



Pan-Jamaican Investment Trust Limited

Report to Stockholders

Three months ended 31 March 2012

Pan-Jamaican Investment Trust Limited

Interim Report to Stockholders

For the 3 months ended March 31, 2012

On behalf of the Board of Directors, we are pleased to present the unaudited consolidated financial statements of Pan-Jamaican Investment Trust Limited for the quarter ended March 31, 2012.

The highlights are:

- Net profit of \$507 million (2011: \$479 million)
- Return (annualised) on opening equity of 14% (2011: 15%)
- Earnings per stock unit of \$2.36 (2011: \$2.28)
- Book value per stock unit of \$71.12 at March 31, 2012 (December 31, 2011: \$68.68)
- Ordinary dividend of \$0.50 per stock unit declared and paid March, 2012 (March 2011: \$0.32)

Basis of Presentation

During the 3rd quarter of last year we acquired the remaining minority-held 17% shareholding in First Jamaica Investments Limited (“First Jamaica”) through a share swap, following which First Jamaica was delisted from the Jamaica Stock Exchange. The 2012 1st quarter results reflect the new structure whereas last year’s 1st quarter is presented on the structure existing at that time.

Income Statement

Net profit for the quarter ended March 31, 2012 amounted to \$507 million, compared to \$479 million in the 2011 1st quarter, an increase of 6%, while earnings per stock unit were \$2.36 compared to \$2.28 for the same period in 2011.

Performance for the quarter was impacted most notably by an increase of \$41 million in our share of results of associated and joint venture companies. Our share of earnings from our 24.8% investment in Sagicor Life Jamaica Limited (“Sagicor”) increased by \$50 million (16%) to \$369 million.

Group operating profit for the 1st quarter declined by \$29 million compared to last year’s 1st quarter, driven largely by a decrease in investment income of \$40 million, principally resulting from lower investment yields. Property income improved by \$20 million, 6%, year on year, as a more conservative view of property appreciation partly offset a \$35 million improvement in rental income and net lease recoveries. Operating expenses increased 4%, \$8 million, driven principally by a 15% increase in per kilowatt hour electricity costs, although we were successful in containing electricity usage to 2% below

last year's levels. General and administrative costs were \$7 million, 8%, below last year's levels partly arising from savings due to the acquisition of the minority interest in, and delisting of, FJI.

Our property segment, which is comprised principally of Jamaica Property Company, enjoyed overall occupancy levels averaging 97% for the 1st quarter, a slight decline compared to last year, while contribution to group operating profit of \$155 million for the quarter was \$6 million, 4%, lower than last year.

Our investment management segment posted operating profit of \$12 million for the quarter, 68% less than last year's 1st quarter profit of \$37 million. In the current year our average portfolio of interest bearing securities was 40% lower than last year and the average yield was slightly lower, resulting in a 43%, \$18 million reduction in interest income. Additionally, prices of our Jamaican equities fell, resulting in losses of \$14 million versus gains of \$13 million last year. Net unrealised gains in our portfolio of available for sale securities, which are accounted for through other comprehensive income, amounted to \$18 million for the quarter compared to \$33 million last year.

Interest expense decreased to \$12 million from \$27 million last year as a result of the repayment in 2011 of borrowings used to fund additions to existing investments, principally FJI.

Associated Companies

Our share of results of associated and joint venture companies for the quarter increased by \$41 million compared to the 2011 1st quarter amount of \$333 million. The results of associated companies consist principally of our 24.8% investment in Sagicor. We also hold a 25% interest in New Castle Co. Limited, owners of Walkerswood and Busha Browne, a 50% interest in Mavis Bank Coffee Factory Limited and a 20% interest in Hardware & Lumber Limited ("H&L").

Sagicor's net profit attributable to shareholders for the quarter was \$1,488 million, an increase of 16% over the prior year 1st quarter, representing an annualised 20% return on average equity. Sagicor's results benefited from strong new business and conservation as well as good results from their banking subsidiary Pan Caribbean Financial Services Limited.

H&L reported a loss of \$0.7 million for the 1st quarter, compared to profit of \$0.7 million for the same period last year, as poor results in both the wholesale and retail segments offset a positive performance from the agricultural segment, despite an overall revenue increase of 3%. Finance costs also increased as a result of greater borrowings and adverse exchange rate movements.

Balance Sheet

Total assets at March 31, 2012 amounted to \$16.3 billion, compared to \$15.9 billion at December 31, 2011. Stockholders' equity increased to \$15.2 billion (December 31 2011: \$14.6 billion), which equates to a book value per stock unit of \$71.12 as at March 31, 2012 (December 31, 2011: \$68.68).

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 are supportive of the Private Sector Organisation of Jamaica's initiatives in this regard, and we look forward to the government implementing appropriate actions quickly to address all of these fundamental issues, during this 50th year of independence.



Maurice W. Facey
Chairman



Stephen B. Facey
President & CEO

Pan-Jamaican Investment Trust Limited
and its subsidiaries
Unaudited Consolidated Income Statement
Three months ended 31 March 2012

	3 Months to Mar-12 \$'000	3 Months to Mar-11 \$'000
Income		
Investments	29,250	69,550
Property	339,479	319,777
Commissions	10,758	7,620
Other	13,832	17,550
	<u>393,319</u>	<u>414,497</u>
Operating expenses	<u>(216,558)</u>	<u>(208,313)</u>
Operating profit	176,761	206,184
Interest expense	<u>(11,917)</u>	<u>(27,250)</u>
	164,844	178,934
Share of results of associated and joint venture companies	<u>373,152</u>	<u>332,530</u>
Profit before taxation	537,996	511,464
Taxation	<u>(31,397)</u>	<u>(32,623)</u>
Net profit	<u>506,599</u>	<u>478,841</u>
Net profit attributable to:		
Owners of the parent	502,079	390,693
Non-controlling interest	4,520	88,148
	<u>506,599</u>	<u>478,841</u>
Earnings per stock unit attributable to owners of the parent for the period	\$2.36	\$2.28

Pan-Jamaican Investment Trust Limited
and its subsidiaries
Unaudited Consolidated Statement of Comprehensive Income
Three months ended 31 March 2012

	3 Months to Mar-12 \$'000	3 Months to Mar-11 \$'000
Net profit for the period	506,599	478,841
Other comprehensive income:		
Exchange differences on translating foreign operations	245	-
Unrealised gains on available-for-sale financial assets, net of tax	18,353	32,568
Share of other comprehensive income of associates	105,373	6,596
Other comprehensive income for the period, net of tax	123,971	39,164
Total comprehensive income for the period	630,570	518,005
Total comprehensive income attributable to		
Owners of the parent	626,086	423,722
Non-controlling interest	4,484	94,283
	630,570	518,005

PAN-JAMAICAN INVESTMENT TRUST LIMITED
and its subsidiaries
Unaudited Consolidated Statement of Financial Position
as at 31 March 2012

	Unaudited March 2012 \$'000	Audited December 2011 \$'000	Unaudited March 2011 \$'000
ASSETS			
Cash and Bank Balances	14,167	16,081	16,975
Investments			
Short term deposits	102,402	174,923	9,579
Securities			
Financial assets at fair value through profit and loss	295,531	277,867	171,183
Available-for-sale	1,175,007	1,447,840	1,858,910
Loans & receivables	7,309	7,309	12,117
Deposits	88,372	3,215	18,898
Securities purchased under agreements to resell	596,795	592,673	1,043,279
Investment properties	4,259,055	4,201,355	3,958,063
Investment in joint venture	149,140	74,062	0
Investment in associated companies	8,683,511	8,209,062	7,445,005
	<u>15,357,122</u>	<u>14,988,306</u>	<u>14,517,034</u>
Other assets			
Taxation recoverable	66,977	64,789	32,180
Deferred tax assets	107	107	3,977
Receivables and other assets	479,971	469,301	668,201
Property, plant and equipment	370,288	356,386	254,545
Retirement benefit assets	28,152	28,152	31,708
	<u>945,495</u>	<u>918,735</u>	<u>990,611</u>
	<u>16,316,784</u>	<u>15,923,122</u>	<u>15,524,620</u>
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity			
Capital and Reserves Attributable to the Company's Equity holders			
Share capital	2,141,985	2,141,985	185,354
Property revaluation reserve	2,576,391	2,518,691	2,307,995
Investment and other reserves	3,605,084	3,481,077	2,921,637
Retained earnings	6,841,613	6,503,785	5,550,116
Treasury stock	(9,090)	(9,090)	(18,486)
	<u>15,155,983</u>	<u>14,636,448</u>	<u>10,986,315</u>
Non-controlling interest	<u>211,452</u>	<u>206,968</u>	<u>2,548,288</u>
	<u>15,367,435</u>	<u>14,843,416</u>	<u>13,534,603</u>
Liabilities			
Bank overdraft	19,281	9,499	6,566
Taxation payable	17,531	43,666	8,746
Due to related party	5,225	5,225	5,225
Bank and other loans	498,326	532,214	1,579,834
Finance lease liability	11,751	12,416	14,162
Deferred tax liability	161,732	164,833	125,906
Retirement benefit liabilities	82,307	81,107	76,718
Payables and other liabilities	153,196	230,746	172,860
Total liabilities	<u>949,349</u>	<u>1,079,706</u>	<u>1,990,017</u>
	<u>16,316,784</u>	<u>15,923,122</u>	<u>15,524,620</u>



Maurice W. Facey

Director



Stephen B. Facey

Director

Pan-Jamaican Investment Trust Limited
Unaudited Consolidated Statement of Changes in Equity
for the period ended 31 March 2012

31-Mar-11

\-----Owners Of The Parent-----/

	Share Capital \$'000	Equity Compensation reserve \$'000	Property Revaluation Reserves \$'000	Investment and other reserves \$'000	Retained Earnings \$'000	Treasury Shares \$'000	Non-controlling Interests \$'000	Total \$'000
Balance at 1 January 2011	185,354	39,160	2,247,786	2,888,608	5,274,449	(18,486)	2,469,031	13,085,902
Total comprehensive income for the period	-	-	-	33,029	390,693	-	94,283	518,005
Dividends paid	-	-	-	-	(54,817)	-	(15,113)	(69,930)
Stock compensation provision	-	539	-	-	-	-	87	626
Property revaluation gains	-	-	60,209	-	(60,209)	-	-	-
Balance at end of period	185,354	39,699	2,307,995	2,921,637	5,550,116	(18,486)	2,548,288	13,534,603

31-Mar-12

\-----Owners Of The Parent-----/

	Share Capital \$'000	Equity Compensation Reserve \$'000	Property Revaluation Reserve \$'000	Investment and other reserves \$'000	Retained Earnings \$'000	Treasury Shares \$'000	Non-controlling Interests \$'000	Total \$'000
Balance at 1 January 2012	2,141,985	-	2,518,691	3,481,077	6,503,785	(9,090)	206,968	14,843,416
Total comprehensive income for the period	-	-	-	124,007	502,079	-	4,484	630,570
Dividends paid	-	-	-	-	(106,551)	-	-	(106,551)
Property revaluation gains	-	-	57,700	-	(57,700)	-	-	-
Balance at end of period	2,141,985	-	2,576,391	3,605,084	6,841,613	(9,090)	211,452	15,367,435

PAN-JAMAICAN INVESTMENT TRUST LIMITED
and its subsidiaries
Unaudited Consolidated Statement of Cash Flows
Three months ended 31 March 2012

	3-Months to March 2012 \$'000	3-Months to March 2011 \$'000
Net profit	506,599	478,841
Items not affecting cash		
Share of results of associated and joint venture companies	(373,152)	(332,530)
Fair value gains on investment properties	(57,700)	(72,544)
Gains on foreign currency denominated investments, net	(4,943)	(2,745)
Other	39,602	14,255
	<u>110,406</u>	<u>85,277</u>
Changes in operating assets and liabilities		
Other assets	(12,858)	36,059
Other liabilities	<u>(77,558)</u>	<u>(45,384)</u>
	19,990	75,952
Interest received	34,586	42,068
Interest paid	(19,227)	(37,833)
Income tax paid	<u>(61,591)</u>	<u>(63,193)</u>
Net cash (used in)/provided by operations	(26,242)	16,994
Cash flows from investing activities		
Acquisition of investment securities, net	174,189	13,805
Other investment activities	<u>(90,974)</u>	<u>(33,724)</u>
Net cash provided by/(used in) investing activities	<u>83,215</u>	<u>(19,919)</u>
Cash flows from financing activities		
Dividends paid to minority interests	-	(15,113)
Dividends paid to company stockholders	(106,551)	(54,817)
Other financing activities	<u>(30,517)</u>	<u>2,924</u>
Net cash used in financing activities	<u>(137,068)</u>	<u>(67,006)</u>
Net increase in cash and cash equivalents	(80,095)	(69,931)
Cash & cash equivalents at beginning of the period	<u>774,178</u>	<u>948,656</u>
Cash & cash equivalents at end of the period	<u><u>694,083</u></u>	<u><u>878,725</u></u>
Comprising of:		
Cash at bank and in hand	14,167	16,975
Short term deposits	102,402	9,579
Securities purchased under agreement to resell	596,795	858,737
Overdraft	<u>(19,281)</u>	<u>(6,566)</u>
	<u><u>694,083</u></u>	<u><u>878,725</u></u>

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

March 31, 2012

	Property Management & Rental \$'000	Investments \$'000	Other Services \$'000	Eliminations \$'000	Total \$'000
REVENUE					
External	359,863	18,481	14,975	-	393,319
Inter-segment	202	28,261	-	(28,463)	-
Total revenue	360,065	46,742	14,975	(28,463)	393,319
Segment results	154,751	11,788	10,222	-	176,761
Interest expense	(10,244)	(1,673)	-	-	(11,917)
	144,507	10,115	10,222		164,844
Share of results of associated and joint venture companies	-	373,152	-	-	373,152
Profit before taxation	144,507	383,267	10,222		537,996
Taxation	(29,268)	(1,702)	(427)	-	(31,397)
Net profit	115,239	381,565	9,795	-	506,599
	5,452,494	2,443,652	204,858	(616,871)	7,484,133
Associates and joint venture companies	-	8,683,511	149,140	-	8,832,651
Total assets	5,452,494	11,127,163	353,998	(616,871)	16,316,784
Segment liabilities	1,089,710	166,557	309,953	(616,871)	949,349

March 31, 2011

	Property Management & Rental \$'000	Investments \$'000	Other Service \$'000	Eliminations \$'000	Total \$'000
REVENUE					
External	350,908	51,289	12,300	-	414,497
Inter-segment	2,031	33,502	-	(35,533)	
Total revenue	352,939	84,791	12,300	(35,533)	414,497
Segment results	160,391	37,397	8,396	-	206,184
Interest expense	(6,259)	(21,226)	-	235	(27,250)
	154,132	16,171	8,396		178,934
Share of results of associated and joint venture companies	-	332,530	-	-	332,530
Profit before taxation	154,132	348,701	8,396		511,464
Taxation	(20,565)	(11,496)	(562)	-	(32,623)
Net profit	133,567	337,205	7,834	-	478,841
Segment assets	5,366,341	2,966,581	195,419	(448,726)	8,079,615
Associates and joint venture companies	-	7,445,005	-	-	7,445,005
Total assets	5,366,341	10,411,586	195,419	(448,726)	15,524,620
Segment liabilities	1,026,024	1,237,495	175,224	(448,726)	1,990,017

NOTE

Basis of Consolidation

The Financial Statements have been prepared in accordance with the accounting policies as disclosed in the audited financial statements for the year ended 31 December 2011.