

PAN-JAMAICAN INVESTMENT TRUST LIMITED



Financial Statements
Nine months ended 30 Statements 2015

Pan-Jamaican Investment Trust Limited

Interim Report to Stockholders

For the 9 months ended September 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 September 30, 2015.

Overview

Net profit attributable to owners for the nine months ended September 30, 2015 is 25% greater than last year, reflecting generally strong performances by our associated companies, led by Sagicor Group Jamaica Limited (Sagicor). Our property operations were down slightly, resulting from lower occupancy levels in New Kingston, while our investment activities, impacted by the general downturn of global capital markets during the quarter, experienced a loss for the quarter and continue to lag the prior year for the nine month period.

Highlights

- Net profit attributable to owners of \$534 million (2014: \$457 million) for the quarter and \$1,929 million (2014: \$1,544 million) for the nine months
- Return (annualised) on opening equity of 12.2% (2014: 11.5%)
- Basic earnings per stock unit of \$2.55 (2014: \$2.18) for the quarter and \$9.20 (2014: \$7.36) for the nine months
- Book value per stock unit of \$97.88 at September 30, 2015 (December 31, 2014: \$100.81)
- Ordinary dividends of \$2.10 per stock unit declared and paid through September 30, 2015 (2014: \$1.90)

Income Statement

Net profit attributable to owners for the quarter ended September 30, 2015 amounted to \$534 million, compared to \$457 million in the 2014 3rd quarter, an increase of 17%, equivalent to basic earnings per stock unit of \$2.55 compared to \$2.18 for the same period in 2014. Net profit attributable to owners for the nine months ended September 30, 2015 amounted to \$1,929 million, compared to \$1,544 million for 2014, an increase of 25%, equivalent to basic earnings per stock unit of \$9.20 compared to \$7.36 for the same period in 2014.

Investment income reflected a loss of \$26 million in the third quarter of 2015 versus last year’s comparable quarter income of \$43 million. This was principally as a result of higher unrealised trading losses (\$93 million against \$32 million) and reduced dividend income (\$4 million against \$18 million), which offset higher gains on sales (\$36 million versus \$24 million), driven by the closing of a real-estate related investment in Canada. Year to date investment income of \$167 million is 46% behind last year’s figure of \$311 million due principally to reduced foreign exchange gains of \$38 million, versus \$91 million last year, and unrealised trading losses of \$81

million versus gains of \$5 million last year, offsetting realised gains of \$113 million versus \$76 million in 2014.

Other income increased for the year to date due to a large tenant's lease buy-out prior to 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 \$46 million, or 12%, compared to last year for the quarter and down \$127 million, or 11%, year to date.

Group operating profit for the 3rd quarter decreased by \$102 million, or 60%, compared to last year's 3rd quarter. For the year to date, group operating profit of \$519 million is \$195 million, or 27%, below last year's level. Total revenue was lower for the quarter compared to last year by \$115 million, or 25%, attributable to the reduced property and investment income partially offset by higher other income, and behind last year for the nine months by \$179 million, or 12%. Operating expenses were down \$13 million for the quarter but up \$15 million for the nine months, driven by staff costs and expenses related to our 50th anniversary activities.

Finance costs increased compared to last year by \$52 million to \$161 million for the quarter, but reduced by \$22 million to \$384 million for the nine months, resulting primarily from reduced foreign exchange losses for the year, with additional costs during the quarter related to the early repayment of our US\$-denominated IFC loan. Pan Jam issued \$3 billion in bonds during the period, using part of the proceeds to repay this IFC loan in full and to repay \$750 million in notes that became due.

Our property segment, which is comprised mainly of Jamaica Property Company Limited, experienced overall occupancy levels of 83%, a decrease from the 97% level at the end of the comparable 2014 quarter. This is mainly as a result of the aforementioned lease buy-out. Segment operating profit was \$515 million versus \$544 million in the prior year (\$135 million versus \$168 million respectively for the quarter), boosted by the lease buy-out payment.

Our investment management segment posted segment results of \$49 million in losses for 2015 to date, compared to last year's profit of \$122 million, primarily reflecting lower foreign exchange gains and unrealised trading losses versus gains in 2014, offset by realised gains from our Canadian real estate investments.

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 \$672 million was 58% above last year, while our nine month period share increased by 42% to \$1,906 million.

Our share of results of Sagicor increased by \$243 million (or 60%) for the quarter and by \$533 million (or 42%) for the nine months. Sagicor's year to date performance is 42% ahead of last year's level of profitability, and we remain encouraged by strong results from its expanded banking and investment activities, favourable policy retention and benefits experience and careful expense management. Sagicor's year to date dividend of 39 cents per share is 11% better than last year.

H&L reported a profit of \$15 million for the 3rd quarter, compared to \$44 million for the same period last year, bringing their year-to-date profit to \$64 million compared to \$113 million a year ago. Third quarter revenues were up 8% compared to last year, while lower gross margins and higher operating expenses led to the decreased profitability.

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

Balance Sheet

Total assets at September 30, 2015 amounted to \$26.6 billion, compared to \$26.4 billion at December 31, 2014. Stockholders' equity decreased to \$20.5 billion (December 31 2014: \$21.1 billion), which equates to a book value per stock unit of \$97.88 as at September 30, 2015 (December 31, 2014: \$100.81). The decrease is driven by our share of negative Other Comprehensive Income of associates.

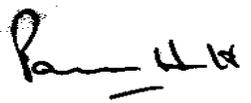
Outlook

As current indications suggest that Jamaicans will soon have the opportunity to exercise their franchise, it is hoped that the relative peace and transparency of more recent elections will be repeated. Regardless of outcome, it is also hoped that the commendable efforts of the current administration in adhering to the IMF programme and otherwise acting to improve the macro-economic situation of the country will continue.

Jamaica is set to pass its tenth test under the IMF programme. There have been a growing number of private sector leaders who have declared their increased confidence, shared by Pan-Jam, that conditions are ripe for significantly improved growth in the near future. None of this should detract from the need for attention to be paid to the several areas still urgently needing it, including security, the court system and the various processes required for the successful implementation of development projects.



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Stephen B. Facey
Director & Chief Executive Officer



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Paul R. Hanworth
Director & Chief Operating Officer

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

		Restated		Restated
	3 Months to Sep-15 \$'000	3 Months to Sep-14 \$'000	YTD Sep-15 \$'000	YTD Sep-14 \$'000
Income				
Investments	(25,756)	43,173	167,049	301,704
Property	343,439	389,758	1,020,845	1,147,579
Commissions	17,711	14,904	44,830	43,867
Other	15,292	18,193	134,635	53,668
	350,686	466,028	1,367,359	1,546,818
Operating expenses	(283,614)	(296,559)	(848,351)	(832,982)
Operating profit	67,072	169,469	519,008	713,836
Finance costs	(161,288)	(109,722)	(361,364)	(383,849)
	(94,216)	59,747	157,644	329,987
Share of results of associated companies and joint venture	672,213	426,414	1,906,390	1,338,334
Profit before taxation	577,997	486,161	2,064,034	1,668,321
Taxation	(22,610)	(30,651)	(94,175)	(108,301)
Net profit	555,387	455,510	1,969,859	1,560,020
Net profit attributable to:				
Owners of the parent	534,306	456,878	1,929,292	1,544,248
Non-controlling interest	21,081	(1,368)	40,567	15,772
	555,387	455,510	1,969,859	1,560,020
Earnings per stock unit attributable to owners of the parent for the period	\$2.55	\$2.18	\$9.20	\$7.36

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

	3 Months to Sep-15 \$'000	Restated 3 Months to Sep-14 \$'000	YTD Sep-15 \$'000	Restated YTD Sep-14 \$'000
Net profit for the period	555,387	455,510	1,969,859	1,560,020
Other comprehensive income:				
<i>Items that may be subsequently reclassified to profit or loss</i>				
Unrealised loss on available-for-sale financial assets, net of tax	(44,446)	(70,915)	(37,493)	(9,498)
Losses/(gains) recycled to profit and loss on disposal and maturity of investment assets	-	4,349	(81,089)	(40,614)
	(44,446)	(66,566)	(118,582)	(50,112)
Exchange differences on translating foreign operations	(944)	(1,736)	(3,158)	(19,254)
Share of other comprehensive income of associates	(1,773,277)	(35,518)	(1,978,776)	714,750
Other comprehensive income for the period, net of tax	(1,818,667)	(103,820)	(2,100,516)	645,384
Total comprehensive income for the period	(1,263,280)	351,690	(130,657)	2,205,404
Total comprehensive income attributable to				
Owners of the parent	(1,284,343)	353,052	(171,198)	2,189,629
Non-controlling interest	21,063	(1,362)	40,541	15,775
	(1,263,280)	351,690	(130,657)	2,205,404

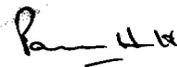
PAN-JAMAICAN INVESTMENT TRUST LIMITED
and its subsidiaries
Unaudited Consolidated Statement of Financial Position
as at 30 September 2015

	Unaudited Sept., 2015 \$'000	Audited December 2014 \$'000	Restated Unaudited Sept., 2014 \$'000
ASSETS			
Cash and Bank Balances	265,605	44,305	40,440
Investments			
Short term deposits	64,136	204,684	54,871
Securities			
Financial assets at fair value through profit and loss	435,929	451,812	473,923
Available-for-sale	1,637,115	1,422,868	1,467,320
Loans & receivables	429,485	253,223	455,725
Deposits	2,574	-	118,805
Securities purchased under agreements to resell	307,684	461,300	329,186
Investment properties	5,042,829	4,913,445	4,802,574
Investment in joint venture	223,735	36,875	64,169
Investment in associated companies	16,538,499	17,128,778	15,996,168
	24,681,986	24,872,985	23,762,741
Other assets			
Taxation recoverable	30,556	17,863	14,716
Deferred tax assets	19,532	23,296	17,497
Development in progress projects	712,296	711,710	711,542
Receivables and other assets	491,642	394,695	371,771
Property, plant and equipment	381,884	327,586	374,270
Retirement benefit assets	18,801	21,052	-
	1,654,711	1,496,202	1,489,796
	26,602,302	26,413,492	25,292,977
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	31,957	23,052	18,877
Property revaluation reserve	3,242,013	3,118,605	3,054,297
Investment and other reserves	1,824,077	3,926,021	3,856,081
Retained earnings	13,471,861	12,106,496	10,730,009
Treasury stock	(166,446)	(181,666)	(181,666)
	20,545,446	21,134,493	19,619,583
Non-controlling interest	309,718	269,177	273,722
	20,855,164	21,403,670	19,893,305
Liabilities			
Bank overdraft	5,235	6,031	4,513
Taxation payable	48,702	48,756	50,284
Bank and other loans	5,084,747	4,424,547	4,668,150
Finance lease liability	13,888	11,812	13,488
Deferred tax liability	82,039	81,022	45,224
Retirement benefit liabilities	141,801	133,858	264,879
Payables and other liabilities	370,726	303,796	353,134
Total liabilities	5,747,138	5,009,822	5,399,672
	26,602,302	26,413,492	25,292,977



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 September 2015

30-Sep-14

-----Owners Of The Parent-----

	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	Total \$'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	-	-	-	-	1,544,248	-	15,772	1,560,020
Other comprehensive income	-	-	-	645,381	-	-	3	645,384
Total comprehensive income for the period	-	-	-	645,381	1,544,248	-	15,775	2,205,404
Dividends paid	-	-	-	-	(398,582)	-	-	(398,582)
Employee share option scheme value of services provided	-	12,523	-	-	-	-	-	12,523
Employee share grants vested	-	(5,005)	-	-	(2,207)	7,212	-	-
Acquisition of treasury stocks	-	-	-	-	-	(24,553)	-	(24,553)
Property revaluation gains	-	-	131,405	-	(131,405)	-	-	-
Balance at end of period	2,141,985	18,877	3,054,297	3,856,081	10,730,009	(181,666)	273,722	19,893,305

30-Sep-15

-----Owners Of The Parent-----

	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	Total \$'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	-	-	-	-	1,929,292	-	40,567	1,969,859
Other comprehensive income	-	-	-	(2,100,490)	-	-	(26)	(2,100,516)
Total comprehensive income for the period	-	-	-	(2,100,490)	1,929,292	-	40,541	(130,657)
Dividends paid	-	-	-	-	(440,520)	-	-	(440,520)
Employee share option scheme value of services provided	-	18,676	-	-	-	-	-	18,676
Employee share grants vested	-	(9,771)	-	(195)	-	9,966	-	-
Share purchase plan	-	-	-	(1,259)	-	5,254	-	3,995
Property revaluation gains	-	-	123,408	-	(123,408)	-	-	-
Balance at end of period	2,141,985	31,957	3,242,013	1,824,077	13,471,861	(166,446)	309,718	20,855,164

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

	9-Months to September 2015 \$'000	9-Months to September 2014 \$'000
Net profit	1,969,859	1,560,020
Items not affecting cash		
Share of results of associated and joint venture companies	(1,906,390)	(1,338,334)
Fair value gains on investment properties	(129,411)	(137,409)
Foreign currency loss, net	8,221	12,357
Other	481,102	348,347
	<u>423,381</u>	<u>444,981</u>
Changes in operating assets and liabilities		
Other assets	(131,640)	(44,427)
Other liabilities	73,930	68,299
	<u>365,671</u>	<u>468,853</u>
Interest received	68,706	64,556
Income tax paid	(93,330)	(127,287)
Net cash provided by operations	<u>341,047</u>	<u>406,122</u>
Cash flows from investing activities		
(Acquisition)/disposal of investment securities, net	(544,616)	62,180
Additional investment in joint venture & associated company	(171,690)	(143,729)
Other investment activities	(74,114)	(94,035)
Acquisition of treasury stock	-	(24,553)
Dividends received from associated companies	502,858	442,422
Net cash (used in)/provided by investing activities	<u>(287,562)</u>	<u>242,285</u>
Cash flows from financing activities		
Dividends paid to company stockholders	(440,520)	(398,582)
Loan received	2,732,166	488,022
Loan repaid	(2,085,702)	(380,523)
Interest paid	(332,009)	(352,899)
Other financing activities	1,941	(1,039)
Net cash used in financing activities	<u>(124,124)</u>	<u>(645,021)</u>
Net decrease in cash and cash equivalents	(70,639)	3,386
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>632,190</u></u>	<u><u>419,984</u></u>
Comprising of:		
Cash at bank and in hand	265,605	40,440
Short term deposits	64,136	54,871
Securities purchased under agreement to resell	307,684	329,186
Overdraft	(5,235)	(4,513)
	<u><u>632,190</u></u>	<u><u>419,984</u></u>

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

September 30, 2015

	Property Management & Rental \$'000	Investments \$'000	Other Services \$'000	Eliminations \$'000	Total \$'000
REVENUE					
External	1,168,950	134,171	64,238	-	1,367,359
Inter-segment	4,372	166,576	881	(171,829)	-
Total revenue	1,173,322	300,747	65,119	(171,829)	1,367,359
Segment results	514,651	(48,941)	53,298	-	519,008
Interest expense	(112,542)	(319,074)	-	70,252	(361,364)
	402,109	(368,015)	53,298	70,252	157,644
Share of results of associated and joint venture companies	-	1,906,390	-	-	1,906,390
Profit before taxation	402,109	1,538,375	53,298	70,252	2,064,034
Taxation	(81,788)	(7,516)	(4,871)	-	(94,175)
Net profit	320,321	1,530,859	48,427	70,252	1,969,859
Segment assets	6,874,750	3,211,113	417,972	(663,767)	9,840,068
Associates and joint venture companies	133,603	16,538,499	90,132	-	16,762,234
Total assets	7,008,353	19,749,612	508,104	(663,767)	26,602,302
Segment liabilities	1,309,476	4,910,409	191,020	(663,767)	5,747,138

September 30, 2014

	Property Management & Rental \$'000	Investments \$'000	Other Service \$'000	Eliminations \$'000	Total \$'000
REVENUE					
External	1,243,866	239,839	63,113	-	1,546,818
Inter-segment	2,883	83,058	1,340	(87,281)	-
Total revenue	1,246,749	322,897	64,453	(87,281)	1,546,818
Segment results	543,617	121,898	48,321	-	713,836
Interest expense	(124,037)	(319,253)	-	59,441	(383,849)
	419,580	(197,355)	48,321	59,441	329,987
Share of results of associated and joint venture companies	-	1,338,334	-	-	1,338,334
Profit before taxation	419,580	1,140,979	48,321	59,441	1,668,321
Taxation	(80,497)	(23,053)	(4,751)	-	(108,301)
Net profit	339,083	1,117,926	43,570	59,441	1,560,020
Segment assets	6,605,927	2,603,607	398,179	(375,073)	9,232,640
Associates and joint venture companies	-	15,996,168	64,169	-	16,060,337
Total assets	6,605,927	18,599,775	462,348	(375,073)	25,292,977
Segment liabilities	1,343,413	4,236,338	194,994	(375,073)	5,399,672

PAN-JAMAICAN INVESTMENT TRUST LIMITED

Notes to the Unaudited Consolidated Interim Financial Statements

30 September 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. Bond issued

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.