

1834 INVESTMENTS LIMITED

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

THREE (3) MONTHS ENDED JUNE 30, 2019

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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
THREE (3) MONTHS ENDED JUNE 30, 2019

	NOTES	Unaudited Three months June 2019 \$'000	Unaudited Three months June 2018 \$'000	Audited March 2019 \$'000
Revenue				
Operating income	4 (a)	5,669	8,232	27,867
Other income	4 (b)	26,118	17,139	27,220
		<u>31,787</u>	<u>25,371</u>	<u>55,087</u>
Administrative expenses		(4,468)	(6,106)	(24,359)
Other operating expenses		(8,853)	(7,171)	(46,031)
Impairment loss		-	-	(5,208)
Fair value loss on investment properties		-	-	(31,408)
		<u>(13,321)</u>	<u>(13,277)</u>	<u>(107,006)</u>
Profit/(loss) from operations		18,466	12,094	(51,919)
Finance cost		(1,213)	(41)	(98)
Profit/(loss) from operations before other income		17,253	12,053	(52,017)
Gain on liquidation of subsidiaries		-	-	58,786
Share of profit from interest in associate, net of tax	8	1,835	1,835	7,340
Profit from operations before taxation	3	19,088	13,888	14,109
Taxation charge		(743)	(2,541)	(8,563)
Profit for the period/year from operations		<u><u>18,345</u></u>	<u><u>11,347</u></u>	<u><u>5,546</u></u>
Dealt with in the financial statements of:				
Parent company		16,510	9,256	(15,562)
Subsidiaries		-	256	13,768
Associate		1,835	1,835	7,340
		<u><u>18,345</u></u>	<u><u>11,347</u></u>	<u><u>5,546</u></u>
Earnings per stock unit:				
Based on stock units in issue		<u><u>1.51¢</u></u>	<u><u>0.94¢</u></u>	<u><u>0.46¢</u></u>

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

1834 INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
THREE (3) MONTHS ENDED JUNE 30, 2019

	Unaudited Three months June 2019 \$'000	Unaudited Three months June 2018 \$'000	Audited March 2019 \$'000
Profit for the period/year	<u>18,345</u>	<u>11,347</u>	<u>5,546</u>
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)	<u>-</u>	<u>-</u>	<u>(2,062)</u>
Items that may be reclassified to profit or loss			
Fair value adjustments on debt securities at fair value through OCI (2018: Available-for-sale)	722	(4,131)	(16,574)
Currency translation differences on foreign subsidiaries	<u>-</u>	<u>(183)</u>	<u>-</u>
	<u>722</u>	<u>(4,314)</u>	<u>(16,574)</u>
Other comprehensive profit / (loss) for the period/year, net of taxation	<u>722</u>	<u>(4,314)</u>	<u>(18,636)</u>
Total comprehensive income/(loss) for the period/year	<u><u>19,067</u></u>	<u><u>7,033</u></u>	<u><u>(13,090)</u></u>
Dealt with in the financial statements of:			
Parent company	17,232	9,256	(34,198)
Subsidiaries	-	(4,058)	13,768
Associate	<u>1,835</u>	<u>1,835</u>	<u>7,340</u>
	<u><u>19,067</u></u>	<u><u>7,033</u></u>	<u><u>(13,090)</u></u>

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

1834 INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	NOTES	Unaudited as at June 30, 2019 \$'000	Unaudited as at June 30, 2018 \$'000	Audited as at March 31, 2019 \$'000
NON-CURRENT ASSETS				
Property, plant and equipment		4,902	9,657	6,061
Investment properties		414,350	429,239	414,350
Long-term receivables		23,632	29,915	22,452
Interest in associate	8	307,296	299,956	305,461
Investments		356,957	278,823	290,678
Deferred tax assets		-	618	-
Total non-current assets		<u>1,107,137</u>	<u>1,048,208</u>	<u>1,039,002</u>
CURRENT ASSETS				
Cash and cash equivalents		79,601	120,458	90,247
Securities purchased under resale agreements		194,451	185,707	193,229
Trade and other receivables		22,182	15,991	23,381
Taxation recoverable		21,571	16,906	25,419
Assets held for sale	9	95,813	296,645	95,813
Pension fund receivable	4 (c)	39,843	74,313	81,792
Total current assets		<u>453,461</u>	<u>710,020</u>	<u>509,881</u>
Total assets		<u>1,560,598</u>	<u>1,758,228</u>	<u>1,548,883</u>
EQUITY & LIABILITIES				
EQUITY				
Share capital		605,622	605,622	605,622
Reserves		905,758	1,105,464	886,691
Total equity attributable to equity holders of parent		<u>1,511,380</u>	<u>1,711,086</u>	<u>1,492,313</u>
NON-CURRENT LIABILITY				
Deferred tax liability, being total non-current liability		10,033	18,370	17,495
CURRENT LIABILITY				
Accounts payable, being total current liability		39,185	28,772	39,075
Total equity and liabilities		<u>1,560,598</u>	<u>1,758,228</u>	<u>1,548,883</u>

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

1834 INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
THREE (3) MONTHS ENDED JUNE 30, 2019

	Share Capital \$'000	Capital Reserves \$'000	Fair value Reserves \$'000	Reserve for Own Shares \$'000	Retained Profits \$'000	Total \$'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						
Profit for the period	-	-	-	-	11,347	11,347
Other comprehensive loss:						
Fair value adjustments on available-for-sale investments	-	-	(4,131)	-	-	(4,131)
Currency translation differences on foreign subsidiaries	-	(183)	-	-	-	(183)
Other comprehensive loss for the period, net of taxation	-	(183)	(4,131)	-	-	(4,314)
Total comprehensive income/(loss) for the period, net taxation	-	(183)	(4,131)	-	11,347	7,033
Transfer on disposal of investment property	-	(18,610)	-	-	18,610	-
Balances at June 30, 2018	605,622	1,014,346	19,145	(149,157)	221,130	1,711,086
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	-	-	-	-	18,345	18,345
Other comprehensive income:						
Fair value adjustments on debt securities at fair value through other comprehensive income	-	-	722	-	-	722
Other comprehensive income for the period, net of taxation	-	-	722	-	-	722
Total comprehensive income for the period, net taxation	-	-	722	-	18,345	19,067
Balances as at June 30, 2019	605,622	540,244	5,547	(34,873)	394,840	1,511,380

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

1834 INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
THREE (3) MONTHS ENDED JUNE 30, 2019

	NOTE	Unaudited Three (3) months ended June 30, 2019 \$'000	Unaudited Three (3) months ended June 30, 2018 \$'000	Audited Year ended March 31, 2019 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the period/year		18,345	11,347	5,546
Adjustments for:				
Income tax charge		8,205	2,081	8,974
Depreciation		1,198	1,197	4,793
Deferred taxation		(7,462)	460	(411)
Interest income		(3,990)	(6,317)	(20,525)
Interest expense		1,210	-	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	(1,835)	(1,835)	(7,340)
Impairment loss		-	-	5,208
Gain on sale of assets held for sale		-	(913)	2,674
Gain on liquidation of subsidiaries		-	-	(58,786)
Increase in the fair value of units		-	-	(102)
Operating profit/(loss) before changes in working capital		15,671	6,020	(28,463)
Changes in:				
Trade and other receivables		(693)	14,042	(5,563)
Taxation recoverable		3,848	(4,392)	-
Securities purchased under resale agreements		(1,222)	(176,428)	(184,597)
Pension fund receivables		41,949	9	(7,470)
Accounts payable		110	1,167	14,047
Interest paid		(1,210)	-	(98)
Tax paid		(8,205)	(4,975)	(32,101)
Net cash provided by/ (used in) operations		50,248	(164,557)	(244,245)
Cash flows from investing activities				
Interest received		5,881	12,898	24,296
Additions to property, plant and equipment		(38)	-	-
Proceeds from sale of assets held for sale		-	20,913	201,639
Investments, net		(65,557)	186,599	154,195
Long-term receivable		(1,180)	(3,024)	4,439
Net cash (used in)/provided by investing activities		(60,894)	217,386	384,569
Cash flows from financing activity				
Dividends paid, being net cash used in financing activity		-	-	(117,706)
Net (decrease)/increase in cash and cash equivalents		(10,646)	52,829	22,618
Cash and cash equivalents at beginning of period/year		90,247	67,629	67,629
Cash and cash equivalents at end of period/year		79,601	120,458	90,247
Represented by:				
Cash and cash equivalents		79,601	120,458	90,247

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

1834 INVESTMENTS LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
THREE (3) MONTHS ENDED JUNE 30, 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 consolidated 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)
THREE (3) MONTHS ENDED JUNE 30, 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 three months ended June 30, 2019 show a profit from operations before taxation of approximately \$19 million (2018: \$14 million).
4. In comparing the financial statements for the three-month period ended June 30, 2019 with those of the comparative period, the following should be noted:
 - (a) Operating income of \$6 million (2018: \$8 million) represents investment income, rental income and interest on loans.
 - (b) Other income of \$26 million (2018: \$17 million) is mainly comprised of gains on the revaluation of foreign currency assets and investment revaluation. This represents a \$9 million increase when compared to the same quarter in the prior year.
 - (c) Pension fund receivable of \$39 million (2018: \$74 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 transfer of the NROCC bond from the Gleaner Superannuation Fund to the company.

1834 INVESTMENTS LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
THREE (3) MONTHS ENDED JUNE 30, 2019

5. Group Financial Statements

The group financial statements for the three months ended June 30, 2019 include the company's only (2018: five) subsidiary - Selectco Publications Limited. As at the 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. The winding up process has commenced for the final subsidiary, Selecto Publications Limited.

6. Earnings Per Stock

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 June 30, 2019 was \$0.82; the opening price at April 1, 2019 was \$1.04. No dividend was declared during the quarter ended June 30, 2019.

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 \$2 million, representing share of profits (2018: \$2 million).

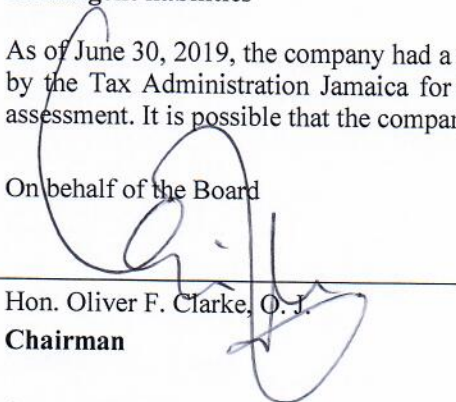
9. Assets held for sale

Management commenced the process of selling some of its investment properties during the prior and current period. Those investment properties are presented as assets held for sale. As at June 30, 2019, the company had only one property classified as assets held for sale.

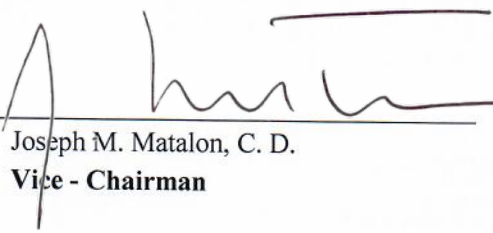
10. Contingent liabilities

As of June 30, 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.

On behalf of the Board



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



Joseph M. Matalon, C. D.
Vice - Chairman

August 22, 2019