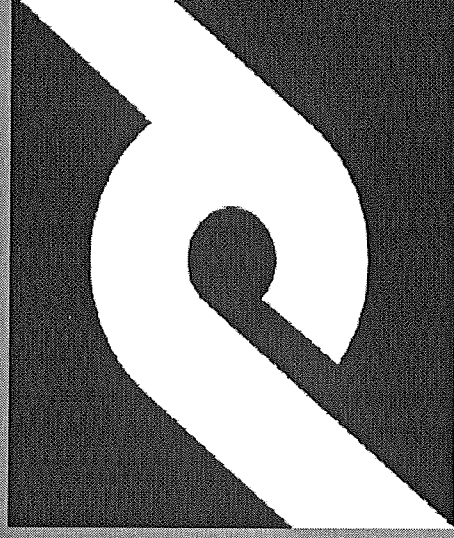


PAN-JAMAICAN INVESTMENT TRUST  
LIMITED



**Report to Stockholders**  
Nine Months ended 30 September 2013

# Pan-Jamaican Investment Trust Limited

## Interim Report to Stockholders

For the 9 months ended September 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 September 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 enhanced level of shareholding is therefore reflected in our 2013 results, but only in the last 2 months of the September 2012 results.

Our results for the 1<sup>st</sup> quarter and year-to-date have been 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 \$613 million (2012: \$519 million) for the quarter and \$1,323 million (2012: \$1,489 million) for the nine months
- Return (annualised) on opening equity of 11% (2012: 14%)
- Basic earnings per stock unit of \$2.88 (2012: \$2.44) for the quarter and \$6.22 (2012: \$6.99) for the nine months
- Book value per stock unit of \$80.90 at September 30, 2013 (December 31, 2012: \$76.57)

### Income Statement

Net profit attributable to owners for the quarter ended September 30, 2013 amounted to \$613 million, compared to \$519 million in the 2012 3<sup>rd</sup> quarter, an increase of 18%, equivalent to basic earnings per stock unit of \$2.88 compared to \$2.44 for the same period in 2012. Net profit attributable to owners for the nine months ended September 30, 2013 amounted to \$1,323 million, compared to \$1,489 million for 2012, a decrease of 11%, equivalent to basic earnings per stock unit of \$6.22 compared to \$6.99 for the same period in 2012.

Two items drove our performance for the quarter – increases in investment income of \$99 million and in share of results of associated and joint venture companies of \$81 million, driven largely by our increased Sagicor shareholding, partly offset by increases in finance costs of \$68 million and in operating expenses of \$25 million.

Investment income of \$139 million in the third quarter of 2013 was \$99 million higher than last year's comparable quarter, driven by gains on securities trading of \$78 million. Year to date investment income of \$284 million is 84% ahead of last year due principally to significantly higher foreign exchange gains (\$83 million higher) and gains on securities trading (\$25 million higher). 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 3<sup>rd</sup> quarter increased by \$95 million, 53%, compared to last year's 3<sup>rd</sup> quarter. For the year to date, group operating profit of \$660 million is \$71 million, 12%, higher than last year's level. Total revenue was higher for the quarter compared to last year by \$120 million, 29%, and by \$166 million, 13%, for the 9 months, principally attributable to the improvement in investment income. Operating expenses increased by \$25 million for the quarter (\$94 million for the 9 months), driven by increased levels of direct property costs, professional fees associated with investment opportunities and general increases in staff costs.

Finance costs for the quarter doubled compared to last year, to \$132 million, bringing the year to date expense to \$464 million from last year's \$99 million level, resulting from a \$2.5 billion local debt raise in July of 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 3<sup>rd</sup> quarter, a slight decline from last year, while contribution to group operating profit of \$165 million for the quarter (\$507 million year-to-date) was \$14 million (\$31 million year-to-date) lower, attributable to reduced property revaluation gains.

Our investment management segment posted an operating profit of \$88 million for the quarter, compared to last year's 3<sup>rd</sup> quarter loss of \$4 million, driven by gains on securities trading of \$78 million. Year-to-date segment operating profit of \$98 million compares to last year's \$11 million, as the segment benefitted from both foreign exchange and trading gains which more than offset greater overheads, particularly associated with new investment opportunities.

We recorded a net unrealised gain of \$29 million for the quarter (\$53 million for the nine months) 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 gains of \$11 million in the 3<sup>rd</sup> quarter and \$14 million for the nine 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 nine month period increased by \$171 million, 15%, to \$1,277 million, as results were significantly affected by our increased shareholding in Sagicor compared to last year.

Our share of results of Sagicor increased by \$45 million (10%) for the quarter and \$96 million (9%) for the nine months. Sagicor’s 2<sup>nd</sup> and 3<sup>rd</sup> quarter results, net profit per quarter of \$1.6 and \$1.5 billion, respectively, were significantly better than the 1<sup>st</sup> quarter’s \$0.6 billion, which were severely affected by the NDX in February 2013. While year to date performance remains 7% below last year’s level of profitability, and the investment arena remains challenging, we are very encouraged by top line growth and careful expense management. Sagicor’s second half dividend of 21 cents per share was lower by 25% 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 \$108 million consisting primarily of unrealized gains on available-for-sale securities, including exchange gains. For the year-to-date, our share of the net unrealized loss is \$168 million, compared to a share of net unrealized gains of \$158 million for the comparable period last year.

H&L reported a profit of \$37 million for the 3<sup>rd</sup> quarter, compared to \$7 million for the same period last year, bringing their year-to-date profit of \$90 million compared to \$1 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 revenue for their first quarter ended July 31 2013 increased 13%, although operating profit was flat year on year. Mavis Bank enjoyed a strong quarter and nine month performance with operational efficiency gains allowing them to meet their export volume targets while also increasing returns to coffee growers.

In our first full year (ended September 30) of our investment in Chukka, results have been in line with expectations, despite Hurricane Sandy-related disruptions to cruise ship passenger arrivals at the end of 2012, and the temporary closure of the cruise ship port in Turks and Caicos in March 2013.

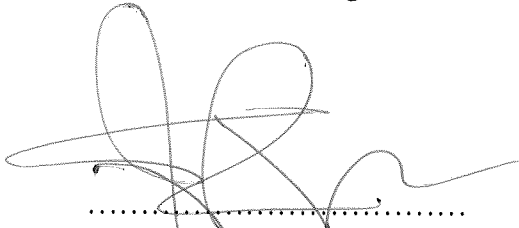
#### Balance Sheet

Total assets at September 30, 2013 amounted to \$22.6 billion, compared to \$21.4 billion at December 31, 2012. Stockholders’ equity increased to \$17.2 billion (December 31 2012: \$16.3 billion), which equates to a book value per stock unit of \$80.90 as at September 30, 2013 (December 31, 2012: \$76.57).

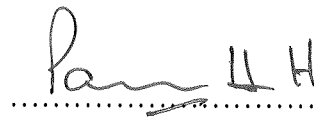
Outlook

We are pleased with the good news from the Economic Programme Oversight Committee (EPOC) that the Government of Jamaica has, for the last two quarters, met or exceeded all quantitative targets established under the IMF agreement. While painful, it is heartening to see a greater level of fiscal prudence and discipline from the country's leadership.

As we have noted previously, Jamaica is now faced with executing meaningful change to its fiscal structure, and in that context we applaud the recent tabling of the proposed Omnibus Incentive Legislation in Parliament. We look forward to its passage by the end of 2013. We have also previously stressed the importance of transforming the country into one that is more business-friendly, and one which entrepreneurs are attracted to for its ease of starting a business, complying with transparent rules and regulations, creating jobs, and maximising benefits for all stakeholders.



.....  
Stephen B. Facey  
Chairman



.....  
Paul R. Hanworth  
Director

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

	3 Months to Sep-13 \$'000	Restated 3 Months to Sep-12 \$'000	YTD Sep-13 \$'000	Restated YTD Sep-12 \$'000
<b>Income</b>				
Investments	139,373	40,550	283,900	154,193
Property	349,448	337,075	1,024,194	1,016,013
Commissions	13,440	10,717	38,073	31,986
Other	24,253	18,578	75,656	53,746
	<u>526,514</u>	<u>406,920</u>	<u>1,421,823</u>	<u>1,255,938</u>
Operating expenses	(254,663)	(229,660)	(762,318)	(667,903)
<b>Operating profit</b>	271,851	177,260	659,505	588,035
Finance costs	(132,388)	(64,711)	(463,878)	(98,616)
	<u>139,463</u>	<u>112,549</u>	<u>195,627</u>	<u>489,419</u>
Share of results of associated companies and joint venture	508,268	427,765	1,277,154	1,105,992
<b>Profit before taxation</b>	647,731	540,314	1,472,781	1,595,411
Taxation	(24,443)	(12,666)	(113,614)	(88,168)
<b>Net profit</b>	<u>623,288</u>	<u>527,648</u>	<u>1,359,167</u>	<u>1,507,243</u>
<b>Net profit attributable to:</b>				
Owners of the parent	612,603	518,910	1,322,607	1,489,374
Non-controlling interest	10,685	8,738	36,560	17,869
	<u>623,288</u>	<u>527,648</u>	<u>1,359,167</u>	<u>1,507,243</u>
<b>Earnings per stock unit attributable to owners of the parent for the period</b>	<u>\$2.88</u>	<u>\$2.44</u>	<u>\$6.22</u>	<u>\$6.99</u>

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

	3 Months to Sep-13 \$'000	3 Months to Sep-12 \$'000	YTD Sep-13 \$'000	YTD Sep-12 \$'000	Restated Year ended Dec-12 \$'000
Net profit for the period	623,288	527,648	1,359,167	1,507,243	2,107,339
<b>Other comprehensive income:</b>					
Unrealised gains on available-for-sale financial assets, net of tax	29,038	10,549	52,587	13,242	8,123
Gains recycled to profit and loss on disposal and maturity of investment assets	(18,547)	(4,425)	(18,636)	(48,838)	(80,524)
	10,491	6,124	33,951	(35,596)	(72,401)
Exchange differences on translating foreign operations	15,589	3,891	53,008	6,077	11,761
Remeasurement of defined benefit obligation	-	-	-	-	(40,438)
Share of other comprehensive income of associates	107,630	105,189	(167,865)	157,508	157,508
Other comprehensive income for the period, net of tax	133,710	115,204	(80,906)	127,989	56,430
Total comprehensive income for the period	756,998	642,852	1,278,261	1,635,232	2,163,769
<b>Total comprehensive income attributable to</b>					
Owners of the parent	746,249	634,191	1,241,731	1,617,503	2,138,129
Non-controlling interest	10,749	8,661	36,530	17,729	25,640
	756,998	642,852	1,278,261	1,635,232	2,163,769

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

	Unaudited September 2013 \$'000	Restated December 2012 \$'000	Restated September 2012 \$'000
<b>ASSETS</b>			
Cash and Bank Balances	12,083	41,721	12,269
Investments			
Short term deposits	167,293	798,827	26,000
Securities			
Financial assets at fair value through profit and loss	453,290	112,057	211,725
Available-for-sale	1,432,982	810,573	742,513
Loans & receivables	140,246	141,563	137,812
Deposits	108,034	97,265	95,391
Securities purchased under agreements to resell	203,143	862,757	302,967
Investment properties	4,504,159	4,366,940	4,387,259
Investment in joint venture	222,914	199,920	164,624
Investment in associated companies	13,863,019	12,922,232	12,620,600
	<u>21,095,080</u>	<u>20,312,134</u>	<u>18,688,891</u>
<b>Other assets</b>			
Taxation recoverable	68,421	68,681	67,842
Deferred tax assets	3,963	336	107
Development in progress projects	700,473	380,233	380,714
Receivables and other assets	288,209	233,038	267,112
Property, plant and equipment	375,021	354,695	360,849
Retirement benefit assets	41,593	41,593	28,152
	<u>1,477,680</u>	<u>1,078,576</u>	<u>1,104,776</u>
	<u>22,584,843</u>	<u>21,432,431</u>	<u>19,805,936</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	2,801,870	2,675,311	2,691,791
Investment and other reserves	3,545,493	3,621,237	3,652,350
Retained earnings	8,753,580	7,887,547	7,436,538
Treasury stock	(26,179)	(9,899)	(9,090)
	<u>17,216,749</u>	<u>16,316,181</u>	<u>15,913,574</u>
Non-controlling interest	<u>261,657</u>	<u>230,259</u>	<u>246,348</u>
	<u>17,478,406</u>	<u>16,546,440</u>	<u>16,159,922</u>
<b>Liabilities</b>			
Bank overdraft	6,667	-	9,076
Taxation payable	56,245	119,536	33,918
Bank and other loans	4,379,980	4,212,726	3,026,075
Finance lease liability	20,755	13,799	14,708
Deferred tax liability	112,755	99,143	157,883
Retirement benefit liabilities	219,266	196,766	148,569
Payables and other liabilities	310,769	244,021	255,785
Total liabilities	<u>5,106,437</u>	<u>4,885,991</u>	<u>3,646,014</u>
	<u>22,584,843</u>	<u>21,432,431</u>	<u>19,805,936</u>

Stephen B. Facey

Chairman

Paul R. Hanworth

Director



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

Restated  
 30-Sep-12

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

	Share Capital \$'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
Remeasurment 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	-	-	128,129	1,489,374	-	17,729	1,635,232
Dividends paid	-	-	-	(319,659)	-	-	(319,659)
Property revaluation gains	-	173,100	-	(173,100)	-	-	-
Balance at end of period	2,141,985	2,691,791	3,609,206	7,436,538	(9,090)	224,697	16,095,127

30-Sep-13

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

	Share Capital \$'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
Remeasurment 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	-	-	(80,876)	1,322,607	-	36,530	1,278,261
Dividends paid	-	-	-	(330,015)	-	-	(330,015)
Property revaluation gains	-	126,559	-	(126,559)	-	-	-
Liquidation of subsidiary	-	-	5,132	-	-	(5,132)	-
Treasury Stocks	-	-	-	-	(16,280)	-	(16,280)
Balance at end of period	2,141,985	2,801,870	3,545,493	8,753,580	(26,179)	261,657	17,478,406

Restated  
 31-Dec-12

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

	Share Capital \$'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
Remeasurment 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**  
**Nine months ended 30 September 2013**

	<b>9-Months to September 2013</b>	<b>9-Months to September 2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Net profit	1,359,167	1,507,243
<b>Items not affecting cash</b>		
Share of results of associated and joint venture companies	(1,277,154)	(1,105,992)
Fair value gains on investment properties	(132,330)	(173,100)
Foreign exchange gains	(119,790)	(37,192)
Finance costs	463,878	98,616
Other	94,986	49,777
	<u>388,757</u>	<u>339,352</u>
<b>Changes in operating assets and liabilities</b>		
Other assets	(54,912)	(8,912)
Other liabilities	66,749	25,039
	<u>400,594</u>	<u>355,479</u>
Interest received	81,579	75,344
Income tax paid	(166,920)	(105,615)
<b>Net cash provided by operations</b>	<u>315,253</u>	<u>325,208</u>
<b>Cash flows from investing activities</b>		
Acquisition of investment securities, net	(787,162)	667,545
Investment in associated company	(102,392)	(3,426,187)
Other investment activities	(366,220)	(357,139)
Acquisition of treasury stocks	(16,280)	-
Dividends received from associated companies	247,957	264,859
<b>Net cash used in investing activities</b>	<u>(1,024,097)</u>	<u>(2,850,922)</u>
<b>Cash flows from financing activities</b>		
Dividend paid to company stockholders	(330,015)	(319,659)
Loan received	386,934	2,560,291
Loan repaid	(374,444)	(118,038)
Interest paid	(307,238)	(35,965)
Other financing activities	6,956	(2,933)
<b>Net cash (used in)/provided by financing activities</b>	<u>(617,807)</u>	<u>2,083,696</u>
Net decrease in cash and cash equivalents	(1,326,651)	(442,018)
Cash & cash equivalents at beginning of the period	1,701,908	774,178
Cash & cash equivalents at end of the period	<u>375,257</u>	<u>332,160</u>
<b>Comprising of:</b>		
Cash at bank and in hand	12,083	12,269
Short term deposits	167,293	26,000
Securities purchased under agreement to resell	202,548	302,967
Overdraft	(6,667)	(9,076)
	<u>375,257</u>	<u>332,160</u>

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

September 30, 2013

	Property Management & Rental \$'000	Investments \$'000	Other Services \$'000	Eliminations \$'000	Total \$'000
<b>REVENUE</b>					
External	1,140,942	211,883	68,998	-	1,421,823
Inter-segment	837	83,300	231	(84,368)	-
Total revenue	1,141,779	295,183	69,229	(84,368)	1,421,823
Segment results	507,123	97,516	54,866	-	659,505
Interest expense	(154,954)	(368,054)	(200)	59,330	(463,878)
	352,169	(270,538)	54,666	59,330	195,627
Share of results of associated and joint venture companies	-	1,277,154	-	-	1,277,154
<b>Profit before taxation</b>	352,169	1,006,616	54,666	59,330	1,472,781
Taxation	(87,251)	(19,500)	(6,863)	-	(113,614)
<b>Net profit</b>	264,918	987,116	47,803	59,330	1,359,167
Segment assets	6,135,824	2,525,013	175,822	(337,752)	8,498,907
Associates and joint venture companies	-	13,863,019	222,914	-	14,085,933
Total assets	6,135,824	16,388,032	398,736	(337,752)	22,584,840
Segment liabilities	1,415,478	3,881,542	147,169	(337,752)	5,106,437

Restated  
September 30, 2012

	Property Management & Rental \$'000	Investments \$'000	Other Services \$'000	Eliminations \$'000	Total \$'000
<b>REVENUE</b>					
External	1,110,557	86,707	58,674	-	1,255,938
Inter-segment	5,339	87,841	-	(93,180)	-
Total revenue	1,115,896	174,548	58,674	(93,180)	1,255,938
Segment results	538,157	11,395	38,483	-	588,035
Interest expense	(104,665)	(52,029)	(3,042)	61,120	(98,616)
	433,492	(40,634)	35,441	61,120	489,419
Share of results of associated and joint venture companies	-	1,105,992	-	-	1,105,992
<b>Profit before taxation</b>	433,492	1,065,358	35,441	61,120	1,595,411
Taxation	(87,348)	1,832	(2,652)	-	(88,168)
<b>Net profit</b>	346,144	1,067,190	32,789	61,120	1,507,243
Segment assets	5,678,340	1,578,437	194,753	(430,818)	7,020,712
Associates and joint venture companies	-	12,620,600	164,624	-	12,785,224
Total assets	5,678,340	14,199,037	359,377	(430,818)	19,805,936
Segment liabilities	1,156,355	2,691,682	228,795	(430,818)	3,646,014

**PAN-JAMAICAN INVESTMENT TRUST LIMITED**

**Notes to the Unaudited Consolidated Financial Statements**

**30 September 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.