Pan-Jamaican Investment Trust Limited

Financial Statements
31 December 2012

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Independent Auditors' Report

To the Members of
Pan-Jamaican Investment Trust Limited

Report on the Consolidated and Company Stand Alone Financial Statements

We have audited the accompanying consolidated financial statements of Pan-Jamaican Investment Trust Limited and its subsidiaries, set out on pages 1 to 96, which comprise the consolidated statement of financial position as at 31 December 2012, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and the accompanying financial statements of Pan-Jamaican Investment Trust Limited, standing alone, which comprise the statement of financial position as at 31 December 2012, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and Company Stand Alone Financial Statements

Management is responsible for the preparation of consolidated and company stand alone financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and company stand alone financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated and company stand alone 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 about whether the consolidated and company stand alone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and company stand alone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and company stand alone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated and company stand alone financial statements that give a true and fair view 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 consolidated and company stand alone 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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Opinion

In our opinion, the consolidated financial statements of Pan-Jamaican Investment Trust Limited and its subsidiaries, and the financial statements of Pan-Jamaican Investment Trust Limited standing alone, give a true and fair view of the financial position of Pan-Jamaican Investment Trust Limited and its subsidiaries and Pan-Jamaican Investment Trust Limited, standing alone as at 31 December 2012, and of their financial performance and cash flows for the year then ended, so far as concerns the members of Pan-Jamaican Investment Trust Limited 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 consolidated and company stand alone financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

PricewaterhouseCoopers

Chartered Accountants
1 March 2013
Kingston, Jamaica

Pan-Jamaican Investment Trust Limited

Consolidated Income Statement

Year ended 31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2012 $'000	2011 $'000
Income			
Investments	5	252,284	249,190
Property	6	1,289,099	1,369,813
Commissions		43,177	39,503
Other	7	97,243	85,686
		1,681,803	1,744,192
Operating expenses	8	(959,327)	(935,094)
Operating Profit		722,476	809,098
Finance costs	10	(186,706)	(87,738)
Share of results of joint venture		37,337	18,035
Share of results of associated companies		1,657,351	1,371,743
Profit before Taxation		2,230,458	2,111,138
Taxation	11	(123,119)	(135,578)
NET PROFIT		2,107,339	1,975,560
Attributable to:			
Owners of the parent		2,081,551	1,758,990
Non-controlling interests		25,788	216,570
		2,107,339	1,975,560
Earnings per stock unit attributable to owners of the parent during the year			
Basic and fully diluted	12	$9.77	$9.37

Pan-Jamaican Investment Trust Limited

Consolidated Statement of Comprehensive Income

Year ended 31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

	2012 $'000	2011 $'000
Net Profit for the year	2,107,339	1,975,560
Other Comprehensive Income		
Exchange differences on translating foreign operations	11,761	876
Unrealised gains on available-for-sale financial assets, net of taxation	8,123	31,881
Gains recycled to profit or loss on disposal and maturity of investment assets, net of taxation	(80,524)	(4,332)
Share of other comprehensive income of associated companies, net of taxation	157,508	10,233
Other Comprehensive Income for the year, net of taxation	96,868	38,658
TOTAL COMPREHENSIVE INCOME	2,204,207	2,014,218
Attributable to:		
Owners of the parent	2,178,567	1,768,038
Non-controlling interests	25,640	246,180
	2,204,207	2,014,218

Pan-Jamaican Investment Trust Limited

Consolidated Statement of Financial Position

31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2012 $'000	2011 $'000
ASSETS			
Cash and Bank Balances	13	41,721	16,081
Investments			
Deposits	13	896,092	176,938
Investment securities:			
Financial assets at fair value through profit and loss	14	112,057	277,867
Available-for-sale	14	810,573	1,447,840
Loans and receivables	14	141,563	7,309
		1,064,193	1,733,016
Securities purchased under agreements to resell	15	862,757	593,873
Investment properties	16	4,366,940	4,201,355
Investment in joint venture	17	199,920	74,062
Investment in associated companies	17	12,922,232	8,209,062
		20,312,134	14,988,306
Other assets			
Taxation recoverable		68,681	64,789
Deferred tax assets	18	336	107
Prepayment and miscellaneous assets	19	613,271	469,301
Property, plant and equipment	20	354,695	356,386
Retirement benefit assets	21	41,593	28,152
		1,078,576	918,735
		21,432,431	15,923,122

Pan-Jamaican Investment Trust Limited

Consolidated Statement of Financial Position (Continued)

31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2012 $'000	2011 $'000
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity			
Capital and Reserves Attributable to Owners of the Parent			
Share capital	26	2,141,985	2,141,985
Property revaluation reserve	28	2,675,311	2,518,691
Investment and other reserves	29	3,621,237	3,481,077
Retained earnings		7,991,847	6,503,785
Treasury stock		(9,899)	(9,090)
		16,420,481	14,636,448
Non-controlling interests		230,259	206,968
		16,650,740	14,843,416
Liabilities			
Bank overdrafts	13	-	9,499
Taxation payable		119,536	43,666
Due to related parties	22	-	5,225
Loan liabilities	23	4,212,726	532,214
Finance lease liability	24	13,799	12,416
Deferred tax liabilities	18	99,143	164,833
Retirement benefit liabilities	21	92,466	81,107
Other liabilities	25	244,021	230,746
		4,781,691	1,079,706
		21,432,431	15,923,122

Approved for issue by the Board of Directors on 1 March 2013 and signed on its behalf by:

Maurice W. Facey Director	Stephen B. Facey Director

Pan-Jamaican Investment Trust Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

		\------------------------------------Attributable to Owners of the Parent					------------\		
	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
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	30	-	-	-	-	(300,209)	-	-	(300,209)
Dividends paid to non-controlling interest		-	-	-	-	-	-	(30,226)	(30,226)
Shares issued on acquisition of non-controlling interest	17	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	27	-	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 Changes in Equity

Year ended 31 December 2012

(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 2012		2,141,985	-	2,518,691	3,481,077	6,503,785	(9,090)	206,968	14,843,416
Comprehensive income									
Net profit		-	-	-	-	2,081,551	-	25,788	2,107,339
Other comprehensive income:		-	-	-	97,016	-	-	(148)	96,868
Total comprehensive income for the year		-	-	-	97,016	2,081,551	-	25,640	2,204,207
Transactions with owners									
Dividends paid to equity holders of the company	30	-	-	-	-	(436,869)	-	-	(436,869)
Dividends paid to non-controlling interest		-	-	-	-	-	-	(24,000)	(24,000)
Dilution of shareholding in subsidiary					43,144	-	-	21,651	64,795
Acquisition of treasury stock		-	-	-	-	-	(809)	-	(809)
Total transactions with owners		-	-	-	43,144	(436,869)	(809)	(2,349)	(396,883)
Transfer of unrealised property revaluation gains		-	-	156,620	-	(156,620)	-	-	-
Balance at 31 December 2012		2,141,985	-	2,675,311	3,621,237	7,991,847	(9,899)	230,259	16,650,740

Pan-Jamaican Investment Trust Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2012 $'000	2011 $'000
Cash Flows from Operating Activities	31	423,127	416,511
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	20	(35,958)	(155,390)
Improvements to investment properties	16	(5,202)	(5,726)
Proceeds from disposal of property, plant and equipment		6,437	3,119
Acquisition of shares in associated companies	17	(3,498,573)	-
Acquisition of treasury stock		(809)	-
Cost associated with issue of shares		-	(19,852)
Investment in joint venture		(71,061)	(56,027)
Dividends from associated companies		614,872	605,796
Disposal of investment securities, net		657,759	509,192
Advances on future developments		(282,439)	-
Net cash (used in)/provided by investing activities		(2,614,974)	881,112
Cash Flows from Financing Activities			
Due to related parties		(5,225)	-
Loans received		3,709,265	705,267
Loans repaid		(165,668)	(1,765,224)
Interest paid		(48,036)	(87,069)
Cash received on third party equity injection in a subsidiary		64,795	-
Finance lease, net		1,383	2,572
Dividends paid to non-controlling interest		(24,000)	(30,226)
Dividends paid to equity holders	30	(436,869)	(300,209)
Net cash provided by/(used in) by financing activities		3,095,645	(1,474,889)
Net increase/(decrease) in cash and cash equivalents		903,798	(177,266)
Effect of exchange rate changes on cash and cash equivalents		23,932	2,788
Cash and cash equivalents at beginning of year		774,178	948,656
CASH AND CASH EQUIVALENTS AT END OF YEAR	13	1,701,908	774,178

Pan-Jamaican Investment Trust Limited

Company Income Statement

Year ended 31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2012 $'000	2011 $'000
Income			
Investments	5	881,465	1,403,330
Management fees	7	35,628	14,612
Miscellaneous	7	182	383
		917,275	1,418,325
Expenses			
Operating expenses	8	253,031	181,784
Finance costs	10	117,732	61,536
		370,763	243,320
Profit before Taxation		546,512	1,175,005
Taxation	11	(35,842)	(13,920)
NET PROFIT		510,670	1,161,085
Attributable to:			
Owners of the company		510,670	1,097,893
Non-controlling interests		-	63,192
		510,670	1,161,085

Pan-Jamaican Investment Trust Limited

Company Statement of Comprehensive Income

Year ended 31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

	2012 $'000	2011 $'000
Net Profit for the year	510,670	1,161,085
Other Comprehensive Income		
Unrealised gain on available-for-sale financial assets, net of taxation	11,580	181
Gains recycled to profit or loss on disposal and maturity of investment assets, net of taxation	(62,590)	(4,332)
	(51,010)	(4,151)
TOTAL COMPREHENSIVE INCOME	459,660	1,156,934
Attributable to:		
Owners of the company	459,660	1,088,185
Non-controlling interests	-	68,749
	459,660	1,156,934

Pan-Jamaican Investment Trust Limited

Company Statement of Financial Position

31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2012 $'000	2011 $'000
ASSETS			
Cash and Bank Balances	13	18,624	4,587
Investments			
Deposits	13	734,068	114,123
Investment securities			
Financial assets at fair value through profit and loss	14	-	7,628
Available-for-sale	14	623,842	976,523
Loans and receivables	14	457,350	314,185
		1,081,192	1,298,336
Securities purchased under agreements to resell	15	525,999	241,780
Investment in subsidiaries	17	301,207	211,110
Investment in associated companies	17	7,303,601	3,790,418
		9,946,067	5,655,767
Other Assets			
Due from related parties	22	63,579	348,568
Taxation recoverable		59,546	54,959
Prepayment and miscellaneous assets	19	63,136	253,942
Property, plant and equipment	20	25,150	26,910
Retirement benefit assets	21	41,593	28,152
		253,004	712,531
		10,217,695	6,372,885

Pan-Jamaican Investment Trust Limited

Company Statement of Financial Position (Continued)

31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2012 $'000	2011 $'000
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity			
Share capital	26	2,141,985	2,141,985
Investment and other reserves	29	1,311,997	1,363,007
Retained earnings		2,617,199	2,543,655
		6,071,181	6,048,647
Liabilities			
Taxation payable		56,598	673
Due to related parties	22	217,411	158,529
Loan liabilities	23	3,717,061	8,267
Finance lease liability	24	4,210	-
Deferred tax liability	18	6,217	26,300
Retirement benefit liabilities	21	48,097	46,631
Other liabilities	25	96,920	83,838
		4,146,514	324,238
		10,217,695	6,372,885

Approved for issue by the Board of Directors on 1 March 2013 signed on its behalf by:

Maurice W. Facey — Director

Stephen B. Facey — Director

Pan-Jamaican Investment Trust Limited

Company Statement of Changes in Equity

Year ended 31 December 2012

(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 2011		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	30	-	-	-	(302,971)	-	(302,971)
Dividends paid to non-controlling interest		-	-	-	-	(30,958)	(30,958)
Disposal of treasury stock		-	-	899	-	-	899
Stock compensation expense	27	-	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
Comprehensive income							
Net profit		-	-	-	510,670	-	510,670
Other comprehensive income:		-	-	(51,010)			(51,010)
Total comprehensive income		-	-	(51,010)	510,670	-	459,660
Transactions with owners							
Dividends paid	30				(437,126)	-	(437,126)
Total transactions with owners		-	-	-	(437,126)	-	(437,126)
Balance at 31 December 2012		2,141,985	-	1,311,997	2,617,199	-	6,071,181

Pan-Jamaican Investment Trust Limited

Company Statement of Cash Flows

Year ended 31 December 2012

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2012 $'000	2011 $'000
Cash Flows from Operating Activities	31	767,067	1,064,051
Cash Flows from Investing Activities			
Subscription for additional shares in subsidiary		(79,453)	-
Acquisition of shares in associated companies	17	(3,498,573)	-
Acquisition of property, plant and equipment	20	(4,536)	(10,642)
Cost associated with issue of share capital		-	(19,852)
Disposal of investment securities		317,265	443,143
Net cash (used in)/provided by investing activities		(3,265,297)	412,649
Cash Flows from Financing Activities			
Related parties		240,255	35,186
Loans received		3,601,201	695,567
Loans repaid		(2,938)	(1,761,511)
Interest paid		(5,149)	(53,210)
Finance lease received/(repaid)		4,210	(180)
Dividends paid to non-controlling interest		-	(30,958)
Dividends paid to shareholders	30	(437,126)	(302,971)
Net cash provided by/(used in) financing activities		3,400,453	(1,418,077)
Net increase in cash and cash equivalents		902,223	58,623
Effect of exchange rate changes on cash and cash equivalents		15,409	(538)
Cash and cash equivalents at beginning of year		360,490	302,405
CASH AND CASH EQUIVALENTS AT END OF YEAR	13	1,278,122	360,490

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 activities 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 then 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.

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements
31 December 2012
(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	Property Management and Development	100%	-
Jamaica Property Development Limited	Property Development	-	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	50%	-
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	32.78%	-
Impan Properties Limited	Office Rental	-	20%
New Castle Company Limited (Incorporated in St. Lucia)	Consumer Products	25%	-
Chukka Caribbean Adventures Limited (Incorporated in St. Lucia)	Tourism	20%	-
Caribe Hospitality Jamaica Limited	Hotel Property Developers	35%	-
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 of the company's subsidiaries and associated companies are incorporated and domiciled in Jamaica, except as otherwise indicated.

(f) On 13 July 2012, the group acquired an additional 7.98% of the share capital of its associated company, Sagicor Life Jamaica Limited increasing its share of ownership from 24.8% to 32.78%.

(g) During the year the group acquired a 20% holding in Chukka Caribbean Adventures Limited, a company within the tourism sector as well as a 35% holding in Caribe Hospitality Jamaica Limited, a property development company. The effective dates of these transactions were 1 May 2012 and 25 May 2012 respectively.

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. During 2012, Scotts Preserves Limited issued ordinary shares to New Castle Limited, thereby diluting the group's shareholding from 100% to 50%.

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 judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Amendments to published standards effective 1 January 2012 that are relevant to the group's operations

There were no amendments or revisions to published standards which impacted the financial statements of the group for the current financial year.

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 2012 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:

- **Amendment to IAS 1, 'Presentation of Financial Statements'**, regarding other comprehensive income, effective for annual periods beginning on or after 1 July 2012. The main change resulting from this amendment is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment does not address which items are presented in OCI. Management is currently assessing the impact of this amendment.

- **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 losses in other comprehensive income as they occur; to recognize immediately all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount 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 IAS 1, 'Presentation of Financial Statements'**, regarding other comprehensive income, effective for annual period beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment does not address which items are presented in OCI.

- **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. Management is assessing the impact of adoption of the standard on the group.

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 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 arrangements: 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, but it is not expected to have any significant 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 and it will result in expanded disclosure in the financial statements.

- **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 January 2013 and it will result in expanded disclosure in the financial statements.

(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 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 (in the event that their accounting year ends more than three months prior to 31 December) 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 accounting 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.

Pan-Jamaican Investment Trust Limited

Notes to the Financial Statements
31 December 2012
(expressed in Jamaican dollars unless otherwise indicated)

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 recognised in other comprehensive income.

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 or equity, in which case they are also charged or credited to other comprehensive income or equity. Taxation is based on profit for the year adjusted for taxation purposes at rates applicable to the year.

(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 rates enacted at the year end date.

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 34.

(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 excluding 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 financial assets 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 34.

(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 recognised in the income statement.

2. Summary of Significant Accounting Policies (Continued)

(h) Investments (continued)

(i) Investment securities (continued)

(c) Loans and receivables

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 at annual rates, 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 options or shares 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 or shares 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 or shares that are expected to become exercisable. At each statement of financial position date, the group reviews its estimates of the number of options or shares that are expected to become exercisable or share grants which will be vested. 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 or share grants are vested.

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 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 34 of the financial statements.

(iii) Impairment of investment securities and investment in associated and joint venture 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 or joint venture 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 and joint venture 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 and joint venture 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 and joint venture 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 Government of Jamaica 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, rent rates, a discount rate, and the current condition of the properties. A change in any of these assumptions and factors could have a significant impact on the valuation of investment properties.

The assumptions to which the values are most sensitive are the occupancy levels, as reflected in the vacancy factor and the discount rate. Should the vacancy factor used increase/decrease by 0.25% the value of investment properties would increase/decrease by $11,000,000. Should the discount rate increase/decrease by 1.0% the value of investment properties would increase/decrease by $358,000,000.

(vi) Value for intangible assets ascribed to investment in associated companies

As required by IFRS, acquisitions of shareholdings in associated companies require the performance of purchase price allocations to determine the fair value of the group's share of the net identifiable assets acquired. The determination of these fair values requires the use of various estimates, inclusive of earnings multiples, growth rates and discount factors. It also requires the use of judgement in determining the valuation technique which best suits the particular asset being valued. Should these estimates or valuation methods change, there could be a material change to the carrying value for investment in associated companies.

For certain acquisitions of investments in associated companies in the current year, the group has utilized certain provisions in IFRS 3, which allow for a provisional determination of the fair values of the group's share of the net assets acquired. IFRS 3 requires previous year's financial statements to be restated if, on finalization in the subsequent financial year, the fair value so determined is different from the value provisionally booked.

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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 executive committee 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.

	2012				
	Property Management & Rental	**Investments**	**Other Services**	**Eliminations**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
External operating revenue	1,449,500	133,298	99,005	-	1,681,803
Inter-group revenue	5,939	142,437	-	(148,376)	-
Total revenue	1,455,439	275,735	99,005	(148,376)	1,681,803
Operating profit	644,107	96,949	72,341	(90,921)	722,476
Finance costs	(147,910)	(116,245)	(7,318)	84,767	(186,706)
	496,197	(19,296)	65,023	(6,154)	535,770
Share of results of associated companies and joint venture	-	1,694,688	-	-	1,694,688
Profit before taxation	496,197	1,675,392	65,023	(6,154)	2,230,458
Taxation	(89,836)	(23,764)	(9,519)		(123,119)
Net profit	406,361	1,651,628	55,504	(6,154)	2,107,339
Segment assets	5,679,062	2,813,755	169,159	(351,697)	8,310,279
Investment in associated companies and joint venture	-	12,922,232	199,920	-	13,122,152
Total assets	5,679,062	15,735,987	369,079	(351,697)	21,432,431
Segment liabilities	1,100,725	3,925,916	106,747	(351,697)	4,781,691
Other segment items:					
Capital expenditure	31,422	4,536	-	-	35,958
Depreciation	17,333	6,296	-	-	23,629

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4. Segmental Financial Information (Continued)

	2011				
	Property Management & Rental	**Investments**	**Other Services**	**Eliminations**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
External operating revenue	1,513,736	176,872	53,584	-	1,744,192
Inter-group revenue	23,137	670,927	853	(694,917)	-
Total revenue	1,536,873	847,799	54,437	(694,917)	1,744,192
Operating profit	647,538	123,748	37,812		809,098
Finance costs	(39,399)	(61,538)	-	13,199	(87,738)
	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	159,751	278,868	(503,135)	1,079,706
Other segment items:					
Capital expenditure	144,748	10,642	-	-	155,390
Depreciation	9,831	4,224	-	-	14,055

Revenue is recognised by each segment on the accrual basis.

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5. Investment Income

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Income				
Interest income -				
Available-for-sale investments	45,978	106,848	19,352	67,893
Loans and receivables	28,490	-	97,983	126,692
Securities purchased under agreement to resell and deposits	32,655	42,662	8,608	15,432
Realised gains on disposal of investments, net	61,679	41,773	68,027	41,552
Fair value gains on financial assets at fair value through profit and loss	305	35,617	-	3,030
Impairment charge on available-for-sale investments	(8,546)	(14,564)	(8,546)	(14,564)
Foreign exchange gains	52,035	11,335	32,717	5,217
Dividends	39,658	33,553	663,382	1,166,683
Other	164	636	31	37
	252,418	257,860	881,554	1,411,972
Direct expenses				
Investment expense	(134)	(8,670)	(89)	(8,642)
	252,284	249,190	881,465	1,403,330

6. Property Income

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Rental income (Note 16)	1,136,299	1,070,144	-	-
Fair value gains on property valuation (Note16)	152,800	299,669	-	-
	1,289,099	1,369,813	-	-

7. Other Income

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Management fees	69,812	39,558	35,628	14,612
Miscellaneous income	27,431	46,128	182	383
	97,243	85,686	35,810	14,995

8. Operating Expenses by Nature

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Direct cost of property management (Note 16)	571,249	538,998	-	-
Staff costs (Note 9)	149,061	149,117	37,303	39,711
Directors fees	58,072	51,802	40,229	35,207
Professional fees	57,545	67,776	31,198	44,092
Auditor's remuneration	14,398	12,900	5,817	5,437
Information technology services	14,775	14,425	2,092	1,522
Office expense	8,582	9,519	1,807	2,968
Public relations, advertising and promotion	2,460	4,560	1,649	3,492
Donations	20,499	18,309	15,010	12,457
Bad debts	9,710	660	90,921	-
Depreciation	23,629	14,055	6,296	4,224
Other	29,347	52,973	20,709	32,674
	959,327	935,094	253,031	181,784

Included in operating expenses for the company is $90,921,000 (2011 - $nil) due from subsidiaries written off as bad debts.

9. Staff Costs

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Wages and salaries	103,198	92,848	33,972	20,647
Statutory contributions	10,275	8,978	3,519	2,572
Pension – funded (Note 21(a))	(10)	15,301	(11,521)	5,284
Pension – unfunded (Note 21(b))	1,091	1,352	1,091	1,352
Other post-employment benefits (Note 21(c))	15,171	10,376	3,994	3,053
Stock compensation expense (Note 27)	-	2,503	-	460
Other	19,336	17,759	6,248	6,343
	149,061	149,117	37,303	39,711

10. Finance Costs

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Interest expense	152,701	79,017	113,359	55,050
Foreign exchange losses	29,408	3,003	278	969
Commitment fee	4,597	5,718	4,095	5,517
	186,706	87,738	117,732	61,536

11. Taxation

(a) Composition of tax charge

The taxation charge/(credit) for the year is comprised of:

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Current income tax at 33⅓%	185,196	95,220	55,925	11,855
Deferred income taxes (Note 18)	(62,077)	40,358	(20,083)	2,065
	123,119	135,578	35,842	13,920

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 $14,504,000 (2011 - $25,000,000).

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11. Taxation (Continued)

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

	The Group		The Company	
	2012 $'000	**2011 $'000**	**2012 $'000**	**2011 $'000**
Current income tax				
Profit before tax	2,230,458	2,111,138	546,512	1,175,005
Tax at 33 ⅓%	743,486	703,713	182,171	391,668
Adjusted for the effects of:				
Income not subject to tax	(97,849)	(147,466)	(106,333)	(406,477)
Adjustment for different tax rate	6,058	-	(103,846)	-
Share of associates' profit included net of tax	(564,896)	(463,259)	-	-
Expenses not deductible for tax purposes	43,967	22,873	66,386	19,884
Other charges and credits	(7,647)	19,713	(2,536)	8,845
Income tax expense	123,119	135,578	35,842	13,920

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

At the end of the financial year, the Government of Jamaica enacted legislation to change the rate of corporation tax for certain companies (including the company and its Jamaican subsidiaries) to 25%, down from 331/3%. The rate of 25% was therefore used to calculate deferred taxes at 31 December 2012.

Subsequent to the end of the financial year, the Government of Jamaica announced its intention to increase the rate of tax to 30% on companies with revenues in excess of $500,000,000 per annum through the introduction of a surtax. As this was not substantively enacted at the end of the financial year, it was not used in the calculation of deferred taxes. Had this rate of taxation been used in the calculation for deferred tax for all entities within the group to which it would apply, the deferred tax credit for 31 December 2012 would have been reduced, and the total income tax charge and deferred tax liability increased by $16,504,000.00.

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11. Taxation (Continued)

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

	The Group			The Company		
At 31 December 2012	**Before Tax $'000**	**Tax Charge $'000**	**After Tax $'000**	**Before Tax $'000**	**Tax Charge $'000**	**After Tax $'000**
Exchange differences on translating foreign operations	11,761	-	11,761	-	-	-
Fair value gains/(losses) on available-for-sale financial assets	(76,243)	3,842	(72,401)	(51,010)	-	(51,010)
Share of other comprehensive income of associated companies	157,508	-	157,508	-	-	-
Other comprehensive income	93,026	3,842	96,868	(51,010)	-	(51,010)
Current income tax		-				
Deferred income tax (Note 18)		3,842			-	
		3,842			-	

	The Group			The Company		
At 31 December 2011	**Before Tax $'000**	**Tax Charge $'000**	**After Tax $'000**	**Before Tax $'000**	**Tax Charge $'000**	**After Tax $'000**
Exchange differences on translating foreign operations	876	-	876			
Fair value gains on available-for-sale financial assets	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 18)		551			-	
		551			-	

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12. 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. At the end of the financial year the group had a weighted average of 130,340 treasury stock units.

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 2012 and 2011 financial years, there were no potentially dilutive ordinary shares

	2012	**2011**
Net profit attributable to stockholders ($'000)	2,081,551	1,758,990
Weighted average number of stock units in issue (thousands)	213,102	187,704
Basic and fully diluted earnings per stock unit ($)	$9.77	$9.37

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

	2012	**2011**
	$'000	**$'000**
Net Profit		
The company	510,670	1,161,085
Associated companies and joint venture	1,079,816	783,982
Subsidiaries	516,853	30,493
	2,107,339	1,975,560

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

13. 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	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Cash and bank balances	41,721	16,081	18,624	4,587
Deposits	896,092	176,938	734,068	114,123
Securities purchased under agreements to resell (Note 15)	862,757	593,873	525,999	241,780
	1,800,570	786,892	1,278,691	360,490
Less amounts with original terms to maturity over 90 day and hypothecated balances				
Deposits	(97,265)	(11,514)	-	-
Securities purchased under agreements to resell	(1,397)	(1,200)	(569)	-
Cash and Cash Equivalents	1,701,908	774,178	1,278,122	360,490

Security for the bank overdrafts includes certain specific investments. The effective interest rate on the overdraft facility was 16.4% (2011 – 17%).

14. Investment Securities

	The Group		The Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Financial assets at fair value through profit and loss:				
Equity securities-quoted	112,057	277,867	-	7,628
	112,057	277,867	-	7,628
Available-for-sale at fair value:				
Debt securities -				
Government of Jamaica	105,272	574,999	4,511	198,387
Other Government	95,922	38,241	-	38,241
Corporate	134,660	273,169	134,660	168,544
Equity securities	474,719	561,431	484,671	571,351
	810,573	1,447,840	623,842	976,523
Loans and receivables	141,563	7,309	457,350	314,185

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 $14,805,000 and $8,270,000 (2011 - $18,261,000 and $10,962,000) for the group and the company.

Certain of the group's investment securities were impaired as at 31 December, for which impairment charges totaling $8,546,000 (2011 - $38,886,000) were recorded.

Loans and receivables for the group and the company were all with related parties and include interest receivable of $3,750,000 (2011 - $nil) and $13,118,000 (2011 - $7,804,000) for the group and company respectively.

Current portion of investment securities was $15,848,000 (2011 - $195,338,000) for the group and $9,187,000 (2011 - $168,712,000) for the company.

15. 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 (Note 13). All amounts were due within 12 months.

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16. Investment Properties

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	4,201,355	3,888,690	-	-
Improvements	5,202	5,726	-	-
Transferred from capital work-in-progress (Note 20)	9,547	8,523	-	-
Disposal	(1,964)	(1,253)	-	-
Fair value gains (Note 6)	152,800	299,669	-	-
At 31 December	4,366,940	4,201,355	-	-

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

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Rental income (Note 6)	1,136,299	1,070,144	-	-
Direct costs (Note 8)	(571,249)	(538,998)	-	-

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. (See note 6). Certain of the group's investment property has been pledged as collateral for some of the group's loan facilities, as discussed in Note 23.

17. Investment in Subsidiaries and Associated Companies

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Subsidiary companies -				
Balance at 1 January	-	-	211,110	211,110
Equity injection in a subsidiary during the year.	-	-	90,097	-
Balance at 31 December	-	-	301,207	211,110

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17. Investment in Subsidiaries and Associated Companies (Continued)

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Associated companies -				
Sagicor Life Jamaica Limited				
Shareholding at cost	6,661,717	3,590,599	6,661,717	3,590,599
Share of profit	8,181,384	6,529,355	-	-
Dividends received	(3,181,188)	(2,574,714)	-	-
Share of reserves	496,397	338,888	-	-
Gain on dilution of holding	38,936	38,936	-	-
	12,197,246	7,923,064	6,661,717	3,590,599
Hardware and Lumber Limited				
Shareholding at cost	22,296	22,296	22,296	22,296
Share of losses	(16,233)	(21,645)	-	-
Dividends received	(7,494)	(5,389)	-	-
Impairment loss	(85,071)	(85,071)	-	-
Share of capital reserves	155,684	155,684	-	-
	69,182	65,875	22,296	22,296
New Castle Company Limited				
Shareholding at cost	177,523	177,523	177,523	177,523
Share of profit	45,501	43,454	-	-
	223,024	220,977	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)	(8,877)	-	-
	(854)	(854)	-	-
Caribe Hospitality Jamaica Limited				
Shareholding at cost	96,210	-	96,210	-
Share of loss	(9,423)	-	-	-
	86,787	-	96,210	-

17. Investment in Subsidiaries and Associated Companies (Continued)

	The Group		The Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Chukka Caribbean Adventures Limited				
Shareholding at cost	345,855	-	345,855	-
Share of profit	7,285	-	-	-
Dividends received	(6,293)	-	-	-
	346,847	-	345,855	-
	12,922,232	8,209,062	7,303,601	3,790,418
Comprising:				
Share of net assets	10,945,112	7,304,810	-	-
Intangibles assets (including goodwill)	1,977,120	904,252	-	-
	12,922,232	8,209,062	-	-

A portion of the group's shareholding in Sagicor has been pledged as collateral for loan liabilities, as discussed in Note 23 of the financial statements.

Acquisition of Additional Investments

(a) On July 13, 2012 the company acquired approximately 300 million stock units of its associated company, Sagicor Life Jamaica Limited for a purchase consideration of $3,071,118,000, bringing its share of ownership from 24.81% to 32.78%. Included in the carrying value for the investment acquired in this financial year are intangible assets valued at $639,395,000, the value for which has been determined provisionally, as allowed by IFRS 3. Should the finalized determination of the value of these intangibles in the next financial year be a materially different value, the financial statements will have to be restated during the next financial year. Goodwill of $164,386,000, also provisional determined, also forms part of this balance.

(b) On May 1, 2012 the company acquired a 20% shareholding in Chukka Caribbean Adventures Limited for a purchase consideration of US$4,000,000 ($345,855,000). Included in the carrying value for the investment acquired in this financial year are intangible assets valued at $111,677,000, the value for which has been determined provisionally, as allowed by IFRS 3. Should the finalized determination of the value of these intangibles in the next financial year be a materially different value, the financial statements will have to be restated during the next financial year. Goodwill of $156,962,000, also provisionally determined, also forms part of the balance.

(c) On May 25, 2012 the company subscribed for a 35% shareholding in Caribe Hospitality Investment Limited (a start up entity) for a subscription amount of $96,210,000.

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17. Investment in Subsidiaries and Associated Companies (Continued)

(d) In 2011, 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.

The assets, liabilities, revenue and net profit or (loss) of the associates as at and for the years ended 31 December 2012 and 2011 are as follows:

	Assets $'000	Liabilities $'000	Revenue $'000	Net Profit/(loss) $'000
2012				
Sagicor Life Jamaica Limited	175,193,812	140,792,915	31,475,259	5,790,660
Hardware and Lumber Limited	2,519,202	1,524,644	6,284,052	27,182
New Castle Company Limited	1,225,904	297,324	370,549	30,627
Chukka Caribbean Adventures Limited	1,844,712	1,169,552	1,324,423	36,179
Caribe Hospitality Jamaica Limited	344,404	89,145	-	(26,617)
Impan Properties Limited	44,126	4,021	-	-
	181,172,160	143,877,601	39,454,283	5,858,031
2011				
Sagicor Life Jamaica Limited	161,098,533	131,045,325	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	35,364,886	5,576,334

17. Investment in Subsidiaries and Associated Companies (Continued)

Investment in Joint Venture

In 2011, through its subsidiary Scotts Preserves Limited, the group 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 investment in joint venture was as follows:

	2012 $'000	**2011 $'000**
Shareholding at cost	56,027	56,027
Loan	88,521	-
Share of profit	55,372	18,035
	199,920	74,062

The assets, liabilities and revenue of the joint venture at year end were: Assets - $697,199,000 (2011 - $532,820,000), liabilities - $566,456,000 (2011 - $484,803,000), revenue - $736,245,000 (2011 - $719,575,000)

18. Deferred Income Taxes

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 25% for 2012 and 33 1/3% for 2011. The use of 25% for 2012 is a consequence of enactment of legislation, at the year end, to change the rate of corporation tax to 25%. (See note 11(b)).

Deferred tax assets and liabilities recognised on the statement of financial position are as follows:

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets	336	107	-	-
Deferred tax liabilities	(99,143)	(164,833)	(6,217)	(26,300)
Net liability	(98,807)	(164,726)	(6,217)	(26,300)

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

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 January	(164,726)	(124,919)	(26,300)	(24,235)
Tax credited/(charged) to income statement (Note 11)	62,077	(40,358)	20,083	(2,065)
Tax credited to components of other comprehensive income (Note 11)	3,842	551	-	-
Balance at 31 December	(98,807)	(164,726)	(6,217)	(26,300)

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18. 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	Interest payable $'000	Stock compensation provision $'000	Unutilised tax losses $'000	Other $'000	Total $'000
Deferred income tax assets						
At 1 January 2011	13,959	2,530	14,813	3,349	5,031	39,682
Credited/(charged) to the income statement	6,916	3,500	2,563	(1,876)	(2,387)	8,716
At 31 December 2011	20,875	6,030	17,376	1,473	2,644	48,398
Credited/(charged) to the income statement	615	146	(3,358)	-	5,085	2,488
At 31 December 2012	21,490	6,176	14,018	1,473	7,729	50,886

	The Group						
	Property, plant and equipment $'000	Pension benefits $'000	Investment property $'000	Interest receivable $'000	Unrealised foreign exchange gains $'000	Investment securities $'000	Total $'000
Deferred income tax liabilities							
At 1 January 2011	81	822	117,130	9,283	32,877	4,408	164,601
Charged/(credited) to the income statement	167	14,720	24,835	(2,777)	(6,560)	18,689	49,074
Credited to other comprehensive income	-	-	-	-	-	(551)	(551)
At 31 December 2011	248	15,542	141,965	6,506	26,317	22,546	213,124
Charged/(credited) to the income statement	27	(3,518)	(24,801)	5,050	(22,115)	(14,232)	(59,589)
Credited to other comprehensive income	-	-	-	-	-	(3,842)	(3,842)
At 31 December 2012	275	12,024	117,164	11,556	4,202	4,472	149,693

18. 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 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
Credited/(charged) to income statement	1,015	(919)	5	-	(389)	(288)
At 31 December 2012	10,398	488	20	-	2,802	13,708

	The Company				
	Property, plant and equipment $'000	Pension benefits $'000	Interest receivable $'000	Unrealised foreign exchange gains $'000	Total $'000
Deferred income tax liabilities					
At 31 December 2010	81	822	6,708	23,045	30,656
Charged/(credited) to the income statement	167	14,720	(2,441)	(2,806)	9,640
At 31 December 2011	248	15,542	4,267	20,239	40,296
Charged/(credited) to income statement	26	(3,518)	1,037	(17,916)	(20,371)
At 31 December 2012	274	12,024	5,304	2,323	19,925

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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18. Deferred Income Taxes (Continued)

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

	The Group		The Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Deferred tax assets to be recovered after more than 12 months	21,490	20,875	13,200	9,383
Deferred tax assets to be recovered within 12 months	21,412	8,129	508	4,613
	42,902	29,004	13,708	13,996
Deferred tax liabilities to be settled after more than 12 months	129,188	157,507	14,621	15,790
Deferred tax liabilities to be settled within 12 months	12,521	36,223	5,304	24,506
	141,709	193,730	19,925	40,296
Net liability	(98,807)	(164,726)	(6,217)	(26,300)

19. Prepayment and Miscellaneous Assets

	The Group		The Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Trade receivables	49,315	62,746	-	-
Inventories	3,916	3,526	-	-
Managed properties fees receivable	15,436	27,093	-	-
Prepaid expenses	37,572	33,279	15,212	14,721
Other receivables	98,735	200,284	19,860	139,016
Deposits	366,129	100,205	28,064	100,205
Land awaiting development	42,168	42,168	-	-
	613,271	469,301	63,136	253,942

The current portion of miscellaneous assets amounted to $218,359,000 (2011 - $173,837,000) for the Group and $52,373,000 (2011 - $33,336,000) for the company.

Included in other receivables are amounts due from related parties totaling $32,337,000 (2011 - $137,813,000) for the group and $0 (2011 - $137,813,000) for the company.

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20. Property, Plant and Equipment

		The Group						
	Note	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 2011		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
Additions		-	-	15,225	4,369	3,375	12,989	35,958
Disposals		-	-	(2,235)	-	(3,225)	(228)	(5,688)
Transfers	16	-	-	363	-	-	(9,910)	(9,547)
31 December 2012		65,964	14,325	269,381	22,280	53,840	15,415	441,205
Accumulated Depreciation -								
1 January 2011		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
Charge for year		723	-	10,703	734	11,469	-	23,629
Relieved on disposal		-	-	-	-	(1,215)	-	(1,215)
31 December 2012		9,368	9,711	32,505	5,611	29,315	-	86,510
Net Book Value -								
31 December 2012		56,596	4,614	236,876	16,669	24,525	15,415	354,695
31 December 2011		57,319	4,614	234,226	13,034	34,629	12,564	356,386

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20. Property, Plant and Equipment (Continued)

	The Company				
	Leasehold Improvements	**Furniture & Fixtures**	**Assets Capitalised under Finance Leases**	**Motor Vehicles**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
At Cost -					
1 January 2011	199	6,140	7,826	17,817	31,982
Additions	-	-	-	10,642	10,642
31 December 2011	199	6,140	7,826	28,459	42,624
Additions	-	168	4,368	-	4,536
31 December 2012	199	6,308	12,194	28,459	47,160
Accumulated Depreciation -					
1 January 2011	199	3,538	6,796	957	11,490
Charge for the year	-	337	515	3,372	4,224
31 December 2011	199	3,875	7,311	4,329	15,714
Charge for the year	-	63	733	5,500	6,296
31 December 2012	199	3,938	8044	9,829	22,010
Net Book Value -					
31 December 2012	-	2,370	4,150	18,630	25,150
31 December 2011	-	2,265	515	24,130	26,910

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21. 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 2012.

The amounts recognised in the statement of financial position comprise:

	The Group		The Company	
	2012 $'000	**2011 $'000**	**2012 $'000**	**2011 $'000**
Assets				
Funded pension obligations (Note 20(a))	41,593	28,152	41,593	28,152
Liabilities				
Unfunded pension obligations (Note 21(b))	12,792	13,316	12,792	13,316
Other (Note 21(c))	79,674	67,791	35,305	33,315
	92,466	81,107	48,097	46,631

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

	The Group		The Company	
	2012 $'000	**2011 $'000**	**2012 $'000**	**2011 $'000**
Pension obligations - funded (Note 21(a))	(10)	15,301	(11,521)	5,284
Pension obligations – unfunded (Note 21(b))	1,091	1,352	1,091	1,352
Other post-employment obligations:				
Medical and life insurance (Note 21(c))	15,171	10,376	3,994	3,053
	16,252	27,029	(6,436)	9,689

21. Retirement Benefit (Continued)

(a) Funded pension obligations

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

	The Group		The Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Present value of funded obligations	484,449	377,902	138,529	121,700
Fair value of plan assets	(644,914)	(594,419)	(394,747)	(375,255)
	(160,465)	(216,517)	(256,218)	(253,555)
Unrecognised actuarial (losses)/gains	(147,299)	(87,503)	(3,080)	8,377
Unrecognised asset	266,171	275,868	217,705	217,026
Asset in the statement of financial position	(41,593)	(28,152)	(41,593)	(28,152)

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 $1,355,207,000 (2011 – $1,423,429,000).

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

	The Group		The Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Beginning of year	377,902	247,387	121,700	54,652
Current service cost	13,417	13,213	2,353	3,115
Interest cost	32,744	24,082	9,899	5,315
Contributions by plan participants	12,292	9,778	2,064	1,847
Actuarial losses/(gains)	63,644	5,242	13,214	(8,606)
Purchased annuities	3,468	93,886	-	70,676
Benefits paid	(19,018)	(15,686)	(10,701)	(5,299)
End of year	484,449	377,902	138,529	121,700

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21. Retirement Benefit (Continued)

(a) Funded pension obligations (continued)

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

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Beginning of year	594,419	444,760	375,255	273,667
Expected return on plan assets	39,821	36,264	24,453	22,280
Actuarial gains	502	13,671	1,757	10,355
Employer contributions	13,430	11,746	1,919	1,729
Employee contributions	12,292	9,778	2,064	1,847
Purchased annuities	3,468	93,886	-	70,676
Benefits paid	(19,018)	(15,686)	(10,701)	(5,299)
End of year	644,914	594,419	394,747	375,255

The expected contributions for the year 2013 are $27,560,000 for the group and $4,270,000 for the company.

The amounts recognised in the income statement are as follows:

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Current service cost	13,417	13,213	2,353	3,115
Interest cost	32,744	24,082	9,899	5,315
Expected return on plan assets	(39,821)	(36,264)	(24,453)	(22,280)
Net actuarial losses recognised in year	3,346	3,304	-	-
Change in unrecognised asset	(9,696)	10,966	680	19,134
Total	(10)	15,301	(11,521)	5,284

The actual return on plan assets for 2012 was $47,913,000 and $30,480,000 (2011 – $57,671,000 and $27,239,000) for the group and the company, respectively.

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21. Retirement Benefits (Continued)

(a) Funded pension obligations (continued)

The principal actuarial assumptions used were as follows:

	The Group		The Company	
	2012	2011	2012	2011
	%	%	%	%
Discount rate	10.5	10.0	10.5	10.0
Expected return on plan assets	9.3	6.3	9.3	6.3
Future salary increases	7.8	6.3	7.5	6.0
Future pension increases	4.2	2.5	4.2	2.3

(b) Unfunded pension obligations

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

	The Group and Company	
	2012	2011
	$'000	$'000
Present value of unfunded obligations	12,792	13,316

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

	The Group and Company	
	2012	2011
	$'000	$'000
Beginning of year	13,316	13,579
Expense	1,091	1,352
Contributions paid	(1,615)	(1,615)
End of year	12,792	13,316

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21. Retirement Benefit (Continued)

(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 9% per year (2011 – 8%).

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	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Present value of unfunded obligations	89,773	94,310	24,988	32,186
Unrecognised actuarial (losses)/gains	(10,099)	(26,519)	10,317	1,129
Liability in the statement of financial position	79,674	67,791	35,305	33,315

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

	The Group		The Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Beginning of year	94,310	66,855	32,186	27,894
Current service cost	4,523	3,265	516	476
Interest cost	9,452	7,117	3,303	2,899
Benefits paid	(3,288)	(4,656)	(2,004)	(3,389)
Actuarial (gains)/losses	(15,224)	21,729	(9,013)	4,306
End of year	89,773	94,310	24,988	32,186

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21. Retirement Benefit (Continued)

(c) Other post-employment obligations (continued)

The expense recognised in the income statement is as follows:

	The Group		The Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Current service cost	4,523	3,265	516	476
Interest cost	9,452	7,117	3,303	2,899
Actuarial losses/(gains) recognised during the year	1,196	(6)	175	(322)
Total, included in staff costs (Note 9)	15,171	10,376	3,994	3,053

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

	Increase	Decrease
	$'000	$'000
Effect on the aggregate of the current service cost and interest cost	16,923	11,560
Effect on the defined benefit obligation	107,057	76,676

21. Retirement Benefit (Continued)

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

	The Group			
	2012		2011	
	$'000	%	$'000	%
Equity	28,882	4	47,211	8
Debt	444,980	69	391,975	66
Other	171,052	27	155,233	26
	644,914	100	594,419	100

	The Company			
	2012		2011	
	$'000	%	$'000	%
Equity	19,532	5	37,490	10
Debt	246,762	64	220,519	59
Other	128,453	33	117,246	31
	394,747	100	375,255	100

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

	The Group			
	2012	2011	2010	2009
	$'000	$'000	$'000	$'000
Present value of defined obligation-funded	484,449	377,902	247,387	151,621
Fair value of plan assets	(644,914)	(594,419)	(444,760)	(381,519)
	(160,465)	(216,517)	(197,373)	(229,898)
Present value of defined obligations -unfunded	102,565	107,626	80,434	57,164
Experience adjustments on plan liabilities-funded	63,644	5,242	80,833	4,280
Experience adjustments on plan liabilities-unfunded	(17,082)	20,595	19,279	(8,483)
Experience adjustments on plan assets	(502)	(13,671)	(26,245)	(7,567)

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21. Retirement Benefit (Continued)

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

	The Company			
	2012 $'000	**2011 $'000**	**2010 $'000**	**2009 $'000**
Present value of defined obligation-funded	138,529	121,700	54,652	33,819
Fair value of plan assets	(394,747)	(375,255)	(273,667)	(233,277)
	(256,218)	(253,555)	(219,015)	(199,458)
Present value of defined obligations -unfunded	37,780	45,502	52,402	36,544
Experience adjustments on plan liabilities-funded	13,214	(8,606)	21,206	(15,898)
Experience adjustments on plan liabilities-unfunded	(10,871)	3,711	4,259	(2,826)
Experience adjustments on plan assets	(1,757)	(10,355)	(21,776)	(4,871)

22. Related Party Balances and Transactions

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

	The Group		The Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Amounts due from related parties:				
Subsidiaries:				
Busha Browne's Company Limited	-	-	10,589	68,935
Portfolio Partners Limited	-	-	-	89,487
Castleton Investments Limited	-	-	31,851	47,650
Jamaica Floral Exports Limited	-	-	-	90,542
Pan-Jamaican Mortgage Society Limited	-	-	-	401
Jamaica Property Company Limited			438	-
Jamaica Property Development Limited	-	-	3,744	-
Scott's Preserves Limited	-	-	16,957	51,553
	-	-	63,579	348,568
Amounts due to related parties:				
Employees Share Purchase Plan	-	-	154,985	155,795
Subsidiaries:				
Jamaica Property Company Limited	-	-	-	449
Portfolio Partners Limited	-	-	60,192	-
Panacea Holdings Limited	-	-	2,234	2,285
Associated companies:				
Sagicor Life Jamaica Limited	-	5,225	-	-
	-	5,225	217,411	158,529
Net (liability)/asset	-	(5,225)	(153,832)	190,039

The current portion of amounts due from related parties was $16,956,000 (2011 - $nil) and to related parties was $60,192,000 (2011 – $449,000) for the company.

Other balances with related parties are discussed in notes 14, 17 and 19, which deal with investment securities, "investments in subsidiaries, associated companies and joint ventures" and "prepayments and miscellaneous assets" respectively.

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22. Related Party Transactions and Balances (Continued)

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

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Subsidiaries -				
Management fees received	-	-	35,628	14,612
Interest income	-	-	89,061	-
Interest paid	-	-	(2,052)	(8,452)
Bad debt written off	-	-	(90,921)	-
Dividends received	-	-	19,200	535,168
Associated companies -				
Dividends received	-	-	614,872	605,796
Other related parties -				
Rental income	94,301	85,203	-	-
Interest and other income earned	16,851	41,126	16,070	5,171
Interest and other expenses paid	(3,836)	(31,125)	(1,053)	(28,608)
Other expenses	(13,068)	(11,016)	(7,189)	(8,735)

22. Related Party Transactions and Balances (Continued)

(c) Key management compensation:

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Salaries and other short-term employee benefits	80,923	69,092	36,089	26,439
Statutory contributions	6,489	4,833	3,055	1,595
Post-employment benefits	688	5,913	(2,869)	993
Share-based compensation	-	2,503	-	460
	88,100	82,341	36,275	29,487
Directors emoluments				
Fees	10,917	17,447	10,917	17,190
Other	17,443	11,900	17,443	11,900
Management compensation (included above)	29,712	22,455	11,869	6,118
	58,072	51,802	40,229	35,208

(d) Loans from related parties

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Balance at beginning of year	17,855	1,075,180	8,267	1,075,180
New loans	69,322	19,278	-	9,578
Repayments	(65,112)	(1,072,723)	(2,938)	(1,072,611)
Interest charged	2,307	29,293	1,054	29,293
Interest paid	(2,307)	(31,125)	(1,054)	(31,125)
Foreign exchange gains	-	(2,048)	-	(2,048)
	22,065	17,855	5,329	8,267

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23. Loan Liabilities

	Currency	Rate	Repayable	The Group 2012	The Group 2011
		%		$'000	$'000
Secured -					
(i) CIBC First Caribbean International Bank Limited	J$	15.1	2017	49,311	56,230
(ii) Sagicor Bank Jamaica Ltd	J$	14.9	2014	5,329	8,267
(iii) Sagicor Bank Jamaica Ltd	J$	14.5	2016	7,666	9,587
(iv) Commercial Notes	J$	9.25	2014	590,425	-
(v) Commercial Notes	J$	9.75	2015	736,982	-
(vi) Commercial Notes	J$	8.75	2017	1,128,751	-
(vii) International Finance Corporation	US$	6.59	2019	403,155	430,676
(viii) International Finance Corporation	US$	4.36	2019	1,151,873	-
Unsecured -					
(ix) JN Properties Limited	J$	Variable	No fixed date	13,586	13,586
(x) Sagicor Bank Jamaica Limited	US$	7.42	2013	9,070	-
				4,096,148	518,346
Interest payable				116,578	13,868
				4,212,726	532,214

23. Loan Liabilities (Continued)

	Currency	Rate %	Repayable	The Company 2012 $'000	The Company 2011 $'000
Secured -					
(ii) Sagicor Bank Jamaica Ltd	J$	14.9	2014	5,329	8,267
(iv) Commercial Notes	J$	9.25	2014	590,425	-
(v) Commercial Notes	J$	9.75	2015	736,982	-
(vi) Commercial Notes	J$	9.75	2017	1,128,751	-
(viii) International Finance Corporation	US$	4.36	2019	1,151,873	-
				3,613,360	8,267
Interest payable				103,701	-
				3,717,061	8,267

The current portion of loan liabilities amounted to $284,347,000 (2011 - $79,004,000) for the group and $195,725,000 (2011 - $2,938,000) for the company.

Commercial Notes are shown net of transaction costs, which are amortised over the life of the notes. Total transaction costs amounted to $50,394,000 and the unamortised portion at 31 December 2012 was $43,842,000.

(i) This loan was issued by CIBC 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 on this loan is charged at 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 Sagicor Bank Jamaica Limited. Interest is charged at a rate of 14.9% per annum. The loan is secured by a motor vehicle and is scheduled to be repaid by 2014.

(iii) This represents the outstanding balance on a J$9,700,000 loan issued by Sagicor Bank Jamaica Limited. Interest is charged at a rate of 14.5% per annum. The loan is secured by a motor vehicle and is scheduled to be repaid by 2016.

(iv) This represents the carrying value of certain secured notes issued by the group and company in 2012 with a face value of $600,000,000, net of issue costs. The notes mature on July 23, 2014,bear interest at a fixed rate of 9.25% per annum, and are secured by certain Sagicor Life Jamaica Limited shares owned by the group.

(v) This represents the carrying value of certain secured notes issued by the company in 2012 with a face value of $750,000,000, net of issue costs. The notes mature on July 23, 2015, bear interest at a fixed rate of 9.75% per annum, and are secured by certain Sagicor Life Jamaica Limited shares owned by the group..

23. Loan Liabilities (Continued)

(vi) This represents the carrying value of certain secured notes issued by the company in 2012 with a face value of $1,150,000,000, net of issue costs. The notes mature on July 23, 2017, with an option to the issuer for early redemption on or after July 25, 2016. Interest is fixed for the first six months at 8.75% per annum, following which the rate will be 2.25% above the weighted average yield of the six month Government of Jamaica Treasury Bill issued in the month prior to interest payment. The notes are secured by certain Sagicor Life Jamaica Limited shares owned by the company.

(vii) This balance represents the first drawdown on a US$17,500,000 loan facility from the International Finance Corporation (IFC), in the amount of US$5,000,000. Interest is fixed 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. Repayment of this loan began January 2012 with the first of sixteen semi-annual instalments.

(viii) This balance represents the second and final drawdown on a US$17,500,000 loan facility from the International Finance Corporation (IFC), in the amount of US$12,500,000. Interest is fixed at 4.36% per annum. The loan is secured by a first mortgage over the Sagicor Bank building, IBM and 3M buildings and Manor Park Plaza Phase 2 properties. Repayment of this loan is scheduled to begin July 2013 with the first of thirteen semi-annual instalments.

(ix) 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.

(x) This represents the balance on a US$782,000 unsecured loan to finance insurance premiums. Interest is charged at an effective rate of 7.42% per annum. The balance was paid in 2013.

24. Finance Lease Liabilities

The finance lease obligations are as follows:

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Minimum lease payments under finance leases:				
Not later than 1 year	5,710	4,510	1,200	-
Later than 1 year and not later than 5 years	11,398	11,610	4,300	-
	17,108	16,120	5,500	-
Future finance charges	(3,309)	(3,704)	(1,290)	-
Present value of finance lease obligations	13,799	12,416	4,210	-

The present value of the lease obligations is as follows:

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Not later than 1 year	3,817	2,828	681	-
Later than 1 year and not later than 5 years	9,982	9,588	3,529	-
	13,799	12,416	4,210	-

The leases are secured by certain motor vehicles owned by the group.

25. Other Liabilities

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Promissory note – managed funds	27,880	30,163	27,880	30,163
Other liabilities and accrued expenses	182,751	160,577	46,833	34,417
Trade payables	11,180	19,748	-	-
Accounts payable	22,210	20,258	22,207	19,258
	244,021	230,746	96,920	83,838

The current portion of other liabilities amounted to $240,083,000 (2011 - $230,746,000) for the group and $95,287,000 (2011 - $83,838,000) for the company.

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26. Share Capital

	2012	2011
	No.	No.
	'000	'000
Authorised share capital of no par value -		
Ordinary shares	250,000	250,000
	$'000	$'000
Issued and fully paid -		
213,231,793 stock units	2,141,985	2,141,985

In 2011, 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 to 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.

27. Share Options/Equity Compensation Reserve

During 2011, options over 3,062,500 common shares, representing all outstanding options granted under the 2006 Executive Share Option Scheme, were exercised at a price of $45.00 per stock unit by 3 executives of the company. In 2011, the group and the company recognised share-based compensation of $2,503,000 and $460,000, respectively, using 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.

28. 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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29. Investment and Other Reserves

These comprise:

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Fair value gains/(losses) on investments	10,348	70,840	(28,186)	22,824
Capital reserves	2,598,182	2,555,038	1,337,983	1,337,983
Capital redemption reserves	2,176	2,176	2,200	2,200
Share of other comprehensive income of associated companies	1,010,531	853,023	-	-
	3,621,237	3,481,077	1,311,997	1,363,007
Capital reserves				
Realised gain on sale of ESPP shares	100,090	100,090	-	-
Realised gain on sale of insurance operations	1,161,344	1,161,344	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	623,267	(1,493,255)	(1,493,255)
Other	279,965	236,821	142,754	142,754
	2,598,182	2,555,038	1,337,983	1,337,983

Fair value gains on investments for the group are shown net of deferred taxes of $3,896,000 (2011 – deferred tax $551,000) with respect to revaluation adjustments to investments.

30. Dividends

	2012	**2011**
	$'000	**$'000**
First interim dividend for 2012 at $0.50 (2011 - $0.32) per stock unit - gross	106,616	55,531
Second interim dividend for 2012 at $0.50 (2011 - $0.32) per stock unit – gross	106,616	55,531
Third interim dividend for 2012 at $0.50 (2011 - $0.40) per stock unit – gross	106,616	85,293
Fourth interim dividend for 2012 at $0.55 (2011 - $0.50 including special dividend of $0.10) per stock unit - gross	117,278	106,616
	437,126	302,971
Less: Dividends on treasury stock	(257)	(2,762)
	436,869	300,209

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31. Cash Flows from Operating Activities

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Net profit	2,107,339	1,975,560	510,670	1,161,085
Adjustments to reconcile net profit to cash flows provided by operating activities:				
Depreciation of property, plant and equipment	23,629	14,055	6,296	4,224
Stock compensation provision	-	2,503	-	460
Interest income	(107,287)	(150,146)	(125,974)	(210,017)
Finance costs	186,706	87,738	117,732	61,536
Share of results of associated companies	(1,657,351)	(1,371,743)	-	-
Share of results of joint venture	(37,337)	(18,035)	-	-
Income tax expense	123,119	135,578	35,842	13,920
Bad debts	9,710	-	90,921	-
Change in retirement benefit asset/obligation	(2,082)	9,013	(11,974)	2,957
Fair value gains on investment properties	(152,800)	(299,669)	-	-
(Gains)/losses on foreign currency denominated investment	(52,035)	(11,335)	(32,717)	5,217
Impairment of investment assets	8,546	14,564	8,546	14,564
Unrealised gains on financial assets at fair value through profit and loss	(305)	(35,617)	-	(3,030)
	449,852	352,466	599,342	1,048,978
Changes in operating assets and liabilities:				
Taxation recoverable	(3,892)	(16,934)	(4,587)	(26,165)
Other assets, net	(13,954)	9,059	38,381	(135,621)
Other liabilities, net	14,906	11,063	13,081	(6,408)
	446,912	355,654	646,217	880,784
Interest received	89,384	146,573	120,850	218,138
Income tax paid	(113,169)	(85,716)	-	(34,871)
Net cash provided by operating activities	423,127	416,511	767,067	1,064,051

32. 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	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Not later than 1 year	353,641	291,374	-	-
Later than 1 year and not later than 5 years	882,576	617,137	-	-
Later than 5 years	145,434	130,968	-	-
	1,381,651	1,039,479	-	-

33. 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 2013, the group and company participated in the National Debt Exchange (NDX) 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 NDX transaction resulted in a reduction in yields and an increase in the tenor of locally issued Government of Jamaica securities. The NDX did not have a significant impact on financial risks on entities which hold such instruments.

(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, interest rates, political risk and economic risk. 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 United States (US), Canadian (CAD) and Barbadian (BD) dollars. Foreign exchange risk arises from transactions for purchases and recognised assets and liabilities.

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33. 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				
	2012				
	Jamaican $	**US$**	**CAD$**	**BD$**	**Total**
	J$'000	**J$'000**	**J$'000**	**J$'000**	**J$'000**
Financial assets					
Cash and bank balances	32,185	9,536	-	-	41,721
Deposits	2,175	798,827	95,090		896,092
Investment securities	98,852	844,153	-	121,198	1,064,193
Securities purchased under agreements to resell	97,929	764,828	-	-	862,757
Trade and other receivables	144,236	47,314	-	-	191,550
Total financial assets	375,377	2,464,648	95,090	121,198	3,056,313
Financial liabilities					
Loan liabilities	2,634,203	1,578,523	-	-	4,212,726
Finance lease liability	13,799	-	-	-	13,799
Other liabilities	180,557	63,464	-	-	244,021
Total financial liabilities	2,828,559	1,641,987	-	-	4,470,546
Net position	(2,453,182)	822,551	95,090	121,198	(1,414,233)

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33. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Concentration of currency risk (continued)

	The Group			
	2011			
	Jamaican $	US$	BD$	Total
	J$'000	J$'000	J$'000	J$'000
Financial assets				
Cash and bank balances	11,922	4,159	-	16,081
Deposits	2,015	174,923	-	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	1,616,697	129,097	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	1,116,538	129,097	2,020,735

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33. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Concentration of currency risk (continued)

	The Company			
	2012			
	Jamaican $	**US$**	**BD$**	**Total**
	J$'000	**J$'000**	**J$'000**	**J$'000**
Financial assets				
Cash and bank balances	13,018	5,606		18,624
Deposits	-	734,068		734,068
Investment securities	301,555	658,439	121,198	1,081,192
Securities purchased under agreements to resell	39,137	486,862	-	525,999
Due from related parties	31,727	31,852	-	63,579
Receivables	47,924	-	-	47,924
Total financial assets	433,361	1,916,827	121,308	2,471,386
Financial liabilities				
Due to related parties	215,177	2,234	-	217,411
Loan liabilities	2,563,235	1,153,826	-	3,717,061
Finance lease liability	4,210	-	-	4,210
Other liabilities	95,816	1,104	-	96,920
Total financial liabilities	2,878,438	1,157,164	-	4,035,602
Net position	(2,445,077)	759,553	121,308	(1,564,216)

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33. Financial Risk Management (Continued)

(a) Market risk (continued)
(i) Currency risk (continued)

Concentration of currency risk (continued)

	The Company			
	2011			
	Jamaican $	**US$**	**BD$**	**Total**
	J$'000	**J$'000**	**J$'000**	**J$'000**
Financial assets				
Cash and bank balances	4,036	551	-	4,587
Deposit	-	114,122	-	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	1,025,936	129,097	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	1,021,109	129,097	1,925,744

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33. 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 their monetary assets and liabilities and their 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 10% increase and 1% decrease (2011 - 1% increase and 1% 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	Effect on Profit before Tax	Effect on other Components of Equity	% Change in Currency Rate	Effect on Profit before Tax	Effect on other Components of Equity
	2012	2012 $'000	2012 $'000	2011	2011 $'000	2011 $'000
Currency:						
USD	10%	33,357	48,909	1%	6,899	4,267
USD	-1%	(3,336)	(4,891)	-1%	(6,899)	(4,267)
BD	10%	-	12,120	1%	-	1,291
BD	-1%	-	(1,212)	-1%	-	(1,291)
CAD	10%	9,509	-	1%	-	-
CAD	-1%	(951)	-	-1%	-	-

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33. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	The Company					
	% Change in Currency Rate 2012	Effect on Profit before Tax 2012 $'000	Effect on other Components of Equity 2012 $'000	% Change in Currency Rate 2011	Effect on Profit before Tax 2011 $'000	Effect on other Components of Equity 2011 $'000
Currency:						
USD	10%	41,411	34,555	1%	6,638	3,573
USD	-1%	(4,141)	(3,456)	-1%	(6,638)	(3,573)
BD	10%	-	12,120	1%	-	1,291
BD	-1%	-	(1,212)	-1%	-	(1,291)

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33. 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	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2012:							
Financial assets							
Cash and bank balances	41,721	-	-	-	-	-	41,721
Deposits	801,002	-	-	95,090	-	-	896,092
Investment securities	141,563	1,260	-	187,840	146,754	586,776	1,064,193
Securities purchased under agreements to resell	771,738	88,475	2,544	-	-	-	862,757
Trade and other receivables	28,064	-	-	-	-	163,486	191,550
Total financial assets	1,784,088	89,735	2,544	282,930	146,754	750,262	3,056,313
Financial liabilities							
Loan liabilities	1,254,399	49,311	-	1,340,402	1,568,614	-	4,212,726
Finance lease liability	-	-	-	13,799	-	-	13,799
Other liabilities	27,880	201	-	-	-	215,940	244,021
Total financial liabilities	1,282,279	49,512	-	1,354,201	1,568,614	215,940	4,470,546
Total interest repricing gap	501,809	40,223	2,544	(1,071,271)	(1,421,860)	534,322	(1,414,233)
Cumulative interest repricing gap	501,809	542,032	544,695	(526,695)	(1,948,555)	(1,414,233)	

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33. 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 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	651,823	87,443	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	609,619	87,443	267,884	122,936	35,862	896,991	2,020,735
Cumulative interest repricing gap	609,619	697,062	964,946	1,087,882	1,123,744	2,020,735	

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33. 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 2012:							
Financial assets							
Cash and bank balances	18,624	-	-	-	-	-	18,624
Deposits	734,068	-	-	-	-	-	734,068
Investment securities	141,563	-	-	454,958	-	484,671	1,081,192
Securities purchased under agreements to resell	521,655	3,775	569	-	-	-	525,999
Due from related parties	-	-	16,956	-	-	46,623	63,579
Receivables	28,064	-	-	-	-	19,860	47,924
Total financial assets	1,443,974	3,775	17,525	454,958	-	551,154	2,471,386
Financial liabilities							
Due to related parties	-	-	60,192	-	-	157,219	217,411
Loan liabilities	1,232,452	-	-	1,332,736	1,151,873	-	3,717,061
Finance lease liabilities	-	-	-	4,210	-	-	4,210
Other liabilities	27,880	-	-	-	-	69,040	96,920
Total financial liabilities	1,260,332	-	60,192	1,336,946	1,151,873	226,259	4,035,602
Total interest repricing gap	183,642	3,775	(42,667)	(881,988)	(1,151,873)	324,895	(1,564,216)
Cumulative interest repricing gap	183,642	187,417	144,750	(737,238)	(1,889,111)	(1,564,216)	

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33. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'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	

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33. 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 2012 $'000	Effect on Other Components of Equity 2012 $'000	Effect on Profit before Taxation 2012 $'000	Effect on Other Components of Equity 2012 $'000
Change in basis points:					
2012	**2012**				
JA$	US$				
+400	+250	(25,496)	(30,170)	(32,536)	(16,194)
-100	-50	7,325	8,024	8,742	3,128

		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 $'000
Change in basis points:					
2011	**2011**				
JA$	US$				
+100	+50	3,945	(13,945)	1,880	(5,885)
- 50	-50	(2,683)	12,767	(1,249)	5,170

33. 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 $58,677,,000 and $48,467,000 (2011 – $83,299,000 and $57,898,000) 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.

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33. Financial Risk Management (Continued)

(b) Credit risk (continued)

Maximum exposure to credit risk

	Maximum exposure			
	The Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Credit risk exposures relating to on statement of financial position items are as follows:				
Assets:				
Cash and bank balances	41,721	16,081	18,624	4,587
Deposits	896,092	176,938	734,068	114,123
Available-for-sale securities	335,854	886,409	139,171	405,172
Loans and receivables	141,563	7,309	457,350	314,185
Securities purchased under agreements to resell	862,757	593,875	525,999	241,780
Trade and other receivables	191,550	290,927	47,924	168,984
Due from related parties	-	-	63,579	348,568
	2,469,557	1,971,539	1,986,715	1,597,399
Credit risk exposures relating to assets not recorded on the statement of financial position				
Lease commitments	1,381,651	1,039,479	-	-

The above table represents a worst case scenario of credit risk exposure to the group and company at 31 December 2012 and 2011, 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 loss was recognised by the group and the company for the year ended 31 December 2012 for $8,546,000 (2011 - $14,564,000) for certain investment securities.

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33. 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	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Commercial	38,728	57,520	-	-
Retail	17,842	8,585	-	-
Managed properties	15,436	27,093	-	-
	72,006	93,198	-	-
Less: Provision for credit losses	(7,255)	(3,359)	-	-
	64,751	89,839		-

Credit quality of trade receivables are summarised as follows:

	The Group		The Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Neither past due nor impaired -				
Standard	51,867	56,928	-	-
Past due but not impaired	12,884	32,911	-	-
Impaired	7,255	3,359	-	-
Gross	72,006	93,198	-	-
Less: Provision for credit losses	(7,255)	(3,359)	-	-
Net	64,751	89,839	-	-

All trade receivables are receivable from customers in Jamaica.

33. Financial Risk Management (Continued)

(b) Credit risk (continued)

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

	The Group		The Company	
	2012 $'000	**2011 $'000**	**2012 $'000**	**2011 $'000**
31 to 60 days	5,140	24,217	-	-
61 to 90 days	765	1,566	-	-
Over 90 days	6,979	7,128	-	-
	12,884	32,911	-	-

The amounts above include managed properties fees receivables of $15,436,000 (2011 - $27,093,000) (Note 19). 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	
	2012 $'000	**2011 $'000**	**2012 $'000**	**2011 $'000**
Government of Jamaica	105,272	574,999	4,511	198,387
Corporate and other government	1,989,431	1,089,530	1,394,726	562,688
	2,094,703	1,664,529	1,399,237	761,075

33. 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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33. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Financial assets and liabilities cash flows

The tables below summarise 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 2012							
Financial assets							
Cash and bank balances	41721	-	-	-	-	-	41,721
Deposits	801,326	4,607	4,607	101,365	-	-	911,905
Investment securities	9,239	7,590	24,325	346,559	292,258	586,776	1,266,747
Securities purchase under agreements to resell	773,791	88,408	1,753	-	-	-	863,952
Trade and other receivables	113,129	78,562	-	-	-	-	191,691
Total financial assets (contractual maturity dates)	1,739,206	179,167	30,685	447,924	292,258	586,776	3,276,016
Financial liabilities							
Loans	163,978	13,377	286,511	4,317,075	517,203	-	5,298,244
Finance leases liability	476	952	4,282	11,398	-	-	17,108
Other liabilities	98,896	145,239	-	-	-	-	244,135
Total financial liabilities (contractual maturity date)	263,350	159,668	290,793	4,328,473	517,203	-	5,559,487
Net Liquidity Gap	1,483,732	19,499	(260,108)	(3,880,549)	(224,945)	586,776	(2,275,595)
Cumulative Liquidity Gap	1,483,732	1,503,231	1,243,123	(2,637,426)	(2,862,371)	(2,275,595)	

33. 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 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 liability	376	752	3,382	11,610	-	-	16,120
Other liabilities	125,465	101,326	4,082	-	-	-	230,873
Total financial liabilities (contractual maturity date)	178,942	106,027	65,202	362,216	254,989	-	967,376
Net Liquidity Gap	519,092	106,727	257,934	106,459	282,273	978,314	2,250,801
Cumulative Liquidity Gap	519,092	625,819	883,755	990,214	1,272,487	2,250,801	-

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33. 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 2012:							
Assets							
Cash and bank balances	18,624	-	-	-	-	-	18,624
Deposits	734,374	-	-	-	-	-	734,374
Investment securities	15,034	12,125	71,466	858,679	131,456	484,671	1,531,431
Securities purchased under agreements to resell	522,264	3,463	590	-	-	-	526,317
Due from related parties	16,956	-	-	-	-	46,623	63,579
Receivables	30,309	17,756	-	-	-	-	48,065
Total financial assets (contractual maturity dates)	1,337,561	33,344	72,056	858,679	131,456	531,294	2,964,390
Liabilities							
Due to related parties	-	-	62,237	-	-	157,219	220,456
Loans	119,806	666	230,536	3,948,531	374,039	-	4,673,578
Finance lease liability	100	200	900	4,300	-	-	5,500
Other liabilities	34,629	62,408	-	-	-	-	97,037
Total financial liabilities (contractual maturity dates)	154,535	63,274	294,673	3,952,831	374,039	157,219	4,996,571
Net Liquidity Gap	1,183,026	(29,930)	(222,617)	(3,094,152)	(242,583)	374,075	(2,032,181)
Cumulative Liquidity Gap	1,183,026	(1,153,096)	930,479	(2,163,673)	(2,406,256)	(2,032,181)	

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33. 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							
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	

33. 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.

34. 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 a 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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34. 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
	2012	2012	2011	2011
	$'000	$'000	$'000	$'000
Financial assets				
Investment in associated companies	12,922,232	13,159,630	8,209,062	9,752,914
Loans and receivables	141,563	138,185	7,309	7,736

	The Company			
	Carrying Value	Fair Value	Carrying Value	Fair Value
	2012	2012	2011	2011
	$'000	$'000	$'000	$'000
Investment in associated companies	7,303,601	13,159,630	3,790,418	9,752,914
Loans and receivables	457,350	489,306	314,185	352,323

	The Group			
	Carrying Value	Fair Value	Carrying Value	Fair Value
	2012	2012	2011	2011
	$'000	$'000	$'000	$'000
Financial Liabilities				
Loan liabilities	4,212,726	4,052,956	532,214	532,770
Finance lease liability	13,799	17,108	12,416	16,118

	The Company			
	Carrying Value	Fair Value	Carrying Value	Fair Value
	2012	2012	2011	2011
	$'000	$'000	$'000	$'000
Loan liabilities	3,717,061	3,559,393	8,267	9,990
Finance lease liability	4,210	5,500	-	-

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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34. Fair Value of Financial Instruments (Continued)

The group follows 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 2012				
Financial assets				
Investment securities	459,359	335,853	127,418	922,630
As at 31 December 2011				
Financial assets				
Investment securities	687,368	760,595	277,744	1,725,707

	The Company			
	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
As at 31 December 2012				
Financial assets				
Investment securities	357,253	139,171	127,418	623,842
As at 31 December 2011				
Financial assets				
Investment securities	417,049	291,918	275,184	984,151

34. 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.

35. 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.

36. Subsequent Event

In February 2013, the group participated in the National Debt Exchange (NDX) transaction under which it exchanged its holdings of domestic debt instruments issued by the Government of Jamaica for new, longer-dated debt instruments with lower coupon interest rates.

The key features of the NDX are as follows:

- Jamaican-resident holders of certain domestic debt instruments (collectively referred to as the "Old Notes") were invited to exchange those Old Notes for new, longer-dated debt instruments (collectively referred to as the "New Notes"). Participation in the NDX was voluntary.
- The New Notes offered have a variety of payment terms, including but not limited to fixed and variable rates in J$, CPI-indexed in J$, and fixed rates in USD.
- Eligible investors had the option to choose New Notes based on the type and maturity of the Old Notes which are offered for exchange based on certain election options. The election options only allow investors to choose New Notes of longer tenor relative to Old Notes. Most New Notes have lower coupon interest rates than Old Notes.
- Introduction of new Fixed Rate Accreting Notes ("FRANs") which were issued with J$80 of principal value for every J$100 of principal value of Old Notes, whereby such principal will accrete to J$100 of principal value by the maturity date in 2028.
- Eligible investors who made offers to the Government of Jamaica to exchange Old Notes received an equivalent principal value (par-for-par value) of New Notes and the payment in cash of accrued interest, net of applicable withholding taxes, on the Old Notes up to but excluding 22 February 2013 (the Settlement Date).

The NDX is not expected to have a significant impact on the expected future cash flows from the group's investment portfolio.

There was no impact on the company standing alone.

Additionally, as discussed in note 11 (b), in February 2013 the government announced its intention to introduce a surtax on the profits of entities, generating revenues in excess of $500,000,000 per annum. Once enacted, the surtax may be applicable to certain companies in the group, and could impact their effective tax rates.