PAN-JAMAICAN INVESTMENT TRUST LIMITED

ANNUAL REPORT 2005

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Group Structure

INVESTMENT MANAGEMENT AND FINANCIAL SERVICES

First Jamaica Investments Limited
60 Knutsford Boulevard
Kingston 5

Pan-Jamaican Mortgage Society Limited
60 Knutsford Boulevard
Kingston 5

Portfolio Partners Limited
60 Knutsford Boulevard
Kingston 5

PROPERTY

Jamaica Property Company Limited
60 Knutsford Boulevard
Kingston 5

Jamaica Property Development Limited
60 Knutsford Boulevard
Kingston 5

Jamaica Property Management Limited
60 Knutsford Boulevard
Kingston 5

St. Andrew Developers Limited
60 Knutsford Boulevard
Kingston 5

Knutsford Holdings Limited
60 Knutsford Boulevard
Kingston 5

AGRICULTURE

Jamaican Floral Exports Limited
184A Constant Spring Road
Kingston 8

DISTRIBUTION

Busha Browne's Co. Limited
60 Knutsford Boulevard
Kingston 5

Scott's Preserves Limited
60 Knutsford Boulevard
Kingston 5

Scott's of Jamaica Limited
60 Knutsford Boulevard
Kingston 5

ASSOCIATED COMPANIES

Insurance & Banking

Life of Jamaica Limited
28-48 Barbados Avenue
Kingston 5

Pan Caribbean Financial Services Ltd.
60 Knutsford Boulevard
Kingston 5

Pan Caribbean Merchant Bank Limited
60 Knutsford Boulevard
Kingston 5

Trading

Hardware & Lumber Limited
697 Spanish Town Road
Kingston 11

Corporate Data

BOARD OF DIRECTORS:

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

C. A. Lloyd Facey, F.P.S., J.P.
Deputy Chairman

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

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

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

Donovan H. Perkins, M.B.A.

Richard O. Byles, M.Sc.

Secretary:

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

Registered Office:

60 Knutsford Boulevard
Kingston 5

Registrar:

Pan Caribbean Merchant Bank Limited

Bankers:

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

Auditors:

PricewaterhouseCoopers

Attorneys-at-Law:

Patterson, Mair, Hamilton
Nunes, Scholefield, DeLeon & Co.

Board of Directors

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

Hon. Maurice Facey has been Chairman of Pan-Jamaican Investment Trust Limited since 1966. A prominent and respected pioneer in real estate development, it was his entrepreneurial vision that led to the construction of several of the island's modern-day landmark structures. Today the Pan-Jamaican Group continues to thrive under Mr. Facey's inspirational view of change and leadership. He has served on several Boards over the years, and currently sits as Chairman of Kingston Restoration Company, First Jamaica Investments Ltd. (formerly FirstLife).

C. A. Lloyd Facey, F.P.S., J.P.

Mr. Lloyd Facey is Deputy Chairman of Pan-Jamaican Investment Trust Ltd. Following his initial career as a pharmacist, Mr. Facey has since spent a substantial portion of his time focusing on the Group's property business, Jamaica Property Company Ltd, for which he has been Chairman since 1990. He also serves on the Board of First Jamaica Investments Ltd., and is a long-standing member of the management Boards of Nuttall Hospital and The Wortley Residence.

Stephen B. Facey, M. Arch

President & CEO of Pan-Jamaican Investment Trust Ltd. since 2004, Mr. Stephen Facey brings over 25 years of business experience to the Board. An architect by training with extensive experience in real estate, he was appointed CEO of Jamaica Property Company in 1990, today one of Jamaica's leading property management companies. Mr. Facey also serves on the Boards of First Jamaica Investments Ltd., Life of Jamaica Ltd., Hardware & Lumber Ltd., Kingston Restoration Company, The New Kingston Civic Association and Director of Kingston City Centre Improvement Company.

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

Mr. Roy Collister has been a Director of Pan-Jamaican Investment Trust Ltd. since 2000. A retired partner in the Jamaican practice of Ernst & Young and a Fellow of the Institute of Chartered Accountants of Jamaica and Institute of Chartered Accountants in England and Wales, Mr. Collister currently sits on the Boards of First Jamaica Investments Ltd, Courts Jamaica Ltd., West Indies Alliance Insurance Company Ltd., CDC's West Indies Development Corporation Limited and University of the West Indies Development and Endowment Fund. A past Director of several other financial companies, he remains active in public life serving on a great number of committees and organizations.

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

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

Donovan H. Perkins, M.B.A.

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

Richard O. Byles, B.Sc., M.Sc.

Mr. Richard Byles, Pan-Jamaican's CEO until 2004 has been credited with the transformation of the Pan-Jam Group during a challenging economic period resulting in Pan -Jam becoming one of Jamaica's most successful companies.. Now President & CEO of Life of Jamaica, Mr. Byles continues to support the Board and its subsidiaries with his expertise in the trading, banking and insurance industries. He is a Director on the Board of Red Stripe, Chairman of the National Water Commission, a former Vice President of the Private Sector Organization of Jamaica, and currently represents the PSOJ on the country's Development Council.

Notice of Annual General Meeting

Notice is hereby given that the Forty-Second Annual General Meeting of Pan-Jamaican Investment Trust Limited will be held at The Terra Nova All-Suite Hotel, 17 Waterloo Road, Kingston 10 on Tuesday, July 25, 2006 at 3:30 p.m. for the following purposes:

1. **To receive and consider the Directors' Report and Financial Statements for the year ended December 31, 2005, and the Report of the Auditors thereon.**

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

   "THAT the Balance Sheet and the Profit and Loss Account together with the Reports of the Directors and the Auditors thereon be and are hereby adopted."

2. **Dividend**

   To declare the interim dividends of 97.3 cents paid during the year, as final dividend for the year ended December 31, 2005.

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

   "THAT the interim dividends of 20 cents paid March 31, 2005, 20 cents paid June 30, 2005, 20 cents paid September 30, 2005, 20 cents paid December 30, 2005 and special dividend of 17.3 cents paid June 30, 2005, making a total of 97.3 cents be declared as final dividend for the year ended December 31, 2005."

3. **To elect Directors**

   The Directors retiring by rotation pursuant to Article 90 of the Articles of Association are Messrs. Stephen B. Facey and Roy Collister, who being eligible offer themselves for re-election.

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

   (a) "THAT the retiring Director Mr. Stephen B. Facey be re-elected."

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

4. **To confirm the remuneration of the Directors.**

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

   "THAT the amount shown in the Accounts for the year ended December 31, 2005 for Directors' fees be and is hereby approved."

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

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

   "THAT the remuneration of the Auditors, PricewaterhouseCoopers, who have signified their willingness to continue in office be fixed by the Directors."

6. **To consider any other business of an Annual General Meeting.**

By order of the Board

Gene M. Douglas
Secretary

Kingston, Jamaica
April 7, 2006

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

Report of the Directors

The Directors herewith submit their Report and the Audited Financial Statements for the year ended December 31, 2005.

	$'000
The Group profit before taxation was	2,924,439
Taxation amounted to	(141,709)
Making Group Profit after Taxation	2,782,730
The share of Minority Interest in the results of subsidiaries was	(739,158)
Making the Profit attributable to Stockholders	2,043,572
To be added to retained earnings brought forward from last year	3,182,081
Making a total of	5,225,653
Dividends paid amounted to	(165,238)
and there were adjustments to retained earnings in respect of	
- a transfer from investment reserves	2,028
- a transfer from insurance reserves	51,577
- transfer to capital reserves	(1,418,080)
Leaving retained earnings to be carried forward to the next year of	3,695,940

DIVIDENDS

The Directors have recommended that the interim dividends paid to stockholders on March 31, 2005, June 30, 2005, September 30, 2005, December 30, 2005 and special dividend paid June 30, 2005 be declared as final dividend for the year ended December 31, 2005..

DIRECTORS

The Directors retiring by rotation pursuant to Article 90 of the Articles of Association are Messrs. Stephen B. Facey and Roy Collister, who being eligible offer themselves for re-election.

No Director resigned during the year.

AUDITORS

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

On behalf of the Board

Gene M. Douglas
Secretary

Kingston, Jamaica
April 7, 2006

Financial Highlights

Ten-year Statistical Review ($'000)

	2005	Restated 2004	Restated 2003	Restated 2002	Restated 2001	2000	1999	1998	1997	1996
Total assets	9,237,673	9,176,238	24,182,525	19,538,690	1,725,953	5,764,702	5,025,247	3,697,109	3,448,087	3,367,039
Investments & other earning assets	8,754,784	7,887,336	21,128,898	16,513,280	13,841,004	4,387,604	4,069,726	3,064,464	2,775,006	2,584,698
Shareholders' equity (net worth)	6,102,785	4,289,126	2,989,858	2,336,559	2,079,457	1,649,150	1,313,228	1,287,196.00	1,270,049	1,247,434
Profit before tax	2,924,439	1,772,159	965,331	608,394	453,813	312,800	232,574	165,817	122,814	137,541
Net profit after tax	2,043,572	1,196,955	652,179	355,022	264,948	187,898	128,569	91,092	107,479	111,517
Dividends paid	165,238	129,235	92,083	62,733	50,115	13,669	4,741	3,161	3,161	0
Retained earnings	3,695,940	3,182,081	2,103,036	1,494,583	1,309,296	922,563	652,490	519,123	505,061	436,394
Weighted average number of stock units	171,289	170,796	170,047	169,630	166,600	160,677	160,054	158,040	158,040	152,521
FINANCIAL RATIOS										
Net worth per stock unit	$35.63	$25.12	$17.58	$13.77	$12.49	$10.26	$8.20	$8.14	$8.03	$8.17
Earnings per stock unit	$11.93	$7.01	$3.84	$2.09	$1.59	$1.17	$0.81	$0.58	$0.39	$0.46
Price earnings ratio	4.61	7.6	4.9	6.9	6.9	6.3	2.2	2.2	3.6	3.9
Dividends paid per stock unit	$0.965	$0.756	$0.542	$0.370	$0.300	$0.085	$0.030	$0.020	$0.020	---
Divdend payout ratio (%)	8.3%	10.8%	14.1%	17.7%	18.9%	7.3%	3.7%	3.5%	2.9%	---
Return on average equity pre-tax (%)	56.3%	48.7%	36.2%	27.56%	24.3%	21.1%	17.9%	12.9%	9.7%	10.3%
Return on average equity (%)	39.3%	32.9%	24.5%	16.1%	14.2%	12.6%	9.9%	7.1%	8.5%	8.3%
Return on assets at year end (%)	22.1%	13.1%	2.7%	1.8%	1.5%	3.3%	2.6%	2.5%	3.1%	3.4%
OTHER DATA										
Stock price at year end ($)	$55.00	$53.00	$18.71	$14.27	$11.00	$7.35	$1.75	$1.30	$1.40	$1.80
Price change from last year (%)	3.8%	183.3%	31.7%	29.2%	49.7%	320.0%	34.6%	-7.0%	-22.2%	---
JSE Index at year end	102,445	104,001	60,304	41,044	32,595	29,776	21,124	20,050	18,147	15,323
Change in JSE Index from last year (%)	-1.5%	72.5%	46.9%	25.9%	9.5%	41.0%	5.4%	10.5%	18.4%	-2.2%
Exchange rate US$=J$=	$64.10	$61.73	$60.24	$49.26	$47.62	$44.64	$40.00	$36.90	$35.97	$35.08
Inflation rate year over year (%)	15.9%	11.6%	14.1%	5.0%	7.6%	8.3%	6.4%	7.1%	9.4%	22.8%

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

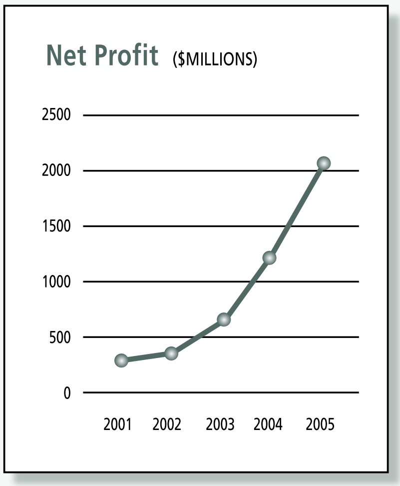
Stephen B. Facey, M. Arch.
President & CEO

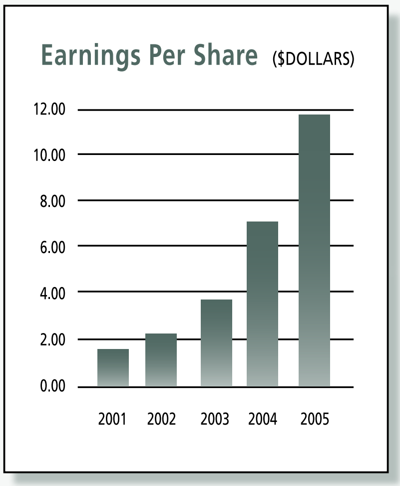
Statement from the Chairman & President

Pan Jamaican Investment Trust Limited had an outstanding year ending 31 December 2005. The company registered strong growth in net profits and Stockholders' Equity as a result of transferring business interests from First Jamaica Investments (formerly FirstLife) to Life of Jamaica (LOJ). The financial statements have been prepared using International Financial Reporting Standards as recommended by the Institute of Chartered Accountants of Jamaica.

Net profit for the year ended December 31, 2005 rose to $2,043 million (2004: $1,196 million), an increase of 70%. Included in these profits was the gain largely attributable to the sale of the insurance and banking operations to LOJ, amounting to $1,626 million. Earnings per share on the average stock units outstanding improved from $7.01 to $11.93, calculated on an average number of 171,289,105 shares outstanding for the period.

At the close of 2005 total assets increased by 1% to $9,237 million; however, book value per share increased by 42% from $25.12 to $35.63. If the market value of LOJ stock units as at 31 December 2005 were to be used, Stockholders' Funds per share would increase to $57.50 per share.



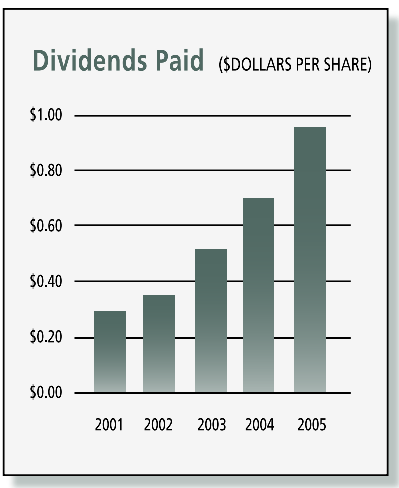


2005, an outstanding year. Net profit for the year ending 31 December 2005 rose to $2,043 million (2004: $1,196 million), an increase of 70%

The total dividend for the year was $.973 cents (2004: $.745 cents), which represents a 30% increase.

DIVIDENDS

With the continued improvement in profitability, your Directors authorized the payment of four interim dividends totalling $.80 cents per share, and a special dividend totalling $0.173 cents per share. The total dividend for the year was $.973 cents (2004: $0.745 cents), which represents a 30% increase.



First Jamaica Investment Limited

INSURANCE/BANKING

The Group's investment in the insurance and banking sector proved to be a move in the right direction, as its 25% ownership of LOJ has performed creditably since April 1, 2005. The principal business segments of LOJ are long-term individual life insurance, annuities, annually renewable group life, health and personal accident insurance, pension administration and asset management, investment banking and property and casualty insurance.

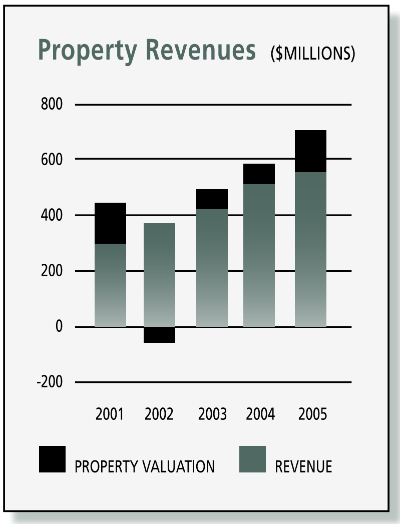
LOJ operates principally in Jamaica and, to a lesser extent, in the Cayman Islands. Net profit of $2,424 million posted in 2005 represents record consolidated earnings for LOJ and was an improvement of 69% over the $1,433 million of 2004. This represented basic earnings per share (EPS) of $0.71 for 2005 compared to $0.57 for 2004. All primary lines of business contributed positively to the results. Stockholders' Equity stood at $11,700 million at year-end, an increase of 89% over the previous year and a 25% return on average equity. We remain encouraged by the performance of our associated company, LOJ, and remain confident that this investment will make an increasingly significant contribution to the future earnings of our Group.

LOJ's Minimum Continuing Capital and Surplus Requirement, a measure of the company's financial health, was at 170% at 31 December 2005, down from 240% in 2004. This position is in excess of the standard requirement of 110% established under the Regulations of the Insurance Act, 2001.

PROPERTY

Our property division Jamaica Property Company Limited continues to make a positive contribution to our group's performance as revenues, profits and valuations continue to improve. Revenues increased by 21% to $597 million (2004: $494 million), while contribution to profits increased by 30% to $253 million (2004: $194 million).

The properties gained 12% in value moving from $1,831 million to $2,055 million in 2005. Occupancy levels remained strong averaging 93% for 2005 and exceeded 95% by year-end.



HARDWARE AND LUMBER LIMITED

While 2004 was an excellent year for the group's interests in the trading sector, 2005 proved to be a more challenging year for Hardware and Lumber Limited. Gross revenues of $5,332 million declined marginally by 2% over the previous year and net profits attributable to stockholders decreased from $169 million to $67 million, a decrease of 60%. These negative results were attributable to problems of excess inventory, reduced sales due to bad weather and inflationary pressures, implementation of a new IT system, and other merger-related issues.

With the continued focus on reducing inventory levels, full implementation of the IT system and opening of the new Ocho Rios Superstore in the first quarter 2006, we expect that H&L will have a much improved year in 2006.

OUTLOOK FOR 2006

In an environment of falling interest rates, high inflation, high crime levels, and general instability in business and consumer confidence, the focus must be on growth through diversified investments.

Pan-Jamaican Investment Trust Ltd. has strengthened its balance sheet while reducing risk inherent in the operations of a medium-sized bank and insurance business. To protect its asset base, the company has focused its liquid investments in Government of Jamaica and Bank of Jamaica securities. However, the company has remained open to opportunities for growth through real estate dealings and equity positions in major viable organizations.

We thank our clients and acknowledge the dedication and committment of our staff and directors who have contributed significantly to our success in 2005.

Maurice W. Facey Chairman	Stephen B. Facey President & CEO

Pan Jamaican Investment Trust has strengthened its balance sheet while reducing risk inherent in the operations of a medium-sized bank and insurance business.

Corporate Citizenship

As we worked to create value for our customers and shareholders in 2005, Pan-Jamaican Investment Trust Limited continued its tradition of contributing generously to the nation's many outreach programmes. Its support in the areas of health, community development, sports and education totalled approximately $6 million, and ranged from making monetary donations to established organizations, to sponsoring special field trips for inner city school children. The company's emphasis this year, however, was on early childhood education.

It goes without saying that the strength of any country's future lies with its youngest citizens. Once again Pan-Jam stood behind this belief, and donated $2 million to the refurbishment and expansion of the former Boys' Town Basic School. Renamed the "Cecil Boswell Facey Basic School" in November 2005 in honour of businessman and friend of the school's founder, the late Father Hugh Sherlock, the school has a student population of just under 100 students between the ages of three and five. Established in 1985, the Trench Town-based school added a much-needed two-classroom block in an effort to accommodate its growing population and enhance its students' quality of education. For the last 19 years the school has benefited from financial donations by the Cecil Boswell Facey Foundation, for which the Hon. Maurice Facey is Chairman.

Hon. Maurice Facey (Right), Son of Cecil Boswell Facey and Chairman of Pan -Jam, attends the official function for the renaming of the "Boys Town Basic School" to the "Cecil Boswell Facey Basic School."

We at Pan-Jam also continue to give of our time, talent and treasure to support the efforts of the Kingston Restoration Company, for which the Hon. Maurice Facey is Chairman and a founding member. Mr. Stephen Facey also serves on the Board. We are pleased to remain an active part of the K.R.C.'s work, as it continues to bring a new look and hope to once forgotten sections of this nation's fine city.

At Pan-Jam, we believe that in order to be considered an outstanding company, we must also be outstanding corporate citizens. This company will continue to support community outreach projects where and when possible, as we work to help our fellow Jamaicans.

PRICEWATERHOUSECOOPERS

CELEBRATING 90 YEARS 1916-2006

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

10 April 2006

To the Members of
Pan-Jamaican Investment Trust Limited

Auditors' Report

We have audited the accompanying consolidated balance sheet of Pan-Jamaican Investment Trust Limited and its subsidiaries "the group" as at 31 December 2005 and the related consolidated profit and loss account, statements of changes in stockholders' equity and cash flows for the year then ended, and the accompanying balance sheet of Pan-Jamaican Investment Trust Limited standing alone as at 31 December 2005. We have received all the information and explanations which we considered necessary. These financial statements set out on pages 14 to 91 are the responsibility of the company's management. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, proper accounting records have been kept and the accompanying financial statements, which are in agreement therewith, give a true and fair view of the financial position of the group and the company as at 31 December 2005, and of the results of operations, changes in stockholders' equity and cash flows of the group for the year then ended, so far as concerns the members of the company, in accordance with International Financial Reporting Standards and comply with the provisions of the Jamaican Companies Act.

Price Waterhouse Coopers

Chartered Accountants
Kingston, Jamaica

Consolidated Profit & Loss Account

Year ended 31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2005 $'000	2004 $'000
Continuing Operations			
Income			
Premium		11,806	8,837
Investments	6	265,315	132,805
Property	7	597,803	494,648
Other	7	76,306	70,456
		951,230	706,746
Operating Expenses			
Management expenses	8	(435,791)	(374,140)
Operating Profit		515,439	332,606
Interest expense		(27,609)	(11,069)
Gain on dilution of stockholding in subsidiary		-	351,913
Gain on dilution of stockholding in associated company	9	38,496	-
Share of results of associated companies		643,094	339,688
Profit before Taxation		1,169,420	1,013,138
Taxation	11	(112,012)	(50,787)
Profit for the year from continuing operations		1,057,408	962,351
Discontinued Operations			
Profit for the year from discontinued operations	13	98,751	678,256
Gain on disposal of discontinued operations	14	1,626,571	-
		1,725,322	678,256
Profit for year		2,782,730	1,640,607
Attributable to:			
Equity holders of the company		2,043,572	1,196,955
Minority interest		739,158	443,652
		2,782,730	1,640,607
Earnings per stock unit attributable to stock holders of the company during year			
Basic	15	11.93	7.01
Fully diluted	15	11.93	6.89

Consolidated Balance Sheet

31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2005 $'000	2004 $'000
ASSETS			
Cash and Bank Balances	16	42,559	376,353
Investments			
Short term deposits	16	416,745	146,230
Securities:			
Available-for sale	17	1,617,433	2,750,672
Loans and receivables	17	82,747	180,758
Securities purchased under agreements to resell	18	424,828	545,987
Lease receivables	19	-	21,159
Investment properties	20	2,049,964	1,825,455
Investments in associated companies	21	4,163,067	2,417,075
		8,754,784	7,887,336
Taxation Recoverable		123,502	114,585
Deferred Tax Assets	22	27,993	35,450
Other Assets	23	162,502	362,237
Property, Plant and Equipment	24	89,810	95,827
Intangible Assets	25	-	178,014
Retirement Benefit Asset	26	36,523	38,136
Segregated Funds' Assets	27	-	88,300
		9,237,673	9,176,238

Consolidated Balance Sheet (Continued)

31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2005 $'000	2004 $'000
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Bank Overdraft	16	7,215	14,363
Taxation Payable		77,063	110,281
Deferred Tax Liability	22	81,313	70,637
Retirement Benefit Liability	26	50,316	74,301
Due to related parties	28	135,154	19,036
Other Liabilities	29	661,872	844,673
Long Term Loans	30	70,117	141,653
Finance lease liability	31	8,474	-
		1,091,524	1,274,944
Policyholders' Funds			
Segregated funds' liabilities		-	88,300
Insurance contracts	32	-	927,685
Investment contracts	33	-	1,191,490
		-	2,207,475
Stockholders' Equity			
Capital and Reserves Attributable to the Company's Equity holders			
Stated capital	34	185,354	17,353
Share premium		-	168,001
Capital redemption reserve		2,176	2,176
Insurance and banking reserves		-	51,577
Investment and other reserves	35	2,237,801	886,424
Retained earnings		3,695,940	3,182,081
Treasury stock		(18,486)	(18,486)
		6,102,785	4,289,126
Minority Interest		2,043,364	1,404,693
		8,146,149	5,693,819
		9,237,673	9,176,238

Approved for issue by the Board of Directors on 10 April 2006 and signed on its behalf by:

Maurice W. Facey, Director

Roy Collister, Director

Consolidated Statement of Changes in Stockholders' Equity

Year ended 31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

		------------------------Attributable to Company's Equity Holders-----------------								
	Note	Stated Capital	Share Premium	Capital Redemption Reserve	Insurance & Banking Reserves	Investment and Other Reserves	Retained Earnings	Treasury Stock	Minority Interest	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2004, as restated	42	17,216	165,388	2,200	255,336	144,726	2,103,036	(6,493)	1,096,963	3,778,372
Fair value gains on available-for-sale securities		-	-	-	-	441,007	-	-	153,501	594,508
Realised fair value gains transferred to Consolidated Profit and Loss Account		-	-	-	-	(76,760)	-	-	(22,334)	(99,094)
Net gains recognised directly in equity		-	-	-	-	364,247	-	-	131,167	495,414
Net profit for the year		-	-	-	-	-	1,196,955	-	443,652	1,640,607
Total recognised income for 2004		-	-	-	-	364,247	1,196,955	-	574,819	2,136,021
Dividends paid		-	-	-	-	-	(129,235)	-	-	(129,235)
Dividends paid to minority shareholders		-	-	-	-	-	-	-	(44,569)	(44,569)
Reclassification of reserves from dilution of shareholding in PCFS		-	-	-	(195,427)	195,427	-	-	-	-
Purchase of ESOP shares		-	-	-	-	-	-	(11,993)	-	(11,993)
Issue of shares		137	2,613	-	-	-	-	-	-	2,750
Movement in other reserves		-	-	(24)	-	185,017	-	-	69,601	254,594
Transfer from special insurance reserve		-	-	-	(8,332)	-	8,332	-	-	-
Transfer to retained earnings					-	(2,993)	2,993	-		-
Disposal of minority holding		-	-	-	-	-	-	-	(292,121)	(292,121)
		137	2,613	(24)	(203,759)	377,451	(117,910)	(11,993)	(267,089)	(220,574)
Balance at 31 December 2004, as restated	42	17,353	168,001	2,176	51,577	886,424	3,182,081	(18,486)	1,404,693	5,693,819

Consolidated Statement of Changes in Stockholders' Equity (Continued)

Year ended 31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

		----------------------------Attributable to Company's Equity Holders ----------------								
	Note	Stated Capital	Share Premium	Capital Redemption Reserve	Insurance & Banking Reserves	Investment & Other Reserves	Retained Earnings	Treasury Stock	Minority Interest	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2005, as restated	42	17,353	168,001	2,176	51,577	886,424	3,182,081	(18,486)	1,404,693	5,693,819
Fair value gains on available-for-sale securities		-	-	-	-	22,086	-	-	1,955	24,041
Realised fair value gains transferred to Consolidated Profit and Loss Account		-	-	-	-	(9,353)	-	-	(3,467)	(12,820)
Net gains recognised directly in equity		-	-	-	-	12,733	-	-	(1,512)	11,221
Net profit for the year		-	-	-	-	-	2,043,572	-	739,158	2,782,730
Total recognised income for 2005		-	-	-	-	12,733	2,043,572	-	737,646	2,793,951
Transfer of share premium		168,001	(168,001)							
Transfer from investment reserve		-	-	-	-	(2,028)	2,028	-	-	-
Transfer from special insurance reserve		-	-	-	(51,577)	-	51,577	-	-	-
Transfer from retained earnings		-	-	-	-	1,418,080	(1,418,080)	-	-	-
Dividends paid		-	-	-	-	-	(165,238)	-	-	(165,238)
Dividends paid to minority stockholders		-	-	-	-	-	-	-	(64,966)	(64,966)
Change in reserves of associated company		-	-	-		(77,408)	-	-	(34,009)	(111,417)
		168,001	(168,001)	-	(51,577)	1,338,644	(1,529,713)	-	(98,975)	(341,621)
Balance at 31 December 2005		185,354	-	2,176	-	2,237,801	3,695,940	(18,486)	2,043,364	8,146,149

Consolidated Statement of Cash Flows

Year ended 31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2005 $'000	2004 $'000
Cash Flows from Operating Activities	37	118,834	865,949
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment		(58,761)	(53,187)
Acquisition of investment property		(39,109)	-
Net cash inflow on disposal of insurance and employee benefits operations		413,576	-
Net cash outflow on dilution of subsidiary		-	(108,162)
Proceeds from disposal of property, plant and equipment		12,162	274
Dividends from associated company		119,500	-
Acquisition of investment securities, net		(852,744)	(100,908)
Acquisition of shares in associated company		-	(72,475)
Net cash used in investing activities		(405,376)	(334,458)
Cash Flows from Financing Activities			
Due to related parties		76,118	8,036
Loans received		318,651	100,881
Loans repaid		(124,541)	(172,892)
Dividends paid		(165,238)	(129,235)
Proceeds from issue of shares		-	2,750
Net cash provided by(used in) financing activities		104,990	(190,460)
Net (decrease)/increase in cash and cash equivalents		(181,552)	341,031
Effect of exchange rate changes on cash and cash equivalents		4,262	1,092
Cash and cash equivalents at beginning of year		1,054,207	712,084
CASH AND CASH EQUIVALENTS AT END OF YEAR	16	876,917	1,054,207

Balance Sheet

31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2005 $'000	2004 $'000
ASSETS			
Cash and Bank Balances	16	277,262	73,930
Investments			
Securities:			
Available-for-sale	17	255,772	238,701
Loans and receivables	17	36,172	34,139
Subsidiary companies, at cost	21	67,671	67,671
Associated companies	21	22,296	22,296
		381,911	362,807
Due From Related Parties	28	218,774	241,073
Taxation Recoverable		8,804	8,248
Deferred Tax Asset	22	2,426	3,882
Other Assets	23	1,011	5,485
Property, Plant and Equipment	24	9,917	493
Retirement Benefit Asset	26	5,941	3,920
		906,046	699,838
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Bank Overdraft	16	2,388	7,586
Taxation Payable		267	267
Due To Related Parties	28	19,505	756
Other Liabilities	29	304,766	121,062
Retirement Benefit Liability	26	17,144	16,939
Long Term Loans	30	1,286	1,902
Finance lease liability	31	8,474	-
		353,830	148,512
Stockholders' Equity			
Stated capital	34	185,354	17,353
Share premium		-	168,001
Capital reserve	35	146,823	146,823
Investment reserves	35	36,978	28,296
Retained earnings		183,061	190,853
		552,216	551,326
		906,046	699,838

Approved for issue by the Board of Directors on 10 April 2006 and signed on its behalf by:

Maurice W. Facey — Director

Roy Collister — Director

Statement of Changes in Equity

Year ended 31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Stated Capital $'000	Share Premium $'000	Capital Reserve $'000	Investment Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2004, as restated	42	17,216	165,388	146,823	(620)	222,659	551,466
Fair value gains on available-for-sale securities		-	-	-	28,916	-	28,916
Net profit		-	-	-	-	97,429	97,429
Total recognised income for 2004		-	-	-	28,916	97,429	126,345
Dividends paid		-	-	-	-	(129,235)	(129,235)
Stock issued		137	2,613	-	-	-	2,750
		137	2,613	-	-	(129,235)	(126,485)
Balance at 31 December 2004, as restated	42	17,353	168,001	146,823	28,296	190,853	551,326
Fair value gains on available-for-sale securities		-	-	-	8,682	-	8,682
Net profit		-	-	-	-	160,736	160,736
Total recognised income for 2005		-	-	-	8,682	160,736	169,418
Transfer of share premium		168,001	(168,001)	-	-	-	-
Dividends paid		-	-	-	-	(168,528)	(168,528)
		168,001	(168,001)	-	-	(168,528)	(168,528)
Balance at 31 December 2005		185,354	-	146,823	36,978	183,061	552,216

Notes to the Financial Statements
31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

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

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

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

	Principal Activities	Proportion of issued equity capital held by	
Subsidiaries		Company	Subsidiary
First Jamaica Investments Limited (formerly, First Life Insurance Company Limited)	Investment Management	73%	
Jamaica Property Company	Office Rental		100%
Jamaica Property Development	Property Management		100%
Jamaica Property Management	Property Management		100%
Portfolio Partners Limited	Investment Management		100%
Jamaican Floral Exports Limited	Horticulture	80%	
Jamaican Heart Limited	Horticulture		100%
Pan-Jamaican Mortgage Society Limited	Financial Services	100%	
Scotts Preserves Limited	Distribution	100%	
Busha Browne's Company Limited	Distribution		100%
Busha Browne's Company Limited (Incorporated in the Bahamas)	Dormant	100%	
Scotts of Jamaica Limited	Dormant		100%
Panacea Insurance Company Limited (Incorporated in the Cayman Islands)	Captive Insurance	100%	
Associated Companies			
Hardware & Lumber Limited	Trading	21%	
Life of Jamaica Limited	Life and Health Insurance and Pension Management		25%
St Andrew Developers Limited	Property Development		66 2/3%
Impan Properties Limited	Office Rental		20%
Knutsford Holdings Limited	Office Rental		60%

Notes to the Financial Statements (Continued)

31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities (Continued)

(c) (continued)
In July 2002, the company and Life of Jamaica Limited entered into a co-insurance agreement to coordinate the administration of their respective Employee Benefits businesses. The profits or losses accruing from this venture are apportioned equally between the two entities. In order to achieve the desired value parity in the arrangement, First Jamaica Investments Limited issued a promissory note in favour of LOJ of a value of $160,000,000 at a rate of 20% per annum.

Effective 1 April 2005, this agreement was discontinued as First Jamaica Investment Limited sold its Individual Life portfolio and Employee Benefits business to Life of Jamaica Limited (Note 14).

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

2. Significant Accounting Policies

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investment securities and investment properties.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements, are described in Note 4.

Notes to the Financial Statements (Continued)

31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards effective in 2005

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for annual accounting periods beginning on or after 1 January 2005. The company has assessed the relevance of all such new standards, interpretations and amendments with respect to the company's operations and has adopted the following IFRSs, which are relevant to its operations. The 2004 comparative figures have been amended as required, in accordance with the relevant requirements.

IAS 1 (revised 2003)	Presentation of Financial Statements
IAS 2 (revised 2003)	Inventories
IAS 8 (revised 2003)	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10 (revised 2003)	Events after the Balance Sheet Date
IAS 16 (revised 2003)	Property, Plant and Equipment
IAS 17 (revised 2003)	Leases
IAS 21 (revised 2003)	The Effects of Changes in Foreign Exchange Rates
IAS 24 (revised 2003)	Related Party Disclosures
IAS 27 (revised 2003)	Consolidated and Separate Financial Statements
IAS 28 (revised 2003)	Investment in Associates
IAS 32 (revised 2003	Financial Instruments: Disclosure and Presentation
IAS 33 (revised 2003)	Earnings per Share
IAS 36 (revised 2004)	Impairment of Assets
IAS 38 (revised 2003)	Intangible Assets
IAS 39 (revised 2003)	Financial Instruments: Recognition and Measurement
IAS 40 (revised 2003)	Investment properties
IFRS 2 (issued 2004)	Share-based Payments
IFRS 3 (issued 2004)	Business Combinations
IFRS 4 (issued 2004)	Insurance Contracts
IFRS 5 (issued 2004)	Non-current Assets Held for Sale and Discontinued Operations
IFRIC Amendment to SIC 12 (issued 2004)	Scope of SIC 12 Consolidation – Special Purpose Entities

The group continues to apply the same accounting policies for the recognition and measurement of obligations arising from insurance contracts, investment contracts and reinsurance contracts that it holds. The group developed its accounting policies for insurance contracts before the adoption of IFRS 4 and in the absence of a specific standard for insurance contracts. The Directors used their judgement in developing a set of accounting policies for the recognition and measurement of rights and obligations arising from insurance contracts issued and reinsurance contracts held that provides the most useful information to users of the group's financial statements.

Notes to the Financial Statements (Continued)

31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards effective in 2005 (continued)

The adoption of IAS 1, 2, 8, 10, 16, 17, 21, 24, 28, 32, 33 and 40 did not result in substantial changes to the Group's accounting policies. In summary:

(i) IAS 1 (revised 2003) has affected the presentation of minority interest and other disclosures.
(ii) IAS 2, 8, 10, 16, 17, 28, 32 and 33 had no material effect on the group's policies.
(iii) IAS 21 (revised 2003) had no material effect on the group's policy. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance to the revised standard. All the group entities have the same functional currency as their measurement currency.
(iv) IAS 24 has affected the identification of related parties and some other related-party disclosures.
(v) IAS 27 affected the treatment of accounting for investment in subsidiaries and associated companies. These investments are now accounted for at cost.

IAS 39 has resulted in the fair value re-measurement of investment securities previously classified as originated loans.

The adoption of IFRS 2 has resulted in a change in the accounting policy for share-based payments. Up until 31 December 2004, the provision of stock options to employees did not result in a charge in the statement of operations. The adoption of IFRS 2 did not result in any substantial change to the group's financial statements, as all the options were vested as at 31 December 2004.

The adoption of IFRIC Amendment to SIC 12 has resulted in a change in the accounting policy for the employee investment trust. Until 31 December 2004, the employee investment trust was treated as a stand alone entity. Subsequent to that date, the group has accounted for the employee investment trust as a part of its results and financial position. This has resulted in the group recognising stock held by the ESOP scheme as treasury stock.

The adoption of IFRS 3, IAS 36 and IAS 38 (revised 2004) resulted in a change in accounting policy for goodwill. Until 31 December 2004, goodwill was amortised on a straight line basis over a period of five years.

In accordance with the provisions of IFRS 3 (Note 2(o)):
- The group ceased amortisation of goodwill from 1 January 2005;
- Accumulated amortisation as at 31 December 2004 has been eliminated with a corresponding decrease in the cost of goodwill;
- From the year ended 31 December 2004 onwards, goodwill is tested annually for impairment, as well as when there are indications of impairment.

The group has reassessed the useful lives of its intangible assets in accordance with the provisions of IAS 38. No adjustment resulted from this assessment.

IFRS 4 requires an assessment of the group's contracts with its policyholders to determine the existence of significant insurance risk. The extent of the insurance risk present will determine whether the contract is an insurance contract or an investment contract. For those insurance contracts containing significant insurance risk which also have a deposit component, IFRS 4 allows the option to unbundle the deposit component and account for it separately, but does not require that it be unbundled so long as the accounting policies of the company require that all liabilities resulting from the deposit component of these contracts be recognised.

Notes to the Financial Statements (Continued)
31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Management has done the required assessment and ascertained that the products in issue which are classified as insurance contracts carry significant insurance risk and were therefore properly accounted for in accordance with the provisions of IFRS 4. Accordingly, the adoption of IFRS 4 did not have a significant impact on the financial statements and effective 1 April 2005, the group sold its insurance and employee business benefits operations and no longer operates in this business segment (Note 14).

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards. All standards adopted by the group require retrospective application other than IFRS 3 - prospectively after 31 March 2004.

The effects of adopting the new and revised standards on stockholders equity and net profit as previously reported are detailed in Note 42.

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

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

- IAS 19 (Amendment), Employee Benefits (effective from 1 January 2006). This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans, adoption of this amendment will only impact the format and extent of disclosures presented in the accounts. The group will apply this amendment from annual periods beginning 1 January 2006.

- IAS 39 (Amendment), The Fair Value Option (effective from 1 January 2006). This amendment changes the definition of financial instruments classified at fair value through the profit or loss and restricts the ability to designate financial instruments as part of this category. The group believes that this amendment should not have a significant impact on the classification of financial instruments, as the group should be able to comply with the amended criteria for the designation of financial instruments at fair value through profit or loss. The group will apply this amendment from annual periods beginning 1 January 2006.

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

Notes to the Financial Statements (Continued)

31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

- IFRIC 4, Determining whether an Arrangement contains a Lease (effective from 1 January 2006). IFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Management is currently assessing the impact of IFRIC 4 on the group's operations.

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries, which are those entities in which the group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies, are consolidated. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the group controls another entity.

Subsidiaries are consolidated from the date on which control is transferred to the group and are no longer consolidated from the date control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit and loss account.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered.

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

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

Notes to the Financial Statements (Continued)

31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

(ii) Associates (continued)

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies have been changed where necessary to ensure consistency with the policies adopted by the group.

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

(c) Income

(i) Interest income and expenses

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

(ii) Premium income

Premiums are recognised as revenue when due from policyholders and are stated net of reinsurance premiums.

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

(iii) Fee and commission income

Fee and commission income is recognised on an accrual basis. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

(iv) Dividend income

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

(d) Foreign currency translation

(i) Functional and presentation currency

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

(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 profit and loss account.

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

Notes to the Financial Statements (Continued)
31 December 2005
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(d) Foreign currency translation (continued)

(iii) Group companies

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of operations are translated at average exchange rates and
- all resulting exchange differences are recognised as a separate component of stockholders' equity in the currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and borrowings are taken to stockholders' equity. When a foreign operation is sold, such exchange differences are recognised in the statement of operations as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Taxation

Taxation expense in the profit and loss account comprises current and deferred tax. Current and deferred taxes are recognised as income tax expense or benefit in the profit and loss account except, where they relate to items recorded in stockholders' equity, they are also charged or credited to stockholders' equity. Taxation on Jamaican life assurance business is charged on investment income less expenses allowable in earning that income at the rate of 15% and on gross taxable premium income at 3%. Taxation on other operations within the group is based on profit for the year adjusted for taxation purposes at 33 1/3%.

(i) Current taxation

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

(ii) Deferred income taxes

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

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

Notes to the Financial Statements (Continued)

31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(e) Taxation (continued)

(ii) Deferred income taxes (continued)

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

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

(f) Financial instruments

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

Financial assets

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

Financial liabilities

The group's financial liabilities comprise trade and interest payables, bank and short term loans, securities sold under agreements to repurchase, deposits and long term 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 40.

(g) Cash and cash equivalents

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

Notes to the Financial Statements (Continued)

31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(h) Investments

(i) Investment securities

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

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

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

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

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of monetary securities classified as available-for-sale and non-monetary securities classified as available-for-sale are recognised in equity.
When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as other income. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the profit and loss account when the group's right to receive payments is established.

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

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment provisioning of trade receivables is described in Note 2(n).

Notes to the Financial Statements (Continued)
31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(h) Investments (continued)

(ii) Investment property

Investment property is held for long-term rental yields and is not occupied by the group. Investment property is treated as a long-term investment and is carried at fair value, based on open market value determined annually by external valuers. Changes in fair values are recorded in the profit and loss account.

(iii) Securities purchased under agreements to resell

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

(iv) Loans and allowances for impairment losses

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

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

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

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

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

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

Notes to the Financial Statements (Continued)
31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(i) Investment in subsidiaries

Investments by the holding company in subsidiaries are stated at cost.

(j) Leases

(i) As lessee

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

(ii) As lessor

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

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

(k) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation is calculated on the straight-line basis at such rates as will write off the carrying value of assets over their expected useful lives.

The rates are as follows:

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

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

Land is not depreciated. Gains and losses arising from the disposal of property, plant and equipment are determined by reference to their carrying amount and are taking into account in determining operating profit.

Repairs and maintenance expenditure is charged to the profit and loss account as incurred.

Notes to the Financial Statements (Continued)

31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(l) Other Assets

(i) Prepaid commissions

Prepaid commissions are written off over the first year of each policy. During that period, the amounts are recovered from agents, should the policies be lapsed. Commissions recovered are included in the statement of operations.

(ii) Inventories

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

(m) Employee benefits

(i) Pension

The company and its subsidiaries operate a number of retirement plans, the assets of which are generally held in separate trustee-administered funds. The pension plans are funded by payments from employees and by the relevant companies, taking into account the recommendations of independent qualified actuaries.

The asset or liability in respect of defined benefit plans is the difference between the present value of the defined benefit obligation at the balance sheet date and the fair value of plan assets, adjusted for unrecognised actuarial gains/losses and past service cost. Where a pension asset arises, the amount recognised is limited to the net total of any cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan. The pension costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the statement of operations so as to spread the regular cost over the service lives of the employees in accordance with the advice of the actuaries, who carry out a full valuation of the plans every year. The pension obligation is measured at the present value of the estimated future cash outflows using discount estimated rates based on market yields on government securities which have terms to maturity approximating the terms of the related liability.

A portion of actuarial gains and losses is recognised in the statement of operation if the net cumulative unrecognised actuarial gains or losses at the end of the previous reporting period exceeded 10 percent of the greater of the present value of the gross defined benefit obligation and the fair value of plan assets at that date. Any excess actuarial gains or losses are recognised in the profit and loss account over the average remaining service lives of the participating employees.

Contributions to defined contribution plans are charged to the profit and loss account in the period to which they relate.

Notes to the Financial Statements (Continued)
31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(m) Employee benefits (continued)

(ii) Other post-retirement obligations

The group also provides supplementary health and life insurance benefits to qualifying employees upon retirement. The entitlement to these benefits is usually based 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 an accounting methodology similar to that for defined benefit pension plans. These obligations are valued annually by independent qualified actuaries.

(iii) Annual leave entitlements

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

(iv) Equity compensation benefits

Prior to 2005 stock options were granted to management and key employees based on an assessment by the Board of Directors. Options were exercisable beginning one year from the date of grant and had a contractual option term of five years. When the options were exercised, the proceeds received net of any transaction costs were credited to share capital (nominal value) and share premium.

(v) Termination benefits

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

(n) Impairment of long lived assets

Property, plant and equipment and other non-current assets, including goodwill, are reviewed for impairment losses 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 carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price 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.

Notes to the Financial Statements (Continued)

31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(o) Intangible assets

(i) Goodwill

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

Goodwill arising on the acquisition of subsidiaries and insurance portfolios are calculated as the amount by which the consideration paid and other related expenses exceed the fair value of the net identifiable assets acquired.

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

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

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

(ii) Other intangible assets

Generally, costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. However, costs that are directly associated with identifiable and unique software products controlled by the group and have probable economic benefits exceeding the cost beyond one year are recognised as intangible assets.

Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as capital improvement and added to the original cost of the software. Computer software is amortised over its expected useful life.

(p) Investment reserve

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

Notes to the Financial Statements (Continued)

31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(q) Insurance and investments contracts

(i) Classification

Prior to 2005 the group issued contracts that transfer insurance risk or financial risk or both.

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

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

(ii) Recognition and measurement

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

(1.1) Short-term insurance contracts

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

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

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

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

(iii) Amounts on deposit and deposit administration funds

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

Notes to the Financial Statements (Continued)

31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(q) Insurance and investment contracts (continued)

(ii) Recognition and measurement (continued)

(1.2) Long-term traditional insurance contracts -

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

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

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

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

Maturities and annuities are accounted for when due.

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

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

Benefits are recorded as an expense when they are incurred.

Notes to the Financial Statements (Continued)
31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(q) Insurance and investment contracts (continued)

(iii) Reinsurance contracts held

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

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

In certain cases a reinsurance contract is entered into retrospectively to reinsure a notified claim under the group’s property or casualty insurance contracts. Where the premium due to the reinsurer differs from the liability established by the group for the related claim, the difference is amortised over the estimated remaining settlement period.

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

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

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

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

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

Notes to the Financial Statements (Continued)
31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(r) Provisions

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

(s) Dividends

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

(t) Stated capital

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

(u) Fiduciary Activities

Assets and income arising thereon together with related undertakings to return such assets to customers are excluded from these financial statements where the company or its subsidiaries act in a fiduciary capacity such as nominee, trustee or agent.

(v) Segment reporting

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

(w) Comparative information

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year. In particular, the comparatives have been adjusted or extended to reflect the requirements of new IFRS, as well as amendments to and interpretations of existing IFRS (Note 42)

3. Responsibilities of the Appointed Actuary and External Auditors

The Board of Directors pursuant to the Insurance Act appoints the actuary. His responsibility is to carry out an annual valuation of the company's policyholders' liabilities in accordance with accepted actuarial practice and regulatory requirements and report thereon to the policyholders. In performing the valuation, the Actuary makes assumptions as to the future rates of interest, asset defaults, mortality, morbidity, claims experience, policy termination, inflation, reinsurance recoveries, expenses and other contingencies, taking into consideration the circumstances of the company and the insurance policies in force.

The stockholders pursuant to the Companies Act appoint the external auditors. Their responsibility is to conduct an independent and objective audit of the financial statements in accordance with auditing standards issued by the Institute of Chartered Accountants of Jamaica and report thereon to the stockholders. In carrying out their audit, the auditors also make use of the work of the appointed actuary and his report on the policyholders' liabilities.

Notes to the Financial Statements (Continued)

31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

4. 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.

Key sources of estimation uncertainty

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

Notes to the Financial Statements (Continued)
31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

5. Segmental Financial Information

The group is organised into four main business segments:

(a) Insurance and pension management services - This incorporates provision of ordinary life, group life and group health insurance and pension management services.

(b) Investment management services – This involves the management of our investment portfolio.

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

(d) Other activities include the manufacturing and distribution of preserves, juices and other condiments and procurement services.

Notes to the Financial Statements (Continued)

31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

5. Segmental Financial Information (Continued)

	2005						
	Insurance and Pension Management Services	Banking and other Financial Services	Property Management Services	Investment Management	Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External operating revenues	502,609	-	685,314	241,561	12,549	-	1,442,033
Operating revenue from other segments	-	-	-	215,081	-	(215,081)	-
Operating revenues	502,609	-	685,314	456,642	12,549	(215,081)	1,442,033
Segment result	137,333	-	242,751	412,511	-	(176,317)	616,278
Gain on dilution of stockholdings in associated company							38,496
Share of results of associated company							643,094
Profit before taxation							1,297,868
Taxation							(141,709)
Profit after taxation							1,156,159
Gain on disposal of discontinued operations							1,626,571
Minority interest							(739,158)
Net profit							2,043,572
Segment assets	43,558	-	3,112,389	2,040,513	134,941	(256,795)	5,074,606
Investment in associates							4,163,067
							9,237,673
Segment liabilities	13,523	-	607,745	479,318	247,733	(256,795)	1,091,524
Other segment items:							
Capital expenditure	-	-	11,872	46,889	-	-	58,761
Depreciation	-	-	2,301	4,094	-	112	6,507

Notes to the Financial Statements (Continued)
31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

5. Segmental Financial Information (Continued)

	2004						
	Insurance and Pension Management Services	Banking and other Financial Services	Property Management Services	Investment Management and other Services	Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External operating revenues	2,130,358	566,390	577,891	192,480	27,101	-	3,494,220
Operating revenue from other segments	-	-	1,031	166,161	-	(167,192)	-
Total revenues	2,130,358	566,390	578,922	358,641	27,101	(167,192)	3,494,220
Segment result	689,316	75,480	186,783	224,181	25,846	(121,048)	1,080,558
Gain on dilution of shareholdings in subsidiary							351,913
Share of results of associated companies							339,688
Profit before taxation							1,772,159
Taxation							(131,552)
Profit after taxation							1,640,607
Minority interest							(443,652)
Net profit							1,196,955
Segment assets	2,820,648	-	2,258,922	1,894,984	125,690	(341,081)	6,759,163
Investment in associated companies							2,417,075
							9,176,238
Segment liabilities	2,364,886	-	415,345	788,058	255,211	(341,081)	3,482,419
Other segment items:							
Capital expenditure	-	-	45,808	-	-	-	45,808
Depreciation	6,407	334	3,433	-	136	377	10,687

Notes to the Financial Statements (Continued)

31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

6. Investment Income

	The Group	
	2005	2004
	$'000	$'000
Income		
Government of Jamaica securities	153,217	88,912
Other	130,640	137,508
	283,857	226,420
Direct Expenses		
Interest expense	6,374	12,488
Investment expense	12,168	81,127
	18,542	93,615
	265,315	132,805

7. Property and Other Income

	The Group	
	2005	2004
	$'000	$'000
Rental income	460,653	399,454
Fair value gains on property valuation	137,150	95,194
	597,803	494,648
Management fees	43,724	40,135
Gain on sale of property, plant and equipment	-	122
Miscellaneous income	32,582	30,199
	76,306	70,456

Notes to the Financial Statements (Continued)

31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

8. Management Expenses by Nature

	2005	2004
	$'000	$'000
Staff costs	124,737	256,965
Depreciation	6,507	10,687
Amortisation of intangible asset	-	12,258
Office expense	1,211	7,588
Security	64,307	52,752
Courier services	512	-
Bank charges	1,155	-
Professional fees	91,417	33,665
Stationery	133	-
Subscriptions and donations	121	25
Travelling and motor		1,149
Repairs and maintenance	10,252	9,463
Advertising	2,238	4,901
Insurance	23,799	23,335
Other	149,818	216,571
	476,207	629,359
Less: Allocated to investment expense (Note 6)	(12,168)	(81,157)
	464,039	548,202
Less: Allocated to discontinued operations (Note 13)	(28,248)	(174,062)
	435,791	374,140

9. Gain on Dilution of Stockholding in Associated Company

On 8 March 2005, one of the company's associated entities, Hardware & Lumber Limited, announced a rights issue of one new share for every five shares previously held. The company renounced its rights, thereby reducing its holding from 25% to 20.83%. The gain arising from the increase in asset value from the rights issue of $38,496,000 has been credited to the profit and loss account.

Notes to the Financial Statements (Continued)

31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

10. Staff Costs

	The Group	
	2005	2004
	$'000	$'000
Wages and salaries	117,757	125,465
Payroll taxes	4,815	11,072
Pension costs (Note 26(b))	(42,386)	85,880
Other post retirement benefits (Note 26(c))	31,612	9,596
Redundancy costs	5,103	1,548
Other	7,836	23,404
	124,737	256,965

Number of employees at the end of the year:

	The Group	
	2005	2004
	No.	No.
Regular	27	84
Contract	-	3
	27	87

11. Taxation

(a) Composition of tax charge

The taxation charge for the year is comprised of:

	2005	2004
	$'000	$'000
Premium tax at 3%	3,525	13,257
Investment income tax at 15%	28,223	107,759
Current income tax at 33⅓%	91,828	20,611
Adjustment to prior year estimate	-	(1,370)
Deferred income taxes (Note 22)	18,133	(8,705)
	141,709	131,552
This is broken down as follows:		
Continuing operations	112,012	50,787
Discontinued operations (Note 13)	29,697	80,765
	141,709	131,552

Subject to agreement with the Taxpayer Audit and Assessment Department, some of the group subsidiaries have losses available for offset against future taxable profits, amounting to approximately $79,141,000 (2004 - $96,791,000).

Notes to the Financial Statements (Continued)
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(expressed in Jamaican dollars unless otherwise indicated)

11. Taxation (Continued)

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

	2005 $'000	2004 $'000
Insurance operations		
Premium tax		
Gross premium income	463,434	1,777,222
Tax at 3%	13,903	53,317
Adjusted for the effects of:		
Income not subject to tax	(10,685)	(42,752)
Amounts on deposit	282	2,549
Premium tax on segregated funds deposits	25	143
	3,525	13,257
Investment income tax		
Gross investment income	155,326	1,231,302
Tax at 15%	23,299	184,695
Adjusted for the effects of:		
Deductible expenses	(48,320)	(194,702)
Expenses not deductible for tax purposes	11	43
Other income taxable at 15%	53,233	202,387
Effect of different tax regime applicable to life insurance operations	-	(86,563)
Net effect of other charges and allowances	-	1,898
	28,223	107,758
Other operations		
Current income tax		
Profit before tax	4,251,910	381,678
Tax at 33 1/3 %	1,417,303	127,226
Adjusted for the effects of:		
Income not subject to tax	(1,309,132)	(116,341)
Expenses not deductible for tax purposes	1,681	3,205
Effect of other charges and allowances	109	(2,183)
	109,961	11,907
Adjustment for prior year provision	-	(1,370)
Income tax expense	141,709	131,552

Notes to the Financial Statements (Continued)
31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

12. Net Profit and Unappropriated Profits Attributable to Stockholders

This is stated after charging/(crediting):

	2005 $'000	2004 $'000
Directors' emoluments -		
Fees	5,307	670
Management remuneration (included in staff costs)	43,002	24,471
Auditors' remuneration -		
Current year	9,500	11,708
Prior year	-	3,499
Depreciation	6,507	10,687
Amortisation of goodwill	-	12,258
Staff costs (Note 10)	124,737	256,965
Gain on disposal of property, plant and equipment	(2,141)	-

13. Profit from Discontinued Operations

	The Group	
	2005 $'000	2004 $'000
Income		
Gross premium	451,628	1,745,478
Reinsurance	(8,360)	(23,908)
Net premium	443,268	1,721,570
Investment income	45,660	870,558
Other income	1,875	195,346
	490,803	2,787,474
Expenses		
Policyholders' benefits and reserves	301,637	1,275,027
Commissions	32,470	123,134
Interest expense	-	456,230
Management expenses	28,248	174,062
	362,355	2,028,453
Operating profit	128,448	759,021
Taxation (Note 11)	(29,697)	(80,765)
Profit for the period/year from discontinued operations	98,751	678,256

Notes to the Financial Statements (Continued)
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(expressed in Jamaican dollars unless otherwise indicated)

14. Gain on Disposal of Discontinued Operations

Effective 1 April 2005, the company and Life of Jamaica Limited signed and exchanged definitive agreements whereby the company sold to Life of Jamaica Limited its Individual Life portfolio, Employee Benefits business and its 37% interest in Pan Caribbean Financial Services Limited (PCFS). The sale was settled by way of allotment of 919,227,731 stock units Life of Jamaica, 1,250,000 stock units in Sagicor Financial Corporation and US$10,692,075 in cash. On completion of these transactions, First Jamaica held 24.73% of the stock units in Life of Jamaica Limited.

These transactions have been approved by the Financial Services Commission and the Bank of Jamaica.

Details of net assets sold were as follows:

	$'000
Consideration received	
Cash resources	661,270
Fair value of individual life portfolio	120,000
Fair value of shares received – Life of Jamaica Limited	3,493,065
Fair value of shares received – Sagicor Financial Corporation	166,575
	4,440,910
Direct costs relating to acquisition	(84,233)
	4,356,677
Fair value of net assets sold	(2,730,106)
Gain on disposal of discontinued operations	1,626,571

The assets and liabilities the subject of the disposal are as follows:

Goodwill	178,014
Investment in associates – PCFS	2,198,910
Investment securities	2,356,498
Other assets	277,848
Cash and bank balances	163,461
Insurance and other reserves	(2,256,852)
Other liabilities	(132,772)
Long term liabilities	(55,001)
	2,730,106

Cash proceeds from disposal	
Cash received, net of fees	577,037
Cash and cash equivalents sold	(163,461)
	413,576

Notes to the Financial Statements (Continued)
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(expressed in Jamaican dollars unless otherwise indicated)

15. Earnings per Stock Unit

The calculation of basic earnings per stock unit (EPS) is based on the net profit attributable to stockholders and the weighted average number of stock units in issue during the year.

	2005	2004
Net profit attributable to stockholders ($'000)		
Continuing operations	775,495	702,113
Discontinued operations	1,268,077	494,842
	2,043,572	1,196,955
Weighted average number of stock units in issue (thousands)	171,289	170,796
Basic earnings per stock unit ($)		
Continuing operations	4.53	4.11
Discontinued operations	7.40	2.90
	$11.93	$7.01

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

Fully diluted EPS was calculated as follows:

	2005	2004
Net profit attributable to stockholders ($'000)		
Continuing operations	775,495	702,113
Discontinued operations	1,268,077	494,842
Dividends on preference shares ($'000)	-	19
Net profit used to determine diluted earnings per stock unit ($'000)	2,043,572	1,196,974
Weighted average number of ordinary shares in issue (thousands)	171,289	170,976
Adjustments for- assumed conversion of preference shares (thousands)	15	20
- stock options (thousands)	-	2,595
Weighted average number of stock units for diluted earnings per stock unit (thousands)	171,304	173,591
Fully diluted earnings per stock unit ($)		
Continuing operations	4.53	4.04
Discontinued operations	7.40	2.85
Fully diluted earnings per stock unit	$11.93	$6.89

Notes to the Financial Statements (Continued)
31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

16. Cash and Cash Equivalents

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

	The Group		The Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Cash and bank balances	42,559	376,353	853	4,595
Short term deposits	416,745	146,230	276,409	69,335
Securities purchased under agreements to resell (Note 18)	424,828	545,987	-	-
Bank overdrafts	(7,215)	(14,363)	(2,388)	(7,586)
	876,917	1,054,207	274,874	66,344

Security for the bank overdrafts includes certain specific securities and investment properties owned by the subsidiaries as well as the unlimited guarantee of the holding company. The effective interest rate on the overdraft facility was 18.75% (2004 – 20.75%).

17. Investment Securities

	The Group		The Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Available-for-sale:				
Debt securities -				
Government of Jamaica	1,179,470	2,478,835	244,514	226,399
Equity securities -				
Quoted	266,838	100,963	11,258	12,302
Unquoted	171,125	170,874	-	-
	1,617,433	2,750,672	255,772	238,701
Loans and receivables -				
Mortgage loans	-	11,381	-	-
Policy loans	-	38,406	-	-
Corporate debentures	54,022	51,987	36,028	33,993
Other	21,459	72,194	-	-
Interest receivable	7,266	6,790	144	146
	82,747	180,758	36,172	34,139

Notes to the Financial Statements (Continued)

31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

17. Investment Securities (Continued)

(a) Corporate debentures are shown net of provision for impairment losses of $50,832,000 (2004 - $50,832,000) for the group.

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

i) Investments valued at US$3,000,000 (2004 - J$102,200,000 and US$3,000,000) have been pledged as collateral for loans granted to the company's subsidiary (Note 30).

ii) Investments valued at US$3,525,000 (2004 - Nil) have been pledged as collateral for loans granted to the company (Note 30).

ii) Investments valued at US$550,000 (2004 - Nil) for the company's subsidiary have been pledged as collateral for loans granted to the company (Note 30).

18. Securities Purchased under Agreements to Resell

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

Included in securities purchased under agreements to resell are $424,828,000 (2004 - $545,987,000), which are regarded as cash and cash equivalents for the purposes of the consolidated statement of cash flows.

19. Lease Receivables

Included in loans and leases are the group's investments in finance leases as follows:

	The Group	
	2005	2004
	$'000	$'000
Gross investment in finance leases		
Not later than one year	-	10,500
Later than one year and not later than five years	-	15,034
Less: Unearned income	-	(4,375)
	-	21,159

	The Group	
	2005	2004
	$'000	$'000
Not later than one year	-	7,509
Later than one year and not later than five years	-	13,650
	-	21,159

Notes to the Financial Statements (Continued)
31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

20. Investment Properties

	The Group	
	2005	2004
	$'000	$'000
At 1 January, as restated	1,825,455	1,570,665
Acquired during the year	39,109	5,249
Transferred from capital work-in-progress	48,250	39,144
Transferred from property, plant and equipment under IAS 40	-	115,203
Fair value gains	137,150	95,194
At 31 December	2,049,964	1,825,455

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

	The Group	
	2005	2004
	$'000	$'000
Property income	460,018	404,568
Direct costs	(214,189)	(183,087)

The properties were valued at current market value as at 31 December 2005 by D.C. Tavares & Finson Realty Limited, qualified property appraisers and valuers.

Notes to the Financial Statements (Continued)
31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

21. Investment in Subsidiaries and Associated Companies

	The Group		The Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Subsidiary companies -				
At cost				
First Jamaica Investments Limited	-	-	57,758	57,758
Hardware and Lumber Limited	-	-	-	-
Busha Browne's Company Limited	-	-	1	1
Scott's Preserves Limited	-	-	1	1
Panacea Insurance Company Limited	-	-	6,910	6,910
Jamaica Floral Exports Limited	-	-	3,000	3,000
Pan Jamaican Mortgage Society Limited	-	-	1	1
	-	-	67,671	67,671
Associated companies -				
St Andrew Developers Limited				
Shareholding at cost	266	266	-	-
Share of losses	(4,251)	(4,219)	-	-
Current account	1,752	1,375	-	-
	(2,233)	(2,578)	-	-
Impan Properties Limited				
Shareholding at cost	20	20	-	-
Share of profit	89	89	-	-
Share of capital reserve	7,945	7,945	-	-
Current account	(8,964)	(8,982)	-	-
	(910)	(928)	-	-

Notes to the Financial Statements (Continued)

31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

21. Investment in Subsidiaries and Associated Companies (Continued)

	The Group		The Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Associated companies (continued) -				
Knutsford Holdings Limited				
Shareholding at cost	2	2	-	-
Share of profit	141,072	120,034	-	-
Current account	17,836	18,390	-	-
	158,910	138,426	-	-
Pan Caribbean Financial Services				
Shareholding at cost	-	197,138	-	-
Share of profit	-	701,193	-	-
Share of capital reserve	-	1,215,239	-	-
Current account	-	444	-	-
	-	2,114,014	-	-
Life of Jamaica Limited				
Acquisition during year	3,493,066	-	-	-
Share of profit	507,281	-	-	-
Dividend received	(119,500)	-	-	-
Movement in reserves	(108,499)	-	-	-
	3,772,348	-	-	-
Hardware and Lumber Limited				
Shareholding at cost	22,296	22,296	22,296	22,296
Share of profit	56,972	42,987	-	-
Share of capital reserves	155,684	102,858	-	-
	234,952	168,141	22,296	22,296
	4,163,067	2,417,075	22,296	22,296

	2005	2004
Comprising:		
Share of net assets	3,261,990	2,417,075
Goodwill	901,077	-
	4,163,067	2,417,075

Notes to the Financial Statements (Continued)
31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

22. Deferred Income Taxes

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate 33 1/3%, with the exception of the insurance operations for which a rate of 15% is used.

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

	The Group		The Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Deferred tax assets	27,993	35,450	2,426	3,882
Deferred tax liabilities	(81,313)	(70,637)	-	-
Net (liabilities)/assets	(53,320)	(35,187)	2,426	3,882

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

	The Group		The Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Net asset/(liability) at 1 January	(35,187)	(25,297)	(3,882)	25,183
(Charged)/credited to profit and loss account (note 11)	(18,133)	8,705	1,456	(29,065)
Deferred tax on dilution of subsidiary	-	(18,595)	-	-
Net liability at end of year	(53,320)	(35,187)	(2,426)	(3,882)

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

	The Group		The Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Deferred income tax assets				
Property, plant and equipment	-	675	-	-
Pensions and other post retirement benefits	9,006	8,357	5,715	5,646
Interest payable	1,219	318	912	49
Net lease obligations	1,801	804	1,091	-
Unrealised foreign exchange losses	2,959	388	-	388
Unutilised tax losses	26,669	32,493	-	-
Accrued vacation leave	-	-	63	-
Other	-	56	-	56
	41,654	43,091	7,781	6,139

Notes to the Financial Statements (Continued)
31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

22. Deferred Income Taxes (Continued)

	The Group		The Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Deferred income tax liabilities				
Property, plant and equipment	53	61,910	53	45
Investment securities	-	2,650	-	-
Pensions benefits	10,952	10,729	1,980	1,306
Tax depreciation on investment property	67,642	1,998	-	-
Unrealised foreign exchange gains	14,239	991	2,954	666
Interest receivable	2,088	-	368	240
	94,974	78,278	5,355	2,257
Net (liability)/asset	(53,320)	(35,187)	2,426	3,882

Deferred income tax liabilities have not been established for the withholding tax and other taxes that would be payable on the unappropriated profits of subsidiaries, as such amounts are permanently reinvested; such unappropriated profits totalled $3,512,239,000 at 31 December 2005 (2004 - $2,948,242,000).

The amounts shown in the balance sheet include the following:

	The Group		The Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Deferred tax assets to be recovered after more than 12 months	35,675	36,730	5,715	5,702
Deferred tax assets to be recovered within 12 months	5,979	6,361	2,066	437
	41,654	43,091	7,781	6,139
Deferred tax liability to be settled after more than 12 months	78,647	72,639	2,033	1,351
Deferred tax liability to be settled within 12 months	16,327	5,639	3,322	906
	94,974	78,278	5,355	2,257
Net (liability)/asset	(53,320)	(35,187)	2,426	3,882

Notes to the Financial Statements (Continued)

31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

23. Other Assets

	The Group		The Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Due from salesmen	-	1,534	-	-
Inventories	2,077	515	-	-
Managed properties fees	22,315	-	-	-
Other receivables	102,596	204,417	1,011	5,485
Premiums receivable	-	88,566	-	-
Reinsurance recoverable	-	27,133		
Work-in-progress	35,514	40,072	-	-
	162,502	362,237	1,011	5,485

Notes to the Financial Statements (Continued)

31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

24. Property, Plant and Equipment

	The Group						
	Freehold Premises $'000	Leasehold Improvements $'000	Furniture, Fixtures & Equipment $'000	Assets Capitalised under Finance Leases $'000	Motor Vehicles $'000	Capital Work in Progress $'000	Total $'000
At Cost -							
1 January 2004	157,578	29,635	91,915	-	11,340	34,462	324,930
Additions	11,157	-	668	2,390	-	42,750	56,965
Disposals	(126,704)	(15,291)	(28,656)	-	(9,951)		(180,602)
Transfers	2,130	-		242	(242)	(42,481)	(40,351)
31 December 2004	44,161	14,344	63,927	2,632	1,147	34.731	160.942
Additions	-	-	144	750	11,749	46,118	58,761
Disposals	-	-	-	(1,494)	-	-	(1,494)
Adjustments	-	-	(2,304)	2,304	-	-	-
Write-offs	-	(19)	(21,719)	-	-	-	(21,738)
Transfers	-	-	(19,520)	(465)	-	(49,419)	(69,404)
31 December 2005	44.161	14.325	20.528	3.727	12.896	31.430	127.067
Accumulated Depreciation -							
1 January 2004	6,573	10,979	52,347	-	4,399	-	74,298
Charge for year	2,031	7	6,208	2,411	30	-	10,687
Relieved on	(6,092)	(1,271)	(8,827)	-	(3,680)	-	(19,870)
31 December 2004	2,512	9,715	49,728	2,411	749	-	65,115
Charge for year	280	4	2,370	1,504	2,349	-	6,507
Relieved on disposals	-	-	(14,334)	(188)	-	-	(14,522)
Write-offs	-	(9)	(19,834)	-	-	-	(19,843)
31 December 2005	2.792	9.710	17.930	3.727	3.098	-	37.257
Net Book Value -							
31 December 2005	41,369	4,615	2,598	-	9,798	31,430	89,810
31 December 2004	41,649	4,629	14,199	221	398	34,731	95,827

Notes to the Financial Statements (Continued)
31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

24. Property, Plant and Equipment (Continued)

	The Company				
	Leasehold Improvements	Furniture & Fixtures	Assets Capitalised under Finance Leases	Motor Vehicles	Total
	$'000	$'000	$'000	$'000	$'000
At Cost -					
1 January 2004	199	3,182	-	957	4,338
Additions	-	89	-	-	89
31 December 2004	199	3,271	-	957	4,427
Additions	-	123	11,749	-	11,872
December 31, 2005	199	3,394	11,749	957	16,299
Accumulated Depreciation -					
1 January 2004	192	2,663	-	957	3,812
Charge for the year	3	119	-	-	122
31 December 2004	195	2,782	-	957	3,934
Charge for the year	3	96	2,349	-	2,448
31 December 2005	198	2,878	2,349	957	6,382
Net Book Value -					
31 December 2005	1	516	9,400	-	9,917
31 December 2004	4	489	-	-	493

Notes to the Financial Statements (Continued)

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(expressed in Jamaican dollars unless otherwise indicated)

25. Intangible Assets

	The Group		
	Goodwill $'000	Other Intangible $'000	Total $'000
At 31 December 2004			
Cost	242,002	-	242,002
Accumulated amortisation	(63,988)	-	(63,988)
Net book value	178,014	-	178,014
Year ended 31 December 2004			
Opening net book amount	190,272	14,098	204,370
Additions	-	-	-
Disposal	-	(14,098)	(14,098)
Amortisation charge	(12,258)	-	(12,258)
Closing net book value	178,014	-	178,014

	Goodwill $'000	Other Intangible $'000	Total $'000
At 31 December 2005			
Cost	-	-	-
Accumulated amortisation	-	-	-
Net book value	-	-	-
Year ended 31 December 2005			
Opening net book amount	178,014	-	178,014
Disposal	(178,014)	-	(178,014)
Amortisation charge	-	-	-
Closing net book value	-	-	-

Notes to the Financial Statements (Continued)
31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

26. 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 2005.

The amounts recognised in the balance sheet comprise:

	The Group		The Company	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
Assets				
Pension schemes	(36,523)	(38,136)	(5,941)	(3,920)
Liabilities				
Pension schemes (Note 26(b))	13,509	13,538	13,509	13,538
Other (Note 26(c))	36,807	60,763	3,635	3,401
	50,316	74,301	17,144	16,939

(a) Funded pension obligations

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

	The Group		The Company	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
Present value of funded obligations	128,796	168,540	34,819	15,907
Fair value of plan assets	(303,717)	(410,573)	(145,427)	(122,596)
	(174,921)	(242,033)	(110,608)	(106,689)
Unrecognised actuarial gains	2,665	39,223	10,608	23,636
Limitation on asset recognised	135,733	164,674	94,059	79,133
Asset in the balance sheet	(36,523)	(38,136)	(5,941)	(3,920)

Life of Jamaica Limited, an associated company, which manages the group's pension fund assets, has invested in ordinary stock units of the company with a fair value of $8,885,000 (2004 - $15,431,000).

Notes to the Financial Statements (Continued)
31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

26. Retirement Benefit (Continued)

(a) Funded pension obligations (continued)

The amounts recognised in the profit and loss account are as follows:

	The Group		The Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Current service cost	4,209	1,794	540	595
Interest cost	15,598	14,017	1,902	2,369
Expected return on plan assets	(38,605)	(39,393)	(15,020)	(11,851)
Net actuarial gains recognised in year	3,739	(1,060)	(948)	-
Change in limitations on asset	(28,941)	108,649	14,926	65,889
Total	(44,000)	84,007	1,400	57,002

The actual return on plan assets was $62,690,000 and $19,004,000 (2004 - $81,475,000 and $24,321,000) for the group and the company, respectively.

The movement in the asset recognised in the balance sheet:

	The Group		The Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
At 1 January	(38,136)	(119,645)	(3,920)	(60,305)
Total expense, as above	(44,000)	84,007	1,400	57,002
Contributions paid	(7,843)	(6,537)	(3,421)	(617)
Upgrade in scheme	53,456	-	-	-
Curtailment	-	4,039	-	-
At 31 December	(36,523)	(38,136)	(5,941)	(3,920)

The principal actuarial assumptions used were as follows:

	The Group		The Company	
	2005 %	2004 %	2005 %	2004 %
Discount rate	12.5	12.5	12.5	12.5
Expected return on plan assets	12.5	12.5	12.5	12.5
Future salary increases	10.0	10.0	10.0	10.0
Future pension increases	3.5	3.5	3.5	3.5

Notes to the Financial Statements (Continued)
31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

26. Retirement Benefit (Continued)

(b) Unfunded Pension Obligations

The amounts recognised in the balance sheet for additional pension benefits are as follows:

	The Group and the Company	
	2005 $'000	2004 $'000
Present value of unfunded obligations	13,509	13,538

The amounts recognised in the profit and loss account are as follows:

	The Group and The Company	
	2005 $'000	2004 $'000
Interest cost	1,614	1,873

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

	The Group and The Company	
	2005 $'000	2004 $'000
Liability at 1 January	13,538	13,308
Total expense (see below)	1,614	1,873
Contributions paid	(1,643)	(1,643)
Liability at 31 December	13,509	13,538

The amounts included in staff costs for pension benefits is made up as follows:

	The Group		The Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Funded scheme (Note 26(a))	(44,000)	84,007	1,400	57,002
Unfunded scheme (as above)	1,614	1,873	1,614	1,873
Total included in staff costs (Note 10)	(42,386)	85,880	3,014	58,875

Notes to the Financial Statements (Continued)
31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

26. Retirement Benefit (Continued)

(c) Other Post-retirement Benefits

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

The latest actuarial valuations were carried out as at 31 December 2005. In addition to the assumptions used for the pension scheme, the main actuarial assumption is a long-term increase in health costs of 11% per year (2004 - 11%).

The amounts recognised in the balance sheet are as follows:

	The Group		The Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Present value of unfunded obligations	(23,307)	93,737	5,040	2,657
Unrecognised actuarial (losses)/gain	(6,230)	(32,974)	(1,405)	744
Liability in the balance sheet	(29,537)	60,763	3,635	3,401

The amounts recognised in the profit and loss account are as follows:

	The Group		The Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Current service cost	2,491	1,423	71	53
Interest cost	7,246	8,231	332	431
Recognised actuarial losses	(40)	-	(40)	-
Gain recognised due to curtailment	610	(58)	-	-
Transfer	21,305	-	-	-
Total included in staff costs (Note 10)	31,612	9,596	363	484

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

	The Group		The Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
At 1 January	60,763	55,668	3,401	3,017
Total expense, as above	31,612	9,596	363	484
Contributions paid	(2,765)	(1,619)	(129)	(100)
Curtailment	(52,803)	(2,882)	-	-
At 31 December	36,807	60,763	3,635	3,401

Notes to the Financial Statements (Continued)
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(expressed in Jamaican dollars unless otherwise indicated)

27. Segregated Funds Assets

(a) The group manages accounts totalling approximately nil (2004 - $88,300,000) on behalf of certain life insurance policyholders under segregated funds. The assets are the property of the policyholders who share all the rewards and risks of the performance of the funds. During the year, the group sold its insurance and employee business operations and no longer manages these funds.

Unit values are determined by dividing the value of the assets in the funds on a valuation date by the number of units in the funds on the valuation date. The assets are carried at market value and returns to investors are based on market valuations.

(b) Segregated Funds' Assets

	The Group		
	2004		
	Concord Equity	Money Market Fund	Total
	$'000	$'000	$'000
Investments –			
Government of Jamaica securities	-	16,646	16,646
Quoted equities	62,978	-	62,978
Unquoted equities	39	-	39
Securities purchased under agreements to resell	-	1,255	1,255
	63,017	17,901	80,918
Other assets	218	7,164	7,382
	63,235	25,065	88,300

Notes to the Financial Statements (Continued)

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(expressed in Jamaican dollars unless otherwise indicated)

28. Related Party Balances and Transactions

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

	The Group		The Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Subsidiaries:				
Busha Browne Limited	-	-	103,393	106,097
First Life Insurance Company Limited	-	-	-	12,964
Portfolio Partners Limited	-	-	575	575
Jamaica Floral Export Limited	-	-	90,360	92,020
Office Services Limited	-	-	-	52
Pan-Jamaican Mortgage Society	-	-	402	401
Scott's Preserves Limited	-	-	24,044	28,964
	-	-	218,774	241,073
Subsidiaries:				
First Jamaica Investments Limited			17,779	-
Jamaica Property Company Limited			1,726	756
Associated company				
Life of Jamaica Limited	132,206	11,000	-	-
Related company				
Pan Caribbean Financial Services Limited	2,948	8,036	-	-
	135,154	19,036	19,505	756
Net assets/(liabilities)	(135,154)	(19,036)	199,269	240,317

Interest is payable on the Life of Jamaica Limited current account balance of 12.8% per annum.

Notes to the Financial Statements (Continued)
31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

28. Related Party Balances and Transactions (Continued)

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

	The Group		The Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Parent				
Interest income	-	-	-	-
Management fee income	-	-	-	-
Interest paid	-	-	-	-
Professional fees	-	-	-	-
Fellow subsidiaries				
Interest income	-	-	585	365
Management fees paid	-	-	14,300	13,000
Interest paid	-	-	(5,212)	(6,808)
Other	-	-	(50,612)	(12,772)
Associated companies				
Rental income	34,100	24,205	-	-
Interest paid	(9,241)	-	(323)	-
Other related parties				
Interest and other income earned	68,182	99,872	5,653	20,173
Interest and other expenses paid	(15,545)	(16,765)	(2,737)	-
Other expenses	(3,953)	(2,894)	-	-

(c) Key management compensation

	The Group		The Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Salaries and other short-term employee benefits	56,784	36,999	37,297	16,104
Directors emoluments				
Fees	5,307	670	3,402	304
Other	10,397	10,397	10,397	10,397
Management compensation (included above)	32,605	14,074	32,605	14,074
	48,309	25,141	46,404	24,775

Notes to the Financial Statements (Continued)

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(expressed in Jamaican dollars unless otherwise indicated)

28. Related Party Balances and Transactions (Continued)

(d) Loans from related parties

	The Group		The Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Loans from associates				
Balance at beginning of year	160,000	160,000	-	-
Loans advanced during year	2,040	-	-	-
Loans repayments received	(120,000)	-	-	-
Transfer to current account	(40,000)	-	-	-
Interest charged	7,890	32,000	-	-
Interest paid/transferred	(7,890)	(32,000)	-	-
	2,040	160,000	-	
Total loans to related parties				
Balance at beginning of year	188,314	201,482	-	-
Loans advanced during year	298,865	18,000	257,865	-
Loans repayments received	(59,000)	(45,760)	-	-
Interest charged	15,545	16,765	2,737	-
Interest paid	(12,808)	(16,765)	-	-
Foreign exchange loss	8,361	14,596	462	-
	439,277	188,318	261,064	-

A subsidiary has pledged certain of its freehold land and buildings as security for First Mortgage Debenture Stocks issued by the ultimate holding company under a joint trust deed. At 31 December 2004, the balance outstanding was $902,000 (2004 - $1,686,000).

29. Other Liabilities

	The Group		The Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Premiums received in advance	-	2,884	-	-
Benefits payable to policyholders	-	10,144	-	-
Reinsurance payable	-	26,970	-	-
Other liabilities and accrued expenses	182,983	365,862	13,899	61,595
Dividends payable	1,253	17,288	8,502	16,035
Current portion of long term loans and leases	477,636	421,525	282,365	43,432
	661,872	844,673	304,766	121,062

Notes to the Financial Statements (Continued)

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(expressed in Jamaican dollars unless otherwise indicated)

30. Long Term Loans

	Currency	Rate	Repayable	The Group 2005	The Group 2004
		%		$'000	$'000
Secured -					
(i) First Caribbean International Bank Limited	US$	LIBOR+2.875& LIBOR+3.65	2006	95,028	114,445
(ii) Pan Caribbean Financial Services Limited	US$	6.00	2006	178,213	188,314
(iii) Pan Caribbean Financial Services Limited	US$	7.50		258,327	-
Citibank N.A. (US$1,400,000)	US$	LIBOR+3.00	2006	-	21,815
Unsecured -					
(iv) Life of Jamaica Limited				-	160,000
(v) Life of Jamaica Limited		21.00	2006	2,040	
(v) Consortium loan	US$	8.25	2011	-	54,998
(vi) Consortium loan	US$	20.00	2005	5,335	19,108
				538,943	558,680
Interest payable				8,810	4,498
				547,753	563,178
Current portion				(477,636)	(421,525)
				70,117	141,653

	Currency	Rate	Repayable	The Company 2005	The Company 2004
		%		$'000	$'000
Secured -					
Citibank N.A. (US$1,400,000)	US$	LIBOR+3.00	2005	-	21,815
First Mortgage Denture Stocks 1985 – 2006		22.00	2006	541	1,121
First Mortgage Denture Stocks 1987 - 2007		22.00	2007	360	565
First Mortgage Denture Stocks 1989 - 2007		22.00	2007	1,000	1,000
(iii) Pan Caribbean Merchant Bank Limited (US$4,000,000)	US$	7.50	2006	258,327	-
Unsecured -					
(iv) Life of Jamaica Limited		21.00	2011	2,040	-
First Jamaica Investments		21.00	2011	18,646	20,686
				280,914	45,187
Interest payable				2,737	147
				283,651	45,334
Current portion				(282,365)	(43,432)
				1,286	1,902

Notes to the Financial Statements (Continued)

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(expressed in Jamaican dollars unless otherwise indicated)

30. Long Term Loans (Continued)

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

The second loan of US$500,000 was issued by FirstCaribbean International Bank Limited to assist with the upgrade and expansion of Hi-Lo Supermarket, Manor Park Plaza. The demand loan is subjected to annual reviews. Interest rate on this loan is computed on the basis US$ 6-months LIBOR plus 3.65%. During the tenor of the loan facility there will be a half yearly interest rate reset on October and March. The loan is secured by first mortgage charge over commercial Lots 195 - 198 (inclusive) Grenada Crescent, New Kingston.

(ii) The balance is made up of two loans issued by Pan Caribbean Financial Services Limited. The first loan is for US$1,760,000. Interest is charged at 6% per annum repayable on demand. The loan is secured by a 10.5% Government of Jamaica indexed bond valued at US$3,000,000.

The second loan is for US$1,000,000. Interest is also charged at 6% per annum repayable on demand. The loan is unsecured.

(iii) The balance is made up of a short term loan issued by Pan Caribbean Financial Services Limited. The loan is for US$4,000,000. Interest is charged at 7.5% per annum repayable on 9 February 2006. The loan is secured by a

- US$3,035,000 Government of Jamaica Global bonds maturing 2007 and 2022
- US$500,000 Jamaica Public Service Company Limited bonds
- .US$550,000 Global bonds held by a fully owned subsidiary Scott's Preserves Limited.

(iv) The loan from Life of Jamaica Limited is as a result of certain terms and conditions of the joint venture agreement between these two companies (Note 1c). A portion of the debt was repaid during the year and the remaining balance was transferred to the current account in accordance with the sale of the insurance portfolio and employee benefits operations (Note 28).

(v) The consortium loan was transferred to Life of Jamaica Limited as part of the sale of the insurance portfolio and employee benefits operations (Note 14).

Notes to the Financial Statements (Continued)
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(expressed in Jamaican dollars unless otherwise indicated)

31. Finance Lease Liability

The finance lease obligations are as follows:

	The Group		The Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Minimum lease payments under finance leases:				
Not later than 1 year	2,906	-	2,906	-
Later than 1 year and not later than 5 years	8,880	-	8,880	-
	11,786	-	11,786	-
Future finance charges	(3,312)	-	(3,312)	-
Present value of finance lease obligations	8,474	-	8,474	-

The present value of the lease obligations are as follows:

	The Group		The Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Not later than 1 year	1,321	-	1,321	-
Later than 1 year and not later than 5 years	7,153	-	7,153	-
	8,474	-	8,474	-

Notes to the Financial Statements (Continued)

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(expressed in Jamaican dollars unless otherwise indicated)

32. Insurance Contract Liabilities

(a) Composition by line of business is as follows:

	The Group	
	2005	2004
	$'000	$'000
Ordinary life	-	176,844
Annuities	-	148,188
Group life and health	-	308,212
Creditor and mortgage life	-	291,708
Other group life	-	2,733
	-	927,685

(b) Movement in insurance liabilities gross of reinsurance

	The Group						
	Ordinary Life	Annuities	Group Life and Health	Creditor and Mortgage Life	Other Life Funds	Total 2005	Total 2004
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at beginning of year	176,844	148,188	308,212	291,708	2,733	927,685	799,692
Increase in reserves	473	(7,243)	14,970	12,775	-	20,975	127,993
Reserves transferred on sale of portfolio	(177,317)	(140,945)	(323,182)	(304,483)	(2,733)	(948,660)	-
Balance at end of year	-	-	-	-	-	-	927,685

Notes to the Financial Statements (Continued)

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(expressed in Jamaican dollars unless otherwise indicated)

32. Insurance Contract Liabilities (Continued)

(c) Investments and other assets supporting policyholders' and other liabilities

	2004				
	Ordinary Life	Annuities and Pensions	Group Operations	Other Liabilities, Surplus and Capital	Total
	$'000	$'000	$'000	$'000	$'000
Deposits and securities held under agreements to resell	43,675	134,854	336,500	319,742	834,771
Mortgages	2,461	8,920	-	-	11,381
Quoted equities	-	-	-	2,230	2,230
Unquoted equities	-	-	-	164,929	164,929
Government of Jamaica securities	215,947	657,343	677,702	522,912	2,073,904
Loans on policies	38,406	-	-	-	38,406
Other loans and leases	7,922	106,098	17,657	415,123	546,800
	308,411	907,215	1,031,859	1,424,936	3,672,421
Withholding tax recoverable	1,976	52,374	40,085	10,453	104,888
Other current assets	22,958	70,083	352,872	85,938	531,851
Non-current assets	-	-	-	571,876	571,875
	333,345	1,029,672	1,424,816	2,093,203	4,881,035

33. Investment Contract Liabilities

	The Group	
	2005	2004
	$'000	$'000
Deposit administration funds	-	771,097
Policyholders funds on deposit	-	400,776
Policy dividends on deposit	-	19,617
	-	1,191,490

Notes to the Financial Statements (Continued)

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33. Investment Contract Liabilities (Continued)

The investment funds were disposed of at 31 March 2005 at which time there were 87 (31 December 2004 – 87) contributors to the deposit administration fund. The average interest rates paid during the period/year were 13% for both the money market and long term funds (2004 –13%), while the interest rate at the period/year end was 13% for both funds (2004 – 13% for both funds). Interest paid to contributors was $19,268,000 (2004 - $90,455,000).

34. Stated Capital

	2005 $'000	2004 $'000
Authorised -		
Ordinary stock units of 10c each	19,998	19,998
10% convertible cumulative redeemable preference shares of 10c each	2	2
	20,000	20,000
Issued and fully paid -		
173,520,334 ordinary stock units of no par value (2004 - 10c each)	185,148	17,351
14,744 - 10% convertible cumulative redeemable preference shares of no par value (2004 - 10c each)	206	2
	185,354	17,353

Under the Companies Act 2004 (the "Act"), which became effective on 1 February 2005, all stock in issue are deemed to be stock without a par (or nominal) value, unless the company, by ordinary resolution, elects to retain its stock with a par value. The stated capital for 2005 is comprised of the sum of the par value of stock units in issue and the share premium.

Stock options were granted to directors and senior employees within the group. When these options were exercised, 50% of the stock was sourced from new issues of stock with the balance being acquired on the Jamaica Stock Exchange. These stock units were issued/acquired at exercise prices of $2.00 and $8.94, respectively. Under the scheme, only 20% of the options allocated to each individual could be exercised in a given year. Where a previous year's allocation had not been utilized, it was accumulated. All stock options were vested and exercised by 31 December 2004.

Movements in the number of stock options outstanding were as follows:

	2005 $'000	2004 $'000
At 1 January	-	3,375
Exercised	-	(3,375)
	-	-

Notes to the Financial Statements (Continued)
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(expressed in Jamaican dollars unless otherwise indicated)

35. Investment and Other Reserves

These comprise:

	The Group		The Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Fair value gains on investments	101,778	113,414	36,978	28,296
Capital reserves	1,646,435	228,356	146,823	146,823
Other reserves	489,588	544,654	-	-
	2,237,801	886,424	183,801	175,119
Capital reserves				
Realised gain on sale of ESOP shares	9,010	9,010	-	-
Realised gain on sale of insurance operations	1,161,344	-	-	-
Realised gain on dilution of holding in subsidiary	256,735	-	-	-
Other	219,346	219,346	146,823	146,823
	1,646,435	228,356	146,823	146,823

36. Dividends

	2005 $'000	2004 $'000
First interim dividends for 2005 at $0.20 (2004 - $0.22) per stock unit – gross	34,703	38,143
Second interim dividends for 2005 at $0.373 (2004 - $0.15) per stock unit – gross	64,722	26,009
Third interim dividend for 2005 at $0.20 (2004 - $0.175) per stock unit – gross	34,399	30,343
Final dividends for 2005 at $0.20 (2004 - $0.20)	34,704	34,740
	168,528	129,235
Less: Dividends received by ESOP scheme	(3,290)	-
	165,238	129,235

Notes to the Financial Statements (Continued)
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37. Cash Flows from Operating Activities

	2005 $'000	2004 $'000
Net profit	2,782,730	1,640,607
Adjustments to reconcile net profit to cash flows provided by operating activities:		
Depreciation of property, plant and equipment	6,507	10,687
Gain on sale of discontinued operations	(1,626,571)	-
Amortisation of intangible assets	-	12,258
Interest capitalized on long term loans	1,809	-
Interest income	(283,857)	(1,231,302)
Interest expense	27,609	614,111
Share of profits of associated companies	(643,094)	(339,688)
Gain on dilution of stockholding in subsidiary	-	(351,913)
Gain on dilution of stockholding in associated company	(38,496)	-
Income tax expense	141,709	131,552
Change in retirement benefit asset/obligation	(22,372)	85,680
Gain on sale of property, plant and equipment	(2,141)	(122)
Write off of property, plant and equipment and investment property	-	3,335
Provision for doubtful debts	-	(15,819)
Fair value gains on investment properties	(137,150)	(95,195)
Unrealised loss on real estate fund	-	(815)
Unrealised gain on foreign currency denominated investment	(39,942)	(6,048)
Unrealised loss on foreign currency denominated loans	12,131	-
Gain on sale of investments	-	(231,658)
Change in policyholders' funds	44,054	150,314
	222,926	375,984
Changes in operating assets and liabilities:		
Other assets, net	(29,764)	(64,659)
Other liabilities, net	(165,597)	(70,427)
	27,565	240,898
Interest received	283,857	1,318,516
Interest paid	(35,794)	(624,629)
Income tax paid	(156,794)	(68,836)
Net cash provided by operating activities	118,834	865,949

Notes to the Financial Statements (Continued)

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(expressed in Jamaican dollars unless otherwise indicated)

38. 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	
	2005	**2004**
	$'000	**$'000**
Not later than 1 year	196,462	223,738
Later than 1 year and not later than 5 years	343,564	315,934
Later than 5 years	24,431	67,543
	564,457	607,215

39. Financial Risk Management

Financial risk factors

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

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

(i) Market risk

Currency risk

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

Notes to the Financial Statements (Continued)

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(expressed in Jamaican dollars unless otherwise indicated)

39. Financial Risk Management (Continued)

Financial risk factors (continued)

(i) Market risk (continued)

Currency risk (continued)

The breakdown of the assets/liabilities of the group by currency was as follows:

	The Group				
	2005				
	Jamaican $	US$	GBP	Other	Total
	J$'000	J$'000	J$'000	J$'000	J$'000
Assets					
Cash and bank balances	381,438	77,867	-	-	459,305
Investments (excluding investments in subsidiaries and associated companies)	809,586	1,142,935	-	172,488	2,125,009
Investment properties	2,049,964		-	-	2,049,964
Other	4,594,932	8,463	-	-	4,603,395
Total assets	7,835,920	1,229,265		172,488	9,237,673
Liabilities					
Other liabilities	477,526	23,934	-	-	501,460
Loans	56,833	533,231	-	-	590,064
Total liabilities	534,359	557,165	-	-	1,091,524
Net position (Stockholders' Equity)	7,301,561	672,100	-	172,488	8,146,149
	2004				
Total assets	8,182,727	962,997	282	30,232	9,176,238
Total liabilities	3,097,358	374,668	-	10,393	3,482,419
Net position (Stockholders' Equity)	5,085,369	588,329	282	19,839	5,693,819

Notes to the Financial Statements (Continued)

31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

39. Financial Risk Management (Continued)

Financial risk factors (continued)

(i) Market risk (continued)

Currency risk (continued)

The breakdown of the assets/liabilities of the group by currency was as follows:

	The Company			
	2005			
	Jamaican $	US$	Other	Total
	J$'000	J$'000	J$'000	J$'000
Assets				
Cash and bank balances	264,562	12,700	-	277,262
Investments (excluding investments in subsidiaries and associated companies)	14,378	277,566	-	291,944
Other	336,840	-	-	336,840
Total assets	615,780	290,266	-	906,046
Liabilities				
Other liabilities	61,705	-	-	61,705
Loans	50,597	241,528	-	292,125
Total Liabilities	112,302	241,528	-	353,830
Net position (Stockholders' Equity)	503,478	48,738	-	552,216
	2004			
Total assets	436,265	263,573	-	699,838
Total liabilities	126,697	21,815	-	148,512
Net position (Stockholders' Equity)	309,568	241,758	-	551,326

Price risk

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

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The group requires collateral for mortgages and other loans. It does not generally require collateral in respect of other financial assets, mainly premiums receivable. There is a credit policy in place to minimize exposure to credit risk. At the balance sheet date the only significant concentration of credit risk related to the group's investments in Government of Jamaica securities.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet and the consolidated balance sheet.

Notes to the Financial Statements (Continued)
31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

39. Financial Risk Management (Continued)

Financial risk factors (continued)

(ii) Credit risk (continued)

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

	The Group		The Company	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
Government of Jamaica	1,179,470	2,478,835	244,514	226,399
Foreign government	-	4,542	-	-
Financial institutions	841,573	687,648	276,409	69,335
Foreign equities	172,488	-	-	-
Corporate equities	265,475	271,837	11,258	12,302
Mortgages	-	13,538	-	-
Policy loans	-	38,405	-	-
Other	82,747	150,001	36,172	34,139
	2,541,753	3,644,806	568,353	342,175

(iii) Liquidity risk

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

Notes to the Financial Statements (Continued)

31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

39. Financial Risk Management (Continued)

Financial risk factors (continued)

(iii) Liquidity risk (continued)

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

	The Group 2005				
	Within 3 Months	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Assets					
Cash and bank balances	459,305	-	-	-	459,305
Investments	552,120	59,888	297,239	1,215,762	2,125,009
Investment properties	-	-	-	2,049,964	2,049,964
Investments in associated companies	-	-	-	4,163,067	4,163,067
Other	-	209,508	38,319	192,501	440,328
Total assets	1,011,425	269,396	335,558	7,621,294	9,237,673
Liabilities					
Bank overdraft	7,215	-	-	-	7,215
Other	128,569	744,796	210,944	-	1,084,309
Total liabilities	135,784	744,796	210,944	-	1,091,524
Net Liquidity (Stockholders' Equity)	875,641	(475,400)	124,614	7,621,294	8,146,149
Cumulative Liquidity (Stockholders' Equity)	875,641	400,241	524,855	8,146,149	

	The Group 2004				
	Within 3 Months	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Total assets	1,403,548	876,861	1,422,747	5,473,082	9,176,238
Total liabilities	751,190	971,910	319,794	1,439,525	3,482,419
Net Liquidity (Stockholders' Equity)	652,358	(95,049)	1,102,953	4,033,557	5,693,819
Cumulative Liquidity (Stockholders' Equity)	652,358	557,309	1,660,262	5,693,819	

Notes to the Financial Statements (Continued)

31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

39. Financial Risk Management (Continued)

Financial risk factors (continued)

(iii) Liquidity risk (continued)

	The Company 2005				
	Within 3 Months	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Assets					
Cash and bank balances	277,262	-	-	-	277,262
Investments	5,948	34,324	35,299	216,373	291,944
Investment in subsidiaries	-	-	-	67,671	67,671
Investments in associated companies	-	-	-	22,296	22,296
Other	-	228,589	9,917	8,367	246,873
Total assets	283,210	262,913	45,216	314,707	906,046
Liabilities					
Other	2,655	325,856	25,319	-	353,830
Total liabilities	2,655	325,856	25,319	-	353,830
Net Liquidity (Stockholders' Equity)	280,555	(62,943)	19,897	314,707	552,216
Cumulative Liquidity (Stockholders' Equity)	280,555	217,612	237,509	552,216	

	The Company 2004				
	Within 3 Months	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Total assets	73,930	261,785	66,779	297,344	699,838
Total liabilities	50,871	95,739	1,902	-	148,512
Net Liquidity (Stockholders' Equity)	23,059	166,046	64,877	297,344	551,326
Cumulative Liquidity (Stockholders' Equity)	23,059	189,105	253,982	551,326	

(iv) Cash flow and fair value interest rate risk

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

The group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise.

Notes to the Financial Statements (Continued)

31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

39. Financial Risk Management (Continued)

Financial risk factors (continued)

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

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

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

	The Group				
	2005				
	Up to One Year	One to Five Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000
Assets					
Cash and bank balances	459,305	-	-	-	459,304
Investments	727,302	312,903	643,250	441,555	2,125,010
Investment properties	-	-	-	2,049,964	2,049,964
Investments in associated companies	-	-	-	4,163,067	4,163,067
Property, plant and equipment	-	-	-	89,810	89,810
Other	-	-	-	350,517	350,517
Total assets	1,186,607	312,903	643,250	7,094,913	9,237,673
Liabilities					
Bank overdraft	7,215	-	-	-	7,215
Other	512,700	78,292	-	493,317	1,084,309
Total liabilities	519,915	78,292	-	493,317	1,091,524
On balance sheet interest sensitivity	666,692	234,611	643,250	6,601,596	8,146,149
Cumulative interest sensitivity	666,692	901,303	1,544,553	8,146,149	

	2004				
	Up to One Year	One to Five Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000
Total assets	1,843,790	1,097,860	747,178	5,487,410	9,176,238
Total liabilities	1,672,745	196,975	285,300	1,327,399	3,482,419
On balance sheet interest sensitivity	171,045	900,885	461,878	4,160,011	5,693,819
Cumulative interest sensitivity	171,045	1,071,930	1,533,808	5,693,819	

Notes to the Financial Statements (Continued)

31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

39. Financial Risk Management (Continued)

Financial risk factors (continued)

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

	The Company				
	2005				
	Up to One Year	One to Five Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000
Assets					
Cash and bank balances	277,262	-	-	-	277,262
Investments	40,272	35,299	205,115	11,258	291,944
Investment in subsidiaries	-	-	-	22,296	22,296
Investments in associated companies	-	-	-	67,671	67,671
Other	-	-	-	246,873	246,873
Total assets	317,534	35,299	205,115	348,098	906,046
Liabilities					
Other	286,338	8,175	-	59,317	353,830
Total liabilities	286,338	8,175	-	59,317	353,830
On balance sheet interest sensitivity	31,196	27,124	205115	288,781	552,216
Cumulative interest sensitivity	31,196	58,320	263,435	552,216	

	The Company				
	2004				
	Up to One Year	One to Five Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000
Total assets	76,195	66,286	187,273	370,084	699,838
Total liabilities	50,871	1,902	-	95,739	148,512
On balance sheet interest sensitivity	25,324	64,384	187,273	274,345	551,326
Cumulative interest sensitivity	25,324	89,708	276,981	551,326	

Notes to the Financial Statements (Continued)

31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

39. Financial Risk Management (Continued)

Financial risk factors (continued)

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

	The Group		The Company		
	J$	US$	J$	US$	CAN$
	%	%	%	%	%
Cash resources	12.9	6.2	-	-	-
Investments	12.0	11.8	-	11.7	-
Securities purchased under agreements to resell	12.6	5.6	-	12.7	4.4
Other loans and leases	19.0	10.8	-	-	-
Liabilities					
Bank overdraft	18.8	-	19.0	-	-
Loans	21.3	6.1	21.0	6.4	-

40. 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. However, market prices are not available for a number of the financial assets held by the group. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at balance sheet dates.

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

(a) Investment securities classified as available-for-sale are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques;

(b) The fair value of demand deposits and savings accounts with no specific maturity is assumed to be the amount payable on demand at the balance sheet date;

(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.

Notes to the Financial Statements (Continued)

31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

40. Fair Value of Financial Instruments (Continued)

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

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

	The Group			
	Carrying Value	Fair Value	Carrying Value	Fair Value
	2005	2005	2004	2004
	$'000	$'000	$'000	$'000
Financial Assets				
Investments in associates	4,163,067	9,506,503	2,417,075	7,178,519
Loan and lease receivables	82,747	82,873	201,917	192,300

	The Company			
	Carrying Value	Fair Value	Carrying Value	Fair Value
	2005	2005	2004	2004
	$'000	$'000	$'000	$'000
Investments in associates	22,296	296,351	22,296	439,475
Loan and lease receivables	36,172	37,780	34,139	30,474

	The Group			
	2005	2005	2005	2005
	$'000	$'000	$'000	$'000
Financial Liabilities				
Long term liabilities (including current portion)	547,753	558,584	563,178	560,328

	The Company			
	2005	2005	2004	2004
	$'000	$'000	$'000	$'000
Long term liabilities (including current portion)	283,651	283,651	45,334	44,759

41. Litigation and Contingent Liabilities

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

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

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

Notes to the Financial Statements (Continued)

31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

42. Effects of the Adoption of Revised and New IFRS

Reconciliation of Equity at 1 January 2004

	Group			Company		
	Previously reported	Effect of adoption of the revised and new IFRS	Restated	Previously reported	Effect of adoption of the revised and new IFRS	Restated
	$'000	$'000	$'000	$'000	$'000	$'000
ASSETS						
Cash and bank balances	241,981	-	241,981	122,693	-	122,693
Investments (a), (c), (d)	19,372,961	1,044,361	20,417,322	171,913	-	171,913
Investments in subsidiaries (b)	-	-	-	67,671	-	67,671
Investment in associates (b)	185,272	-	185,272	23,031	(736)	22,295
Investment property	1,570,665	-	1,570,665	-	-	-
Due from related parties	-	-	-	243,509	-	243,509
Other assets (d)	2,127,792	(1,509,139)	618,653	24,699	-	24,699
Property, plant and equipment	250,632	-	250,632	526	-	526
Intangible assets	204,370	-	204,370	-	-	-
Deferred tax assets	55,545	-	55,545	-	-	-
Retirement benefit asset	119,645	-	119,645	60,305	-	60,305
Segregated Funds' assets	53,662	-	53,662	-	-	-
	24,182,525	(464,778)	23,717,747	714,347	(736)	713,611
LIABILITIES AND STOCKHOLDERS' EQUITY						
Stockholders' Funds						
Share capital	17,216	-	17,216	17,216	-	17,216
Share premium	165,388	-	165,388	165,388	-	165,388
Capital redemption reserve	2,200	-	2,200	-	-	-
Insurance and banking reserve	183,827	-	183,827	-	-	-
Loan loss reserve	71.509	-	71.509	-	-	-
Investment and other reserve	446,682	(301,956)	144,726	146,203	-	146,203
Retained earnings	2,103,036	-	2,103,036	223,395	(736)	222,659
Treasury stock (c)	-	(6,493)	(6,493)	-	-	-
Minority interest (a), (b), (c)	1,253,292	(156,329)	1,096,963	-	-	-
	4,243,150	(464,778)	3,778,372	552,202	(736)	551,466
Liabilities						
Policyholders' funds	1,878,409	-	1,878,409	-	-	-
Securities purchased under agreement to resell	13,718,164	-	13,718,164	-	-	-
Taxation payable	29,668	-	29,668	267	-	267
Deferred tax liabilities	80,842	-	80,842	25,183	-	25,183
Other liabilities	3,759,433	-	3,759,433	46,075	-	46,075
Long term loans	350,222		350,222	74,296	-	74,296
Retirement benefit liability	68,975	-	68,975	16,324	-	16,324
Segregated funds' liabilities	53,662	-	53,662	-	-	-
	24,182,525	(464,778)	23,717,747	714,347	(736)	713,611

Notes to the Financial Statements (Continued)
31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

42. Effects of the Adoption of Revised and New IFRS (Continued)

Reconciliation of Equity at 31 December 2004

	Group			Company		
	Previously reported	Effect of adoption of the revised and new IFRS	Restated	Previously reported	Effect of adoption of the revised and new IFRS	Restated
	$'000	$'000	$'000	$'000	$'000	$'000
ASSETS						
Cash and bank balances	376,353	-	376,353	73,930	-	73,930
Investments (a), (c), (d)	3,542,727	102,079	3,644,806	272,840	-	272,840
Investments in subsidiaries (b)	-	-	-	67,671	-	67,671
Investment in associates (b)	2,286,059	131,016	2,417,075	65,283	(42,987)	22,296
Investment properties	1,825,455	-	1,825,455	-	-	-
Due from related parties	-	-	-	241,073	-	241,073
Taxation recoverable	114,585	-	114,585	8,248	-	8,248
Other assets (d)	450,108	(87,871)	362,237	5,485	-	5,485
Property, plant and equipment	95,827	-	95,827	493	-	493
Intangible assets	178,014	-	178,014	-	-	-
Deferred tax assets	35,450	-	35,450	3,882	-	3,882
Retirement benefit asset	38,136	-	38,136	3,920	-	3,920
Segregated Funds' assets	88,300	-	88,300	-	-	-
	9,031,014	145,224	9,176,238	742,825	(42,987)	699,838
LIABILITIES AND STOCKHOLDERS' EQUITY						
Stockholders' Funds						
Share capital	17,353	-	17,353	17,353	-	17,353
Share premium	168,001	-	168,001	168,001	-	168,001
Capital redemption reserve	2,176	-	2,176	-	-	-
Insurance and banking reserve	51,577	-	51,577	-	-	-
Investment and other reserve (a), (b), (c)	766,765	119,659	886,424	175,119	-	175,119
Retained earnings	3,182,081	-	3,182,081	233,840	(42,987)	190,853
Treasury stock (c)	-	(18,486)	(18,486)	-	-	-
Minority interest (a), (b), (c)	1,360,642	44,051	1,404,693	-	-	-
	5,548,595	145,224	5,693,819	594,313	(42,987)	551,326
Liabilities						
Policyholders' funds	2,207,475	-	2,207,475	-	-	-
Bank overdraft	14,363	-	14,363	7,586	-	7,586
Taxation payable	110,281	-	110,281	267	-	267
Due to related parties	19,036	-	19,036	756	-	756
Deferred tax liabilities	70,637	-	70,637	-	-	-
Other liabilities	844.673	-	844.673	121.062	-	121.062
Long term loans	141,653	-	141,653	1,902	-	1,902
Retirement benefit liability	74,301	-	74,301	16,939	-	16,939
	9,031,014	145,224	9,176,238	742,825	(42,987)	699,838

Notes to the Financial Statements (Continued)

31 December 2005

(expressed in Jamaican dollars unless otherwise indicated)

42. Effects of the Adoption of Revised and New IFRS (Continued)

Reconciliation of profit for the year ended 31 December 2004

		The Group			The Company		
		Previously reported	Effect of adoption of the revised and new IFRS	Restated	Previously reported	Effect of adoption of the revised and new IFRS	Restated
	Note	$'000	$'000	$'000	$'000	$'000	$'000
Income		3,494,220	-	3,494,220	203,113	-	203,113
Policyholders' benefits and expenses		(1,946,363)	-	(1,946,363)	(119,096)	-	(119,096)
Operating Profit		1,547,857	-	1,547,857	84,017	-	84,017
Interest expense		(467,299)		(467,299)	(15,653)		(15,653)
Gain on dilution of shareholding in subsidiary		351,913	-	351,913	-	-	-
Share of results of associates (b)		339,688	-	339,688	42,251	(42,251)	-
Profit before Taxation		1,772,159	-	1,772,159	110,615	(42,251)	68,364
Taxation		(131,552)	-	(131,552)	29,065	-	29,065
Profit after taxation		1,640,607	-	1,640,607	139,680	(42,251)	97,429
Attributable to:							
Equity holders of the company		1,196,955	-	1,196,955	139,680	(42,251)	97,429
Minority interest		443,652	-	443,652	-	-	-
		1,640,607	-	1,640,607	139,680	(42,251)	97,429

Group and Company

Standards, interpretations and amendments to published standards effective in 2005

(a) In accordance with IAS 39 revised, certain financial assets previously categorised as originated loans in the two preceding years are now categorised as available-for-sale. Consequently these assets are now carried at fair value and the fair value adjustment has been recognised in investment and other reserves.

(b) Investments in subsidiaries and associates that were previously accounted for using the equity method in the company's financial statements is stated at cost. As a result, the profit and share of reserves recognized in the company's financial statements have been reversed.

(c) The Employee Investment Trust is now consolidated as required by the IFRIC Amendment to SIC 12.

Reclassifications

(d) Interest receivable and payable previously included in receivables and payables are now included as part of the financial instruments to which they relate.

Interest of Directors and Major Shareholders

DIRECTORS' STOCKHOLDINGS

as at December 31, 2005

	Personal Stockholdings	Stockholding in which Director/Officer has an interest
Richard O. Byles	968,866	Nil
Roy Collister	186,356	Nil
W. G. Bryan Ewen	100,000	Nil
C. A. Lloyd Facey	1,620)	
Maurice W. Facey	97,420)	81,977,454*
Stephen B. Facey	3,321,750)	
Donovan H. Perkins	187,969	1,000

STOCKHOLDINGS OF SENIOR MANAGEMENT

Stephen B. Facey	3,321,750	20,000
Paul Facey	2,957,143	Nil

SUBSTANTIAL INTEREST

1.	Boswell Trusts Limited	20,408,760*
2.	Orange Hall Estates Limited	17,163,959*
3.	Guardian Holdings Limited	10,286,289
4.	Syndicated Developers Limited	10,094,525*
5.	Guardian Life Insurance Limited	8,664,133
6.	Manor House Hotel Limited	7,791,855*
7.	Scotia Jamaica Investment Management A/C 542	7,585,266
8.	Life of Jamaica Pooled Equity Fund #1	7,058,298
9.	National Insurance Fund	6,773,858
10.	Second Jamaican Investment Trust Ltd.	6,294,240*

* Connected parties

FORM OF PROXY

I/We ____

of ____

being a Member(s) of **PAN-JAMAICAN INVESTMENT TRUST LIMITED** hereby appoint

____

of ____

or failing him ____

of ____

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the said Company to be held on Tuesday, July 25, 2006 at 3:30 p.m. at The Terra Nova All-Suite Hotel, 17 Waterloo Road, Kingston 10, or any adjournment thereof.

Signed this ________________ day of ____________________ 2006.

Signature ____________________________

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

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

PLACE
$100
STAMP
HERE

N.B. The instrument appointing proxy must be produced at the meeting or adjourned meeting at which it is to be used, and in default shall not be treated as valid. Proxy must be lodged at the Company's Registered Office not later than forty-eight hours before the meeting.