

PAN-JAMAICAN INVESTMENT TRUST  
LIMITED



**Unaudited Financial  
Statements**

Six Months ended 30 June 2013

# **Pan-Jamaican Investment Trust Limited**

## **Interim Report to Stockholders**

**For the 6 months ended June 30, 2013**

On behalf of the Board of Directors, we are pleased to present the unaudited consolidated financial statements of Pan-Jamaican Investment Trust Limited (“Pan Jam”) for the period ended June 30, 2013.

### Basis of Presentation and Overview

During the 3<sup>rd</sup> quarter of last year we acquired an additional 8% of our associated company Sagicor Life Jamaica Limited (“Sagicor”). The 2013 results therefore reflect our share of results of Sagicor at the enhanced level of shareholding.

Our results for the 1<sup>st</sup> quarter were significantly affected by the full participation by Sagicor and its subsidiary, Sagicor Investments Jamaica Limited, in the Government of Jamaica (GOJ)’s National Debt Exchange (NDX) in February 2013. Sagicor recorded a realised loss on the exchange of bonds tendered in the NDX of \$1.1 billion.

### Highlights

- Net profit attributable to owners of \$486.0 million (2012: \$468.4 million) for the quarter and \$710.0 million (2012: \$970.5 million) for the six months
- Return (annualised) on opening equity of 9% (2012: 13%)
- Basic earnings per stock unit of \$2.28 (2012: \$2.20) for the quarter and \$3.34 (2012: \$4.55) for the six months
- Book value per stock unit of \$77.85 at June 30, 2013 (December 31, 2012: \$76.57)

### Income Statement

Net profit attributable to owners for the quarter ended June 30, 2013 amounted to \$486 million, compared to \$468 million in the 2012 2nd quarter, an increase of 4%, equivalent to basic earnings per stock unit of \$2.28 compared to \$2.20 for the same period in 2012. Net profit attributable to owners for the six months ended June 30, 2013 amounted to \$710 million, compared to \$970 million for 2012, a decrease of 27%, equivalent to basic earnings per stock unit of \$3.34 compared to \$4.55 for the same period in 2012.

The most notable impact on our performance for the quarter was an increase in our share of results of associated and joint venture companies of \$227 million, driven largely by our increased Sagicor shareholding, partly offset by increases in finance costs of \$119 million and a decrease in operating profit of \$74 million.

Investment income of \$44 million in the second quarter of 2013 was lower than last year’s comparable quarter by \$36 million, as unrealised losses on securities trading of \$26 million eroded foreign exchange gains, interest income and dividends. Year to date

investment income of \$145 million is 27% ahead of last year due principally to significantly higher foreign exchange gains. Property income was flat compared to last year for both the quarter and year to date, as stable occupancy levels and continuing modest growth in rental income were offset by reduced property revaluation gains.

Group operating profit for the 2<sup>nd</sup> quarter decreased by \$73 million, 32%, compared to last year's 2<sup>nd</sup> quarter. For the year to date, group operating profit of \$388 million is \$23 million, 6%, less than last year's level. Total revenue was lower for the quarter compared to last year by \$32 million, 7%, principally attributable to the decline in investment income, but ahead of last year for the 6 months. Operating expenses increased by \$41 million for the quarter (\$69 million for the 6 months), driven by increased levels of direct property costs, professional fees associated with investment opportunities and general increases in staff costs.

Finance costs increased compared to last year by \$119 million to \$137 million for the quarter, and by \$298 million to \$331 million for the 6 months, resulting from a \$2.5 billion local debt raise last year and the drawdown of the remainder of the US\$17.5 million IFC loan in December, 2012. We have, however, retained a net long position in US\$ to ensure that our stockholders' equity is appropriately protected against devaluation risk.

Our property segment enjoyed overall occupancy levels exceeding 95% for the 2<sup>nd</sup> quarter, a slight decline from last year, while contribution to group operating profit of \$158 million for the quarter (\$342 million year-to-date) was \$42 million (\$16 million year-to-date) lower, attributable to reduced property revaluation gains.

Our investment management segment posted an operating loss of \$18 million for the quarter, compared to last year's 2<sup>nd</sup> quarter profit of \$4 million, driven by unrealised losses on securities trading of \$26 million. Year-to-date segment operating profit of \$10 million compares to last year's \$16 million, as increased income of \$31 million has been offset by greater overheads particularly associated with new investment opportunities.

We recorded a net unrealised loss of \$35 million for the quarter (gain of \$24 million for the half year) in our portfolio of available for sale securities, which are accounted for through comprehensive income and stockholders' equity. These amounts compare to last year's loss of \$15 million in the 2<sup>nd</sup> quarter and a gain of \$3 million for the six months.

#### Associated Companies

The results of associated companies consist principally of our 32.8% investment in Sagicor. We also hold minority positions in New Castle Co. Limited ("New Castle") (owners of the Walkerswood and Busha Browne lines of sauces and seasonings), Mavis Bank Coffee Factory Limited ("Mavis Bank"), Hardware & Lumber Limited ("H&L"), Caribe Hospitality Limited (developers of the planned New Kingston Marriott Courtyard hotel) and Chukka Caribbean Adventures ("Chukka"), which was acquired in 2012.

Our total share of results of associated and joint venture companies for the six month period increased by 13% to \$769 million, as results were significantly affected by our increased shareholding in Sagicor compared to last year.

Our share of results of Sagicor increased by \$226 million (82%) for the quarter but by only \$51 million (8%) for the half year. The 1<sup>st</sup> quarter's results were severely affected by the NDX in February 2013. Sagicor's 2<sup>nd</sup> quarter results, net profit of \$1.6 billion, were \$0.9 billion, 1.5 times, better than the 1<sup>st</sup> quarter and \$0.4 billion, 40%, better than last year's 2<sup>nd</sup> quarter. While year to date performance remains 16% below last year's level of profitability, and the investment arena remains challenging, we are very encouraged by top line growth in premium income and careful expense management. Sagicor's first half dividend of 19 cents per share was lower by 32% compared to a year ago, and we look forward to increased dividend levels as the business consolidates and recovers from the effect of the NDX.

Our share of Sagicor's comprehensive income for the quarter was a loss of \$426 million consisting primarily of unrealized losses on available-for-sale securities, net of exchange gains. For the year-to-date, our share of the net unrealized loss is \$275 million, compared to a share of net unrealized gains of \$52 million for the comparable period last year.

H&L reported a profit of \$43 million for the 2<sup>nd</sup> quarter, compared to a loss of \$1 million for the same period last year, bringing their year-to-date profit of \$53 million compared to a loss of \$6 million a year ago. Revenues increased across all lines of business, while focus on margin management, operating efficiencies, overhead spend and working capital have all helped drive the business forward.

New Castle's results for their fiscal year ended April 30 2013 increased more than threefold on the back of a 44% jump in revenue, while Mavis Bank again posted good results.

Chukka overcame Hurricane Sandy-related disruptions to cruise ship passenger arrivals, and the temporary closure of the cruise ship port in Turks and Caicos, to post returns in line with expectations.

#### Balance Sheet

Total assets at June 30, 2013 amounted to \$22.1 billion, compared to \$21.4 billion at December 31, 2012. Stockholders' equity increased to \$16.6 billion (December 31 2012: \$16.3 billion), which equates to a book value per stock unit of \$77.85 as at June 30, 2013 (December 31, 2012: \$76.57).

#### Outlook

With the consummation of the NDX and an IMF agreement, Jamaica is now faced with executing meaningful change to its fiscal structure, including addressing the role, cost and efficiency of the public sector, and implementing comprehensive tax reform. These are the first steps towards reducing the national debt and creating a platform for real economic growth. We are pleased with the achievements to date, noting that to date all

targets have been met, and that the Oversight Committee has been put in place. However, we believe a greater sense of urgency, responsibility, and accountability must prevail among all stakeholders if the country is to be successful in continuing to meet all of its IMF targets.

Last month we held a ground breaking ceremony for our New Kingston hotel project, the Marriott Courtyard. As we plan additional investments in a variety of sectors here and overseas, we are mindful of the length of time – 3 years – that it has taken to gain approval for this project. Investors must believe that it is easy to do business in Jamaica, or they will take their capital elsewhere. We urge that our message of change in this area is heeded, otherwise additional investment in projects in the country will be that much more difficult to attract. If we are serious about development in our country we need to bring further levels of transparency and timeliness to the approval of projects, while at the same time ensuring that all laws are complied with and environmental requirements are met.



Stephen B. Facey  
Chairman



Paul A. B. Facey  
Director

**Pan-Jamaican Investment Trust Limited**  
**and its subsidiaries**  
**Unaudited Consolidated Income Statement**  
**Six months ended 30 June 2013**

	3 Months to Jun-13 \$'000	Restated 3 Months to Jun-12 \$'000	YTD Jun-13 \$'000	Restated YTD Jun-12 \$'000
<b>Income</b>				
Investments	44,087	80,535	144,527	113,643
Property	334,540	339,459	674,746	678,938
Commissions	13,118	10,511	24,633	21,269
Other	27,666	21,336	51,403	35,168
	<u>419,411</u>	<u>451,841</u>	<u>895,309</u>	<u>849,018</u>
Operating expenses	(262,856)	(221,685)	(507,655)	(438,243)
<b>Operating profit</b>	156,555	230,156	387,654	410,775
Finance costs	(136,773)	(18,130)	(331,490)	(33,905)
	19,782	212,026	56,164	376,870
Share of results of associated companies and joint venture	531,968	305,075	768,886	678,227
<b>Profit before taxation</b>	551,750	517,101	825,050	1,055,097
Taxation	(54,472)	(44,105)	(89,171)	(75,502)
<b>Net profit</b>	<u>497,278</u>	<u>472,996</u>	<u>735,879</u>	<u>979,595</u>
<b>Net profit attributable to:</b>				
Owners of the parent	485,974	468,385	710,004	970,464
Non-controlling interest	11,304	4,611	25,875	9,131
	<u>497,278</u>	<u>472,996</u>	<u>735,879</u>	<u>979,595</u>
<b>Earnings per stock unit attributable to owners of the parent for the period</b>	\$2.28	\$2.20	\$3.34	\$4.55

**Pan-Jamaican Investment Trust Limited**  
**and its subsidiaries**  
**Unaudited Consolidated Statement of Comprehensive Income**  
**Six months ended 30 June 2013**

	3 Months to Jun-13 \$'000	3 Months to Jun-12 \$'000	YTD Jun-13 \$'000	YTD Jun-12 \$'000	Restated Year ended Dec-12 \$'000
Net profit for the period	497,278	472,996	735,879	979,595	2,107,339
<b>Other comprehensive income:</b>					
Unrealised (losses)/gains on available-for-sale financial assets, net of tax	(34,742)	(15,444)	23,549	2,693	8,123
Gains recycled to profit and loss on disposal and maturity of investment assets	-	(44,629)	(89)	(44,413)	(80,524)
	<u>(34,742)</u>	<u>(60,073)</u>	<u>23,460</u>	<u>(41,720)</u>	<u>(72,401)</u>
Exchange differences on translating foreign operations	10,452	1,941	37,419	2,186	11,761
Remeasurement of defined benefit obligation	-	-	-	-	(40,438)
Share of other comprehensive income of associates	(425,590)	(53,054)	(275,495)	52,319	157,508
Other comprehensive income for the period, net of tax	<u>(449,880)</u>	<u>(111,186)</u>	<u>(214,616)</u>	<u>12,785</u>	<u>56,430</u>
Total comprehensive income for the period	<u>47,398</u>	<u>361,810</u>	<u>521,263</u>	<u>992,380</u>	<u>2,163,769</u>
<b>Total comprehensive income attributable to</b>					
Owners of the parent	36,149	357,226	495,482	983,312	2,138,129
Non-controlling interest	11,249	4,584	25,781	9,068	25,640
	<u>47,398</u>	<u>361,810</u>	<u>521,263</u>	<u>992,380</u>	<u>2,163,769</u>

**PAN-JAMAICAN INVESTMENT TRUST LIMITED**  
**and its subsidiaries**  
**Unaudited Consolidated Statement of Financial Position**  
**as at 30 June 2013**

	Unaudited June 2013 \$'000	Restated December 2012 \$'000	Restated June 2012 \$'000
<b>ASSETS</b>			
<b>Cash and Bank Balances</b>	32,526	41,721	97,175
<b>Investments</b>			
Short term deposits	337,147	798,827	252,297
Securities			
Financial assets at fair value through profit and loss	397,292	112,057	251,741
Available-for-sale	1,564,935	810,573	808,877
Loans & receivables	140,278	141,563	145,121
Deposits	104,485	97,265	89,435
Securities purchased under agreements to resell	196,304	862,757	706,132
Investment properties	4,460,055	4,366,940	4,326,833
Investment in joint venture	214,566	199,920	170,919
Investment in associated companies	13,155,722	12,922,232	9,011,540
	<u>20,570,784</u>	<u>20,312,134</u>	<u>15,762,895</u>
<b>Other assets</b>			
Taxation recoverable	67,917	68,681	66,545
Deferred tax assets	3,963	336	107
Development in progress projects	696,280	380,233	257,545
Receivables and other assets	341,375	233,038	344,286
Property, plant and equipment	359,918	354,695	356,322
Retirement benefit assets	41,593	41,593	28,152
	<u>1,511,046</u>	<u>1,078,576</u>	<u>1,052,957</u>
	<u>22,114,356</u>	<u>21,432,431</u>	<u>16,913,027</u>
<b>STOCKHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Stockholders' Equity</b>			
<b>Capital and Reserves Attributable to the Company's Equity holders</b>			
Share capital	2,141,985	2,141,985	2,141,985
Property revaluation reserve	2,759,683	2,675,311	2,634,091
Investment and other reserves	3,411,847	3,621,237	3,493,925
Retained earnings	8,278,950	7,887,547	7,081,880
Treasury stock	(26,179)	(9,899)	(9,090)
	<u>16,566,286</u>	<u>16,316,181</u>	<u>15,342,791</u>
<b>Non-controlling interest</b>	<u>250,908</u>	<u>230,259</u>	<u>216,036</u>
	<u>16,817,194</u>	<u>16,546,440</u>	<u>15,558,827</u>
<b>Liabilities</b>			
Bank overdraft	11,267	-	419
Taxation payable	66,024	119,536	42,623
Due to related party	-	-	5,225
Bank and other loans	4,561,716	4,212,726	606,680
Finance lease liability	15,521	13,799	11,059
Deferred tax liability	110,168	99,143	157,508
Retirement benefit liabilities	211,766	196,766	147,369
Payables and other liabilities	320,700	244,021	383,317
Total liabilities	<u>5,297,162</u>	<u>4,885,991</u>	<u>1,354,200</u>
	<u>22,114,356</u>	<u>21,432,431</u>	<u>16,913,027</u>



Stephen B. Facey

Chairman



Paul A. B. Facey

Director



**Pan-Jamaican Investment Trust Limited**  
**Unaudited Consolidated Statement of Changes in Equity**  
**for the period ended 30 June 2013**

**Restated**

**30-Jun-12**

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

	Share Capital \$'000	Equity Compensation reserve \$'000	Property Revaluation Reserves \$'000	Investment and other reserves \$'000	Retained Earnings \$'000	Treasury Shares \$'000	Non-controlling Interests \$'000	Total \$'000
Balance at 1 January 2012, as previously reported	2,141,985	-	2,518,691	3,481,077	6,503,785	(9,090)	206,968	14,843,416
Remeasurement of defined benefit obligation	-	-	-	-	(63,862)	-	-	(63,862)
Balance as at 1 January 2012, as restated	2,141,985	-	2,518,691	3,481,077	6,439,923	(9,090)	206,968	14,779,554
Total comprehensive income for the period	-	-	-	12,848	970,464	-	9,068	992,380
Dividends paid	-	-	-	-	(213,107)	-	-	(213,107)
Property revaluation gains	-	-	115,400	-	(115,400)	-	-	-
Balance at end of period	2,141,985	-	2,634,091	3,493,925	7,081,880	(9,090)	216,036	15,558,827

**30-Jun-13**

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

	Share Capital \$'000	Equity Compensation reserve \$'000	Property Revaluation Reserves \$'000	Investment and other reserves \$'000	Retained Earnings \$'000	Treasury Shares \$'000	Non-controlling Interests \$'000	Total \$'000
Balance at 1 January 2013, as previously reported	2,141,985	-	2,675,311	3,621,237	7,991,847	(9,899)	230,259	16,650,740
Remeasurement of defined benefit obligation	-	-	-	-	(104,300)	-	-	(104,300)
Balance as at 1 January 2013, as restated	2,141,985	-	2,675,311	3,621,237	7,887,547	(9,899)	230,259	16,546,440
Total comprehensive income for the period	-	-	-	(214,522)	710,004	-	25,781	521,263
Dividends paid	-	-	-	-	(234,229)	-	-	(234,229)
Property revaluation gains	-	-	84,372	-	(84,372)	-	-	-
Liquidation of subsidiary	-	-	-	5,132	-	-	(5,132)	-
Treasury Stocks	-	-	-	-	-	(16,280)	-	(16,280)
Balance at end of period	2,141,985	-	2,759,683	3,411,847	8,278,950	(26,179)	250,908	16,817,194

**Restated**

**31-Dec-12**

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

	Share Capital \$'000	Equity Compensation reserve \$'000	Property Revaluation Reserves \$'000	Investment and other reserves \$'000	Retained Earnings \$'000	Treasury Shares \$'000	Non-controlling Interests \$'000	Total \$'000
Balance at 1 January 2012, as previously reported	2,141,985	-	2,518,691	3,481,077	6,503,785	(9,090)	206,968	14,843,416
Remeasurement of defined benefit obligation	-	-	-	-	(63,862)	-	-	(63,862)
Balance as at 1 January 2012, as restated	2,141,985	-	2,518,691	3,481,077	6,439,923	(9,090)	206,968	14,779,554
Net profit	-	-	-	-	2,081,551	-	25,788	2,107,339
Other comprehensive income	-	-	-	97,016	(40,438)	-	(148)	56,430
Total comprehensive income for the year	-	-	-	97,016	2,041,113	-	25,640	2,163,769
Dividends paid	-	-	-	-	(436,869)	-	(24,000)	(460,869)
Dilution of shareholding in subsidiary	-	-	-	43,144	-	-	21,651	64,795
Acquisition of treasury stock	-	-	-	-	-	(809)	-	(809)
Property revaluation gains	-	-	156,620	-	(156,620)	-	-	-
Balance at 31 December 2012	2,141,985	-	2,675,311	3,621,237	7,887,547	(9,899)	230,259	16,546,440

**PAN-JAMAICAN INVESTMENT TRUST LIMITED**  
**and its subsidiaries**  
**Unaudited Consolidated Statement of Cash Flows**  
**Six months ended 30 June 2013**

	<b>6-Months to June 2013 \$'000</b>	<b>6-Months to June 2012 \$'000</b>
Net profit	735,879	979,595
<b>Items not affecting cash</b>		
Share of results of associated and joint venture companies	(768,886)	(678,227)
Fair value gains on investment properties	(88,220)	(115,400)
Foreign exchange (losses)/gains, net	54,610	(10,188)
Other	280,200	81,757
	<u>213,583</u>	<u>257,537</u>
<b>Changes in operating assets and liabilities</b>		
Other assets	(107,573)	(272,098)
Other liabilities	76,679	152,571
	<u>182,689</u>	<u>138,010</u>
Interest received	59,320	56,388
Income tax paid	(135,285)	(84,619)
<b>Net cash provided by operations</b>	<u>106,724</u>	<u>109,779</u>
<b>Cash flows from investing activities</b>		
Acquisition of investment securities, net	(928,658)	536,381
Acquisition of associated company	-	(355,069)
Other investment activities	(339,456)	(100,680)
Acquisition of treasury stocks	(16,280)	-
Dividends received from associated companies	244,910	261,304
<b>Net cash (used in)/provided by investing activities</b>	<u>(1,039,484)</u>	<u>341,936</u>
<b>Cash flows from financing activities</b>		
Dividend paid to company stockholders	(234,229)	(213,107)
Loan received	359,934	108,064
Loan repaid	(197,355)	(42,496)
Interest paid	(145,079)	(21,812)
Other financing activities	1,722	(1,357)
<b>Net cash used in financing activities</b>	<u>(215,007)</u>	<u>(170,708)</u>
Net decrease in cash and cash equivalents	(1,147,767)	281,007
Cash & cash equivalents at beginning of the period	1,701,908	774,178
Cash & cash equivalents at end of the period	<u>554,141</u>	<u>1,055,185</u>
<b>Comprising of:</b>		
Cash at bank and in hand	32,526	97,175
Short term deposits	337,147	252,297
Securities purchased under agreement to resell	195,735	706,132
Overdraft	(11,267)	(419)
	<u>554,141</u>	<u>1,055,185</u>

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

June 30, 2013

	<b>Property Management &amp; Rental \$'000</b>	<b>Investments \$'000</b>	<b>Other Services \$'000</b>	<b>Eliminations \$'000</b>	<b>Total \$'000</b>
<b>REVENUE</b>					
External	757,284	92,635	45,390	-	895,309
Inter-segment	599	56,031	228	(56,858)	-
	<u>757,883</u>	<u>148,666</u>	<u>45,618</u>	<u>(56,858)</u>	<u>895,309</u>
Total revenue					
Segment results	342,334	9,698	35,622	-	387,654
Interest expense	(111,778)	(259,447)	(200)	39,935	(331,490)
	<u>230,556</u>	<u>(249,749)</u>	<u>35,422</u>	<u>39,935</u>	<u>56,164</u>
Share of results of associated and joint venture companies	-	768,886	-	-	768,886
<b>Profit before taxation</b>	<u>230,556</u>	<u>519,137</u>	<u>35,422</u>	<u>39,935</u>	<u>825,050</u>
Taxation	(63,683)	(19,388)	(6,100)		(89,171)
<b>Net profit</b>	<u>166,873</u>	<u>499,749</u>	<u>29,322</u>	<u>39,935</u>	<u>735,879</u>
Segment assets	6,036,546	2,824,618	211,236	(328,332)	8,744,068
Associates and joint venture companies	-	13,155,722	214,566	-	13,370,288
Total assets	<u>6,036,546</u>	<u>15,980,340</u>	<u>425,802</u>	<u>(328,332)</u>	<u>22,114,356</u>
Segment liabilities	<u>1,412,320</u>	<u>4,018,017</u>	<u>195,157</u>	<u>(328,332)</u>	<u>5,297,162</u>

Restated

June 30, 2012

	<b>Property Management &amp; Rental \$'000</b>	<b>Investments \$'000</b>	<b>Other Services \$'000</b>	<b>Eliminations \$'000</b>	<b>Total \$'000</b>
<b>REVENUE</b>					
External	737,856	66,667	44,495	-	849,018
Inter-segment	5,189	56,530	-	(61,719)	-
	<u>743,045</u>	<u>123,197</u>	<u>44,495</u>	<u>(61,719)</u>	<u>849,018</u>
Total revenue					
Segment results	358,935	15,684	36,156		410,775
Interest expense	(69,286)	(3,335)		38,716	(33,905)
	<u>289,649</u>	<u>12,349</u>	<u>36,156</u>	<u>38,716</u>	<u>376,870</u>
Share of results of associated and joint venture companies	-	678,227	-		678,227
<b>Profit before taxation</b>	<u>289,649</u>	<u>690,576</u>	<u>36,156</u>	<u>38,716</u>	<u>1,055,097</u>
Taxation	(60,301)	(12,613)	(2,588)		(75,502)
<b>Net profit</b>	<u>229,348</u>	<u>677,963</u>	<u>33,568</u>	<u>38,716</u>	<u>979,595</u>
Segment assets	5,655,635	2,303,965	262,482	(491,514)	7,730,568
Associates and joint venture companies	-	9,011,540	170,919		9,182,459
Total assets	<u>5,655,635</u>	<u>11,315,505</u>	<u>433,401</u>	<u>(491,514)</u>	<u>16,913,027</u>
Segment liabilities	<u>1,275,512</u>	<u>218,751</u>	<u>351,451</u>	<u>(491,514)</u>	<u>1,354,200</u>

**PAN-JAMAICAN INVESTMENT TRUST LIMITED**

**Notes to the Unaudited Consolidated Financial Statements**

**30 June 2013**

1. Basis of preparation

The unaudited consolidated financial statements have been prepared in accordance with the accounting policies as outlined in note 2 of the 31 December 2012 audited financial statements. Certain comparative numbers has been restated to conform with the current year presentation and due to the adoption of IAS19 (amendment), Employee Benefits.

2. IAS 19 (amendment) Employee Benefits

The Group adopted IAS 19 (amendment), Employee Benefits, effective, 1 January 2013. The amended standard has been applied retrospectively, resulting in the restatement of the prior year financial statements along with the opening statement of financial position for that year.

Retained Earnings have been reduced as at 1 January 2012, by \$63,862,000 and as at 1 January 2013 by \$104,300,000. The amendment:

- Eliminates the corridor approach;
- Recognises all actuarial gains and losses in Other Comprehensive Income as they occur;
- Recognises all past service costs immediately;
- Replaces 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 or asset.