

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

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

For the six months period January to June 2006, the LOJ Group generated net profits attributable to shareholders of \$1,175 million. For the same period in 2005 the Group's restated results were \$1,519 million. With the exclusion of the "one-time" gain of \$430 million from the sale of shares to the ultimate parent (note 7), the 2005 profit attributable to shareholders would have been \$1,089 million. The January to June 2006 performance is therefore an 8% improvement on the normal results for the previous year and represents an annualized return of 19% on average shareholders equity. Earnings per share for the current period were \$0.32 as compared to \$0.48 (\$0.35 before the unusual gain). The lower earnings per share from normal operations is a consequence of the weighted average number of shares in issue during the current period being about 19% more than those outstanding during the corresponding period of 2005. Shareholders will recall we acquired the First Jamaica Investments Limited's (formerly First Life) financial services business for the issue of 1,156,020,795 LOJ shares in the second quarter of 2005.

The book value of Shareholders' Equity as at June 30, 2006 was \$12,653 million, compared to \$11,635 million as at December 31, 2005. Total assets of the Group stood at \$73,606 million compared to \$70,886 million at December 31, 2005.

Revenues for the 2006 period were \$7,163 million, up 29% on the 2005 amount of \$5,538 million, before the unusual gain. Much of this large increase is because 2005 reflects only three months of the acquired First Life insurance business and no revenue from our subsidiary Cayman General Insurance Company Limited (CGI) which was acquired in December 2005. In contrast, the 2006 numbers include six months of operations of both First Life and CGI. When the revenues are placed on a comparable basis, the increase in 2006 revenue over 2005 is 8%. Despite a very competitive market, earned premiums from employee benefits services grew by 10% (on a comparable basis) and by 20% for the individual life division. However, investment income grew by a modest 4%, the result of lower interest rates, a retreating stock market and deployment of cash in the Winchester real estate project.

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

Construction continued satisfactorily on our real estate development projects, Winchester Estate and Winchester Business Centre where we are constructing for sale, 60 apartments and 120,000 square feet of light commercial and office space. We have sold 95% of the residential units and expect practical completion and delivery in the third quarter. No profit from this project has been booked in these accounts.

In a banking environment of increasingly tight interest margins, the profit contribution of \$288 million by Pan Caribbean Financial Services Ltd (PCFS) remains strong, though down 5% on their performance in 2005. Core operations of the company are steady and with a number of initiatives being readied for launch we are optimistic the company will meet our expectations in the last two quarters.

LOJ is committed to participation in initiatives and developments that enhance the long-term quality of life in our communities. These include developments in the areas of health, education and sports, with special focus on the youth.

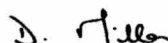
As a strong supporter of Sports we sponsored the Jamaica Cancer Society's Relay for Life event and the Jamaica Independent School's Association Relay. We were pleased to have brought to the entire Country, the FIFA World Cup. The Company also participated in various health fairs, Wellfest 2006 and contributed to the Jamaica Association for Mental Retardation.


An investment in Education pays the best interest. In this regard, we provided the Children's Own newspaper to thousands of students in over fifty schools across the island and provided assistance to several Primary and High Schools.

In a development subsequent to the second quarter, LOJ's ultimate parent company, Sagicor Financial Corporation (SFC), made a number of changes to its representation on LOJ's Board. Mr. Arthur Bethell ended his tenure as Chairman of LOJ and was replaced by Mr. Dodridge Miller, President & CEO and Director of SFC. Mr. Bethell remains a Director of LOJ and Chairman of SFC. In addition, Dr. Pat Downes-Grant, President & CEO, Sagicor Life Inc., having served since 2001, was replaced as a Director of LOJ by Professor Hilary Beckles. Professor Beckles is also a Director of SFC.

Notwithstanding the benefit of the one-off realized capital gain in 2005, management is of the opinion that the full year 2006 performance will be better than that for 2005.

On behalf of the Board


Dodridge D. Miller
Chairman
August 10, 2006



Richard O. Byles
President & CEO

Consolidated Balance Sheet
as at June 30, 2006

(Expressed in thousands of Jamaican dollars)

	June-06 Un-audited	Restated June-05 Un-audited	Restated December-05
Assets:			
Financial Assets at fair value through income	1,262,769	285	717,697
Available-for-sale securities	43,532,901	41,090,681	41,325,217
Loans and leases	7,474,792	7,063,597	7,469,812
Securities purchased under resale agreements	2,744,594	2,627,760	2,000,132
Short term deposits	288,439	140,839	777,316
Investment properties	597,409	406,270	556,382
Investment in associated companies	2,725	15,491	2,725
	<u>55,903,629</u>	<u>51,344,923</u>	<u>52,849,281</u>
Cash resources	1,261,240	1,419,706	1,482,419
Property, plant and equipment	629,502	677,733	694,074
Intangible assets	5,537,539	4,805,983	5,670,532
Reinsurance assets	1,026,357	62,070	1,172,698
Other assets	4,132,594	3,696,105	3,568,326
Segregated funds' assets	5,114,724	5,454,971	5,448,888
	<u>17,701,956</u>	<u>16,116,568</u>	<u>18,036,937</u>
Total Assets	<u>73,605,585</u>	<u>67,461,491</u>	<u>70,886,218</u>
Liabilities:			
Insurance and annuity liabilities	5,136,122	5,266,587	4,882,483
Deposit administration funds	2,059,963	2,290,930	2,351,237
Investment Contracts	2,368,500	1,571,524	2,307,700
	<u>9,564,585</u>	<u>9,129,041</u>	<u>9,541,420</u>
Loans Payable	2,268,320	0	1,678,765
Customer Deposits	3,869,062	5,201,076	4,203,475
Securities sold under re-purchase agreements	30,174,909	27,868,213	29,228,380
Other liabilities	5,739,060	4,439,656	5,070,914
Segregated funds' liabilities	5,114,724	5,454,971	5,448,888
	<u>47,166,075</u>	<u>42,963,916</u>	<u>45,630,422</u>
Total liabilities	<u>56,730,660</u>	<u>52,092,957</u>	<u>55,171,842</u>
Equity:			
Capital and reserves attributable to the Company'			
Shareholders			
Share Capital	7,654,212	7,545,505	7,547,679
Investment and other reserves	576,954	649,067	428,465
Retained earnings	4,422,314	3,241,802	3,659,232
	<u>12,653,480</u>	<u>11,436,374</u>	<u>11,635,376</u>
Minority interest in subsidiaries	<u>4,221,445</u>	<u>3,932,160</u>	<u>4,079,000</u>
	<u>16,874,925</u>	<u>15,368,534</u>	<u>15,714,376</u>
Total Liabilities and Equity	<u>73,605,585</u>	<u>67,461,491</u>	<u>70,886,218</u>

On behalf of the Board



Dodridge D. Miller
Chairman
August 10, 2006



Richard Byles
President & CEO

Consolidated Statement of Operations
for the period January to June 2006

(Expressed in thousands of Jamaican dollars)

	June-06 Current Quarter Un-audited	June-06 Year-to-date Un-audited	Restated June-05 Current Quarter	Restated June-05 Year-to-date Un-audited	Restated December-05 Full year
Revenues:					
Gross premium revenue	2,955,109	5,655,266	2,046,458	3,565,064	8,031,557
Reinsurance premium ceded	(557,946)	(890,489)	(101,974)	(208,959)	(556,041)
Net premium revenue	2,397,163	4,764,777	1,944,484	3,356,105	7,475,516
Net investment income	810,575	1,537,663	854,649	1,481,438	3,075,717
Gain on sale of shares to ultimate parent company	0	0	429,940	429,940	429,940
Fees and other revenues	466,546	860,941	391,517	700,242	1,142,262
Total revenue	3,674,284	7,163,381	3,620,590	5,967,725	12,123,435
Benefits and expenses:					
Insurance benefits incurred	1,280,326	2,544,790	943,602	1,626,199	3,794,030
Insurance benefits reinsured	(37,282)	(49,707)	(25,740)	(35,595)	(81,664)
Net Insurance benefits incurred	1,243,044	2,495,083	917,862	1,590,604	3,712,366
Changes in insurance and annuity liabilities	63,455	229,642	90,320	193,882	382,135
Administration expenses	847,265	1,631,886	717,249	1,330,724	2,730,819
Commissions and related compensation	411,268	801,711	327,212	584,414	1,288,361
Depreciation and amortization	116,361	232,731	99,712	178,241	398,351
Finance cost	5,664	9,264	1,884	26,920	31,941
Total benefits and expenses	2,687,057	5,400,317	2,154,239	3,904,785	8,543,973
Profit before taxation	987,227	1,763,064	1,466,351	2,062,940	3,579,462
Taxation	(204,064)	(349,669)	(163,242)	(308,286)	(708,686)
Profit after taxation	783,163	1,413,395	1,303,109	1,754,654	2,870,776
Net profit attributable to:					
Shareholders of the company	664,108	1,174,777	1,173,463	1,519,292	2,449,227
Minority interest	119,055	238,618	129,646	235,362	421,549
Net profit for period	783,163	1,413,395	1,303,109	1,754,654	2,870,776
Earnings per share for profit attributable to shareholders:					
- Basic	\$0.18	\$0.32	\$0.32	\$0.48	\$0.71
- Fully diluted	\$0.17	\$0.30	\$0.30	\$0.46	\$0.70

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

	Share capital	Investment & fair value reserves	Currency translation reserve	Other reserves	Retained Earnings	Minority interest	Total
Year ended December 31, 2005:							
Balance as at January 1, 2005, as restated	3,006,856	742,006	317,078	106,888	1,978,599	0	6,151,427
Currency translation differences	0	0	72,761	0	0	0	72,761
Reversal of unrealized fair value gains on Acquired subsidiary		(861,222)					(861,222)
Unrealised gains on available-for-sale securities	0	365,986	0	0	0	(174,072)	191,914
Gains recycled to revenue on disposal and Maturity of available-for-sale securities	0	(372,148)	0	0	0	0	(372,148)
Unrealised gains on revaluation of owner-occupied properties	0	27,809	0	0	0	0	27,809
Net profit	0	0	0	0	2,449,227	421,549	2,870,776
Transfer to special investment reserve				5,483	(5,483)		0
Transfer to retained earnings		44,165			(44,165)		0
Adjustment between regulatory loan provisioning and IFRS				(20,341)	20,341		0
Minority interest net assets of acquired Subsidiaries						4,157,703	4,157,703
Net movement in reserves for minority Interest						(218,291)	(218,291)
Issue of shares	4,540,823						4,540,823
Dividend paid to minorities						(107,889)	(107,889)
Dividends	0	0	0	0	(739,287)	0	(739,287)
Balance as at December 31, 2005	7,547,679	(53,404)	389,839	92,030	3,659,232	4,079,000	15,714,376
Period ended June 30, 2006:							
Balance as at January 1, 2006, as restated	7,547,679	(53,404)	389,839	92,030	3,659,232	4,079,000	15,714,376
Currency translation differences	0	0	43,158	0	0	0	43,158
Unrealised gains on available-for-sale securities	0	298,952	0	0	0	(15,367)	283,585
Gains recycled to revenue on disposal and Maturity of available-for-sale securities	0	(206,922)	0	0	0	0	(206,922)
Unrealised gains on revaluation of owner-occupied properties	0	11,933	0	0	0	0	11,933
Net profit	0	0	0	0	1,174,777	238,618	1,413,395
Transfer to special investment reserve				0	0		0
Adjustment between regulatory loan provisioning and IFRS				1,368	(1,368)	1,204	1,204
Net movement in reserves for minority Interest						(36,683)	(36,683)
Issue of shares	106,533						106,533
Dividend paid to minorities						(45,327)	(45,327)
Dividends	0	0	0	0	(410,327)	0	(410,327)
Balance as at June 30, 2006	7,654,212	50,559	432,997	93,398	4,422,314	4,221,445	16,874,925

Consolidated Statement of Cash Flows
for the period January to June 2006
(Expressed in thousands of Jamaican dollars)

	June-06 Year-to-date Un-audited	Restated June-05 Year-to-date Un-audited	Restated December-05 Full year
Cash Flows from operating activities:			
Net profit	1,413,395	1,754,654	2,870,776
Items not affecting cash	1,654,983	308,792	(1,866,945)
Changes in operating assets and liabilities	(1,330,257)	455,782	(485,520)
Interest received	718,064	496,749	4,822,317
Interest paid	(258,273)	(247,416)	(3,551,793)
Income taxes paid	(169,046)	(226,065)	(736,742)
Cash generated from operating activities	2,028,866	2,542,496	1,052,093
Cash Flows from investing activities:			
Property, plant and equipment	(54,643)	(63,288)	(114,642)
Purchase of computer software	(25,749)	(33,191)	(111,341)
Net (purchase of) / proceeds from sale of investments	(4,824,648)	(1,939,197)	5,423,640
Acquisitions, net of cash acquired	0	(2,224,884)	(3,110,009)
Cash (used in) / provided by investing activities	(4,905,040)	(4,260,560)	2,087,648
Cash Flows from financing activities:			
Dividends paid to stockholders	(414,588)	(256,089)	(724,221)
Dividend paid to minority interest	0	0	(107,889)
Ordinary shares issued	106,533	147,944	147,944
Proceeds from loans	663,914	2,811,209	2,966,837
Cash provided by financing activities	355,859	2,703,064	2,282,671
Net (decrease)/ increase in net cash and cash equivalents	(2,520,315)	985,000	5,422,412
Cash and cash equivalents:			
Cash and cash equivalents, at beginning of period	5,985,833	277,776	277,776
Effects of exchange rate changes	86,316	9,292	285,645
(Decrease) / increase in net cash and cash equivalents	(2,520,315)	985,000	5,422,412
Net cash and cash equivalents, at end of period	3,551,834	1,272,068	5,985,833

Consolidated Segmental Financial Information

for the period January to June 2006

(Expressed in thousands of Jamaican dollars)

The Group is managed on a matrix basis, reflecting both line of business and geography. Accordingly, segment information is presented in two formats. The Group is organized into five primary business segments, these are:

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

	Individual Life Services	Employee Benefits Services	Other Services	General Ins. Services	Banking Services	Eliminations	June-06 Group
Total Revenue	2,455,193	3,224,907	204,129	210,395	1,125,288	(56,531)	7,163,381
Amortization of purchased intangibles	0	(42,323)	0	(7,077)	(111,519)	0	(160,919)
Benefits and expenses	(1,785,966)	(2,677,025)	(227,403)	(178,550)	(401,822)	40,632	(5,230,134)
Finance costs	0	0	(25,163)	0	0	15,899	(9,264)
Profit / (loss) before tax	669,227	505,559	(48,437)	24,768	611,947	0	1,763,064
Taxation	(106,660)	(61,610)	0	0	(181,399)	0	(349,669)
Profit / (loss) after taxation	562,567	443,949	(48,437)	24,768	430,548	0	1,413,395
Segment Assets -							
Intangible assets	1,276,955	1,494,618	35	413,169	2,352,762	0	5,537,539
Other assets	19,309,060	8,200,961	83,548	2,381,853	42,061,384	(4,009,919)	68,026,887
	20,586,015	9,695,579	83,583	2,795,022	44,414,146	(4,009,919)	73,564,426
Unallocated Assets -							
Investment in associates							2,725
Deferred tax assets							21,729
Retirement benefit asset							16,705
Total Assets							73,605,585
Segment Liabilities	13,058,458	6,399,652	105,545	1,535,396	35,339,429	(212,786)	56,225,694
Unallocated Liabilities -							
Deferred tax liabilities							217,271
Retirement benefit liabilities							287,695
Total Liabilities							56,730,660

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

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

	Jamaica	Grand Cayman	June-06 Group
Total Revenue	6,197,426	965,955	<u>7,163,381</u>
Total Assets	66,682,469	6,923,116	<u>73,605,585</u>

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

1. Significant Accounting Policies

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) which includes International Accounting Standards (IAS) and have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investment securities, investment property, certain property plant and equipment and financial assets held at fair value through income.

The computation of insurance and annuity reserves conforms to standards established under the Insurance Regulation 2001, as no specific guidance is provided by IFRS in this area.

(b) Basis of consolidation

Subsidiaries are consolidated on a line-by-line basis from the date on which control is transferred to the Group and are no longer consolidated from the date on which control ceases. The Group uses the purchase method of accounting for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Inter-company transactions, balances and unrealized gains and losses on transactions between group companies are eliminated.

Investments in associates are accounted for by the equity method of accounting and are initially recognized at cost. Under this method the company's share of the post-acquisition profits or losses of associates is recognized in the statement of operations and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the company's interest in the associate; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(c) Segment reporting

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

(d) Investments

Investments are classified as financial assets at fair value through income, available-for-sale financial assets or loans and leases, as determined by management at the time of purchase.

Financial assets at fair value through income consist of held-for-trading securities. A financial asset is classified into this category at inception if acquired principally for the purpose of selling in the short-term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking or if so designated by management.

Available-for-sale securities are initially recognized at cost and are subsequently re-measured at their fair value based on quoted bid prices. If the market for a financial asset is not active the Group establishes fair values by using valuation techniques. Unrealized gains and losses arising from changes in fair value of securities classified as available-for-sale are deferred to Investments and Fair Value Reserves. When the securities are disposed of or impaired, the related accumulated unrealized gains or losses included in reserves are transferred to Investment Income.

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

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

(e) Investment Properties

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

(f) Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase (repurchase agreements) and securities purchased under agreements to resell (reverse repurchase agreements) are treated as collateralised financing and are recorded at the amount at which the securities were acquired or sold plus accrued interest.

(g) Cash and Cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the Statement of Cash Flows, Cash and Cash equivalents comprise cash in hand, Deposits held with banks and Repurchase Agreements with a maturity date of three months or less from the date of acquisition and bank overdraft balances.

2. Segregated Funds

The Group manages various unitized funds on behalf of life insurance policyholders. The policyholders share all rewards and risks of the performance of the funds. Consequently, the assets and liabilities of these funds are recorded on the consolidated Balance Sheet separately from the general funds of the Group. All income and expenditure are recorded directly to the Balance Sheet as an adjustment to "Segregated Funds' Liabilities". Income earned by the Group from investment fees is included in "Fees and Other Revenues" in the consolidated Statement of Operations.

3. Pension Funds Under Management

These funds are held in trust through the subsidiary company, LOJ Pooled Investment Funds Limited (LOJ PIF Limited), the Diversified Investment Funds (DIF), First Life Pooled Funds and other managed funds. All investment returns accrue directly to the funds with the Group assuming no risks. The assets, liabilities and operations of these funds are not included in these consolidated Financial Statements. At June 30, 2006 the total pension funds under management were \$30.4 billion (December 2005: \$36.0 billion). Administration and investment fees earned by the Group are included in "Fees and Other Revenues" in the consolidated Statement of Operations.

4. Earnings Per Stock Unit

Basic earnings per stock unit are calculated by dividing the net profit attributable to shareholders by the weighted-average number of ordinary shares in issue during the period.

The diluted earnings per stock unit is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The adjustments related to un-issued shares for the Staff Share Ownership Plan and un-issued shares for the Executive Stock Option Plan.

5. Intangible Assets

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

Goodwill

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

Other Intangible Assets

Other intangible assets include contractual customer relationships, trade names and computer software acquired through acquisitions.

The fair values and estimates of useful life of these identifiable intangible assets are determined by independent appraisers at the point of acquisition. These assets are initially recorded at cost. If the estimated useful life is definite, then the cost of the asset is amortised over its life, and is tested for impairment when there is evidence of same. If the estimated useful life is indefinite, the asset is not amortized but is tested annually for impairment.

6. Business combinations

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

7. Gain on sale of shares to ultimate parent company

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

8. Restatements

The adjustments to the value of certain intangibles (note 6) were applied retroactively from the date of the acquisitions. The gain on the sale of shares to the ultimate parent company (note 7), previously recognized in the fourth quarter of 2005, has been reflected in the second quarter of 2005 when the shares were actually transferred. Reclassifications have also been made to the prior year numbers to conform to current year reporting. The effect of these changes on the prior year financial statements is summarised as follows:

	<i>Previously Stated</i>	<i>Adjustments to Intangibles</i>	<i>Gain on sale of shares</i>	<i>Reclassifications</i>	<i>Restated</i>
June 2005:					
Balance Sheet -					
Total Assets	65,906,134	(129,143)	429,940	1,254,560	67,461,491
Retained earnings	2,883,926	(72,064)	429,940	0	3,241,802
Shareholders' equity	11,078,498	(72,064)	429,940	0	11,436,374
Minority interest	2,734,679	(57,079)	0	1,254,560	3,932,160
Statement of Operations -					
Total revenue	5,537,785	0	429,940	0	5,967,725
Depreciation and amortization	49,099	129,142	0	0	178,241
Net profit attributable to:					
Shareholders	1,161,416	(72,064)	429,940	0	1,519,292
Minority Interest	292,440	(57,078)	0	0	235,362

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