



First Jamaica Investments Limited

**Interim Report to Stockholders
For the three months ended March 31, 2010**

First Jamaica Investments Limited

Interim Report to Stockholders

For the three months ended March 31, 2010

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 ended March 31, 2010.

The highlights are:

- Net profit attributable to owners of \$423 million (2009: \$577 million)
- Return (annualised) on opening equity of 14% (2009: 24%)
- Earnings per stock unit of \$1.40 (2009: \$1.91)
- Book value per stock unit of \$40.91 at March 31, 2010 (December 31, 2009: \$38.36)

Net profit attributable to owners for the quarter ended March 31, 2010 amounted to \$423 million, compared to \$577 million in the 2009 1st quarter, a decrease of 27%, while earnings per stock unit were \$1.40 compared to \$1.91 for the same period in 2009.

Performance for the quarter was impacted most notably by two items. Firstly, the group's reported investment income in the first quarter of 2009 was boosted by a foreign exchange gain of \$112 million on US dollar denominated investments consequent on a 10% decline in the value of the Jamaican dollar. The stability of the Jamaican dollar in the 1st quarter of 2010 has resulted in no reported foreign exchange gains this year. Secondly, our share of results of associated company, represented by our 24.4% investment in Sagicor Life Jamaica Limited (SLJ), declined by \$100 million (28%) to \$253 million. SLJ's 1st quarter 2009 results benefited both from reported foreign exchange gains as well as a release of actuarial reserves consequent on higher interest rates as at the end of the first quarter of 2009, neither of which items recurred in the 2010 1st quarter. Absent these items, SLJ would have reported a 20% improvement in core earnings.

Group operating profit for the 1st quarter declined by \$59 million compared to last year's 1st quarter. The absence of exchange gains on investments was partially offset by increased other investment income of \$30 million, while we recorded an increase of \$52 million, 20%, in property income, \$21 million of which was attributable to property revaluation gain. Total operating expenses increased by \$30 million, 21%, of which 50% was driven by an increase in utilities as world oil prices increased, while the remainder was attributable to general inflationary pressures in other expense categories.

Our property segment, which is comprised principally of Jamaica Property Company, enjoyed overall occupancy levels exceeding 97% for the 1st quarter, a slight decline when compared to last year, while contribution to group operating profit of \$164 million for the quarter was \$12 million better.

Our investment management segment posted operating profit of \$63 million for the quarter, slightly less than half of last year's 1st quarter profit of \$134 million. Last year's results were driven principally by foreign exchange gains. In the current year we have benefited from firmer equity prices which have more than offset reduced interest earnings on fixed income securities. Net unrealised gains in our portfolio of available for sale securities, which are accounted for through comprehensive income and stockholders' equity, amounted to \$61 million for the quarter compared to a net unrealised loss of \$39 million last year.

Total assets at March 31, 2010 amounted to \$13.4 billion, compared to \$12.4 billion at December 31, 2009. Stockholders' equity increased to \$12.4 billion (December 31 2009: \$11.6 billion), which equates to a book value per stock unit of \$40.91 as at March 31, 2010 (December 31, 2009: \$38.36).

The group participated fully in the Jamaica Debt Exchange (JDX) concluded in February, 2010, as did our associated company, Sagicor. Lower interest rates and a compressed economic environment have affected both the group and Sagicor this year, and are likely to continue to do so for the next 12 months. 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. 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.



Maurice W. Facey
Chairman



Stephen B. Facey
President & CEO

FIRST JAMAICA INVESTMENTS LIMITED

and its subsidiaries

Unaudited Consolidated Income Statement**Three months ending March 31, 2010**

	3-Months to March 2010	3-Months to March 2009
	\$'000	\$'000
Investments	71,797	153,021
Property	313,717	262,051
Other	<u>13,762</u>	<u>13,282</u>
	399,276	428,354
Operating expenses	<u>(172,419)</u>	<u>(142,800)</u>
Operating Profit	226,857	285,554
Interest expense	<u>(9,941)</u>	<u>(16,306)</u>
	216,916	269,248
Share of results of associated company	<u>253,171</u>	<u>353,280</u>
Profit before Taxation	470,087	622,528
Taxation	<u>(42,330)</u>	<u>(41,264)</u>
Net Profit	<u>427,757</u>	<u>581,264</u>
Net profit attributable to:		
Owners of the parent	423,273	577,055
Non-controlling interests	<u>4,484</u>	<u>4,209</u>
	<u>427,757</u>	<u>581,264</u>
Earnings per stock unit attributable to owners of the parent for the period		
Basic and fully diluted	\$1.40	\$1.91

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**Unaudited Consolidated Statement of Comprehensive Income
Three months ending March 31, 2010**

	3-months to March 2010 \$'000	3-months to March 2009 \$'000
Net Profit for the period	427,757	581,264
Other Comprehensive Income		
Unrealised gain/(loss) on available for sale assets, net of tax	60,637	(39,061)
(Loss)/gain on dilution of shareholding in associated company	(3,438)	5,871
Share of other comprehensive income/(loss) of associated company	<u>409,470</u>	<u>(116,703)</u>
Other comprehensive income/(loss) for the period, net of tax	<u>466,669</u>	<u>(149,893)</u>
Total comprehensive income for the period	<u><u>894,426</u></u>	<u><u>431,371</u></u>
Total Comprehensive Income attributable to:		
Owners of the parent	890,091	427,157
Non-controlling interests	<u>4,335</u>	<u>4,214</u>
	<u><u>894,426</u></u>	<u><u>431,371</u></u>

FIRST JAMAICA INVESTMENTS LIMITED

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**Unaudited Consolidated Statement of Financial Position
as at March 31, 2010**

	Unaudited March 2010 \$'000	Audited December 2009 \$'000	Unaudited March 2009 \$'000
ASSETS			
Cash and Bank Balances	12,028	12,259	5,560
Investments			
Short term deposits	15,902	119,417	38,921
Securities			
Financial assets at fair value through profit and loss	153,066	126,404	109,893
Available-for sale	1,612,753	1,492,436	1,768,553
Securities purchased under agreements to resell	968,919	736,956	461,442
Deposits	1,707	2,727	3,110
Investment properties	3,668,243	3,590,147	3,337,932
Investment in associated companies	6,221,715	5,755,548	4,720,824
	12,642,305	11,823,635	10,440,675
Other Assets			
Taxation recoverable	30,336	53,143	76,169
Deferred tax assets	8,492	8,473	19,794
Receivable and prepayment	414,665	174,282	214,845
Due from related parties	182,909	181,113	7,997
Property, plant and equipment	145,782	90,718	90,012
Retirement benefit assets	35,384	36,734	38,313
	817,568	544,463	447,130
	<u>13,471,901</u>	<u>12,380,357</u>	<u>10,893,365</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	37,058	35,907	30,275
Property valuation reserve	2,819,809	2,737,909	2,493,942
Investment and other reserves	3,038,975	2,572,157	1,938,203
Retained earnings	6,128,729	5,908,268	5,083,373
Treasury shares	(15,574)	(15,574)	(15,574)
	12,364,845	11,594,515	9,886,067
Non-controlling interests	165,034	160,699	142,203
	<u>12,529,879</u>	<u>11,755,214</u>	<u>10,028,270</u>
Liabilities			
Bank overdraft	3,688	2,610	9,914
Taxation payable	8,904	80,656	-
Deferred tax liability	105,211	104,499	108,768
Due to related parties	5,244	5,244	5,244
Payable and other liabilities	80,289	138,155	162,813
Bank and other loans	685,341	241,924	529,175
Finance lease liabilities	1,464	1,899	3,649
Retirement benefit liabilities	51,881	50,156	45,532
	942,022	625,143	865,095
	<u>13,471,901</u>	<u>12,380,357</u>	<u>10,893,365</u>

FIRST JAMAICA INVESTMENTS LIMITED

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Unaudited Consolidated Statement of Changes in Equity

Three months ended March 31, 2010

-----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					(60,456)			(60,456)
Stock compensation provision		1,878						1,878
Total comprehensive income for the period		-	-	(149,898)	577,055		4,214	431,371
Property revaluation gains			60,900	-	(60,900)			-
	-	1,878	60,900	(149,898)	455,699	-	4,214	372,793
Balance at 31 March 2009	355,848	30,275	2,493,942	1,938,203	5,083,373	(15,574)	142,203	10,028,270

-----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 2010	355,848	35,907	2,737,909	2,572,157	5,908,268	(15,574)	160,699	11,755,214
Dividends paid					(120,912)			(120,912)
Stock compensation provision		1,151	-		-			1,151
Total comprehensive income for the period		-	-	466,818	423,273		4,335	894,426
Property revaluation gains			81,900	-	(81,900)			-
	-	1,151	81,900	466,818	220,461	-	4,335	774,665
Balance at 31 March 2010	355,848	37,058	2,819,809	3,038,975	6,128,729	(15,574)	165,034	12,529,879

FIRST JAMAICA INVESTMENTS LIMITED

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Unaudited Consolidated Statements of Cash Flows
Three months ended 31 March 2010

	3-Months to March 2010 \$'000	3-Months to March 2009 \$'000
Net profit	427,757	581,264
Items not affecting cash		
Share of profit of associated company	(253,171)	(353,280)
Fair value gains on investment properties	(81,900)	(60,900)
Loss/(gains) on foreign currency assets, net	1,231	(111,944)
Other	<u>(4,848)</u>	<u>32,328</u>
	89,069	87,468
Changes in operating assets and liabilities		
Other assets, net	(24,538)	48,712
Other liabilities, net	<u>(52,019)</u>	<u>(41,797)</u>
	12,512	94,383
Interest received	52,315	44,761
Interest paid	(18,732)	(15,022)
Income tax paid	<u>(118,697)</u>	<u>(37,633)</u>
Net cash (used in)/provided by operations	<u>(72,602)</u>	<u>86,489</u>
Cash flow from investing activities		
Acquisition of investment properties and property, plant and equipment	(56,096)	(4,662)
(Acquisition of)/proceeds from investment securities, net	(67,488)	53,336
Dividends from associated company	<u>-</u>	<u>229,807</u>
Net cash (used in)/ provided by investing activities	<u>(123,584)</u>	<u>278,481</u>
Cash flows from financing activities		
Due from related parties	(1,797)	(2,412)
Loan received	447,541	-
Loans repaid	(1,507)	(9,829)
Dividends paid	<u>(120,912)</u>	<u>(60,456)</u>
Net cash provided by/(used in) financing activities	<u>323,325</u>	<u>(72,697)</u>
Net increase in cash and cash equivalents	127,139	292,273
Cash and cash equivalents at the beginning of period	<u>866,022</u>	<u>203,736</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>993,161</u>	<u>496,009</u>
Comprising of:		
Cash at bank and in hand	12,028	5,560
Short term investments	15,902	38,921
Securities purchased under agreement to resell	968,919	461,442
Bank overdraft	<u>(3,688)</u>	<u>(9,914)</u>
	<u>993,161</u>	<u>496,009</u>

FIRST JAMAICA INVESTMENTS LIMITED
and its Subsidiaries

Unaudited Segmental Financial Information
Three months ended March 31, 2010

REVENUE	Property Management and Rental	Investments	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External	341,245	58,031		399,276
Inter-segment	1,603	31,124	(32,727)	-
Total revenue	<u>342,848</u>	<u>89,155</u>	<u>(32,727)</u>	<u>399,276</u>
Operating profit	163,660	63,197		226,857
Interest expense	(4,366)	(5,575)		(9,941)
	159,294	57,622		216,916
Share of results of associated company	-	253,171		253,171
Profit before taxation	159,294	310,793		470,087
Taxation	(21,622)	(20,708)		(42,330)
Net profit	<u>137,672</u>	<u>290,085</u>		<u>427,757</u>
Segment assets	4,949,345	2,689,044	(388,203)	7,250,186
Associated companies		6,221,715		6,221,715
Total assets	<u>4,949,345</u>	<u>8,910,759</u>	<u>(388,203)</u>	<u>13,471,901</u>
Segment liabilities	1,102,404	227,821	(388,203)	<u>942,022</u>

FIRST JAMAICA INVESTMENTS LIMITED
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Unaudited Segmental Financial Information
Three months ended March 31, 2009

REVENUE	Property Management and Rental	Investments	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External	304,710	123,644		428,354
Inter-segment	1,604	30,924	(32,528)	-
Total revenue	<u>306,314</u>	<u>154,568</u>	<u>(32,528)</u>	<u>428,354</u>
Operating profit	151,427	134,127		285,554
Interest expense	(4,999)	(11,307)		(16,306)
	146,428	122,820		269,248
Share of results of associated company	-	353,280		353,280
Profit before taxation	146,428	476,100		622,528
Taxation	(25,661)	(15,603)		(41,264)
Net profit	<u>120,767</u>	<u>460,497</u>		<u>581,264</u>
Segment assets	3,940,675	2,618,972	(387,106)	6,172,541
Associated companies		4,720,824		4,720,824
Total assets	<u>3,940,675</u>	<u>7,339,796</u>	<u>(387,106)</u>	<u>10,893,365</u>
Segment liabilities	635,184	617,017	(387,106)	<u>865,095</u>

NOTE

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 2009, amended by the adoption of the following standard effective 1 January 2010:

IAS 27 (Revised) – ‘Consolidated and separate financial statements’