denominated investments	67,905	(160,806)	37,749	(133,769)
Unrealised gain on financial assets at fair value through profit and loss	(14,911)	(20,788)	(1,546)	-
Impairment loss on available for sale assets	24,322	-	24,322	-
(Gain)/loss on foreign currency denominated loans & other	(18,645)	45,568	(342)	41,632
	363,694	379,225	338,075	513,761
Changes in operating assets and liabilities:				
Other assets, net	18,909	112,301	108,117	112,618
Other liabilities, net	6,241	(72,309)	5,801	(77,928)
	388,844	419,217	451,993	548,451
Interest received	153,745	200,266	265,872	257,637
Income tax paid	(201,015)	(93,184)	(67,464)	(50,143)
Net cash provided by operating activities	341,574	526,299	650,401	755,945

31. Commitments

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

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

	The Group		The Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Not later than 1 year	324,064	277,692	-	-
Later than 1 year and not later than 5 years	480,905	497,247	-	-
Later than 5 years	50,574	37,019	-	-
	855,543	811,958	-	-

32. Financial Risk Management

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

Risk management is carried out by the Investment Committee, which 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.

In February 2010, the group and company participated in the Jamaica Debt Exchange (JDX) transaction under which the group and company exchanged their holdings of domestic debt instruments issued by the Government of Jamaica for new, longer-dated debt instruments available under the election options contained in the agreement. The JDX transaction resulted in a reduction in yields and an increase in the tenor of locally issued Government of Jamaica securities and, therefore, had a significant impact on financial risks.

(a) Market risk

The group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the group treasury function which carries out extensive research and monitors the price movement of financial assets on the local and international markets. Market risk exposures are measured using sensitivity analysis.

There has been no change to the group's exposure to market risks or the manner in which it manages and measures the risk.

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32. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows 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 of investments denominated in foreign currencies and from foreign currency denominated recognised assets and liabilities.

The group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The group further manages this risk by maximizing foreign currency earnings and holding foreign currency balances.

Concentration of currency risk

The table below summarises the currencies in which the group's and company's financial assets and liabilities are denominated at 31 December:

	The Group			
	2010			
	Jamaican $	**US$**	**Other**	**Total**
	J$'000	**J$'000**	**J$'000**	**J$'000**
Financial assets				
Cash and bank balances	18,049	463	293	18,805
Deposits	1,819	13,250	2	15,071
Investment securities	518,783	1,052,074	154,953	1,725,810
Securities purchased under agreements to resell	347,066	674,605	-	1,021,671
Trade and other receivables	87,071	85,341	-	172,412
Due from related parties	1,803	144,216	-	146,019
Total financial assets	974,591	1,969,949	155,248	3,099,788
Financial liabilities				
Due to related parties	5,244	15,366	-	20,610
Loan liabilities	76,403	439,921	-	516,324
Finance lease liability	9,664	-	-	9,664
Other liabilities	138,200	2,519	-	140,719
Total financial liabilities	229,511	457,806	-	687,317
Net position	745,080	1,512,143	155,248	2,412,471

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32. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	The Group			
	2009			
	Jamaican $	**US$**	**Other**	**Total**
	J$'000	**J$'000**	**J$'000**	**J$'000**
Financial assets				
Cash and bank balances	11,555	388	316	12,259
Deposits	1,707	111,002	9,435	122,144
Investment securities	577,935	848,417	192,488	1,618,840
Securities purchased under agreements to resell	279,476	457,480	-	736,956
Trade and other receivables	97,393	-	-	97,393
Due from related parties	30,588	150,525	-	181,113
Total financial assets	998,654	1,567,812	202,239	2,768,705
Financial liabilities				
Bank overdraft	2,610	-	-	2,610
Due to related parties	5,244	-	-	5,244
Loan liabilities	81,219	160,705	-	241,924
Finance lease liability	1,899	-	-	1,899
Other liabilities	131,856	6,299	-	138,155
Total financial liabilities	222,828	167,004	-	389,832
Net position	775,826	1,400,808	202,239	2,378,873

First Jamaica Investments Limited

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32. Financial Risk Management (Continued)

(a) Market risk (continued)
(i) Currency risk (continued)

Concentration of currency risk (continued)

	The Company			
	2010			
	Jamaican $	**US$**	**Other**	**Total**
	J$'000	**J$'000**	**J$'000**	**J$'000**
Financial assets				
Cash and bank balances	8,490	-	293	8,783
Deposits	-	7,697	2	7,699
Investment securities	479,941	861,420	154,953	1,496,314
Securities purchased under agreements to resell	219,804	25,310	-	245,114
Due from related parties	5,023	242,565	-	247,588
Other deposits	25,216	-	-	25,216
Total financial assets	738,474	1,136,992	155,248	2,030,714
Financial liabilities				
Due to related parties	23,092	-	-	23,092
Other liabilities	46,539	2,519	-	49,058
Total financial liabilities	69,631	2,519	-	72,150
Net position	668,843	1,134,473	155,248	1,958,564

	The Company			
	2009			
	Jamaican $	**US$**	**Other**	**Total**
	J$'000	**J$'000**	**J$'000**	**J$'000**
Financial assets				
Cash and bank balances	7,389	-	316	7,705
Deposits	-	108,499	9,435	117,934
Investment securities	634,908	730,354	192,488	1,557,750
Securities purchased under agreements to resell	134,645	237,549	-	372,194
Due from related parties	29,057	150,525	-	179,582
Other deposits	23,887	-	-	23,887
Total financial assets	829,886	1,226,927	202,239	2,259,052
Financial liabilities				
Due to related parties	17,072	-	-	17,072
Loan liabilities	-	147,271	-	147,271
Other liabilities	40,635	6,299	-	46,934
Total financial liabilities	57,707	153,570	-	211,277
Net position	772,179	1,073,357	202,239	2,047,775

First Jamaica Investments Limited
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32. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity

The following tables indicate the currencies to which the group and company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% increase and a 1% decrease (2009 – 5% increase and 1% decrease) in foreign currency rates. The sensitivity of the profit was as a result of foreign exchange gains/losses on translation of US dollar-denominated financial securities classified as available for sale and foreign exchange losses/gains on translation of US dollar-denominated borrowings.

	The Group					
	% Change in Currency Rate 2010	Effect on Profit before Tax 2010 $'000	Effect on other Component of equity 2010 $'000	% Change in Currency Rate 2009	Effect on Profit before Tax 2009 $'000	Effect on other Component of equity 2009 $'000
Currency:						
USD	5%	44,615	38,755	5%	58,785	21,387
	-5%	(44,615)	(38,755)	-1%	(11,757)	(4,273)

	The Company					
	% Change in Currency Rate 2010	Effect on Profit before Tax 2010 $'000	Effect on other Component of equity 2010 $'000	% Change in Currency Rate 2009	Effect on Profit before Tax 2009 $'000	Effect on other Component of equity 2009 $'000
Currency:						
USD	5%	27,648	36,838	5%	44,005	19,775
	-5%	(27,648)	(36,838)	-1%	(8,801)	(3,955)

First Jamaica Investments Limited

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32. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk

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

Floating rate instruments expose the group and company to cash flow interest risk, whereas fixed interest rate instruments expose the group to fair value interest risk.

The group's and company's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities.

The following tables summarise the group's and the company's exposure to interest rate risk. It includes the group's and company's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	The Group						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2010:							
Financial assets							
Cash and bank balances	18,805	-	-	-	-	-	18,805
Deposits	13,252	-	1819	-	-	-	15,071
Investment securities	-	30,182	135,968	341,435	314,050	904,175	1,725,810
Securities purchased under agreements to resell	718,604	303,067	-	-	-	-	1,021,671
Due from related parties	-	-	144,216	-	-	1,803	146,019
Trade and other receivables	-	25,216	-	-	-	147,196	172,412
Total financial assets	750,661	358,465	282,003	341,435	314,050	1,053,174	3,099,788
Financial liabilities							
Due to related parties	7,683	7,683	-	-	-	5,244	20,610
Loan liabilities	502,738	-		-	13,586	-	516,324
Finance lease liability	-	-	-	9,664	-	-	9,664
Other liabilities	27,716	-	-	-	-	113,003	140,719
Total financial liabilities	538,137	7,683	-	9,664	13,586	118,247	687,317
Total interest repricing gap	212,524	350,782	282,003	331,771	300,464	934,927	2,412,471
Cumulative interest repricing gap	212,524	563,306	845,309	1,177,080	1,477,544	2,412,471	

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32. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2009:							
Financial assets							
Cash and bank balances	12,259	-	-	-	-	-	12,259
Deposits	119,417	-	2,727	-	-	-	122,144
Investment securities	174606	231,728	177,733	76,066	192,751	765,956	1,618,840
Securities purchased under agreements to resell	417,662	319,294	-	-	-	-	736,956
Due from related parties	-	-	178,398	-	-	2,715	181,113
Trade and other receivables	23,887	-	-	-	-	73,506	97,393
Total financial assets	747,831	551,022	358,858	76,066	192,751	842,177	2,768,705
Financial liabilities							
Bank overdraft	2,610	-	-	-	-	-	2,610
Due to related parties	-	-	-	-	-	5,244	5,244
Loan liabilities	228,338	-	-	-	13,586	-	241,924
Finance lease liability	-	-	-	1,899	-	-	1,899
Other liabilities	27,846	2,338	-	-	-	107,971	138,155
Total financial liabilities	258,794	2,338	-	1,899	13,586	113,215	389,832
Total interest repricing gap	489,037	548,684	358,858	74,167	179,165	728,962	2,378,873
Cumulative interest repricing gap	489,037	1,037,721	1,396,579	1,470,746	1,649,911	2,378,873	

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32. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Non-Interest Bearing $'000**	**Total $'000**
At 31 December 2010:							
Financial assets							
Cash and bank balances	8,783	-	-	-	-	-	8,783
Deposits	7,699	-	-	-	-	-	7,699
Investment securities	-	19,426	124,334	258,026	437,551	656,977	1,496,314
Securities purchased under agreements to resell	239,277	5,837	-	-	-	-	245,114
Due from related parties	-	-	144,216	-	-	103,372	247,588
Other deposits	-	25,216	-	-	-	-	25,216
Total financial assets	255,759	50,479	268,550	258,026	437,551	760,349	2,030,714
Financial liabilities							
Due to related parties	-	-	-	-	-	23,092	23,092
Other liabilities	27,716	-	-	-	-	21,342	49,058
Total financial liabilities	27,716	-	-	-	-	44,434	72,150
Total interest repricing gap	228,043	50,479	268,550	258,026	437,551	715,915	1,958,564
Cumulative interest repricing gap	228,043	278,522	547,072	805,098	1,242,649	1,958,564	

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32. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
At 31 December 2009:							
Financial assets							
Cash and bank balances	7,705	-	-	-	-	-	7,705
Deposits	117,934	-	-	-	-	-	117,934
Investment securities	136,731	231,728	119,397	33,458	468,548	567,888	1,557,750
Securities purchased under agreements to resell	178,237	193,957	-	-	-	-	372,194
Due from related parties	-	-	178,398	-	-	1,184	179,582
Other deposits	23,887	-	-	-	-	-	23,887
Total financial assets	464,494	425,685	297,795	33,458	468,548	569,072	2,259,052
Financial liabilities							
Due to related parties	-	-	-	-	-	17,072	17,072
Loan liabilities	147,271	-	-	-	-	-	147,271
Other liabilities	27,846	2,338	-	-	-	16,750	46,934
Total financial liabilities	175,117	2,338	-	-	-	33,822	211,277
Total interest repricing gap	289,377	423,347	297,795	33,458	468,548	535,250	2,047,775
Cumulative interest repricing gap	289,377	712,724	1,010,519	1,043,977	1,512,525	2,047,775	

First Jamaica Investments Limited
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32. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity

The following tables indicate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the group's and company's income statement and stockholders' equity.

The group's and company's interest rate risk arises from investment securities, securities purchased under agreements to resell and long term borrowings. The sensitivity of the income statement is the effect of the assumed changes in interest rates on net income based on floating rate financial assets and floating rate liabilities.. The sensitivity of the other components of stockholders' equity is calculated by revaluing fixed rate available-for-sale financial assets for the effects of the assumed changes in interest rates. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in each variable, changes in assumptions have been determined on an individual basis.

		The Group		The Company	
		Effect on Profit before Taxation 2010 $'000	Effect on Other Components of Equity 2010 $'000	Effect on Profit before Taxation 2010 $'000	Effect on Other Components of Equity 2010 $'000
Change in percentage points:					
J$	US$				
+ 2	+.5	8,938	(1,343)	4,506	(1,104)
- 1	- .5	(6,151)	935	(2,316)	695

	The Group		The Company	
	Effect on Profit before Taxation 2009 $'000	Effect on Other Components of Equity 2009 $'000	Effect on Profit before Taxation 2009 $'000	Effect on Other Components of Equity 2009 $'000
Change in percentage points:				
+ 2	12,367	(3,159)	5,968	(2,540)
- 6	(37,102)	9,297	(17,904)	7,655

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32. Financial Risk Management (Continued)

(a) Market risk (continued)

(iii) 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 and company are exposed to equity price risk because of equity investments held by the group and company classified on the consolidated and company statements of financial position either as available-for-sale or at fair value through profit or loss. The group monitors the prices of these equities on an ongoing basis and implements strategies where necessary to protect against significant price fluctuation.

The impact of a 10% increase/decrease (2009 – 10%) in the quoted prices for these equities would be an increase/decrease in carrying value of $90,417,000 and $65,698,000 (2009 - $76,596,000 and $56,789,000) for the group and company respectively.

(b) 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 and company have significant concentrations of credit risk in Government of Jamaica issued securities. The group has policies in place to ensure that property rentals 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, the rigorous follow-up of receivables and ensuring investments are low-risk or, are held with sound financial institutions.

(i) Trade receivables

Trade receivables relate mainly to tenants of the group's commercial properties. Receivables are monitored and followed up on a regular basis and provisions are made as deemed necessary based on an estimate of amounts that would be irrecoverable, determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries once impaired.

(ii) Investments

The group limits its exposure to credit risk by investing mainly in liquid securities with counterparties that have high credit quality and Government of Jamaica securities. Accordingly, management does not expect any counterparty to fail to meet its obligations.

(iii) Guarantees

The group's policy is not to provide financial guarantees to any other party than wholly-owned subsidiaries. At 31 December 2010, a subsidiary, Jamaica Property Company Limited, had issued a guarantee to a financial institution in respect of a loan owed by the ultimate parent company, Pan Jamaican Investments Limited.

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32. Financial Risk Management (Continued)

(b) Credit risk (continued)

Maximum exposure to credit risk

	Maximum exposure			
	The Group		The Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Credit risk exposures relating to on statement of financial position items				
Assets				
Cash and bank balances	18,805	12,259	8,783	7,705
Deposits	15,071	122,144	7,699	117,934
Financial assets at fair value through profit and loss	6,244	-	2,048	-
Available-for-sale securities	815,391	852,884	524,244	631,631
Securities purchased under agreements to resell	1,021,671	736,956	245,114	372,194
Loans and receivables	-	-	313,045	358,231
Trade and other receivables	172,412	97,393	25,216	23,887
	2,049,594	1,821,636	1,126,149	1,511,582
Credit risk exposures relating to off statement of financial position items				
Lease commitments	855,543	811,958	-	-

The above table represents a worst case scenario of credit risk exposure to the group and company at 31 December 2010 and 2009, without taking account of any collateral held or other credit enhancements. For on-statement of financial position assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

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32. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Trade receivables

The following table summarises the group's and company's credit exposure for trade receivables at their carrying amounts, as categorised by the customer sector. At 31 December, the company had no trade receivables:

	The Group	
	2010 $'000	**2009 $'000**
Commercial	10,780	31,880
Retail	11,560	10,600
Managed properties	27,081	32,940
	49,421	75,420
Less: Provision for credit losses	(3,701)	(11,923)
	45,720	63,497

Credit quality of trade receivables is summarized as follows:

	The Group	
	2010 $'000	**2009 $'000**
Neither past due nor impaired -		
Standard	37,052	55,918
Past due but not impaired	8,668	7,579
Impaired	3,701	11,923
Gross	49,421	75,420
Less: Provision for credit losses	(3,701)	(11,923)
Net	45,720	63,497

All trade receivables are receivable from customers in Jamaica.

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32. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Aging analysis of past due but not impaired trade receivables:

	The Group	
	2010	**2009**
	$'000	**$'000**
31 to 60 days	470	2,824
61 to 90 days	695	52
Over 90 days	7,503	4,703
	8,668	7,579

The amounts above include managed properties fees receivables of $27,081,000 (2009 - $32,940,000) (Note 18). There are no financial assets other than trade receivables that are past due.

(iii) Investments

The following table summarises the credit exposure of the group to businesses and government by sectors in respect of investments (excluding equities, investments in subsidiaries and associated companies):

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Government of Jamaica	451,416	483,206	265,063	288,292
Corporate entities	1,406,961	1,228,778	827,088	1,191,698
	1,858,377	1,711,984	1,092,151	1,479,990

32. Financial Risk Management (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the group is unable to meet its payment obligations associated with its financial liabilities when they fall due. 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.

Liquidity risk management process

The group's liquidity management process, as carried out within the group and monitored by the Investment Committee includes:

(i) Monitoring future cash flows and liquidity on a weekly basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required;

(ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

(iii) Maintaining committed lines of credit;

(iv) Optimising cash returns on investment; and

(v) Managing the concentration and profile of debt maturities.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the group. It is unusual for companies ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the group and its exposure to changes in interest rates and exchange rates.

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32. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Financial assets and liabilities cash flows

The tables below summarise the maturity profile of the group's and company's financial assets and liabilities at 31 December based on contractual undiscounted payments.

	The Group						
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**No Specific Maturity $'000**	**Total $'000**
As at 31 December 2010:							
Financial assets							
Cash and bank balances	19,055	-	-	-	-	-	19,055
Deposits	13,258	-	1,928	-	-	-	15,186
Investment securities	51	51,711	191,260	482,453	392,926	904,175	2,022,576
Securities purchase under agreements to resell	719,823	303,112	-	-	-	-	1,022,935
Trade and other receivables	-	87,216	-	85,341	-	-	172,557
Due from related parties	-	2,164	152,540	-	-	-	154,704
Total financial assets (contractual maturity dates)	752,187	444,203	345,728	567,794	392,926	904,175	3,407,013
Financial liabilities							
Bank overdraft	-	-	-	-	-	-	-
Due to related parties	7,683	7,702	-	-	5,225	-	20,610
Loan liabilities	503,133	793	3,566	19,020	18,342	-	544,854
Finance lease liability	311	554	2,187	10,673	-	-	13,725
Other liabilities	62,828	52,909	24,735	-	-	-	140,472
Total financial liabilities (contractual maturity dates)	573,955	61,958	30,488	29,693	23,567	-	719,661
Net Liquidity Gap	178,232	382,245	315,240	538,101	369,359	904,175	2,687,352
Cumulative Liquidity Gap (contractual maturity dates)	178,232	560,477	875,717	1,413,818	1,783,177	2,687,352	
Total financial assets (expected maturity dates)	752,187	444,203	345,728	567,794	392,926	904,175	3,407,013
Total financial liabilities (expected maturity dates)	73,194	63,118	52,190	396,284	367,060	-	951,846
Net Liquidity Gap	678,993	381,085	293,538	171,510	25,866	904,125	2,455,167
Cumulative Liquidity Gap (expected maturity dates)	678,993	1,060,078	1,353,616	1,525,126	1,550,992	2,455,167	

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32. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Loan liabilities for the group and company have been classified as current, consequent on breaches of certain covenants. In the table above, the entire amount of the loans has therefore been shown as being repayable in one month. As management is currently in discussions with the banks regarding remediation of those breaches, management expects the loan to be settled as scheduled in the loan agreement.

Financial assets and liabilities cash flows (continued)

	The Group						
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**No Specific Maturity $'000**	**Total $'000**
As at 31 December 2009:							
Financial assets							
Cash and bank balances	12,259	-	-	-	-	-	12,259
Deposits	119,516	-	2,884	-	-	-	122,400
Investment securities	43,287	360,172	238,406	210,804	316,135	765,956	1,934,760
Securities purchase under agreements to resell	419,028	322,304	-	-	-	-	741,332
Trade and other receivables	24,030	73,506	-	-	-	-	97,536
Due from related parties	-	3,094	187,681	-	3,290	-	194,065
Total financial assets (contractual maturity dates)	618,120	759,076	428,971	210,804	319,425	765,956	3,102,352
Financial liabilities							
Bank overdraft	2,610	-	-	-	-	-	2,610
Due to related parties	-	-	-	-	5,244	-	5,244
Loan liabilities	228,733	793	3,566	19,020	18,342	-	270,454
Finance lease liability	164	329	1,480	133	-	-	2,106
Other liabilities	28,116	110,158	151	-	-	-	138,425
Total financial liabilities (contractual maturity dates)	259,623	111,280	5,197	19,153	23,586	-	418,839
Net Liquidity Gap	358,497	647,796	423,774	191,651	295,839	765,956	2,683,513
Cumulative Liquidity Gap	358,497	1006,293	1,430,067	1,621,718	1,917,557	2,683,513	
Total financial assets (expected maturity dates)	618,120	759,076	428,971	210,804	319,425	765,956	3,102,352
Total financial liabilities (expected maturity dates)	46,469	262,329	13,828	64,488	61,238	-	448,352
Net Liquidity Gap	571,651	496,747	415,143	146,316	258,187	765,956	2,654,000
Cumulative Liquidity Gap (expected maturity dates)	571,651	1,068,398	1,483,541	1,629,857	1,888,044	2,654,000	

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32. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Financial assets and liabilities cash flows (continued)

	The Company						
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**No Specific Maturity $'000**	**Total $'000**
As at 31 December 2010:							
Financial assets							
Cash and bank	8,783	-	-	-	-	-	8,783
Deposits	7,702	-	-	-	-	-	7,702
Investment securities	7,290	47,018	241,177	972,053	193,471	656,978	2,117,987
Securities purchase under agreement to resell	239,442	5,864	-	-	-	-	245,306
Due from related parties	-	2,164	150,737	-	-	103,372	256,273
Other deposits	-	25,361	-	-	-	-	25,361
Total financial assets (contractual maturity dates)	263,217	80,407	391,914	972,053	193,471	760,350	2,661,412
Financial liabilities							
Due to related parties	-	-	-	-	-	23,092	23,092
Loan liabilities	-	-	-	-	-	-	
Other liabilities	27,852	-	21,342	-	-	-	49,194
Total financial liabilities (contractual maturity dates)	27,852	-	21,342	-	-	23,092	72,286
Net Liquidity Gap	235,365	80,407	370,572	972,053	193,471	737,258	2,589,126
Cumulative Liquidity Gap	235,365	315,772	686,344	1,658,397	1,851,868	2,589,126	

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32. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Financial assets and liabilities cash flows (continued)

	The Company						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	No Specific Maturity $'000	Total $'000
As at 31 December 2009:							
Financial assets							
Cash and bank	7,705	-	-	-	-	-	7,705
Deposits	118,032	-	-	-	-	-	118,032
Investment securities	-	359,876	210,795	110,646	551,354	567,888	1,800,559
Securities purchase under agreement to resell	179,385	195,641	-	-	-	-	375,026
Due from related parties	-	4,278	187,681	-	-	-	191,959
Other deposits	24,030	-	-	-	-	-	24,030
Total financial assets (contractual maturity dates)	329,152	559,795	398,476	110,646	551,354	567,888	2,517,311
Financial liabilities							
Due to related parties	-	-	-	-	17,072	-	17,072
Loan liabilities	147,271	-	-	-	-	-	147,271
Other liabilities	28,116	19,088	-	-	-	-	47,204
Total financial liabilities (contractual maturity dates)	175,387	19,088	-	-	17,072	-	211,547
Net Liquidity Gap	153,765	540,707	398,476	110,646	534,282	567,888	2,305,764
Cumulative Liquidity Gap	153,765	694,472	1,092,948	1,203,594	1737,876	2,305,764	

32. Financial Risk Management (Continued)

(d) Capital management

The group's objectives when managing capital are to provide superior returns for stockholders and benefits for other stakeholders while maintaining a conservative capital structure. The Board of Directors monitors the return on capital, which the group defines as net profit attributable to equity holders divided by total stockholders' equity excluding non-controlling interests. The Board of Directors also monitors and approves the level of dividends to ordinary stockholders.

The group will from time to time purchase its own shares on the market for employees share option plans purposes, the timing of which depends on the prevailing market prices

There were no changes to the group's approach to capital management during the year.

The company and its subsidiaries have no externally imposed capital requirements.

33. Fair Value of Financial Instruments

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

(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.

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33. Fair Value of Financial Instruments (Continued)

The following table presents 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
	2010	2010	2009	2009
Financial Assets	$'000	$'000	$'000	$'000
Investment in associated companies	7,148,841	6,356,202	5,755,548	6,250,749

	The Company			
	2010	2010	2009	2009
	$'000	$'000	$'000	$'000
Investment in associated companies	3,580,288	6,356,202	3,493,066	6,250,749
Loans and receivables	313,044	363,953	358,231	382,347

	The Group			
	2010	2010	2009	2009
	$'000	$'000	$'000	$'000
Financial Liabilities				
Loan liabilities	516,324	507,371	241,924	238,275
Finance lease liability	9,664	9,664	1,899	1,899

	The Company			
	2010	2010	2009	2009
	$'000	$'000	$'000	$'000
Loan liabilities	-	-	147,271	147,271

Balances for other financial assets and liabilities carried at amortised cost, approximates their fair value because of their short term nature.

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33. Fair Value of Financial Instruments (Continued)

Effective 1 January 2009, the group adopted the amendment to IFRS 7 for financial instruments that are measured in the statement of financial position at fair value. The amendment requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) Quoted prices in active markets for identical assets or liabilities (level 1).
(b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
(c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the group's financial assets that are measured at fair value at 31 December, grouped into Levels 1 to 3 dependent on the degree to which fair values are observable.
:

	The Group			
	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
As at 31 December 2010				
Financial assets				
Investment securities	904,175	613,912	207,723	1,725,810
As at 31 December 2009				
Financial assets				
Investment securities	765,956	518,669	334,215	1,618,840

	The Company			
	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
As at 31 December 2010				
Financial assets				
Investment securities	656,977	331,232	195,060	1,183,269
As at 31 December 2009				
Financial assets				
Investment securities	567,888	322,919	308,712	1,199,519

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33. Fair Value of Financial Instruments (Continued)

The quoted market price used for financial assets held by the group is current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity investments classified as financial assets at fair value through profit and loss and available for sale.

The fair value of financial instruments that are not quoted on an exchange is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

(i) Quoted market prices or dealer quotes for similar instruments.
(ii) Other techniques, such as discounted cash flow analysis used to determine fair value for the remaining financial instruments.

34. Litigation and Contingent Liabilities

The company and its subsidiaries are subject to various claims, disputes and legal proceedings, as part of the normal course of business. Provision is made for such matters, when, in the opinion of management, 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.