

1834 Investments Limited
(Formerly The Gleaner Company Limited)

Un-audited Financial Statements for the
Quarter ended June 30, 2016

TO: THE STOCKHOLDERS OF

1834 INVESTMENTS LIMITED

(formerly The Gleaner Company Limited)

CONSOLIDATED INCOME STATEMENT Three months ended JUNE 30, 2016

		(Unaudited) June 30, 2016 \$'000	(Unaudited) June 30, 2015 \$'000 Restated	(Audited) March 31, 2016 \$'000
	Notes			
Revenue	6 (a)	16,222	29,332	200,655
Other operating Income	6 (b)	<u>16,942</u>	<u>9,497</u>	<u>4,080</u>
		<u>33,164</u>	<u>38,829</u>	<u>204,735</u>
Administrative expenses		(9,727)	(8,590)	(5,303)
Other operating expenses		<u>(1,253)</u>	<u>(1,429)</u>	<u>(33,171)</u>
		<u>(10,980)</u>	<u>(10,019)</u>	<u>(38,474)</u>
Profit from operations		22,184	28,810	166,261
Finance cost		(953)	(1,145)	(2,931)
Profit from continuing operations before other income		21,231	27,665	163,330
Gain on disposal of subsidiary		-	-	54,729
Share of profit/(loss) from interest in associate, net of tax	11	<u>35,129</u>	<u>(76,346)</u>	<u>45,611</u>
Profit/(loss) from continuing operations before taxation	4	56,360	(48,681)	263,670
Taxation (charge)/credit		(4,491)	-	<u>18,494</u>
Profit/(loss) for the period/year from continuing operations		<u>51,869</u>	<u>(48,681)</u>	<u>282,164</u>
Profit/ (loss)/for the period/year from discontinued operations, net of tax		<u>-</u>	<u>56,412</u>	<u>(275,428)</u>
Profit for the period/year	5	<u>51,869</u>	<u>7,731</u>	<u>6,736</u>
Dealt with in the financial statements of:				
Parent company		16,501	64,063	212,044
Subsidiaries		239	20,014	(250,919)
Associate		<u>35,129</u>	<u>(76,346)</u>	<u>45,611</u>
		<u>51,869</u>	<u>7,731</u>	<u>6,736</u>
Earnings per stock unit:				
Based on stock units in issue	8	<u>4.28¢</u>	<u>0.64¢</u>	<u>0.56¢</u>

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

1834 INVESTMENTS LIMITED

(formerly The Gleaner Company Limited)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME Three months ended JUNE 30, 2016

	Three months June 30, 2016 \$'000	Three months June 30, 2015 \$'000	Audited March 31, 2016 \$'000
Profit for the period/year	<u>51,869</u>	<u>7,731</u>	<u>6,736</u>
Other comprehensive income:			
Items that will never be reclassified to profit or loss:			
Revaluation of land and building	-	-	(26,932)
Re-measurement of employee benefit obligation	-	(8,700)	(1,500)
Transferred on amalgamation	-	-	1,500
Related tax on revaluation and re-measurement	<u>-</u>	<u>2,175</u>	<u>6,735</u>
	<u>-</u>	<u>(6,525)</u>	<u>(20,197)</u>
Items that may be reclassified to profit or loss:			
Change in fair value of available-for-sale investments	(315)	9,894	83,267
Currency translation differences on foreign subsidiaries	<u>6,540</u>	<u>(2,047)</u>	<u>-</u>
	<u>6,225</u>	<u>7,847</u>	<u>83,267</u>
Other comprehensive income for the period/year, net of taxation	6,225	1,322	63,070
Total comprehensive income for the period/year	<u>58,094</u>	<u>9,053</u>	<u>69,806</u>
Dealt with in the financial statements of:			
The company	16,527	61,667	162,115
Subsidiaries	6,438	23,732	(137,920)
Associate	<u>35,129</u>	<u>(76,346)</u>	<u>45,611</u>
	<u>58,094</u>	<u>9,053</u>	<u>69,806</u>

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

1834 INVESTMENTS LIMITED

(formerly The Gleaner Company Limited)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION JUNE 30, 2016

		(Unaudited) June 30, 2016 \$'000	(Unaudited) June 30, 2015 \$'000	(Audited) March 31, 2016 \$'000
	Notes			
Assets				
Property, plant and equipment		19,642	1,159,411	20,923
Intangible asset		-	15,808	-
Investment properties		812,753	-	810,787
Long-term receivables		52,417	8,590	52,780
Interest in associate	11	270,164	240,067	235,035
Investments		736,400	781,140	775,328
Pension receivable	6(c)	26,040	27,840	26,040
Deferred tax assets		<u>618</u>	<u>5,181</u>	<u>618</u>
Total non-current assets		<u>1,918,034</u>	<u>2,238,037</u>	<u>1,921,511</u>
Cash and cash equivalents		58,381	36,786	27,386
Securities purchased under resale agreement		26,350	1,742	8,930
Trade and other receivables		20,643	521,292	18,414
Prepayments		6,845	71,808	-
Taxation recoverable		9,616	10,639	9,616
Inventories		-	149,471	-
Pension receivable	6(c)	<u>177,390</u>	<u>774,762</u>	<u>179,938</u>
Total current assets		<u>299,225</u>	<u>1,566,500</u>	<u>244,284</u>
Total assets		<u>2,217,259</u>	<u>3,804,537</u>	<u>2,165,795</u>
Equity:				
Share capital		605,622	605,622	605,622
Reserves		<u>1,267,207</u>	<u>2,148,913</u>	<u>1,209,113</u>
Total equity attributable to equity holders of parent		<u>1,872,829</u>	<u>2,754,535</u>	<u>1,814,735</u>
Liabilities:				
Long-term liabilities		-	56,821	-
Employee benefit obligation		-	96,875	-
Deferred tax liabilities		<u>156,488</u>	<u>324,437</u>	<u>165,706</u>
Total non-current liabilities		<u>156,488</u>	<u>478,133</u>	<u>165,706</u>
Bank overdraft		-	17,554	-
Trade and other payables		104,183	445,768	95,033
Taxation payable		83,759	-	90,321
Current portion of long-term liabilities		-	37,611	-
Deferred income		-	70,936	-
Total current liabilities		<u>187,942</u>	<u>571,869</u>	<u>185,354</u>
Total liabilities		<u>344,430</u>	<u>1,050,002</u>	<u>351,060</u>
Total equity and liabilities		<u>2,217,259</u>	<u>3,804,537</u>	<u>2,165,795</u>

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

1834 INVESTMENTS LIMITED

(formerly The Gleaner Company Limited)

Consolidated Statement of Changes in Equity

Three months ended June 30, 2016

	Share Capital \$'000	Capital reserves \$'000	Fair value reserves \$'000	Reserve for own shares \$'000	Retained profits \$'000	Total equity \$'000
Balances as at March 31, 2015	605,622	1,038,167	60,927	(143,763)	1,180,885	2,741,838
Profit for the period	-	-	-	-	7,731	7,731
Other comprehensive income/(expense):						
Change in fair value of available-for-sale investments	-	-	9,894	-	-	9,894
Currency translation differences on foreign subsidiaries	-	(2,047)	-	-	-	(2,047)
Re-measurement of employee benefit obligation	-	-	-	-	(6,525)	(6,525)
Other comprehensive income for the period, net of taxation	-	(2,047)	9,894	-	1,206	9,053
Total comprehensive income for the period	-	(2,047)	9,894	-	1,206	9,053
Transactions with owners, recorded directly in equity:						
Own shares sold by Gleaner Company Limited						
Employee Investment Trust (GCLEIT)	-	-	-	3,644	-	3,644
Total contributions by and distributions to owners	-	-	-	3,644	-	(12,697)
Balances at June 30, 2015	605,622	1,036,120	70,821	(140,119)	1,182,091	2,754,535
Balances as at March 31, 2016	605,622	1,069,008	139,071	(149,157)	150,191	1,814,735
Total comprehensive income for the period:						
Profit for the period	-	-	-	-	51,869	51,869
Other comprehensive income/(expense) for the period:						
Change in fair value of available-for-sale investments	-	-	(315)	-	-	(315)
Currency translation differences on foreign subsidiaries	-	6,540	-	-	-	6,540
Other comprehensive expense for the period, net of taxation	-	6,540	(315)	-	-	6,225
Total comprehensive income for the period, net of taxation	-	6,540	(315)	-	51,869	58,094
Balances as at June 30, 2016	605,622	1,075,548	138,756	(149,157)	202,060	1,872,829

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

1834 INVESTMENTS LIMITED

(formerly The Gleaner Company Limited)

Consolidated Statement of Cash Flows

	Unaudited June 30, 2016 \$'000	Unaudited June 30, 2015 \$'000 Restated	Audited March 31, 2016 \$'000
Cash flows from operating activities			
Profit for the period/year	51,869	7,731	6,736
Adjustments to reconcile profit to net cash provided by operating activities:			
Depreciation	7,821	22,553	98,466
Amortisation	-	1,165	3,495
Gain on disposal of subsidiary	-	-	(54,729)
Current income tax	4,491	1,933	176,972
Deferred taxation	-	-	(195,902)
Employee benefit obligation	-	1,175	12,415
Gain on disposal of property plant and equipment	-	-	(2,764)
Equity settled share-based payments	-	-	136
Interest income	(14,570)	(29,332)	(200,655)
Interest expense	953	2,766	2,931
Share of profit of associate, net of tax	(35,129)	76,346	(45,611)
Loss on disposal of shares	-	-	7,181
Translation adjustment	-	(2,864)	(3)
	<u>15,435</u>	<u>81,473</u>	<u>(191,332)</u>
Tax paid	(20,271)	(31,923)	(109,699)
Interest paid	(953)	(2,766)	(2,931)
Trade and other receivables	(1,628)	(49,250)	(45,941)
Prepayment	(6,845)	(37,491)	10,890
Inventories and goods-in-transit	-	41,281	61,518
Securities purchased under agreements for resale	(17,420)	-	(135,734)
Trade and other payables	9,150	(20,870)	123,642
Deferred income	-	6,564	(10,274)
Employee benefits obligation payments	-	-	(4,900)
Pension fund receivable_	<u>2,548</u>	<u>139,624</u>	<u>258,080</u>
Net Cash (used)/provided by operating activities	<u>(19,984)</u>	<u>126,642</u>	<u>(46,681)</u>
Cash flows from investing activities			
Interest received	13,969	29,332	200,054
Acquisition of investment in associate	-	-	(53,085)
Additions to Investment properties	(1,966)	(10,636)	(41,924)
Proceeds from sale of property plant and equipment	-	2,226	8,333
Cash and cash equivalent disposed of	-	-	(6,227)
Effects of amalgamation	-	-	(38,338)
Investments, net	38,613	(104,738)	(19,264)
Long-term receivable	363	1,737	24,315
Acquisition of intangible assets	-	-	(6,421)
Net cash provided by investing activities	<u>50,979</u>	<u>(82,079)</u>	<u>67,443</u>
Cash flows from financing activities			
Long-term liabilities	-	(4,268)	47,152
Dividend paid	-	(48,449)	(94,067)
Net cash used by financing activities	-	(52,717)	(46,915)
Net decrease in cash and cash equivalent	30,995	(34,307)	(26,153)
Cash and cash equivalent at beginning of the year	<u>27,386</u>	<u>53,539</u>	<u>53,539</u>
Cash and cash equivalent at end of the year	<u>58,381</u>	<u>19,232</u>	<u>27,386</u>
Comprised of:			
Cash and bank balances	58,381	36,786	27,386
Bank overdraft	-	(17,554)	-
	<u>58,381</u>	<u>19,232</u>	<u>27,386</u>

Notes to the Interim Financial Report

We hereby present the unaudited financial report of the group for the quarter ended June 30 2016.

1. Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations, as issued by the International Accounting Standards Board (IASB), and comply with the provisions of the Jamaican Companies Act.

The accounting policies followed in these interim financial statements are consistent with those in the audited financial statements for the year ended March 31, 2016.

2. Discontinued Operations

Pursuant to a Scheme of Arrangement for Amalgamation, the company divested all of its media operations to Radio Jamaica Limited on March 24, 2016. The former media business is represented in these accounts as “discontinued operations”, and the remaining non-media (investment) business is reflected as the “continuing operations”.

As at March 31, 2016, your company no longer engages in any form of media business. The name of the company was changed from The Gleaner Company Limited to 1834 Investments Limited.

Consequent upon the restructuring of the group and change in the core business of 1834, land and buildings owned by the group were re-valued and reclassified as investment properties.

The total net assets transferred as a result of the amalgamation is \$841M, including cash of \$665M.

3. Segment Reporting

The group has one reportable segment which is investment. Investment comprises investment income, net of directly attributable costs for investing activities. 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, as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue.

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.

4. Group financial accounts for the three months ended June 30, 2016 show a profit before taxation charge of approximately \$56M (2015: Loss of \$49M).
5. The group profit after taxation for the first three months of 2016 was approximately \$52M compared with a profit of approximately \$8M for the same period last year.
6. In comparing the financial statements for the three-month period ended June 30, 2016, with those of previous period, the following should be noted: -
 - (a) Revenue of \$16M (2015: \$29M) represents investment income, rental income and interest on loans. The reduction in investment income is in line with a smaller capital base arising from the transfer of \$665M to RJR.
 - (b) Other operating income of \$17M (2015: \$9M) is comprised mainly of foreign exchange gains on investments.
 - (c) Pension receivable of \$203M (2015: \$803M) represents amounts due to the group arising from the discontinuation of the defined-benefit pension fund. Of the total outstanding amount, \$26M (2015: \$29M) is expected to be received in more than one year from the reporting date.

	<u>Group</u>	
	<u>June 2016</u>	<u>June 2015</u>
	\$million	\$million
Pension receivable brought forward to April 1	200	942
Net received during the year	(6)	(181)
Income earned during the period	<u>9</u>	<u>42</u>
	<u>203</u>	<u>803</u>

7. The group financial statements for the three months ended June 30, 2016 include the company's five (2015: ten) subsidiaries – Associated Enterprise Limited, Popular Printers Limited, Selectco Publications Limited, diGJamaica.com Limited and overseas subsidiary, 1834 Investments (Canada) Incorporated.

8. 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/year.

9. **Dividend and Stock Prices**

An interim revenue distribution of 8 cents per stock unit was declared from the company's retained earnings at a board meeting held on August 5, 2016 payable to shareholders on record at August 22, 2016. Payments will be made on September 16, 2016.

The company's stock unit price on the Jamaica Stock Exchange at June 30, 2016 was \$0.95; the opening price at April 1, 2016 was \$1.78.

Pursuant to the terms of the amalgamation agreement, 1834 Investments Limited shareholders received one share of Radio Jamaica Limited (RJR) on March 24, 2016 for each share held in 1834 Investments Limited. At June 30, 2016 the RJR share was valued at \$1.45 on the Jamaica Stock Exchange.

10. **Libel Cases**

The group's lawyers have advised that they are of the opinion that the provision made in the accounts is a reasonable provision for the purpose of covering all probable judgements and costs for existing libel actions.

11. **Interest in associate**

On January 30, 2015, the group increased its shareholding in Jamaica Joint Venture Investment Company Limited (JJVI) from 33⅓ to 50%. The consolidated group income statement recognises the increased share of profit as derived from JJVI's audited financial statements for 2015. The company accounted for this investment using the equity method. The share of loss recognised in the prior period was due to a revision of management estimation of the value of the investment.

On behalf of the Board



Hon. Oliver F. Clarke, O.J.
Chairman



Joseph M. Matalon C.D
Vice-Chairman

August 12, 2016