



Pan-Jamaican Investment Trust Limited

**Report to Stockholders
Nine months ended 30 September 2010**

Pan-Jamaican Investment Trust Limited

Interim Report to Stockholders

For the 9 months ended September 30, 2010

On behalf of the Board of Directors, we are pleased to present the unaudited consolidated financial statements of Pan-Jamaican Investment Trust Limited (“Pan Jam”) for the period ended September 30, 2010.

The highlights are:

- Net profit attributable to owners of \$342 million (2009: \$296 million) for the quarter and \$884 million (2009: \$1,013 million) for the nine months
- Return (annualised) on opening equity of 13% (2009: 18%)
- Basic earnings per stock unit of \$2.00 (2009: \$1.73) for the quarter and \$5.16 (2009: \$5.91) for the nine months
- Book value per stock unit of \$59.26 at September 30, 2010 (December 31, 2009: \$52.15)

Income Statement

Net profit attributable to owners for the quarter ended September 30, 2010 amounted to \$342 million, compared to \$296 million in the 2009 3rd quarter, an increase of 16%, equivalent to basic earnings per stock unit of \$2.00 compared to \$1.73 for the same period in 2009. Net profit attributable to owners for the nine months ended September 30, 2010 amounted to \$884 million, compared to \$1,013 million for 2009, a decrease of 13%, equivalent to basic earnings per stock unit of \$5.16 compared to \$5.91 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 28%. 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 3rd 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 3rd quarter of 2010 was adversely affected by a reduction in interest income as well as lower trading gains. Year-to-date income of \$130 million is net of \$50 million of foreign exchange losses incurred principally in the 2nd quarter, while last year’s income of \$362 million benefited from \$162 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.

Group operating profit for the 3rd quarter improved by \$16 million, 10%, compared to last year's 3rd quarter. An adverse change in investment income of \$23 million was more than offset by increased property income of \$72 million, primarily attributable to property revaluation gain (we recorded no gain in the 2009 3rd quarter), consequent on continued reduced interest rates and a more favourable outlook for commercial property. Total operating expenses increased by just \$2 million, as inflationary pressures were dampened by reduced discretionary spending. For the nine months, group operating profit is lower than last year's level by \$125 million, 19%, principally attributable to an adverse swing in foreign exchange this year of \$211 million, partly offset by improved property revaluation gains of \$128 million.

Business Segments

Our property segment, which is comprised principally of Jamaica Property Company, enjoyed overall occupancy levels exceeding 97% for the 3rd 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 3rd quarter operating profit of \$87 million; the decline was driven by reduced interest earnings and trading gains. Year-to-date segment operating profit of \$77 million is substantially lower than last year's \$303 million, as last year's foreign exchange gains of \$161 million have been replaced by a loss of \$50 million this year. We reported a net unrealised loss in our portfolio of available for sale securities, which are accounted for through comprehensive income and stockholders' equity, of \$7 million for the quarter (gain of \$93 million year-to-date) compared to a net unrealised gain of \$38 million last year (\$55 million year-to-date), as globally financial markets staged another modest recovery.

Associated Companies

The results of associated companies consist principally of our 24.7% investment in Sagicor Life Jamaica Limited ("SLJ"). We also hold a 20% interest in Hardware & Lumber Limited (H&L) and a 25% interest in the new Walkerswood group (Walkerswood).

Our investment in SLJ continues to perform well, although that company has also felt the impact of the JDX on its profits and dividends. Our share of results 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.

H&L reported a loss of \$7 million for the 3rd quarter, compared to a loss of \$43 million for the same period last year, bringing their year-to-date net loss to \$14 million compared to a loss of \$183 million a year ago. Results continue to be adversely affected by revenue

declines versus the same period a year ago, reflecting continuing soft demand particularly in the construction and home improvement sectors. Nevertheless, we are pleased that management is taking steps to reduce the company's cost base, improve margins, and enhance the retail customer experience through store remodeling and customer service training, resulting in operating profits this year.

Walkerswood continues to build new and existing markets while attempting to satisfy customer demand. We are pleased with the progress of this investment and delighted to see the Walkerswood products consistently on the supermarket shelves both locally and abroad.

Balance Sheet

Total assets at September 30, 2010 amounted to \$14.7 billion, compared to \$12.9 billion at December 31, 2009. Stockholders' equity increased to \$10.2 billion (December 31 2009: \$8.9 billion), which equates to a book value per stock unit of \$59.26 as at September 30, 2010 (December 31, 2009: \$52.15).

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. 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

Pan-Jamaican Investment Trust Limited
and its subsidiaries
Unaudited Consolidated Income Statement
Nine months ended 30 September 2010

	3 Months to Sep-10 \$'000	3 Months to Sep-09 \$'000	YTD Sep-10 \$'000	YTD Sep-09 \$'000
Income				
Investments	52,867	76,238	129,866	362,183
Property	295,856	223,434	887,881	695,369
Commissions	7,521	8,289	22,908	22,649
Other	16,244	46,435	48,557	74,397
	<u>372,488</u>	<u>354,396</u>	<u>1,089,212</u>	<u>1,154,598</u>
Operating expenses	<u>(187,641)</u>	<u>(185,831)</u>	<u>(571,609)</u>	<u>(511,766)</u>
Operating profit	184,847	168,565	517,603	642,832
Interest expense	<u>(12,505)</u>	<u>(10,930)</u>	<u>(32,091)</u>	<u>(41,019)</u>
	172,342	157,635	485,512	601,813
Share of results of associated companies, net of taxation	<u>305,578</u>	<u>294,766</u>	<u>824,417</u>	<u>921,625</u>
Profit before taxation	477,920	452,401	1,309,929	1,523,438
Taxation	<u>(26,232)</u>	<u>(40,532)</u>	<u>(108,050)</u>	<u>(115,650)</u>
Net profit	<u>451,688</u>	<u>411,869</u>	<u>1,201,879</u>	<u>1,407,788</u>
Net profit attributable to:				
Owners of the parent	341,791	295,775	884,160	1,012,623
Non-controlling interest	109,897	116,094	317,719	395,165
	<u>451,688</u>	<u>411,869</u>	<u>1,201,879</u>	<u>1,407,788</u>
Earnings per stock unit attributable to owners of the parent for the period				
Basic	\$2.00	\$1.73	\$5.16	\$5.91
Fully diluted	\$1.96	\$1.70	\$5.07	\$5.81

**Pan Jamaican Investment Trust Limited
and its subsidiaries
Unaudited Consolidated Statement of Comprehensive Income
Nine months ended 30 September 2010**

	3 Months to Sep-10 \$'000	3 Months to Sep-09 \$'000	YTD Sep-10 \$'000	YTD Sep-09 \$'000
Net profit for the period	1,201,879	411,869	1,201,879	1,407,788
Other comprehensive income:				
Exchange differences on translating foreign operations	(4,683)	343	(3,756)	8,890
Unrealised (losses)/gains on available-for-sale financial assets, net of tax	(6,833)	38,068	92,993	54,930
Gain/(Loss) on dilution of shareholding in associates	164	(1,320)	(3,274)	4,010
Share of other comprehensive income of associates	148,294	309,892	557,764	469,505
Other comprehensive income for the period, net of tax	<u>136,942</u>	<u>346,983</u>	<u>643,727</u>	<u>537,335</u>
Total comprehensive income for the period	<u>1,338,821</u>	<u>758,852</u>	<u>1,845,606</u>	<u>1,945,123</u>
Total comprehensive income attributable to				
Owners of the parent	685,481	550,201	1,387,147	1,409,117
Non-controlling interest	223,176	208,651	458,459	536,006
	<u>908,657</u>	<u>758,852</u>	<u>1,845,606</u>	<u>1,945,123</u>

PAN-JAMAICAN INVESTMENT TRUST LIMITED
and its subsidiaries
Unaudited Consolidated Statement of Financial Position
as at 30 September 2010

		Unaudited September 2010 \$'000	Audited December 2009 \$'000	Unaudited September 2009 \$'000
ASSETS				
	Note			
Cash and Bank Balances		48,484	18,784	10,358
Investments				
Short term deposits		83,770	119,417	140,514
Securities				
Financial assets at fair value through profit and loss		146,486	126,404	135,237
Available-for-sale		1,937,471	1,787,993	1,758,101
Loans & receivables		12,272	12,272	189,408
Deposits		1,707	2,727	-
Securities purchased under agreements to resell		790,523	829,048	756,861
Investment properties		3,761,736	3,584,578	3,326,131
Investment in associated companies	3	<u>7,040,187</u>	<u>6,003,954</u>	<u>5,714,083</u>
		<u>13,774,152</u>	<u>12,466,393</u>	<u>12,020,335</u>
Taxation recoverable		46,851	58,250	52,565
Deferred tax assets		10,550	10,396	21,830
Receivables and other assets		584,178	226,819	309,859
Property, plant and equipment		211,233	100,512	102,288
Retirement benefit assets		<u>38,038</u>	<u>42,088</u>	<u>38,684</u>
		<u>890,850</u>	<u>438,065</u>	<u>525,226</u>
		<u>14,713,486</u>	<u>12,923,242</u>	<u>12,555,919</u>
STOCKHOLDERS' EQUITY AND LIABILITIES				
Stockholders' Equity				
Capital and Reserves Attributable to the Company's Equity holders				
Share capital		185,354	185,354	185,354
Equity compensation reserve		37,708	34,302	32,503
Property revaluation reserve		2,138,555	1,998,504	1,819,652
Investment and other reserves		2,730,567	2,208,021	2,281,981
Retained earnings		5,077,918	4,525,910	4,409,074
Treasury stock		<u>(18,486)</u>	<u>(18,486)</u>	<u>(18,486)</u>
		10,151,616	8,933,605	8,710,078
Non-controlling interest	4	<u>3,296,224</u>	<u>3,248,427</u>	<u>3,152,450</u>
		<u>13,447,840</u>	<u>12,182,032</u>	<u>11,862,528</u>
Liabilities				
Bank overdraft		2,439	2,610	107
Taxation payable		27,873	80,689	18,376
Due to related party		5,225	5,225	5,225
Bank and other loans		831,887	241,924	257,634
Finance lease liability		10,839	3,212	4,543
Deferred tax liability		103,572	104,499	119,512
Retirement benefit liabilities		75,098	69,923	67,623
Payables and other liabilities		<u>208,713</u>	<u>233,128</u>	<u>220,371</u>
Total liabilities		<u>1,265,646</u>	<u>741,210</u>	<u>693,391</u>
		<u>14,713,486</u>	<u>12,923,242</u>	<u>12,555,919</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 2010

30-Sep-09

-----Owners Of The Parent-----

	Share Capital \$'000	Equity Compensation reserve \$'000	Property Revaluation Reserves \$'000	Investment and other reserves \$'000	Retained Earnings \$'000	Treasury Shares \$'000	Non-controlling Interests \$'000	Total \$'000
Balance at 1 January 2009	185,354	27,107	1,775,005	1,875,061	3,586,706	(18,486)	2,710,478	10,141,225
Dividends paid	-	-	-	-	(145,608)	-	(56,605)	(202,213)
Stock compensation provision	-	5,396	-	-	-	-	1,503	6,899
Property revaluation gains	-	-	44,429	-	(44,429)	-	-	-
Acquisition of additional shares in subsidiary	-	-	-	10,426	-	-	(38,932)	(28,506)
Total comprehensive income for the period	-	-	-	396,494	1,012,623	-	536,006	1,945,123
Balance at end of period	185,354	32,503	1,819,434	2,281,981	4,409,292	(18,486)	3,152,450	11,862,528

30-Sep-10

-----Owners Of The Parent-----

	Share Capital \$'000	Equity Compensation Reserve \$'000	Property Revaluation Reserve \$'000	Investment and other reserves \$'000	Retained Earnings \$'000	Treasury Shares \$'000	Non-controlling Interests \$'000	Total \$'000
Balance at 1 January 2010	185,354	34,302	1,998,504	2,208,021	4,525,910	(18,486)	3,248,427	12,182,032
Dividends paid	-	-	-	-	(192,100)	-	(77,480)	(269,580)
Stock compensation provision	-	3,406	-	-	-	-	824	4,230
Property revaluation gains	-	-	140,051	-	(140,051)	-	-	-
Acquisition of additional shares in subsidiary	-	-	-	19,558	-	-	(334,006)	(314,448)
Total comprehensive income for the period	-	-	-	502,988	884,159	-	458,459	1,845,606
Balance at end of period	185,354	37,708	2,138,555	2,730,567	5,077,918	(18,486)	3,296,224	13,447,840

PAN JAMAICAN INVESTMENT TRUST LIMITED
and its subsidiaries
Unaudited Consolidated Statement of Cash Flows
Nine months ended 30 September 2010

	9-Months to Sept. 2010 \$'000	9-Months to Sept 2009 \$'000
Net profit	1,201,879	1,407,788
Items not affecting cash		
Share of results of associated companies	(824,417)	(921,625)
Fair value gains on investment properties	(188,500)	(60,900)
Losses/(Gains) on foreign currency denominated investments,net	50,312	(161,931)
Other	15,663	9,473
	<u>254,937</u>	<u>272,805</u>
Changes in operating assets and liabilities		
Other assets	16,428	29,095
Other liabilities	(19,374)	(77,233)
	<u>251,991</u>	<u>224,667</u>
Interest received	142,467	166,865
Interest paid	(31,578)	(35,923)
Income tax paid	(170,714)	(90,603)
Net cash provided by operations	<u>192,166</u>	<u>265,006</u>
Cash flows from investing activities		
Acquisition of investment securities, net	(131,733)	335,696
Dividends received from associated company	193,038	523,960
Acquisition of additional shares in associated company	(54,354)	-
Acquisition of additional shares in subsidiary	(314,448)	(28,506)
Acquisition of capital expenditure	(114,921)	(8,863)
Other investment activities	(158,398)	8,890
Net cash (used in)/provided by investing activities	<u>(580,816)</u>	<u>831,177</u>
Cash flows from financing activities		
Dividends paid to non controlling interest	(77,480)	(56,605)
Dividends paid to owners of the parent	(192,100)	(145,608)
Loan received	764,984	53,653
Laon repaid	(158,682)	(334,198)
Other financing activities	7,627	(4,222)
Net cash provided by/(used in) financing activities	<u>344,349</u>	<u>(486,980)</u>
Net (decrease)/increase in cash and cash equivalents	(44,301)	609,203
Cash & cash equivalents at beginning of the period	<u>964,639</u>	<u>298,423</u>
Cash & cash equivalents at end of the period	<u><u>920,338</u></u>	<u><u>907,626</u></u>
Comprising of:		
Cash at bank and in hand	48,484	10,358
Short term deposits	83,770	140,514
Securities purchased under agreement to resell	790,523	756,861
Overdraft	(2,439)	(107)
	<u><u>920,338</u></u>	<u><u>907,626</u></u>

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

September 30, 2010

	Property Management & Rental \$'000	Investments \$'000	Other Services \$'000	Eliminations \$'000	Total \$'000
REVENUE					
External	969,265	85,715	34,232	-	1,089,212
Inter-segment	5,566	6,710	-	(12,276)	-
Total revenue	974,831	92,425	34,232	(12,276)	1,089,212
Segment results	415,370	77,394	24,839	-	517,603
Interest expense	(18,345)	(13,746)	-	-	(32,091)
	397,025	63,648	24,839	-	485,512
Share of results of associated companies	-	824,417	-	-	824,417
Profit before taxation	397,025	888,065	24,839	-	1,309,929
Taxation	(69,405)	(38,115)	(530)	-	(108,050)
Net profit	327,620	849,950	24,309	-	1,201,879
	5,126,541	2,370,535	320,442	(144,219)	7,673,299
Associates	-	7,040,187	-	-	7,040,187
Total assets	5,126,541	9,410,722	320,442	(144,219)	14,713,486
Segment liabilities	752,316	486,840	170,709	(144,219)	1,265,646

September 30, 2009

	Property Management & Rental \$'000	Investments \$'000	Other Service \$'000	Eliminations \$'000	Total \$'000
REVENUE					
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
Profit before taxation	281,511	1,199,565	42,362	-	1,523,438
Taxation	(73,361)	(42,289)	-	-	(115,650)
Net profit	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	(186,235)	12,555,919
Segment liabilities	317,654	306,077	255,895	(186,235)	693,391

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	78,395	77,076	241,344	220,502
Total	187,641	185,831	571,609	511,766

3. Reconciliation of investment in associated companies

	September 2010 J\$'000	December 2009 J\$'000	September 2009 J'000
Carrying value at beginning of period	6,003,954	4,842,899	4,842,899
Share of results	824,417	1,151,714	948,606
Impairment	-	(26,981)	(26,981)
Dividends	(397,037)	(523,960)	(523,960)
Acquisition of shares	54,354	177,523	-
Share of reserves & current account movement	557,764	371,640	469,509
(Loss)/gain on dilution of holding	(3,274)	11,119	4,010
Carrying value at end of period	7,040,187	6,003,954	5,714,083

NOTES

4. Non-controlling interest

	September 2010 \$'000
Balance b/fwd	3,248,427
Dividends paid	(77,480)
Share of stock compensation provision	824
Share of comprehensive income for the period	458,459
Acquisition by owners of the parent	<u>(334,006)</u>
Balance at the end of period	<u>3,296,224</u>