



First Jamaica Investments Limited

**Report to Stockholders
for the six months ended June 30, 2010**

First Jamaica Investments Limited

Interim Report to Stockholders For the 6 months ended June 30, 2010

On behalf of the Board of Directors, we are pleased to present the unaudited consolidated financial statements of First Jamaica Investment Trust Limited (“FJI”) for the period ended June 30, 2010.

The highlights are:

- Net profit attributable to owners of \$323 million (2009: \$423 million) for the quarter and \$746 million (2009: \$1,000 million) for the six months
- Return (annualised) on opening equity of 13% (2009: 21%)
- Basic earnings per stock unit of \$1.07 (2009: \$1.40) for the quarter and \$2.47 (2009: \$3.31) for the six months
- Book value per stock unit of \$41.59 at June 30, 2010 (December 31, 2009: \$38.36)

Income Statement

Net profit attributable to owners for the quarter ended June 30, 2010 amounted to \$323 million, compared to \$423 million in the 2009 2nd quarter, a decrease of 24%, equivalent to basic earnings per stock unit of \$1.07 compared to \$1.40 for the same period in 2009. Net profit attributable to owners for the six months ended June 30, 2010 amounted to \$746 million, compared to \$1,000 million for 2009, a decrease of 25%, equivalent to basic earnings per stock unit of \$2.47 compared to \$3.31 for the same period in 2009.

Performance for the quarter was impacted most notably by decreases in investment income and in share of earnings of Sagicor Life Jamaica Limited (SLJ). Reported investment income in the 2nd quarter of 2010 was adversely affected by a foreign exchange loss of \$48 million on US dollar denominated investments consequent on a 4% appreciation in the value of the Jamaican dollar, as well as a reduction in interest income. Our share of results of our associated company SLJ declined by \$68 million (21%) to \$262 million, principally as a result of lower investment earnings, most notably foreign exchange losses caused by Jamaican dollar strength. Although our share of SLJ’s year-to-date earnings has declined by \$168 million, 25%, SLJ’s core earnings remain on a positive growth trajectory.

Group operating profit for the 2nd quarter declined by \$31 million, 22%, compared to last year’s 2nd quarter. An adverse change in investment income of \$75 million was partly offset by increased property income of \$68 million, \$44 million of which was attributable to property revaluation gain (we recorded no gain in the 2009 2nd quarter), consequent on continued reduced interest rates and a more favourable outlook for commercial property. Total operating expenses increased by \$30 million, 19%, 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. For the half year, investment income of \$71 million is \$156 million below last year's level, principally as a result of a \$48 million foreign exchange loss in 2010 versus a \$126 million gain last year. Property income of \$595 million contains \$126 million of revaluation gains versus \$61 million last year, with a \$55 million increase from improved rental rates and greater expense recoveries.

Business Segments

Our property segment, which is comprised principally of Jamaica Property Company, enjoyed overall occupancy levels exceeding 97% for the 2nd quarter, a slight decline over last year, while contribution to group operating profit of \$114 million for the quarter (\$277 million year-to-date) was \$40 million (\$52 million year-to-date) better, essentially attributable to the revaluation gain recognised this quarter.

Our investment management segment operations broke even for the quarter, compared to last year's 2nd quarter operating profit of \$71 million, driven by this quarter's foreign exchange loss of \$48 million and reduced interest earnings on fixed income securities. We also suffered a net unrealised loss in our portfolio of available for sale securities, which are accounted for through comprehensive income and stockholders' equity, of \$26 million for the quarter compared to a net unrealised gain of \$75 million last year, as globally financial markets gave up most of their first quarter gains. Year-to-date segment operating profit of \$64 million is substantially lower than last year's \$205 million, as last year's foreign exchange gains of \$126 million have been replaced by a loss of \$48 million this year.

Balance Sheet

Total assets at June 30, 2010 amounted to \$13.5 billion, compared to \$12.4 billion at December 31, 2009. Stockholders' equity increased to \$12.6 billion (December 31 2009: \$11.6 billion), which equates to a book value per stock unit of \$41.59 as at June 30, 2010 (December 31, 2009: \$38.36).

Outlook

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 continue to look forward to the announcement of additional initiatives to reduce the fiscal deficit and put the country on a path of sustainable growth.



Maurice W. Facey
Chairman



Stephen B. Facey
Chief Executive Officer

FIRST JAMAICA INVESTMENTS LIMITED

and its subsidiaries

Unaudited Consolidated Income Statement**Six months ended June 30, 2010**

	3-months to June 2010	3-months to June 2009	6-months to June 2010	6-months to June 2009
	\$'000	\$'000	\$'000	\$'000
Income				
Investments	(577)	74,336	71,220	227,357
Property	281,608	213,100	595,325	475,151
Other	<u>18,560</u>	<u>13,885</u>	<u>32,322</u>	<u>27,167</u>
	299,591	301,321	698,867	729,675
Operating expenses	<u>(185,566)</u>	<u>(155,888)</u>	<u>(357,985)</u>	<u>(298,688)</u>
Operating Profit	114,025	145,433	340,882	430,987
Interest expense	<u>(9,645)</u>	<u>(13,768)</u>	<u>(19,586)</u>	<u>(30,074)</u>
	104,380	131,665	321,296	400,913
Share of results of associated company	<u>261,981</u>	<u>329,654</u>	<u>515,152</u>	<u>682,934</u>
Profit before Taxation	366,361	461,319	836,448	1,083,847
Taxation	<u>(39,039)</u>	<u>(33,854)</u>	<u>(81,369)</u>	<u>(75,118)</u>
Net Profit	<u>327,322</u>	<u>427,465</u>	<u>755,079</u>	<u>1,008,729</u>
Net profit attributable to:				
Owners of the parent	323,219	423,104	746,492	1,000,159
Non-controlling interests	<u>4,103</u>	<u>4,361</u>	<u>8,587</u>	<u>8,570</u>
	<u>327,322</u>	<u>427,465</u>	<u>755,079</u>	<u>1,008,729</u>
Earnings per stock unit attributable to owners of the parent for the period				
Basic and fully diluted	\$1.07	\$1.40	\$2.47	\$3.31

FIRST JAMAICA INVESTMENTS LIMITED

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**Unaudited Consolidated Statement of Comprehensive Income
Six months ended June 30, 2010**

	3-months to June 2010 \$'000	3-months to June 2009 \$'000	6-months to June 2010 \$'000	6-months to June 2009 \$'000
Net Profit for the period	327,322	427,465	755,079	1,008,729
Unrealised (loss)/gain on available for sale assets, net of tax	(25,537)	75,032	35,100	35,971
Gain/(loss) on dilution of shareholding in associated company	164	(541)	(3,274)	5,330
Share of other comprehensive (loss)/income of associated company	<u>(352)</u>	<u>276,316</u>	<u>409,118</u>	<u>159,613</u>
Other comprehensive (loss)/income for the period, net of tax	<u>(25,725)</u>	<u>350,807</u>	<u>440,944</u>	<u>200,914</u>
Total comprehensive income for the period	<u><u>301,597</u></u>	<u><u>778,272</u></u>	<u><u>1,196,023</u></u>	<u><u>1,209,643</u></u>
Total Comprehensive Income attributable to:				
Owners of the parent	297,262	773,878	1,187,525	1,201,035
Non-controlling interests	<u>4,335</u>	<u>4,394</u>	<u>8,498</u>	<u>8,608</u>
	<u><u>301,597</u></u>	<u><u>778,272</u></u>	<u><u>1,196,023</u></u>	<u><u>1,209,643</u></u>

FIRST JAMAICA INVESTMENTS LIMITED
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Unaudited Consolidated Statement of Financial Position
as at June 30, 2010

	Unaudited June 2010 \$'000	Audited December 2009 \$'000	Unaudited June 2009 \$'000
ASSETS			
Cash and Bank Balances	12,368	12,259	5,972
Investments			
Short term deposits	16,151	119,417	92,848
Securities			
Financial assets at fair value through profit and loss	159,380	126,404	124,284
Available-for sale	1,658,229	1,492,436	1,365,358
Securities purchased under agreements to resell	826,922	736,956	675,792
Deposits	1,707	2,727	3,245
Investment properties	3,708,557	3,590,147	3,335,103
Investment in associated companies	6,483,508	5,755,548	5,326,253
	12,854,454	11,823,635	10,922,883
Other Assets			
Taxation recoverable	20,428	53,143	61,257
Deferred tax assets	8,558	8,473	19,851
Receivable and prepayment	287,535	174,282	250,179
Due from related parties	148,810	181,113	4,541
Property, plant and equipment	156,747	90,718	93,690
Retirement benefit assets	34,034	36,734	37,000
	656,112	544,463	466,518
	<u>13,522,934</u>	<u>12,380,357</u>	<u>11,395,373</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	38,209	35,907	32,152
Property valuation reserve	2,863,909	2,737,909	2,493,942
Investment and other reserves	3,013,190	2,572,157	2,288,977
Retained earnings	6,317,164	5,908,268	5,430,907
Treasury shares	(15,574)	(15,574)	(15,574)
	12,572,746	11,594,515	10,586,252
Non-controlling interests	169,197	160,699	146,597
	<u>12,741,943</u>	<u>11,755,214</u>	<u>10,732,849</u>
Liabilities			
Bank overdraft	-	2,610	10,937
Taxation payable	12,545	80,656	13,111
Deferred tax liability	102,132	104,499	109,653
Due to related parties	5,244	5,244	5,244
Payable and other liabilities	92,694	138,155	180,448
Bank and other loans	513,762	241,924	293,333
Finance lease liabilities	1,008	1,899	2,699
Retirement benefit liabilities	53,606	50,156	47,099
	780,991	625,143	662,524
	<u>13,522,934</u>	<u>12,380,357</u>	<u>11,395,373</u>

FIRST JAMAICA INVESTMENTS LIMITED

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Unaudited Consolidated Statement of Changes in Equity

Six months ended June 30 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					(136,026)			(136,026)
Stock compensation provision		3,755						3,755
Total comprehensive income/(loss) for the period		-	-	200,876	1,000,159		8,608	1,209,643
Property revaluation gains			60,900	-	(60,900)			-
	-	3,755	60,900	200,876	803,233	-	8,608	1,077,372
Balance at 30 June 2009	355,848	32,152	2,493,942	2,288,977	5,430,907	(15,574)	146,597	10,732,849

-----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					(211,596)			(211,596)
Stock compensation provision		2,302	-		-			2,302
Total comprehensive income for the period		-	-	441,033	746,492		8,498	1,196,023
Property revaluation gains			126,000	-	(126,000)			-
	-	2,302	126,000	441,033	408,896	-	8,498	986,729
Balance at 30 June 2010	355,848	38,209	2,863,909	3,013,190	6,317,164	(15,574)	169,197	12,741,943

FIRST JAMAICA INVESTMENTS LIMITED
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Unaudited Consolidated Statement of Cash Flows
Six months ended 30 June 2010

	6-Months to June 2010 \$'000	6-Months to June 2009 \$'000
Net profit	755,079	1,008,729
Items not affecting cash		
Share of profit of associated company	(515,152)	(682,934)
Fair value gains on investment properties	(126,000)	(60,900)
Loss/(gains) on foreign currency assets, net	48,070	(125,454)
Other	18,399	29,737
	<u>180,396</u>	<u>169,178</u>
Changes in operating assets and liabilities		
Other assets, net	83,014	28,290
Other liabilities, net	(40,998)	(24,749)
	<u>222,412</u>	<u>172,719</u>
Interest received	83,223	92,596
Interest paid	(21,473)	(28,763)
Income tax paid	(157,597)	(61,648)
Net cash provided by operations	<u>126,565</u>	<u>174,904</u>
Cash flow from investing activities		
Acquisition of investment properties and property, plant and equipment	(68,112)	(9,855)
(Acquisition of)/proceeds from investment securities, net	(208,441)	549,471
Other investing activities	(163,552)	-
Dividends from associated company	193,038	229,807
Net cash (used in)/ provided by investing activities	<u>(247,067)</u>	<u>769,423</u>
Cash flows from financing activities		
Due from related parties	32,301	1,045
Loan received	447,541	53,653
Loans repaid	(158,325)	(303,060)
Dividends paid	(211,596)	(136,026)
Net cash provided by/(used in) financing activities	<u>109,921</u>	<u>(384,388)</u>
Net (decrease)/increase in cash and cash equivalents	(10,581)	559,939
Cash and cash equivalents at the beginning of period	866,022	203,736
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>855,441</u>	<u>763,675</u>
Comprising of:		
Cash at bank and in hand	12,368	5,972
Short term investments	16,151	92,848
Securities purchased under agreement to resell	826,922	675,792
Bank overdraft	-	(10,937)
	<u>855,441</u>	<u>763,675</u>

FIRST JAMAICA INVESTMENTS LIMITED
and its Subsidiaries

Unaudited Segmental Financial Information
Six months ended June 30, 2010

REVENUE	Property Management and Rental	Investments	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External	647,106	51,761		698,867
Inter-segment	3,745	62,510	(66,255)	-
Total revenue	<u>650,851</u>	<u>114,271</u>	<u>(66,255)</u>	<u>698,867</u>
Operating profit	277,235	63,647		340,882
Interest expense	(11,731)	(7,855)		(19,586)
	265,504	55,792		321,296
Share of results of associated company	-	515,152		515,152
Profit before taxation	265,504	570,944		836,448
Taxation	(49,896)	(31,473)		(81,369)
Net profit	<u>215,608</u>	<u>539,471</u>		<u>755,079</u>
Segment assets	4,974,782	2,406,848	(342,204)	7,039,426
Associated companies		6,483,508		6,483,508
Total assets	<u>4,974,782</u>	<u>8,890,356</u>	<u>(342,204)</u>	<u>13,522,934</u>
Segment liabilities	1,047,903	75,292	(342,204)	<u>780,991</u>

FIRST JAMAICA INVESTMENTS LIMITED
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Unaudited Segmental Financial Information
Six months ended June 30, 2009

REVENUE	Property Management and Rental	Investments	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External	549,871	179,804		729,675
Inter-segment	3,076	62,183	(65,259)	-
Total revenue	<u>552,947</u>	<u>241,987</u>	<u>(65,259)</u>	<u>729,675</u>
Operating profit	225,636	205,351		430,987
Interest expense	(10,135)	(19,939)		(30,074)
	215,501	185,412		400,913
Share of results of associated company	-	682,934		682,934
Profit before taxation	215,501	868,346		1,083,847
Taxation	(49,025)	(26,093)		(75,118)
Net profit	<u>166,476</u>	<u>842,253</u>		<u>1,008,729</u>
Segment assets	4,108,911	2,347,476	(387,267)	6,069,120
Associated companies		5,326,253		5,326,253
Total assets	<u>4,108,911</u>	<u>7,673,729</u>	<u>(387,267)</u>	<u>11,395,373</u>
Segment liabilities	744,069	305,722	(387,267)	<u>662,524</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’