

1834 INVESTMENTS LIMITED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
SIX (6) MONTHS ENDED SEPTEMBER 30, 2020

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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
SIX (6) MONTHS ENDED SEPTEMBER 30, 2020

	Unaudited Six months September 2020 \$'000	Unaudited Six months September 2019 \$'000	Unaudited Three months September 2020 \$'000	Unaudited Three months September 2019 \$'000	Audited March 2020 \$'000
Revenue					
Operating income	9,490	12,647	4,580	6,978	23,321
Fair value gain on investment property	-	-	-	-	22,747
Other income	38,262	63,910	13,491	37,792	49,455
	47,752	76,557	18,071	44,770	95,523
Administrative expenses	(28,285)	(17,945)	(16,692)	(13,477)	(19,623)
Other operating expenses	(17,393)	(17,356)	(6,967)	(8,503)	(63,573)
Decrease / (increase) in impairment loss	547	-	547	-	(5,097)
	(45,131)	(35,301)	(23,112)	(21,980)	(88,293)
Profit / (loss) from operations	2,621	41,256	(5,041)	22,790	7,230
Finance costs	(388)	(1,452)	(182)	(239)	(373)
Profit / (loss) from operations before other income	2,233	39,804	(5,223)	22,551	6,857
Loss on liquidation of subsidiaries	-	-	-	-	(1,896)
Share of profit from interest in associate	10,912	4,957	8,877	2,479	46,561
Profit from operations before taxation	13,145	44,761	3,654	25,030	51,522
Taxation charge	(7,876)	(9,880)	(4,429)	(8,494)	(10,932)
Profit / (loss) for the period/year from operations	5,269	34,881	(775)	16,536	40,590
Dealt with in the financial statements of:					
Parent company	(3,810)	34,559	(8,771)	18,049	2,008
Subsidiaries	-	(3,348)	-	(3,348)	(580)
Associate	9,079	3,670	7,996	1,835	39,162
	5,269	34,881	(775)	16,536	40,590
Earnings per stock unit:					
Based on stock units in issue	0.44¢	2.88¢	-0.06¢	1.37¢	3.35¢

* - 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
SIX (6) MONTHS ENDED SEPTEMBER 30, 2020

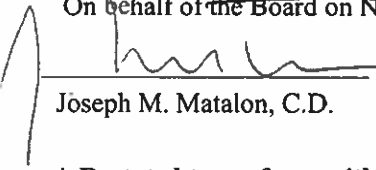
	Unaudited Six months September 2020 \$'000	Unaudited Six months September 2019 \$'000	Unaudited Three months September 2020 \$'000	Unaudited Three months September 2019 \$'000	Audited March 2020 \$'000
Profit / (loss) for the period/year	5,269	34,881	(775)	16,536	40,590
Other comprehensive income:					
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)	11,958	-	3,403	-	(11,481)
Items that may be reclassified to profit or loss					
Fair value adjustments on debt securities at fair value through OCI (FVOCI)	6,327	1,788	6,939	1,066	10,659
	6,327	1,788	6,939	1,066	10,659
Other comprehensive profit /(loss) for the period/year, net of taxation	18,285	1,788	10,342	1,066	(822)
Total comprehensive income for the period/year	23,554	36,669	9,567	17,602	39,768
Dealt with in the financial statements of:					
Parent company	14,475	36,347	1,571	19,115	1,186
Subsidiaries	-	(3,348)	-	(3,348)	(580)
Associate	9,079	3,670	7,996	1,835	39,162
	23,554	36,669	9,567	17,602	39,768

The accompanying notes form an integral part of the financial statements

1834 INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020

	Unaudited as at September 30, 2020 <u>\$'000</u>	Unaudited as at September 30, 2019 <u>\$'000</u>	Audited as at March 31, 2020 <u>\$'000</u>
NON-CURRENT ASSETS			
Property, plant and equipment	1,406	3,703	2,139
Investment properties	437,097	414,350	437,097
Long-term receivables	20,338	24,410	18,658
Interest in associate	8 327,495	309,131	344,623
Investments	272,014	330,126	279,154
Total non-current assets	1,058,350	1,081,720	1,081,671
CURRENT ASSETS			
Cash and cash equivalents	105,214	203,103	110,576
Securities purchased under resale agreements	289,227	199,214	269,281
Trade and other receivables	49,630	85,714	24,650
Taxation recoverable	13,040	5,233	11,920
Total current assets	457,111	493,264	416,427
Total assets	1,515,461	1,574,984	1,498,098
EQUITY & LIABILITIES			
EQUITY			
Share capital	605,622	605,622	605,622
Reserves	855,871	829,218 *	832,317
Total equity attributable to equity holders of parent	1,461,493	1,434,840 *	1,437,939
NON-CURRENT LIABILITY			
Deferred tax liability, being total non-current liability	9,394	1,223	4,245
CURRENT LIABILITY			
Accounts payable, being total current liability	44,574	138,921 *	55,914
Total equity and liabilities	1,515,461	1,574,984	1,498,098

On behalf of the Board on November 13, 2020 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
SIX (6) MONTHS ENDED SEPTEMBER 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	605,622	540,244	4,825	(34,873)	376,495	1,492,313
Total comprehensive income for the period						
Profit for the period	-	-	-	-	34,881	34,881
Other comprehensive income:						
Fair value adjustments on debt securities at FVOCI	-	-	1,788	-	-	1,788
Other comprehensive income for the period, net of taxation	-	-	1,788	-	-	1,788
Total comprehensive profit for the period, net taxation	-	-	1,788	-	34,881	36,669
Transfer on disposal of investment property	-	(18,002) *	-	-	18,002 *	-
Transactions with owners, recorded directly in equity						
Dividends paid, being total distributions to owners	-	(94,142) *	-	-	-	(94,142) *
Balances at September 30, 2019	605,622	428,100	6,613	(34,873)	429,378 *	1,434,840 *
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	-	-	-	-	5,269	5,269
Other comprehensive income:						
Fair value adjustments on debt securities at FVOCI	-	-	6,327	-	-	6,327
Net gain on investments in equity securities designated at fair value through OCI	-	-	11,958	-	-	11,958
Other comprehensive income for the period, net of taxation	-	-	18,285	-	-	18,285
Total comprehensive income for the period, net taxation	-	-	18,285	-	5,269	23,554
Balances at September 30, 2020	605,622	427,943	22,288	(34,873)	440,513	1,461,493

*-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
SIX (6) MONTHS ENDED SEPTEMBER 30, 2020

	NOTE	Unaudited Six (6) months ended September 30, 2020 \$'000	Unaudited Six (6) months ended September 30, 2019 \$'000	Audited Year ended March 31, 2020 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the period/year		5,269	34,881	40,590
Adjustments for:				
Income tax charge		2,727	26,152 *	24,182
Depreciation		733	2,396	3,961
Deferred taxation		5,149	(16,272)	(13,250)
Interest income		(8,751)	(9,163)	(18,908)
Interest expense		388	1,452	373
Increase in fair value of investment properties		-	-	(22,747)
Share of profit of associate	8	(10,912)	(4,957) *	(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
Increase in the fair value of units		(1,480)	-	(369)
Operating profit/(loss) before changes in working capital		<u>3,702</u>	<u>28,506</u>	<u>(40,950)</u>
Changes in:				
Trade and other receivables		(24,383)	(61,361)	(2,839)
Interest in associates		25,312	-	-
Securities purchased under resale agreements		(19,946)	(5,985)	(76,052)
Pension fund receivables		-	81,792	-
Accounts payable		(11,339)	5,704 *	17,542
Interest paid		(388)	(1,452)	(373)
Tax paid		(1,120)	(4,679)	(13,140)
Net cash (used in) / provided by operations		<u>(28,162)</u>	<u>42,525 *</u>	<u>(115,812)</u>
Cash flows from investing activities				
Interest received		8,701	8,191	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		(15,761)	(37,676)	(19,766)
Long-term receivable		(1,680)	(1,958)	3,083
Net cash provided by investing activities		<u>22,800</u>	<u>70,331</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>(5,362)</u>	<u>112,856</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>105,214</u>	<u>203,103</u>	<u>110,576</u>
Represented by:				
Cash and cash equivalents		<u>105,214</u>	<u>203,103</u>	<u>110,576</u>

*-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)
SIX (6) MONTHS ENDED SEPTEMBER 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)
SIX (6) MONTHS ENDED SEPTEMBER 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 six months ended September 30, 2020 shows a profit from operations before taxation of approximately \$13 million (2019: \$45 million).
4. In comparing the financial statements for the six months period ended September 30, 2020 with those of the comparative period, the following should be noted:
 - (a) Operating income of \$9 million (2019: \$13 million) represents investment income, rental income and interest on loans.
 - (b) Other income of \$38 million (2019: \$64 million) mainly comprises gains on the revaluation of foreign currency assets and investment revaluation.

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
SIX (6) MONTHS ENDED SEPTEMBER 30, 2020

5. Group financial statements

The group financial statements for the six months ended September 30, 2020 include the Company and its associate (2019: one subsidiary - Selectco Publications Limited). As at September 30, 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

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 September 30, 2020 was \$0.97; the opening price at April 1, 2020 was \$0.86. No dividend was declared during the quarter ended September 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 \$11 million (2019: \$5 million), representing gross share of profits.

	<u>\$'000</u>
Balance as at March 31, 2020	344,623
Gross share of profit for the six months period	10,912
Taxation on share of profit	<u>(2,727)</u>
	352,808
Share of dividend declared	<u>(25,313)</u>
Balance as at September 30, 2020	<u><u>327,495</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.