

PAN-JAMAICAN INVESTMENT TRUST LIMITED



Financial Statements
Six months ended 30 June 2016

Interim Report to Stockholders

For the six months ended June 30, 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 period ended June 30, 2016.

Overview

Net profit attributable to shareholders for the period ended June 30, 2016 is 14% higher than last year. This is largely the net effect of a stronger share of results of associated and joint venture companies, led by Sagicor Group Jamaica, and a gain on disposal of the Group's interest in Hardware & Lumber Limited, set against weaker results from property and other income.

Highlights

- Net profit attributable to shareholders of \$867 million (2015: \$853 million) for the quarter and \$1,589 million (2015: \$1,395 million) for the six months
- Return (annualized) on opening equity of 15% (2015: 13%)
- Basic earnings per stock unit of \$0.83 (2015: \$0.82) for the quarter and \$1.50 (2015: \$1.33) for the six months
- Book value per stock unit of \$22.86 at June 30, 2016 (December 31, 2015: \$20.74)
- Ordinary dividends of \$0.30 per stock unit declared and paid through June 30, 2016 (2015: \$0.28)

Income Statement

Net profit attributable to owners for the quarter ended June 30, 2016 amounted to \$867 million, compared to \$853 million in the 2015 2nd quarter, an increase of 2%, equivalent to basic earnings per stock unit of \$0.83 compared to \$0.82 for the same period in 2015. Net profit attributable to owners for the six months ended June 30, 2016 amounted to \$1,589 million, compared to \$1,395 million for 2015, an increase of 14%, equivalent to basic earnings per stock unit of \$1.50 compared to \$1.33 for the same period in 2015.

The year to date net profit includes the impact of a gain of \$185 million realized on the sale of our interest in Hardware & Lumber Limited during the first quarter of 2016.

Investment income of \$114 million in the second quarter of 2015 was 28% lower than last year's comparable quarter income of \$158 million, the net result of higher unrealized gains, as prices of certain commodity-related investments rebounded, set off against lower realized gains on a slowdown of sales of securities as well as impairments. Year to date investment income of \$164 million is 15% behind last year due principally to reduced realized gains and higher impairments partially offset by higher unrealized trading and foreign exchange gains.

Property income declined 13% for the quarter to \$298 million from \$342 million in 2015, and an equivalent percentage for the year to date moving to \$590 million from \$677 million. The principal

driver was reduced accrual of revaluation gains based on lower occupancy and reduced net lease income (i.e. expense reimbursement), offsetting increased rental income. Other income for the quarter increased to \$63 million from \$15 million driven by higher management fees but declined 30% for the year to date (to \$83 million from \$119 million) as the comparative 2015 period included a large one-time lease buyout of \$87 million.

Group operating profit for the second quarter decreased by 18% to \$183 million compared to \$223 million during 2015, driven largely by the above mentioned reductions in investment and property income partially offset by higher other income. Operating expenses were \$1 million lower, with lower electricity-related costs being mostly offset by higher costs related to pension, donations and amortization of recently implemented property management software.

Finance costs for the year to date increased by \$62 million to \$262 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 six month operating profit of the property segment declining to \$144 million in the current year from \$380 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 \$93 million versus \$40 million in 2015.

Associated and joint venture companies

The results of associated companies consisted principally of our 31% 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 second quarter was \$864 million, bringing the year to date total to \$1,456 million versus \$1,234 million for 2015, a gain of 18%. This includes the six month total share of earnings from Sagicor of \$1,359 million, 16% higher than the prior year figure of \$1,167 million. Sagicor’s improved results reflect strong performances in new life business and in the X Fund as well as a favourable policyholder benefits experience.

Newcastle, Chukka and Mavis Bank performed satisfactorily during the period. We continue to be pleased by the profitable performance of the Courtyard Marriott hotel early in its operating life.

Balance Sheet

Total assets at June 30, 2016 amounted to \$30.6 billion, compared to \$28.0 billion at December 31, 2015, an increase of 9%. Stockholders’ equity increased 10% to \$24 billion (December 31, 2015: \$21.8 billion), which equates to a book value per stock unit of \$22.86 (December 31, 2015: \$20.74).

Outlook

We are encouraged by indications that the government will seek to negotiate the basis for a formal relationship with the IMF extending beyond the remaining life of the current agreement. It seems clear that, though serious issues remain, the discipline required for compliance with that existing agreement has brought significant benefits to the nation in terms of an improved macroeconomic environment and higher business and consumer confidence.

Recent statements of government support for developing Kingston as a port of call for cruise shipping have strong positive implications for the Group's ongoing waterfront investment and its own longstanding interest in the port of call concept. We will therefore continue to seek opportunities to work collaboratively with the administration to bring the concept to life.



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
Six months ended 30 June 2016

	3 Months to Jun-16 \$'000	3 Months to Jun-15 \$'000	YTD Jun-16 \$'000	YTD Jun-15 \$'000
Investments	114,189	157,876	163,868	192,805
Property	297,642	341,666	590,093	677,406
Commissions	11,256	13,405	27,119	27,119
Other	63,494	15,365	82,996	119,343
	486,581	528,312	864,076	1,016,673
Operating expenses	(303,811)	(305,166)	(592,399)	(564,737)
Operating profit	182,770	223,146	271,677	451,936
Finance costs	(131,830)	(105,758)	(261,625)	(200,076)
	50,940	117,388	10,052	251,860
Gain on disposal of associated company	-	-	185,453	-
Share of results of associated and joint venture companies	863,794	791,068	1,455,870	1,234,177
Profit before taxation	914,734	908,456	1,651,375	1,486,037
Taxation	(15,247)	(37,718)	(32,447)	(71,565)
Net profit	899,487	870,738	1,618,928	1,414,472
Net profit attributable to:				
Owners of the parent	867,458	852,877	1,588,907	1,394,986
Non-controlling interest	32,029	17,861	30,021	19,486
	899,487	870,738	1,618,928	1,414,472
Earnings per stock unit attributable to owners of the parent for the period	\$0.83	\$0.82	\$1.50	\$1.33

Pan-Jamaican Investment Trust Limited
and its subsidiaries
Unaudited Consolidated Statement of Comprehensive Income
Six months ended 30 June 2016

	3 Months to Jun-16 \$'000	3 Months to Jun-15 \$'000	YTD Jun-16 \$'000	YTD Jun-15 \$'000
Net profit for the period	899,487	870,738	1,618,928	1,414,472
Other comprehensive income:				
<i>Items that may be subsequently reclassified to profit or loss</i>				
Unrealised gains on available-for-sale financial assets, net of tax	21,020	34,749	57,683	6,953
Gains recycled to profit and loss on disposal and maturity of investment assets	(1,040)	(63,465)	(1,194)	(81,089)
	19,980	(28,716)	56,489	(74,136)
Exchange differences on translating foreign operations	2,981	1,877	2,963	(2,214)
Realised gains on disposal of associated company	-	-	(117,188)	-
Share of other comprehensive income of associates	1,052,401	(55,518)	1,203,500	(205,499)
Other comprehensive income for the period, net of tax	1,075,362	(82,357)	1,145,764	(281,849)
Total comprehensive income for the period	1,974,849	788,381	2,764,692	1,132,623
Total comprehensive income attributable to				
Owners of the parent	1,942,810	770,518	2,734,653	1,113,145
Non-controlling interest	32,039	17,863	30,039	19,478
	1,974,849	788,381	2,764,692	1,132,623

PAN-JAMAICAN INVESTMENT TRUST LIMITED
and its subsidiaries
Unaudited Consolidated Statement of Financial Position
as at 30 June 2016

	Unaudited June 2016 \$'000	Audited December 2015 \$'000	Unaudited June 2015 \$'000
ASSETS			
Cash and Bank Balances	361,311	120,123	64,802
Investments			
Deposits	310,634	281,304	156,218
Securities			
Financial assets at fair value through profit and loss	594,826	462,802	529,044
Available-for-sale	1,443,814	1,290,749	1,453,948
Held-to-maturity	31,808	-	-
Loans & receivables	346,178	386,145	271,683
Securities purchased under agreements to resell	903,416	553,900	214,162
Investment properties	5,205,701	5,194,069	4,999,902
Investment in joint venture	326,047	240,605	209,486
Investment in associated companies	19,387,007	17,781,280	17,668,988
	28,549,431	26,190,854	25,503,431
Other assets			
Taxation recoverable	40,302	25,590	30,465
Deferred tax assets	7,596	4,281	17,224
Development in progress projects	714,649	714,172	714,668
Receivables and other assets	537,717	523,921	643,744
Property, plant and equipment	331,403	314,783	372,616
Intangibles	50,364	60,437	-
Retirement benefit assets	-	-	21,052
	1,682,031	1,643,184	1,799,769
	30,592,773	27,954,161	27,368,002
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	31,235	38,181	25,731
Property revaluation reserve	3,334,462	3,327,600	3,200,850
Investment and other reserves	2,899,804	1,879,882	3,643,985
Retained earnings	15,808,934	14,541,916	13,125,645
Treasury stock	(202,929)	(166,446)	(171,700)
	24,013,491	21,763,118	21,966,496
Non-controlling interest	366,967	336,928	288,655
	24,380,458	22,100,046	22,255,151
Liabilities			
Bank overdraft	3,716	8,913	8,985
Taxation payable	-	36,157	50,552
Bank and other loans	5,442,052	5,180,745	4,270,935
Finance lease liability	16,447	11,446	15,283
Deferred tax liability	61,936	54,319	79,245
Retirement benefit liabilities	207,621	183,618	140,653
Payables and other liabilities	480,543	378,917	547,198
Total liabilities	6,212,315	5,854,115	5,112,851
	30,592,773	27,954,161	27,368,002



Stephen B. Facey Director



Paul R. Hanworth Director

PAN-JAMAICAN INVESTMENT TRUST LIMITED
Unaudited Consolidated Statement of Changes in Equity
for the period ended 30 June 2016

30-Jun-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 Stock \$'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	-	-	-	-	1,394,986	-	19,486	1,414,472
Other comprehensive income	-	-	-	(281,841)	-	-	(8)	(281,849)
Total comprehensive income for the period	-	-	-	(281,841)	1,394,986	-	19,478	1,132,623
Dividends paid	-	-	-	-	(293,592)	-	-	(293,592)
Employee share option scheme value of services provided	-	12,450	-	-	-	-	-	12,450
Employee share grants vested	-	(9,771)	-	(195)	-	9,966	-	-
Property revaluation gains	-	-	82,245	-	(82,245)	-	-	-
Balance at end of period	2,141,985	25,731	3,200,850	3,643,985	13,125,645	(171,700)	288,655	22,255,151

30-Jun-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 Stock \$'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	-	-	-	-	1,588,907	-	30,021	1,618,928
Other comprehensive income	-	-	-	1,145,746	-	-	18	1,145,764
Total comprehensive income for the period	-	-	-	1,145,746	1,588,907	-	30,039	2,764,692
Dividends paid	-	-	-	-	(315,027)	-	-	(315,027)
Employee share option scheme value of services provided	-	14,820	-	-	-	-	-	14,820
Employee share grants vested	-	(21,766)	-	11,140	-	37,130	-	26,504
Acquisition of treasury stocks	-	-	-	-	-	(73,613)	-	(73,613)
Property revaluation gains	-	-	6,862	-	(6,862)	-	-	-
Change in reserves of associated company	-	-	-	(136,964)	-	-	-	(136,964)
Balance at end of period	2,141,985	31,235	3,334,462	2,899,804	15,808,934	(202,929)	366,967	24,380,458

PAN-JAMAICAN INVESTMENT TRUST LIMITED
and its subsidiaries
Unaudited Consolidated Statement of Cash Flows
Six months ended 30 June 2016

	6-Months to June 2016 \$'000	6-Months to June 2015 \$'000
Net profit	1,618,928	1,414,472
Items not affecting cash		
Share of results of associated and joint venture companies	(1,455,870)	(1,234,177)
Fair value gains on investment properties	(11,436)	(86,320)
Foreign currency gain, net	(71,751)	(5,998)
Gain on disposal of associated company	(185,453)	-
Other	<u>270,242</u>	<u>226,768</u>
	164,660	314,745
Changes in operating assets and liabilities		
Other assets	(92,627)	(271,618)
Other liabilities	<u>101,626</u>	<u>243,577</u>
	173,659	286,704
Interest received	65,657	51,733
Income tax paid	<u>(63,889)</u>	<u>(67,955)</u>
Net cash provided by operations	175,427	270,482
Cash flows from investing activities		
Investment in associated company	(195,004)	-
Additional investment in joint venture company	(48,525)	(171,690)
Dividends received from associated company	833,031	487,683
Proceeds from disposal of investment in associated company	310,490	-
Acquisition of investment securities, net	(143,613)	(160,917)
Other investment activities	<u>(32,021)</u>	<u>(60,741)</u>
Net cash provided by investing activities	<u>724,358</u>	<u>94,335</u>
Cash flows from financing activities		
Loan received	436,186	358,555
Loans repaid	(144,149)	(536,050)
Interest paid	(283,806)	(176,194)
Other financing activities	(31,482)	3,334
Dividends paid to equity holders	<u>(315,027)</u>	<u>(293,592)</u>
Net cash used in financing activities	<u>(338,278)</u>	<u>(643,947)</u>
Net increase/(decrease) in cash and cash equivalents	561,507	(279,130)
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>1,502,361</u></u>	<u><u>423,699</u></u>
Comprising of:		
Cash at bank and in hand	361,311	64,802
Short term deposits	241,350	153,720
Securities purchased under agreement to resell	903,416	214,162
Overdraft	<u>(3,716)</u>	<u>(8,985)</u>
	<u><u>1,502,361</u></u>	<u><u>423,699</u></u>

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

June 30, 2016

	Property Management & Rental \$'000	Investments \$'000	Other Services \$'000	Eliminations \$'000	Total \$'000
REVENUE					
External	619,049	199,662	45,365	-	864,076
Inter-segment	3,879	131,880	808	(136,567)	-
Total revenue	622,928	331,542	46,173	(136,567)	864,076
Segment results	143,599	93,216	34,862	-	271,677
Interest expense	(63,600)	(256,791)	-	58,766	(261,625)
	79,999	(163,575)	34,862	58,766	10,052
Gain on of disposal of associated company	-	185,453	-	-	185,453
Share of results of associated and joint venture companies	3,719	1,418,954	33,197	-	1,455,870
Profit before taxation	79,999	1,255,379	34,862	58,766	1,651,375
Taxation	(24,860)	(2,942)	(4,645)	-	(32,447)
Net profit	55,139	1,252,437	30,217	58,766	1,618,928
Segment assets	6,992,205	4,032,878	522,165	(667,529)	10,879,719
Associates and joint venture companies	208,334	19,387,007	117,713	-	19,713,054
Total assets	6,992,205	23,419,885	639,878	(667,529)	30,592,773
Segment liabilities	1,383,539	5,217,783	278,522	(667,529)	6,212,315

June 30, 2015

	Property Management & Rental \$'000	Investments \$'000	Other Service \$'000	Eliminations \$'000	Total \$'000
REVENUE					
External	810,779	166,205	39,689	-	1,016,673
Inter-segment	2,919	128,559	881	(132,359)	-
Total revenue	813,698	294,764	40,570	(132,359)	1,016,673
Segment results	379,869	39,856	32,211	-	451,936
Interest expense	(64,902)	(174,907)	-	39,733	(200,076)
	314,967	(135,051)	32,211	39,733	251,860
Share of results of associated and joint venture companies	(14,158)	1,233,255	15,080	-	1,234,177
Profit before taxation	300,809	1,098,204	47,291	39,733	1,486,037
Taxation	(62,791)	(7,177)	(1,597)	-	(71,565)
Net profit	238,018	1,091,027	45,694	39,733	1,414,472
Segment assets	6,809,116	2,420,269	575,291	(315,148)	9,489,528
Associates and joint venture companies	169,500	17,668,988	39,986	-	17,878,474
Total assets	6,978,616	20,089,257	615,277	(315,148)	27,368,002
Segment liabilities	1,310,004	3,751,830	366,165	(315,148)	5,112,851

PAN-JAMAICAN INVESTMENT TRUST LIMITED

Notes to the Unaudited Consolidated Interim Financial Statements

30 June 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. Disposal of associated company

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.

3. Stock split

On the 26 May 2016 by ordinary resolution the company approved a subdivision of its stock unit whereby each unit was divided into five. This became effective 1 June 2016. As a result , all 2015 per stock data have been adjusted to reflect the subdivision.