

PAN-JAMAICAN INVESTMENT TRUST LIMITED



Financial Statements
Three months ended 31 March 2016

Interim Report to Stockholders

For the three months ended March 31, 2016

On behalf of the Board of Directors, we are pleased to present the unaudited consolidated financial statements of Pan-Jamaican Investment Trust Limited for the quarter ended March 31, 2016.

Overview

Our net profit for the quarter shows significant improvement over the comparable period last year. This is largely the net effect of a stronger share of results of associated and joint venture companies, led by Sagicor, and a gain on disposal of the Group's interest in Hardware & Lumber Limited, set against weaker results from property and other income.

Highlights

The first quarter's highlights are:

- Net profit attributable to shareholders of \$721 million (2015: \$542 million)
- Return (annualized) on opening equity of 13% (2015: 10%)
- Earnings per stock unit of \$3.44 (2015: \$2.59)
- Book value per stock unit of \$106.86 at March 31, 2016 (December 31, 2015: \$103.68)
- Ordinary dividend of \$0.75 declared and paid (March 2015: \$0.70)

Income Statement

Net profit attributable to owners for the quarter ended March 31, 2016 amounted to \$721 million, compared to \$542 million in the 2015 first quarter, an increase of 33%. Earnings per stock unit were \$3.44 compared to \$2.59 for the same period in 2015.

Performance for the quarter was influenced positively by a gain of \$185 million arising from the divestment of our stake in Hardware & Lumber Limited and an increase of \$149 million in our share of results of associated and joint venture companies. These items more than compensated for decreases of \$43 million and \$84 million in property and other income respectively.

Group operating profit for the first quarter decreased by \$140 million compared to 2015, driven largely by the reductions in property and other income as well as an increase of \$29 million in operating expenses. Property income was reduced by lower rental income as a result of a reduction in average occupancy from 85% in March 2015 to 81% in the current year as well as reduced accrual of property revaluation gains. In the first quarter of 2015, other income had been increased by a one-off lease buyout in the amount of \$87 million. Operating expenses increased principally as a result of pension costs related to the reorganisation of the Group's pension arrangements as well as amortization of new property management software which was recently implemented.

Finance costs increased by \$35 million to \$130 million, resulting from higher debt balances and a shift from US dollar denominated to Jamaican dollar denominated debt. The latter has higher nominal interest rates, but no exposure to devaluation risk.

Our segment results showed the operating profit of the property segment declining to \$51 million in the current year from \$237 million in 2015. The prior year figure had been boosted by the aforementioned lease buy-out payment. The investments segment posted an operating profit of \$19 million versus a loss of \$23 million in Q1 2015. This is chiefly a result of foreign exchange and unrealised trading gains in the current year versus losses in the prior year.

Associated and joint venture companies

The results of associated companies consisted principally of our 31.6% investment in Sagicor. We also hold minority positions in New Castle Company Limited (owners of the Walkerswood and Busha Browne lines of sauces and seasonings), Mavis Bank Coffee Factory Limited (“Mavis Bank”), Caribe Hospitality of Jamaica Limited (developers of the New Kingston Courtyard Marriott Hotel) and Chukka Caribbean Adventures (“Chukka”). As indicated above, the Group’s stake in Hardware & Lumber Limited (“H&L”) has been divested.

Our share of results of associated and joint venture companies for the quarter increased by \$149 million to \$592 million, compared to the 2015 Q1 amount of \$443 million. Our share of earnings from our 31.6% investment in Sagicor increased by \$171 million (41%) to \$592 million. Sagicor’s first quarter results reflect strong performances in the individual lines and employee benefit segments.

Newcastle, Chukka and Mavis Bank performed satisfactorily during the period. With the Courtyard Marriott Kingston hotel having opened in December 2015, we are pleased to report that Caribe Hospitality of Jamaica Limited enjoyed a small profit in its first full operating quarter.

Balance Sheet

Total assets at March 31, 2016 amounted to \$28.3 billion, compared to \$28.0 billion at December 31, 2015. Stockholders’ equity increased to \$22.4 billion (December 31, 2015: \$21.8 billion), which equates to a book value per stock unit of \$106.86 (December 31, 2015: \$103.68).

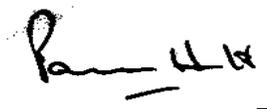
Outlook

We continue to regard the current environment in Jamaica as being supportive of investment and trust that, with maintained discipline by the government in relation to the IMF programme, the situation will continue to improve. We are also encouraged by signs of rebirth in downtown Kingston.

We therefore continue to renovate the former Oceana hotel property through our joint venture, Kingchurch, while seeking opportunities across the island for new projects similar to Oceana or to the Courtyard Marriott. Simultaneously, efforts to find real estate related projects in major overseas markets in which we can invest, remain active.



Stephen B. Facey
Chairman & Chief Executive Officer



Paul R. Hanworth
Director & Chief Operating Officer

PAN-JAMAICAN INVESTMENT TRUST LIMITED
and its subsidiaries
Unaudited Consolidated Income Statement
Three months ended 31 March 2016

	3 Months to Mar-16 \$'000	3 Months to Mar-15 \$'000
Income		
Investments	49,679	34,929
Property	292,451	335,740
Commissions	15,863	13,714
Other	19,502	103,978
	377,495	488,361
Operating expenses	(288,588)	(259,571)
Operating profit	88,907	228,790
Finance costs	(129,795)	(94,318)
	(40,888)	134,472
Gain on disposal of associated company	185,453	-
Share of results of associated companies and joint venture	592,076	443,109
Profit before taxation	736,641	577,581
Taxation	(17,200)	(33,847)
Net profit	719,441	543,734
Net profit attributable to:		
Owners of the parent	721,449	542,109
Non-controlling interest	(2,008)	1,625
	719,441	543,734
Earnings per stock unit attributable to owners of the parent for the period	\$3.44	\$2.59

Pan-Jamaican Investment Trust Limited
and its subsidiaries
Unaudited Consolidated Statement of Comprehensive Income
Three months ended 31 March 2016

	3 Months to Mar-16 \$'000	3 Months to Mar-15 \$'000
Net profit for the period	719,441	543,734
Other comprehensive income:		
<i>Items that may be subsequently reclassified to profit or loss</i>		
Unrealised gains/(losses) on available-for-sale financial assets, net of tax	36,663	(27,796)
Gains recycled to profit and loss on disposal and maturity of investment assets	(154)	(17,624)
	36,509	(45,420)
Exchange differences on translating foreign operations	(18)	(4,091)
Realised gains on disposal of associated company	(117,188)	-
Share of other comprehensive income of associates	151,099	(149,981)
Other comprehensive income for the period, net of tax	70,402	(199,492)
Total comprehensive income for the period	789,843	344,242
Total comprehensive income attributable to		
Owners of the parent	791,843	340,963
Non-controlling interest	(2,000)	3,279
	789,843	344,242

PAN-JAMAICAN INVESTMENT TRUST LIMITED
and its subsidiaries
Unaudited Consolidated Statement of Financial Position
as at 31 March 2016

	Unaudited March 2016 \$'000	Audited December 2015 \$'000	Unaudited March 2015 \$'000
ASSETS			
Cash and Bank Balances	62,543	120,123	33,196
Investments			
Deposits	60,771	281,304	149,391
Securities			
Financial assets at fair value through profit and loss	503,609	462,802	491,477
Available-for-sale	1,395,434	1,290,749	1,351,866
Held-to-maturity	30,342	-	-
Loans & receivables	415,858	386,145	266,201
Securities purchased under agreements to resell	218,098	553,900	178,442
Investment properties	5,199,921	5,194,069	4,956,697
Investment in joint venture	259,442	240,605	194,393
Investment in associated companies	17,495,169	17,781,280	16,951,966
	25,578,644	26,190,854	24,540,433
Other assets			
Taxation recoverable	38,150	25,590	22,652
Deferred tax assets	7,596	4,281	23,296
Development in progress projects	714,172	711,710	711,710
Receivables and other assets	1,523,474	526,383	794,264
Property, plant and equipment	308,569	314,783	352,335
Intangibles	55,400	60,437	-
Retirement benefit assets	-	-	21,052
	2,647,361	1,643,184	1,925,309
	28,288,548	27,954,161	26,498,938
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity			
Capital and Reserves Attributable to the Company's Equity holders			
Share capital	2,141,985	2,141,985	2,141,985
Equity compensation reserve	45,591	38,181	29,277
Property revaluation reserve	3,331,031	3,327,600	3,159,781
Investment and other reserves	1,950,276	1,879,882	3,726,539
Retained earnings	15,102,511	14,541,916	12,460,313
Treasury stock	(166,446)	(166,446)	(181,666)
	22,404,948	21,763,118	21,336,229
Non-controlling interest	334,928	336,928	270,792
	22,739,876	22,100,046	21,607,021
Liabilities			
Bank overdraft	3,890	8,913	2,920
Taxation payable	21,262	36,157	30,963
Bank and other loans	4,952,940	5,180,745	4,378,831
Finance lease liability	9,672	11,446	10,077
Deferred tax liability	59,676	54,319	80,859
Retirement benefit liabilities	200,703	183,618	135,756
Payables and other liabilities	300,529	378,917	252,511
Total liabilities	5,548,672	5,854,115	4,891,917
	28,288,548	27,954,161	26,498,938



Stephen B. Facey

Director



Paul A. B. Facey

Director

PAN-JAMAICAN INVESTMENT TRUST LIMITED
Unaudited Consolidated Statement of Changes in Equity
for the period ended 31 March 2016

31-Mar-15

-----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 2015	2,141,985	23,052	3,118,605	3,926,021	12,106,496	(181,666)	269,177	21,403,670
Net profit					542,109		1,625	543,734
Other comprehensive income				(199,482)	-		(10)	(199,492)
Total comprehensive income for the period				(199,482)	542,109		1,615	344,242
Dividends paid	-	-	-	-	(147,116)	-	-	(147,116)
Employee share option scheme value of services provided		6,225						6,225
Property revaluation gains	-	-	41,176	-	(41,176)	-	-	-
Balance at end of period	2,141,985	29,277	3,159,781	3,726,539	12,460,313	(181,666)	270,792	21,607,021

31-Mar-16

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

	Share Capital \$'000	Equity Compensation Reserve \$'000	Property Revaluation Reserve \$'000	Investment and other reserves \$'000	Retained Earnings \$'000	Treasury Shares \$'000	Non-controlling Interests \$'000	Total \$'000
Balance at 1 January 2016	2,141,985	38,181	3,327,600	1,879,882	14,541,916	(166,446)	336,928	22,100,046
Net profit					721,449		(2,008)	719,441
Other comprehensive income				70,394	-		8	70,402
Total comprehensive income for the period	-	-	-	70,394	721,449	-	(2,000)	789,843
Dividends paid	-	-	-	-	(157,423)	-	-	(157,423)
Employee share option scheme value of services provided	-	7,410	-	-	-	-	-	7,410
Property revaluation gains	-	-	3,431	-	(3,431)	-	-	-
Balance at end of period	2,141,985	45,591	3,331,031	1,950,276	15,102,511	(166,446)	334,928	22,739,876

PAN-JAMAICAN INVESTMENT TRUST LIMITED
and its subsidiaries
Unaudited Consolidated Statement of Cash Flows
Three months ended 31 March 2016

	3-Months to March 2016 \$'000	3-Months to March 2015 \$'000
Net profit	719,441	543,734
Items not affecting cash		
Share of results of associated and joint venture companies	(592,076)	(443,109)
Fair value gains on investment properties	(5,718)	(43,252)
Foreign currency (gain)/loss, net	(34,222)	6,644
Gain on disposal of associated company	(185,453)	-
Other	106,021	175,773
	<u>7,993</u>	<u>239,790</u>
Changes in operating assets and liabilities		
Other assets	81,371	40,273
Other liabilities	(29,651)	(55,035)
	<u>59,713</u>	<u>225,028</u>
Interest received	12,701	30,689
Income tax paid	(29,651)	(54,368)
Net cash provided by operations	<u>42,763</u>	<u>201,349</u>
Cash flows from investing activities		
Acquisition of investment securities, net	(87,024)	(62,712)
Additional investment in joint venture company	(48,526)	(169,500)
Other investment activities	(563)	(31,169)
Dividends received from associated company	3,626	3,445
Net cash used in investing activities	<u>(132,487)</u>	<u>(259,936)</u>
Cash flows from financing activities		
Dividends paid to equity holders	(157,423)	(147,116)
Loan received	30,326	280,555
Loans repaid	(108,191)	(251,840)
Interest paid	(279,042)	(168,390)
Other financing activities	(1,774)	(1,840)
Net cash used in financing activities	<u>(516,104)</u>	<u>(288,631)</u>
Net decrease in cash and cash equivalents	(605,828)	(347,218)
Cash & cash equivalents at beginning of the period	<u>940,854</u>	<u>702,829</u>
Cash & cash equivalents at end of the period	<u><u>335,026</u></u>	<u><u>355,611</u></u>
Comprising of:		
Cash at bank and in hand	62,543	33,196
Short term deposits	58,275	146,893
Securities purchased under agreement to resell	218,098	178,442
Overdraft	(3,890)	(2,920)
	<u>335,026</u>	<u>355,611</u>

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

March 31, 2016

	Property Management & Rental \$'000	Investments \$'000	Other Services \$'000	Eliminations \$'000	Total \$'000
REVENUE					
External	279,907	73,012	24,576	-	377,495
Inter-segment	2,175	37,610	-	(39,785)	-
Total revenue	282,082	110,622	24,576	(39,785)	377,495
Segment results	50,573	18,657	19,677	-	88,907
Interest expense	(31,102)	(125,528)	-	26,835	(129,795)
	19,471	(106,871)	19,677	26,835	(40,888)
Gain on of disposal of associated company	-	185,453	-	-	185,453
Share of results of associated and joint venture companies	-	592,076	-	-	592,076
Profit before taxation	19,471	485,205	19,677	26,835	736,641
Taxation	(15,324)	(520)	(1,356)	-	(17,200)
Net profit	4,147	484,685	18,321	26,835	719,441
	6,910,371	3,951,273	384,678	(712,385)	10,533,937
Associates and joint venture companies	-	17,495,169	259,442	-	17,754,611
Total assets	6,910,371	21,446,442	644,120	(712,385)	28,288,548
Segment liabilities	1,306,275	4,853,778	101,004	(712,385)	5,548,672

March 31, 2015

	Property Management & Rental \$'000	Investments \$'000	Other Service \$'000	Eliminations \$'000	Total \$'000
REVENUE					
External	439,889	28,454	20,018	-	488,361
Inter-segment	817	27,691	468	(28,976)	-
Total revenue	440,706	56,145	20,486	(28,976)	488,361
Segment results	236,586	(23,273)	15,477	-	228,790
Interest expense	(32,974)	(81,236)	-	19,892	(94,318)
	203,612	(104,509)	15,477	19,892	134,472
Share of results of associated and joint venture companies	-	443,109	-	-	443,109
Profit before taxation	203,612	338,600	15,477	19,892	577,581
Taxation	(30,442)	(1,838)	(1,567)	-	(33,847)
Net profit	173,170	336,762	13,910	19,892	543,734
Segment assets	6,611,997	2,796,716	346,964	(403,098)	9,352,579
Associates and joint venture companies	-	16,951,966	194,393	-	17,146,359
Total assets	6,611,997	19,748,682	541,357	(403,098)	26,498,938
Segment liabilities	1,186,419	4,022,227	86,369	(403,098)	4,891,917

PAN-JAMAICAN INVESTMENT TRUST LIMITED

Notes to the Unaudited Consolidated Interim Financial Statements

31 March 2016

1. Basis of preparation

The unaudited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the accounting policies as outlined in note 2 of the 31 December 2015 audited financial statements.

- 2.** During Q1 2016 the company accepted an offer of \$18.50 per stock unit for the purchase of its 20.83% stockholding in Hardware & Lumber. A realised gain of \$185 million was recognised in the Income Statement on the disposal of the stockholding.