

First Jamaica Investments Limited

**Interim Report to Stockholders
for the nine months ended September 30, 2009**

First Jamaica Investments Limited

Interim Report to Stockholders

For the 9 months ended September 30, 2009

On behalf of the Board of Directors, we are pleased to present the unaudited consolidated financial statements of First Jamaica Investments Limited for the quarter and nine months ended September 30, 2009.

The highlights are:

- Net profit attributable to owners year-to-date of \$1,413 million (2008: \$1,007 million)
- Return (annualised) on opening equity of 20% (2008: 18%)
- Earnings per stock unit year-to-date of \$4.67 (2008:\$3.33)
- Book value per stock unit of \$37.27 at September 30 2009 (December 31, 2008: \$31.49)
- Ordinary dividend of \$0.30 and Special dividend of \$0.10 per stock unit payable December 11, 2009

Net profit attributable to owners for the quarter ended September 30, 2009 amounted to \$413 million, compared to \$319 million in the 2008 3rd quarter, an increase of 30%, while earnings per stock unit were \$1.37 compared to \$1.05 for the same period in 2008. Net profit attributable to owners for the nine months ended September 30, 2009 amounted to \$1,413 million, compared to \$1,007 million for the same period in 2008, an increase of 40%, while earnings per stock unit for the nine months were \$4.67 compared to \$3.33. Consequent on this strong performance, and an improved dividend from our associated company Sagicor Life Jamaica Limited (SLJ), the Company raised the quarterly dividend to \$0.30 per stock unit, from \$0.25 per stock unit in September and June 2009 and \$0.20 per stock unit in March 2009, and declared a Special dividend of \$0.10 per stock unit.

Performance for the quarter and the nine months was impacted most notably by an increase in our share of results of associated company, represented by our 24.5% investment in SLJ. For the quarter, our share of SLJ's earnings totalled \$304 million, an increase of \$101 million (50%) compared to last year's 3rd quarter, while our share of year to date earnings was \$987 million, \$420 million (74%) better than the comparable nine-month period last year. SLJ's 3rd quarter results benefited from strong performance across all major business lines.


Group operating profit for the 3rd quarter was \$10 million better compared to last year's 3rd quarter. Consistent with the 2nd quarter the group has not recognised any property revaluation gain in the 3rd quarter given the uncertain outlook in the commercial property market. For the nine months, total income is running slightly ahead of last year, as the effects of exchange gains in our investment portfolio have more than offset the reduced levels of recognised property revaluation gains. Total operating expenses are similar to last year's levels for both the quarter and the nine months, as a reduction in world oil prices and their impact on electricity costs in 2009 offset inflationary pressures in other expense categories. This resulted in a \$15 million (2.5%) improvement in group operating profit for the nine months.

Our property segment, which is comprised principally of Jamaica Property Company, enjoyed overall occupancy levels exceeding 98% for the 3rd quarter, while contribution to group operating profit of \$71 million for the quarter (\$297 million for the nine months) was 33% lower than last year's 3rd quarter (13% lower for the nine months) due to the decision not to record any property revaluation gains in the 2009 3rd quarter.

Our investment management segment posted operating profit of \$94 million for the quarter, nearly twice last year's 3rd quarter profit of \$48 million. For the nine months, the investment management segment operating profit was \$299 million, \$57 million better than the comparable period last year, driven principally by 1st quarter foreign exchange gains.

Total assets at September 30 2009 amounted to \$12.0 billion, compared to \$10.5 billion at December 31, 2008. Stockholders' equity increased to \$11.3 billion (December 31 2008: \$9.5 billion), which equates to a book value per stock unit of \$37.27 as at September 30 2009 (December 31, 2008: \$31.49).

We remain cautious about the prospects for Jamaica's economy in the face of the worldwide recession and the government's continuing discussions with the International Monetary Fund. We have accordingly placed a greater emphasis on cash and cash equivalents, and are well positioned to take advantage of any compelling investment opportunities as they arise.



FIRST JAMAICA INVESTMENTS LIMITED

and its subsidiaries

Unaudited Consolidated Income Statement Nine months ended September 30, 2009

		3-months to September 2009	Restated 3-months to September 2008	9-Months to September 2009	Restated 9-months to September 2008
	Note	\$'000	\$'000	\$'000	\$'000
Income					
Investments		67,071	44,102	294,428	235,629
Property	2	225,138	276,908	700,289	783,766
Other		<u>46,499</u>	<u>11,446</u>	<u>73,666</u>	<u>39,836</u>
		338,708	332,456	1,068,383	1,059,231
Operating expenses		<u>(173,775)</u>	<u>(177,863)</u>	<u>(472,463)</u>	<u>(477,846)</u>
Operating Profit		164,933	154,593	595,920	581,385
Interest expense		<u>(10,887)</u>	<u>(14,261)</u>	<u>(40,961)</u>	<u>(36,958)</u>
		154,046	140,332	554,959	544,427
Share of results of associated company		<u>303,742</u>	<u>202,374</u>	<u>986,676</u>	<u>566,631</u>
Profit before Taxation		457,788	342,706	1,541,635	1,111,058
Taxation		<u>(40,532)</u>	<u>(20,426)</u>	<u>(115,650)</u>	<u>(92,637)</u>
Net Profit		<u>417,256</u>	<u>322,280</u>	<u>1,425,985</u>	<u>1,018,421</u>
Net profit attributable to:					
Owners of the parent		412,809	318,530	1,412,968	1,007,146
Non-controlling interests		<u>4,447</u>	<u>3,750</u>	<u>13,017</u>	<u>11,275</u>
		<u>417,256</u>	<u>322,280</u>	<u>1,425,985</u>	<u>1,018,421</u>
Earnings per stock unit attributable to owners of the parent for the period					
Basic and fully diluted		\$1.37	\$1.05	\$4.67	\$3.33

FIRST JAMAICA INVESTMENTS LIMITED
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Unaudited Consolidated Statement of Comprehensive Income
Nine months ended September 30, 2009

		Restated		Restated
	3-months to	3-months to	9-Months to	9-months to
	September	September	September	September
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Net Profit for the period	417,256	322,280	1,425,985	1,018,421
Other Comprehensive Income				
Unrealised gain/(loss) on available for sale assets, net of tax	32,252	(109,221)	68,223	(108,973)
(Loss)/gain on dilution of shareholding in associated company	(1,320)	1,481	4,011	1,481
Share of other comprehensive income/(loss) of associated company	309,892	(125,755)	469,505	(471,122)
Other comprehensive income/(loss) for the period, net of tax	<u>340,824</u>	<u>(233,495)</u>	<u>541,739</u>	<u>(578,614)</u>
Total comprehensive income for the period	<u>758,080</u>	<u>88,785</u>	<u>1,967,724</u>	<u>439,807</u>
Total Comprehensive Income attributable to:				
Owners of the parent	753,437	85,035	1,954,473	428,532
Non-controlling interests	<u>4,643</u>	<u>3,750</u>	<u>13,251</u>	<u>11,275</u>
	<u>758,080</u>	<u>88,785</u>	<u>1,967,724</u>	<u>439,807</u>

FIRST JAMAICA INVESTMENTS LIMITED
and its Subsidiaries

Unaudited Consolidated Statement of Financial Position
as at September 30, 2009

	Unaudited September 2009 \$'000	Audited December 2008 \$'000	Restated Unaudited September 2008 \$'000
ASSETS			
Cash and Bank Balances	9,031	7,911	6,734
Investments			
Short term deposits	57,540	8,812	11,359
Securities			
Financial assets at fair value through profit and loss	135,237	119,290	350,581
Available-for sale	1,435,884	1,675,570	1,241,480
Securities purchased under agreements to resell	756,861	187,497	274,482
Deposits	3,314	37,121	23,299
Investment properties	3,331,700	3,280,392	3,114,955
Investment in associated companies	5,644,415	4,708,180	4,394,355
	<u>11,364,951</u>	<u>10,016,862</u>	<u>9,410,511</u>
Taxation recoverable	43,194	81,049	67,575
Deferred tax assets	19,909	23,760	4,021
Receivable and other assets	225,870	258,677	412,270
Due from related parties	179,413	5,589	4,767
Property, plant and equipment	91,706	86,316	101,647
Retirement benefit assets	35,687	39,626	37,965
	<u>11,969,761</u>	<u>10,519,790</u>	<u>10,045,490</u>
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity			
Capital and Reserves Attributable to the Company's Equity Holders			
Share Capital	355,848	355,848	355,848
Equity compensation reserve	34,029	28,397	25,662
Property revaluation reserve	2,493,942	2,433,042	2,283,273
Investment and other reserves	2,629,606	2,088,101	2,372,164
Retained earnings	5,768,146	4,627,674	4,179,454
Treasury shares	(15,574)	(15,574)	(15,574)
	<u>11,265,997</u>	<u>9,517,488</u>	<u>9,200,827</u>
Non-controlling interests	151,240	137,989	124,751
	<u>11,417,237</u>	<u>9,655,477</u>	<u>9,325,578</u>
Liabilities			
Bank overdraft	34	484	5,119
Taxation payable	18,376	-	-
Deferred tax liability	119,512	110,049	124,302
Due to related parties	5,244	5,244	5,244
Payable and other liabilities	100,745	204,611	171,981
Bank and other loans	257,634	495,950	368,347
Finance lease Liability	2,314	4,009	1,870
Retirement benefit liabilities	48,665	43,966	43,049
	<u>552,524</u>	<u>864,313</u>	<u>719,912</u>
	<u>11,969,761</u>	<u>10,519,790</u>	<u>10,045,490</u>



Stephen B. Facey
Managing Director



Maurice W. Facey
Chairman

FIRST JAMAICA INVESTMENTS LIMITED
and its subsidiaries

Unaudited Consolidated Statement of Changes in Equity
Nine months ended September 30, 2009

-----Attributable to owners of the parent-----

	Share Capital \$'000	Equity Compensation \$'000	Property Revaluation Reserve \$'000	Investment and Other reserves \$'000	Retained earnings \$'000	Treasury Stock \$'000	Non-controlling Interests \$'000	Total \$'000
Balance as at 1 January 2008 - restated	355,848	17,456	2,094,273	2,950,778	3,542,675	(15,574)	113,476	9,058,932
Dividends paid					(181,367)			(181,367)
Stock compensation provision		8,206						8,206
Total comprehensive income/(loss) for the period		-	-	(578,614)	1,007,146		11,275	439,807
Property revaluation gains			189,000	-	(189,000)			-
	-	8,206	189,000	(578,614)	636,779	-	11,275	266,646
Balance at 30 September 2008 - restated	355,848	25,662	2,283,273	2,372,164	4,179,454	(15,574)	124,751	9,325,578

-----Attributable to owners of the parent-----

	Share Capital \$'000	Equity Compensation \$'000	Property Revaluation Reserve \$'000	Investment and other reserves \$'000	Retained earnings \$'000	Treasury Stock \$'000	Non-controlling Interests \$'000	Total \$'000
Balance as at 1 January 2009	355,848	28,397	2,433,042	2,088,101	4,627,674	(15,574)	137,989	9,655,477
Dividends paid					(211,596)			(211,596)
Stock compensation provision		5,632	-		-			5,632
Total comprehensive income for the period		-	-	541,505	1,412,968		13,251	1,967,724
Property revaluation gains			60,900	-	(60,900)			-
	-	5,632	60,900	541,505	1,140,472	-	13,251	1,761,760
Balance at 30 September 2009	355,848	34,029	2,493,942	2,629,606	5,768,146	(15,574)	151,240	11,417,237

First Jamaica Investments Limited
and its subsidiaries

Unaudited Consolidated Statement of Cash Flows
Nine months ended 30 September 2009

	9-Months to September 2009 \$'000	Restated 9-Months to September 2008 \$'000
Net profit	1,425,985	1,018,421
Items not affecting cash		
Share of profit of associated company	(986,676)	(566,631)
Fair value gains on investment properties	(60,900)	(189,000)
Gains on foreign currency assets, net	(124,381)	(23,345)
Other	4,990	72,259
	<u>259,018</u>	<u>311,704</u>
Changes in operating assets and liabilities		
Other assets, net	70,662	26,179
Other liabilities, net	<u>(74,122)</u>	<u>(6,338)</u>
	255,558	331,545
Interest received	135,122	106,350
Interest paid	(39,697)	(36,958)
Income tax paid	<u>(90,336)</u>	<u>(213,870)</u>
Net cash provided by operations	<u>260,647</u>	<u>187,067</u>
Cash flow from investing activities		
Acquisition of investment properties and property, plant and equipment	(8,863)	(24,266)
Proceeds from/(acquisition of) investment securities, net	511,581	(353,640)
Dividends from associated company	<u>523,960</u>	<u>220,615</u>
Net cash provided by /(used in) investing activities	<u>1,026,678</u>	<u>(157,291)</u>
Cash flows from financing activities		
Due from related parties	(173,827)	74,926
Loan received	53,653	304,130
Loans repaid	(335,893)	(333,612)
Dividends paid	<u>(211,596)</u>	<u>(181,367)</u>
Net cash used in financing activities	<u>(667,663)</u>	<u>(135,923)</u>
Net increase/(decrease) in cash and cash equivalents	619,662	(106,147)
Cash and cash equivalents at the beginning of period	<u>203,736</u>	<u>393,603</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>823,398</u>	<u>287,456</u>
Comprising of:		
Cash at bank and in hand	9,031	6,734
Short term investments	57,540	11,359
Securities purchased under agreement to resell	756,861	274,482
Bank overdraft	<u>(34)</u>	<u>(5,119)</u>
	<u>823,398</u>	<u>287,456</u>

FIRST JAMAICA INVESTMENTS LIMITED
and its Subsidiaries

Unaudited Segmental Financial Information
Nine months ended September 30, 2009

	Property Management Services \$'000	Investment Management Services \$'000	Eliminations \$'000	Group \$'000
REVENUE				
External	802,562	265,821		1,068,383
Inter-segment	4,602	93,773	(98,375)	-
Total revenue	807,164	359,594	(98,375)	1,068,383
Operating profit	296,899	299,021		595,920
Interest expense	(15,388)	(25,573)		(40,961)
	281,511	273,448		554,959
Share of results of associated company	-	986,676		986,676
Profit before taxation	281,511	1,260,124		1,541,635
Taxation	(73,361)	(42,289)		(115,650)
Net profit	208,150	1,217,835		1,425,985
Segment assets	4,117,571	2,595,879	(388,104)	6,325,346
Associates	-	5,644,415	-	5,644,415
Total assets	4,117,571	8,240,294	(388,104)	11,969,761
Segment liabilities	705,758	234,870	(388,104)	552,524

FIRST JAMAICA INVESTMENTS LIMITED
and its Subsidiaries

Unaudited Segmental Financial Information
Nine months ended September 30, 2008

RESTATED

	Property Management Services \$'000	Investment Management Services \$'000	Eliminations \$'000	Group \$'000
REVENUE				
External	848,744	210,487		1,059,231
Inter-segment	4,077	93,481	(97,558)	-
Total revenue	852,821	303,968	(97,558)	1,059,231
Operating profit	339,361	242,024		581,385
Interest expense	(15,217)	(21,741)		(36,958)
	324,144	220,283		544,427
Share of results of associated company	-	566,631		566,631
Profit before taxation	324,144	786,914		1,111,058
Taxation	(37,052)	(55,585)		(92,637)
Net profit	287,092	731,329		1,018,421
Segment assets	3,725,078	2,331,429	(405,372)	5,651,135
Associates	-	4,394,355	-	4,394,355
Total assets	3,725,078	6,725,784	(405,372)	10,045,490
Segment liabilities	721,820	403,464	(405,372)	719,912

NOTES

1. Basis of Consolidation

The Financial Statements have been prepared in accordance with the accounting policies as disclosed in the audited financial statements for the year ended 31 December 2008, amended by the adoption of the following Standards effective 1 January 2009:

IAS 1 - Presentation of Financial Statements (revised)

IFRS 8 - Operating Segments

2. Property Income

	9-Months to September 2009 \$'000	9-Months to September 2008 \$'000
Rental Income	639,389	594,766
Fair value gains on property valuation	<u>60,900</u>	<u>189,000</u>
	<u>700,289</u>	<u>783,766</u>