

1834 INVESTMENTS LIMITED

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

NINE (9) MONTHS ENDED DECEMBER 31, 2019

1834 INVESTMENTS LIMITED
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1834 INVESTMENTS LIMITED
CONSOLIDATED INCOME STATEMENT
NINE (9) MONTHS ENDED DECEMBER 31, 2019

	NOTES	Unaudited Nine months December 2019 \$'000	Unaudited Nine months December 2018 \$'000	Unaudited Three months December 2019 \$'000	Unaudited Three months December 2018 \$'000	Audited March 2019 \$'000
Revenue						
Operating income	4 (a)	17,447	21,872	4,800	6,727	27,867
Other income	4 (b)	65,372	37,156	1,462	1,364	27,220
		<u>82,819</u>	<u>59,028</u>	<u>6,262</u>	<u>8,091</u>	<u>55,087</u>
Administrative expenses		(18,754)	(21,214)	(809)	(11,711)	(24,359)
Other operating expenses		(46,423)	(75,229)	(29,067)	(59,218)	(46,031)
Impairment loss		-	-	-	-	(5,208)
Fair value loss on investment properties		-	-	-	-	(31,408)
		<u>(65,177)</u>	<u>(96,443)</u>	<u>(29,876)</u>	<u>(70,929)</u>	<u>(107,006)</u>
Profit/(loss) from operations		17,642	(37,415)	(23,614)	(62,838)	(51,919)
Finance (costs)/income		(1,660)	(83)	(208)	26	(98)
Profit/(loss) from operations before other income		15,982	(37,498)	(23,822)	(62,812)	(52,017)
(Loss) / profit on liquidation of subsidiaries		(1,896)	(24,969)	(1,896)	(24,969)	58,786
Share of profit from interest in associate, net of tax	8	4,774	5,505	1,104	1,835	7,340
Profit/(loss) from operations before taxation	3	18,860	(56,962)	(24,614)	(85,946)	14,109
Taxation (charge)/ credit		(5,789)	(2,599)	2,804	704	(8,563)
Profit/(loss) for the period/year from operations		13,071	(59,561)	(21,810)	(85,242)	5,546
Dealt with in the financial statements of:						
Parent company		12,576	(64,810)	(21,983)	(86,821)	(15,562)
Subsidiaries		(4,279)	(256)	(931)	(256)	13,768
Associate		4,774	5,505	1,104	1,835	7,340
		<u>13,071</u>	<u>(59,561)</u>	<u>(21,810)</u>	<u>(85,242)</u>	<u>5,546</u>
Earnings per stock unit:						
Based on stock units in issue	6	1.08¢	-4.92¢	-1.80¢	-5.1¢	0.46¢

The accompanying notes form an integral part of the financial statements.

1834 INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
NINE (9) MONTHS ENDED DECEMBER 31, 2019

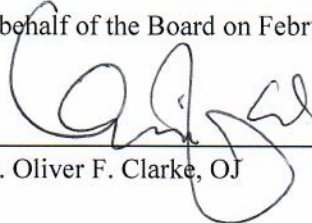
	Unaudited Nine months December 2019 \$'000	Unaudited Nine months December 2018 \$'000	Unaudited Three months December 2019 \$'000	Unaudited Three months December 2018 \$'000	Audited March 2019 \$'000
Profit/(loss) for the period/year	13,071	(59,561)	(21,810)	(85,242)	5,546
Other comprehensive income:					
Items that will never be reclassified to profit or loss:					
Net losses on investments in equity securities designated at fair value through OCI (2018: Available-for-sale)	-	-	-	-	(2,062)
Items that may be reclassified to profit or loss					
Fair value adjustments on debt securities at fair value through OCI (2018: Available-for-sale)	4,554	(346)	2,766	1,760	(16,574)
Other comprehensive profit /(loss) for the period/year, net of taxation	4,554	(346)	2,766	1,760	(18,636)
Total comprehensive income/(loss) for the period/year	17,625	(59,907)	(19,044)	(83,482)	(13,090)
Dealt with in the financial statements of:					
Parent company	17,130	(65,156)	(19,217)	(85,061)	(34,198)
Subsidiaries	(4,279)	(256)	(931)	(256)	13,768
Associate	4,774	5,505	1,104	1,835	7,340
	17,625	(59,907)	(19,044)	(83,482)	(13,090)


The accompanying notes form an integral part of the financial statements.

1834 INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

NOTES	Unaudited as at December 31, 2019 <u>\$'000</u>	Unaudited as at December 31, 2018 <u>\$'000</u>	Audited as at March 31, 2019 <u>\$'000</u>
NON-CURRENT ASSETS			
Property, plant and equipment	2,505	7,259	6,061
Investment properties	414,350	429,239	414,350
Long-term receivables	19,183	27,210	22,452
Interest in associate	8 310,235	303,626	305,461
Investments	324,968	296,335	290,678
Total non-current assets	<u>1,071,241</u>	<u>1,063,669</u>	<u>1,039,002</u>
CURRENT ASSETS			
Cash and cash equivalents	91,613	101,402	90,247
Securities purchased under resale agreements	264,411	185,537	193,229
Trade and other receivables	27,756	16,313	23,381
Taxation recoverable	6,283	27,787	25,419
Assets held for sale	-	112,333	95,813
Pension fund receivable	4 (c) -	75,852	81,792
Total current assets	<u>390,063</u>	<u>519,224</u>	<u>509,881</u>
Total assets	<u>1,461,304</u>	<u>1,582,893</u>	<u>1,548,883</u>
EQUITY & LIABILITIES			
EQUITY			
Share capital	605,622	605,622	605,622
Reserves	807,416	917,400	886,691
Total equity attributable to equity holders of parent	<u>1,413,038</u>	<u>1,523,022</u>	<u>1,492,313</u>
NON-CURRENT LIABILITY			
Deferred tax liability, being total non-current liability	1,468	18,424	17,495
CURRENT LIABILITY			
Accounts payable, being total current liability	46,798	41,447	39,075
Taxation	-	-	-
Total equity and liabilities	<u>1,461,304</u>	<u>1,582,893</u>	<u>1,548,883</u>

On behalf of the Board on February 12, 2020 by:


 Chairman
 Hon. Oliver F. Clarke, OJ


 Vice Chairman
 Joseph M. Matalon, CD

The accompanying notes form an integral part of the financial statements.

1834 INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
NINE (9) MONTHS ENDED DECEMBER 31, 2019

	Share Capital \$'000	Capital Reserves \$'000	Fair value Reserves \$'000	Reserve for Own Shares \$'000	Retained Profits \$'000	Total equity \$'000
Balances at March 31, 2018	605,622	1,033,139	23,276	(149,157)	191,173	1,704,053
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(59,561)	(59,561)
Other comprehensive loss:						
Fair value adjustments on available-for-sale investments	-	-	(346)	-	-	(346)
Other comprehensive loss for the period, net of taxation	-	-	(346)	-	-	(346)
Total comprehensive loss for the period, net taxation	-	-	(346)	-	(59,561)	(59,907)
Changes in ownership interest						
Transfer on disposal of wholly owned subsidiaries	-	(37,692)	(1,540)	-	39,232	-
Transfers on disposal of investment properties	-	(159,504)	-	-	159,504	-
Transactions with owners, recorded directly in equity						
Dividends paid, being total distributions to owners	-	-	-	-	(121,124)	(121,124)
	-	(197,196)	(1,540)	-	77,612	(121,124)
	605,622	835,943	21,390	(149,157)	209,224	1,523,022
Balances at December 31, 2018	605,622	540,244	4,825	(34,873)	376,495	1,492,313
Total comprehensive income for the period						
Profit for the period	-	-	-	-	13,071	13,071
Other comprehensive income:						
Fair value adjustments on debt securities at fair value through other comprehensive income	-	-	4,554	-	-	4,554
Other comprehensive income for the period, net of taxation	-	-	4,554	-	-	4,554
Total comprehensive income for the period, net taxation	-	-	4,554	-	13,071	17,625
Changes in ownership interest						
Transfer on disposal of wholly owned subsidiaries	-	(157)	-	-	157	-
Transfers on the disposal of investment properties	-	(112,144)	-	-	112,144	-
Transactions with owners, recorded directly in equity						
Total distributions to owners	-	-	-	-	(96,900)	(96,900)
	-	(112,301)	-	-	(15,401)	(96,900)
Balances as at December 31 2019	605,622	427,943	9,379	(34,873)	404,967	1,413,038

The accompanying notes form an integral part of the financial statements.

1834 INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
NINE (9) MONTHS ENDED DECEMBER 31, 2019

	NOTE	Unaudited Nine (9) months ended December 31, 2019 \$'000	Unaudited Nine (9) months ended December 31, 2018 \$'000	Audited Year ended March 31, 2019 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) for the period/year		13,071	(59,561)	5,546
Adjustments for:				
Income tax charge		21,816	2,081	8,974
Depreciation		3,594	3,595	4,793
Deferred taxation		(16,027)	1,136	(411)
Interest income		(13,593)	(16,210)	(20,525)
Interest expense		1,660	-	98
Decrease in fair value of assets held for sale		-	-	16,519
Decrease in fair value of investment properties		-	-	14,889
Share of profit of associate, net of tax	8	(4,774)	(5,505)	(7,340)
Impairment loss		-	-	5,208
Transfer on disposal of wholly owned subsidiaries		-	39,232	-
(Gain)/loss on sale of assets held for sale		(5,983)	2,675	2,674
Loss/(gain) on liquidation of subsidiaries		1,896	-	(58,786)
Increase in the fair value of units		-	-	(102)
Operating profit/(loss) before changes in working capital		<u>1,660</u>	<u>(32,557)</u>	<u>(28,463)</u>
Changes in:				
Trade and other receivables		(4,370)	13,793	(5,563)
Taxation recoverable		19,136	(15,273)	-
Securities purchased under resale agreements		(71,182)	(176,258)	(184,597)
Pension fund receivables		81,792	(1,530)	(7,470)
Accounts payable		7,723	(23,671)	14,047
Interest paid		(1,660)	-	(98)
Tax paid		(21,816)	(4,975)	(32,101)
Net cash provided by/(used in) operations		<u>11,283</u>	<u>(240,471)</u>	<u>(244,245)</u>
Cash flows from investing activities				
Interest received		13,588	22,717	24,296
Additions to property, plant and equipment		(38)	-	-
Proceeds from sale of assets held for sale		101,812	201,638	201,639
Investments, net		(31,648)	171,332	154,195
Long-term receivable		3,269	(319)	4,439
Net cash provided by investing activities		<u>86,983</u>	<u>395,368</u>	<u>384,569</u>
Cash flows from financing activity				
Dividends paid, being net cash used in financing activity		(96,900)	(121,124)	(117,706)
Net increase in cash and cash equivalents		<u>1,366</u>	<u>33,773</u>	<u>22,618</u>
Cash and cash equivalents at beginning of period/year		<u>90,247</u>	<u>67,629</u>	<u>67,629</u>
Cash and cash equivalents at end of period/year		<u>91,613</u>	<u>101,402</u>	<u>90,247</u>
Represented by:				
Cash and cash equivalents		<u>91,613</u>	<u>101,402</u>	<u>90,247</u>

The accompanying notes form an integral part of the financial statements.

1834 INVESTMENTS LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
NINE (9) MONTHS ENDED DECEMBER 31, 2019

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES

1834 Investments Limited, formerly The Gleaner Company Limited (“company” or “parent company”), is incorporated under the laws of, and is domiciled in Jamaica. The company is listed on the Jamaica Stock Exchange and has its registered office at 7 North Street, Kingston.

These consolidated interim financial statements comprise the company and its subsidiary (together referred to as the 'group') and the group's interest in associate.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The interim financial statements have been prepared under the historical cost basis, as modified by the revaluation of certain fixed and financial assets and are expressed in Jamaican dollars.

These financial statements have been prepared in accordance with International Accounting Standards 34, *Interim Financial Reporting*.

The interim financial report is to be read in conjunction with the audited financial statements for the year ended March 31, 2019. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the group since the financial year ended March 31, 2019.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended March 31, 2019.

(b) Use of judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

Actual results could differ from these estimates and any adjustments that may be necessary would be reflected in the year in which actual results are known.

(c) Consolidation

(i) Subsidiaries

A subsidiary is an enterprise controlled by the group. Control exists when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date the control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances and any unrealised gain and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidating financial statements.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1834 INVESTMENTS LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
NINE (9) MONTHS ENDED DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Foreign currencies

The financial statements are presented in the currency of the primary economic environment in which the company operates (its functional currency).

In preparing the financial statements of the company, transactions in currencies other than the company's functional currency, the Jamaican dollar, are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items, are included in the statement of comprehensive income for the period.

(e) Segment reporting

The group has one reportable segment which is investment. The identification of business segments is based on the group's management and internal reporting structure. Segment results, assets and liabilities include items directly attributable to this segment.

Performance is measured on segment profit before taxation as included in the internal management reports that are reviewed by the Board of Directors. Segment profit before taxation is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segment relative to other entities that operate within these industries.

- 3.** The group financial statements for the nine months ended December 31, 2019 show a profit from operations before taxation of approximately \$19 million (2018: Loss of \$57 million).
- 4.** In comparing the financial statements for the nine months period ended December 31, 2019 with those of the comparative period, the following should be noted:
- (a) Operating income of \$17 million (2018: \$22 million) represents investment income, rental income and interest on loans.
 - (b) Other income of \$65 million (2018: \$37 million) is mainly comprised of gains on the revaluation of foreign currency assets, gains on the disposal of investment and investment revaluation.
 - (c) Pension fund receivable of \$Nil (2018: \$75 million) represents amounts due to the group arising from the discontinuation of the defined-benefit pension fund. The reduction in the pension fund receivable is due to the sale of the NROCC bond and the sale of the units in the Pension's Property Investment Trust. The proceeds from the sale were used to settle the receivable.

1834 INVESTMENTS LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
NINE (9) MONTHS ENDED DECEMBER 31, 2019

5. Group Financial Statements

The group financial statements for the nine months ended December 31, 2019 include the company's only remaining subsidiary-Selectco Publications Limited. As at the March 31, 2019, the company had five (5) subsidiaries. During the period April 1, 2019 to March 31, 2019, four (4) subsidiaries were legally dissolved. These included 1834 Investments (Canada) Inc., digjamaica.com Limited, Popular Printers Limited and Associated Enterprise Limited. Final documents have been filed with the Companies Office of Jamaica for the wind up of the remaining dormant subsidiary, Selectco Publications Limited.

6. Earnings Per Stock

The calculation of earnings per stock unit is arrived at by dividing profit after taxation attributable to the parent company's stockholders by 1,211,243,827 stock units, being the number of stock units in issue at the end of the period.

7. Dividend and Stock Prices

The company's stock unit price on the Jamaica Stock Exchange at December 31, 2019 was \$1.07; the opening price at April 1, 2019 was \$1.04.

8. Interest in associate

The group has a 50% shareholding in a real estate investment company, Jamaica Joint Venture Investment Company Limited (JJVI). The company accounted for this investment using the equity method. The Consolidated Income Statement includes \$5 million (2018: \$6 million), representing share of profits.

9. Contingent liabilities

As of December 31, 2019, the company had a potential tax liability of \$63 million arising from an assessment by the Tax Administration Jamaica for the year of assessment 2010. The Company has disputed the assessment. It is possible that the company's financial results could be impacted by the final outcome.