



**Pan-Jamaican Investment Trust Limited**

**Report to Stockholders  
For the period ended 30 September 2009**

# **Pan-Jamaican Investment Trust 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 Pan-Jamaican Investment Trust Limited for the quarter and nine months ended September 30, 2009.

The highlights are:

- Net profit attributable to owners year-to-date of \$1,013 million (2008:\$757 million)
- Return (annualised) on opening equity of 18% (2008: 16%)
- Earnings per stock unit year-to-date of \$5.91 (2008:\$4.42)
- Book value per stock unit of \$50.85 at September 30 2009 (December 31, 2008: \$43.38)
- Ordinary dividend of \$0.35 and Special dividend of \$0.16 per stock unit payable December 18, 2009

Net profit attributable to owners for the quarter ended September 30, 2009 amounted to \$296 million, compared to \$236 million in the 2008 3rd quarter, an increase of 25%, while basic earnings per stock unit were \$1.73 compared to \$1.38 for the same period in 2008. Net profit attributable to owners for the nine months ended September 30, 2009 amounted to \$1,013 million, compared to \$757 million for the same period in 2008, an increase of 34%, while basic earnings per stock unit for the nine months were \$5.91 compared to \$4.42. Consequent on this strong performance, the Company raised the quarterly dividend to \$0.35 per stock unit, from \$0.30 per stock unit in September and June 2009 and \$0.25 per stock unit in March 2009, and declared a Special dividend of \$0.16 per stock unit.

Performance for the quarter and the nine months was impacted most notably by the increase in earnings for the quarter and nine months of FJIL. FJIL's share of results of associated company, represented by its 24.5% investment in Sagicor Life Jamaica Limited (SLJ), increased by \$101.0 million (50%) for the 3<sup>rd</sup> quarter compared to last year's 3<sup>rd</sup> quarter, to \$304 million. Additionally, its share of SLJ's 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 continued strong performance across all major business lines.

Group operating profit for the 3rd quarter was \$6 million better than last year's 3rd quarter, despite a decision not to record any property revaluation gains in the 2009 3rd quarter given the uncertain outlook in the commercial property market. For the nine months, total income was \$47 million (4%) better than the same period last year. Total operating expenses increased nominally 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 \$41 million (7%) 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 \$68 million for the quarter (\$297 million for the nine months) was 41% lower than last year's 3rd quarter (15% 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 \$91 million for the quarter, an increase of \$52 million compared to last year's 3rd quarter profit of \$39 million, benefiting from a non recurring gain of \$43 million. For the nine months, the investment management segment operating profit was \$304 million, \$71 million better than the comparable period last year, driven principally by 1<sup>st</sup> quarter foreign exchange gains and 3<sup>rd</sup> quarter non-recurring gains.

Hardware & Lumber Limited (H&L) reported a disappointing loss of \$43 million for the 3rd quarter, \$183 million year-to-date, compared to a loss of \$23 million for the 3<sup>rd</sup> quarter and \$5 million profit year-to-date last year. Results were adversely affected by revenue and gross profit declines versus the same period a year ago, reflecting continuing soft demand particularly in the construction and home improvement sectors. We remain deeply concerned about H&L's losses and trends. The company has recently appointed a new Chief Executive Officer and we expect improved performance given the company's strong brand and the best distribution capabilities in the hardware industry.

Early indications from our 25% investment in Walkerswood are that the transition to new leadership has gone smoothly, the brand has retained its strength and there is unsatisfied demand for its products both locally and abroad.

Total assets at September 30 2009 amounted to \$12.6 billion, compared to \$11.1 billion at December 31, 2008. Stockholders' equity increased to \$8.7 billion (December 31 2008: \$7.4 billion), which equates to a book value per share of \$50.85 as at September 30 2009 (December 31, 2008: \$43.38).

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.



**Pan-Jamaican Investment Trust Limited**  
**and its subsidiaries**  
**Unaudited Consolidated Income Statement**  
**Nine months ended 30 September 2009**

	Note				
		3 Months to	Restated	YTD	Restated
		Sep-09	3 Months to	Sep-09	YTD
		\$'000	Sep-08	\$'000	Sep-08
			\$'000		\$'000
<b>Income</b>					
Investments		76,238	55,366	362,183	268,939
Property	2	223,434	276,243	695,369	780,397
Commissions		8,289	7,119	22,649	16,613
Other		46,435	12,207	74,397	41,315
		<u>354,396</u>	<u>350,935</u>	<u>1,154,598</u>	<u>1,107,264</u>
Operating expenses		<u>(185,831)</u>	<u>(188,015)</u>	<u>(511,766)</u>	<u>(505,814)</u>
<b>Operating profit</b>		<u>168,565</u>	<u>162,920</u>	<u>642,832</u>	<u>601,450</u>
Interest expense		<u>(10,930)</u>	<u>(14,265)</u>	<u>(41,019)</u>	<u>(37,014)</u>
		<u>157,635</u>	<u>148,655</u>	<u>601,813</u>	<u>564,436</u>
Share of results of associated companies		<u>294,766</u>	<u>197,532</u>	<u>921,625</u>	<u>568,421</u>
<b>Profit before taxation</b>		<u>452,401</u>	<u>346,187</u>	<u>1,523,438</u>	<u>1,132,857</u>
Taxation		<u>(40,532)</u>	<u>(20,426)</u>	<u>(115,650)</u>	<u>(92,637)</u>
<b>Net profit</b>		<u>411,869</u>	<u>325,761</u>	<u>1,407,788</u>	<u>1,040,220</u>
<b>Net profit attributable to:</b>					
Owners of the parent		295,775	235,862	1,012,623	756,554
Non-controlling interests		116,094	89,899	395,165	283,666
		<u>411,869</u>	<u>325,761</u>	<u>1,407,788</u>	<u>1,040,220</u>
<b>Earnings per stock unit attributable to</b>					
<b>owners of the parent for the period</b>					
<b>Basic</b>		\$1.73	\$1.38	\$5.91	\$4.42
<b>Fully diluted</b>		\$1.70	\$1.35	\$5.81	\$4.34

**Pan Jamaican Investment Trust Limited  
and its subsidiaries  
Unaudited Consolidated Statement of Comprehensive Income  
Nine months ended 30 September 2009**

	<b>3 Months to Sep-09 \$'000</b>	<b>Restated 3 Months to Sep-08 \$'000</b>	<b>YTD Sep-09 \$'000</b>	<b>Restated YTD Sep-08 \$'000</b>
Net profit for the period	411,869	325,761	1,407,788	1,040,220
<b>Other comprehensive income:</b>				
Exchange differences on translating foreign operations	343	1,091	8,890	2,147
Unrealised gains/(losses) on available-for-sale financial assets, net of tax	38,068	(119,393)	54,930	(133,635)
(Loss)/gain on dilution of shareholding in associates	(1,320)	1,481	4,010	1,481
Share of other comprehensive income/(loss) of associates	309,892	(125,755)	469,505	(471,122)
Other comprehensive income/(loss) for the period, net of tax	<u>346,983</u>	<u>(242,576)</u>	<u>537,335</u>	<u>(601,129)</u>
Total comprehensive income for the period	<u>758,852</u>	<u>83,185</u>	<u>1,945,123</u>	<u>439,091</u>
<b>Total comprehensive income attributable to</b>				
Owners of the parent	550,201	55,531	1,409,117	311,916
Non-controlling interests	208,651	27,654	536,006	127,175
	<u>758,852</u>	<u>83,185</u>	<u>1,945,123</u>	<u>439,091</u>

**PAN-JAMAICAN INVESTMENT TRUST LIMITED**  
**and its subsidiaries**  
**Unaudited Consolidated Statement of Financial Position**  
**as at 30 September 2009**

	Unaudited September 2009 \$'000	Audited December 2008 \$'000	Restated Unaudited September 2008 \$'000
<b>ASSETS</b>			
<b>Cash and Bank Balances</b>	10,358	14,193	11,352
<b>Investments</b>			
Short term deposits	140,514	8,812	121,842
Securities			
Financial assets at fair value through profit and loss	135,237	119,290	366,163
Available-for-sale	1,758,101	1,966,575	1,443,974
Loans & receivables	189,408	20,426	19,702
Deposits	-	37,121	23,299
Securities purchased under agreements to resell	756,861	276,621	274,482
Investment properties	3,326,131	3,274,823	3,109,386
Investment in associated companies	5,714,083	4,842,899	4,647,717
	<u>12,020,335</u>	<u>10,546,567</u>	<u>10,006,565</u>
Taxation recoverable	52,565	91,302	77,646
Deferred tax assets	21,830	25,681	5,943
Receivables and other assets	309,859	300,217	473,019
Property, plant and equipment	102,288	98,173	114,920
Retirement benefit assets	38,684	42,623	40,432
	<u>525,226</u>	<u>557,996</u>	<u>711,960</u>
	<u>12,555,919</u>	<u>11,118,756</u>	<u>10,729,877</u>
<b>STOCKHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Stockholders' Equity</b>			
<b>Capital and Reserves Attributable to the Company's Equity holders</b>			
Share capital	185,354	185,354	185,354
Equity compensation reserve	32,503	27,107	24,496
Property revaluation reserve	1,819,652	1,775,005	1,665,742
Investment and other reserves	2,281,981	1,875,061	2,076,805
Retained earnings	4,409,074	3,586,706	3,353,100
Treasury stock	(18,486)	(18,486)	(18,486)
	<u>8,710,078</u>	<u>7,430,747</u>	<u>7,287,011</u>
<b>Non-controlling interests</b>	<u>3,152,450</u>	<u>2,710,478</u>	<u>2,596,614</u>
	<u>11,862,528</u>	<u>10,141,225</u>	<u>9,883,625</u>
<b>Liabilities</b>			
Bank overdraft	107	1,203	6,758
Taxation payable	18,376	267	0
Deferred tax liability	119,512	110,047	124,302
Retirement benefit liabilities	67,623	62,924	61,388
Due to related party	5,225	5,225	5,225
Payables and other liabilities	220,371	293,153	272,796
Bank and other loans	257,634	495,950	368,347
Finance lease liability	4,543	8,762	7,436
Total liabilities	<u>693,391</u>	<u>977,531</u>	<u>846,252</u>
	<u>12,555,919</u>	<u>11,118,756</u>	<u>10,729,877</u>



Maurice W. Facey

Director



Stephen B. Facey

Director

**Pan-Jamaican Investment Trust Limited**  
**Unaudited Consolidated Statement of Changes in Equity**  
**for the period ended 30 September 2009**

**30 September 2008 - Restated**

-----Owners Of The Parent-----							
Share Capital	Equity Compensation reserve	Property Revaluation Reserves	Investment and other reserves	Retained Earnings	Treasury Shares	Non-Controlling Interest	Total
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
185,354	16,663	1,527,859	2,521,443	2,862,865	(18,486)	2,515,737	9,611,435
-	-	-	-	(128,436)	-	(48,517)	(176,953)
-	7,833	-	-	-	-	2,219	10,052
-	-	137,883	-	(137,883)	-	-	-
-	-	-	-	-	-	-	-
-	-	-	(444,638)	756,554	-	127,175	439,091
185,354	24,496	1,665,742	2,076,805	3,353,100	(18,486)	2,596,614	9,883,625

**30-Sep-09**

-----Owners Of The Parent-----/							
Share Capital	Equity Compensation Reserve	Property Revaluation Reserve	Investment and other reserves	Retained Earnings	Treasury Shares	Non-Controlling Interest	Total
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
185,354	27,107	1,775,005	1,875,061	3,586,706	(18,486)	2,710,478	10,141,225
-	-	-	-	(145,608)	-	(56,605)	(202,213)
-	5,396	-	-	-	-	1,503	6,899
-	-	44,647	-	(44,647)	-	-	-
-	-	-	10,426	-	-	(38,932)	(28,506)
-	-	-	396,494	1,012,623	-	536,006	1,945,123
185,354	32,503	1,819,652	2,281,981	4,409,074	(18,486)	3,152,450	11,862,528

**PAN JAMAICAN INVESTMENT TRUST LIMITED**  
**and its subsidiaries**  
**Unaudited Consolidated Statement of Cash Flows**  
**Nine months ended 30 September 2009**

	<b>9-Months to September 2009 \$'000</b>	<b>Restated 9-Months to September 2008 \$'000</b>
Net profit	1,407,788	1,040,220
<b>Items not affecting cash</b>		
Share of results of associated companies	(921,625)	(568,421)
Fair value gains on investment properties	(60,900)	(189,000)
Gains on foreign currency denominated investments, net	(161,931)	(32,160)
Other	85,735	25,011
	<u>349,067</u>	<u>275,650</u>
Changes in non-cash working capital components	<u>(48,138)</u>	<u>(67,402)</u>
<b>Net cash provided by operations</b>	<u>300,929</u>	<u>208,248</u>
<b>Cash flows from investing activities</b>		
Dividends received from associated company	523,960	220,615
Acquisition of investment securities, net	335,696	(358,101)
Other investment activities	<u>(28,479)</u>	<u>(27,142)</u>
<b>Net cash provided by investing activities</b>	<u>831,177</u>	<u>(164,628)</u>
<b>Cash flows from financing activities</b>		
Dividends paid to non-controlling interests	(56,605)	(48,517)
Dividends paid to company stockholders	(145,608)	(128,436)
Other financing activities	<u>(320,690)</u>	<u>(34,029)</u>
<b>Net cash (used in)/provided by financing activities</b>	<u>(522,903)</u>	<u>(210,982)</u>
Net increase in cash and cash equivalents	609,203	(167,362)
Cash & cash equivalents at beginning of the period	<u>298,423</u>	<u>568,280</u>
Cash & cash equivalents at end of the period	<u><u>907,626</u></u>	<u><u>400,918</u></u>
<b>Comprising of:</b>		
Cash at bank and in hand	10,358	11,352
Short term deposits	140,514	121,842
Securities purchased under agreement to resell	756,861	274,482
Overdraft	<u>(107)</u>	<u>(6,758)</u>
	<u><u>907,626</u></u>	<u><u>400,918</u></u>



**PAN JAMAICAN INVESTMENT TRUST LIMITED**  
**an its subsidiaries**  
**Unaudited Consolidated Financial Information by Business Segments**

**30 September 2009**

	Property Investment & Management \$'000	Investment Management Services \$'000	Other Services \$'000	Eliminations \$'000	Total \$'000
<b>REVENUE</b>					
External	797,372	306,344	50,882	-	1,154,598
Inter-segment	5,190	6,390	-	(11,580)	-
Total revenue	802,562	312,734	50,882	(11,580)	1,154,598
Segment results	296,899	303,571	42,362	-	642,832
Interest expense	(15,388)	(25,631)	-	-	(41,019)
	281,511	277,940	42,362		601,813
Share of results of associated companies	-	921,625	-	-	921,625
<b>Profit before taxation</b>	281,511	1,199,565	42,362		1,523,438
Taxation	(73,361)	(42,289)	-	-	(115,650)
<b>Net profit</b>	208,150	1,157,276	42,362	-	1,407,788
Segment assets	4,112,294	2,608,529	307,248	(186,235)	6,841,836
Associates	-	5,714,083	-	-	5,714,083
Total assets	4,112,294	8,322,612	307,248	-	12,555,919
Segment liabilities	317,654	306,077	255,895	(186,235)	693,391

**30 September 2008 - Restated**

	Property Investment & Management \$'000	Investment Management services \$'000	Other Service \$'000	Eliminations \$'000	Total \$'000
<b>REVENUE</b>					
External	845,375	230,957	30,932	-	1,107,264
Inter-segment	3,369	5,814	-	(9,183)	
Total revenue	848,744	236,771	30,932	(9,183)	1,107,264
Segment results	347,567	232,689	21,194	-	601,450
Interest expense	(15,217)	(21,797)	-	-	(37,014)
	332,350	210,892	21,194		564,436
Share of results of associated companies	-	568,421	-	-	568,421
<b>Profit before taxation</b>	332,350	779,313	21,194		1,132,857
Taxation	(34,317)	(58,320)	-	-	(92,637)
<b>Net profit</b>	298,033	720,993	21,194	-	1,040,220
Segment assets	3,700,742	2,342,082	259,160	(219,824)	6,082,160
Associates	-	4,647,717	-	-	4,647,717
Total assets	3,700,742	6,989,799	259,160	(219,824)	10,729,877
Segment liabilities	316,448	468,363	281,265	(219,824)	846,252

## **PAN-JAMAICAN INVESTMENT TRUST LIMITED**

### **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, and amended by the adoption of the following Standards:

IAS 1 (Revised) - Presentation of Financial Statements

IFRS 8 - Operating Segments

IAS 27 (Revised) – Consolidated and Separate Financial Statements

#### **2. Property Income**

	<b>9 Months September 2009</b>	<b>9-Months September 2008</b>
<b>Rental Income</b>	<b>634,469</b>	<b>591,397</b>
<b>Fair value gains on property valuation</b>	<b>60,900</b>	<b>189,000</b>
	<b><u>695,369</u></b>	<b><u>780,397</u></b>