

1834 INVESTMENTS LIMITED

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

NINE (9) MONTHS ENDED DECEMBER 31, 2020

1834 INVESTMENTS LIMITED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
NINE (9) MONTHS ENDED DECEMBER 31, 2020

TABLE OF CONTENTS

CONTENTS	PAGE (S)
CONSOLIDATED INCOME STATEMENT	1
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	2
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	4
CONSOLIDATED STATEMENT OF CASH FLOWS	5
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS	6-8

1834 INVESTMENTS LIMITED
CONSOLIDATED INCOME STATEMENT
NINE (9) MONTHS ENDED DECEMBER 31, 2020

	NOTES	Unaudited Nine months December 2020 \$'000	Unaudited Nine months December 2019 \$'000	Unaudited Three months December 2020 \$'000	Unaudited Three months December 2019 \$'000	Audited March 2020 \$'000
Revenue						
Operating income	4 (a)	13,699	17,447	4,209	4,800	23,321
Fair value gain on investment property		-	-	-	-	22,747
Other income	4 (b)	39,789	65,372	1,527	1,462	49,455
		<u>53,488</u>	<u>82,819</u>	<u>5,736</u>	<u>6,262</u>	<u>95,523</u>
Administrative expenses		(35,616)	(18,754)	(7,331)	(809)	(19,623)
Other operating expenses		(25,197)	(46,423)	(7,804)	(29,067)	(63,573)
Decrease/(increase) in impairment loss		547	-	-	-	(5,097)
		<u>(60,266)</u>	<u>(65,177)</u>	<u>(15,135)</u>	<u>(29,876)</u>	<u>(88,293)</u>
(Loss)/profit from operations		(6,778)	17,642	(9,399)	(23,614)	7,230
Finance costs		(607)	(1,660)	(219)	(208)	(373)
(Loss)/profit from operations before other income		(7,385)	15,982	(9,618)	(23,822)	6,857
Loss on liquidation of subsidiaries		-	(1,896)	-	(1,896)	(1,896)
Share of profit from interest in associate	8	15,836	6,429 *	4,924	1,472 *	46,561
Profit/(loss) from operations before taxation	3	8,451	20,515	(4,694)	(24,246)	51,522
Taxation (charge)/credit		(7,796)	(7,444) *	80	2,436 *	(10,932)
Profit/(loss) for the period/year from operations		655	13,071	(4,614)	(21,810)	40,590
Dealt with in the financial statements of:						
Parent company		(12,117)	12,576	(8,307)	(21,983)	2,008
Subsidiaries		-	(4,279)	-	(931)	(580)
Associate		12,772	4,774	3,693	1,104	39,162
		<u>655</u>	<u>13,071</u>	<u>(4,614)</u>	<u>(21,810)</u>	<u>40,590</u>
Earnings per stock unit:						
Based on stock units in issue	6	<u>0.05¢</u>	<u>1.08¢</u>	<u>-0.38¢</u>	<u>-1.80¢</u>	<u>3.35¢</u>

*-Restated to conform with current period presentation for share of profit from interest in associate, before tax

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, 2020

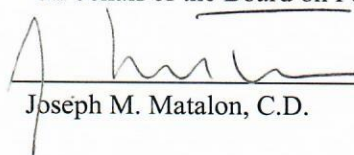
	Unaudited Nine months	Unaudited Nine months	Unaudited Three months	Unaudited Three months	Audited
	December 2020	December 2019	December 2020	December 2019	March 2020
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Profit/(loss) for the period/year	<u>655</u>	<u>13,071</u>	<u>(4,614)</u>	<u>(21,810)</u>	<u>40,590</u>
Other comprehensive income:					
Items that will never be reclassified to profit or loss:					
Net gain/(loss) on investments in equity securities designated at fair value through OCI (FVOCI)	<u>19,824</u>	<u>-</u>	<u>7,866</u>	<u>-</u>	<u>(11,481)</u>
Items that may be reclassified to profit or loss					
Fair value adjustments on debt securities at fair value through OCI (FVOCI)	<u>5,501</u>	<u>4,554</u>	<u>(826)</u>	<u>2,766</u>	<u>10,659</u>
Other comprehensive profit/(loss) for the period/year, net of taxation	<u>25,325</u>	<u>4,554</u>	<u>7,040</u>	<u>2,766</u>	<u>(822)</u>
Total comprehensive income/(expense) for the period/year	<u>25,980</u>	<u>17,625</u>	<u>2,426</u>	<u>(19,044)</u>	<u>39,768</u>
Dealt with in the financial statements of:					
Parent company	13,208	17,130	(1,267)	(19,217)	1,186
Subsidiaries	-	(4,279)	-	(931)	(580)
Associate	<u>12,772</u>	<u>4,774</u>	<u>3,693</u>	<u>1,104</u>	<u>39,162</u>
	<u>25,980</u>	<u>17,625</u>	<u>2,426</u>	<u>(19,044)</u>	<u>39,768</u>

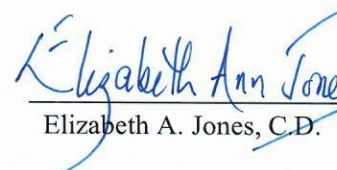
The accompanying notes form an integral part of the financial statements

1834 INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	Unaudited as at December 31, 2020 <u>\$'000</u>	Unaudited as at December 31, 2019 <u>\$'000</u>	Audited as at March 31, 2020 <u>\$'000</u>
NON-CURRENT ASSETS			
Property, plant and equipment	1,040	2,505	2,139
Investment properties	437,097	414,350	437,097
Long-term receivables	20,361	19,183	18,658
Interest in associate	8 331,188	310,235	344,623
Investments	277,102	324,968	279,154
Total non-current assets	<u>1,066,788</u>	<u>1,071,241</u>	<u>1,081,671</u>
CURRENT ASSETS			
Cash and cash equivalents	80,436	91,613	110,576
Securities purchased under resale agreements	295,728	264,411	269,281
Trade and other receivables	20,136	27,756	24,650
Taxation recoverable	13,606	6,283	11,920
Total current assets	<u>409,906</u>	<u>390,063</u>	<u>416,427</u>
Total assets	<u>1,476,694</u>	<u>1,461,304</u>	<u>1,498,098</u>
EQUITY & LIABILITIES			
EQUITY			
Share capital	605,622	605,622	605,622
Reserves	810,019	810,174 *	832,317
Total equity attributable to equity holders of parent	<u>1,415,641</u>	<u>1,415,796</u>	<u>1,437,939</u>
NON-CURRENT LIABILITY			
Deferred tax liability, being total non-current liability	8,082	1,468	4,245
CURRENT LIABILITY			
Accounts payable, being total current liability	52,971	44,040 *	55,914
Total equity and liabilities	<u>1,476,694</u>	<u>1,461,304</u>	<u>1,498,098</u>

On behalf of the Board on February 11, 2021 by:

 Chairman
Joseph M. Matalon, C.D.

 Director
Elizabeth A. Jones, C.D.

*-Restated to conform with current period presentation

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, 2020

	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, 2019	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 FVOCI	-	-	4,554	-	-	4,554
Other comprehensive income for the period, net of taxation	-	-	4,554	-	-	4,554
Total comprehensive loss for the period, net taxation	-	-	4,554	-	13,071	17,625
Transfers on liquidation of wholly owned subsidiaries		(157)			157	-
Transfers on disposal of investment property	-	(18,002) *	-	-	18,002 *	-
	-	(18,159)	-	-	18,159	-
Transactions with owners, recorded directly in equity						
Dividends declared, being total distributions to owners	-	(94,142) *	-	-	-	(94,142) *
Balances at December 31, 2019	605,622	427,943	9,379	(34,873)	407,725 *	1,415,796 *
Balances at March 31, 2020	605,622	427,943	4,003	(34,873)	435,244	1,437,939
Total comprehensive income for the period						
Profit for the period	-	-	-	-	655	655
Other comprehensive income:						
Fair value adjustments on debt securities at FVOCI	-	-	5,501	-	-	5,501
Net gain on investments in equity securities designated at fair value through OCI	-	-	19,824	-	-	19,824
Other comprehensive income for the period, net of taxation	-	-	25,325	-	-	25,325
Total comprehensive income for the period, net taxation	-	-	25,325	-	655	25,980
Transactions with owners, recorded directly in equity						
Total distributions to owners	-	-	-	-	(48,278)	(48,278)
	-	-	-	-	(48,278)	(48,278)
Balances at December 31, 2020	605,622	427,943	29,328	(34,873)	387,621	1,415,641

*-Restated to conform with current period presentation

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, 2020

	NOTE	Unaudited Nine (9) months ended December 31, 2020 \$'000	Unaudited Nine (9) months ended December 31, 2019 \$'000	Audited Year ended March 31, 2020 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the period/year		655	13,071	40,590
Adjustments for:				
Income tax charge		3,959	23,471 *	24,182
Depreciation		1,099	3,594	3,961
Deferred taxation		3,837	(16,027)	(13,250)
Interest income		(12,590)	(13,593)	(18,908)
Interest expense		607	1,660	373
Increase in fair value of investment properties		-	-	(22,747)
Share of profit of associate	8	(15,836)	(6,429) *	(39,162)
(Decrease)/increase in impairment loss		(547)	-	5,097
Loss on sale of bond		11,126	-	2,852
Gain on sale of assets held for sale		-	(5,983)	(5,999)
Gain on sale of pension assets		-	-	(19,466)
Loss on liquidation of subsidiaries		-	1,896	1,896
Increase in the fair value of units		337	-	(369)
Operating (loss)/profit before changes in working capital		(7,353)	1,660	(40,950)
Changes in:				
Trade and other receivables		1,366	(4,370)	(2,839)
Interest in associates	8	25,312	-	-
Taxation recoverable		-	19,136	-
Securities purchased under resale agreements		(26,447)	(71,182)	(76,052)
Pension fund receivables		-	81,792	-
Accounts payable		(2,943)	4,965 *	17,542
Interest paid		(607)	(1,660)	(373)
Tax paid		(1,686)	(21,816)	(13,140)
Net cash (used in) / provided by operations		(12,358)	8,525 *	(115,812)
Cash flows from investing activities				
Interest received		16,285	13,588	17,787
Additions to property, plant and equipment		-	(38)	(39)
Proceeds from sale of assets held for sale		-	101,812	101,812
Proceeds from settlement of bonds		31,540	-	68,233
Proceeds from settlement of pension units		-	-	59,173
Investments, net		(15,626)	(31,648)	(19,766)
Long-term receivable		(1,703)	3,269	3,083
Net cash provided by investing activities		30,496	86,983	230,283
Cash flows from financing activity				
Dividends paid, being net cash used in financing activity		(48,278)	(94,142) *	(94,142)
Net (decrease) / increase in cash and cash equivalents		(30,140)	1,366	20,329
Cash and cash equivalents at beginning of period/year		110,576	90,247	90,247
Cash and cash equivalents at end of period/year		80,436	91,613	110,576
Represented by:				
Cash and cash equivalents		80,436	91,613	110,576

*-Restated to conform with current period presentation

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, 2020

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES

1834 Investments Limited, formerly The Gleaner Company Limited (“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 the company's interest in associate (together referred to as the 'group').

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The interim financial statements have been prepared on 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, 2020. 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, 2020.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended March 31, 2020.

(b) Use of judgements and estimates

The preparation of financial statements in conformity with International Financial Reporting Standards 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, 2020

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, 2020 show a profit from operations before taxation of approximately \$8 million (2019: \$21 million).
4. In comparing the financial statements for the nine month period ended December 31, 2020 with those of the comparative period, the following should be noted:
 - (a) Operating income of \$14 million (2019: \$17 million) represents investment income, rental income and interest on loans.
 - (b) Other income of \$40 million (2019: \$65 million) mainly comprises gains on the revaluation of foreign currency assets and investment revaluation.

1834 INVESTMENTS LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
NINE (9) MONTHS ENDED DECEMBER 31, 2020

5. Group financial statements

The group financial statements for the nine months ended December 31, 2020 include the company and its associate (2019: one subsidiary - Selectco Publications Limited). As at December 31, 2020, the company's request to remove Selectco Publications Limited from the Register of Companies had been approved and was in progress at the Companies Office of Jamaica.

6. Earnings per stock unit

The calculation of earnings per stock unit is arrived at by dividing profit after taxation attributable to 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, 2020 was \$0.98; the opening price at April 1, 2020 was \$0.86. The company paid an interim dividend of \$0.04 per stock unit on December 11, 2020, to stockholders on record as at the close of business on November 24, 2020.

8. Interest in associate

The company 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 \$16 million (2019: \$6 million), representing gross share of profits.

Interest in associate:

	<u>\$'000</u>
Balance as at March 31, 2020	344,623
Gross share of profit for the nine months period	15,836
Taxation on share of profit	<u>(3,959)</u>
	356,500
Share of dividend declared	<u>(25,312)</u>
Balance as at December 31, 2020	<u><u>331,188</u></u>

9. Uncertainty over income tax treatments

In 2016, the company was assessed an additional \$63 million in PAYE and income taxes as a result of a Tax Administration Jamaica ("TAJ") audit of the 2010 financial year. The company subsequently filed an objection with the TAJ and a revised assessment of \$51 million was communicated by the TAJ in May 2020. Having evaluated the revised assessment, the company believes it can defend its objection further, and has filed an appeal with the Revenue Appeals Division. The company expects a favourable response to the objection and has accounted for the matter as an uncertain tax position pursuant to IFRIC 23: Uncertainty over Income Tax Treatments.