Pan-Jamaican Investment Trust Limited

Audited Financial Statements for the year ended 31 December 2011

Pan-Jamaican Investment Trust Limited
Audited Financial Statements

December 31, 2011

On behalf of the Board of Directors, we are pleased to present the audited consolidated financial statements of Pan-Jamaican Investment Trust Limited for the year ended December 31, 2011.

The highlights are:

- Net profit attributable to owners of $1,759 million (2010: $1,244 million)
- Return on opening equity of 17% (2010: 14%)
- Earnings per stock unit of $9.37 (2010: $7.27)
- Book value per stock unit of $68.68 at year end (December 31, 2010: $61.98)

This year we acquired the remaining minority-held 17% shareholding in First Jamaica Investments Limited ("First Jamaica") through a share swap, which was approved by First Jamaica's stockholders at an Extraordinary General Meeting in June 2011. First Jamaica has now been delisted from the Jamaica Stock Exchange. We believe this merger will allow the Board of Directors and senior management increased time and focus on strategy and execution, eliminate market confusion, and eradicate the duplication of certain expenses such as audit and stock exchange listing fees.

We have accounted for the transaction from August 1 2011, with the consequent adjustments to stockholders' equity and non-controlling interest in the group's consolidated financial statements. The effects of the transaction have also had a significant effect on the parent company's financial statements and these are fully disclosed in the notes to the financial statements.

<u>Income Statement</u>
Net profit attributable to owners for the year ended 31 December 2011 amounted to $1,759 million, compared to $1,244 million in 2010, an increase of 41%, while earnings per stock unit were $9.37 compared to $7.27 for 2010.

Property income increased $121 million, 10%, to $1,370 million, including a 13% increase in rental income to $1,070 million and a $300 million property revaluation gain. The increased income more than offset a 22% increase in property operating costs, which saw increases in energy costs as world oil prices continued to escalate, 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 $646 million was 10% above last year's level of $586 million.

Investment income increased $98 million, or 66%. Our investment management segment posted operating profit of $123 million for the year, an increase of $26 million compared to last year's level of $97 million. Last year we recorded foreign exchange translation losses of $62 million compared to gains of $8 million this year, a positive swing of $70 million. Declines in interest income of $26 million were more than offset by increases in investment gains and reduced impairment losses. Net unrealised gains in our portfolio of available-for-sale securities, which are accounted for through comprehensive income and stockholders' equity, amounted to $32 million for the year compared to $116 million last year.

Total operating expenses for the year amounted to $935 million compared to the 2010 level of $780 million, an increase of 20%. Of these amounts, the year-on-year increase in direct costs of property management was 22% while the increase in general and administrative overhead was $59 million, or 17%: half of the increase is attributable to professional fees associated with evaluating and executing new investments. We were successful at containing overall staff costs to 2010 levels.

Associated Companies and Joint Venture

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 New Castle Company Limited ("New Castle"), owners of Walkerswood and Busha Browne.

Our share of results of associated companies increased by $199 million compared to the 2010 amount of $1,172 million. Sagicor's net profit attributable to shareholders was $5,523 million, an increase of 18% over the prior year, representing a 22% return on opening equity. Sagicor's strong results were driven by strong insurance and annuities new business; improved rate of retention of business in-force; and careful expense management.

H&L reported a profit of $6 million compared to $19 million a year ago. While revenue improved by 6% versus last year, the resulting increase in gross profit was entirely absorbed by increased expenses. While some progress in this business has been made, particularly in the areas of an enhanced retail customer experience through store remodelling and customer service training, more focus needs to be given to the profit drivers of the business, and unprofitable locations and business lines need to be eliminated.

Our share of profits from the operations of the new Walkerswood group was $12 million in 2011. 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 our Walkerswood, Busha Browne and Jamaica Joe products gaining increased traction in the export market.

In the 4th quarter of 2011 we partnered with Jamaica Producers Group in the acquisition of Mavis Bank, the country's premier processor and seller of Jamaica Blue Mountain coffee. We are confident that together we can be successful in building on the world class status of Jamaica Blue Mountain coffee.

Balance Sheet

Total assets at December 31, 2011 amounted to $15.9 billion, compared to $15.2 billion at December 31, 2010. Stockholders' equity increased to $14.6 billion (December 31 2010: $10.6 billion), which equates to a book value per share of $68.68 as at December 31, 2011 (December 31, 2010: $61.98).

Condolences

The Board extends its deep sympathy to the family and friends of our valued director, Mr. W.G. Bryan Ewen. Bryan served for many years as an officer of Pan-Jamaican Investment Trust, where he was a director up until the time of his death, as well as a director of all of our important subsidiaries and associated companies, including First Jamaica, Sagicor Life, Pan Caribbean Financial Services, Jamaica Property Company, and H&L. We benefited tremendously from his broad knowledge and experience in financial management, accounting, insurance and banking. His pragmatic approach to issues and conservative stance on risk, together with his keen analytical ability and sense of humour, will be sorely missed.

Outlook

Jamaica's economic direction remains uncertain in the absence of an IMF agreement, fundamental changes in the size and cost of the public sector, and comprehensive tax reform. Until these items are addressed and executed, the country will continue to drift and will likely be unable to attract new entrepreneurial investment or create meaningful growth opportunities. We look forward to the new government taking appropriate actions quickly to address these fundamental issues, in the year Jamaica celebrates its 50th year of independence.

Our Thanks

The Board wishes to thank the management and staff for their dedicated contribution during the year.

Maurice W. Facey
Chairman

Stephen B. Facey
President & CEO

Pan-Jamaican Investment Trust Limited

Financial Statements
31 December 2011

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31 December 2011

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Independent Auditors' Report

To the Members of
Pan-Jamaican Investment Trust Limited

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of Pan-Jamaican Investment Trust Limited, its subsidiaries, associated companies and joint venture ("the group"), and the accompanying financial statements of Pan-Jamaican Investment Trust Limited standing alone, set out on pages 1 to 98, which comprise the consolidated and company statement of financial position as of 31 December 2011 and the consolidated and company income statements, the consolidated and company statements of comprehensive income, the consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Members of Pan-Jamaican Investment Trust Limited
Independent Auditors' Report
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Opinion
In our opinion, the accompanying financial statements give a true and fair view of the financial position of the group and the company as of 31 December 2011 and of the financial performance and cash flows of the group and the company for the year then ended, so far as concerns the members of the company, in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

Report on Other Legal and Regulatory Requirements
As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Act, in the manner so required.

PricewaterhouseCoopers

Chartered Accountants
29 February 2012
Kingston, Jamaica

Pan-Jamaican Investment Trust Limited

Consolidated Income Statement

Year ended 31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 $'000	2010 $'000
Income			
Investments	5	246,187	148,494
Property	6	1,369,813	1,249,059
Commissions		39,503	30,480
Other	7	85,686	64,912
		1,741,189	1,492,945
Operating expenses	8	(935,094)	(780,073)
Operating Profit		806,095	712,872
Interest expense		(84,735)	(61,683)
Share of results of joint venture		18,035	-
Share of results of associated companies		1,371,743	1,172,477
Profit before Taxation		2,111,138	1,823,666
Taxation	10	(135,578)	(176,344)
NET PROFIT		1,975,560	1,647,322
Attributable to:			
Owners of the parent		1,758,990	1,244,498
Non-controlling interests		216,570	402,824
		1,975,560	1,647,322
Earnings per stock unit attributable to owners of the parent during the year			
Basic and fully diluted	11	$9.37	7.27

Pan-Jamaican Investment Trust Limited

Consolidated Statement of Comprehensive Income

Year ended 31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 $'000	2010 $'000
Net Profit for the year		1,975,560	1,647,322
Other Comprehensive Income			
Exchange differences on translating foreign operations		876	(4,760)
Unrealised gains on available-for-sale financial assets, net of tax		31,881	115,941
Gains recycled to profit or loss on disposal and maturity of investment assets		(4,332)	(4,434)
Share of other comprehensive income of associated companies		10,233	556,132
Other Comprehensive Income for the year, net of tax		38,658	662,879
TOTAL COMPREHENSIVE INCOME		2,014,218	2,310,201
Attributable to:			
Owners of the parent		1,768,038	1,803,555
Non-controlling interests		246,180	506,646
		2,014,218	2,310,201

Pan-Jamaican Investment Trust Limited

Consolidated Statement of Financial Position

31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 $'000	2010 $'000
ASSETS			
Cash and Bank Balances	12	16,081	25,947
Investments			
Deposits	12	176,938	32,139
Investment securities:			
Financial assets at fair value through profit and loss	13	277,867	158,902
Available-for-sale	13	1,447,840	1,835,750
Loans and receivables	13	7,309	12,117
		1,733,016	2,006,769
Securities purchased under agreements to resell	14	593,873	1,093,979
Investment properties	15	4,201,355	3,888,690
Investment in joint venture	16	74,062	-
Investment in associated companies	16	8,209,062	7,422,757
		14,988,306	14,444,334
Other assets			
Taxation recoverable		64,789	47,855
Deferred tax assets	17	107	3,903
Prepayment and miscellaneous	18	469,301	371,707
Property, plant and equipment	19	356,386	225,440
Retirement benefit assets	20	28,152	31,708
		918,735	680,613
		15,923,122	15,150,894

Pan-Jamaican Investment Trust Limited

Consolidated Statement of Financial Position (Continued)

31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 $'000	2010 $'000
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity			
Capital and Reserves Attributable to Owners of the Parent			
Share capital	25	2,141,985	185,354
Equity compensation reserve	26	-	39,160
Property revaluation reserve	27	2,518,691	2,247,786
Investment and other reserves	28	3,481,077	2,888,608
Retained earnings		6,503,785	5,274,449
Treasury stock		(9,090)	(18,486)
		14,636,448	10,616,871
Non-controlling interests		206,968	2,469,031
		14,843,416	13,085,902
Liabilities			
Bank overdrafts	12	9,499	101
Taxation payable		43,666	34,163
Due to related parties	21	5,225	5,225
Loan liabilities	22	532,214	1,591,504
Finance lease liability	23	12,416	9,844
Deferred tax liabilities	17	164,833	128,822
Retirement benefit liabilities	20	81,107	75,650
Other liabilities	24	230,746	219,683
		1,079,706	2,064,992
		15,923,122	15,150,894

Approved for issue by the Board of Directors on 29 February 2012 and signed on its behalf by:

Maurice Facey — Director

Stephen Facey — Director

Pan-Jamaican Investment Trust Limited
Consolidated Statement of Changes in Equity
Year ended 31 December 2011
(expressed in Jamaican dollars unless otherwise indicated)

	Note	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	Total $'000
		Attributable to Owners of the Parent							
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:		-	-	-	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	29	-	-	-	-	(246,677)	-	-	(246,677)
Dividends paid to non-controlling interests		-	-	-	-	-	-	(92,835)	(92,835)
Acquisition of non-controlling interest	16(a)	-	-	-	121,530	-	-	(1,193,990)	(1,072,460)
Stock compensation expense	26	-	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
Consolidated Statement of Changes in Equity (Continued)
Year ended 31 December 2011
(expressed in Jamaican dollars unless otherwise indicated)

	Note	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	Total $'000
		\---Attributable to Owners of the Parent---\							
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
Comprehensive income									
Net profit		-	-	-	-	1,758,990	-	216,570	1,975,560
Other comprehensive income:		-	-	-	9,048	-	-	29,610	38,658
Total comprehensive income for the year		-	-	-	9,048	1,758,990	-	246,180	2,014,218
Transactions with owners									
Dividends paid to equity holders of the company	29	-	-	-	-	(300,209)	-	-	(300,209)
Dividends paid to non-controlling interest		-	-	-	-	-	-	(30,226)	(30,226)
Shares issued on acquisition of non-controlling interest	16	1,976,483	-	-	501,737	-	-	(2,478,220)	-
Cost associated with issue of shares		(19,852)	-	-	-	-	-	-	(19,852)
Disposal of treasury stock		-	-	-	81,684	-	9,396	-	91,080
Stock compensation expense	26	-	2,300	-	-	-	-	203	2,503
Transfer to retained earnings		-	(41,460)	-	-	41,460	-	-	-
Total transactions with owners		1,956,631	(39,160)	-	583,421	(258,749)	9,396	(2,508,243)	(256,704)
Transfer of unrealised property revaluation gains		-	-	270,905	-	(270,905)	-	-	-
Balance at 31 December 2011		2,141,985	-	2,518,691	3,481,077	6,503,785	(9,090)	206,968	14,843,416

Pan-Jamaican Investment Trust Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 $'000	2010 $'000
Cash Flows from Operating Activities	30	416,511	349,443
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	19	(155,390)	(134,521)
Improvements to investment properties	15	(5,726)	(3,833)
Proceeds from disposal of property, plant and equipment		3,119	3,080
Acquisition of shares in associated company		-	(87,222)
Acquisition of non-controlling interest		-	(1,072,460)
Cost associated with issue of shares		(19,852)	-
Acquisition of shares in joint venture		(56,027)	-
Dividends from associated company		605,796	397,028
Disposal/(acquisition) of investment securities, net		509,192	(238,328)
Other investing activities		-	(165,001)
Net cash provided by/(used in) investing activities		881,112	(1,301,257)
Cash Flows from Financing Activities			
Loans received		705,267	1,512,197
Loans repaid		(1,765,224)	(160,016)
Interest paid		(87,069)	(55,159)
Finance lease, net		2,572	6,632
Dividends paid to non-controlling interest		(30,226)	(92,835)
Dividends paid to equity holders	29	(300,209)	(246,677)
Net cash (used in)/provided by financing activities		(1,474,889)	964,142
Net (decrease)/increase in cash and cash equivalents		(177,266)	12,328
Effect of exchange rate changes on cash and cash equivalents		2,788	(28,311)
Cash and cash equivalents at beginning of year		948,656	964,639
CASH AND CASH EQUIVALENTS AT END OF YEAR	12	774,178	948,656

Pan-Jamaican Investment Trust Limited

Company Income Statement

Year ended 31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 $'000	Restated 2010 $'000
Income			
Investments	5	1,402,361	670,468
Management fees	7	14,612	13,786
Miscellaneous	7	383	3,282
		1,417,356	687,536
Expenses			
Operating expenses	8	181,784	140,588
Interest expense		60,567	40,760
		242,351	181,348
Profit before Taxation		1,175,005	506,188
Taxation	10	(13,920)	(72,778)
NET PROFIT		1,161,085	433,410
Attributable to:			
Owners of the company		1,097,893	362,358
Non-controlling interests		63,192	71,052
		1,161,085	433,410

Pan-Jamaican Investment Trust Limited

Company Statement of Comprehensive Income

Year ended 31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	2011 $'000	Restated 2010 $'000
Net Profit for the year	1,161,085	433,410
Other Comprehensive Income		
Unrealised gain on available-for-sale financial assets, net of tax	181	76,229
Gains recycled to profit or loss on disposal and maturity of investment assets	(4,332)	(4,435)
	(4,151)	71,794
TOTAL COMPREHENSIVE INCOME	1,156,934	505,204
Attributable to:		
Owners of the company	1,088,185	428,034
Non-controlling interests	68,749	77,170
	1,156,934	505,204

Pan-Jamaican Investment Trust Limited

Company Statement of Financial Position

31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 $'000	Restated 2010 $'000	Restated 2009 $'000
ASSETS				
Cash and Bank Balances	12	4,587	13,514	9,584
Investments				
Deposits		114,123	24,767	117,934
Investment securities				
Financial assets at fair value through profit and loss	13	7,628	6,646	-
Available-for-sale	13	976,523	1,437,366	1,437,126
Loans and receivables	13	314,185	316,885	362,226
		1,298,336	1,760,897	1,799,352
Securities purchased under agreements to resell	14	241,780	281,293	375,565
Investment in subsidiaries	16	211,110	211,110	217,969
Investment in associated companies	16	3,790,418	3,780,107	3,692,885
		5,655,767	6,058,174	6,203,705
Other Assets				
Due from related parties	21	348,568	275,648	182,745
Taxation recoverable		54,959	28,793	50,296
Prepayment and miscellaneous	18	253,942	118,320	45,667
Property, plant and equipment	19	26,910	20,492	3,497
Retirement benefit assets	20	28,152	31,708	11,648
		712,531	474,961	293,853
		6,372,885	6,546,649	6,507,142

Pan-Jamaican Investment Trust Limited

Company Statement of Financial Position (Continued)

31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 $'000	Restated 2010 $'000	Restated 2009 $'000
STOCKHOLDERS' EQUITY AND LIABILITIES				
Stockholders' Equity				
Share capital	25	2,141,985	185,354	185,354
Equity compensation reserve	26	-	9,115	8,079
Investment and other reserves	28	1,363,007	2,322,431	2,799,395
Retained earnings		2,543,655	1,739,158	1,626,691
		6,048,647	4,256,058	4,619,519
Non-controlling interests		-	988,077	1,535,148
		6,048,647	5,244,135	6,154,667
Liabilities				
Bank overdraft	12	-	101	-
Taxation payable		673	23,689	21,411
Due to related parties	21	158,529	41,653	20,363
Loan liabilities	22	8,267	1,075,180	147,271
Finance lease liability	23	-	180	1,313
Deferred tax liability	17	26,300	24,235	21,199
Retirement benefit liabilities	20	46,631	47,230	45,392
Other liabilities	24	83,838	90,246	95,526
		324,238	1,302,514	352,475
		6,372,885	6,546,649	6,507,142

Approved for issue by the Board of Directors on 29 February 2012 and signed on its behalf by:

Maurice Facey — Director

Stephen Facey — Director

Pan-Jamaican Investment Trust Limited

Company Statement of Changes in Equity

Year ended 31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital $'000	Equity Compensation Reserve $'000	Investment and Other Reserves $'000	Retained Earnings $'000	Non-controlling interest $'000	Total $'000
Balance at 1 January 2010, as restated		185,354	8,079	2,799,395	1,626,691	1,535,148	6,154,667
Comprehensive income, as restated							
Net profit		-	-	-	362,358	71,052	433,410
Other comprehensive income:		-	-	65,676	-	6,118	71,794
Total comprehensive income, as restated		-	-	65,676	362,358	77,170	505,204
Transactions with owners							
Dividends paid	29	-	-	-	(249,891)	-	(249,891)
Dividends paid to non-controlling interest		-	-	-	-	(94,421)	(94,421)
Acquisition of non-controlling interest		-	-	(542,640)	-	(529,820)	(1,072,460)
Stock compensation expense	26	-	1,036	-	-	-	1,036
Total transactions with owners		-	1,036	(542,640)	(249,891)	(624,241)	(1,415,736)
Balance at 31 December 2010, as restated		185,354	9,115	2,322,431	1,739,158	988,077	5,244,135
Comprehensive income							
Net profit		-	-	-	1,097,893	63,192	1,161,085
Other comprehensive income:		-	-	(9,708)	-	5,557	(4,151)
Total comprehensive income		-	-	(9,708)	1,097,893	68,749	1,156,934
Transactions with owners							
Shares issued on acquisition of non-controlling interest		1,976,483	-	(950,615)	-	(1,025,868)	-
Cost associated with issue of shares		(19,852)	-	-	-	-	(19,852)
Dividends paid	29	-	-	-	(302,971)	-	(302,971)
Dividends paid to non-controlling interest		-	-	-	-	(30,958)	(30,958)
Disposal of treasury stock		-	-	899	-	-	899
Stock compensation expense	26	-	460	-	-	-	460
Transfer to retained earnings		-	(9,575)	-	9,575	-	-
Total transactions with owners		1,956,631	(9,115)	(949,716)	(293,396)	(1,056,826)	(352,422)
Balance at 31 December 2011		2,141,985	-	1,363,007	2,543,655	-	6,048,647

Pan-Jamaican Investment Trust Limited
Company Statement of Cash Flows
Year ended 31 December 2011
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 $'000	Restated 2010 $'000
Cash Flows from Operating Activities	30	1,064,051	539,452
Cash Flows from Investing Activities			
Acquisition of additional shares in subsidiary		-	(45)
Acquisition of shares in associated company		-	(87,222)
Acquisition of property, plant and equipment	19	(10,642)	(17,757)
Proceeds from disposal of property, plant and equipment		-	3,080
Acquisition of non-controlling interest			(1,072,460)
Cost associated with issue of share capital		(19,852)	-
Disposal/(acquisition) of investment securities		443,143	(17,728)
Net cash provided by/(used in) investing activities		412,649	(1,192,132)
Cash Flows from Financing Activities			
Related parties		35,186	(74,799)
Loan received		695,567	1,067,203
Loans repaid		(1,761,511)	(142,624)
Interest paid		(53,210)	(45,760)
Finance lease repaid		(180)	(1,133)
Dividends paid to non-controlling interest		(30,958)	(94,421)
Dividends paid	29	(302,971)	(249,891)
Net cash (used in)/provided by financing activities		(1,418,077)	458,575
Net increase in cash and cash equivalents		58,623	194,105
Effect of exchange rate changes on cash and cash equivalents		(538)	(6,573)
Cash and cash equivalents at beginning of year		302,405	503,083
CASH AND CASH EQUIVALENTS AT END OF YEAR	12	360,490	302,405

1. Identification and Principal Activities

(a) Pan-Jamaican Investment Trust Limited, ("the company") is incorporated and domiciled in Jamaica. The company is listed on the Jamaica Stock Exchange.

(b) The main activity of the company are holding investments and controlling the operations of its subsidiaries. The company's income consists mainly of dividends, interest income and management fees earned from its subsidiaries. The registered office of the company is located at 60 Knutsford Boulevard, Kingston 5.

(c) At an Extraordinary General Meeting of First Jamaica Investments Limited (FJIL) (the company's 83% owned subsidiary), held on 23 June 2011, FJIL stockholders approved a court-approved scheme of amalgamation with the company. The scheme became effective 3 August 2011, at which time all assets and liabilities of FJIL were transferred to and vested in the company. All holders of FJIL stock units (other than the company) were issued with new Pan-Jamaican Investment Trust Limited stock units at the rate of 10 new stock units in the company for every 13 FJIL stock units held.

In the books of the company standing alone, the company's financial position and results were restated to reflect the combined book values of both entities, as if the existing structure had always existed. Differences between the former investment in subsidiary (in the books of the company standing alone) and share capital in FJIL were accounted for as an adjustment to equity. Amounts were also recognised for non-controlling interests as, up to the date of the amalgamation, the company was only entitled to 83% of the results of operations and net assets of First Jamaica Investments Limited.

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements

31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities (Continued)

(d) The company's subsidiaries, associated companies, and other consolidated entities, which together with the company are referred to as "the group" are as follows:

	Principal Activities	Proportion of issued equity capital held by	
Subsidiaries		Company	Subsidiaries
Jamaica Property Company Limited	Commercial Property Rental	100%	-
Jamaica Property Development Limited	Property Management	-	100%
Jamaica Property Management Limited	Property Management	-	100%
Imbrook Properties Limited	Property Development	-	100%
Portfolio Partners Limited	Investment Management	100%	-
Jamaican Floral Exports Limited	Horticulture	80%	-
Jamaican Heart Limited	Horticulture	-	100%
Pan-Jamaican Mortgage Society Limited	Financial Services	100%	-
Scotts Preserves Limited	Distribution	100%	-
Busha Browne's Company Limited	Distribution	100%	-
St Andrew Developers Limited	Property Development	33.33%	33.33%
Knutsford Holdings Limited	Office Rental	32%	28%
Panacea Holdings Limited (Incorporated in St. Lucia)	Captive Insurance Holding	100%	-
Panacea Insurance Limited (Incorporated in St. Lucia)	Captive Insurance	-	100%
Castleton Investments Limited (Incorporated in St Lucia)	Investment Management	100%	-
Associated Companies			
Hardware & Lumber Limited	Retail and Trading	20.83%	-
Sagicor Life Jamaica Limited	Insurance and Pension Management	24.81%	-
Impan Properties Limited	Office Rental	-	20%
New Castle Company Limited (Incorporated in St. Lucia)	Consumer Products	25%	-
Other Consolidated Entity			
First Jamaica Employees Share Purchase Plan	Employees share ownership plan	100%	-
Joint Venture Company			
Mavis Bank Coffee Factory Limited		-	50%

1. **Identification and Principal Activities (Continued)**

(e) All the company's subsidiaries and associated companies are incorporated and domiciled in Jamaica, except as otherwise indicated.

(f) Through its subsidiary, Scotts Preserves Limited, the company acquired a 50% holding in Mavis Bank Coffee Factory Limited (formerly Orchard Plantation Coffee Factory Limited), a company that processes and sells Jamaican Blue Mountain coffee. The effective date of this transaction was 1 October 2011.

2. **Summary of Significant Accounting Policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation
The consolidated financial statements of the group and the financial statements of the company standing alone (together referred to as the financial statements) have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, and financial assets at fair value through profit and loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

Standards and amendments to published standards effective 1 January 2011 that are relevant to the group's operations
The following standards and amendments to previously existing standards which became effective in the current financial year are relevant to the group and have impacted the financial statements as described below.

- **IAS 24 (Revised), 'Related party disclosures', effective 1 January 2011.** This amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and it clarifies and simplifies the definition of a related party. The new guidance has not had any material impact on the group's financial statements.

- **IFRS 7 (Amendment),'Financial instruments'** (effective for annual periods beginning on or after 1 January 2011). The amendment emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risk associated with financial instruments. It clarifies that only those financial assets whose carrying amounts do not reflect the maximum exposure to credit risk need to be further disclosed in the notes related to management of credit risk. It removes the disclosure requirement of the collateral held as security, other credit enhancements and an estimate of the fair value for financial assets that are past due but not impaired, and financial assets that are individually determined to be impaired. It clarifies that the additional disclosure required for financial assets obtained by taking possession of collateral or other credit enhancements are only applicable to assets still held at the reporting date. It also removes the requirement to disclose specifically financial assets renegotiated to avoid becoming past due or impaired. The new guidance did not have any material impact on the group's financial statements. Management has decided to maintain the disclosure of the maximum exposure to credit risk.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective

At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to existing standards have been issued which are mandatory for the group's accounting periods beginning on or after 1 January 2011 or later periods, but were not effective at the statement of financial position date. The group has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be immediately relevant to its operations, and has concluded as follows:

- **IAS 19, 'Employee benefits', effective for annual periods beginning on or after 1 January 2013**
  The impact on the group will be as follows: to eliminate the corridor approach and recognize all actuarial gains and loss in other comprehensive income as the occur; to immediately recognize all past service costs; and to replace interest cost and expected return on plan assets with net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). Management is still assessing the full impact of this amendment.

- **Amendment to IFRS 7, 'Financial Instruments: Disclosure',** effective for annual period beginning on or after 1 July 2011. The amendments will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. Management is of the view that the amendment will not impact the group, as it presently does not participate in securitisation transactions.

- **IFRS 10, Consolidated Financial Statements** (effective for annual periods beginning on or after 1 January 2013). This standard replaces IAS 27, Consolidated and Separate Financial Statements and SIC-12, Consolidation-Special Purpose Entities. The standard requires an entity that is a parent to present consolidated financial statements. A limited exemption is available to some entities. The standard addresses certain instances of divergence in practice in applying IAS 27 and SIC-12, for example, entities varied in their application of the control concept in circumstances in which a reporting entity controls another entity but holds less than a majority of the voting rights of the entity, and in circumstances involving agency relationships. In addition, a perceived conflict of emphasis between IAS 27 and SIC-12 had led to inconsistent application of the concept of control. IAS 27 required the consolidation of entities that are controlled by a reporting entity, and it defined control as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. SIC-12, which interpreted the requirements of IAS 27 in the context of special purpose entities, placed greater emphasis on risks and rewards. The group will apply the standard from 1 January 2013 but it is not expected to have any impact on the group's financial statements.

- **IFRS 12, Disclosure of Interests in Other Entities** (effective for annual periods beginning on or after 1 January 2013). This standard applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. The standard requires an entity to disclose information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities; and the effects of those interests on its financial position, financial performance and cash flows. The group will apply the standard from 1 January 2013.

Pan-Jamaican Investment Trust Limited

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective (continued)

- **IFRS 13, Fair Value Measurement** (effective for annual periods beginning on or after 1 January 2013). The standard explains how to measure fair value for financial reporting. It defines fair value; sets out in a single IFRS a framework for measuring fair value; and requires disclosures about fair value measurements. This standard applies to those standards that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances. The Group will apply the standard from 1 Janaury 2013 and it will result in expanded disclosure in the financial statements.

- **IFRS 11, Joint Arrangements (effective for annual periods beginning 1 January 2013)** IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The group will apply from 1 January 2013.

(b) Basis of consolidation

(i) Subsidiaries

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

2. Summary of Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

(i) Subsidiaries (continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(ii) Transactions and non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

(iii) Transactions involving the amalgamation of net assets of former subsidiaries

Transactions involving the amalgamation of the net assets of former subsidiaries into those of their parent companies, and the subsequent cancellation of substantially all the issued share capital of those former subsidiaries, are treated as reorganisations in the books of the parent company standing alone. For transactions treated as reorganisations, comparatives are restated to reflect the combined financial results and positions of the parent and the former subsidiary as if the ownership structure were in place from the earliest comparative period. Any differences between the previous carrying amount for the investment in subsidiary in the books of the parent company, and the share capital of the former subsidiary, are dealt with as an adjustment to equity. In the books of the company standing alone, amounts are recognised for non-controlling interests, to the extent that there were non-controlling interests in the subsidiary.

On consolidation, the amalgamation is accounted for as an acquisition of non-controlling interest as discussed above.

2. Summary of Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

(iv) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. In the company's statement of financial position, investments in associates are shown at cost.

The results of associates with financial reporting year-ends that are different from the Group are determined by prorating the results for the audited period as well as the period covered by management accounts to ensure that a full year of operations is accounted for, where applicable.

(v) Joint ventures

The Group's interest in jointly controlled entities is accounted for using the equity accounting method. Under the equity method, investments in joint ventures are carried in the consolidated statement of financial position at cost as adjusted for the post acquisition changes in the Group's share of the net assets of the joint venture, less any impairment.

The Group's share of its joint ventures' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. Losses of the joint venture in excess of the Group's interest are not recognised unless the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2. Summary of Significant Accounting Policies (Continued)

(c) Income recognition

(i) Interest income and expenses

Interest income is recognised in the income statement for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investments and accrued discount or premium on treasury bills and other discounted instruments. When amounts receivable in connection with investments become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(iii) Property income

Revenue comprises the invoiced value of rental and maintenance charges, net of General Consumption Tax, and changes in fair values of investment properties. Rental income and maintenance charges are recognised on an accrual basis over the life of the building occupancy by tenants. Investment properties are valued on an annual basis by external professional valuators and the change in the fair value is recognised in the income statement.

(iv) Commission income

Commissions are recognised as revenue on an accrual basis.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Jamaican dollars, which is also the company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Changes in the fair value of monetary assets denominated in foreign currencies and classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the asset and other changes. Translation differences resulting from the changes in amortised cost are recognised in the income statement, and other changes are recognised in other comprehensive income.

Translation differences on non-monetary items such as equities classified as available-for-sale are included in the fair value reserve.

2. Summary of Significant Accounting Policies (Continued)

(d) Foreign currency translation (continued)

(iii) Group companies
The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income or separate income statement presented are translated at average exchange rates; and
- All resulting exchange differences are recognized in other comprehensive income.

(e) Taxation
Taxation expense in the income statement comprises current and deferred tax. Current and deferred taxes are recognised as income tax expense or benefit in the income statement except where they relate to items recorded in other comprehensive income, in which case they are also charged or credited to other comprehensive income. Taxation is based on profit for the year adjusted for taxation purposes at 33⅓%.

(i) Current taxation
Current tax is the expected taxation payable on the taxable income for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable and tax losses in respect of the previous years.

(ii) Deferred income taxes
Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax is provided on temporary differences arising from investments in subsidiaries, except where the timing of reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future. Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on enacted rates.

Deferred tax is not recognised on changes in the fair values of investment properties in excess of cost, as it is management's intention to recover such surplus through sale, which would not attract any taxes.

Deferred tax assets and liabilities are offset when they arise from the same taxable entity, relate to the same tax authority and when the legal right of offset exists.

2. Summary of Significant Accounting Policies (Continued)

(f) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets

The group's financial assets comprise cash and bank balances, deposits, investment securities, and accounts receivable including balances due from related parties. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial liabilities

The group's financial liabilities comprise bank overdraft, trade payables, loans, finance lease liabilities and other liabilities. They are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method.

The fair values of the group's and the company's financial instruments are discussed in Note 33.

(g) Cash and cash equivalents

Cash and cash equivalents are carried on the statement of financial position at cost. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise investment securities with less than 90 days maturity from the date of acquisition including cash balances, short term deposits, securities purchased under agreements to resell and bank overdrafts.

(h) Investments

(i) Investment securities

The group classifies its investment securities as available-for-sale, fair value through profit and loss, and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Purchases and sales of investments are recognised on settlement date – the date on which an asset is delivered to or by the group. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Investments are initially recognised at fair value which is the cash consideration including any transaction costs, for all financial assets not carried at fair value through profit and loss. Financial assets at fair value through profit or loss are recorded at fair value less transaction costs, as transaction costs are taken directly to the income statement.

2. Summary of Significant Accounting Policies (Continued)

(h) Investments (continued)

(i) Investment securities (continued)

(a) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets are carried at fair value. Changes in the fair value of available-for-sale investments denominated in the functional currency of the reporting entity are recorded in other comprehensive income, and under investment and other reserves in equity. Changes in the fair value of foreign currency denominated available-for-sale financial assets are discussed in Note 2(d) (ii).

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments previously recognised in other comprehensive income are included in the income statement as investment income.

The group assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, objective evidence of impairment includes significant difficulties on the part of the borrower and attempts to restructure the contractual cash flows associated with the debt. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

The determination of the fair values of financial assets is discussed in Note 33

(b) Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. These assets are subsequently measured at fair value, with the fair value gains or losses being recognized in the income statement.

2. Summary of Significant Accounting Policies (Continued)

(h) Investments (continued)

(i) Investment securities (continued)

(c) Loans and receivables
Loans and receivables are carried at amortised cost.

Loans are recognised when cash is advanced to borrowers. They are carried at amortised cost using the effective interest rate method.

A provision for credit losses is established if there is objective evidence that a loan is impaired. A loan is considered impaired when using the criteria for debt securities discussed under available-for-sale securities, management determines that it is probable that all amounts due according to the original contractual terms will not be collected. When a loan has been identified as impaired, the carrying amount of the loan is reduced by recording specific provisions for credit losses to its estimated recoverable amount, which is the present value of expected future cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan.

For impaired loans and receivables, the accrual of interest income based on the original terms of the loan is discontinued. IFRS require the increase in the present value of impaired loans due to the passage of time to be reported as interest income.

Write-offs are made when all or part of a loan is deemed uncollectible or in the case of debt forgiveness. Write-offs are charged against previously established provisions for credit losses and reduce the principal amount of a loan. Recoveries in part or in full of amounts previously written-off are credited to the income statement.

(ii) Securities purchased under agreements to resell
Securities purchased under agreements to resell (reverse repurchase agreements) are treated as collateralised financing transactions. The difference between the purchase and resale price is treated as interest and accrued over the life of the agreements using the effective yield method.

(iii) Investment property
Investment property is held for long-term rental yields and is not occupied by the group. Investment property is treated as a long-term investment and is carried at fair value, based on fair market valuation exercises conducted annually by independent qualified valuers. Changes in fair values are recorded in the income statement.

2. Summary of Significant Accounting Policies (Continued)

(i) Leases

As lessee

Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of minimum lease payments. Each lease payment is allocated between the liability and interest charges so as to produce a constant rate of charge on the lease obligation. The interest element of the lease payments is charged to the income statement over the lease period.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

(j) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. If such subsequent cost relates to a replaced part, the carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Freehold premises	2½%
Leasehold improvements	over the period of the lease
Furniture, fixtures & equipment	5% - 12½%
Assets capitalised under finance leases	Life of lease
Motor vehicles	15% - 20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

2. Summary of Significant Accounting Policies (Continued)

(k) Inventories

Inventories are valued on the first-in, first-out basis at the lower of cost and net realisable value.

(l) Employee benefits

(i) Pension obligations

The company and its subsidiaries operate a number of defined benefit pension plans, the assets of which are generally held in separate trustee-administered funds. The pension plans are funded by payments from employees and by the relevant companies, taking into account the recommendations of independent qualified actuaries. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The amount recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality Government of Jamaica bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

(ii) Other post-employment benefits

Some group companies provide post-employment healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation, are charged or credited to the income statement over the expected average remaining working lives of the related employees. These obligations are valued annually by independent qualified actuaries.

(iii) Annual leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

2. Summary of Significant Accounting Policies (Continued)

(l) Employee benefits (continued)

(iv) Equity compensation benefits

The group operates an equity-settled share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the company which is the primary recipient of the employee's services. The total amount expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, net profit growth target). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each statement of financial position date, the group reviews its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

The cost of equity transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employee becomes fully entitled to the award (the vesting date).

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

(v) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed either to terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve (12) months after the statement of financial position date are discounted to present value.

2. Summary of Significant Accounting Policies (Continued)

(m) Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(n) Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associate at the acquisition date. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

At each statement of financial position date the group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of goodwill is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

(o) Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(p) Dividends

Dividends are recorded as a deduction from stockholders' equity in the period in which they are approved.

(q) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Income taxes
The group is subject to income taxes in mainly in Jamaica. Significant judgement is required in determining the provision for income taxes. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(ii) Fair value of financial instruments
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The group uses its judgment to select a variety of methods and valuation inputs and make assumptions that are mainly based on market conditions existing at each statement of financial position date. The group uses discounted cash flow analyses and references to prices for other instruments that are substantially the same for various available-for-sale financial assets that were not traded in active markets. Details of investment securities valued using other than quoted prices in an active market are provided in Note 33 of the financial statements

(iii) Impairment of investment securities and investment in associated companies
The group follows the guidance of IAS 39, IAS 28 and IAS 36 to determine when an investment security or an investment in an associated company is impaired. In making this determination for investment securities, the group evaluates, among other factors, financial difficulties on the part of the borrowers and variations to the contractual cash flows associated with the investment for debt instruments, and the duration for and extent to which the fair value of an available-for-sale equity investment is lower than its cost. For investments in associated companies, management determines the investment's recoverable amount, and compares this to the investment's carrying amount. Management's evaluation of the aforementioned factors for debt and equity securities, as well as the determination of the recoverable amount for its investment in associated companies requires the use of significant judgement. Except as otherwise disclosed in the notes to the financial statements, management is of the view that there is no impairment to investment securities or investment in associated companies.

3. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

(iv) Pension plan assets and post employment obligations

The cost of these benefits and the present value of the pension and the other post-employment liabilities depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumption used in determining the net periodic cost or income for pension and post-employment benefits include the expected long-term rate of return on the relevant plan assets, the discount rate and, in the case of the post-employment medical benefits, the expected rate of increase in medical costs. Any changes in these assumptions will impact the net periodic cost or income recorded for pension and post-employment benefits and may affect planned funding of the pension plans. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The group determines the appropriate discount rate at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension and post-employment benefit obligations. In determining the appropriate discount rate, the group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. The expected rate of increase of medical costs has been determined by comparing the historical relationship of the actual medical cost increases with the rate of inflation in the respective economies. Other key assumptions for the pension and post retirement benefits cost and credits are based in part on current market conditions. A change in any of the assumptions used could have a significant impact on the value of the related retirement benefit asset or liability

(v) Investment properties

Investment properties are carried in the statement of financial position at market value. The group uses independent qualified property appraisers to value its investment properties annually, generally using the direct capitalisation approach. This approach takes into consideration various assumptions and factors including; the level of current and future occupancy, the rate of annual rent increases, the rate of inflation of direct expenses, a discount rate, and the current condition of the properties. Reference is also made to recent comparable sales. A change in any of these assumptions and factors could have a significant impact on the valuation of investment properties.

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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. The group's customers are mainly resident in Jamaica.

	2011				
	Property Management & Rental	**Investments**	**Other Services**	**Eliminations**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
External operating revenue	1,511,702	175,903	53,584	-	1,741,189
Inter-group revenue	23,137	670,927	853	(694,917)	-
Total revenue	1,534,839	846,830	54,437	(694,917)	1,741,189
Operating profit	645,504	122,779	37,812		806,095
Interest expense	(37,365)	(60,569)	-	13,199	(84,735)
	608,139	62,210	37,812	13,199	721,360
Share of results of associated companies and joint venture	-	1,389,778	-	-	1,389,778
Profit before taxation	608,139	1,451,988	37,812	13,199	2,111,138
Taxation	(102,350)	(24,799)	(8,429)	-	(135,578)
Net profit	505,789	1,427,189	29,383	13,199	1,975,560
Segment assets	5,378,270	2,541,960	222,903	(503,135)	7,639,998
Investment in associated companies and joint venture	-	8,209,062	74,062	-	8,283,124
Total assets	5,378,270	10,751,021	296,965	(503,135)	15,923,122
Segment liabilities	1,144,222	159,752	278,868	(503,135)	1,079,707
Other segment items:					
Capital expenditure	144,748	10,642	-	-	155,390
Depreciation	9,831	4,224	-	-	14,055

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4. Segmental Financial Information (Continued)

	2010				
	Property Management & Rental	Investments	Other Services	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000
External operating revenue	1,353,293	96,674	42,978	-	1,492,945
Inter-group revenue	17,238	216,459	1,964	(233,697)	-
Total revenue	1,370,531	313,133	44,942	(233,697)	1,492,945
Operating profit	585,826	96,786	30,260	-	712,872
Interest expense	(25,140)	(40,759)	-	4,216	(61,683)
	560,686	56,027	30,260	4,216	651,189
Share of results of associated companies	-	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	5,307,751	2,696,702	239,708	(516,024)	7,728,137
Investment in associated companies	-	7,422,757	-	-	7,422,757
Total assets	5,307,751	10,119,459	239,708	(516,024)	15,150,894
Segment liabilities	1,104,337	1,282,178	194,501	(516,024)	2,064,992
Other segment items:					
Capital expenditure	116,764	17,757	-	-	134,521
Depreciation	5,546	762	71	-	6,379

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5. Investment Income

	The Group		The Company	
				Restated
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Income				
Interest income -				
Available-for-sale investments	106,848	130,692	67,893	89,496
Loans and receivables	-	-	126,692	121,121
Securities purchased under agreement to resell and deposits	42,662	45,150	15,432	16,687
Realised gains on disposal of investments, net	41,773	7,043	41,552	4,071
Fair value gains on financial assets at fair value through profit and loss	35,617	14,911	3,030	1,546
Impairment charge on available-for-sale investments	(14,564)	(24,322)	(14,564)	(24,322)
Foreign exchange gains/(losses), net	8,332	(61,879)	4,248	(47,344)
Dividends	33,553	36,659	1,166,683	509,268
Other	636	320	37	-
	254,857	148,574	1,411,003	670,523
Direct expenses				
Investment expense	(8,670)	(80)	(8,642)	(55)
	246,187	148,494	1,402,361	670,468

6. Property Income

	The Group		The Company	
				Restated
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Rental income	1,070,144	948,707	-	-
Fair value gains on property valuation (Note15)	299,669	300,352	-	-
	1,369,813	1,249,059	-	-

7. Other Income

Management fees	39,558	44,519	14,612	13,786
Miscellaneous income	46,128	20,393	383	3,282
	85,686	64,912	14,995	17,068

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8. Operating Expenses by Nature

	The Group		The Company	
				Restated
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Direct cost of property management (Note 15)	538,998	442,778	-	-
Staff costs (Note 9)	149,117	148,788	39,711	32,234
Directors fees	51,802	37,695	35,207	25,938
Professional fees	67,776	52,953	44,092	30,195
Auditor's remuneration	12,900	15,012	5,437	7,618
Information technology services	14,425	15,469	1,522	2,422
Office expense	9,519	8,173	2,968	2,726
Public relations, advertising and promotion	4,560	5,667	3,492	4,304
Rental and net lease	-	-	6,162	5,732
Donations	18,309	16,911	12,457	12,053
Bad debts/(recoveries)	660	(14,142)	-	476
Depreciation	14,055	6,379	4,224	762
Other	52,973	44,390	26,512	16,128
	935,094	780,073	181,784	140,588

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9. Staff Costs

	The Group		The Company	
	2011	**2010**	**2011**	**Restated 2010**
	$'000	**$'000**	**$'000**	**$'000**
Wages and salaries	92,848	88,298	20,647	28,572
Statutory contributions	8,978	7,707	2,572	2,355
Pension – funded (Note 20(a))	15,301	20,460	5,284	(18,710)
Pension – unfunded (Note 20(b))	1,352	1,538	1,352	1,538
Other post employment benefits (Note 20(c))	10,376	8,437	3,053	3,964
Stock compensation expense (Note 26)	2,503	5,641	460	1,036
Other	17,759	16,707	6,343	13,479
	149,117	148,788	39,711	32,234

10. Taxation

(a) Composition of tax charge

The taxation charge for the year is comprised of:

	The Group		The Company	
	2011	**2010**	**2011**	**Restated 2010**
	$'000	**$'000**	**$'000**	**$'000**
Current income tax at 33⅓%	95,220	154,796	11,855	69,742
Deferred income taxes (Note 17)	40,358	21,548	2,065	3,036
	135,578	176,344	13,920	72,778

Subject to agreement with the Taxpayer Audit and Assessment Department, one of the group's subsidiaries has losses available for offset against future taxable profits amounting to approximately $25,000,000 (2010 - $31,000,000).

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10. Taxation (Continued)

(b) Reconciliation of applicable tax charges to effective tax charge:

	The Group		The Company	
				Restated
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Current income tax				
Profit before tax	2,111,138	1,823,666	1,175,005	506,188
Tax at 33 ⅓%	703,713	607,889	391,668	168,730
Adjusted for the effects of:				
Income not subject to tax	(147,466)	(93,431)	(406,477)	(136,487)
Share of associates' profit included net of tax	(463,259)	(390,826)	-	-
Expenses not deductible for tax purposes	22,873	29,227	19,884	9,452
Other charges and credits	19,713	23,485	8,845	31,083
Income tax expense	135,578	176,344	13,920	72,778

Income not subject to tax consists principally of property revaluation gains (for the group) and dividend income (for the group and company).

(c) Tax charge/(credit) relating to components of other comprehensive income is as follows:

	The Group			The Company		
At 31 December 2011	Before tax $'000	Tax credit $'000	After tax $'000	Before tax $'000	Tax charge $'000	After tax $'000
Exchange differences on translating foreign operations	876	-	876			
Fair value gains/(losses) on available-for-sale financial assets, net	26,998	551	27,549	(4,151)	-	(4,151)
Share of other comprehensive income of associated companies	10,233	-	10,233	-	-	-
Other comprehensive income	38,107	551	38,658	(4,151)	-	(4,151)
Current income tax		-				
Deferred income tax (Note 17)		551			-	
		551			-	

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10. Taxation (Continued)

(c) Tax charge/ (credit) relating to components of other comprehensive income is as follows (continued):

	The Group			The Company (Restated)		
	Before tax	Tax charge	After tax	Before tax	Tax charge	After tax
At 31 December 2010	$'000	$'000	$'000	$'000	$'000	$'000
Exchange differences on translating foreign operations	(4,760)	-	(4,760)	-	-	-
Fair value gains on available-for-sale financial assets, net	120,775	(9,268)	111,507	71,794	-	71,794
Share of other comprehensive income of associated companies	556,132	-	556,132	-	-	-
Other comprehensive income	672,147	(9,268)	662,879	71,794	-	71,794

	The Group	The Company (Restated)
Current income tax	-	-
Deferred income tax (Note 17)	(9,268)	-
	(9,268)	-

11. Earnings Per Stock Unit/Net Profit Attributable to Owners of the Parent

The calculation of basic earnings per stock unit (EPS) is based on the net profit attributable to owners of the parent and the weighted average number of stock units in issue during the year, excluding ordinary stock units purchased by the group and held as treasury stock.

For fully diluted EPS, the weighted average number of stock units in issue is adjusted to assume conversion of all potentially dilutive ordinary stock units. The net profit is also adjusted to reflect the after tax effect of income arising from the conversion of such potential ordinary stock units. At the end of the 2011 and 2010 financial years, there were no potentially dilutive ordinary shares

	2011	2010
Net profit attributable to stockholders ($'000)	1,758,990	1,244,498
Weighted average number of stock units in issue (thousands)	187,704	171,299
Basic and fully diluted earnings per stock unit ($)	$9.37	$7.27

11. Earnings Per Stock Unit/Net Profit Attributable to Owners of the Parent (Continued)

The net profit of the group is reflected in the records of the company, its subsidiaries, associated companies and joint venture as follows:

	2011	Restated 2010
	$'000	$'000
Net Profit		
The company	1,161,085	433,410
Associated companies and joint venture	783,982	775,449
Subsidiaries	30,493	428,463
	1,975,560	1,647,322

Net profit attributable to associated companies, subsidiaries and joint venture is shown net of dividends.

12. Cash and Cash Equivalents

For the purposes of the consolidated and company statement of cash flows, cash and cash equivalents comprise the following balances with original maturity dates not exceeding 90 days.

	The Group		The Company		
	2011	2010	2011	Restated 2010	Restated 2009
	$'000	$'000	$'000	$'000	$'000
Cash and bank balances	16,081	25,947	4,587	13,514	9,584
Short term deposits	174,923	13,252	114,123	7,699	117,934
Securities purchased under agreements to resell (Note 14)	592,673	909,558	241,780	281,293	375,565
	783,677	948,757	360,490	302,506	503,083
Bank overdrafts	(9,499)	(101)	-	(101)	-
	774,178	948,656	360,490	302,405	503,083

Security for the bank overdrafts includes certain specific securities. The effective interest rate on the overdraft facility was 17% (2010 – 18%, 2009 – 21%). Deposits in total for the group amounted to $176,938,000 (2010 – $32,139,000) and for the company $114,123,000 (2010 – $24,767,000, 2009 – $117,934,000) of which $174,923,000 (2010 – $13,252,000) for the group and $114,123,000(2010 – $7,699,000, 2009 - $117,934,000) for the company had original terms to maturity not exceeding 90 days respectively. Securities purchased under agreements to resell for the group amounted to $593,873,000 (2010 – $1,093,979,000) of which $1,200,000 (2010 – $184,421,000) has been hypothecated as security for a loan and does not form a part of cash and cash equivalents.

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13. Investment Securities

	The Group		The Company		
	2011 $'000	2010 $'000	2011 $'000	Restated 2010 $'000	Restated 2009 $'000
Financial assets at fair value through profit and loss:					
Debt securities	-	6,244	-	2,048	-
Equity securities-quoted	277,867	152,658	7,628	4,598	-
	277,867	158,902	7,628	6,646	-
Available-for-sale:					
Debt securities -					
Government of Jamaica	574,999	821,038	198,387	521,578	521,683
Other Government	38,241	35,182	38,241	35,182	8,672
Corporate	273,169	328,793	168,544	223,999	334,667
Equity securities	561,431	650,737	571,351	656,607	572,104
	1,447,840	1,835,750	976,523	1,437,366	1,437,126
Loans and receivables	7,309	12,117	314,185	316,885	362,226

Included in available-for-sale investment securities are certain investments carried at cost totalling $226,506,000 (2010 - $215,064,000) for the group and $213,844,000 (2010 - $202,504,000) for the company respectively.

All of the group's financial assets at fair value through profit and loss are held for trading. Included in the available-for-sale securities above is interest receivable amounting to $18,261,000 and $10,962,000 (2010 - $21,938,000 and $17,690,000) for the group and the company respectively and 2009 – $24,391,000, for the company.

Certain of the group's investment securities were impaired as at 31 December, for which impairment charges totaling $38,886,000 (2010 - $24,322,000) were booked.

Loans and receivables for the company were with related parties.

14. Securities Purchased under Agreements to Resell

The group has entered into collateralised reverse repurchase agreements (securities purchased under agreements to resell), which may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations.

Securities purchased under agreements to resell, totalling $592,673,000 and $241,780,000 (2010 - $909,558,000 and $281,293,000), for the group and company, respectively, (2009 – company $375,565,000) are regarded as cash and cash equivalents for the purposes of the consolidated and company statements of cash flows. Included in securities purchased under agreements to resell is an amount of $1,200,000 (2010 - $184,421,000) which has been hypothecated as security for a loan with a lending institution (Note 12).

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15. Investment Properties

	The Group		The Company		
	2011	**2010**	**2011**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
At 1 January	3,888,690	3,584,578	-	-	-
Improvements	5,726	3,833	-	-	-
Transferred from capital work-in-progress (Note 19)	8,523	2,740	-	-	-
Disposal	(1,253)	(2,813)	-	-	-
Fair value gains (Note 6)	299,669	300,352	-	-	-
At 31 December	4,201,355	3,888,690	-	-	-

Property income and direct expenses including repairs and maintenance in relation to investment properties are as follows:

	The Group		The Company		
	2011	**2010**	**2011**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Rental income (Note 6)	1,070,144	948,707	-	-	-
Direct costs (Note 8)	(538,998)	(442,778)	-	-	-

The properties were valued at current market value as at 31 December by D.C. Tavares & Finson Realty Limited, independent qualified property appraisers and valuators.

16. Investment in Subsidiaries and Associated Companies

	The Group		The Company		
				Restated	**Restated**
	2011	**2010**	**2011**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Subsidiary companies -					
Balance at 1 January	-	-	211,110	217,969	217,969
Disposal during the year	-	-	-	(6,911)	-
Acquired during the year	-	-	-	52	-
Balance at 31 December	-	-	211,110	211,110	217,969

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16. Investment in Subsidiaries and Associated Companies (Continued)

	The Group		The Company		
				Restated	Restated
	2011	2010	2011	2010	2009
	$'000	$'000	$'000	$'000	$'000
Associated companies -					
Sagicor Life Jamaica Limited					
Shareholding at cost	3,590,599	3,580,288	3,590,599	3,580,288	3,493,066
Share of profit	6,529,355	5,170,745	-	-	-
Dividends received	(2,574,714)	(1,968,918)	-	-	-
Share of reserves	338,888	328,655	-	-	-
Gain on dilution of holding	38,936	38,936	-	-	-
	7,923,064	7,149,706	3,590,599	3,580,288	3,493,066
Hardware and Lumber Limited					
Shareholding at cost	22,296	22,296	22,296	22,296	22,296
Share of losses	(21,645)	(22,779)	-	-	-
Dividends received	(5,389)	(5,389)	-	-	-
Impairment loss	(85,071)	(85,071)	-	-	-
Share of capital reserves	155,684	155,684	-	-	-
	65,875	64,741	22,296	22,296	22,296
New Castle Company Limited					
Shareholding at cost	177,523	177,523	177,523	177,523	177,523
Share of profit	43,454	31,652	-	-	-
	220,977	209,175	177,523	177,523	177,523
Impan Properties Limited					
Shareholding at cost	20	20	-	-	-
Share of profit	58	58	-	-	-
Share of capital reserve	7,945	7,945	-	-	-
Current account	(8,877)	(8,888)	-	-	-
	(854)	(865)	-	-	-
	8,209,062	7,422,757	3,790,418	3,780,107	3,692,885
Comprising:					
Share of net assets	7,304,810	6,518,505	-	-	-
Goodwill	904,252	904,252	-	-	-
	8,209,062	7,422,757	-	-	-

16. Investment in Subsidiaries and Associated Companies (Continued)

Acquisition of Additional Investments

(a) During the year, the company acquired all the non-controlling interest in First Jamaica Investments Limited (FJIL) pursuant to a court-approved scheme of amalgamation with the company. As a result of the scheme of amalgamation, the company issued 39,696,715 stock units to FJIL'S stockholders (other than the company). All but two (2) of FJIL's stock units were cancelled, and all assets and liabilities of FJIL were transferred to and vested in the company.

As a result of the amalgamation, non-controlling interest with a carrying value of $2,478,220,000 was eliminated, share capital of the company increased by 39,696,715 stock units with a stated value of $1,976,483,000 and investment and other reserves increased by $501,737,000. The transaction had no impact on the net earnings or comprehensive income of the group

During the prior year, the company acquired amounts of the non-controlling interests of its then subsidiary, First Jamaica Investments Limited, for a consideration of $1,072,460,000. The transaction was accounted for as an elimination against non-controlling interests on both consolidation, and in the books of the company standing alone. Differences between consideration of the transaction, and the amount of non-controlling interests acquired were reflected as adjustments in equity.

(b) During 2010 the company acquired an additional 12,766,745 stock units of its associated company, Sagicor Life Jamaica Limited for a purchase consideration of $87,222,000.

The assets, liabilities, revenue and net profit or (loss) of the associates as at and for the years ended 31 December 2011 and 2010 are as follows:

	Assets $'000	Liabilities $'000	Non-controlling interest $'000	Revenue $'000	Net Profit/(loss) $'000
2011					
Sagicor Life Jamaica Limited	161,098,533	131,045,325	1,763,242	28,669,885	5,522,830
Hardware and Lumber Limited	2,909,860	1,947,819	-	6,055,922	6,296
New Castle Company Limited	747,852	254,958	-	639,079	47,208
Impan Properties Limited	44,126	4,021	-	-	-
	164,800,371	133,252,123	1,763,242	35,364,886	5,576,334
2010					
Sagicor Life Jamaica Limited	143,158,853	116,426,917	1,528,892	25,657,022	4,671,171
Hardware and Lumber Limited	2,983,529	2,032,028	-	5,728,987	19,341
New Castle Company Limited	787,696	317,041	-	673,142	66,000
Impan Properties Limited	44,126	4,032	-	-	-
	146,974,204	118,780,018	1,528,892	32,059,151	4,756,512

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16. Investment in Subsidiaries and Associated Companies (Continued)

(c) Investment in Joint Venture

During the year the company, through its subsidiary Scotts Preserves Limited, acquired a 50% holding in Mavis Bank Coffee Factory Limited (formerly Orchard Plantation Coffee Factory Limited), a company that processes and sells Jamaican Blue Mountain coffee. The company's initial investment in the joint venture was $56,037,000, which includes working capital financing. At 31 December 2011, the company's investment in joint venture was as follows;

	$'000
Investment	56,027
Share of profit	18,035
	74,062

17. Deferred Income Taxes

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 33 1/3% for both 2011 and 2010.

Assets and liabilities recognised on the statement of financial position are as follows:

	The Group		The Company		
	2011 $'000	2010 $'000	2011 $'000	Restated 2010 $'000	Restated 2009 $'000
Deferred tax assets	107	3,903	-	-	-
Deferred tax liabilities	(164,833)	(128,822)	(26,300)	(24,235)	(21,199)
Net liability	(164,726)	(124,919)	(26,300)	(24,235)	(21,199)

The gross movement on the deferred income tax balance is as follows:

	The Group		The Company		
	2011 $'000	2010 $'000	2011 $'000	Restated 2010 $'000	Restated 2009 $'000
Balance at 1 January	(124,919)	(94,103)	(24,235)	(21,199)	(25,158)
Tax charged to income statement (Note 10)	(40,358)	(21,548)	(2,065)	(3,036)	3,959
Tax credited/(charged) to components of other comprehensive income (Note 10)	551	(9,268)	-	-	-
Balance at 31 December	(164,726)	(124,919)	(26,300)	(24,235)	(21,199)

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17. Deferred Income Taxes (Continued)

The movement in deferred income tax assets and liabilities during the year is as follows:

	The Group						
	Pension and other post employment benefits $'000	**Investment securities $'000**	**Interest payable $'000**	**Stock compensation provision $'000**	**Unutilised tax losses $'000**	**Other $'000**	**Total $'000**
Deferred income tax assets							
At 1 January 2010	12,663	11,114	17,914	13,278	3,089	2,534	60,592
Credited/(charged) to the income statement	1,296	(6,254)	(15,384)	1,535	260	3,001	(15,546)
Charged to other comprehensive income	-	(9,268)	-	-	-	-	(9,268)
At 31 December 2010	13,959	(4,408)	2,530	14,813	3,349	5,535	35,778
Credited/(charged) to the income statement	6,916	(18,689)	3,500	2,563	(1,876)	261	(7,325)
Credited to other comprehensive income	-	551	-	-	-	-	551
At 31 December 2011	20,875	(22,546)	6,030	17,376	1,473	5,796	29,004

	The Group						
	Property, plant and equipment $'000	**Pension benefits $'000**	**Investment property $'000**	**Interest receivable $'000**	**Unrealised foreign exchange $'000**	**Other $'000**	**Total $'000**
Deferred income tax liabilities							
At 1 January 2010	81	2,524	109,172	34,329	8,085	504	154,695
(Credited)/charged to the income statement	-	(1,702)	7,958	(25,046)	24,792	-	6,002
At 31 December 2010	81	822	117,130	9,283	32,877	504	160,697
Charged/(credited) to the income statement	167	14,720	24,835	(2,777)	(6,560)	2,648	33,033
At 31 December 2011	248	15,542	141,965	6,506	26,317	3,152	193,730

17. Deferred Income Taxes (Continued)

The movement in deferred income tax assets and liabilities during the year is as follows:

	The Company					
	Pension and other post retirement benefits $'000	Interest Payable $'000	Other $'000	Net lease obligation $'000	Stock compensation provision $'000	Total $'000
Deferred income tax assets						
At 1 January 2009	4,486	1,373	-	626	1,309	7,794
Charged to income statement	-	(16)	-	-	-	(16)
At 31 December 2009	4,486	1,357	-	626	1,309	7,778
Charged to income statement	-	(1,357)	-	-	-	(1,357)
At 31 December 2010	4,486	-	-	626	1,309	6,421
Credited/(charged) to income statement	4,897	1,407	15	(626)	1,882	7,575
At 31 December 2011	9,383	1,407	15	-	3,191	13,996

	The Company				
	Property, plant and equipment $'000	Pension benefits $'000	Interest receivable $'000	Unrealised gains $'000	Total $'000
Deferred income tax liabilities					
At 1 January 2009	81	822	28,274	3,775	32,952
(Credited)/charged to the income statement	-	-	(4,017)	42	(3,975)
At 31 December 2009	81	822	24,257	3,817	28,977
(Credited)/charged to the income statement	-	-	(17,549)	19,228	1,679
At 31 December 2010	81	822	6,708	23,045	30,656
Charged/(credited) to income statement	167	14,720	(2,441)	(2,806)	9,640
At 31 December 2011	248	15,542	4,267	20,239	40,296

Deferred income tax liabilities have not been established for the potential distribution of the unappropriated profits of subsidiaries as such distributions are not subject to tax.

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17. Deferred Income Taxes (Continued)

The amounts shown in the statement of financial position include the following:

	The Group		The Company		
	2011 $'000	2010 $'000	2011 $'000	Restated 2010 $'000	Restated 2009 $'000
Deferred tax assets to be recovered after more than 12 months	20,875	30,813	9,383	4,486	4,486
Deferred tax assets to be recovered within 12 months	8,129	4,965	4,613	1,935	3,292
	29,004	35,778	13,996	6,421	7,778
Deferred tax liabilities to be settled after more than 12 months	157,507	122,998	15,790	903	903
Deferred tax liabilities to be settled within12 months	36,223	37,699	24,506	29,753	28,074
	193,730	160,697	40,296	30,656	28,977
Net liability	(164,726)	(124,919)	(26,300)	(24,235)	(21,199)

18. Prepayment and Miscellaneous Assets

	The Group		The Company		
	2011 $'000	2010 $'000	2011 $'000	Restated 2010 $'000	Restated 2009 $'000
Trade receivables	62,746	18,639	-	-	-
Inventories	3,526	2,371	-	-	-
Managed properties fees receivable	27,093	27,081	-	-	-
Prepaid expenses	33,279	34,614	14,721	12,850	17,864
Other receivables	200,284	56,617	139,016	594	3,916
Deposits	100,205	190,217	100,205	104,876	23,887
Land awaiting development	42,168	42,168	-	-	-
	469,301	371,707	253,942	118,320	45,667

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19. Property, Plant and Equipment

	The Group						
	Freehold Premises $'000	Leasehold Improvements $'000	Furniture, Fixtures & Equipment $'000	Assets Capitalised under Finance Leases $'000	Motor Vehicles $'000	Capital Work in Progress $'000	Total $'000
At Cost -							
1 January 2010	65,964	14,325	30,345	14,324	18,321	14,610	157,889
Additions	-	-	3,569	10,085	31,262	89,605	134,521
Disposals	-	-	-	(6,498)	(4,469)	(437)	(11,404)
Transfers	-	-	7,282	-	-	(10,022)	(2,740)
31 December 2010	65,964	14,325	41,196	17,911	45,114	93,756	278,266
Additions	-	-	2,398	-	10,642	142,350	155,390
Disposals	-	-	(1,891)	-	(2,066)	(694)	(4,651)
Transfers	-	-	214,325	-	-	(222,848)	(8,523)
31 December 2011	65,964	14,325	256,028	17,911	53,690	12,564	420,482
Accumulated Depreciation -							
1 January 2010	5,896	9,711	20,120	7,739	13,911	-	57,377
Charge for year	1,481	-	600	3,121	1,177	-	6,379
Relieved on disposal	-	-	-	(6,498)	(4,432)	-	(10,930)
31 December 2010	7,377	9,711	20,720	4,362	10,656	-	52,826
Charge for year	1,268	-	2,973	515	9,299	-	14,055
Relieved on disposal	-	-	(1,891)	-	(894)	-	(2,785)
31 December 2011	8,645	9,711	21,802	4,877	19,061	-	64,096
Net Book Value -							
31 December 2011	57,319	4,614	234,226	13,034	34,629	12,564	356,386
31 December 2010	58,587	4,614	20,476	13,549	34,458	93,756	225,440

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19. Property, Plant and Equipment (Continued)

	The Company				
	Leasehold Improvements $'000	Furniture & Fixtures $'000	Assets Capitalised under Finance Leases $'000	Motor Vehicles $'000	Total $'000
At Cost -					
1 January 2009, as restated	199	4,121	14,324	957	19,601
Additions	-	1,122	-	-	1,122
31 December 2009	199	5,243	14,324	957	20,723
Additions	-	897	-	16,860	17,757
Disposal	-	-	(6,498)	-	(6,498)
31 December 2010	199	6,140	7,826	17,817	31,982
Additions	-	-	-	10,642	10,642
Disposal	-	-	-	-	-
31 December 2011	199	6,140	7,826	28,459	42,624
Accumulated Depreciation -					
1 January 2009, as restated	199	3,156	9,914	957	14,226
Charge for the year	-	135	2,865	-	3,000
31 December 2009	199	3,291	12,779	957	17,226
Charge for the year	-	247	515	-	762
Relieved on disposal	-	-	(6,498)	-	(6,498)
31 December 2010	199	3,538	6,796	957	11,490
Charge for the year	-	337	515	3,372	4,224
Relieved on disposal	-	-	-	-	-
31 December 2011	199	3,875	7,311	4,329	15,714
Net Book Value -					
31 December 2011	-	2,265	515	24,130	26,910
31 December 2010	-	2,602	1,030	16,860	20,492
31 December 2009	-	1,952	1,545	-	3,497

20. Retirement Benefits

The company and its subsidiaries have established a number of pension schemes covering all permanent employees. The assets of funded plans are held independently of the group's assets in separate funds administered by the company. Defined benefit plans are valued by independent actuaries annually, using the projected unit credit method.

The latest actuarial valuations were carried out as at 31 December 2011.

The amounts recognised in the statement of financial position comprise:

	The Group		The Company		
				Restated	Restated
	2011	2010	2011	2010	2009
	$'000	$'000	$'000	$'000	$'000
Assets					
Funded pension obligations	28,152	31,708	28,152	31,708	11,648
Liabilities					
Unfunded pension obligations (Note 20(b))	13,316	13,579	13,316	13,579	13,656
Other (Note 20(c))	67,791	62,071	33,315	33,651	31,736
	81,107	75,650	46,631	47,230	45,392

The expense/(income) recognised in the income statement comprise:

	The Group		The Company		
				Restated	Restated
	2011	2010	2011	2010	2009
	$'000	$'000	$'000	$'000	$'000
Pension obligations - funded (Note 20(a))	15,301	20,460	5,284	(18,710)	(5,284)
Pension obligations – unfunded (Note 20(b))	1,352	1,599	1,352	1,599	1,780
Recognised actuarial gain	-	(61)	-	(61)	-
Other post-employment obligations:					
Medical and life insurance (Note 20(c))	10,376	8,437	3,053	3,964	3,833
	27,029	30,435	9,689	(13,208)	329

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20. Retirement Benefit (Continued)

(a) Funded pension obligations

The amounts recognised in the statement of financial position are determined as follows:

	The Group		The Company		
				Restated	Restated
	2011	2010	2011	2010	2009
	$'000	$'000	$'000	$'000	$'000
Present value of funded obligations	377,902	247,387	121,700	54,652	33,819
Fair value of plan assets	(594,419)	(444,760)	(375,255)	(273,667)	(233,277)
	(216,517)	(197,373)	(253,555)	(219,015)	(199,458)
Unrecognised actuarial (losses)/gains	(87,503)	(99,237)	8,377	(10,585)	(11,637)
Unrecognised asset	275,868	264,902	217,026	197,892	199,447
Asset in the statement of financial position	(28,152)	(31,708)	(28,152)	(31,708)	(11,648)

Sagicor Life Jamaica Limited, an associated company which manages the group's pension fund assets in a pooled pension fund, has invested in ordinary stock units of the company with a fair value of $1,423,429,000 (2010 – $1,201,438,000).

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20. Retirement Benefit (Continued)

(a) Funded pension obligations (continued)

The movement in the defined benefit obligation over the year is as follows:

	The Group		The Company		
				Restated	Restated
	2011	2010	2011	2010	2009
	$'000	$'000	$'000	$'000	$'000
Beginning of year	247,387	151,621	54,652	33,819	47,256
Current service cost	13,213	4,833	3,115	994	521
Interest cost	24,082	21,282	5,315	4,477	6,682
Contributions by plan participants	9,778	8,146	1,847	1,528	866
Actuarial losses/(gains)	5,242	80,833	(8,606)	21,206	(15,898)
Purchased annuities	93,886	-	70,676	-	-
Benefits paid	(15,686)	(19,328)	(5,299)	(7,372)	(5,608)
End of year	377,902	247,387	121,700	54,652	33,819

The movement in the fair value of plan assets over the year is as follows:

	The Group		The Company		
				Restated	Restated
	2011	2010	2011	2010	2009
	$'000	$'000	$'000	$'000	$'000
Beginning of year	444,760	381,519	273,667	233,277	203,111
Expected return on plan assets	36,264	38,099	22,280	23,109	29,332
Actuarial gains	13,671	26,245	10,355	21,776	4,871
Employer contributions	11,746	10,079	1,729	1,349	705
Employee contributions	9,778	8,146	1,847	1,528	866
Purchased annuities	93,886	-	70,676	-	-
Benefits paid	(15,686)	(19,328)	(5,299)	(7,372)	(5,608)
End of year	594,419	444,760	375,255	273,667	233,277

20. Retirement Benefits (Continued)

(a) Funded pension obligations (continued)

The amounts recognised in the income statement are as follows:

	The Group		The Company		
				Restated	Restated
	2011	2010	2011	2010	2009
	$'000	$'000	$'000	$'000	$'000
Current service cost	13,213	4,833	3,115	994	521
Interest cost	24,082	21,282	5,315	4,477	6,682
Expected return on plan assets	(36,264)	(38,099)	(22,280)	(23,109)	(29,332)
Net actuarial losses recognised in year	3,304	1,466	-	483	1,044
Change in unrecognised asset	10,966	30,978	19,134	(1,555)	15,801
Total	15,301	20,460	5,284	(18,710)	(5,284)

The actual return on plan assets for 2011 was $57,671,000 and $27,239,000 (2010 – $72,141,000 and $34,530,000) for the group and the company, respectively (2009 - $37,255,000 for the company).

The principal actuarial assumptions used were as follows:

	The Group		The Company		
	2011	2010	2011	2010	2009
	%	%	%	%	%
Discount rate	10.0	11.0	10.0	11.0	16.0
Expected return on plan assets	6.3	8.2	6.3	8.3	10.0
Future salary increases	6.3	8.3	6.0	8.0	12.0
Future pension increases	2.5	3.5	2.3	3.8	4.0

20. Retirement Benefit (Continued)

(b) Unfunded Pension Obligations

The amounts recognised in the statement of financial position are determined as follows:

	The Group and Company		
	2011 $'000	2010 $'000	2009 $'000
Present value of unfunded obligations	13,316	13,579	13,656

The movement in the liability recognised in the statement of financial position is as follows:

	The Group and Company		
	2011 $'000	2010 $'000	2009 $'000
Beginning of year	13,579	13,656	13,491
Expense	1,352	1,599	1,780
Recognised actuarial gain	-	(61)	-
Contributions paid	(1,615)	(1,615)	(1,615)
End of year	13,316	13,579	13,656

(c) Other post-employment obligations

In addition to pension benefits, the company and certain subsidiaries offer retirees medical and life insurance benefits that contribute to the health care and life insurance coverage of employees and beneficiaries after retirement. The method of accounting and frequency of valuations are similar to those used for defined benefit pension schemes.

The main actuarial assumption is a long-term increase in health costs of 8% per year (2010 – 10%).

Other assumptions were as for the pension plans set out above.

The amounts recognised in the statement of financial position are determined as follows:

	The Group		The Company		
	2011 $'000	2010 $'000	2011 $'000	Restated 2010 $'000	Restated 2009 $'000
Present value of unfunded obligations	94,310	66,855	32,186	27,894	24,739
Unrecognised actuarial (losses)/gains	(26,519)	(4,784)	1,129	5,757	6,997
Liability in the statement of financial	67,791	62,071	33,315	33,651	31,736

20. Retirement Benefit (Continued)

(c) Other post-employment obligations (continued)

The movement in the defined benefit obligation over the year is as follows:

	The Group		The Company		
	2011 $'000	2010 $'000	2011 $'000	Restated 2010 $'000	Restated 2009 $'000
Beginning of year	66,855	44,660	27,894	24,739	24,522
Current service cost	3,265	1,837	476	375	221
Interest cost	7,117	6,942	2,899	3,800	3,773
Benefits paid	(4,656)	(2,633)	(3,389)	(2,049)	(1,957)
Actuarial gains/(losses) not recognised	21,729	16,049	4,306	1,029	(1,820)
End of year	94,310	66,855	32,186	27,894	24,739

The expense recognised in the income statement is as follows:

	The Group		The Company		
	2011 $'000	2010 $'000	2011 $'000	Restated 2010 $'000	Restated 2009 $'000
Current service cost	3,265	1,837	476	375	221
Interest cost	7,117	6,942	2,899	3,800	3,773
Net actuarial gains recognised during the year	(6)	(342)	(322)	(211)	(162)
Total, included in staff costs (Note 9)	10,376	8,437	3,053	3,964	3,832

The effects of a 1% movement in the assumed medical cost trend rate were as follows:

	Increase	Decrease
Effect on the aggregate of the current service cost and interest cost	12,275	8,560
Effect on the defined benefit obligation	96,392	73,784

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20. Retirement Benefit (Continued)

Plan assets for the post-employment benefits are comprised as follows:

	The Group			
	2011		2010	
	$'000	%	$'000	%
Equity	47,211	8	29,737	7
Debt	391,975	66	370,015	83
Other	155,233	26	45,008	10
	594,419	100	444,760	100

	The Company					
	2011		2010		2009	
			Restated		Restated	
	$'000	%	$'000	%	$'000	%
Equity	37,490	10	21,888	8	25,136	11
Debt	220,519	59	219,721	80	185,481	79
Other	117,246	31	32,058	12	22,660	10
	375,255	100	273,667	100	233,277	100

Movement in the defined benefit obligation for the post-employment benefits (pension and medical) is as follows:

	The Group			
	2011	2010	2009	2008
	$'000	$'000	$'000	$'000
Present value of defined obligation-funded	377,902	247,387	151,621	125,800
Fair value of plan assets	(594,419)	(444,760)	(381,519)	(321,243)
	(216,517)	(197,373)	(229,898)	(195,443)
Present value of defined obligations -unfunded	107,626	80,434	57,164	57,787
Experience adjustments on plan liabilities- funded	5,241	80,833	4,280	10,315
Experience adjustments on plan liabilities- unfunded	20,595	19,279	(8,483)	(7,484)
Experience adjustments on plan assets	(13,671)	(26,245)	(7,567)	52,470

20. Retirement Benefit (Continued)

Movement in the defined benefit obligation for the post-employment benefits (pension and medical) is as follows (continued):

	The Company			
	2011 $'000	2010 $'000	2009 $'000	2008 $'000
Present value of defined obligation-funded	121,700	54,652	33,819	47,256
Fair value of plan assets	(375,255)	(273,667)	(233,277)	(203,111)
	(253,555)	(219,015)	(199,458)	(155,855)
Present value of defined obligations -unfunded	45,808	52,402	36,544	37,167
Experience adjustments on plan liabilities-funded	(8,606)	21,206	(15,898)	13,864
Experience adjustments on plan liabilities-unfunded	3,711	4,259	(2,826)	(1,285)
Experience adjustments on plan assets	(10,355)	(21,776)	(4,871)	30,742

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21. Related Party Balances and Transactions

(a) The statements of financial position include the following balances with related parties and companies:

	The Group		The Company		
				Restated	Restated
	2011	2010	2011	2010	2009
	$'000	$'000	$'000	$'000	$'000
Amounts due from related parties:					
Subsidiaries:					
Busha Browne's Company Limited	-	-	68,935	76,794	82,077
Portfolio Partners Limited	-	-	89,487	-	1,759
Castleton Investments Limited	-	-	47,650	98,349	-
Jamaica Floral Exports Limited	-	-	90,542	90,508	90,467
Pan-Jamaican Mortgage Society Limited	-	-	401	396	392
Jamaica Property Company Limited	-	-	-	9,601	-
Scott's Preserves Limited	-	-	51,553	-	8,050
	-	-	348,568	275,648	182,745
Amounts due to related parties:					
Employees Share Purchase Plan	-	-	155,795	21,566	17,072
Subsidiaries:					
Jamaica Property Company Limited	-	-	449	-	3,291
Scott's Preserves Limited	-	-	-	3,259	-
Portfolio Partners Limited	-	-	-	1,526	-
Panacea Holdings Limited	-	-	2,285	15,302	-
Associated companies:					
Sagicor Life Jamaica Limited	5,225	5,225	-	-	-
	5,225	5,225	158,529	41,653	20,363
Net (liability)/asset	(5,225)	(5,225)	190,039	233,995	162,382

21. Related Party Transactions and Balances (Continued)

(b) The consolidated and company income statements include the following transactions with related parties:

	The Group		The Company		
				Restated	Restated
	2011	2010	2011	2010	2009
	$'000	$'000	$'000	$'000	$'000
Subsidiaries -					
Management fees received	-	-	14,612	13,786	12,799
Interest income	-	-	-	-	122,080
Interest paid	-	-	(8,452)	(4,216)	(53)
Dividends received	-	-	535,168	81,552	-
Associated companies -					
Dividends received	605,796	397,028	605,796	397,028	523,960
Other related parties -					
Rental income	85,203	76,825	-	-	-
Interest and other income earned	41,126	45,685	5,171	16,341	21,542
Interest and other expenses paid	(31,125)	(22,031)	(28,608)	(17,420)	(22,766)
Other expenses	(11,016)	(10,848)	(8,735)	(5,933)	(2,576)

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21. Related Party Transactions and Balances (Continued)

(c) Key management compensation:

	The Group		The Company		
				Restated	Restated
	2011	2010	2011	2010	2009
	$'000	$'000	$'000	$'000	$'000
Salaries and other short-term employee benefits	69,092	51,925	26,439	24,400	21,725
Statutory contributions	4,833	4,383	1,595	2,002	2,282
Post-employment benefits	5,913	(8,313)	993	(3,697)	(488)
Share-based compensation	2,503	5,641	460	1,036	1,689
	82,341	53,636	29,487	23,741	25,208
Directors emoluments					
Fees	17,447	10,624	17,190	10,624	5,894
Other	11,900	11,170	11,900	11,170	10,129
Management compensation (included above)	22,455	15,901	6,118	4,144	4,332
	51,802	37,695	35,208	25,938	20,355

(d) Loans from related parties

	The Group		The Company		
				Restated	Restated
	2011	2010	2011	2010	2009
	$'000	$'000	$'000	$'000	$'000
Balance at beginning of year	1,075,180	160,707	1,075,180	147,271	372,630
New loans	19,278	1,067,203	9,578	1,067,203	-
Repayments	(1,072,723)	(155,334)	(1,072,611)	(142,624)	(267,542)
Interest charged	29,293	22,031	29,293	21,772	22,766
Interest paid	(31,125)	(25,120)	(31,125)	(24,149)	(21,891)
Foreign exchange (gains)/loss	(2,048)	5,693	(2,048)	5,707	41,308
	17,855	1,075,180	8,267	1,075,180	147,271

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22. Loan Liabilities

	Currency	Rate	Repayable	The Group 2011	2010
		%		$'000	$'000
Secured -					
(i) CIBC First Caribbean International Bank Limited	J$	15.1	2017	56,230	62,161
(ii) Pan Caribbean Financial Services Limited	J$	14.9	2014	8,267	-
(iii) Pan Caribbean Bank Limited	J$	14.5	2014	9,587	-
(iv) International Finance Corporation	US$	6.59	2019	430,676	426,704
(v) Pan Caribbean Financial Services Limited	US$	7.5	2011	-	386,376
(vi) Pan Caribbean Financial Services Limited	US$	7.5	2011	-	686,890
Unsecured -					
(vii) JN Properties Limited	J$	Variable	No fixed date	13,586	13,586
				518,346	1,575,717
Interest payable				13,868	15,787
				532,214	1,591,504

	Currency	Rate	Repayable	The Company 2011	Restated 2010	Restated 2009
		%		$'000	$'000	$'000
Secured -						
(ii) Pan Caribbean Financial Services	J$	14.9		8,267	-	-
(v) Pan Caribbean Financial Services Limited	US$	7.5	2011	-	386,376	66,792
(vi) Pan Caribbean Financial Services Limited	US$	7.5	2011	-	686,890	76,409
				8,267	1,073,266	143,271
Interest payable				-	1,914	4,070
				8,627	1,075,180	147,271

22. Loan Liabilities (Continued)

(i) This loan was issued by FirstCaribbean International Bank Limited (FCIB) to assist with the extension of the multi-storey parking garage, construction of a well and other building upgrades. Interest rate on this loan is computed as FCIB's base rate less 1.75%. The loan is secured by a first mortgage over commercial lots 195 – 198 (inclusive) Grenada Crescent, New Kingston. The loan is scheduled to be repaid by 2017, but is repayable on demand, should such a request be made by the bank.

(ii) This represents the outstanding balance on a J$9,577,500 loan issued by PanCaribbean Bank Limited. Interest is charged at a rate of 14.9% per annum. The loan is secured by a motor vehicle. The loan is scheduled to be repaid by 2014.

(iii) This represents the outstanding balance on a J$9,700,000 loan issued by PanCaribbean Bank Limited. Interest is charged at a rate of 14.5% per annum. The loan is secured by a motor vehicle. The loan is scheduled to be repaid by 2014.

(iv) This balance represents the first drawdown on a US$17,500,000 loan facility from International Finance Corporation (IFC), in the amount of US$5,000,000. Interest is charged at 6.59% per annum. The loan is secured by a first mortgage over the Jamaica Tourism Centre, Manor Park Plaza Phase 1, and the Scotia Centre properties. The loan is repayable over eight years, with the first of sixteen semi-annual instalments due January 2012.

(v) This balance represented a US$4,500,000 loan issued by Pan Caribbean Financial Services Limited. Interest was charged at rate of 7.5% per annum. The loan was secured by a charge over 9,600,000 stock units of First Jamaica Investments Limited and certain deposits. The loan was repaid in 2011.

(vi) This balance represented a US$8,000,000 loan issued by Pan Caribbean Financial Services Limited. Interest was charged at 7.5% per annum. The loan was secured by a charge over 38,000,000 stock units of First Jamaica Investments Limited and was repaid in 2011.

(vii) This represents a loan advanced by J.N. Properties Limited. The debt is unsecured, attracts interest at a variable rate and has no fixed repayment terms.

23. Finance Lease Liability

The finance lease obligations are as follows:

	The Group		The Company		
	2011	2010	2011	2010	2009
	$'000	$'000	$'000	$'000	$'000
Minimum lease payments under finance leases:					
Not later than 1 year	4,510	3,259	-	211	1,269
Later than 1 year and not later than 5 vears	11,610	10,677	-	-	184
	16,120	13,936	-	211	1,453
Future finance charges	(3,704)	(4,092)	-	(31)	(140)
Present value of finance lease	12,416	9,844	-	180	1,313

The present value of the lease obligations is as follows:

	The Group		The Company		
	2011	2010	2011	2010	2009
	$'000	$'000	$'000	$'000	$'000
Not later than 1 year	2,828	1,807	-	180	1,132
Later than 1 year and not	9,588	8,037	-	-	181
	12,416	9,844	-	180	1,313

24. Other Liabilities

	The Group		The Company		
				Restated	Restated
	2011	2010	2011	2010	2009
	$'000	$'000	$'000	$'000	$'000
Promissory note – managed funds	30,163	25,197	30,163	25,197	23,885
Other liabilities and accrued expenses	160,577	141,565	34,417	47,104	53,014
Trade payables	19,748	34,976	-	-	-
Accounts payable	20,258	17,945	19,258	17,945	18,627
	230,746	219,683	83,838	90,246	95,526

25. Share Capital

	2011 No. '000	2010 No. '000
Authorised share capital of no par value -		
Ordinary shares	250,000	200,000
	$'000	**$'000**
Issued and fully paid -		
213,231,793/173,535,078 stock units	2,141,985	185,354

During the year the company issued 39,696,715 stock units to the former stockholders of First Jamaica Investments Limited (FJIL) pursuant to a scheme of amalgamation with the company whereby all the assets and liabilities of FJIL were transferred to and vested with the company.

The value attributed the shares issued was determined by reference to the value, on the date of the Extraordinary General Meeting when the amalgamation was approved, of the First Jamaica Investments Limited shares which were cancelled. Costs associated with transaction have been deducted from the amount, so determined.

26. Share Options/Equity Compensation Reserve

In November 2006, the company established the 2006 Executive Share Option Scheme ("the option plan"). Under the terms of the option plan, 7.5% of the share capital of the company has been reserved for issue. Officers and other key employees of the company and its subsidiaries are eligible to receive options under the plan. The plan is administered by a committee of the Board of Directors of the company. The exercise price of the granted options is equal to the fair value of the company's shares at the date of the grant of the option, or the date on which the company has entered into a binding commitment to grant the options, whichever is the earlier. Shares issued when share options are exercised have the same rights as other issued common shares. Vested options are exercisable for periods of time as determined by the committee of the Board, but in no event shall exceed 10 years from the date of grant.

Options over 2,450,000 shares were vested and exercisable at 31 December 2010. During 2011, options over 3,062,500 common shares, representing all outstanding options granted under the scheme, were exercised at a price of $45.00 per stock unit by 3 executives of the company.

The group and the company have recognised share-based compensation of $2,503,000 and $460,000 (2010- $5,641,000 and $1,036,000) respectively.

The company has used the Black-Scholes valuation model for determining the fair value of the share options. The range of fair value of share options granted, determined using this model, was $9.31 to $23.35.

26. Share Options/Equity Compensation Reserve (Continued)

The significant inputs into the model were as follows:

	Share Options
Grant dates	**2006**
Share Price (range in $)	45.00
Annual Risk Free Rate (%)	12.61 – 13.16
Expected Volatility (%)	35.00
Expected Dividend yield (%)	0.98

The annual risk free rate used is based on Government of Jamaica Treasury Bills with terms equal to the expected life of the options.

The expected volatility of the share price has been determined by reference to the historical volatility of comparable companies to Pan Jamaican Investment Trust Limited at each of the grant dates.

The expected dividend yield has been determined by reference to the historical dividends paid by the company.

27. Property Revaluation Reserve

The balance represents the accumulated revaluation gains on investment properties attributable to owners of the parent, transferred from retained earnings.

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28. Investment and Other Reserves

These comprise:

	The Group		The Company		
				Restated	Restated
	2011	2010	2011	2010	2009
	$'000	$'000	$'000	$'000	$'000
Fair value gains on investments	70,840	61,792	22,824	26,975	(38,112)
Capital reserves	2,555,038	1,958,954	1,337,983	2,292,667	2,835,307
Capital redemption reserves	2,176	2,176	2,200	2,200	2,200
Share of other comprehensive income of associated companies	853,023	865,686	-	-	-
	3,481,077	2,888,608	1,363,007	2,322,431	2,799,395
Capital reserves					
Realised gain on sale of ESPP shares	100,090	9,010	-	-	-
Realised gain on sale of insurance operations	1,161,344	1,161,344	2,688,484	2,688,484	2,688,484
Realised gain on dilution of holding in subsidiaries and associates	433,516	433,516	-	-	-
Reserve arising on acquisition of non –controlling interest	623,267	121,530	(1,493,255)	(542,640)	-
Other	236,821	233,554	142,754	146,823	146,823
	2,555,038	1,958,954	1,337,983	2,292,667	2,835,307

Included in fair value gains on investments for the group is a deferred tax credit of $551,000 (2010 – deferred tax $4,763,000) for unrealised gains/losses on investments.

29. Dividends

	2011	2010
	$'000	$'000
First interim dividend for 2011 at $0.32 (2010 - $0.45, including special dividend – $0.10) per stock unit – gross	55,531	78,091
Second interim dividend for 2011 at $0.32 (2010 - $0.35) per stock unit – gross	55,531	60,738
Third interim dividend for 2011 at $0.40 (2010 - $0.32) per stock unit – gross	85,293	55,531
Fourth interim dividend for 2011 at $0.50 (includes special dividend of $0.10) (2010 - $0.32) per stock unit - gross	106,616	55,531
	302,971	249,891
Less: Dividends on treasury stock	(2,762)	(3,214)
	300,209	246,677

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30. Cash Flows from Operating Activities

	The Group		The Company	
				Restated
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Net profit	1,975,560	1,647,322	1,161,085	433,410
Adjustments to reconcile net profit to cash flows provided by operating activities:				
Depreciation of property, plant and equipment	14,055	6,379	4,224	762
Stock compensation provision	2,503	5,641	460	1,036
Interest income	(150,146)	(175,842)	(210,017)	(227,304)
Interest expense	84,735	61,683	60,567	40,760
Share of results of associated companies	(1,371,743)	(1,172,477)	-	-
Share of results of joint venture	(18,035)	-	-	-
Income tax expense	135,578	176,344	13,920	72,778
Change in retirement benefit asset/obligation	9,013	16,107	2,957	(18,222)
Losses/(gains) on sale of property, plant and equipment	-	207	-	(3,080)
Fair value gains on investment properties	(299,669)	(300,352)	-	-
(Gains)/losses on foreign currency denominated investment	(11,335)	74,475	5,217	41,623
Unrealised losses/(gain) on foreign currency denominated loans	3,003	(12,596)	(969)	5,721
Impairment of investment assets	14,564	24,322	14,564	25,697
Unrealised gains on financial assets at fair value through profit and loss	(35,617)	(14,911)	(3,030)	(1,546)
	352,466	336,302	1,048,978	371,635
Changes in operating assets and liabilities:				
Taxation recoverable	(16,934)	10,395	(26,165)	21,503
Other assets, net	9,059	20,113	(135,621)	(65,749)
Other liabilities, net	11,063	(9,768)	(6,408)	(1,605)
	355,654	357,042	880,784	325,784
Interest received	146,573	184,455	218,138	281,132
Income tax paid	(85,716)	(192,054)	(34,871)	(67,464)
Net cash provided by operating activities	416,511	349,443	1,064,051	539,452

31. Commitments

Operating lease commitments – where the group/company is the lessor:

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	The Group		The Company	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Not later than 1 year	291,374	324,064	-	-
Later than 1 year and not later than 5 years	617,137	480,905	-	-
Later than 5 years	130,968	50,574	-	-
	1,039,479	855,543	-	-

32. Financial Risk Management

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by the Investment Committee, which identifies, evaluates and manages financial risks in close co-operation with the group's operating business units. The Board of Directors sets guidelines for overall risk management including specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investing excess liquidity.

In February 2010, the group and company participated in the Jamaica Debt Exchange (JDX) transaction under which the group and company exchanged their holdings of domestic debt instruments issued by the Government of Jamaica for new, longer-dated debt instruments available under the election options contained in the agreement. The JDX transaction resulted in a reduction in yields and an increase in the tenor of locally issued Government of Jamaica securities and, therefore, had a significant impact on financial risks.

(a) Market risk

The group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the group treasury function which carries out extensive research and monitors the price movement of financial assets on the local and international markets. Market risk exposures are measured using sensitivity analysis.

There has been no change to the group's exposure to market risks or the manner in which it manages and measures the risk.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from transactions for purchases and recognised assets and liabilities.

32. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The group further manages this risk by maximizing foreign currency earnings and holding foreign currency balances.

Concentration of currency risk

The table below summarises the currencies in which the group's and company's financial assets and liabilities are denominated at 31 December:

	The Group			
	2011			
	Jamaican $	US$	Other	Total
	J$'000	J$'000	J$'000	J$'000
Financial assets				
Cash and bank balances	11,922	3,860	299	16,081
Deposits	2,015	174,921	2	176,938
Investment securities	460,159	1,143,760	129,097	1,733,016
Securities purchased under agreements to resell	309,559	284,314	-	593,873
Trade and other receivables	281,386	9,541	-	290,927
Total financial assets	1,064,041	1,616,396	129,398	2,810,835
Financial liabilities				
Bank overdraft	9,499	-	-	9,499
Due to related parties	5,225	-	-	5,225
Loan liabilities	88,216	443,998	-	532,214
Finance lease liability	12,416	-	-	12,416
Other liabilities	174,585	56,161	-	230,746
Total financial liabilities	289,941	500,159	-	790,100
Net position	775,100	1,116,237	129,398	2,020,735

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32. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Concentration of currency risk (continued)

	The Group			
	2010			
	Jamaican $	**US$**	**Other**	**Total**
	J$'000	**J$'000**	**J$'000**	**J$'000**
Financial assets				
Cash and bank balances	22,078	3,576	293	25,947
Deposits	1,819	30,318	2	32,139
Investment securities	430,120	1,421,696	154,953	2,006,769
Securities purchased under agreements to resell	363,672	730,307	-	1,093,979
Trade and other receivables	100,504	112,390	-	212,894
Total financial assets	918,193	2,298,287	155,248	3,371,728
Financial liabilities				
Bank overdraft	101	-	-	101
Due to related parties	5,225	-	-	5,225
Loan liabilities	76,403	1,515,101	-	1,591,504
Finance lease liability	9,844	-	-	9,844
Other liabilities	175,187	44,496	-	219,683
Total financial liabilities	266,760	1,559,597	-	1,826,357
Net position	651,433	738,690	155,248	1,545,371

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32. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Concentration of currency risk (continued)

	The Company			
	2011			
	Jamaican $	US$	Other	Total
	J$'000	J$'000	J$'000	J$'000
Financial assets				
Cash and bank balances	4,036	252	299	4,587
Deposit	-	114,121	2	114,123
Investment securities	455,072	714,167	129,097	1,298,336
Securities purchased under agreements to resell	135,401	106,379	-	241,780
Due from related parties	257,850	90,718	-	348,568
Receivables	168,984	-	-	168,984
Total financial assets	1,021,343	1,025,637	129,398	2,176,378
Financial liabilities				
Due to related parties	156,244	2,285	-	158,529
Loan liabilities	8,267	-	-	8,267
Other liabilities	81,296	2,542	-	83,838
Total financial liabilities	245,807	4,827	-	250,634
Net position	775,536	1,020,810	129,398	1,925,744

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32. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Concentration of currency risk (continued)

RESTATED	The Company			
	2010			
	Jamaican $	US$	Other	Total
	J$'000	J$'000	J$'000	J$'000
Financial assets				
Cash and bank balances	11,613	1,608	293	13,514
Deposit	-	24,765	2	24,767
Investment securities	488,009	1,117,935	154,953	1,760,897
Securities purchased under agreements to resell	225,804	55,489		281,293
Due from related parties	177,299	98,349	-	275,648
Receivables	25,810	-	-	25,810
Total financial assets	928,535	1,298,146	155,248	2,381,929
Financial liabilities				
Bank overdraft	101	-	-	101
Due to related parties	26,351	15,302	-	41,653
Loan liabilities	-	1,075,180	-	1,075,180
Finance lease liability	180	-	-	180
Other liabilities	87,727	2,519	-	90,246
Total financial liabilities	114,359	1,093,001	-	1,207,360
Net position	814,176	205,145	155,248	1,174,569

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32. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Concentration of currency risk (continued)

RESTATED	The Company 2009 Jamaican $	US$	Other	Total
	J$'000	J$'000	J$'000	J$'000
Financial assets				
Cash and bank balances	8,859	409	316	9,584
Deposit	-	108,499	9,435	117,934
Investment securities	643,119	963,745	192,488	1,799,352
Securities purchased under agreements to resell	134,645	240,920	-	375,565
Due from related parties	210,618	(27,873)	-	182,745
Receivables	27,803	-	-	27,803
Total financial assets	1,025,044	1,285,700	202,239	2,512,983
Financial liabilities				
Due to related parties	20,363	-	-	20,363
Loan liabilities	-	147,271	-	147,271
Finance lease liability	1,313	-	-	1,313
Other liabilities	89,230	6,296	-	95,526
Total financial liabilities	110,906	153,567	-	264,473
Net position	914,138	1,132,133	202,239	2,248,510

Pan-Jamaican Investment Trust Limited

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(expressed in Jamaican dollars unless otherwise indicated)

32. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity

The following tables indicate the currencies to which the group and company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% increase and 1% decrease (2010 - 5% increase and 5% decrease) in foreign currency rates. The sensitivity of the profit was as a result of foreign exchange gains/losses on translation of US dollar-denominated monetary financial securities classified as available for sale and fair value through profit and loss and foreign exchange losses/gains on translation of US dollar-denominated borrowings. The sensitivity of other components of equity was as result of translation gains/losses on foreign currency denominated equities classified as available for sale.

The Group

	% Change in Currency Rate 2011	Effect on Profit before Tax 2011 $'000	Effect on other component of equity 2011 $'000	% Change in Currency Rate 2010	Effect on Profit before Tax 2010 $'000	Effect on other component of equity 2010 $'000
Currency:						
USD	1%	6,896	4,267	5%	(1,807)	31,007
USD	-1%	(6,896)	(4,267)	-5%	1,807	(31,007)

The Company

	% Change in Currency Rate 2011	Effect on Profit before Tax 2011 $'000	Effect on other component of equity 2011 $'000	% Change in Currency Rate 2010	Effect on Profit before Tax 2010 $'000	Effect on other component of equity 2010 $'000	% Change in Currency Rate 2009	Effect on Profit before Tax 2009 $'000	Effect on other component of equity 2009 $'000
Currency:									
USD	1%	10,208	-	5%	10,257	--	5%	56,606	-
USD	-1%	(10,208)	-	-5%	(10,257)	-	-1%	(11,321)	-

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32. Financial Risk Management (Continued)

(a) Market risk (continued)
(ii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the group and company to cash flow interest risk, whereas fixed interest rate instruments expose the group to fair value interest risk.

The group's and company's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities.

The following tables summarise the group's and the company's exposure to interest rate risk. It includes the group and company financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	The Group						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
At 31 December 2011:							
Financial assets							
Cash and bank balances	16,081	-	-	-	-	-	16,081
Deposits	174,923	-	2,015	-	-	-	176,938
Investment securities	78,884	26,844	85,059	152,709	550,221	839,299	1,733,016
Securities purchased under agreements to resell	351,966	60,599	180,810	498	-	-	593,873
Trade and other receivables	-	29,969	-	-	-	260,958	290,927
Total financial assets	621,854	117,412	267,884	153,207	550,221	1,100,257	2,810,835
Financial liabilities							
Bank overdraft	9,499	-	-	-	-	-	9,499
Due to related parties	-	-	-	-	-	5,225	5,225
Loan liabilities	-	-	-	17,855	514,359	-	532,214
Finance lease liability	-	-	-	12,416	-	-	12,416
Other liabilities	32,705	-	-	-	-	198,041	230,746
Total financial liabilities	42,204	-	-	30,271	514,359	203,266	790,100
Total interest repricing gap	579,650	117,412	267,884	122,936	35,862	896,991	2,020,735
Cumulative interest repricing gap	579,650	697,062	964,946	1,087,882	1,123,744	2,020,735	

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32. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
At 31 December 2010:							
Financial assets							
Cash and bank balances	25,947	-	-	-	-	-	25,947
Deposits	13,252	-	18,887	-	-	-	32,139
Investment securities	-	30,182	268,469	341,435	563,288	803,395	2,006,769
Securities purchased under agreements to resell	768,609	325,370	-	-	-	-	1,093,979
Trade and other receivables	-	25,515	-	-	-	187,379	212,894
Total financial assets	807,808	381,067	287,356	341,435	563,288	990,774	3,371,728
Financial liabilities							
Bank overdraft	101	-	-	-	-	-	101
Due to related parties	-	-	-	-	-	5,225	5,225
Loan liabilities	1,191,542	-	386,376		13,586	-	1,591,504
Finance lease liability	-	180	-	9,664	-	-	9,844
Other liabilities	-	-	27,716	-	-	191,967	219,683
Total financial liabilities	1,191,643	180	414,092	9,664	13,586	197,192	1,826,357
Total interest repricing gap	(383,835)	380,887	(126,736)	331,771	549,702	793,582	1,545,371
Cumulative interest repricing gap	(383,835)	2,948	(129,684)	202,087	751,789	1,545,371	

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32. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
At 31 December 2011:							
Financial assets							
Cash and bank balances	4,587	-	-	-	-	-	4,587
Deposit	114,123	-	-	-	-	-	114,123
Investment securities	66,324	20,061	74,521	87,788	470,662	578,980	1,298,336
Securities purchased under agreements to resell	241,780	-	-	-	-	-	241,780
Due from related parties	-	-	79,010	-	-	269,558	348,568
Receivables	-	29,969	-	-	-	139,015	168,984
Total financial assets	426,814	50,030	153,531	87,788	470,662	987,553	2,176,378
Financial liabilities							
Due to related parties	2,285	-	-	-	-	156,244	158,529
Loan liabilities	-	-	-	8,267	-	-	8,267
Other liabilities	32,705	-	-	-	-	51,133	83,838
Total financial liabilities	34,990	-	-	8,267	-	207,377	250,634
Total interest repricing gap	391,824	50,030	153,531	79,521	470,662	780,176	1,925,744
Cumulative interest repricing gap	391,824	441,854	595,385	674,906	1,145,568	1,925,744	

Pan-Jamaican Investment Trust Limited

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(expressed in Jamaican dollars unless otherwise indicated)

32. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

RESTATED

	The Company						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
At 31 December 2010:							
Financial assets							
Cash and bank balances	13,514	-	-	-	-	-	13,514
Deposit	7,699	-	17,068	-	-	-	24,767
Investment securities	-	19,426	256,835	258,026	565,405	661,205	1,760,897
Securities purchased under agreements to resell	260,641	20,652	-	-	-	-	281,293
Due from related parties	-	-	-	-	-	275,648	275,648
Receivables	-	25,216	-	-	-	594	25,810
Total financial assets	281,854	65,294	273,903	258,026	565,405	937,447	2,381,929
Financial liabilities							
Bank Overdraft	101	-	-	-	-	-	101
Due to related parties	-	-	15,302	-	-	26,351	41,653
Loan liabilities	688,804	-	386,376	-	-	-	1,075,180
Finance lease liability	-	180	-	-	-	-	180
Other liabilities	27,716	-	-	-	-	62,530	90,246
Total financial liabilities	716,621	180	401,678	-	-	88,881	1,207,360
Total interest repricing gap	(434,767)	65,114	(127,775)	258,026	565,405	848,566	1,174,569
Cumulative interest repricing gap	(434,767)	(369,653)	(497,428)	(239,402)	326,003	1,174,569	

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(expressed in Jamaican dollars unless otherwise indicated)

32. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

RESTATED

	The Company						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
At 31 December 2009:							
Financial assets							
Cash and bank balances	9,584	-	-	-	-	-	9,584
Deposit	117,934	-	-	-	-	-	117,934
Investment securities	136,731	231,728	119,397	171,723	567,669	572,104	1,799,352
Securities purchased under agreements to resell	181,608	193,957	-	-	-	-	375,565
Due from related parties		-	-	-	-	182,745	182,745
Receivables	23,887	-	-	-	-	3,916	27,803
Total financial assets	469,744	425,685	119,397	171,723	567,669	758,765	2,512,983
Financial liabilities							
Due to related parties	-	-	-	-	-	20,363	20,363
Loan liabilities	-	147,271	-	-	-	-	147,271
Finance lease liability	-	-	-	1,313	-	-	1,313
Other liabilities	27,846	2,338	-	-	-	65,342	95,526
Total financial liabilities	27,846	149,609	-	1,313	-	85,705	264,473
Total interest repricing gap	441,898	276,076	119,397	170,410	567,669	673,060	2,248,510
Cumulative interest repricing gap	441,898	717,974	837,371	1,007,781	1,575,450	2,248,510	

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32. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity

The following tables indicate the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the group's and company's income statement and stockholders' equity.

The group's and company's interest rate risk arises from investment securities, securities purchased under agreements to resell and long term borrowings. The sensitivity of the income statement is the effect of the assumed changes in interest rates on net income based on floating rate financial assets and floating rate liabilities.The sensitivity of other components of equity is calculated by revaluing fixed rate available-for-sale financial assets for the effects of the assumed changes in interest rates.

		The Group		The Company	
		Effect on Profit before Taxation 2011 $'000	Effect on Other Components of Equity 2011 $'000	Effect on Profit before Taxation 2011 $'000	Effect on Other Components of Equity 2011 $'000
Change in basis points:					
2011	**2010**				
+100	+.50	3,945	(13,945)	1,880	(5,885)
- 50	-50	(2,683)	12,767	(1,249)	5,170

			The Group		The Company (Restated)			
			Effect on Profit before Taxation 2010 $'000	Effect on Other Components of Equity 2010 $'000	Effect on Profit before Taxation 2010 $'000	Effect on Other Components of Equity 2010 $'000	Effect on Profit before Taxation 2009 $'000	Effect on Other Components of Equity 2009 $'000
Change in basis points:								
2011	**2010**	**2009**						
+ 200	+50	+200	4,391	(20,838)	(472)	(11,855)	5,968	(3,768)
- 100	-50	-600	(1,392)	17,684	2,722	10,460	(17,904)	13,145

32. Financial Risk Management (Continued)

(a) Market risk (continued)

(iii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The group and company are exposed to equity price risk because of investments held by the group and company classified on the respective statements of financial position either as available-for-sale or at fair value through profit or loss. The group manages its price risk by trading these instruments when appropriate to reduce the impact of any adverse price fluctuations.

The impact on total stockholders' equity (before tax) of a 10% increase/decrease in equity prices is an increase/decrease of $56,143,000 and $57,135,000 (2010 – $80,339,000 and $422,000, 2009 - $69,264,000 and 52,210,000) for the group and company respectively.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The group and the company have significant concentrations of credit risk in Government of Jamaica issued securities. The group and company have policies in place to ensure that property rentals and services are made to customers with an appropriate credit history. Cash transactions are limited to high credit quality financial institutions. The group manages its credit risk by screening its customers, establishing credit limits, obtaining bankers' guarantees or collateral for loans where applicable, the rigorous follow-up of receivables and ensuring investments are low-risk or, are held with sound financial institutions.

(i) Trade receivables

Trade receivables relate mainly to tenants of the group's commercial properties. Receivables are monitored and followed up on a regular basis and provisions made as deemed necessary based on an estimate of amounts that would be irrecoverable, determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries once impaired.

(ii) Investments

The group limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality and Government of Jamaica securities. Accordingly, management does not expect any counterparty to fail to meet its obligations.

(iii) Guarantees

The group's policy is not to provide financial guarantees to any other party than wholly-owned subsidiaries.

Pan-Jamaican Investment Trust Limited

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32. Financial Risk Management (Continued)

(b) Credit risk (continued)

Maximum exposure to credit risk

	Maximum exposure				
	The Group		The Company		
	2011	2010	2011	Restated 2010	Restated 2009
	$'000	$'000	$'000	$'000	$'000
Credit risk exposures relating to on statement of financial position items are as follows:					
Assets:					
Cash and bank balances	16,081	25,947	4,587	13,514	9,584
Deposits	176,938	32,139	114,123	24,767	117,934
Available-for-sale securities	886,409	1,185,013	405,172	780,759	865,022
Fair value through profit and loss securities	-	6,244	-	2,048	-
Loans and receivables	7,309	12,117	314,185	316,885	362,226
Securities purchased under agreements to resell	593,875	1,093,979	241,780	281,293	375,565
Trade and other receivables	290,927	212,894	168,984	25,180	27,803
Due from related parties	-	-	348,568	275,648	182,745
	1,971,539	2,568,333	1,597,399	1,720,094	1,940,879
Credit risk exposures relating to assets not recorded on the statement of financial position					
Lease commitments	1,039,479	855,430	-	-	-

The above table represents a worst case scenario of credit risk exposure to the group and company at 31 December 2011 and 2010, without taking account of any collateral held or other credit enhancements. For assets carried on the statement of financial position, the exposures set out above are based on net carrying amounts as reported in the statement of financial position. An impairment recovery/(loss) was recognised by the group for the year ended 31 December 2011 for $24,322,000 for certain investment securities (2010 – loss of $24,322,000).

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32. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Trade and Managed Properties receivables

The following table summarises the group's and company's credit exposure for trade receivables at their carrying amounts, as categorised by the customer sector:

	The Group		The Company		
	2011 \$'000	**2010 \$'000**	**2011 \$'000**	**2010 \$'000**	**2009 \$'000**
Commercial	57,520	10,780	-	-	-
Retail	8,585	11,560	-	-	-
Managed properties	27,093	27,081	-	-	-
	93,198	49,421	-	-	-
Less: Provision for credit losses	(3,359)	(3,701)	-	-	-
	89,839	45,720	-	-	-

Credit quality of trade receivables are summarized as follows:

	The Group		The Company		
	2011 \$'000	**2010 \$'000**	**2011 \$'000**	**2010 \$'000**	**2009 \$'000**
Neither past due nor impaired -					
Standard	56,928	37,052	-	-	-
Past due but not impaired	32,911	8,668	-	-	-
Impaired	3,359	3,701	-	-	-
Gross	93,198	49,421	-	-	-
Less: Provision for credit losses	(3,359)	(3,701)	-	-	-
Net	89,839	45,720	-	-	-

All trade receivables are receivable from customers in Jamaica.

32. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Aging analysis of past due but not impaired trade receivables:

	The Group		The Company		
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2009 $'000
31 to 60 days	24,217	470	-	-	-
61 to 90 days	1,566	695	-	-	-
Over 90 days	7,128	7,503	-	-	-
	32,911	8,668	-	-	-

The amounts above include managed properties fees receivables of $27,093,000 (2010 - $27,081,000) (Note 18). There are no financial assets other than trade receivables that are past due.

(iii) Investments

The following table summarises the credit exposure of the group and company to businesses and government by sectors in respect of investments (excluding equities, investments in subsidiaries and associated companies and related parties debt):

	The Group		The Company		
	2011	2010	2011	Restated 2010	Restated 2009
	$'000	$'000	$'000	$'000	$'000
Government of Jamaica	574,999	821,038	198,387	521,578	521,683
Corporate and other government	1,089,530	1,508,454	206,785	259,181	343,339
	1,664,529	2,329,492	405,172	780,759	865,022

32. Financial Risk Management (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the group is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process

The group's liquidity management process, as carried out within the group and monitored by the Investment Committee, includes:

(i) Monitoring future cash flows and liquidity on a weekly basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required;

(ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

(iii) Maintaining committed lines of credit;

(iv) Optimising cash returns on investment; and

(v) Managing the concentration and profile of debt maturities.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the group. It is unusual for companies ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the group and its exposure to changes in interest rates and exchange rates.

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32. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Financial assets and liabilities cash flows

The tables below summarises the maturity profile of the group's and company's financial assets and liabilities at 31 December based on contractual undiscounted payments.

	The Group						
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**No Specific Maturity $'000**	**Total $'000**
As at 31 December 2011							
Financial assets							
Cash and bank balances	16,081	-	-	-	-	-	16,081
Deposits	174,973	-	2,096	-	-	-	177,069
Investment securities	84,580	125,446	83,873	468,177	537,262	839,299	2,138,637
Securities purchase under agreements to resell	352,257	7,682	234,876	498	-	-	595,313
Trade and other receivables	70,143	79,626	2,293	-	-	139,015	291,077
Total financial assets (contractual maturity dates)	698,034	212,754	323,138	468,675	537,262	978,314	3,218,177
Financial liabilities							
Bank overdraft	9,610	-	-	-	-	-	9,610
Due to related parties	-	-	-	-	5,225	-	5,225
Loans	43,491	3,949	57,738	350,606	249,764	-	705,548
Finance leases	376	752	3,383	11,609	-	-	16,120
Other liabilities	125,465	101,326	4082	-	-	-	230,873
Total financial liabilities (contractual maturity date)	178,942	106,027	65,203	362,215	254,989	-	967,376
Net Liquidity Gap	519,092	106,727	257,935	106,460	282,273	978,314	2,250,801
Cumulative Liquidity Gap	519,092	625,819	883,754	990,214	1,272,487	2,250,801	-

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32. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Financial assets and liabilities cash flows (continued)

	The Group						
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**No Specific Maturity $'000**	**Total $'000**
As at 31 December 2010							
Financial assets							
Cash and bank balances	26,197	-	-	-	-	-	26,197
Deposits	13,258	-	19,117	-	-	-	32,375
Investment securities	5,433	51,711	337,161	565,406	672,594	803,395	2,435,700
Securities purchase under agreements to resell	769,923	325,463	-	-	-	-	1,095,386
Trade and other receivables	-	87,216	31,341	85,341	-	-	203,898
Total financial assets (contractual maturity dates)	814,811	464,390	387,619	650,747	672,594	803,395	3,793,556
Financial liabilities							
Bank overdraft	101	-	-	-	-	-	101
Due to related parties	-	-	-	-	5,225	-	5,225
Loans	1,191,542	793	411,616	19,020	18,342	-	1,641,313
Finance leases	311	765	2,187	10,673	-	-	13,936
Other liabilities	62,828	52,909	114,438	1,900	-	-	232,075
Total financial liabilities (contractual maturity date)	1,254,782	54,467	528,241	31,593	23,567	-	1,892,650
Net Liquidity Gap	(439,971)	409,923	(140,622)	619,154	649,027	803,395	1900,906
Cumulative Liquidity Gap	(439,971)	(30,048)	(170,670)	448,484	1,097,511	1,900,906	
Total financial assets (expected maturity dates)	814,811	464,390	387,619	650,747	672,594	803,395	3,793,556
Total financial liabilities (expected maturity dates)	65,612	55,627	1,262,146	398,119	367,060	-	2,148,564
Net Liquidity Gap	749,199	408,763	(874,527)	252,628	305,534	803,395	1,644,992
Cumulative Liquidity Gap (expected maturity dates)	749,199	1,157,962	283,435	536,063	841,597	1,644,992	

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32. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Financial assets and liabilities cash flows (continued)

	The Company						
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**No Specific Maturity $'000**	**Total $'000**
As at 31 December 2011:							
Assets							
Cash and bank balances	4,587	-	-	-	-	-	4,587
Deposits	114,171	-	-	-	-	-	114,171
Investment securities	80,988	120,425	100,121	919,824	216,034	578,980	2,016,372
Securities purchased under agreements to resell	242,008	-	-	-	-	-	242,008
Due from related parties	-	2,300	8,516	86,911	-	269,558	367,285
Receivables	-	30,119	-	-	-	139,015	169,134
Total financial assets (contractual maturity dates)	441,754	152,844	108,637	1,006,735	216,034	987,553	2,913,557
Liabilities							
Overdraft	-	-	-	-	-	-	-
Due to related parties	-	-	-	-	-	158,529	158,529
Loans	333	666	2,997	5,994	-	-	9,990
Finance lease	-	-	-	-	-	-	-
Other liabilities	53,089	30,875		-	-	-	83,964
Total financial liabilities (contractual maturity dates)	53,422	31,541	2,997	5,994	-	158,529	252,483
Net Liquidity Gap	388,332	121,304	105,640	1,000,741	216,034	829,024	2,661,074
Cumulative Liquidity Gap	388,332	509,635	615,275	1,616,016	1,832,050	2,661,074	

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32. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Financial assets and liabilities cash flows (continued)

RESTATED

	The Company						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	No Specific Maturity $'000	Total $'000
As at 31 December 2010:							
Assets							
Cash and bank balances	13,514	-	-	-	-	-	13,514
Deposits	7,702	-	17,189	-	-	-	24,891
Investment securities	12,424	47,018	381,843	1,013,125	348,541	661,206	2,464,157
Securities purchased under agreements to resell	260,828	20,727	-	-	-	-	281,555
Due from related parties	-	-	-	172,276	-	103,372	275,648
Receivables	-	104,876	594	-	-	-	105,470
Total financial assets (contractual maturity dates)	294,468	172,621	399,626	1,185,401	348,541	764,578	3,165,235
Liabilities							
Overdraft	101	-	-	-	-	-	101
Due to related parties	15,338	-	-	3,259	-	23,092	41,689
Loans	688,804	-	408,050	-	-	-	1,096,854
Finance lease	-	211	-	-	-	-	211
Other liabilities	27,852	-	62,530	-	-	-	90,382
Total financial liabilities (contractual maturity dates)	732,095	211	470,580	3,259	-	23,092	1,229,237
Net Liquidity Gap	(437,627)	172,410	(70,954)	1,182,142	348,541	741,486	1,935,998
Cumulative Liquidity Gap	(437,627)	(265,217)	(336,171)	845,971	1,194,512	1,935,998	

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32. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Financial assets and liabilities cash flows (continued)

RESTATED	The Company						
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**No Specific Maturity $'000**	**Total $'000**
As at 31 December 2009:							
Assets							
Cash and bank balances	9,584	-	-	-	-	-	9,584
Deposits	118,032	-	-	-	-	-	118,032
Investment securities	5,358	359,876	231,849	294,938	644,208	572,104	2,108,333
Securities purchased under agreements to resell	182,766	195,641	-	-	-	-	378,407
Due from related parties	-	-	1,184	181,561	-	-	182,745
Receivables	24,030	-	3,916	-	-	-	27,946
Total financial assets (contractual maturity dates)	339,770	555,517	236,949	476,499	644,208	572,104	2,825,047
Liabilities							
Due to related parties	-	-	3,291	-	-	17,072	20,363
Loans	-	149,131	-	-	-	-	149,131
Finance lease	253	185	830	185	-	-	1,453
Other liabilities	28,116	19,088	48,592	-	-	-	95,796
Total financial liabilities (contractual maturity dates)	28,369	168,404	52,713	185	-	17,072	266,743
Net Liquidity Gap	311,401	387,113	184,236	476,314	644,208	555,032	2,558,305
Cumulative Liquidity Gap	311,401	698,514	882,750	1,359,064	2,003,273	2,558,305	

32. Financial Risk Management (Continued)

(d) Capital management

The group's objectives when managing capital are to provide superior returns for stockholders and benefits for other stakeholders, while maintaining a conservative capital structure. The Board of Directors monitors the return on capital, which the group defines as net profit attributable to equity holders divided by total stockholders' equity, excluding non-controlling interest. The Board of Directors also monitors and approves the level of dividends to ordinary stockholders.

The group will from time to time purchase its own shares on the market for employee share option plans purposes, the timing of which depends on the prevailing market prices.

There were no changes to the group's approach to capital management during the year.

The company and its subsidiaries have no externally imposed capital requirements.

33. Fair Value of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognised stock exchange) exists as it is the best evidence of the fair value of a financial instrument. For financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at statement of financial position dates.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

(a) Cash and deposits, receivables, payables and related party balances reflect their approximate fair values due to the short term nature of these instruments;

(b) Investment securities classified as available-for-sale and financial assets at fair value through profit and loss are measured at fair value by reference to quoted market prices or valuation techniques such as discounted cash flow model;

(c) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts;

(d) The fair value of fixed rate loans is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans; and

(e) Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment.

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33. Fair Value of Financial Instruments (Continued)

The following financial assets and financial liabilities are not carried at fair value:

	The Group			
	Carrying Value	Fair Value	Carrying Value	Fair Value
	2011	2011	2010	2010
	$'000	$'000	$'000	$'000
Financial assets				
Investment in associated companies	8,209,062	9,752,914	7,422,757	6,604,112
Loans and receivables	7,309	7,736	12,117	11,510

	The Company					
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
	2011	2011	2010	2010	2009	2009
	$'000	$'000	$'000	$'000	$'000	$'000
Investment in associated companies	3,790,418	9,752,914	3,780,107	6,604,112	3,692,885	6,502,364
Loans and receivables	314,185	352,323	316,885	367,186	362,226	385,645

	The Group			
	Carrying Value	Fair Value	Carrying Value	Fair Value
	2011	2011	2010	2010
	$'000	$'000	$'000	$'000
Financial Liabilities				
Loan liabilities	532,214	532,770	1,591,504	1,576,891
Finance lease liability	12,416	16,118	9,844	13,936

	The Company					
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
	2011	2011	2010	2010	2009	2009
	$'000	$'000	$'000	$'000	$'000	$'000
Loan liabilities	8,267	9,990	1,075,180	1,069,520	148,271	148,248
Finance lease liability	-	-	180	211	1,313	1,453

Balances for other financial assets and liabilities carried at amortised cost, approximates their fair value because of their short term nature.

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33. Fair Value of Financial Instruments (Continued)

The group follow the requirements of IFRS 7 for financial instruments that are carried on the statement of financial position at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) Quoted prices in active markets for identical assets or liabilities (level 1).
(b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
(c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the group's financial assets that are measured at fair value at 31 December:

	The Group			
	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
As at 31 December 2011				
Financial assets				
Investment securities	687,368	760,595	227,744	1,725,7007
As at 31 December 2010				
Financial assets				
Investment securities	803,395	959,213	232,044	1,994,652

	The Company			
	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
As at 31 December 2011				
Financial assets				
Investment securities	417,049	291,918	275,184	984,151
As at 31 December 2010 (restated)				
Financial assets				
Investment securities	661,205	587,746	195,061	1,444,012
As at 31 December 2009 (restated)				
Financial assets				
Investment securities	572,104	556,310	308,712	1,437,126

33. Fair Value of Financial Instruments (Continued)

The quoted market price used for financial assets held by the group is current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity investments classified as financial assets at fair value through profit and loss and available for sale.

The fair value of financial instruments that are not quoted on an exchange is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

(i) Quoted market prices or dealer quotes for similar instruments
(ii) Other techniques, such as discounted cash flow analysis used to determine fair value for the remaining financial instruments.

34. Litigation and Contingent Liabilities

The company and its subsidiaries are subject to various claims, disputes and legal proceedings, as part of the normal course of business. Provision is made for such matters, when, in the opinion of management, it is probable that a payment will be made by the group, and the amount can be reasonably estimated.

In respect of claims asserted against the group which, according to the principles outlined above, have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the group which is immaterial to both financial position and results of operations.

35. Restatement

The financial statements of the company for the years ended 31 December 2010 and 31 December 2009 have been restated to reflect the effects of the following:

Reorganisation involving First Jamaica Investments Limited (FJIL)
During the year, the Group underwent a reorganisation which resulted in the acquisition of non-controlling interest in its subsidiary, FJIL. The acquisition of the non-controlling interests resulted in the assets previously owned by FJIL, being transferred to the company at book value, with the FJIL shares previously in issue being cancelled. The company's ownership of its interest in FJIL had therefore changed form, from an investment in a subsidiary, to economic interests in the net assets previously owned by FJIL.

In the books of the company standing alone, the company's financial position and results were restated to reflect the carrying value of those assets previously owned by FJIL, as if the change in the form of the ownership interests had taken place from the earliest comparative period. As the company did not previously own all of the shares in FJIL, amounts have been attributed to non-controlling interests in the company to reflect net assets and results to which the company would not have been entitled.

Reclassification
During the year, the company reclassified deferred tax asset on the statement of financial position. Deferred tax asset is now shown net of deferred tax liabilities.

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35. Restatement (Continued)

(a) Effect on statement of financial position as at 31 December 2009

	As previously stated $'000	Effect of Restatements $'000	As restated $'000
Assets			
Cash and Bank Balances	1,879	7,705	9,584
Investments			
Deposits	-	117,934	117,934
Investment securities	241,602	1,557,750	1,799,352
Securities purchased under agreement to resell	3,371	372,194	375,565
Investment in subsidiaries	96,177	121,792	217,969
Investment in associated companies	199,819	3,493,066	3,692,885
	540,969	5,662,736	6,203,705
Other Assets			
Due from related parties	181,561	1,184	182,745
Taxation recoverable	5,107	45,189	50,296
Deferred tax assets	1,240	(1,240)	-
Prepayment and miscellaneous	3,916	41,751	45,667
Property, plant and equipment	3,497	-	3,497
Retirement benefit assets	5,354	6,294	11,648
	200,675	93,178	293,853
	743,523	5,763,619	6,507,142
Stockholders' Equity and Liabilities			
Stockholders' Equity	492,162	4,127,357	4,619,519
Non-controlling interest	-	1,535,148	1,535,148
	492,162	5,662,505	6,154,667
Liabilities			
Taxation payable	-	21,411	21,411
Due to related parties	181,689	(161,326)	20,363
Loan liabilities	-	147,271	147,271
Finance lease liability	1,313	-	1,313
Deferred tax liability	-	22,439	21,199
Retirement benefit liabilities	19,767	25,625	45,392
Other liabilities	48,592	46,934	95,526
	251,361	101,114	352,475
	743,523	5,763,619	6,507,142

35. Restatement (Continued)

(b) Effect on results of operations for the year ended 31 December 2010

	As previously stated $'000	Effect of Restatements $'000	As restated $'000
Income			
Investments	397,134	273,334	670,468
Management fees	24,126	(10,340)	13,786
Miscellaneous	3,080	202	3,282
	424,340	263,196	687,536
Expenses			
Operating expenses	68,341	72,247	140,588
Interest expense	40,332	428	40,760
	108,673	72,675	181,348
Profit before Taxation	315,667	190,521	506,188
Taxation	-	(72,778)	(72,778)
NET PROFIT	315,667	117,743	433,410
Attributable to:			
Owners of the company	315,667	46,691	362,358
Non-controlling interest	-	71,052	71,052
	315,667	117,743	433,410

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35. Restatement (Continued)

(c) Effect on total comprehensive income for the year ended 31 December 2010

	As previously stated $'000	Effect of Restatements $'000	As restated $'000
Net Profit for the Year	315,667	117,743	433,410
Other Comprehensive Income			
Unrealised gains/(loss) on available for sale financial assets, net tax	35,814	35,980	71,794
Other comprehensive income for the year, net of tax	35,814	35,980	71,794
TOTAL COMPREHENSIVE INCOME	351,481	153,723	505,204
Attributable to:			
Owners of the company	351,481	76,553	428,034
Non-controlling interest	-	77,170	77,170
	351,481	153,723	505,204

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35. Restatement (Continued)

(d) Effect on statement of financial position as at 31 December 2010

	As previously stated $'000	Effect of Restatements $'000	As restated $'000
Assets			
Cash and Bank Balances	4,731	8,783	13,514
Investments			
Deposits	17,068	7,699	24,767
Investment securities	264,583	1,496,314	1,760,897
Securities purchased under agreement to resell	36,179	245,114	281,293
Investment in subsidiaries	1,161,733	(950,623)	211,110
Investment in associated companies	199,819	3,580,288	3,780,107
	1,679,382	4,378,792	6,058,174
Other Assets			
Due from related parties	172,276	103,372	275,648
Taxation recoverable	2,695	26,098	28,793
Deferred tax assets	1,240	(1,240)	-
Prepayment and miscellaneous	594	117,726	118,320
Property, plant and equipment	20,492	-	20,492
Retirement benefit assets	13,026	18,682	31,708
	210,323	264,638	474,961
	1,894,436	4,652,213	6,546,649
Stockholders' Equity and Liabilities			
Stockholders' Equity	594,788	3,661,270	4,256,058
Non-controlling interest	-	988,077	988,077
	594,788	4,649,347	5,244,135
Liabilities			
Bank overdraft	101	-	101
Taxation payable	-	23,689	23,689
Due to related parties	162,777	(121,124)	41,653
Loan liabilities	1,075,180	-	1,075,180
Finance lease liability	180	-	180
Deferred tax liability	-	24,235	24,235
Retirement benefit liabilities	20,222	27,008	47,230
Other liabilities	41,188	49,058	90,246
	1,299,648	2,866	1,302,514
	1,894,436	4,652,213	6,546,649