



## **First Jamaica Investments Limited**

**Report to Stockholders  
for the nine months ended September 30, 2010**

# First Jamaica Investments Limited

## Interim Report to Stockholders

For the nine months ended September 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 September 30, 2010.

The highlights are:

- Net profit attributable to owners of \$444 million (2009: \$413 million) for the quarter and \$1,190 million (2009: \$1,413 million) for the nine months
- Return (annualised) on opening equity of 14% (2009: 20%)
- Earnings per stock unit of \$1.47 (2009: \$1.37) for the quarter and \$3.94 (2009: \$4.67) for the nine months
- Book value per stock unit of \$43.34 at September 30, 2010 (December 31, 2009: \$38.36)

### Income Statement

Net profit attributable to owners for the quarter ended September 30, 2010 amounted to \$444 million, compared to \$413 million in the 2009 3rd quarter, an increase of 8%, equivalent to earnings per stock unit of \$1.47 compared to \$1.37 for the same period in 2009. Net profit attributable to owners for the nine months ended September 30, 2010 amounted to \$1,190 million, compared to \$1,413 million for 2009, a decrease of 16%, equivalent to earnings per stock unit of \$3.94 compared to \$4.67 for the same period in 2009.

The most notable impact on our performance for the quarter was an increase in property income of \$72 million, 32%, compared to the same period last year, while year-to-date property income is ahead of last year’s level by 27%. This year we have recognised property revaluation gains of \$62 million for the quarter (\$189 million year-to-date) compared to zero in last year’s 3<sup>rd</sup> quarter and \$61 million year-to-date, consequent on continued reduced interest rates and a more favourable outlook for commercial property. Occupancy remains strong across the portfolio.

Investment income in the 3<sup>rd</sup> quarter of 2010 was adversely affected by a reduction in interest income as well as lower trading gains. Year-to-date income of \$116 million is net of \$43 million of foreign exchange losses incurred principally in the 2<sup>nd</sup> quarter, while last year’s income of \$294 million benefited from \$124 million of foreign exchange gains. We believe that holding the majority of our investment securities in foreign currency continues to be the medium and long-term value-maximising strategy for our stockholders.

Our share of results of our associated company Sagicor Life Jamaica Limited (“SLJ”) increased marginally for the quarter, while our share of year-to-date earnings of \$822 million is 17% lower than last year’s level of \$987 million principally as a result of lower investment earnings, most notably foreign exchange losses caused by Jamaican dollar strength. SLJ’s core earnings remain on a positive growth trajectory and have benefited from both strong new business and careful expense management.

#### Business Segments

Our property segment, which is comprised principally of Jamaica Property Company, enjoyed overall occupancy levels exceeding 97% for the 3<sup>rd</sup> quarter, a slight decline over last year, while contribution to group operating profit of \$138 million for the quarter (\$415 million year-to-date) was \$67 million (\$118 million year-to-date) better, essentially attributable to the property revaluation gains recognised in this and the prior quarter.

Our investment management segment operations reported a \$37 million operating profit for the quarter, compared to last year’s 3<sup>rd</sup> quarter operating profit of \$94 million; the decline was driven by reduced interest earnings and trading gains. Year-to-date segment operating profit of \$100 million is substantially lower than last year’s \$299 million, as last year’s foreign exchange gains of \$124 million have been replaced by a loss of \$43 million this year. We also reported a net unrealised gain in our portfolio of available for sale securities, which are accounted for through comprehensive income and stockholders’ equity, of \$26 million for the quarter (\$61 million year-to-date) compared to a net unrealised gain of \$32 million last year (\$68 million year-to-date), as globally financial markets staged another modest recovery.

#### Balance Sheet

Total assets at September 30, 2010 amounted to \$14.1 billion, compared to \$12.4 billion at December 31, 2009. Stockholders’ equity increased to \$13.1 billion (December 31 2009: \$11.6 billion), which equates to a book value per stock unit of \$43.34 as at September 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 well into next year. Nevertheless, our strong liquidity position and low leverage, combined with our standing as the country’s premier commercial property owner and manager, gives us reason to be cautiously optimistic.



Chairman



President & CEO

**FIRST JAMAICA INVESTMENTS LIMITED**

and its subsidiaries

**Unaudited Consolidated Income Statement****Nine months ended September 30, 2010**

	3-months to September 2010	3-months to September 2009	9-months to September 2010	9-months to September 2009
	\$'000	\$'000	\$'000	\$'000
<b>Income</b>				
Investments	44,486	67,071	115,706	294,428
Property	297,648	225,138	892,973	700,289
Other	11,991	46,499	44,313	73,666
	<u>354,125</u>	<u>338,708</u>	<u>1,052,992</u>	<u>1,068,383</u>
Operating expenses (note 2)	<u>(179,351)</u>	<u>(173,775)</u>	<u>(537,336)</u>	<u>(472,463)</u>
<b>Operating Profit</b>	<b>174,774</b>	<b>164,933</b>	<b>515,656</b>	<b>595,920</b>
Interest expense	<u>(7,979)</u>	<u>(10,887)</u>	<u>(27,565)</u>	<u>(40,961)</u>
	166,795	154,046	488,091	554,959
Share of results of associated company, net of taxation	<u>307,135</u>	<u>303,742</u>	<u>822,288</u>	<u>986,676</u>
<b>Profit before Taxation</b>	<b>473,930</b>	<b>457,788</b>	<b>1,310,379</b>	<b>1,541,635</b>
Taxation	<u>(26,151)</u>	<u>(40,532)</u>	<u>(107,520)</u>	<u>(115,650)</u>
<b>Net Profit</b>	<b><u>447,779</u></b>	<b><u>417,256</u></b>	<b><u>1,202,859</u></b>	<b><u>1,425,985</u></b>
<b>Net profit attributable to:</b>				
Owners of the parent	443,797	412,809	1,190,290	1,412,968
Non-controlling interests	<u>3,982</u>	<u>4,447</u>	<u>12,569</u>	<u>13,017</u>
	<b><u>447,779</u></b>	<b><u>417,256</u></b>	<b><u>1,202,859</u></b>	<b><u>1,425,985</u></b>
<b>Earnings per stock unit attributable to owners of the parent for the period</b>				
Basic and fully diluted	\$1.47	\$1.37	\$3.94	\$4.67

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**Unaudited Consolidated Statement of Comprehensive Income****Nine months ended September 30, 2010**

	3-months to September 2010	3-months to September 2009	9-months to September 2010	9-months to September 2009
	\$'000	\$'000	\$'000	\$'000
<b>Net Profit for the period</b>	447,779	417,256	1,202,859	1,425,985
<b>Other Comprehensive Income</b>				
Unrealised gain on available for sale assets, net of tax	25,582	32,252	60,681	68,223
(Loss)/gain on dilution of shareholding in associated company	-	(1,320)	(3,274)	4,011
Share of other comprehensive income of associated company	148,646	309,892	557,764	469,505
<b>Other comprehensive income for the period, net of tax</b>	<u>174,228</u>	<u>340,824</u>	<u>615,171</u>	<u>541,739</u>
<b>Total comprehensive income for the period</b>	<u>622,007</u>	<u>758,080</u>	<u>1,818,030</u>	<u>1,967,724</u>
<b>Total Comprehensive Income attributable to:</b>				
Owners of the parent	617,672	753,437	1,805,488	1,954,473
Non-controlling interests	4,335	4,643	12,542	13,251
	<u>622,007</u>	<u>758,080</u>	<u>1,818,030</u>	<u>1,967,724</u>

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

	Unaudited September 2010 \$'000	Audited December 2009 \$'000	Unaudited September 2009 \$'000
<b>ASSETS</b>			
Cash and Bank Balances	14,118	12,259	9,031
<b>Investments</b>			
Short term deposits	25,982	119,417	57,540
Securities			
Financial assets at fair value through profit and loss	146,486	126,404	135,237
Available-for sale	1,660,680	1,492,436	1,435,884
Securities purchased under agreements to resell	790,523	736,956	756,861
Deposits	1,707	2,727	3,314
Investment properties	3,767,305	3,590,147	3,331,700
Investment in associated companies (note 3)	6,789,652	5,755,548	5,644,415
	13,182,335	11,823,635	11,364,951
<b>Other Assets</b>			
Taxation recoverable	43,652	53,143	43,194
Deferred tax assets	8,629	8,473	19,909
Receivable and prepayment	520,122	174,282	225,870
Due from related parties	140,964	181,113	179,413
Property, plant and equipment	184,354	90,718	91,706
Retirement benefit assets	32,684	36,734	35,687
	930,405	544,463	595,779
	14,126,858	12,380,357	11,969,761
<b>STOCKHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Stockholders' Equity</b>			
<b>Capital and Reserves Attributable to the Company's</b>			
<b>Equity Holders</b>			
Share Capital	355,848	355,848	355,848
Equity compensation reserve	39,360	35,907	34,029
Property valuation reserve	2,926,409	2,737,909	2,493,942
Investment and other reserves	3,187,355	2,572,157	2,629,606
Retained earnings	6,608,018	5,908,268	5,768,146
Treasury shares	(15,574)	(15,574)	(15,574)
	13,101,416	11,594,515	11,265,997
<b>Non-controlling interests</b>	173,241	160,699	151,240
	13,274,657	11,755,214	11,417,237
<b>Liabilities</b>			
Bank overdraft	2,439	2,610	34
Taxation payable	27,873	80,656	18,376
Deferred tax liability	103,572	104,499	119,512
Due to related parties	43,545	5,244	5,244
Payable and other liabilities	96,274	138,155	100,745
Bank and other loans	512,769	241,924	257,634
Finance lease liabilities	10,398	1,899	2,314
Retirement benefit liabilities	55,331	50,156	48,665
	852,201	625,143	552,524
	14,126,858	12,380,357	11,969,761



Maurice W. Facey Director



Stephen B. Facey Director

**FIRST JAMAICA INVESTMENTS LIMITED**  
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**Unaudited Consolidated Statement of Cash Flows**  
**Nine months ended 30 September 2010**

	<b>9-Months to September 2010 \$'000</b>	<b>9-Months to September 2009 \$'000</b>
Net profit	1,202,859	1,425,985
<b>Items not affecting cash</b>		
Share of profit of associated company	(822,288)	(986,676)
Fair value gains on investment properties	(188,500)	(60,900)
Loss/(gains) on foreign currency assets, net	43,393	(124,381)
Other	32,406	4,990
	<u>267,870</u>	<u>259,018</u>
<b>Changes in operating assets and liabilities</b>		
Other assets, net	32,983	70,662
Other liabilities, net	(36,840)	(74,122)
	<u>264,013</u>	<u>255,558</u>
Interest received	125,589	135,122
Interest paid	(31,703)	(39,697)
Income tax paid	(170,153)	(90,336)
<b>Net cash provided by operations</b>	<u><b>187,746</b></u>	<u><b>260,647</b></u>
<b>Cash flow from investing activities</b>		
Capital expenditure	(97,203)	(8,863)
(Acquisition of)/proceeds from investment securities, net	(175,490)	511,581
Additional shares in associated company	(54,354)	-
Dividends from associated company	193,038	523,960
Other investing activities	(165,342)	-
<b>Net cash (used in)/ provided by investing activities</b>	<u><b>(299,351)</b></u>	<u><b>1,026,678</b></u>
<b>Cash flows from financing activities</b>		
Related parties	78,449	(173,827)
Loan received	447,541	53,653
Loans repaid	(150,183)	(335,893)
Dividends paid	(302,040)	(211,596)
<b>Net cash provided by/(used in) financing activities</b>	<u><b>73,767</b></u>	<u><b>(667,663)</b></u>
Net (decrease)/increase in cash and cash equivalents	(37,838)	619,662
Cash and cash equivalents at the beginning of period	866,022	203,736
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><u><b>828,184</b></u></u>	<u><u><b>823,398</b></u></u>
<b>Comprising of:</b>		
Cash at bank and in hand	14,118	9,031
Short term investments	25,982	57,540
Securities purchased under agreement to resell	790,523	756,861
Bank overdraft	(2,439)	(34)
	<u><u><b>828,184</b></u></u>	<u><u><b>823,398</b></u></u>

**FIRST JAMAICA INVESTMENTS LIMITED**  
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**Unaudited Segmental Financial Information**  
**Nine months ended September 30, 2010**

REVENUE	Property Management and Rental			Group
	\$'000	Investments	Eliminations	
	\$'000	\$'000	\$'000	\$'000
External	974,831	78,161		1,052,992
Inter-segment	4,834	94,251	(99,085)	-
Total revenue	979,665	172,412	(99,085)	1,052,992
Operating profit	415,370	100,286		515,656
Interest expense	(18,345)	(9,220)		(27,565)
	397,025	91,066		488,091
Share of results of associated company	-	822,288		822,288
Profit before taxation	397,025	913,354		1,310,379
Taxation	(69,405)	(38,115)		(107,520)
Net profit	327,620	875,239		1,202,859
Segment assets	5,154,965	2,526,249	(344,008)	7,337,206
Associated companies		6,789,652		6,789,652
Total assets	5,154,965	9,315,901	(344,008)	14,126,858
Segment liabilities	1,108,871	87,338	(344,008)	852,201

**FIRST JAMAICA INVESTMENTS LIMITED**  
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**Unaudited Segmental Financial Information**  
**Nine months ended September 30, 2009**

REVENUE	Property Management and Rental			Group
	\$'000	Investments	Eliminations	
	\$'000	\$'000	\$'000	\$'000
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
Associated companies		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



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

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

### 2. Operating expenses

Expense Category	3 months to September 2010 \$'000	3 months to September 2009 \$'000	9 months to September 2010 \$'000	9 months to September 2009 \$'000
Direct	109,246	108,755	330,265	291,264
Administrative	70,105	65,020	207,071	181,199
<b>Total</b>	<b>179,351</b>	<b>173,775</b>	<b>537,336</b>	<b>472,463</b>

### 3. Reconciliation of investment in associated companies

	September 2010	December 2009	September 2009
Carrying value beginning of period	5,755,548	4,708,180	4,708,180
Share of profit	822,288	1,188,569	986,676
Dividend	(397,028)	(523,960)	(523,960)
Share of reserves and current account movement	557,764	371,640	469,508
Purchase of additional shares	54,354	-	-
(Loss)/gain on dilution of holding	(3,274)	11,119	4,011
Carrying value end of period	<b>6,789,652</b>	<b>5,755,548</b>	<b>5,644,415</b>