



Pan-Jamaican Investment Trust Limited

Report to Stockholders

Nine months ended 30 September 2011

Pan-Jamaican Investment Trust Limited

Interim Report to Stockholders

For the 9 months ended September 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 September 30, 2011.

The highlights are:

- Net profit attributable to owners of \$455 million (2010: \$342 million) for the quarter and \$1,212 million (2010: \$884 million) for the nine months
- Return (annualised) on opening equity of 15% (2010: 13%)
- Earnings per stock unit of \$2.43 (2010: \$2.00) for the quarter and \$6.47 (2010: \$5.16) for the nine months
- Book value per stock unit of \$66.35 at September 30, 2011 (December 31, 2010: \$61.98)

Basis of Presentation

At an Extraordinary General Meeting 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 took effect on August 3, 2011, all assets and liabilities of FJI have been transferred to, and vested in, Pan Jam. All holders of FJI shares (except Pan Jam) were issued in August, 2011 with new Pan Jam shares at the rate of 10 new Pan Jam shares for every 13 FJI shares held.

Pan Jam has accounted for the transaction commencing August 1, 2011. Accordingly, this report, which covers the period ended September 30, 2011, presents Pan Jam’s unaudited consolidated financial statements on the new basis (giving effect to the scheme of amalgamation) for two (2) months and on the old basis for seven (7) months.

Income Statement

Net profit attributable to owners for the quarter ended September 30, 2011 amounted to \$455 million, compared to \$342 million in the 2010 3rd quarter, an increase of 33%, equivalent to earnings per stock unit of \$2.43 compared to \$2.00 for the same period in 2010. Net profit attributable to owners for the nine months ended September 30, 2011 amounted to \$1,212 million, compared to \$884 million for 2010, an increase of 37%, equivalent to earnings per stock unit of \$6.47 compared to \$5.16 for the same period in 2010.

Performance for the quarter was influenced by positive results from our property segment and solid earnings from our associated company Sagicor Life Jamaica Limited (SLJ). 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 \$18 million, +6%, for the quarter and \$140 million, +17%, for the nine months, 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 3rd quarter increased by \$24 million, +13%, compared to last year's 3rd quarter. A \$54 million increase in revenue was partly offset by increased operating expenses of \$30 million. For the nine months, investment income of \$189 million is \$59 million ahead of last year's level, substantially as a result of a foreign exchange gain of \$7 million this year versus a \$50 million loss in 2010. Property income of \$1,010 million contains a \$93 million increase from improved rental rates and greater expense recoveries, with \$218 million of revaluation gains versus \$189 million last year.

Business Segments

Our property segment enjoyed overall occupancy levels exceeding 97% for the 3rd quarter, a slight decline over last year, while contribution to group operating profit for the nine months of \$509 million was \$94 million better than last year, attributable to increases in both rental income and revaluation gains.

Our investment management segment posted year-to-date segment operating profit of \$81 million, slightly ahead of last year's \$77 million, but dampened principally to impairment charges of \$17 million and global securities losses in the 3rd quarter.

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 3rd quarter increased by \$18 million (6%) to \$325 million (year-to-date increase of \$140 million to \$962 million), principally as a result of strong insurance new business, careful expense control, and a strong performance from Pan Caribbean Financial Services Limited.

H&L reported a profit of \$7 million for the 3rd quarter, compared to a loss of \$7 million for the same period last year, bringing their year-to-date position to a net profit of \$5 million compared to a loss of \$14 million a year ago. While revenues and margins improved 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 September 30, 2011 amounted to \$15.2 billion, the same level as at December 31, 2010. Stockholders' equity increased to \$13.9 billion (December 31 2010: \$10.6 billion), which equates to a book value per stock unit of \$66.35 as at September 30, 2011 (December 31, 2010: \$61.98). \$2.5 billion of the \$3.3 billion increase in stockholders' equity in 2011 relates to the acquisition of the FJI non-controlling interest in exchange for new Pan Jam shares referred to above.

Outlook

We continue to seek acquisitions which can generate value for our stockholders. As reported last month, we have joined with Jamaica Producers Group Limited on a 50/50 basis in acquiring the Mavis Bank Coffee Factory - Jamaica's largest processor of Blue Mountain coffee. We also are a minority 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.



Maurice W. Facey
Chairman



Stephen B. Facey
President & CEO

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

	3 Months to Sep-11 \$'000	3 Months to Sep-10 \$'000	YTD Sep-11 \$'000	YTD Sep-10 \$'000
Income				
Investments	44,309	52,867	189,063	129,866
Property	354,694	295,856	1,009,867	887,881
Commissions	10,621	7,521	28,800	22,908
Other	16,955	16,244	57,732	48,557
	<u>426,579</u>	<u>372,488</u>	<u>1,285,462</u>	<u>1,089,212</u>
Operating expenses	(218,006)	(187,641)	(666,906)	(571,609)
Operating profit	208,573	184,847	618,556	517,603
Interest expense	(21,802)	(12,505)	(72,013)	(32,091)
	<u>186,771</u>	<u>172,342</u>	<u>546,543</u>	<u>485,512</u>
Share of results of associated companies	326,310	305,578	977,509	824,417
	<u>326,310</u>	<u>305,578</u>	<u>977,509</u>	<u>824,417</u>
Profit before taxation	513,081	477,920	1,524,052	1,309,929
Taxation	(26,302)	(26,232)	(105,712)	(108,050)
	<u>(26,302)</u>	<u>(26,232)</u>	<u>(105,712)</u>	<u>(108,050)</u>
Net profit	486,779	451,688	1,418,340	1,201,879
	<u>486,779</u>	<u>451,688</u>	<u>1,418,340</u>	<u>1,201,879</u>
Net profit attributable to:				
Owners of the parent	454,912	341,791	1,211,922	884,160
Non-controlling interest	31,867	109,897	206,418	317,719
	<u>31,867</u>	<u>109,897</u>	<u>206,418</u>	<u>317,719</u>
	<u>486,779</u>	<u>451,688</u>	<u>1,418,340</u>	<u>1,201,879</u>
Earnings per stock unit attributable to owners of the parent for the period Basic and fully diluted (note 2)	\$2.43	\$2.00	\$6.47	\$5.16

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

	3 Months to Sep-11 \$'000	3 Months to Sep-10 \$'000	YTD Sep-11 \$'000	YTD Sep-10 \$'000
Net profit for the period	486,779	451,688	1,418,340	1,201,879
Other comprehensive income:				
Exchange differences on translating foreign operations	(503)	(104)	810	(3,756)
Unrealised (losses)/gains on available-for-sale financial assets, net of tax	(52,065)	30,221	(18,588)	92,993
Loss on dilution of shareholding in associates	-	-	-	(3,274)
Share of other comprehensive (loss)/income of associates	<u>(227,997)</u>	<u>148,646</u>	<u>(93,344)</u>	<u>557,764</u>
Other comprehensive (loss)/income for the period, net of tax	<u>(280,565)</u>	<u>178,763</u>	<u>(111,122)</u>	<u>643,727</u>
Total comprehensive income for the period	<u>206,214</u>	<u>630,451</u>	<u>1,307,218</u>	<u>1,845,606</u>
Total comprehensive income attributable to				
Owners of the parent	171,790	489,111	1,071,124	1,387,147
Non-controlling interest	<u>34,424</u>	<u>141,340</u>	<u>236,094</u>	<u>458,459</u>
	<u>206,214</u>	<u>630,451</u>	<u>1,307,218</u>	<u>1,845,606</u>

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

	Unaudited September 2011 \$'000	Audited December 2010 \$'000	Unaudited September 2010 \$'000
ASSETS			
Cash and Bank Balances	19,447	25,947	48,484
Investments			
Short term deposits	36,909	13,252	83,770
Securities			
Financial assets at fair value through profit and loss	262,641	158,902	146,486
Available-for-sale	1,633,134	1,835,750	1,937,471
Loans & receivables	9,306	12,117	12,272
Deposits	1,938	18,887	1,707
Securities purchased under agreements to resell	306,066	1,093,979	790,523
Investment properties	4,100,595	3,888,690	3,761,736
Investment in associated companies	7,701,137	7,422,757	7,040,187
	<u>14,051,726</u>	<u>14,444,334</u>	<u>13,774,152</u>
Taxation recoverable	61,951	47,855	46,851
Deferred tax assets	4,099	3,903	10,550
Receivables and other assets	643,900	371,707	584,178
Property, plant and equipment	364,599	225,440	211,233
Retirement benefit assets	31,708	31,708	38,038
	<u>1,106,257</u>	<u>680,613</u>	<u>890,850</u>
	<u>15,177,430</u>	<u>15,150,894</u>	<u>14,713,486</u>
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity			
Capital and Reserves Attributable to the Company's Equity holders (note 2)			
Share capital	2,161,836	185,354	185,354
Equity compensation reserve	40,834	39,160	37,708
Property revaluation reserve	2,436,522	2,247,786	2,138,555
Investment and other reserves	3,260,729	2,888,608	2,730,567
Retained earnings	6,102,794	5,274,449	5,077,918
Treasury stock	(65,224)	(18,486)	(18,486)
	<u>13,937,491</u>	<u>10,616,871</u>	<u>10,151,616</u>
Non-controlling interest (note 2)	<u>196,882</u>	<u>2,469,031</u>	<u>3,296,224</u>
	<u>14,134,373</u>	<u>13,085,902</u>	<u>13,447,840</u>
Liabilities			
Bank overdraft	13,098	101	2,439
Taxation payable	63,204	34,163	27,873
Due to related party	5,225	5,225	5,225
Bank and other loans	516,546	1,591,504	831,887
Finance lease liability	13,033	9,844	10,839
Deferred tax liability	128,829	128,822	103,572
Retirement benefit liabilities	78,858	75,650	75,098
Payables and other liabilities	224,264	219,683	208,713
Total liabilities	<u>1,043,057</u>	<u>2,064,992</u>	<u>1,265,646</u>
	<u>15,177,430</u>	<u>15,150,894</u>	<u>14,713,486</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 2011

30-Sep-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	-	-	-	502,988	884,159	-	458,459	1,845,606
Dividends paid	-	-	-	-	(192,100)	-	(77,480)	(269,580)
Stock compensation provision	-	3,406	-	-	-	-	824	4,230
Acquisition of additional shares in subsidiary	-	-	-	19,558	-	-	(334,006)	(314,448)
Property revaluation gains	-	-	140,051	-	(140,051)	-	-	-
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

30-Sep-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	-	-	-	(140,798)	1,211,922	-	236,094	1,307,218
Dividends paid	-	-	-	-	(194,841)	-	(30,226)	(225,067)
Stock compensation provision	-	1,674	-	-	-	-	203	1,877
Acquisition of treasury stock	-	-	-	31,164	-	(46,738)	-	(15,574)
Effects of scheme of amalgamation (note 2)	1,976,482	-	-	501,738	-	-	(2,478,220)	-
Costs of scheme of amalgamation (note 2)	-	-	-	(19,983)	-	-	-	(19,983)
Property revaluation gains	-	-	188,736	-	(188,736)	-	-	-
Balance at end of period	2,161,836	40,834	2,436,522	3,260,729	6,102,794	(65,224)	196,882	14,134,373

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

	9-Months to September 2011 \$'000	9-Months to September 2010 \$'000
Net profit	1,418,340	1,201,879
Items not affecting cash		
Share of results of associated companies	(977,509)	(824,417)
Fair value gains on investment properties	(217,500)	(188,500)
(Gains)/Losses on foreign currency denominated investments, net	(7,275)	50,312
Other	55,024	15,663
	<u>271,080</u>	<u>254,937</u>
Changes in operating assets and liabilities		
Other assets	(12,606)	16,428
Other liabilities	4,581	(19,374)
	<u>263,055</u>	<u>251,991</u>
Interest received	127,168	142,467
Interest paid	(81,237)	(31,578)
Income tax paid	(78,312)	(170,714)
Net cash provided by operations	<u>230,674</u>	<u>192,166</u>
Cash flows from investing activities		
Acquisition of investment securities, net	317,272	(131,733)
Acquisition of additional shares in associated company	-	(54,354)
Acquisition of additional shares in subsidiary	-	(314,448)
Acquisition of non-controlling interest	(19,983)	-
Acquisition of capital expenditure	(150,960)	(114,921)
Other investment activities	(4,243)	(158,398)
Dividends received from associated company	316,878	193,038
Net cash provided by/(used in) investing activities	<u>458,964</u>	<u>(580,816)</u>
Cash flows from financing activities		
Dividends paid to non-controlling interest	(30,226)	(77,480)
Dividends paid to owners of the parent	(194,841)	(192,100)
Loan received	9,577	764,984
Loan repaid	(1,076,669)	(158,682)
Other financing activities	3,189	7,627
Net cash (used in)/provided by financing activities	<u>(1,288,970)</u>	<u>344,349</u>
Net decrease in cash and cash equivalents	(599,332)	(44,301)
Cash & cash equivalents at beginning of the period	948,656	964,639
Cash & cash equivalents at end of the period	<u>349,324</u>	<u>920,338</u>
Comprising of:		
Cash at bank and in hand	19,447	48,484
Short term deposits	36,909	83,770
Securities purchased under agreements to resell	306,066	790,523
Overdrafts	(13,098)	(2,439)
	<u>349,324</u>	<u>920,338</u>

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

September 30, 2011

	Property Management & Rental \$'000	Investments \$'000	Other Services \$'000	Eliminations \$'000	Total \$'000
REVENUE					
External	1,110,803	135,482	39,177	-	1,285,462
Inter-segment	9,172	28,140	822	(38,134)	-
Total revenue	<u>1,119,975</u>	<u>163,622</u>	<u>39,999</u>	<u>(38,134)</u>	<u>1,285,462</u>
Segment results	508,994	81,324	28,238	-	618,556
Interest expense	(43,009)	(52,345)	-	23,341	(72,013)
	<u>465,985</u>	<u>28,979</u>	<u>28,238</u>	<u>23,341</u>	<u>546,543</u>
Share of results of associated companies	-	977,509	-	-	977,509
Profit before taxation	<u>465,985</u>	<u>1,006,488</u>	<u>28,238</u>	<u>23,341</u>	<u>1,524,052</u>
Taxation	(70,367)	(34,225)	(1,120)	-	(105,712)
Net profit	<u>395,618</u>	<u>972,263</u>	<u>27,118</u>	<u>23,341</u>	<u>1,418,340</u>
Segment assets	5,366,871	1,890,310	250,503	(31,391)	7,476,293
Associates	-	7,701,137	-	-	7,701,137
Total assets	<u>5,366,871</u>	<u>9,591,447</u>	<u>250,503</u>	<u>(31,391)</u>	<u>15,177,430</u>
Segment liabilities	<u>759,390</u>	<u>226,382</u>	<u>88,676</u>	<u>(31,391)</u>	<u>1,043,057</u>

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	5,568	6,710	-	(12,278)	-
Total revenue	<u>974,833</u>	<u>92,425</u>	<u>34,232</u>	<u>(12,278)</u>	<u>1,089,212</u>
Segment results	415,370	77,394	24,839	-	517,603
Interest expense	(18,345)	(13,746)	-	-	(32,091)
	<u>397,025</u>	<u>63,648</u>	<u>24,839</u>	<u>-</u>	<u>485,512</u>
Share of results of associated companies	-	824,417	-	-	824,417
Profit before taxation	<u>397,025</u>	<u>888,065</u>	<u>24,839</u>	<u>-</u>	<u>1,309,929</u>
Taxation	(69,405)	(38,115)	(530)	-	(108,050)
Net profit	<u>327,620</u>	<u>849,950</u>	<u>24,309</u>	<u>-</u>	<u>1,201,879</u>
Segment assets	5,126,541	2,370,535	320,442	(144,219)	7,673,299
Associates	-	7,040,187	-	-	7,040,187
Total assets	<u>5,126,541</u>	<u>9,410,722</u>	<u>320,442</u>	<u>(144,219)</u>	<u>14,713,486</u>
Segment liabilities	<u>752,316</u>	<u>486,840</u>	<u>170,709</u>	<u>(144,219)</u>	<u>1,265,646</u>

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 2010.

2. Scheme of Amalgamation

- (a) At an Extraordinary General Meeting of Pan-Jamaican Investment Trust Limited (“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 took effect on August 3, 2011, all assets and liabilities of FJI have been transferred to, and vested in, Pan Jam. All holders of FJI shares (except Pan Jam) were issued in August 2011 with new Pan Jam shares at the rate of 10 new Pan Jam shares for every 13 FJI shares held.

Pan Jam has accounted for the transaction commencing August 1, 2011. Accordingly, this report, which covers the period ended September 30, 2011, presents Pan Jam’s unaudited consolidated financial statements on the new basis (giving effect to the scheme of amalgamation) for two (2) months and on the old basis for seven (7) months.

This transaction has been accounted for in accordance with the provisions of IFRS 2, “Share based payment”, pursuant to which (a) all elements of the transaction have been credited or charged to Stockholders’ Equity and Non-Controlling Interests, and (b) the deemed value of Pan Jam stock units issued has been determined by reference to the fair value of the FJI stock units acquired by Pan Jam.

To consummate the amalgamation Pan Jam issued 38,758,000 new stock units to the minority FJI stockholders in August 2011, resulting in the following changes to the carrying amounts of Stockholders’ Equity and Non-Controlling Interests as follows:

	<u>\$000’s</u>
Increase in Share Capital (issuance of additional shares)	\$1,976,482
Increase in Investment and Other Reserves (gain on extinguishment of non-controlling interest in FJI,	<u>501,738</u>
Increase in Stockholders’ Equity	2,478,220
Decrease in Non-Controlling Interests (carrying value of non-controlling interest in FJI extinguished)	<u>(2,478,220)</u>
	-
Costs of scheme of amalgamation	<u>\$ (19,983)</u>

(b) Share Capital

	September 2011 ‘000	December 2010 ‘000	September 2010 ‘000
Issued and fully paid: (net of treasury stock)			
Balance as beginning of the year	171,302	171,302	171,302
Stock units issued	<u>38,758</u>	<u>-</u>	<u>-</u>
Issued and fully paid	<u>210,060</u>	<u>171,302</u>	<u>171,302</u>
Weighted average	187,449	171,302	171,302