



Pan-Jamaican Investment Trust Limited

**Report to Stockholders
for the year ended 31 December 2009**

Pan-Jamaican Investment Trust Limited

Press Release

December 31, 2009

On behalf of the Board of Directors, we are pleased to present the consolidated financial statements of Pan-Jamaican Investment Trust Limited for the year ended December 31, 2009.

The highlights are:

- Net profit attributable to owners of \$1,396 million (2008:1,142 million)
- Return on opening equity of 19% (2008: 16%)
- Earnings per stock unit of \$8.15 (2008:\$6.67)
- Book value per stock unit of \$52.15 at year end (December 31, 2008: \$43.38)

Net profit attributable to owners for the year ended 31 December 2009 amounted to \$1,396 million, compared to \$1,142 million in 2008, an increase of 22%, while basic earnings per stock unit were \$8.15 compared to \$6.67 for 2008.

Property income increased \$49 million, 4%, to \$1,174 million, including a 10% increase in rental income to \$870 million and a reduced \$305 million property revaluation gain compared to the 2008 amount of \$339 million. The increase in income more than offset marginally higher property operating costs, as during 2009 the sustained reduction in world oil prices over 2008, and the impact on electricity costs, largely offset inflationary pressures in other expense categories. Our property segment enjoyed overall occupancy levels exceeding 98% for the year, while contribution to group operating profit of \$618 million was 11% better than last year's level of \$557 million.

Investment income increased \$67 million, 18%, while our investment management segment posted operating profit of \$360 million for the year, an increase of \$59 million compared to last year's level of \$301 million. Last year we recognised unrealized losses of \$81 million resulting from the downturn in the local and international securities market. Net unrealised gains in our portfolio of available for sale securities, which are accounted for through comprehensive income and stockholders' equity, amounted to \$64 million for the year compared to a net unrealised loss of \$322 million last year.

Total operating expenses for the year amounted to \$705 million compared to the 2008 level of \$688 million, an increase of 2%. Of these amounts, the year on year increase in direct costs of property management was 1% while the increase in general and administrative overhead was 4%, well below the general inflation rate.

Our share of results of associated companies, represented by First Jamaica's 24.5% investment in Sagicor Life Jamaica Limited (Sagicor) and our holdings of 20.8% in

Hardware & Lumber Limited (H&L), and 25% in the new Walkerswood group, improved by \$279 million, up 33% to \$1,125 million (2008: \$846 million).

Sagicor's net profit attributable to shareholders was \$4,390 million, an increase of 12% over the prior year, representing a 28% return on opening equity. All major lines of Sagicor's revenues increased with the exception of the single premium annuity business, while the company continues to manage expenses very carefully. Additionally, during the last quarter of 2009, Sagicor raised its ownership stake in Pan Caribbean Financial Services to 86%, which we view as an important strategic move.

H&L, on the other hand, had another poor year, with the downturn in the economy and the construction industry having a significant impact on consumer and contractor spending. For the year, H&L reported a net loss of \$250 million (compared to a \$260 million net loss in 2008), of which our shares were \$52 million and \$58 million, respectively. We have also recorded impairment losses of \$27 million in 2009 and \$58 million in 2008 on this investment.

During 2009 a consortium led by us completed the rescue of Walkerswood. This consortium includes Associated Manufacturers Limited, producers of the Busha Browne and Jamaica Joe lines of sauces, jams and jellies, who have merged their operations with Walkerswood for an ownership interest in the new combined group. Our 25% share of the group's results, amounting to \$15 million for the 8 months ended December 31, 2009, is reflected in our consolidated 2009 net profit. We are pleased with the investment's performance to date and look forward to future growth opportunities locally and overseas.

Total assets at December 31, 2009 amounted to \$12.9 billion, compared to \$11.1 billion at December 31, 2008. Stockholders' equity increased to \$8.9 billion (December 31 2008: \$7.4 billion), which equates to a book value per share of \$52.15 as at December 31, 2009 (December 31, 2008: \$43.38).

The group participated fully in the Jamaica Debt Exchange (JDX) concluded in February, 2010, as did First Jamaica's associated company, Sagicor. While the impact on our 2009 results was not significant, lower interest rates and a compressed economic environment will adversely affect both the group and Sagicor in 2010. We are, nevertheless, very supportive of the government's initiative relative to the country's hitherto unsustainable debt level, and look forward to the announcement of additional initiatives to reduce the fiscal deficit and put the country on a path of sustainable growth.

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, as well as Jamaica's own difficulties, 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 an extended recessionary period and to take advantage of opportunities as they arise.

Pan-Jamaican Investment Trust Limited

Consolidated Income Statement

Year ended 31 December 2009

(expressed in Jamaican dollars unless otherwise indicated)

	2009 \$'000	2008 \$'000
Income		
Investments	444,103	376,649
Property	1,174,446	1,125,567
Commissions	30,650	23,317
Other	86,815	61,578
	1,736,014	1,587,111
Operating expenses	(705,096)	(688,280)
Operating Profit	1,030,918	898,831
Interest expense	(51,058)	(44,990)
Share of results of associated companies	1,124,733	845,962
Gain on acquisition of shares in subsidiary	10,427	-
Profit before Taxation	2,115,020	1,699,803
Taxation	(179,887)	(82,532)
NET PROFIT	1,935,133	1,617,271
Attributable to:		
Owners of the parent	1,395,677	1,142,247
Minority Interests	539,456	475,024
	1,935,133	1,617,271
Earnings per stock unit attributable to owners of the parent during year		
Basic	8.15	6.67
Fully diluted	8.00	6.55

Pan-Jamaican Investment Trust Limited

Consolidated Statement of Comprehensive Income

Year ended 31 December 2009

(expressed in Jamaican dollars unless otherwise indicated)

	2009 \$'000	2008 \$'000
Net Profit for the year	<u>1,935,133</u>	<u>1,617,271</u>
Other Comprehensive Income		
Exchange differences on translating foreign operations	9,579	9,389
Unrealised gain/(loss) on available-for-sale financial assets, net of tax	64,210	(322,319)
Gains on dilution of shareholding in associated company	11,119	1,479
Share of other comprehensive income/(loss) of associated company	<u>371,633</u>	<u>(553,482)</u>
Other Comprehensive Income/(loss) for the year, net of tax	<u>456,541</u>	<u>(864,933)</u>
TOTAL COMPREHENSIVE INCOME	<u><u>2,391,674</u></u>	<u><u>752,338</u></u>
Attributable to:		
Owners of the parent	1,728,637	495,865
Minority interests	<u>663,037</u>	<u>256,473</u>
	<u><u>2,391,674</u></u>	<u><u>752,338</u></u>

Pan-Jamaican Investment Trust Limited

Consolidated Statement of Financial Position

31 December 2009

(expressed in Jamaican dollars unless otherwise indicated)

	2009 \$'000	2008 \$'000
ASSETS		
Cash and Bank Balances	18,784	14,193
Investments		
Deposits	122,144	45,933
Investment securities:		
Financial assets at fair value through profit and loss	126,404	119,290
Available-for-sale	1,787,993	1,966,575
Loans and receivables	12,272	20,426
	1,926,669	2,106,291
Securities purchased under agreements to resell	829,048	276,621
Investment properties	3,584,578	3,274,823
Investment in associated companies	6,003,954	4,842,899
	12,466,393	10,546,567
Other assets		
Taxation recoverable	58,250	91,302
Deferred tax assets	10,396	25,681
Trade receivables and prepayments	226,819	300,217
Property, plant and equipment	100,512	98,173
Retirement benefit assets	42,088	42,623
	12,923,242	11,118,756

Pan-Jamaican Investment Trust Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2009

(expressed in Jamaican dollars unless otherwise indicated)

	2009 \$'000	2008 \$'000
STOCKHOLDERS' EQUITY AND LIABILITIES		
Stockholders' Equity		
Capital and Reserves Attributable to Owners of the Parent		
Share capital	185,354	185,354
Equity compensation reserve	34,302	27,107
Property revaluation reserve	1,998,504	1,775,005
Investment and other reserves	2,208,021	1,875,061
Retained earnings	4,525,910	3,586,705
Treasury stock	(18,486)	(18,486)
	8,933,605	7,430,746
Minority interests	3,248,427	2,710,479
	<u>12,182,032</u>	<u>10,141,225</u>
Liabilities		
Bank overdrafts	2,610	1,203
Taxation payable	80,689	267
Due to related parties	5,225	5,225
Loan liabilities	241,924	495,950
Finance lease liability	3,212	8,762
Deferred tax liabilities	104,499	110,047
Retirement benefit liabilities	69,923	62,924
Other liabilities	233,128	293,153
	<u>741,210</u>	<u>977,531</u>
	<u>12,923,242</u>	<u>11,118,756</u>

Approved for issue by the Board of Directors on 1 March 2008 and signed on its behalf by:



Maurice W. Facey Director



Stephen B. Facey Director

Pan-Jamaican Investment Trust Limited

Consolidated Statement of Changes in Equity (continued)

Year ended 31 December 2009

(expressed in Jamaican dollars unless otherwise indicated)

	Attributable to Owners of the Parent							
	Share Capital	Equity Compensation Reserve	Property Revaluation Reserve	Investment and Other Reserves	Retained Earnings	Treasury Stock	Minority Interests	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2008	185,354	16,663	1,527,859	2,521,443	2,862,865	(18,486)	2,515,737	9,611,435
Comprehensive income								
Net profit	-	-	-	-	1,142,247	-	475,024	1,617,271
Other comprehensive income:								
Exchange differences on translating foreign operations	-	-	-	9,389	-	-	-	9,389
Unrealised losses on available-for-sale financial assets, net of tax	-	-	-	(253,062)	-	-	(69,257)	(322,319)
Gain on dilution of shareholding in associated company	-	-	-	1,079	-	-	400	1,479
Share of other comprehensive loss of associated companies	-	-	-	(403,788)	-	-	(149,694)	(553,482)
Total other comprehensive loss for the year				(646,382)	-	-	(218,551)	(864,933)
Total comprehensive (loss)/income for the year	-	-	-	(646,382)	1,142,247	-	256,473	752,338
Transactions with owners								
Dividends paid to equity holders of the company	-	-	-	-	(171,261)	-	-	(171,261)
Dvidends paid to minority shareholders of a subsidiary	-	-	-	-	-	-	(64,690)	(64,690)
Transfer of unrealised property revaluation gains	-	-	247,146	-	(247,146)	-	-	-
Stock compensation provision	-	10,444	-	-	-	-	2,959	13,403
Total transactions with owners	-	10,444	247,146	-	(418,407)	-	(61,731)	(222,548)
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 Equity (continued)

Year ended 31 December 2009

(expressed in Jamaican dollars unless otherwise indicated)

	Attributable to Owners of the Parent						Minority Interests \$'000	Total \$'000
	Share Capital \$'000	Equity Compensation Reserve \$'000	Property Revaluation Reserve \$'000	Investment and Other Reserves \$'000	Retained Earnings \$'000	Treasury Stock \$'000		
Balance at 1 January 2009	185,354	27,107	1,775,005	1,875,061	3,586,705	(18,486)	2,710,479	10,141,225
Comprehensive income								
Net profit	-	-	-	-	1,395,677	-	539,456	1,935,133
Other comprehensive income:								
Exchange differences on translating foreign operations	-	-	-	9,579	-	-	-	9,579
Unrealised gain on available-for-sale financial assets, net of tax	-	-	-	42,784	-	-	21,426	64,210
Gain on dilution of shareholding in associated company	-	-	-	8,151	-	-	2,968	11,119
Share of other comprehensive income of associated companies	-	-	-	272,446	-	-	99,187	371,633
Total other comprehensive income for the year				332,960	-	-	123,581	456,541
Total comprehensive income for the year	-	-	-	332,960	1,395,677	-	663,037	2,391,674
Transactions with owners								
Dividends paid to equity holders of the company	-	-	-	-	(232,973)	-	-	(232,973)
Dividends paid to minority shareholders of a subsidiary	-	-	-	-	-	-	(88,160)	(88,160)
Acquisition of additional shareholding in subsidiary	-	-	-	-	-	-	(38,933)	(38,933)
Transfer of unrealised property revaluation gains	-	-	223,499	-	(223,499)	-	-	-
Stock compensation provision	-	7,195	-	-	-	-	2,004	9,199
Total transactions with owners	-	7,195	223,499	-	(456,472)	-	(125,089)	(350,867)
Balance at 31 December 2009	185,354	34,302	1,998,504	2,208,021	4,525,910	(18,486)	3,248,427	12,182,032

Pan-Jamaican Investment Trust Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2009

(expressed in Jamaican dollars unless otherwise indicated)

	2009 \$'000	2008 \$'000
Cash Flows from Operating Activities	<u>551,311</u>	<u>250,844</u>
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(13,752)	(15,446)
Acquisition of investment properties	(2,420)	(8,614)
Acquisition of shares in associated company	(177,523)	-
Acquisition of additional shares in subsidiary	(28,506)	-
Dividends from associates	523,960	404,460
Acquisition of investment securities, net	<u>452,131</u>	<u>(718,369)</u>
Net cash provided by/(used in) investing activities	<u>753,890</u>	<u>(337,969)</u>
Cash Flows from Financing Activities		
Due from related parties	(7)	(5,103)
Loans received	53,653	508,827
Loans repaid	(352,521)	(437,768)
Loans interest repaid	(45,931)	(41,237)
Finance lease received	(5,550)	3,751
Dividends paid to minority shareholders of a subsidiary	(88,160)	(64,690)
Dividends paid to equity holders	<u>(232,973)</u>	<u>(171,261)</u>
Net cash used in financing activities	<u>(671,489)</u>	<u>(207,481)</u>
Net increase/(decrease) in cash and cash equivalents	633,712	(294,606)
Effect of exchange rate changes on cash and cash equivalents	32,504	24,749
Cash and cash equivalents at beginning of year	<u>298,423</u>	<u>568,280</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>964,639</u></u>	<u><u>298,423</u></u>

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements

Year ended 31 December 2009

(expressed in Jamaican dollars unless otherwise indicated)

Segmental Financial Information

	2009				
	Property Management & Rental	Investments	Other Services	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
External operating revenue	1,306,585	364,674	64,755		1,736,014
Operating revenue from other segments	6,926	8,520	-	(15,446)	
Total revenue	1,313,511	373,194	64,755	(15,446)	1,736,014
Operating profit	617,972	360,232	52,714	-	1,030,918
Interest expense	(20,113)	(30,945)	-	-	(51,058)
	597,859	329,287	52,714	-	979,860
Share of results of associated companies	-	1,124,733	-	-	1,124,733
Gain on acquisition of shares in subsidiary	-	10,427	-	-	10,427
Profit before taxation	597,859	1,464,447	52,714	-	2,115,020
Taxation	(100,423)	(79,228)	(236)	-	(179,887)
Net profit	497,436	1,385,219	52,478	-	1,935,133
Segment assets	4,422,100	2,399,068	279,086	(180,966)	6,919,288
Investment in associated companies	-	6,003,954	-	-	6,003,954
Total assets	4,422,100	8,403,022	279,086	(180,966)	12,923,242
Segment liabilities	360,622	334,314	227,240	(180,966)	741,210
Other segment items:					
Capital expenditure	12,630	1,122	-	-	13,752
Depreciation	3,908	3,056	102	83	7,149

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements

Year ended 31 December 2009

(expressed in Jamaican dollars unless otherwise indicated)

Segmental Financial Information (Continued)

	2008				
	Property Management & Rental \$'000	Investments	Other Services \$'000	Eliminations \$'000	Group \$'000
External operating revenue	1,218,854	313,662	54,595	-	1,587,111
Operating revenue from other segments	6,315	7,752	-	(14,067)	-
Total revenue	1,225,169	321,414	54,595	(14,067)	1,587,111
Operating profit	556,782	300,994	41,055	-	898,831
Interest expense	(20,055)	(24,935)	-	-	(44,990)
Share of results of associated companies	536,727	276,059	41,055	-	853,841
	-	845,962	-	-	845,962
Profit before taxation	536,727	1,122,021	41,055	-	1,699,803
Taxation	(64,373)	(18,159)	-	-	(82,532)
Net profit	472,354	1,103,862	41,055	-	1,617,271
Segment assets	3,879,746	2,368,008	246,456	(218,353)	6,275,857
Investment in associated companies	-	4,842,899	-	-	4,842,899
Total assets	3,879,746	7,210,907	246,456	(218,353)	11,118,756
Segment liabilities	315,956	622,250	257,678	(218,353)	977,531
Other segment items:					
Capital expenditure	12,570	2,876	-	-	15,446
Depreciation	3,254	2,980	427	83	6,744

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 2009 audited financial statements.

The following accounting standards effective 1 January 2009 were adopted by the group.

- IAS 1 (Revised) and (Amendment), 'Presentation of financial statements'.
- IFRS 7 (Amendment), 'Financial instruments – Disclosures'.
- IFRS 8, 'Operating segments'.
- IAS 36 (Amendment), 'Impairment of assets'.