



Pan-Jamaican Investment Trust Limited

Report to Stockholders

Six months ended 30 June 2011

Pan-Jamaican Investment Trust Limited

Interim Report to Stockholders

For the 6 months ended June 30, 2011

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 June 30, 2011.

The highlights are:

- Net profit attributable to owners of \$366 million (2010: \$230 million) for the quarter and \$757 million (2010: \$542 million) for the six months
- Return (annualised) on opening equity of 14% (2010: 11%)
- Basic earnings per stock unit of \$2.14 (2010: \$1.34) for the quarter and \$4.42 (2010: \$3.17) for the six months
- Book value per stock unit of \$66.59 at June 30, 2011 (December 31, 2010: \$61.98)

Basis of Presentation

At an Extraordinary General Meeting (EGM) of Pan Jam’s 83%-owned subsidiary First Jamaica Investments Limited (FJI)’s stockholders on June 23 2011, FJI’s stockholders approved a scheme of amalgamation with Pan Jam. Pursuant to the scheme, which was sanctioned by the Supreme Court on July 27, 2011, and which took effect on August 3, 2011, all assets and liabilities of FJI have been transferred to, and vested in, Pan Jam. All holders of First Jamaica shares (except Pan Jam) are being issued with new Pan Jam shares at the rate of 10 new Pan Jam shares for every 13 FJI shares held, which process is expected to be completed by mid-August 2011. All stockholders, including those being issued with new Pan Jam shares described above, will receive the dividend declared at the Pan Jam Board of Directors meeting on August 11, 2011.

Pan Jam intends to account for the transaction commencing August 1, 2011. Accordingly, this report, which covers the period ended June 30, 2011, presents Pan Jam’s unaudited consolidated financial statements prior to giving effect to the scheme of amalgamation described above.

Income Statement

Net profit attributable to owners for the quarter ended June 30, 2011 amounted to \$366 million, compared to \$230 million in the 2010 2nd quarter, an increase of 59%, equivalent to basic earnings per stock unit of \$2.14 compared to \$1.34 for the same period in 2010. Net profit attributable to owners for the six months ended June 30, 2011 amounted to \$757 million, compared to \$542 million for 2010, an increase of 40%, equivalent to basic earnings per stock unit of \$4.42 compared to \$3.17 for the same period in 2010.

Performance for the quarter was influenced by positive results from both of our operating segments and strong earnings from our associated company Sagicor Life Jamaica Limited (SLJ). Investment income in the second quarter of 2011 rebounded to \$75 million from a negative \$1 million in the prior year second quarter, driven by the stability of the Jamaican dollar and good trading gains in the current period. Last year we suffered a \$48 million loss on foreign exchange in the second quarter, while in this year's 2nd quarter we have recorded a modest gain of \$3 million. Property income continued its steady trajectory reflecting stable occupancy levels and continuing growth in property values. Our share of results of associated company SLJ increased by \$57 million (22%) for the quarter and \$122 million (24%) million for the half year, principally as a result of strong insurance new business, careful expense control, and a strong performance from Pan Caribbean Financial Services Limited.

Group operating profit for the 2nd quarter increased by \$99 million, + 94%, compared to last year's 2nd quarter. A \$139 million increase in revenue was partly offset by increased operating expenses of \$41 million. For the half year, investment income of \$145 million is \$68 million ahead of last year's level, substantially as a result of a \$56 million foreign exchange loss in 2010 versus a gain of \$3 million this year. Property income of \$655 million contains a \$44 million increase from improved rental rates and greater expense recoveries, with \$145 million of revaluation gains versus \$126 million last year.

Business Segments

Our property segment enjoyed overall occupancy levels exceeding 97% for the 2nd quarter, a slight decline over last year, while contribution to group operating profit of \$166 million for the quarter (\$326 million year-to-date) was \$52 million (\$49 million year-to-date) better, attributable to increases in both rental income and revaluation gains.

Our investment management segment posted an operating profit of \$29 million for the quarter, compared to last year's 2nd quarter profit of \$15 million, driven by this quarter's trading gains and essentially no foreign exchange gain or loss. We also recorded a small net unrealised gain of \$1 million for the quarter (\$33 million for the half year) in our portfolio of available for sale securities, which are accounted for through comprehensive income and stockholders' equity. These amounts compare to a loss of \$37 million in last year's 2nd quarter and a gain of \$63 million for the half year. Year-to-date segment operating profit of \$67 million is 65% better than last year's \$40 million, due principally to a foreign exchange loss of \$56 million last year.

Associated Companies

Results of associated companies consist materially of our 24.8% investment in Sagicor Life Jamaica Limited. We also hold a 20.8% interest in Hardware & Lumber Limited (H&L) and a 25% interest in New Castle Co. Ltd. (New Castle).

Our 24.8% investment in SLJ continues to perform very well. As noted above, our share of results for the 2nd quarter increased by \$57 million (22%) to \$319 million (year-to-date increase of \$122 million to \$637 million), principally as a result of strong insurance new business, careful expense control, and a strong performance from Pan Caribbean

Financial Services Limited, while SLJ's first half dividend was higher by 64% compared to a year ago.

H&L reported a loss of \$2 million for the 2nd quarter, compared to a profit of \$3 million for the same period last year, bringing their year-to-date position to a net loss of \$1 million compared to a loss of \$6 million a year ago. While revenues increased versus the same period a year ago, the company's retail and wholesale hardware operations continue to lose money.

New Castle, which consists primarily of production and export of sauces and seasonings under the Walkerswood and Busha Browne labels, continues to perform well. We have now completed two years of operations and, despite the challenging global economy, the company has performed at expectation. The current fiscal year's priorities will focus on fulfilling customer demand flawlessly, building new and existing markets, and boosting awareness particularly in existing export markets.

Balance Sheet

Total assets at June 30, 2011 amounted to \$16.1 billion, compared to \$15.2 billion at December 31, 2010. Stockholders' equity increased to \$11.4 billion (December 31 2010: \$10.6 billion), which equates to a book value per stock unit of \$66.59 as at June 30, 2011 (December 31, 2010: \$61.98).

Outlook

We continue to seek acquisitions which can generate value for our stockholders. As reported in May 2011, we have joined with Jamaica Producers Group Limited in negotiations with the Development Bank of Jamaica in respect of their planned divestment of the Mavis Bank Coffee Factory - Jamaica's largest processor of Blue Mountain coffee. We also are a shareholder in Black Sand Acquisition Inc. which has formally made an offer to acquire not less than 90% of the common, and all of the preferred, stock of Lascelles deMercado & Co. Ltd.

PAN-JAMAICAN INVESTMENT TRUST LIMITED
and its subsidiaries
Unaudited Consolidated Income Statement
Six months ended 30 June 2011


	3 Months to Jun-11 \$'000	3 Months to Jun-10 \$'000	YTD Jun-11 \$'000	YTD Jun-10 \$'000
Income				
Investments	75,204	(1,437)	144,754	76,999
Property	335,396	279,875	655,173	592,025
Commissions	10,559	7,711	18,179	15,387
Other	23,227	18,704	40,777	32,313
	<u>444,386</u>	<u>304,853</u>	<u>858,883</u>	<u>716,724</u>
Operating expenses	<u>(240,587)</u>	<u>(200,055)</u>	<u>(448,900)</u>	<u>(383,968)</u>
Operating profit	203,799	104,798	409,983	332,756
Interest expense	<u>(22,961)</u>	<u>(9,645)</u>	<u>(50,211)</u>	<u>(19,586)</u>
	180,838	95,153	359,772	313,170
Share of results of associated companies	<u>318,669</u>	<u>263,998</u>	<u>651,199</u>	<u>518,839</u>
Profit before taxation	499,507	359,151	1,010,971	832,009
Taxation	<u>(46,787)</u>	<u>(39,124)</u>	<u>(79,410)</u>	<u>(81,818)</u>
Net profit	<u>452,720</u>	<u>320,027</u>	<u>931,561</u>	<u>750,191</u>
Net profit attributable to:				
Owners of the parent	366,317	229,659	757,010	542,369
Non-controlling interest	86,403	90,368	174,551	207,822
	<u>452,720</u>	<u>320,027</u>	<u>931,561</u>	<u>750,191</u>
Earnings per stock unit attributable to owners of the parent for the period				
Basic and fully diluted	\$2.14	\$1.34	\$4.42	\$3.17

PAN-JAMAICAN INVESTMENT TRUST LIMITED
and its subsidiaries
Unaudited Consolidated Statement of Comprehensive Income
Six months ended 30 June 2011

	3 Months to Jun-11 \$'000	3 Months to Jun-10 \$'000	YTD Jun-11 \$'000	YTD Jun-10 \$'000
Net profit for the period	452,720	320,027	931,561	750,191
Other comprehensive income:				
Exchange differences on translating foreign operations	1,313	(4,579)	1,313	(3,652)
Unrealised gains/(losses) on available-for-sale financial assets, net of tax	909	(37,054)	33,477	62,772
Gain/(Loss) on dilution of shareholding in associates	-	164	-	(3,274)
Share of other comprehensive income of associates	128,057	(352)	134,653	409,118
Other comprehensive income for the period, net of tax	<u>130,279</u>	<u>(41,821)</u>	<u>169,443</u>	<u>464,964</u>
Total comprehensive income for the period	<u>582,999</u>	<u>278,206</u>	<u>1,101,004</u>	<u>1,215,155</u>
Total comprehensive income attributable to				
Owners of the parent	475,612	196,370	899,334	898,036
Non-controlling interest	107,387	81,836	201,670	317,119
	<u>582,999</u>	<u>278,206</u>	<u>1,101,004</u>	<u>1,215,155</u>

PAN-JAMAICAN INVESTMENT TRUST LIMITED
and its subsidiaries
Unaudited Consolidated Statement of Financial Position
as at 30 June 2011

	Unaudited June 2011 \$'000	Audited December 2010 \$'000	Unaudited June 2010 \$'000
ASSETS			
Cash and Bank Balances	44,119	25,947	24,143
Investments			
Short term deposits	17,569	13,252	78,038
Securities			
Financial assets at fair value through profit and loss	266,071	158,902	159,380
Available-for-sale	1,718,349	1,835,750	1,925,386
Loans & receivables	10,034	12,117	12,272
Deposits	19,045	18,887	1,707
Securities purchased under agreements to resell	1,190,182	1,093,979	826,922
Investment properties	4,029,521	3,888,690	3,702,988
Investment in associated companies	7,891,731	7,422,757	6,735,601
	<u>15,142,502</u>	<u>14,444,334</u>	<u>13,442,294</u>
Taxation recoverable	45,824	47,855	24,939
Deferred tax assets	4,026	3,903	10,479
Receivables and other assets	491,666	371,707	471,067
Property, plant and equipment	321,131	225,440	171,340
Retirement benefit assets	31,708	31,708	39,388
	<u>894,355</u>	<u>680,613</u>	<u>717,213</u>
	<u>16,080,976</u>	<u>15,150,894</u>	<u>14,183,650</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	40,238	39,160	36,508
Property revaluation reserve	2,368,131	2,247,786	2,090,875
Investment and other reserves	3,030,932	2,888,608	2,563,688
Retained earnings	5,801,479	5,274,449	4,838,865
Treasury stock	(18,486)	(18,486)	(18,486)
	<u>11,407,648</u>	<u>10,616,871</u>	<u>9,696,804</u>
Non-controlling interest	<u>2,640,649</u>	<u>2,469,031</u>	<u>3,510,314</u>
	<u>14,048,297</u>	<u>13,085,902</u>	<u>13,207,118</u>
Liabilities			
Bank overdraft	12,080	101	-
Taxation payable	33,876	34,163	12,545
Due to related party	5,225	5,225	5,225
Bank and other loans	1,471,579	1,591,504	513,762
Finance lease liability	13,647	9,844	1,697
Deferred tax liability	134,862	128,822	102,132
Retirement benefit liabilities	77,789	75,650	73,373
Payables and other liabilities	283,621	219,683	267,798
Total liabilities	<u>2,032,679</u>	<u>2,064,992</u>	<u>976,532</u>
	<u>16,080,976</u>	<u>15,150,894</u>	<u>14,183,650</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 June 2011

30-Jun-10

\-----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 2010	185,354	34,302	1,998,504	2,208,021	4,525,910	(18,486)	3,248,427	12,182,032
Total comprehensive income for the period	-	-	-	355,667	542,369	-	317,119	1,215,155
Dividends paid	-	-	-	-	(137,043)	-	(55,846)	(192,889)
Stock compensation provision	-	2,206	-	-	-	-	614	2,820
Property revaluation gains	-	-	92,371	-	(92,371)	-	-	-
Balance at end of period	185,354	36,508	2,090,875	2,563,688	4,838,865	(18,486)	3,510,314	13,207,118

30-Jun-11

\-----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 2011	185,354	39,160	2,247,786	2,888,608	5,274,449	(18,486)	2,469,031	13,085,902
Total comprehensive income for the period	-	-	-	142,324	757,010	-	201,670	1,101,004
Dividends paid	-	-	-	-	(109,635)	-	(30,226)	(139,861)
Stock compensation provision	-	1,078	-	-	-	-	174	1,252
Property revaluation gains	-	-	120,345	-	(120,345)	-	-	-
Balance at end of period	185,354	40,238	2,368,131	3,030,932	5,801,479	(18,486)	2,640,649	14,048,297

PAN JAMAICAN INVESTMENT TRUST LIMITED
and its subsidiaries
Unaudited Consolidated Statement of Cash Flows
Six months ended 30 June 2011

	6-Months to June 2011 \$'000	6-Months to June 2010 \$'000
Net profit	931,561	750,191
Items not affecting cash		
Share of results of associated companies	(651,199)	(518,839)
Fair value gains on investment properties	(145,000)	(126,000)
(Gains)/Losses on foreign currency denominated investments, net	(2,666)	55,898
Other	35,588	38,939
	<u>168,284</u>	<u>200,189</u>
Changes in operating assets and liabilities		
Other assets	(117,928)	(80,534)
Other liabilities	63,938	31,157
	<u>114,294</u>	<u>150,812</u>
Interest received	88,671	91,952
Interest paid	(46,963)	(13,405)
Income tax paid	(77,390)	(158,093)
Net cash provided by operations	<u>78,612</u>	<u>71,266</u>
Cash flows from investing activities		
Acquisition of investment securities, net	255,891	(158,535)
Other investment activities	(102,291)	(237,008)
Dividends received from associated company	316,878	193,038
Net cash provided by/(used in) investing activities	<u>470,478</u>	<u>(202,505)</u>
Cash flows from financing activities		
Dividends paid to minority interests	(30,226)	(55,846)
Dividends paid to company stockholders	(109,635)	(137,043)
Other financing activities	(118,095)	288,592
Net cash (used in)/provided by financing activities	<u>(257,956)</u>	<u>95,703</u>
Net increase/(decrease) in cash and cash equivalents	291,134	(35,536)
Cash & cash equivalents at beginning of the period	<u>948,656</u>	<u>964,639</u>
Cash & cash equivalents at end of the period	<u><u>1,239,790</u></u>	<u><u>929,103</u></u>
Comprising of:		
Cash at bank and in hand	44,119	24,143
Short term deposits	17,569	78,038
Securities purchased under agreements to resell	1,190,182	826,922
Overdrafts	(12,080)	-
	<u><u>1,239,790</u></u>	<u><u>929,103</u></u>

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

June 30, 2011

	Property Management & Rental \$'000	Investments \$'000	Other Services \$'000	Eliminations \$'000	Total \$'000
REVENUE					
External	724,162	109,603	25,118	-	858,883
Inter-segment	4,508	4,692	-	(9,200)	-
Total revenue	728,670	114,295	25,118	(9,200)	858,883
Segment results	326,160	66,591	17,232	-	409,983
Interest expense	(12,697)	(38,081)	-	567	(50,211)
Share of results of associated companies	-	651,199	-	-	651,199
Profit before taxation	313,463	679,709	17,232	-	1,010,971
Taxation	(49,083)	(29,727)	(600)	-	(79,410)
Net profit	264,380	649,982	16,632	-	931,561
Associates	5,538,666	2,467,357	309,659	(126,437)	8,189,245
Total assets	-	7,891,731	-	-	7,891,731
Segment liabilities	5,538,666	10,359,088	309,659	(126,437)	16,080,976
Segment liabilities	748,163	1,134,295	276,658	(126,437)	2,032,679

June 30, 2010

	Property Management & Rental \$'000	Investments \$'000	Other Services \$'000	Eliminations \$'000	Total \$'000
REVENUE					
External	643,490	51,544	21,690	-	716,724
Inter-segment	3,616	4,473	-	(8,089)	-
Total revenue	647,106	56,017	21,690	(8,089)	716,724
Segment results	277,235	40,341	15,180	-	332,756
Interest expense	(11,731)	(7,855)	-	-	(19,586)
Share of results of associated companies	265,504	32,486	15,180	-	313,170
Profit before taxation	265,504	551,325	15,180	-	832,009
Taxation	(49,896)	(31,473)	(449)	-	(81,818)
Net profit	215,608	519,852	14,731	-	750,191
Segment assets	4,974,716	2,273,036	343,140	(142,843)	7,448,049
Associates	-	6,735,601	-	-	6,735,601
Total assets	4,974,716	9,008,637	343,140	(142,843)	14,183,650
Segment liabilities	705,680	142,084	271,611	(142,843)	976,532

NOTE

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 2010.