

PAN-JAMAICAN INVESTMENT TRUST LIMITED



Financial Statements

Six months ended 30 June 2015

Pan-Jamaican Investment Trust Limited

Interim Report to Stockholders

For the 6 months ended June 30, 2015

On behalf of the Board of Directors, we are pleased to present the unaudited consolidated financial statements of Pan-Jamaican Investment Trust Limited (“Pan Jam”) for the period ended June 30, 2015.

Overview

Net profit attributable to owners for the six months ended June 30, 2015 is 28% greater than last year, reflecting generally strong performances by our associated companies, led by Sagicor Group Jamaica Limited (Sagicor). Our property operations showed some decline, resulting from lower occupancy levels, while our investment activities, though significantly stronger in the second quarter than either the prior quarter or the comparable quarter in 2014, continue to lag the prior year for the six month period.

Highlights

- Net profit attributable to owners of \$853 million (2014: \$688 million) for the quarter and \$1,395 million (2014: \$1,087 million) for the six months
- Return (annualised) on opening equity of 13% (2014: 12%)
- Basic earnings per stock unit of \$4.07 (2014: \$3.28) for the quarter and \$6.65 (2014: \$5.18) for the six months
- Book value per stock unit of \$104.71 at June 30, 2015 (December 31, 2014: \$100.81)
- Ordinary dividends of \$1.40 per stock unit declared and paid through June 30, 2015 (2014: \$1.20)

Income Statement

Net profit attributable to owners for the quarter ended June 30, 2015 amounted to \$853 million, compared to \$688 million in the 2014 2nd quarter, an increase of 24%, equivalent to basic earnings per stock unit of \$4.07 compared to \$3.28 for the same period in 2014. Net profit attributable to owners for the six months ended June 30, 2015 amounted to \$1,395 million, compared to \$1,087 million for 2014, an increase of 28%, equivalent to basic earnings per stock unit of \$6.65 compared to \$5.18 for the same period in 2014.

Investment income of \$158 million in the second quarter of 2015 was 28% higher than last year’s comparable quarter income of \$123 million, principally as a result of a profitable conclusion to a real-estate related investment in Canada, which more than offset lower foreign exchange gains of \$33 million, versus \$42 million last year, dividends and interest of \$35 million, versus \$45 million last year and trading gains of \$26 million, versus \$32 million last year. Year to date investment income of \$193 million is 25% behind last year due principally to reduced foreign exchange gains of \$31 million, versus \$83 million last year, and trading gains of \$12 million versus \$37 million last year.

Other income increased due to the decision of a large tenant to buy its lease out prior to its normal termination, which was accounted for in the first quarter of this year. This also led to a reduction in occupancy levels and property income, which was down \$47 million, or 12%, compared to last year for the quarter and down \$81 million, or 11%, year to date.

Group operating profit for the 2nd quarter decreased by \$48 million, or 18%, compared to last year's 2nd quarter. For the year to date, group operating profit of \$452 million is \$92 million, or 17%, below last year's level. Total revenue was lower for the quarter compared to last year by \$16 million, or 3%, attributable to the reduced property income partially offset by higher investment income, and behind last year for the 6 months by \$64 million, or 6%. Operating expenses were up \$32 million for the quarter and \$29 million for the 6 months, driven by staff costs and expenses related to our 50th anniversary activities.

Finance costs declined compared to last year by \$25 million to \$106 million for the quarter, and by \$74 million to \$200 million for the 6 months, resulting from both reduced foreign exchange losses on our US\$-denominated IFC loan as a result of lower devaluation and reduced interest on a smaller average principal balance outstanding for the period compared to 2014. As disclosed in note #2 of the financial statements, Pan Jam issued \$3 billion in bonds subsequent to the period, using part of the proceeds to repay this IFC loan in full.

Our property segment, which is comprised mainly of Jamaica Property Company Limited, experienced overall occupancy levels of 85%, a decrease from the 97% level at the end of the comparable 2014 quarter. This is a result of the aforementioned lease buy-out. Segment operating profit was \$380 million versus \$376 million in the prior year (\$143 million versus \$195 million respectively for the quarter), boosted by the lease buy-out payment.

Our investment management segment posted operating profit of \$63 million for the quarter, compared to last year's 2nd quarter profit of \$59 million, driven by gains from our Canadian real estate investment. Year-to-date segment operating profit of \$40 million compares to last year's \$136 million, primarily reflecting lower foreign exchange and trading gains.

Associated Companies

The results of associated companies consist principally of our 31.6% investment in Sagicor. We also hold minority positions in New Castle Co. Limited ("New Castle") (owners of the Walkerswood and Busha Browne lines of sauces and seasonings), Mavis Bank Coffee Factory Limited ("Mavis Bank"), Hardware & Lumber Limited ("H&L"), Caribe Hospitality Limited (developers of the planned New Kingston Marriott Courtyard hotel) and Chukka Caribbean Adventures ("Chukka").

Our total share of results of associated and joint venture companies for the quarter of \$791 million was 32% above last year, while our six month period share increased by 35% to \$1,234 million.

Our share of results of Sagicor increased by \$175 million (or 31%) for the quarter and by \$289 million (or 33%) for the half year. Sagicor's year to date performance is 31% ahead of last year's level of profitability, and we remain encouraged by strong results from its expanded banking and

investments activities, favourable policy retention and benefits experience and careful expense management. Sagicor's first half dividend of 39 cents per share was 11% better than last year.

H&L reported a profit of \$15 million for the 2nd quarter, compared to \$29 million for the same period last year, bringing their year-to-date profit to \$49 million compared to \$69 million a year ago. Second quarter revenues were up slightly compared to last year, and gross margins improved, but higher operating expenses and reduced one-off gains led to the decreased profitability.

New Castle, Mavis Bank and Chukka Adventures all performed commendably for the period.

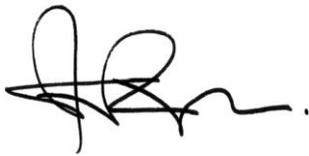
Balance Sheet

Total assets at June 30, 2015 amounted to \$27.4 billion, compared to \$26.4 billion at December 31, 2014. Stockholders' equity increased to \$22.0 billion (December 31 2014: \$21.1 billion), which equates to a book value per stock unit of \$104.71 as at June 30, 2015 (December 31, 2014: \$100.81).

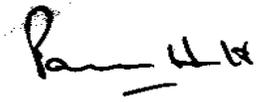
Outlook

There has been recent announcement of a successful PetroCaribe buyback, which it has been estimated will reduce the national debt to gross domestic product ratio by up to 10%. This provides further evidence of the improvements accruing to Jamaica as a direct result of the steady efforts of the government. It is critically important that we stay the course so that the considerable sacrifices made by a significant portion of the population in getting us to this point are not, in the end, wasted.

The high cost of security and procedural delays in administrative, decision-making and judicial processes that we face as investors suggest to us that there remain major improvements that can be made by the government with relatively small incremental expense. Even as meeting tough targets continues to have a dampening effect on the economy, we believe that there is growth to be unlocked by making these improvements.



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Stephen B. Facey
Director & Chief Executive Officer



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Paul R. Hanworth
Director & Chief Operating Office

PAN-JAMAICAN INVESTMENT TRUST LIMITED
and its subsidiaries
Unaudited Consolidated Income Statement
Six months ended 30 June 2015

		Restated		Restated
	3 Months to Jun-15 \$'000	3 Months to Jun-14 \$'000	YTD Jun-15 \$'000	YTD Jun-14 \$'000
Income				
Investments	157,876	123,405	192,805	258,531
Property	341,666	388,844	677,406	757,821
Commissions	13,405	14,640	27,119	28,963
Other	15,365	17,265	119,343	35,475
	528,312	544,154	1,016,673	1,080,790
Operating expenses	(305,166)	(272,799)	(564,737)	(536,423)
Operating profit	223,146	271,355	451,936	544,367
Finance costs	(105,758)	(130,872)	(200,076)	(274,127)
	117,388	140,483	251,860	270,240
Share of results of associated companies and joint venture	791,068	597,706	1,234,177	911,920
Profit before taxation	908,456	738,189	1,486,037	1,182,160
Taxation	(37,718)	(36,427)	(71,565)	(77,650)
Net profit	870,738	701,762	1,414,472	1,104,510
Net profit attributable to:				
Owners of the parent	852,877	687,904	1,394,986	1,087,370
Non-controlling interest	17,861	13,858	19,486	17,140
	870,738	701,762	1,414,472	1,104,510
Earnings per stock unit attributable to owners of the parent for the period	\$4.07	\$3.28	\$6.65	\$5.18

Pan-Jamaican Investment Trust Limited
and its subsidiaries
Unaudited Consolidated Statement of Comprehensive Income
Six months ended 30 June 2015

	3 Months to Jun-15 \$'000	Restated 3 Months to Jun-14 \$'000	YTD Jun-15 \$'000	Restated YTD Jun-14 \$'000
Net profit for the period	870,738	701,762	1,414,472	1,104,510
Other comprehensive income:				
<i>Items that may be subsequently reclassified to profit or loss</i>				
Unrealised gains on available-for-sale financial assets, net of tax	34,749	45,263	6,953	61,417
Gains recycled to profit and loss on disposal and maturity of investment assets	(63,465)	-	(81,089)	(44,963)
	(28,716)	45,263	(74,136)	16,454
Exchange differences on translating foreign operations	1,877	(17,681)	(2,214)	(17,518)
Share of other comprehensive income of associates	(55,518)	502,552	(205,499)	750,268
Other comprehensive income for the period, net of tax	(82,357)	530,134	(281,849)	749,204
Total comprehensive income for the period	788,381	1,231,896	1,132,623	1,853,714
Total comprehensive income attributable to				
Owners of the parent	770,518	1,218,038	1,113,145	1,836,577
Non-controlling interest	17,863	13,858	19,478	17,137
	788,381	1,231,896	1,132,623	1,853,714

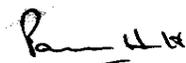
PAN-JAMAICAN INVESTMENT TRUST LIMITED
and its subsidiaries
Unaudited Consolidated Statement of Financial Position
as at 30 June 2015

	Unaudited June 2015 \$'000	Audited December 2014 \$'000	Restated Unaudited June 2014 \$'000
ASSETS			
Cash and Bank Balances	64,802	44,305	28,733
Investments			
Short term deposits	153,720	204,684	57,559
Securities			
Financial assets at fair value through profit and loss	529,044	451,812	563,306
Available-for-sale	1,453,948	1,422,868	1,672,027
Loans & receivables	271,683	253,223	246,578
Deposits	2,498	-	119,750
Securities purchased under agreements to resell	214,162	461,300	338,579
Investment properties	4,999,902	4,913,445	4,756,014
Investment in joint venture	209,486	36,875	82,588
Investment in associated companies	17,668,988	17,128,778	15,590,219
	25,503,431	24,872,985	23,426,620
Other assets			
Taxation recoverable	30,465	17,863	76,658
Deferred tax assets	17,224	23,296	17,497
Development in progress projects	714,668	711,710	709,044
Receivables and other assets	643,744	394,695	483,656
Property, plant and equipment	372,616	327,586	363,869
Retirement benefit assets	21,052	21,052	-
	1,799,769	1,496,202	1,650,724
	27,368,002	26,413,492	25,106,077
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity			
Capital and Reserves Attributable to the Company's Equity holders			
Share capital	2,141,985	2,141,985	2,141,985
Equity compensation reserve	25,731	23,052	14,704
Property revaluation reserve	3,200,850	3,118,605	3,010,496
Investment and other reserves	3,643,985	3,926,021	3,959,907
Retained earnings	13,125,645	12,106,496	10,464,048
Treasury stock	(171,700)	(181,666)	(174,933)
	21,966,496	21,134,493	19,416,207
Non-controlling interest	288,655	269,177	275,084
	22,255,151	21,403,670	19,691,291
Liabilities			
Bank overdraft	8,985	6,031	14,232
Taxation payable	50,552	48,756	86,006
Bank and other loans	4,270,935	4,424,547	4,476,295
Finance lease liability	15,283	11,812	15,106
Deferred tax liability	79,245	81,022	44,500
Retirement benefit liabilities	140,653	133,858	262,981
Payables and other liabilities	547,198	303,796	515,666
Total liabilities	5,112,851	5,009,822	5,414,786
	27,368,002	26,413,492	25,106,077



Stephen B. Facey

Director



Paul R. Hanworth

Director

Pan-Jamaican Investment Trust Limited
Unaudited Consolidated Statement of Changes in Equity
for the period ended 30 June 2015

30-Jun-14

	-----Owners Of The Parent-----							Total \$'000
	Share Capital \$'000	Equity Compensation reserve \$'000	Property Revaluation Reserves \$'000	Investment and other reserves \$'000	Retained Earnings \$'000	Treasury Shares \$'000	Non-controlling Interests \$'000	
Balance at 1 January 2014	2,141,985	11,359	2,922,892	3,210,700	9,717,955	(164,325)	257,947	18,098,513
Net profit	-	-	-	-	1,087,370	-	17,140	1,104,510
Other comprehensive income	-	-	-	749,207	-	-	(3)	749,204
Total comprehensive income for the period	-	-	-	749,207	1,087,370	-	17,137	1,853,714
Dividends paid	-	-	-	-	(251,466)	-	-	(251,466)
Employee share option scheme value of services provide	-	8,350	-	-	-	-	-	8,350
Employee share grants vested	-	(5,005)	-	-	(2,207)	7,212	-	-
Acquisition of treasury stocks	-	-	-	-	-	(17,820)	-	(17,820)
Property revaluation gains	-	-	87,604	-	(87,604)	-	-	-
Balance at end of period	2,141,985	14,704	3,010,496	3,959,907	10,464,048	(174,933)	275,084	19,691,291

30-Jun-15

	-----Owners Of The Parent-----							Total \$'000
	Share Capital \$'000	Equity Compensation Reserve \$'000	Property Revaluation Reserve \$'000	Investment and other reserves \$'000	Retained Earnings \$'000	Treasury Shares \$'000	Non-controlling Interests \$'000	
Balance at 1 January 2015	2,141,985	23,052	3,118,605	3,926,021	12,106,496	(181,666)	269,177	21,403,670
Net profit	-	-	-	-	1,394,986	-	19,486	1,414,472
Other comprehensive income	-	-	-	(281,841)	-	-	(8)	(281,849)
Total comprehensive income for the period	-	-	-	(281,841)	1,394,986	-	19,478	1,132,623
Dividends paid	-	-	-	-	(293,592)	-	-	(293,592)
Employee share option scheme value of services provide	-	12,450	-	-	-	-	-	12,450
Employee share grants vested	-	(9,771)	-	(195)	-	9,966	-	-
Property revaluation gains	-	-	82,245	-	(82,245)	-	-	-
Balance at end of period	2,141,985	25,731	3,200,850	3,643,985	13,125,645	(171,700)	288,655	22,255,151

PAN-JAMAICAN INVESTMENT TRUST LIMITED
and its subsidiaries
Unaudited Consolidated Statement of Cash Flows
Six months ended 30 June 2015

	6-Months to June 2015 \$'000	6-Months to June 2014 \$'000
Net profit	1,414,472	1,104,510
Items not affecting cash		
Share of results of associated and joint venture companies	(1,234,177)	(911,920)
Fair value gains on investment properties	(86,320)	(91,606)
Foreign currency (gains)/loss, net	(5,998)	7,673
Other	226,768	188,081
	<u>314,745</u>	<u>296,738</u>
Changes in operating assets and liabilities		
Other assets	(271,618)	(200,888)
Other liabilities	243,577	231,636
	<u>286,704</u>	<u>327,486</u>
Interest received	51,733	41,300
Income tax paid	(67,955)	(61,639)
Net cash provided by operations	<u>270,482</u>	<u>307,147</u>
Cash flows from investing activities		
(Acquisition)/disposal of investment securities, net	(160,917)	60,013
Additional investment in joint venture & associated company	(171,690)	(143,729)
Other investment activities	(60,741)	(71,310)
Acquisition of treasury stock	-	(17,820)
Dividends received from associated companies	487,683	439,055
Net cash provided by investing activities	<u>94,335</u>	<u>266,209</u>
Cash flows from financing activities		
Dividends paid to company stockholders	(293,592)	(251,466)
Loan received	358,555	45,370
Loan repaid	(536,050)	(196,727)
Interest paid	(176,194)	(177,071)
Other financing activities	3,334	579
Net cash used in financing activities	<u>(643,947)</u>	<u>(579,315)</u>
Net decrease in cash and cash equivalents	(279,130)	(5,959)
Cash & cash equivalents at beginning of the period	<u>702,829</u>	<u>416,598</u>
Cash & cash equivalents at end of the period	<u><u>423,699</u></u>	<u><u>410,639</u></u>
Comprising of:		
Cash at bank and in hand	64,802	28,733
Short term deposits	153,720	57,559
Securities purchased under agreement to resell	214,162	338,579
Overdraft	(8,985)	(14,232)
	<u>423,699</u>	<u>410,639</u>

PAN-JAMAICAN INVESTMENT TRUST LIMITED
and its subsidiaries
Unaudited Consolidated Financial Information by Business Segments

June 30, 2015

	Property Management & Rental \$'000	Investments \$'000	Other Services \$'000	Eliminations \$'000	Total \$'000
REVENUE					
External	810,779	166,205	39,689	-	1,016,673
Inter-segment	2,919	128,559	881	(132,359)	-
Total revenue	813,698	294,764	40,570	(132,359)	1,016,673
Segment results	379,869	39,856	32,211	-	451,936
Interest expense	(64,902)	(174,907)	-	39,733	(200,076)
	314,967	(135,051)	32,211	39,733	251,860
Share of results of associated and joint venture companies	-	1,234,177	-	-	1,234,177
Profit before taxation	314,967	1,099,126	32,211	39,733	1,486,037
Taxation	(62,791)	(7,177)	(1,597)	-	(71,565)
Net profit	252,176	1,091,949	30,614	39,733	1,414,472
Segment assets	6,809,116	2,420,269	575,291	(315,148)	9,489,528
Associates and joint venture companies	-	17,668,988	209,486	-	17,878,474
Total assets	6,809,116	20,089,257	784,777	(315,148)	27,368,002
Segment liabilities	1,310,004	3,751,830	366,165	(315,148)	5,112,851

June 30, 2014

	Property Management & Rental \$'000	Investments \$'000	Other Service \$'000	Eliminations \$'000	Total \$'000
REVENUE					
External	826,307	212,678	41,805	-	1,080,790
Inter-segment	1,512	55,356	872	(57,740)	-
Total revenue	827,819	268,034	42,677	(57,740)	1,080,790
Segment results	376,144	136,294	31,929	-	544,367
Interest expense	(88,781)	(225,036)	-	39,690	(274,127)
	287,363	(88,742)	31,929	39,690	270,240
Share of results of associated and joint venture companies	-	911,920	-	-	911,920
Profit before taxation	287,363	823,178	31,929	39,690	1,182,160
Taxation	(55,045)	(19,671)	(2,934)	-	(77,650)
Net profit	232,318	803,507	28,995	39,690	1,104,510
Segment assets	6,472,741	2,740,014	544,750	(324,235)	9,433,270
Associates and joint venture companies	-	15,590,219	82,588	-	15,672,807
Total assets	6,472,741	18,330,233	627,338	(324,235)	25,106,077
Segment liabilities	1,379,650	4,004,579	354,792	(324,235)	5,414,786

PAN-JAMAICAN INVESTMENT TRUST LIMITED

Notes to the Unaudited Consolidated Interim Financial Statements

30 June 2015

1. Basis of preparation

The unaudited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the accounting policies as outlined in note 2 of the 31 December 2014 audited financial statements.

The group has adopted IFRIC 21 – Levies in 2015 and has applied the change retrospectively. Prior year amounts in the financial statements have been restated to conform with the accounting policy change.

2. Subsequent event

Subsequent to 30 June 2015 the company issued \$3 billion in secured bonds due 2022. Proceeds were used, in part, to repay existing debt including the full amount of the group's US\$-denominated loan with the International Finance Corporation (\$1,336 million at June 30 2015) and the \$750 million tranche of the secured commercial notes due July 2015.