

1834 INVESTMENTS LIMITED

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

THREE (3) MONTHS ENDED JUNE 30, 2020

1834 INVESTMENTS LIMITED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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1834 INVESTMENTS LIMITED
CONSOLIDATED INCOME STATEMENT
THREE (3) MONTHS ENDED JUNE 30, 2020

	NOTES	Unaudited Three months June 2020 \$'000	Unaudited Three months June 2019 \$'000	Audited March 2020 \$'000
Revenue				
Operating income	4 (a)	4,910	5,669	23,321
Fair value gain on investment property		-	-	22,747
Other income	4 (b)	24,771	26,118	49,455
		<u>29,681</u>	<u>31,787</u>	<u>95,523</u>
Administrative expenses		(11,593)	(4,468)	(19,623)
Other operating expenses		(10,426)	(8,853)	(63,573)
Impairment loss		-	-	(5,097)
		<u>(22,019)</u>	<u>(13,321)</u>	<u>(88,293)</u>
Profit from operations		7,662	18,466	7,230
Finance costs		(206)	(1,213)	(373)
Profit from operations before other income		7,456	17,253	6,857
Loss on liquidation of subsidiaries		-	-	(1,896)
Share of profit from interest in associate	8	2,035	2,479 *	46,561
Profit from operations before taxation	3	9,491	19,732	51,522
Taxation charge		(3,447)	(1,387) *	(10,932)
Profit for the period/year from operations		6,044	18,345	40,590
Dealt with in the financial statements of:				
Parent company		4,961	16,510	2,008
Subsidiaries		-	-	(580)
Associate		1,083	1,835	39,162
		<u>6,044</u>	<u>18,345</u>	<u>40,590</u>
Earnings per stock unit:				
Based on stock units in issue	6	<u>0.50¢</u>	<u>1.51¢</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
THREE (3) MONTHS ENDED JUNE 30, 2020

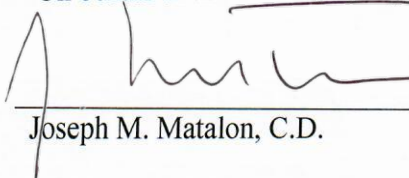
	Unaudited Three months June 2020 \$'000	Unaudited Three months June 2019 \$'000	Audited March 2020 \$'000
Profit for the period/year	<u>6,044</u>	<u>18,345</u>	<u>40,590</u>
Other comprehensive income:			
Items that will never be reclassified to profit or loss:			
Net gain on investments in equity securities designated at fair value through OCI (FVOCI)	<u>8,555</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>(612)</u>	<u>722</u>	<u>10,659</u>
	<u>(612)</u>	<u>722</u>	<u>10,659</u>
Other comprehensive profit /(loss) for the period/year, net of taxation	<u>7,943</u>	<u>722</u>	<u>(822)</u>
Total comprehensive income for the period/year	<u><u>13,987</u></u>	<u><u>19,067</u></u>	<u><u>39,768</u></u>
Dealt with in the financial statements of:			
Parent company	12,904	17,232	1,186
Subsidiaries	-	-	(580)
Associate	<u>1,083</u>	<u>1,835</u>	<u>39,162</u>
	<u><u>13,987</u></u>	<u><u>19,067</u></u>	<u><u>39,768</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, 2020

	NOTES	Unaudited as at June 30, 2020 <u>\$'000</u>	Unaudited as at June 30, 2019 <u>\$'000</u>	Audited as at March 31, 2020 <u>\$'000</u>
NON-CURRENT ASSETS				
Property, plant and equipment		1,773	4,902	2,139
Investment properties		437,097	414,350	437,097
Long-term receivables		19,723	23,632	18,658
Interest in associate	8	344,809	307,296	344,623
Investments		297,285	356,957	279,154
Total non-current assets		<u>1,100,687</u>	<u>1,107,137</u>	<u>1,081,671</u>
CURRENT ASSETS				
Cash and cash equivalents		89,937	79,601	110,576
Securities purchased under resale agreements		284,076	194,451	269,281
Trade and other receivables		22,581	22,182	24,650
Taxation recoverable		12,176	21,571	11,920
Assets held for sale		-	95,813	-
Pension fund receivable	4 (c)	-	39,843	-
Total current assets		<u>408,770</u>	<u>453,461</u>	<u>416,427</u>
Total assets		<u>1,509,457</u>	<u>1,560,598</u>	<u>1,498,098</u>
EQUITY & LIABILITIES				
EQUITY				
Share capital		605,622	605,622	605,622
Reserves		846,304	905,758	832,317
Total equity attributable to equity holders of parent		<u>1,451,926</u>	<u>1,511,380</u>	<u>1,437,939</u>
NON-CURRENT LIABILITY				
Deferred tax liability, being total non-current liability		5,560	10,033	4,245
CURRENT LIABILITY				
Accounts payable, being total current liability		51,971	39,185	55,914
Total equity and liabilities		<u>1,509,457</u>	<u>1,560,598</u>	<u>1,498,098</u>

On behalf of the Board on August 14, 2020 by:


 Chairman
 Joseph M. Matalon, C.D.


 Director
 Elizabeth A. Jones, C.D.

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, 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	<u>605,622</u>	<u>540,244</u>	<u>4,825</u>	<u>(34,873)</u>	<u>376,495</u>	<u>1,492,313</u>
Total comprehensive income for the period						
Profit for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,345</u>	<u>18,345</u>
Other comprehensive income:						
Fair value adjustments on debt securities at FVOCI	<u>-</u>	<u>-</u>	<u>722</u>	<u>-</u>	<u>-</u>	<u>722</u>
Other comprehensive income for the period, net of taxation	<u>-</u>	<u>-</u>	<u>722</u>	<u>-</u>	<u>-</u>	<u>722</u>
Total comprehensive loss for the period, net taxation	<u>-</u>	<u>-</u>	<u>722</u>	<u>-</u>	<u>18,345</u>	<u>19,067</u>
Balances at June 30, 2019	<u>605,622</u>	<u>540,244</u>	<u>5,547</u>	<u>(34,873)</u>	<u>394,840</u>	<u>1,511,380</u>
Balances at March 31, 2020	<u>605,622</u>	<u>427,943</u>	<u>4,003</u>	<u>(34,873)</u>	<u>435,244</u>	<u>1,437,939</u>
Total comprehensive income for the period						
Profit for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,044</u>	<u>6,044</u>
Other comprehensive income:						
Fair value adjustments on debt securities at FVOCI	<u>-</u>	<u>-</u>	<u>(612)</u>	<u>-</u>	<u>-</u>	<u>(612)</u>
Net gain on investments in equity securities designated at fair value through OCI	<u>-</u>	<u>-</u>	<u>8,555</u>	<u>-</u>	<u>-</u>	<u>8,555</u>
Other comprehensive income for the period, net of taxation	<u>-</u>	<u>-</u>	<u>7,943</u>	<u>-</u>	<u>-</u>	<u>7,943</u>
Total comprehensive income for the period, net taxation	<u>-</u>	<u>-</u>	<u>7,943</u>	<u>-</u>	<u>6,044</u>	<u>13,987</u>
Balances at June 30, 2020	<u>605,622</u>	<u>427,943</u>	<u>11,946</u>	<u>(34,873)</u>	<u>441,288</u>	<u>1,451,926</u>

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, 2020

	NOTE	Unaudited Three (3) months ended June 30, 2020 \$'000	Unaudited Three (3) months ended June 30, 2019 \$'000	Audited Year ended March 31, 2020 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) for the period/year		6,044	18,345	40,590
Adjustments for:				
Income tax charge		2,132	8,849 *	24,182
Depreciation		366	1,198	3,961
Deferred taxation		1,315	(7,462)	(13,250)
Interest income		(4,540)	(3,990)	(18,908)
Interest expense		206	1,213 *	373
Increase in fair value of investment properties		-	-	(22,747)
Share of profit of associate	8	(2,035)	(2,479) *	(39,162)
Impairment loss		-	-	5,097
Loss on sale of bond		-	-	2,852
Gain on sale of assets held for sale		-	-	(5,999)
Gain on sale of pension assets		-	-	(19,466)
Loss on liquidation of subsidiaries		-	-	1,896
Increase in the fair value of units		-	-	(369)
Operating profit/(loss) before changes in working capital		<u>3,487</u>	<u>15,674</u>	<u>(40,950)</u>
Changes in:				
Trade and other receivables		(157)	(693)	(2,839)
Taxation recoverable		-	3,848	-
Securities purchased under resale agreements		(14,795)	(1,222)	(76,052)
Pension fund receivables		-	41,949	-
Accounts payable		(3,943)	107 *	17,542
Interest paid		(206)	(1,210)	(373)
Tax paid		(538)	(8,205)	(13,140)
Net cash (used in) / provided by operations		<u>(16,152)</u>	<u>50,248</u>	<u>(115,812)</u>
Cash flows from investing activities				
Interest received		6,766	5,881	17,787
Additions to property, plant and equipment		-	(38)	(39)
Proceeds from sale of assets held for sale		-	-	101,812
Proceeds from settlement of bonds		-	-	68,233
Proceeds from settlement of pension units		-	-	59,173
Investments, net		(10,188)	(65,557)	(19,766)
Long-term receivable		(1,065)	(1,180)	3,083
Net cash (used in) / provided by investing activities		<u>(4,487)</u>	<u>(60,894)</u>	<u>230,283</u>
Cash flows from financing activity				
Dividends paid, being net cash used in financing activity		-	-	(94,142)
Net (decrease) / increase in cash and cash equivalents		<u>(20,639)</u>	<u>(10,646)</u>	<u>20,329</u>
Cash and cash equivalents at beginning of period/year		<u>110,576</u>	<u>90,247</u>	<u>90,247</u>
Cash and cash equivalents at end of period/year		<u>89,937</u>	<u>79,601</u>	<u>110,576</u>
Represented by:				
Cash and cash equivalents		<u>89,937</u>	<u>79,601</u>	<u>110,576</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
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
THREE (3) MONTHS ENDED JUNE 30, 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 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, 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 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)
THREE (3) MONTHS ENDED JUNE 30, 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 three months ended June 30, 2020 show a profit from operations before taxation of approximately \$9 million (2019: \$20 million).
- 4.** In comparing the financial statements for the three months period ended June 30, 2020 with those of the comparative period, the following should be noted:
- (a) Operating income of \$5 million (2019: \$6 million) represents investment income, rental income and interest on loans.
 - (b) Other income of \$25 million (2019: \$26 million) mainly comprises gains on the revaluation of foreign currency assets and investment revaluation.
 - (c) Pension fund receivable of \$Nil (2019: \$40 million) represents amounts due to the group arising from the discontinuation of the defined-benefit pension fund. The total outstanding was received as at the March 31, 2020 year-end.

1834 INVESTMENTS LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
THREE (3) MONTHS ENDED JUNE 30, 2020

5. Group financial statements

The group financial statements for the three months ended June 30, 2020 include the Company and its associate (2019: one subsidiary - Selectco Publications Limited). As at June 30, 2020, the Company had petitioned to strike off Selectco Publications Limited from the Register of Companies.

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, 2020 was \$1.01; the opening price at April 1, 2020 was \$0.86. No dividend was declared during the quarter ended June 30, 2020.

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 (2019: \$2 million), representing gross share of profits.

9. Uncertainty over income tax treatments

As of June 30, 2020, the Company had an adjusted potential tax liability of \$51 million arising from an assessment by the Tax Administration Jamaica ("TAJ") for the 2010 year of assessment. The Company had previously filed an objection to the assessment (originally \$63 million) to which the TAJ responded on May 6, 2020 with an amended assessment of \$51 million. The Company has since filed an appeal with the Revenue Appeals Division disputing the amended amount, and made a general provision of \$13.77 million in the accounts as at March 31, 2020. The remaining amount of \$37.12 million has not been recognized because management believes that it is probable that it will successfully defend the tax treatments underlying this amount with the tax authorities. It is possible that the Company's financial results could be impacted by the final outcome.