



# **First Jamaica Investments Limited**

**Report to Stockholders  
for the year ended 31 December 2008**

# **First Jamaica Investments Limited**

Audited Consolidated Financial Statements

For the year ended December 31, 2008

## **REPORT TO STOCKHOLDERS**

The Directors report that net profit attributable to equity holders for the year ended 31 December 2008 amounted to \$1,666 million, compared to \$1,346 million in 2007, an increase of 24%, while earnings per stock unit were \$5.51 compared to \$4.45 for 2007.

Property income increased \$165 million, 17%, to \$1,131 million, which more than offset higher property operating costs, particularly utilities and one-off maintenance costs. Total group operating expenses grew \$115 million, up 22%, driven principally by property operating costs as well as general inflationary pressures. Our property segment enjoyed overall occupancy levels exceeding 98% for the year, while contribution to group operating profit of \$537 million was 22% better than last year's level of \$438 million.

Investment income increased \$56 million, 23%, while our investment management segment posted operating profit of \$273 million for the year, a decrease of \$57 million compared to last year's profit of \$330 million. Last year we recorded a one-off gain of \$60 million on the settlement of a loan receivable, while this year we recognised unrealized losses of \$81 million resulting from the downturn in the local and international securities markets. The downturn has also affected the value of our available for sale investment portfolio, for which unrealised changes in market value are accounted for through stockholders' equity. For the year, a net unrealised loss of \$253 million was recorded in equity, compared to a gain of \$89 million last year.

Our share of results of associated company, represented by our 24.5% investment in Sagicor Life Jamaica Limited (SLJ), improved by \$238 million, up 33%, to \$963 million (2007: \$725 million). SLJ's net profit attributable to shareholders was \$3,928 million, representing a 25% return on opening equity. These strong results reflect, in part, the benefit of rising interest rates on SLJ's reserve liabilities as well as a significant level of single premium sales during the year.

As a result of two changes in accounting policy adopted in 2008, we have restated prior year net profit attributable to equity holders downwards by \$21 million (\$0.07 per stock unit).

Total assets at December 31, 2008 amounted to \$10,520 million, compared to \$9,940 million at December 31, 2007. Stockholders' equity increased to \$9,517 million (December 31 2007: \$8,945 million), which equates to a book value per share of \$31.49 as at December 31, 2008 (December 31, 2007: \$29.59).

The group's primary objective in the management of its capital is to provide superior returns for stockholders while maintaining a conservative capital structure. In the face of the challenges posed by the global financial crisis, the necessity of preserving value for all stakeholders has also been underscored. We will continue to manage our risks prudently, retaining appropriate levels of liquidity while keeping operating expenses in line with our revenues, and are prepared both for a sustained recessionary period and to take advantage of opportunities as they arise.

# First Jamaica Investments Limited

Consolidated Statement of Operations

Year ended 31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

	<b>2008</b>	<b>Restated</b>
	<b>\$'000</b>	<b>2007</b>
		<b>\$'000</b>
<b>Income</b>		
Investments	298,918	242,712
Property	1,131,284	966,439
Other	60,497	110,028
	1,490,699	1,319,179
Operating expenses	(635,958)	(520,872)
<b>Operating Profit</b>	854,741	798,307
Interest expense	(44,882)	(30,023)
Share of results of associated companies	962,816	725,152
<b>Profit before Taxation</b>	1,772,675	1,493,436
Taxation	(82,532)	(129,641)
<b>NET PROFIT</b>	<u>1,690,143</u>	<u>1,363,795</u>
<b>Attributable to:</b>		
Equity holders of the company	1,665,591	1,346,045
Minority interest	24,552	17,750
	<u>1,690,143</u>	<u>1,363,795</u>
<b>Earnings per stock unit attributable to equity holders of the company during year</b>		
Basic and fully diluted	<u>5.51</u>	<u>4.45</u>

# First Jamaica Investments Limited

## Consolidated Balance Sheet

31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

	2008	Restated 2007
	\$'000	\$'000
<b>ASSETS</b>		
<b>Cash and Bank Balances</b>	7,911	20,433
<b>Investments</b>		
Deposits	45,933	69,348
Securities:		
Financial assets at fair value through profit and loss	119,290	130,293
Available-for sale	1,675,570	1,171,791
Loans and receivables	1,514	2,652
Securities purchased under agreements to resell	187,497	383,325
Investment properties	3,280,392	2,919,969
Investment in associated companies	4,708,180	4,701,817
	10,018,376	9,379,195
Taxation recoverable	81,049	89,238
Deferred tax assets	23,760	1,056
Other assets	258,677	232,941
Due from related parties	4,075	82,123
Property, plant and equipment	86,316	95,854
Retirement benefit assets	39,626	39,315
	<u>10,519,790</u>	<u>9,940,155</u>

# First Jamaica Investments Limited

Consolidated Balance Sheet (Continued)

31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

	2008 \$'000	Restated 2007 \$'000
<b>STOCKHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Stockholders' Equity</b>		
<b>Capital and Reserves Attributable to the Company's Equity Holders</b>		
Share capital	355,848	355,848
Property revaluation reserve	2,433,042	2,094,273
Investment and other reserves	2,088,101	2,950,778
Equity compensation reserve	28,397	17,456
Retained earnings	4,627,674	3,542,675
Treasury stock	(15,574)	(15,574)
	9,517,488	8,945,456
<b>Minority Interest</b>	137,989	113,476
	<u>9,655,477</u>	<u>9,058,932</u>
<b>Liabilities</b>		
Bank overdraft	484	17,736
Taxation payable	-	119,411
Deferred tax liability	110,049	123,159
Due to related parties	5,244	10,318
Other liabilities	204,611	178,320
Loans	495,950	393,570
Finance lease liability	4,009	-
Retirement benefit liabilities	43,966	38,709
	<u>864,313</u>	<u>881,223</u>
	<u>10,519,790</u>	<u>9,940,155</u>

# First Jamaica Investments Limited

## Consolidated Statement of Changes in Stockholders' Equity

Year ended 31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

	-----Attributable to Equity holders of the Company-----							Total
	Share Capital	Property Revaluation Reserve	Investment and Other Reserves	Equity Compensation Reserve	Retained Earnings	Treasury Stock	Minority Interest	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Balance at 1 January 2008, restated</b>	355,848	2,094,273	2,950,778	17,456	3,542,675	(15,574)	113,476	9,058,932
Unrealised losses on available-for-sale investments	-	-	(252,741)	-	-	-	(39)	(252,780)
Gain on dilution on shareholding in associated company	-	-	1,479	-	-	-	-	1,479
Realised fair value gains transferred to Consolidated Statement of Operations	-	-	(57,933)	-	-	-	-	(57,933)
Net losses not recognised in the Consolidated Statement of Operations	-	-	(309,195)	-	-	-	(39)	(309,234)
Net profit for the year	-	-	-	-	1,665,591	-	24,552	1,690,143
Total recognized (loss) income for 2008	-	-	(309,195)	-	1,665,591	-	24,513	1,380,909
Dividends paid	-	-	-	-	(241,823)	-	-	(241,823)
Transfer from retained earnings	-	338,769	-	-	(338,769)	-	-	-
Stock compensation provision	-	-	-	10,941	-	-	-	10,941
Share of change in reserves of associated companies	-	-	(553,482)	-	-	-	-	(553,482)
	-	338,769	(553,482)	10,941	(580,592)	-	-	(784,364)
<b>Balance at 31 December 2008</b>	355,848	2,433,042	2,088,101	28,397	4,627,674	(15,574)	137,989	9,655,477

# First Jamaica Investments Limited

## Consolidated Statement of Changes in Stockholders' Equity (Continued)

Year ended 31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

	-----Attributable to Equity holders of the Company-----						Total	
	Share Capital	Property Revaluation Reserve	Investment and Other Reserves	Equity Compensation Reserve	Retained Earnings	Treasury Stock		Minority Interest
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000
<b>Balance at 1 January 2007, as restated</b>	355,848	-	3,118,396	2,004	5,385,137	(15,574)	95,726	8,941,537
Unrealised gains on available-for-sale investments	-	-	89,016	-	-	-	-	89,016
Gain on dilution on shareholding in associated company	-	-	10,886	-	-	-	-	10,886
Realised fair value gains transferred to Consolidated Statement of Operations	-	-	(57,815)	-	-	-	-	(57,815)
Net gains not recognised in the Consolidated Statement of Operations	-	-	42,087	-	-	-	-	42,087
Net profit for the year, as restated	-	-	-	-	1,346,045	-	17,750	1,363,795
Total recognised income for 2007	-	-	42,087	-	1,346,045	-	17,750	1,405,882
Dividends paid	-	-	-	-	(1,094,234)	-	-	(1,094,234)
Stock compensation provision	-	-	-	15,452	-	-	-	15,452
Transfer from retained earnings	-	2,094,273	-	-	(2,094,273)	-	-	-
Share of change in reserves of associated companies	-	-	(209,705)	-	-	-	-	(209,705)
	-	2,094,273	(209,705)	15,452	(3,188,507)	-	-	(1,288,487)
<b>Balance at 31 December 2007, restated</b>	355,848	2,094,273	2,950,778	17,456	3,542,675	(15,574)	113,476	9,058,932



# First Jamaica Investments Limited

## Consolidated Statement of Cash Flows

Year ended 31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

	2008 \$'000	2007 \$'000
<b>Cash Flows from Operating Activities</b>	<u>230,852</u>	<u>517,726</u>
<b>Cash Flows from Investing Activities</b>		
Acquisition of property, plant and equipment	(12,570)	(33,069)
Acquisition of investment properties	(8,614)	(55,414)
Proceeds from disposal of property, plant and equipment	-	1,092
Dividends from associates	404,460	275,773
(Acquisition of)/proceeds from investment securities, net	<u>(692,101)</u>	<u>597,601</u>
Net cash (used in)/provided by investing activities	<u>(308,825)</u>	<u>785,983</u>
<b>Cash Flows from Financing Activities</b>		
Due from related parties and associates	72,964	(109,012)
Finance lease	4,009	-
Loans received	508,828	135,000
Loans repaid	(437,661)	(322,740)
Interest paid	(41,237)	(30,024)
Dividends paid	<u>(241,823)</u>	<u>(1,094,234)</u>
Net cash used in financing activities	<u>(134,920)</u>	<u>(1,421,010)</u>
Effect of exchange rate changes on cash and cash equivalents	23,026	12,031
Net decrease in cash and cash equivalents	(189,867)	(105,270)
Cash and cash equivalents at beginning of year	<u>393,603</u>	<u>498,873</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>203,736</u>	<u>393,603</u>

# First Jamaica Investments Limited

## Consolidated Segmental Financial Information

Year Ended 31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

The group is organised into two main business segments:

- (a) Investment management services – This incorporates investment management and securities trading; and
- (b) Property management services – This incorporates the rental and management of commercial real estate.

	2008			
	Investment Management Services	Property Management Services	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External operating revenue	265,526	1,225,173	-	1,490,699
Operating revenue from other segments	124,967	4,907	(129,874)	-
Operating revenue	390,493	1,230,080	(129,874)	1,490,699
Segment result	273,132	536,727	-	809,859
Share of results of associated companies				962,816
Profit before taxation				1,772,675
Taxation				(82,532)
Net profit				1,690,143
Segment assets	2,309,847	3,887,913	(386,150)	5,811,610
Associates				4,708,180
Total assets				10,519,790
Segment liabilities	548,357	702,106	(386,150)	864,313
Other segment items:				
Capital expenditure	-	12,570	-	12,570
Depreciation	-	3,231	56	3,287

# First Jamaica Investments Limited

Consolidated Segmental Financial Information

Year Ended 31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

Restated	2007			
	Investment Management Services	Property Management Services	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External operating revenue	274,777	1,044,402	-	1,319,179
Operating revenue from other segments	124,186	5,202	(129,388)	-
Operating revenue	398,963	1,049,604	(129,388)	1,319,179
Segment result	329,987	438,297	-	768,284
Share of results of associated companies				725,152
Profit before taxation				1,493,436
Taxation				(129,641)
Net profit				1,363,795
Segment assets	2,136,792	3,501,893	(400,347)	5,238,338
Associates				4,701,817
Total assets				9,940,155
Segment liabilities	508,922	772,648	(400,347)	881,223
Other segment items:				
Capital expenditure	-	33,069	-	33,069
Depreciation	-	2,663	56	2,719

## **Explanatory Note**

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### **Basis of Preparation**

These condensed consolidated financial statements have been prepared in accordance with the accounting policies as set out in note 2 of the December 31, 2008 audited financial statements.