

PAN-JAMAICAN INVESTMENT TRUST LIMITED



**Interim Report**  
**Nine months ended 30 September 2016**

## Interim Report to Stockholders

For the nine months ended September 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 September 30, 2016.

### Overview

Net profit attributable to stockholders for the period ended September 30, 2016 is 51% higher than last year. This is largely the effect of a stronger share of results of associated and joint venture companies, led by Sagicor Group Jamaica, and gains on disposal of the Group's interests in Hardware & Lumber and Mavis Bank Coffee Factory.

### Highlights

- Net profit attributable to stockholders of \$1,316 million (2015: \$534 million) for the quarter and \$2,905 million (2015: \$1,929 million) for the nine months
- Return on opening equity (annualized) of 18% (2015: 12%)
- Basic earnings per stock unit of \$1.25 (2015: \$0.52) for the quarter and \$2.77 (2015: \$1.84) for the nine months
- Book value per stock unit of \$24.55 at September 30, 2016 (December 31, 2015: \$20.74)
- Ordinary dividends of \$0.45 per stock unit declared and paid through September 30, 2016 (2015: \$0.42)

### Income Statement

Net profit attributable to stockholders for the quarter ended September 30, 2016 amounted to \$1,316 million, compared to \$534 million in the 2015 3rd quarter, an increase of 146%, equivalent to basic earnings per stock unit of \$1.25 compared to \$0.52 for the same period in 2015. Net profit attributable to stockholders for the nine months ended September 30, 2016 amounted to \$2,905 million, compared to \$1,929 million for 2015, an increase of 51%, equivalent to basic earnings per stock unit of \$2.77 compared to \$1.84 for the same period in 2015.

During the third quarter of 2016 the group completed an exchange of securities that resulted in the divestment of its shareholding in Mavis Bank Coffee Factory Limited. This resulted in a gain on disposal in the quarter of approximately \$665 million. The year to date net profit includes the impact of this gain as well as a gain of \$185 million realized on the disposal of our interest in Hardware & Lumber during the first quarter.

Investment income in the third quarter of 2016 was \$76 million versus last year's third quarter loss of \$26 million. The improvement mainly reflects unrealized gains driven by rebounding commodity prices compared to 2015 losses, as well as higher foreign exchange gains, partly offset by impairments made during 2016, and lower realized gains. Year to date investment income of \$240 million is 44% ahead of last year for principally the same reasons.

Property income declined 13% for the quarter to \$299 million from \$343 million in 2015, and an equivalent percentage for the year to date moving to \$889 million from \$1,021 million. The principal drivers were lower 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 \$22 million from \$15 million driven by higher management fees but declined 22% for the year to date (to \$105 million from \$135 million) as the comparative 2015 period included a large one-time lease buyout of \$87 million, partially offset by higher fees during 2016.

Group operating profit for the third quarter increased by 31% to \$88 million compared to \$67 million during 2015, driven largely by increases in investment income partially offset by lower property income and higher operating expenses (up 13% to \$322 million from \$284 million).

Finance costs for the year to date increased by \$26 million to \$387 million, resulting from higher average debt balances and a shift from US dollar to Jamaican dollar-denominated debt. The latter has higher nominal interest rates, but no exposure to devaluation risk.

Our segment results show the nine month operating profit of the property segment declining to \$235 million in the current year from \$515 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 \$56 million versus a loss of \$49 million in 2015.

#### Associated and joint venture companies

The results of associated companies consist 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), Caribe Hospitality of Jamaica Limited (owners of the New Kingston Courtyard Marriott Hotel) and Chukka Caribbean Adventures (“Chukka”), as well as a 50% stake in Kingchurch Property Holdings Limited, a real estate joint venture currently in its development phase.

Our share of results of associated and joint venture companies for the third quarter was \$978 million, bringing the year to date total to \$2,434 million versus \$1,906 million for 2015, an increase of 28%. This includes the nine month total share of earnings from Sagicor of \$2,307 million, 27% higher than the prior year figure of \$1,813 million. Sagicor’s improved results reflect good growth across all business lines, capital gains on sale of securities and favourable benefits experience.

Newcastle, Caribe and Chukka all performed satisfactorily during the period.

#### Balance Sheet

Total assets at September 30, 2016 amounted to \$31.9 billion, compared to \$28.0 billion at December 31, 2015, an increase of 14%. Stockholders’ equity increased 18% to \$25.8 billion (December 31, 2015: \$21.8 billion), which equates to a book value per stock unit of \$24.55 (December 31, 2015: \$20.74).

Outlook

We are pleased to note the Minister of Finance's comments regarding estimated GDP growth of an annualized 2.3% during the fiscal quarter just ended, comfortably exceeding the upper end of projections made by the Planning Institute of Jamaica (0.5% - 1.5%) and exceeding the rate experienced in every quarter since 2002. However, we believe much more can be done to sustain and increase this growth rate.

One key item would be the systematic identification and elimination of impediments to efficient administrative and approval processes related to asset transactions and to investment in general. More broadly, the Economic Growth Council's report sets out a number of specific proposals and we would encourage the government to seriously consider its recommendations. Jamaica has, right now, a rare and hard-earned opportunity to take a major step forward to the benefit of all of our citizens.



Chairman & Chief Executive Officer



Paul R. Hanworth  
Director & Chief Operating Officer

**PAN-JAMAICAN INVESTMENT TRUST LIMITED**  
**and its subsidiaries**  
**Unaudited Consolidated Income Statement**  
**Nine months ended 30 September 2016**

	<b>3 Months to Sep-16 \$'000</b>	<b>3 Months to Sep-15 \$'000</b>	<b>YTD Sep-16 \$'000</b>	<b>YTD Sep-15 \$'000</b>
<b>Income</b>				
Investments	76,482	(25,756)	240,350	167,049
Property	298,950	343,439	889,043	1,020,845
Commissions	12,001	17,711	39,120	44,830
Other	22,470	15,292	105,466	134,635
	409,903	350,686	1,273,979	1,367,359
Operating expenses	(321,593)	(283,614)	(913,992)	(848,351)
<b>Operating profit</b>	88,310	67,072	359,987	519,008
Finance costs	(125,774)	(161,288)	(387,399)	(361,364)
	(37,464)	(94,216)	(27,412)	157,644
Gains on disposal of associated company and joint venture	665,629	-	851,082	-
Share of results of associated companies and joint venture	978,157	672,213	2,434,027	1,906,390
<b>Profit before taxation</b>	1,606,322	577,997	3,257,697	2,064,034
Taxation	(19,213)	(22,610)	(51,660)	(94,175)
<b>Net profit</b>	1,587,109	555,387	3,206,037	1,969,859
<b>Net profit attributable to:</b>				
Owners of the parent	1,316,417	534,306	2,905,324	1,929,292
Non-controlling interest	270,692	21,081	300,713	40,567
	1,587,109	555,387	3,206,037	1,969,859
<b>Earnings per stock unit attributable to owners of the parent for the period</b>	<b>\$1.25</b>	<b>\$0.52</b>	<b>\$2.77</b>	<b>\$1.84</b>

**Pan-Jamaican Investment Trust Limited**  
**and its subsidiaries**  
**Unaudited Consolidated Statement of Comprehensive Income**  
**Nine months ended 30 September 2016**

	<b>3 Months to Sep-16 \$'000</b>	<b>3 Months to Sep-15 \$'000</b>	<b>YTD Sep-16 \$'000</b>	<b>YTD Sep-15 \$'000</b>
Net profit for the period	1,587,109	555,387	3,206,037	1,969,859
<b>Other comprehensive income:</b>				
<i>Items that may be subsequently reclassified to profit or loss</i>				
Unrealised gains/(losses) on available-for-sale financial assets, net of tax	19,520	(44,446)	77,203	(37,493)
Gains recycled to profit and loss on disposal and maturity of investment assets	2,026	-	832	(81,089)
	21,546	(44,446)	78,035	(118,582)
Exchange differences on translating foreign operations	(422)	(944)	2,541	(3,158)
Realised gains on disposal of associated companies	-	-	(117,188)	
Share of other comprehensive income of associates	598,346	(1,773,277)	1,801,846	(1,978,776)
<b>Other comprehensive income for the period, net of tax</b>	619,470	(1,818,667)	1,765,234	(2,100,516)
<b>Total comprehensive income for the period</b>	2,206,579	(1,263,280)	4,971,271	(130,657)
<b>Total comprehensive income attributable to</b>				
Owners of the parent	1,935,909	(1,284,343)	4,670,562	(171,198)
Non-controlling interest	270,670	21,063	300,709	40,541
	2,206,579	(1,263,280)	4,971,271	(130,657)


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

	Unaudited Sept 2016 \$'000	Audited December 2015 \$'000	Unaudited Sept 2015 \$'000
<b>ASSETS</b>			
<b>Cash and Bank Balances</b>	99,427	120,123	265,605
<b>Investments</b>			
Deposits	296,157	281,304	66,710
Securities			
Financial assets at fair value through profit and loss	637,974	462,802	435,929
Available-for-sale	2,510,412	1,290,749	1,637,115
Held-to-maturity	31,988	-	-
Loans & receivables	339,248	386,145	429,485
Securities purchased under agreements to resell	147,858	553,900	307,684
Investment properties	5,211,419	5,194,069	5,042,829
Investment in joint venture	213,020	240,605	223,735
Investment in associated companies	20,888,044	17,781,280	16,538,499
	30,276,120	26,190,854	24,681,986
<b>Other assets</b>			
Taxation recoverable	27,185	25,590	30,556
Deferred tax assets	7,595	4,281	19,532
Development in progress projects	717,405	711,710	712,296
Receivables and other assets	374,769	526,383	491,642
Property, plant and equipment	336,549	314,783	381,884
Intangibles	45,327	60,437	-
	1,508,830	1,643,184	1,654,711
	31,884,377	27,954,161	26,602,302
<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
Equity compensation reserve	38,644	38,181	31,957
Property revaluation reserve	3,337,892	3,327,600	3,242,013
Investment and other reserves	3,497,780	1,879,882	1,824,077
Retained earnings	16,964,331	14,541,916	13,471,860
Treasury stock	(206,829)	(166,446)	(166,446)
	25,773,802	21,763,118	20,545,446
<b>Non-controlling interest</b>	587,237	336,928	309,718
	26,361,039	22,100,046	20,855,164
<b>Liabilities</b>			
Bank overdraft	4,800	8,913	5,235
Taxation payable	7,115	36,157	48,702
Bank and other loans	4,839,932	5,180,745	5,084,747
Finance lease liability	14,553	11,446	13,888
Deferred tax liability	56,866	54,319	82,039
Retirement benefit liabilities	218,544	183,618	141,801
Payables and other liabilities	381,528	378,917	370,726
Total liabilities	5,523,338	5,854,115	5,747,138
	31,884,377	27,954,161	26,602,302



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 September 2016**

**30-Sep-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	-	-	-	-	1,929,292	-	40,567	1,969,859
Other comprehensive income	-	-	-	(2,100,490)	-	-	(26)	(2,100,516)
Total comprehensive income for the period	-	-	-	(2,100,490)	1,929,292	-	40,541	(130,657)
Dividends paid to equity holders of the company	-	-	-	-	(440,520)	-	-	(440,520)
Employee share option scheme value of services provided	-	18,676	-	-	-	-	-	18,676
Employee share grants vested	-	(9,771)	-	(195)	-	9,966	-	-
Employee share purchases	-	-	-	(1,259)	-	5,254	-	3,995
Property revaluation gains	-	-	123,408	-	(123,408)	-	-	-
Balance at end of period	2,141,985	31,957	3,242,013	1,824,077	13,471,860	(166,446)	309,718	20,855,164

**30-Sep-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	-	-	-	-	2,905,324	-	300,713	3,206,037
Other comprehensive income	-	-	-	1,765,238	-	-	(4)	1,765,234
Total comprehensive income for the period	-	-	-	1,765,238	2,905,324	-	300,709	4,971,271
Dividends paid to non-controlling interest	-	-	-	-	-	-	(50,400)	(50,400)
Dividends paid to equity holders of the company	-	-	-	-	(472,617)	-	-	(472,617)
Employee share option scheme value of services provided	-	22,229	-	-	-	-	-	22,229
Employee share grants vested	-	(21,766)	-	11,140	-	37,130	-	26,504
Acquisition of treasury stocks	-	-	-	-	-	(83,034)	-	(83,034)
Employee share purchases	-	-	-	(56)	-	5,521	-	5,465
Change in reserves of associated company	-	-	-	(158,424)	-	-	-	(158,424)
Property revaluation gains	-	-	10,292	-	(10,292)	-	-	-
Balance at end of period	2,141,985	38,644	3,337,892	3,497,780	16,964,331	(206,829)	587,237	26,361,039



**PAN-JAMAICAN INVESTMENT TRUST LIMITED**  
**and its subsidiaries**  
**Unaudited Consolidated Statement of Cash Flows**  
**Nine months ended 30 September 2016**

	<b>9-Months to September 2016 \$'000</b>	<b>9-Months to September 2015 \$'000</b>
Net profit	3,206,037	1,969,859
<b>Items not affecting cash</b>		
Share of results of associated and joint venture companies	(2,434,027)	(1,906,390)
Fair value gains on investment properties	(17,154)	(129,411)
Foreign currency (gain)/loss, net	(101,174)	8,221
Gain on disposal of associated company	(851,082)	-
Other	333,308	481,102
	<u>135,908</u>	<u>423,381</u>
<b>Changes in operating assets and liabilities</b>		
Other assets	48,828	(131,640)
Other liabilities	2,611	73,930
	<u>187,347</u>	<u>365,671</u>
Interest received	96,961	68,706
Income tax paid	(80,000)	(93,330)
<b>Net cash provided by operations</b>	<u>204,308</u>	<u>341,047</u>
<b>Cash flows from investing activities</b>		
Acquisition of investment securities, net	(333,853)	(544,616)
Additional investment in joint venture company	(48,527)	(171,690)
Other investment activities	(43,286)	(74,114)
Investment in associated company	(195,004)	-
Proceeds from disposal of investment in associated company	310,490	-
Dividends received from associated company	862,268	502,858
<b>Net cash provided/(used) in investing activities</b>	<u>552,088</u>	<u>(287,562)</u>
<b>Cash flows from financing activities</b>		
Dividends paid to equity holders	(472,617)	(440,520)
Issue/(acquisition) of treasury stocks	(40,383)	-
Loan received	586,186	2,732,166
Loans repaid	(770,199)	(2,085,702)
Interest paid	(535,580)	(332,009)
Other financing activities	3,107	1,941
<b>Net cash used in financing activities</b>	<u>(1,229,486)</u>	<u>(124,124)</u>
Net decrease in cash and cash equivalents	(473,090)	(70,639)
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>467,764</u></u>	<u><u>632,190</u></u>
<b>Comprising of:</b>		
Cash at bank and in hand	99,427	265,605
Short term deposits	225,279	64,136
Securities purchased under agreement to resell	147,858	307,684
Overdraft	(4,800)	(5,235)
	<u><u>467,764</u></u>	<u><u>632,190</u></u>

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

September 30, 2016

	Property Management & Rental \$'000	Investments \$'000	Other Services \$'000	Eliminations \$'000	Total \$'000
<b>REVENUE</b>					
External	919,452	270,747	83,780	-	1,273,979
Inter-segment	5,818	209,684	949	(216,451)	-
<b>Total revenue</b>	<b>925,270</b>	<b>480,431</b>	<b>84,729</b>	<b>(216,451)</b>	<b>1,273,979</b>
Segment results	235,142	56,064	68,781	-	359,987
Interest expense	(94,888)	(379,215)	-	86,704	(387,399)
	140,254	(323,151)	68,781	86,704	(27,412)
Gains on disposal of associated company	-	851,082	-	-	851,082
Share of results of associated and joint venture companies	-	2,434,027	-	-	2,434,027
<b>Profit before taxation</b>	<b>140,254</b>	<b>2,961,958</b>	<b>68,781</b>	<b>86,704</b>	<b>3,257,697</b>
Taxation	(40,133)	(2,933)	(8,594)	-	(51,660)
<b>Net profit</b>	<b>100,121</b>	<b>2,959,025</b>	<b>60,187</b>	<b>86,704</b>	<b>3,206,037</b>
Segment assets	6,812,812	3,324,279	1,258,950	(612,728)	10,783,313
Associates and joint venture companies	213,020	20,888,044	-	-	21,101,064
<b>Total assets</b>	<b>7,025,832</b>	<b>24,212,323</b>	<b>1,258,950</b>	<b>(612,728)</b>	<b>31,884,377</b>
Segment liabilities	1,284,779	4,669,837	181,450	(612,728)	5,523,338

September 30, 2015

	Property Management & Rental \$'000	Investments \$'000	Other Service \$'000	Eliminations \$'000	Total \$'000
<b>REVENUE</b>					
External	1,168,950	134,171	64,238	-	1,367,359
Inter-segment	4,372	166,576	881	(171,829)	-
<b>Total revenue</b>	<b>1,173,322</b>	<b>300,747</b>	<b>65,119</b>	<b>(171,829)</b>	<b>1,367,359</b>
Segment results	514,651	(48,941)	53,298	-	519,008
Interest expense	(112,542)	(319,074)	-	70,252	(361,364)
	402,109	(368,015)	53,298	70,252	157,644
Share of results of associated and joint venture companies	-	1,906,390	-	-	1,906,390
<b>Profit before taxation</b>	<b>402,109</b>	<b>1,538,375</b>	<b>53,298</b>	<b>70,252</b>	<b>2,064,034</b>
Taxation	(81,788)	(7,516)	(4,871)	-	(94,175)
<b>Net profit</b>	<b>320,321</b>	<b>1,530,859</b>	<b>48,427</b>	<b>70,252</b>	<b>1,969,859</b>
Segment assets	6,874,750	3,211,113	417,972	(663,767)	9,840,068
Associates and joint venture companies	133,603	16,538,499	90,132	-	16,762,234
<b>Total assets</b>	<b>6,874,750</b>	<b>19,749,612</b>	<b>508,104</b>	<b>(663,767)</b>	<b>26,602,302</b>
Segment liabilities	1,309,476	4,910,409	191,020	(663,767)	5,747,138

**PAN-JAMAICAN INVESTMENT TRUST LIMITED**

**Notes to the Unaudited Consolidated Interim Financial Statements**

**30 September 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.

**4. Disposal of joint venture company**

During Q3 2016 the group completed an exchange of securities that resulted in the divestment of its shareholding in Mavis Bank Coffee Factory Limited. This resulted in a gain on disposal in the quarter of approximately \$665 million.