



# PANJAM INVESTMENT LIMITED

Interim unaudited Consolidated  
Financial Statements

31 March 2019

# PanJam Investment Limited

## Interim Report to Stockholders

For the three months ended March 31, 2019

On behalf of the Board of Directors, we are pleased to present the unaudited consolidated financial statements of PanJam Investment Limited for the quarter ended March 31, 2019.

### Highlights

The first quarter's highlights are:

- Net profit attributable to shareholders of \$892 million (2018: \$827 million)
- Return (annualized) on opening equity of 11% (2018: 11%)
- Earnings per stock unit of \$0.85 (2018: \$0.79)
- Book value per stock unit of \$33.26 at March 31, 2019 (December 31, 2018: \$31.77)
- Ordinary dividend of \$0.265 declared (2018: \$0.25)

### Overview

Our net profit for the quarter was up 8% compared to last year, with improved investment and property income as well as a stronger share of results of associated companies.

### Income Statement

Net profit attributable to owners for the quarter ended March 31, 2019 amounted to \$892 million (2018: \$827 million). Earnings per stock unit were \$0.85 (2018: \$0.79).

Performance for the quarter was influenced positively by increases of \$51 million and \$9 million in investment and property income respectively, and \$33 million in our share of results of associated companies, offsetting increases of \$29 million and \$10 million respectively in operating expenses and finance costs.

Group operating profit for the first quarter increased by \$38 million compared to 2018, as the increase in investment and property income more than offset increased operating and finance expenses. Investment income was positively impacted by higher unrealised gains, which outweighed a foreign exchange loss and lower dividends and realised gains. Property income increased due to improved rentals, though net lease income and revaluation gains declined.

Operating expenses increased principally as a result of higher costs for building out rental space, insurance and staff-related items. Finance costs increased 6% to \$171 million (2018: \$161 million) on higher debt balances.

Pre-tax profit of the property segment improved to \$136 million (2018: \$122 million) while that of the investment segment improved to \$731 million (2018: \$675 million).

### Associated 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), Caribe Hospitality of Jamaica Limited (owners of the New Kingston Courtyard Marriott Hotel) and Chukka Caribbean Adventures (“Chukka”).

Our share of results of associated companies for the quarter increased by \$33 million to \$889 million (2018: \$856 million). Our share of earnings from Sagicor increased by \$19 million (2%) to \$843 million. Sagicor’s first quarter results reflect good new business and portfolio growth, offsetting high death and health claims. Newcastle, Chukka and Caribe performed satisfactorily during the period.

#### Balance Sheet

Total assets at March 31, 2019 amounted to \$47.2 billion, compared to \$45.9 billion at December 31, 2018. Stockholders’ equity of \$35.2 billion was up 4% relative to the December 31, 2018 balance of \$33.7 billion. This equates to a book value per stock unit of \$33.26 (December 31, 2018: \$31.94).

#### Outlook

We have entered 2019 with a business environment that continues to be facilitative of investment. The benchmark six-month Treasury Bill rate fell from 4.63% to 2.07% during 2018, and was 2.18% in the April 2019 auction. Unemployment fell to 8.0%, an all-time low, as at January 2019, and GDP growth for the October to December 2018 quarter achieved the long-predicted 2% level.

In this context, PanJam has increased its investment in Jamaica and continues to seek additional opportunities. We also maintain our encouragement of additional measures by the government to improve efficiency of the regulatory and approval processes necessary to facilitate growth, as well as actions to reduce the high crime levels which remain a drag on the economy. The recent reductions to transfer tax and stamp duty, will stimulate development and contribute to maintaining or improving economic growth.



Stephen B. Facey  
Chairman & Chief Executive Officer



Paul R. Hanworth  
Director & Deputy Chief Executive  
Officer

**PANJAM INVESTMENT LIMITED**  
**and its subsidiaries**  
**Unaudited Consolidated Income Statement**  
**Three months ended 31 March 2019**

	<b>3 Months to Mar-19 \$'000</b>	<b>3 Months to Mar-18 \$'000</b>
<b>Income</b>		
Investments	94,122	42,933
Property	456,919	447,719
Other	32,034	32,230
	583,075	522,882
Operating expenses	(401,166)	(371,600)
Impairment recovery	8,221	629
<b>Operating profit</b>	190,130	151,911
Finance costs	(171,382)	(160,944)
	18,748	(9,033)
Share of results of associated companies	889,378	855,507
	908,126	846,474
<b>Profit before taxation</b>	908,126	846,474
Taxation	(13,042)	(11,149)
<b>Net profit</b>	895,084	835,325
<b>Net profit attributable to:</b>		
Owners of the parent	891,620	827,020
Non-controlling interest	3,464	8,305
	895,084	835,325
<b>Earnings per stock unit attributable to owners of the parent for the period</b>	<b>\$0.85</b>	<b>\$0.79</b>

**PANJAM INVESTMENT LIMITED**  
**and its subsidiaries**  
**Unaudited Consolidated Statement of Comprehensive Income**  
**Three months ended 31 March 2019**

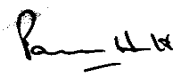
	<b>3 Months to Mar-19 \$'000</b>	<b>3 Months to Mar-18 \$'000</b>
Net profit for the period	895,084	835,325
<b>Other comprehensive income, net of taxes:</b>		
<i>Items that will not be reclassified to profit or loss</i>		
Change in the fair value of equity instruments at fair value through other comprehensive income	5,670	4,241
Share of other comprehensive income of associated company, net of taxation	(123,410)	-
	(117,740)	4,241
<i>Items that may be subsequently reclassified to profit or loss</i>		
Change in the fair value of debt instruments at fair value through other comprehensive income	13,114	10,306
Loss recycled to profit and loss on disposal and maturity of investment assets	-	2,820
	13,114	13,126
Exchange differences on translating foreign operations	(2,321)	119
Share of other comprehensive income of associated company	905,547	(419,466)
<b>Other comprehensive income for the period, net of tax</b>	<b>916,340</b>	<b>(406,221)</b>
<b>Total comprehensive income for the period</b>	<b>1,693,684</b>	<b>433,345</b>
<b>Total comprehensive income attributable to</b>		
Owners of the parent	1,690,220	425,040
Non-controlling interest	3,464	8,305
	<b>1,693,684</b>	<b>433,345</b>

**PANJAM INVESTMENT LIMITED**  
**and its subsidiaries**  
**Unaudited Consolidated Statement of Financial Position**  
**as at 31 March 2019**

	Unaudited March 2019 \$'000	Audited December 2018 \$'000	Unaudited March 2018 \$'000
<b>ASSETS</b>			
<b>Cash and Bank Balances</b>	187,704	133,461	113,975
<b>Investments</b>			
Deposits	413,185	462,483	293,883
Securities			
Financial assets at fair value through other comprehensive income	778,204	767,844	712,526
Financial assets at fair value through profit and loss	6,649,479	6,594,390	2,625,867
Financial assets at amortised cost	74,550	93,004	96,396
Securities purchased under agreements to resell	484,784	906,414	711,449
Investment properties	8,409,134	8,358,674	7,907,465
Investment in associated companies	28,124,801	26,348,546	24,230,494
	44,934,137	43,531,355	36,578,080
<b>Other assets</b>			
Taxation recoverable	70,047	68,397	63,356
Deferred tax assets	-	-	68
Development in progress projects	1,157,356	1,156,515	726,334
Receivables and other assets	405,109	514,850	1,251,399
Property, plant and equipment	458,171	428,433	405,893
Intangibles	33,082	33,082	41,504
	2,123,765	2,201,277	2,488,554
	47,245,606	45,866,093	39,180,609
<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	80,799	73,956	70,439
Property revaluation reserve	4,474,015	4,423,555	4,006,119
Investment and other reserves	3,005,668	2,216,173	2,812,967
Retained earnings	25,744,930	25,183,909	21,860,681
Treasury stock	(283,016)	(305,907)	(349,220)
	35,164,381	33,733,671	30,542,971
<b>Non-controlling interest</b>	303,909	300,445	281,204
	35,468,290	34,034,116	30,824,175
<b>Liabilities</b>			
Bank overdraft	23,695	13,719	5,802
Taxation payable	40,314	40,145	3,392.00
Bank and other loans	10,576,516	10,559,530	7,433,701
Finance lease liability	19,873	8,106	10,487
Deferred tax liability	444,076	435,586	170,740
Retirement benefit liabilities	268,821	250,806	289,651
Payables and other liabilities	404,021	524,085	442,661
Total liabilities	11,777,316	11,831,977	8,356,434
	47,245,606	45,866,093	39,180,609



Stephen B. Facey  
Chairman & Chief Executive Officer



Paul R. Hanworth  
Director & Deputy Chief Executive Officer

**PANJAM INVESTMENT LIMITED**  
**and its subsidiaries**  
**Unaudited Consolidated Statement of Changes in Equity**  
**for the period ended 31 March 2019**

31-Mar-18

\-----Owners Of The Parent-----/								
	Share Capital	Equity Compensation reserve	Property Revaluation Reserves	Investment and other reserves	Retained Earnings	Treasury Shares	Non-controlling Interests	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2018</b>	2,141,985	61,475	3,940,954	3,535,634	21,195,513	(348,500)	272,899	30,799,960
Effects of adopting IFRS 9				(322,383)	166,292			(156,091)
Restated balance at 1 January 2018	2,141,985	61,475	3,940,954	3,213,251	21,361,805	(348,500)	272,899	30,643,869
<b>Comprehensive income</b>								
Net profit	-		-	-	827,020	-	8,305	835,325
Other comprehensive income	-		-	(401,980)	-	-		(401,980)
Total comprehensive income for the period	-		-	(401,980)	827,020	-	8,305	433,345
<b>Transactions with owners</b>								
Dividends paid	-		-	-	(262,979)	-	-	(262,979)
Employee share option scheme value of services provided	-	8,964	-	-	-	-	-	8,964
Acquisition of treasury stocks	-	-	-	-	-	(720)	-	(720)
Change in reserves of associated company	-			1,696	-	-		1,696
Property revaluation gains	-		65,165	-	(65,165)	-		-
<b>Balance at 31 March 2018</b>	2,141,985	70,439	4,006,119	2,812,967	21,860,681	(349,220)	281,204	30,824,175

31-Mar-19

\-----Owners Of The Parent-----/								
	Share Capital	Equity Reserve	Property Reserve	Investment and other reserves	Retained Earnings	Treasury Shares	Non-controlling Interests	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2019</b>	2,141,985	73,956	4,423,555	2,216,173	25,183,909	(305,907)	300,445	34,034,116
<b>Comprehensive income</b>								
Net profit	-		-	-	891,620	-	3,464	895,084
Other comprehensive income	-		-	798,600	-	-	-	798,600
Total comprehensive income for the period	-		-	798,600	891,620	-	3,464	1,693,684
<b>Transactions with owners</b>								
Dividends paid	-		-	-	(280,139)	-	-	(280,139)
Employee share option scheme value of services provided	-	11,905	-	-	-	-	-	11,905
Employee share grants/options issued	-	(5,062)	-	(227)	-	23,145	-	17,856
Acquisition of treasury stocks	-		-	-	-	(254)	-	(254)
Change in reserves of associated company	-		-	(8,878)	-	-	-	(8,878)
Property revaluation gains	-		50,460	-	(50,460)	-	-	-
<b>Balance at 31 March 2019</b>	2,141,985	80,799	4,474,015	3,005,668	25,744,930	(283,016)	303,909	35,468,290

**PANJAM INVESTMENT LIMITED**  
**and its subsidiaries**  
**Unaudited Consolidated Statement of Cash Flows**  
**Three months ended 31 March 2019**

	<b>3-Months to March 2019 \$'000</b>	<b>3-Months to March 2018 \$'000</b>
Net profit	895,084	835,325
<b>Adjustments to reconcile net profit to cash flows provided by operating activities:</b>		
Share of results of associated companies	(889,378)	(855,507)
Fair value gains on investment properties	(50,460)	(67,789)
Losses/(gains) on foreign currency denominated investments	18,624	(13,597)
Other	105,598	166,075
	<u>79,468</u>	<u>64,507</u>
<b>Changes in operating assets and liabilities</b>		
Other assets	105,183	50,708
Other liabilities	(120,063)	(159,198)
Change in financial assets at fair value through profit or loss	59,199	(384,984)
	<u>123,787</u>	<u>(428,967)</u>
Interest received	23,084	19,306
Income tax paid	(5,007)	(22,062)
<b>Net cash provided by/(used in) operations</b>	<u>141,864</u>	<u>(431,723)</u>
<b>Cash flows from investing activities</b>		
Disposal of investment securities, net	123,595	151,057
Additional investment in associated company	(117,465)	-
Other investment activities	(841)	-
Acquisition of property plant and equipment	(24,824)	(16,048)
Dividends from associated company	3,846	168,190
<b>Net cash (used in)/provided by investing activities</b>	<u>(15,689)</u>	<u>303,199</u>
<b>Cash flows from financing activities</b>		
Dividends paid to equity holders	(280,139)	(262,979)
Acquisition of treasury stock	(254)	(720)
Disposal of treasury stock	23,145	-
Loan received	60,000	-
Loans repaid	(46,941)	(31,331)
Interest paid	(167,455)	(170,630)
Other financing activities	(1,645)	(1,050)
<b>Net cash used in financing activities</b>	<u>(413,289)</u>	<u>(466,710)</u>
Net decrease in cash and cash equivalents	(287,114)	(595,234)
Cash & cash equivalents at beginning of the period	<u>1,267,163</u>	<u>1,639,010</u>
Cash & cash equivalents at end of the period	<u>980,049</u>	<u>1,043,776</u>
<b>Comprising of:</b>		
Cash at bank and in hand	187,704	113,975
Short term deposits	331,256	224,154
Securities purchased under agreement to resell	484,784	711,449
Overdraft	(23,695)	(5,802)
	<u>980,049</u>	<u>1,043,776</u>



**PANJAM INVESTMENT LIMITED****and its subsidiaries****Unaudited Consolidated Financial Information by Business Segments**

March 31, 2019

	Property Management & Rental \$'000	Investments \$'000	Other Services \$'000	Eliminations \$'000	Total \$'000
<b>REVENUE</b>					
External	471,417	96,724	14,934	-	583,075
Inter-segment	5,736	43,584	-	(49,320)	-
<b>Total revenue</b>	<b>477,153</b>	<b>140,308</b>	<b>14,934</b>	<b>(49,320)</b>	<b>583,075</b>
Segment results	185,229	(3,247)	8,148	-	190,130
Interest expense	(49,708)	(154,946)	-	33,272	(171,382)
	135,521	(158,193)	8,148	33,272	18,748
Share of results of associated companies	-	889,378	-	-	889,378
<b>Profit before taxation</b>	<b>135,521</b>	<b>731,185</b>	<b>8,148</b>	<b>33,272</b>	<b>908,126</b>
Taxation	(5,031)	(7,803)	(208)	-	(13,042)
<b>Net profit</b>	<b>130,490</b>	<b>723,382</b>	<b>7,940</b>	<b>33,272</b>	<b>895,084</b>
Segment assets	10,617,456	9,709,003	245,043	(1,450,697)	19,120,805
Investment in associated companies	-	28,124,801	-	-	28,124,801
<b>Total assets</b>	<b>10,617,456</b>	<b>37,833,804</b>	<b>245,043</b>	<b>(1,450,697)</b>	<b>47,245,606</b>
Segment liabilities	2,986,870	10,183,463	57,680	(1,450,697)	11,777,316

March 31, 2018

	Property Management & Rental \$'000	Investments \$'000	Other Service \$'000	Eliminations \$'000	Total \$'000
<b>REVENUE</b>					
External	468,675	40,254	13,953	-	522,882
Inter-segment	6,555	50,637	-	(57,192)	-
<b>Total revenue</b>	<b>475,230</b>	<b>90,891</b>	<b>13,953</b>	<b>(57,192)</b>	<b>522,882</b>
Segment results	184,896	(42,385)	9,400	-	151,911
Interest expense	(63,308)	(137,960)	-	40,324	(160,944)
	121,588	(180,345)	9,400	40,324	(9,033)
Share of results of associated companies	-	855,507	-	-	855,507
<b>Profit before taxation</b>	<b>121,588</b>	<b>675,162</b>	<b>9,400</b>	<b>40,324</b>	<b>846,474</b>
Taxation	(8,843)	(2,087)	(219)	-	(11,149)
<b>Net profit</b>	<b>112,745</b>	<b>673,075</b>	<b>9,181</b>	<b>40,324</b>	<b>835,325</b>
Segment assets	9,686,517	6,623,595	231,969	(1,591,966)	14,950,115
Investment in associated companies	-	24,230,494	-	-	24,230,494
<b>Total assets</b>	<b>9,686,517</b>	<b>30,854,089</b>	<b>231,969</b>	<b>(1,591,966)</b>	<b>39,180,609</b>
Segment liabilities	3,130,103	6,761,942	56,355	(1,591,966)	8,356,434

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

**31 March 2019**

### **1. Basis of preparation**

The unaudited consolidated interim financial statements have been prepared in accordance with IAS 34 “interim Financial Reporting”. The consolidated interim financial statements should be read in conjunction with the accounting policies as outlined in note 2 of the 31 December 2018 audited financial statements except for the adoption of IFRS 16 “Leases”, which became effective 1 January 2019.

The group adopted IFRS 16 “Leases” effective 1 January 2019 and, as allowed by the standard, has not restated prior comparative 2018 reporting period. The company recognised the present value of the remaining lease payments as the lease liability and the right-of-use asset for leases previously classified as operating leases. The incremental impact on the profit and loss from the adoption of this standard was not material.