



Pan-Jamaican Investment Trust Limited

**Audited Financial Statements for the year ended
31 December 2010**

Pan-Jamaican Investment Trust Limited

Audited Consolidated Financial Statements

For the year end 31 December 2010

Report to the Stockholders

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, 2010.

The highlights are:

- Net profit attributable to owners of \$1,244 million (2009:1,396 million)
- Return on opening equity of 14% (2009: 19%)
- Earnings per stock unit of \$7.27 (2009: \$8.15)
- Book value per stock unit of \$61.98 at year end (December 31, 2009: \$52.15)

Income Statement

Net profit attributable to owners for the year ended 31 December 2010 amounted to \$1,244 million, compared to \$1,396 million in 2009, a decrease of 11%, while earnings per stock unit were \$7.27 compared to \$8.15 for 2009.

Property income increased \$75 million, 6%, to \$1,249 million, including a 9% increase in rental income to \$949 million and a \$300 million property revaluation gain. The increased income more than offset a 10% increase in property operating costs, which saw increases in energy costs as world oil prices rebounded from 2009 levels, as well as inflationary increases in other expense categories. Our property segment enjoyed overall occupancy levels again exceeding 98% for the year, while contribution to group operating profit of \$586 million was 5% below last year's level of \$618 million.

Investment income decreased \$296 million, or 67%. Our investment management segment posted operating profit of \$97 million for the year, a decrease of \$263 million compared to last year's level of \$360 million. Last year we recorded foreign exchange translation gains of \$154 million, while the recent strengthening of the Jamaican dollar has resulted in \$62 million of recorded foreign exchange translation losses this year, a negative swing of \$216 million. Additionally, interest income of \$176 million was \$49 million below the 2009 level, as a result of reduced interest rates both locally and overseas. Finally, we recorded impairment losses of \$24 million compared to \$9 million in 2009. Net unrealised gains in our portfolio of available-for-sale securities, which are accounted for through comprehensive income and stockholders' equity, amounted to \$112 million for the year compared to \$64 million last year.

Total operating expenses for the year amounted to \$780 million compared to the 2009 level of \$705 million, an increase of 11%. Of these amounts, the year-on-year increase in direct costs of property management was 10% while the increase in general and administrative overhead was \$34 million, or 11%: \$12 million of the increase is attributable to pension expense caused by the lower interest rate environment. We are currently examining our overhead structure in an effort to contain increases in overhead costs below inflation levels.

Associated Companies

The results of associated companies consist principally of our 24.8% investment in Sagicor Life Jamaica Limited ("Sagicor"). We also hold a 20% interest in Hardware & Lumber Limited (H&L) and a 25% interest in the new Walkerswood group (Walkerswood).

Our share of results of associated companies increased by \$48 million compared to the 2009 amount of \$1,125 million. Sagicor's net profit attributable to shareholders was \$4,671 million, an increase of 6% over the prior year, representing a 21% return on average equity. Sagicor's operating revenues and investment income declines were more than offset by careful expense management and prudent underwriting performance. Last year we also recorded \$114 million of income from Sagicor representing our share of a gain on acquisition of its additional interest in Pan Caribbean Financial Services Limited ("PCFS"), now 86% controlled by Sagicor.

H&L reported a profit of \$19 million compared to a loss of \$226 million a year ago. While 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, we are pleased that management has taken steps to reduce the company's cost base, improve margins, and enhance the retail customer experience through store remodelling and customer service training.

Our share of profits from the operations of the new Walkerswood group was \$17 million in 2010. The group 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 December 31, 2010 amounted to \$15.2 billion, compared to \$12.9 billion at December 31, 2009. Stockholders' equity increased to \$10.6 billion (December 31 2009: \$8.9 billion), which equates to a book value per share of \$61.98 as at December 31, 2010 (December 31, 2009: \$52.15).

Outlook

Lower interest rates and a compressed economic environment affected both the Group and Sagicor in 2010, and are likely to continue to do so into 2011. Nevertheless, our strong liquidity position and low leverage, combined with our standing as the country's premier commercial property owner and manager, give us reason to be cautiously optimistic.



Maurice W. Facey
Chairman



Stephen B. Facey
President & CEO

Pan-Jamaican Investment Trust Limited

Audited Consolidated Income Statement

Year ended 31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	2010 \$'000	2009 \$'000
Income		
Investments	148,494	444,103
Property	1,249,059	1,174,446
Commissions	30,480	30,650
Other	64,912	86,815
	1,492,945	1,736,014
Operating expenses	(780,073)	(705,096)
Operating Profit	712,872	1,030,918
Interest expense	(61,683)	(51,058)
Share of results of associated companies	1,172,477	1,124,733
Gain on acquisition of shares in subsidiary	-	10,427
Profit before Taxation	1,823,666	2,115,020
Taxation	(176,344)	(179,887)
NET PROFIT	<u>1,647,322</u>	<u>1,935,133</u>
Attributable to:		
Owners of the parent	1,244,498	1,395,677
Non-controlling interests	402,824	539,456
	<u>1,647,322</u>	<u>1,935,133</u>
 Earnings per stock unit attributable to owners of the parent during the year		
Basic and fully diluted	<u>7.27</u>	<u>8.15</u>

Pan-Jamaican Investment Trust Limited

Audited Consolidated Statement of Comprehensive Income

Year ended 31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010 \$'000	2009 \$'000
Net Profit for the year		<u>1,647,322</u>	<u>1,935,133</u>
Other Comprehensive Income			
Exchange differences on translating foreign operations		(4,760)	9,579
Unrealised gains on available-for-sale financial assets, net of tax		111,507	64,210
Gain on dilution of shareholding in associated company		-	11,119
Share of other comprehensive income of associated companies		<u>556,132</u>	<u>371,633</u>
Other Comprehensive Income for the year, net of tax		<u>662,879</u>	<u>456,541</u>
TOTAL COMPREHENSIVE INCOME		<u><u>2,310,201</u></u>	<u><u>2,391,674</u></u>
Attributable to:			
Owners of the parent		1,803,555	1,728,637
Non-controlling interests		<u>506,646</u>	<u>663,037</u>
		<u><u>2,310,201</u></u>	<u><u>2,391,674</u></u>

Pan-Jamaican Investment Trust Limited

Audited Consolidated Statement of Financial Position

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	2010 \$'000	2009 \$'000
ASSETS		
Cash and Bank Balances	25,947	18,784
Investments		
Deposits	32,139	122,144
Investment securities:		
Financial assets at fair value through profit and loss	158,902	126,404
Available-for-sale	1,835,750	1,787,993
Loans and receivables	12,117	12,272
	2,006,769	1,926,669
Securities purchased under agreements to resell	1,093,979	829,048
Investment properties	3,888,690	3,584,578
Investment in associated companies	7,422,757	6,003,954
	<u>14,444,334</u>	<u>12,466,393</u>
Other assets		
Taxation recoverable	47,855	58,250
Deferred tax assets	3,903	10,396
Receivables and miscellaneous assets	371,707	226,819
Property, plant and equipment	225,440	100,512
Retirement benefit assets	31,708	42,088
	<u>15,150,894</u>	<u>12,923,242</u>

Pan-Jamaican Investment Trust Limited

Audited Consolidated Statement of Financial Position (Continued)

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	2010 \$'000	2009 \$'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	39,160	34,302
Property revaluation reserve	2,247,786	1,998,504
Investment and other reserves	2,888,608	2,208,021
Retained earnings	5,274,449	4,525,910
Treasury stock	(18,486)	(18,486)
	10,616,871	8,933,605
Non-controlling interests	2,469,031	3,248,427
	<u>13,085,902</u>	<u>12,182,032</u>
Liabilities		
Bank overdrafts	101	2,610
Taxation payable	34,163	80,689
Due to related parties	5,225	5,225
Loan liabilities	1,591,504	241,924
Finance lease liability	9,844	3,212
Deferred tax liabilities	128,822	104,499
Retirement benefit liabilities	75,650	69,923
Other liabilities	219,683	233,128
	<u>2,064,992</u>	<u>741,210</u>
	<u><u>15,150,894</u></u>	<u><u>12,923,242</u></u>

Approved for issue by the Board of Directors on 1 March 2011 and signed on its behalf by:



Director



Director

Pan-Jamaican Investment Trust Limited

Audited Consolidated Statement of Changes in Equity

Year ended 31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

Note	Attributable to Owners of the Parent							Total \$'000
	Share Capital \$'000	Equity Compensation Reserve \$'000	Property Revaluation Reserve \$'000	Investment and Other Reserves \$'000	Retained Earnings \$'000	Treasury Stock \$'000	Non-Controlling Interests \$'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 gains 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 non-controlling interestnon- controlling interests of a subsidiary	-	-	-	-	-	-	(88,160)	(88,160)
Acquisition of additional shareholding in a subsidiary	-	-	-	-	-	-	(38,933)	(38,933)
Stock compensation provision	-	7,195	-	-	-	-	2,004	9,199
Total transactions with owners	-	7,195	-	-	(232,973)	-	(125,089)	(350,867)
Transfer of unrealised property revaluation gains	-	-	223,499	-	(223,499)	-	-	-
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

Audited 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							Total \$'000
	Share Capital \$'000	Equity Compensation Reserve \$'000	Property Revaluation Reserve \$'000	Investment and Other Reserves \$'000	Retained Earnings \$'000	Treasury Stock \$'000	Non-controlling Interests \$'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
Comprehensive income								
Net profit	-	-	-	-	1,244,498	-	402,824	1,647,322
Other comprehensive income:	-							
Exchange differences on translating foreign operations	-	-	-	(4,760)	-	-	-	(4,760)
Unrealised gain on available-for-sale financial assets, net of tax	-	-	-	102,246	-	-	9,261	111,507
Share of other comprehensive income of associated companies	-	-	-	461,571	-	-	94,561	556,132
Total other comprehensive income for the year	-	-	-	559,057	-	-	103,822	662,879
Total comprehensive income for the year	-	-	-	559,057	1,244,498	-	506,646	2,310,201
Transactions with owners								
Dividends paid to equity holders of the company	-	-	-	-	(246,677)	-	-	(246,677)
Dividends paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	(92,835)	(92,835)
Acquisition of additional shareholding in a subsidiary	-	-	-	121,530	-	-	(1,193,990)	(1,072,460)
Stock compensation provision		4,858	-	-	-	-	783	5,641
Total transactions with owners		4,858		121,530	(246,677)	-	(1,286,042)	(1,406,331)
Transfer of unrealised property revaluation gains	-	-	249,282	-	(249,282)	-	-	-
Balance at 31 December 2010	185,354	39,160	2,247,786	2,888,608	5,274,449	(18,486)	2,469,031	13,085,902

Pan-Jamaican Investment Trust Limited

Audited Consolidated Statement of Cash Flows

Year ended 31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	2010 \$'000	2009 \$'000
Cash Flows from Operating Activities	<u>349,443</u>	<u>551,311</u>
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(134,521)	(13,752)
Acquisition of investment properties	(3,833)	(2,420)
Proceeds from disposal of property, plant and equipment	3,080	
Acquisition of shares in associated company	(87,222)	(177,523)
Acquisition of additional shares in subsidiary	(1,072,460)	(28,506)
Dividends from associated company	397,028	523,960
Acquisition of investment securities, net	(238,328)	452,131
Other investing activities	<u>(165,001)</u>	<u>-</u>
Net cash (used in)/provided by investing activities	<u>(1,301,257)</u>	<u>753,890</u>
Cash Flows from Financing Activities		
Related parties	-	(7)
Loans received	1,512,197	53,653
Loans repaid	(160,016)	(352,521)
Interest repaid	(55,159)	(45,931)
Finance lease received/(repaid)	6,632	(5,550)
Dividends paid to non-controlling interest in subsidiary	(92,835)	(88,160)
Dividends paid to equity holders	<u>(246,677)</u>	<u>(232,973)</u>
Net cash provided by/(used in) financing activities	<u>964,142</u>	<u>(671,489)</u>
Net increase in cash and cash equivalents	12,328	633,712
Effect of exchange rate changes on cash and cash equivalents	(28,311)	32,504
Cash and cash equivalents at beginning of year	<u>964,639</u>	<u>298,423</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>948,656</u></u>	<u><u>964,639</u></u>

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

4. Segmental Financial Information

The group is organised into two main business segments:

- (a) Investments – This incorporates investment management and securities trading;
- (b) Property management and rental – This incorporates the rental and management of commercial real estate.

The operating segments have been determined by management based on the reports reviewed by the board and which are used to make strategic and operational decisions. The property management and investments segments derive their income from rental and property management fees, and interest and dividend income respectively.

	2010				Total \$'000
	Property Management & Rental \$'000	Investments \$'000	Other Services \$'000	Eliminations \$'000	
	External operating revenue	1,353,293	96,674	42,978	
Inter-group revenue	10,772	90,498	1,964	(103,234)	-
Total revenue	1,364,065	187,172	44,942	(103,234)	1,492,945
Operating profit	585,826	96,786	30,260	-	712,872
Interest expense	(25,140)	(40,759)	-	4,216	(61,683)
Share of results of associated companies	560,686	56,027	30,260	4,216	651,189
	-	1,172,477	-	-	1,172,477
Profit before taxation	560,686	1,228,504	30,260	4,216	1,823,666
Taxation	(85,812)	(80,435)	(10,097)	-	(176,344)
Net profit	474,874	1,148,069	20,163	4,216	1,647,322
Segment assets	5,298,789	2,382,533	195,952	(149,137)	7,728,137
Investment in associated companies	-	7,422,757	-	-	7,422,757
Total assets	5,298,789	9,805,290	195,952	(149,137)	15,150,894
Segment liabilities	765,160	1,270,954	178,015	(149,137)	2,064,992
Other segment items:					
Capital expenditure	116,764	17,757	-	-	134,521
Depreciation	5,546	762	71	-	6,379

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

4. Segmental Financial Information (Continued)

	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
Inter-group revenue	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	3,991	3,056	102	-	7,149

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and accounting policies as set out in note 2 of the December 31, 2010 audited financial statements.

The group adopted the following accounting standards effective 1 January 2010:

- IAS 1 (Amendment), 'Presentation of financial statements'
- IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures',