



Pan-Jamaican Investment Trust Limited

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

Pan-Jamaican Investment Trust Limited

Audited Consolidated Financial Statements

For the year ended 31 December 2008

Report To Stockholders

The Directors report that net profit attributable to equity holders for the year ended 31 December 2008 amounted to \$1,142 million, compared to \$991 million in 2007, an increase of 15%, while basic earnings per stock unit were \$6.67 compared to \$5.79 for 2007.

Property income increased \$164 million, 17%, to \$1,126 million, which more than offset higher property operating costs, particularly utilities and one-off maintenance costs. Total group operating expenses grew \$106 million, up 18%, 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 \$436 million.

Investment income increased \$95 million, 34%, while our investment management segment posted operating profit of \$276 million for the year, a decrease of \$19 million compared to last year's profit of \$295 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 \$201 million was recorded in equity, compared to a gain of \$82 million last year.

Our share of results of associated companies, represented by First Jamaica's 24.5% investment in Sagicor Life Jamaica Limited (SLJ) and our 20.8% holding in Hardware & Lumber Limited (H&L), improved by \$107 million, up 14% to \$846 million (2007: \$739 million).

SLJ's net profit attributable to shareholders was \$3,928 million, an increase of 33% over the prior year, 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.

H&L, on the other hand, had a poor last quarter in 2008, with the downturn in the economy and the construction industry having a significant impact on consumer and contractor spending, and the devaluation of the Jamaican dollar negatively affecting the company's financing costs. For the year, H&L reported a net loss of \$285.6 million (compared to a \$133.6 million net profit in 2007), of which our share was \$58.8 million. We have also recorded an impairment loss of \$58.1 million in 2008 on this investment.

As a result of a change in accounting policy adopted in 2008, we have restated prior year net profit attributable to equity holders downwards by \$5 million (\$0.03 basic earnings per stock unit).

Total assets at December 31, 2008 amounted to \$11,119 million, compared to \$10,593 million at December 31, 2007. Stockholders' equity increased to \$7,431 million (December 31 2007: \$7,096 million), which equates to a book value per share of \$43.38 as at December 31, 2008 (December 31, 2007: \$41.42).

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.

Pan-Jamaican Investment Trust Limited

Consolidated Statement of Operations

Year ended 31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

	2008	Restated
	\$'000	2007
		\$'000
Income		
Investments	376,649	281,204
Property	1,125,567	961,288
Commissions	23,317	20,713
Other	61,578	111,321
	1,587,111	1,374,526
Operating expenses	(688,280)	(582,504)
Operating Profit	898,831	792,022
Interest expense	(44,990)	(30,581)
Share of results of associated companies	845,962	739,304
Profit before Taxation	1,699,803	1,500,745
Taxation	(82,532)	(127,838)
NET PROFIT	1,617,271	1,372,907
Attributable to:		
Equity holders of the company	1,142,247	991,109
Minority interest	475,024	381,798
	1,617,271	1,372,907
Earnings per stock unit attributable to equity holders of the company during year		
Basic	6.67	5.79
Fully diluted	6.55	5.69

Pan-Jamaican Investment Trust Limited

Consolidated Balance Sheet

31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

	2008	Restated
	\$'000	2007
		\$'000
ASSETS		
Cash and Bank Balances	14,193	102,850
Investments		
Deposits	45,933	161,610
Securities:		
Financial assets at fair value through profit and loss	119,290	130,293
Available-for sale	1,966,575	1,404,882
Loans and receivables	20,426	13,924
Securities purchased under agreements to resell	276,621	383,325
Investment properties	3,274,823	2,914,400
Investment in associated companies	4,842,899	4,953,389
	10,546,567	9,961,823
Taxation recoverable	91,302	98,745
Deferred tax assets	25,681	8,796
Other assets	300,217	270,327
Property, plant and equipment	98,173	108,292
Retirement benefit assets	42,623	41,782
	<u>11,118,756</u>	<u>10,592,615</u>

Pan-Jamaican Investment Trust Limited

Consolidated Balance Sheet

31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

	2008 \$'000	Restated 2007 \$'000
STOCKHOLDERS' EQUITY AND LIABILITIES		
Stockholders' Equity		
Capital and Reserves Attributable to the Company's Equity Holders		
Share capital	185,354	185,354
Equity compensation reserve	27,107	16,663
Property revaluation reserve	1,775,005	1,527,859
Investment and other reserves	1,875,061	2,521,443
Retained earnings	3,586,705	2,862,865
Treasury stock	(18,486)	(18,486)
	7,430,746	7,095,698
Minority Interest	2,710,479	2,515,737
	<u>10,141,225</u>	<u>9,611,435</u>
Liabilities		
Bank overdrafts	1,203	17,738
Taxation payable	267	119,678
Deferred tax liabilities	110,047	128,978
Retirement benefit liabilities	62,924	57,048
Due to related parties	5,225	10,318
Other liabilities	293,153	248,839
Loan liabilities	495,950	393,570
Finance lease liability	8,762	5,011
Total liabilities	<u>977,531</u>	<u>981,180</u>
	<u>11,118,756</u>	<u>10,592,615</u>

Pan-Jamaican Investment Trust Limited

Consolidated Statement of Changes in Stockholders' Equity

Year ended 31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

	Attributable to Company's Equity Holders							Total \$'000
	Share Capital \$'000	Equity Compensation Reserve \$'000	Property Revaluation Reserve	Investment and Other Reserves \$'000	Retained Earnings \$'000	Treasury Stock \$'000	Minority Interest \$'000	
Balance at 1 January 2008, restated	185,354	16,663	1,527,859	2,521,443	2,862,865	(18,486)	2,515,737	9,611,435
Fair value losses on available-for-sale securities	-	-	-	(201,408)	-	-	(53,589)	(254,997)
Gain on dilution on shareholding in associated company	-	-	-	1,079	-	-	400	1,479
Realised fair value gains transferred to Consolidated Statement of Operations	-	-	-	(42,265)	-	-	(15,668)	(57,933)
Net losses recognised directly in equity	-	-	-	(242,594)	-	-	(68,857)	(311,451)
Net profit for the year	-	-	-	-	1,142,247	-	475,024	1,617,271
Total recognised (losses)/income for 2008	-	-	-	(242,594)	1,142,247	-	406,167	1,305,820
Dividends paid	-	-	-	-	(171,261)	-	-	(171,261)
Dividends paid to minority shareholders	-	-	-	-	-	-	(64,690)	(64,690)
Share compensation provision	-	10,444	-	-	-	-	2,959	13,403
Share of change in reserves of associated company	-	-	-	(403,788)	-	-	(149,694)	(553,482)
Transfer from retained earnings	-	-	247,146	-	(247,146)	-	-	-
	-	10,444	247,146	(403,788)	(418,407)	-	(211,425)	(776,030)
Balance at 31 December 2008	185,354	27,107	1,775,005	1,875,061	3,586,705	(18,486)	2,710,479	10,141,225

Pan-Jamaican Investment Trust Limited

Consolidated Statement of Changes in Stockholders' Equity (Continued)

Year ended 31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

Restated

	Attributable to Company's Equity Holders							Total \$'000
	Share Capital \$'000	Equity Compensation Reserve \$'000	Property Revaluation Reserve	Investment and Other Reserves \$'000	Retained Earnings \$'000	Treasury Stock \$'000	Minority Interest \$'000	
Balance at 1 January 2007, as restated	185,354	1,913	-	2,626,572	4,195,662	(18,486)	2,463,379	9,454,394
Fair value gains on available-for-sale securities	-	-	-	82,097	-	-	28,457	110,554
Gain on dilution on shareholding in associated company	-	-	-	7,942	-	-	2,944	10,886
Realised fair value gains transferred to Consolidated Statement of Operations	-	-	-	(42,179)	-	-	(15,636)	(57,815)
Net gains recognised directly in equity	-	-	-	47,860	-	-	15,765	63,625
Net profit for the year	-	-	-	-	991,109	-	381,798	1,372,907
Total recognised income for 2007	-	-	-	47,860	991,109	-	397,563	1,436,532
Dividends paid	-	-	-	-	(796,047)	-	-	(796,047)
Dividends paid to minority shareholders	-	-	-	-	-	-	(292,668)	(292,668)
Share compensation provision	-	14,750	-	-	-	-	4,179	18,929
Share of change in reserves of associated company	-	-	-	(152,989)	-	-	(56,716)	(209,705)
Transfer from retained earnings	-	-	1,527,859	-	(1,527,859)	-	-	-
		14,750	1,527,859	(152,989)	(2,323,906)	-	(345,205)	(1,279,491)
Balance at 31 December 2007, restated	185,354	16,663	1,527,859	2,521,443	2,862,865	(18,486)	2,515,737	9,611,435

Pan-Jamaican Investment Trust Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

	2008 \$'000	Restated 2007 \$'000
Cash Flows from Operating Activities	<u>250,844</u>	<u>534,532</u>
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(15,446)	(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	281,162
Acquisition of investment securities, net	<u>(718,369)</u>	<u>602,050</u>
Net cash (used in)/provided investing activities	<u>(337,969)</u>	<u>795,821</u>
Cash Flows from Financing Activities		
Due from related parties	(5,103)	(30,038)
Loans received	508,827	135,000
Loans repaid	(437,768)	(327,036)
Loans interest repaid	(41,237)	(30,581)
Finance lease received	3,751	-
Dividends paid to minority interest	(64,690)	(292,668)
Dividends paid to company stockholders	<u>(171,261)</u>	<u>(796,047)</u>
Net cash used in financing activities	<u>(207,481)</u>	<u>(1,341,370)</u>
Net decrease in cash and cash equivalents	(294,606)	(11,017)
Effect of exchange rate changes on cash and cash equivalents	24,749	12,031
Cash and cash equivalents at beginning of year	<u>568,280</u>	<u>567,266</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>298,423</u></u>	<u><u>568,280</u></u>

Pan-Jamaican Investment Trust Limited

Consolidated Segmental Financial Information

Year ended 31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

	2008				
	Investment Management Services	Property Management Services	Other	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000	\$'000
External operating revenue	313,662	1,218,858	54,595	-	1,587,111
Operating revenue from other segments	7,715	6,315	-	(14,067)	-
Operating revenue	321,410	1,225,173	54,595	(14,067)	1,587,111
Segment result	276,059	536,727	41,055	-	853,841
Share of results of associated companies					845,962
Profit before taxation					1,699,803
Taxation					(82,532)
Net profit					1,617,271
Segment assets	2,368,008	3,879,746	246,456	(218,353)	6,275,857
Associates					4,842,899
Total assets					11,118,756
Segment liabilities	622,250	315,956	257,678	(218,353)	977,531
Other segment items:					
Capital expenditure	2,876	12,570	-	-	15,446
Depreciation	2,980	3,287	427	83	6,744

Pan-Jamaican Investment Trust Limited

Consolidated Segmental Financial Information

Year ended 31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

Segmental Financial Information (Continued)

Restated

	2007				
	Investment Management Services	Property Management Services	Other	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000	\$'000
External operating revenue	296,475	1,039,208	38,843		1,374,526
Operating revenue from other segments	-	5,195	-	(5,195)	
Operating revenue	296,475	1,044,403	38,843	(5,195)	1,374,526
Segment result	295,269	438,297	27,875	-	761,441
Share of results of associated companies					739,304
Profit before taxation					1,500,745
Taxation					(127,838)
Net profit					1,372,907
Segment assets	2,128,529	3,501,893	226,702	(217,898)	5,639,226
Associates					4,953,389
Total assets					10,592,615
Segment liabilities	559,930	389,606	249,542	(217,898)	981,180
Other segment items:					
Capital expenditure	-	33,069	-	-	33,069
Depreciation	2,469	2,719	-	83	5,271

Pan-Jamaican Investment Trust Limited

Explanatory Notes

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

The 2007 financial statements have been restated to conform to a change in accounting policy and the effect of IFRIC 11, IFRS 2 – Group and Treasury Share transactions.