

1834 Investments Limited

**Unaudited Financial Statements for the
Quarter ended June 30 2017**

1834 INVESTMENTS LIMITED

TO: THE STOCKHOLDERS OF

CONSOLIDATED INCOME STATEMENT
Three months ended JUNE 30, 2017

| NOTES | Unaudited June 30, 2017 \$'000 | Unaudited June 30, 2016 \$'000 | Audited March 31, 2017 \$'000 |
|--|--------------------------------------|--------------------------------------|-------------------------------------|
| Revenue | | | |
| Operating income | 11,147 | 16,222 | 60,784 |
| Other income | <u>74,540</u> 85,687 | <u>16,942</u> 33,164 | <u>138,240</u> 199,024 |
| Administrative expenses | (2,962) | (9,727) | (19,092) |
| Other operating expenses | <u>(18,173)</u> (21,135) | <u>(1,253)</u> (10,980) | <u>(85,037)</u> (104,129) |
| Profit from operations | 64,552 | 22,184 | 94,895 |
| Finance cost | <u>(479)</u> | <u>(953)</u> | <u>(2,707)</u> |
| Profit from continuing operations before other income | 64,073 | 21,231 | 92,188 |
| Share of profit from interest in associate, net of tax | <u>2,511</u> | <u>35,129</u> | <u>10,044</u> |
| | 11 | | |
| Profit from operations before taxation | 66,584 | 56,360 | 102,232 |
| Taxation charge | <u>(6,264)</u> | <u>(4,491)</u> | <u>(89,885)</u> |
| Profit for the period/year from operations | 60,320 | 51,869 | 12,347 |
| | 6 | | |
| Dealt with in the financial statements of: | | | |
| Parent company | (5,108) | 16,501 | 38,622 |
| Subsidiaries | 62,917 | 239 | (36,319) |
| Associate | <u>2,511</u> 60,320 | <u>35,129</u> 51,869 | <u>10,044</u> 12,347 |
| | 7 (b) | | |
| Earnings per stock unit: | | | |
| Based on stock units in issue | <u>5.0¢</u> | <u>4.3¢</u> | <u>1.0¢</u> |
| | 9 | | |

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

1834 INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME Three months ended JUNE 30, 2017

| | Unaudited Three months June 30, 2017 \$'000 | Unaudited Three months June 30, 2016 \$'000 | Audited March 31, 2017 \$'000 |
|---|--|--|-------------------------------------|
| Profit for the period/year | <u>60,320</u> | <u>51,869</u> | <u>12,347</u> |
| Other comprehensive income: | | | |
| Items that will never be reclassified to profit or loss: | | | |
| Related tax on revaluation and remeasurement | <u>-</u> | <u>-</u> | <u>140,876</u> |
| Items that may be reclassified to profit or loss | <u>-</u> | <u>-</u> | <u>140,876</u> |
| Fair value adjustments on available-for-sale investments | (64,781) | (315) | (48,955) |
| Currency translation differences on foreign subsidiaries | <u>(14,867)</u> | <u>6,540</u> | <u>(532)</u> |
| | <u>(79,648)</u> | <u>6,225</u> | <u>(49,487)</u> |
| Other comprehensive (loss)/income for the period/year, net of taxation | <u>(79,648)</u> | <u>6,225</u> | <u>91,389</u> |
| Total comprehensive (loss)/income for the period/year | <u>(19,328)</u> | <u>58,094</u> | <u>103,736</u> |
| Dealt with in the financial statements of: | | | |
| The company | (85,292) | 16,527 | 101,397 |
| Subsidiaries | 63,453 | 6,438 | (7,705) |
| Associate | <u>2,511</u> | <u>35,129</u> | <u>10,044</u> |
| | <u>(19,328)</u> | <u>58,094</u> | <u>103,736</u> |

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

1834 INVESTMENTS LIMITED

(formerly The Gleaner Company Limited)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION JUNE 30, 2017

| | NOTES | Unaudited June 30, 2017 \$'000 | Unaudited June 30, 2016 \$'000 | Audited March 31, 2017 \$'000 |
|--|-------|--------------------------------------|--------------------------------------|-------------------------------------|
| Assets | | | | |
| Property, plant and equipment | | 14,282 | 19,642 | 15,644 |
| Investment properties | | 569,239 | - | 569,239 |
| Long-term receivables | | 32,055 | 812,753 | 32,055 |
| Interest in subsidiaries | | - | 52,417 | - |
| Interest in associate | 11 | 247,500 | 270,164 | 245,079 |
| Investments | | 467,171 | 736,400 | 575,033 |
| Pension fund receivable | 7(c) | - | 26,040 | - |
| Deferred tax assets | | <u>618</u> | <u>618</u> | <u>618</u> |
| Total non-current assets | | <u>1,330,865</u> | <u>1,918,034</u> | <u>1,437,668</u> |
| | | | | |
| Cash and cash equivalents | | 69,736 | 58,381 | 7,678 |
| Securities purchased under resale agreement | | 42,900 | 26,350 | 42,900 |
| Trade and other receivables | | 30,424 | 20,643 | 52,775 |
| Pre-payments | | - | 6,845 | - |
| Taxation recoverable | | 9,616 | 9,616 | 9,616 |
| Assets held for resale | | 179,243 | - | 235,619 |
| Current portion of pension fund receivable | 7(c) | <u>90,169</u> | <u>177,390</u> | <u>89,794</u> |
| Total current assets | | <u>422,088</u> | <u>299,225</u> | <u>438,382</u> |
| Total assets | | <u>1,752,953</u> | <u>2,217,259</u> | <u>1,876,050</u> |
| | | | | |
| Equity: | | | | |
| Share capital | | 605,622 | 605,622 | 605,622 |
| Reserves | | <u>1,059,715</u> | <u>1,267,207</u> | <u>1,171,724</u> |
| Total equity attributable to equity holders of parent | | <u>1,665,337</u> | <u>1,872,829</u> | <u>1,777,346</u> |
| | | | | |
| Liabilities: | | | | |
| Deferred tax liabilities | | <u>29,400</u> | <u>156,488</u> | <u>29,400</u> |
| Total non-current liabilities | | <u>29,400</u> | <u>156,488</u> | <u>29,400</u> |
| | | | | |
| Accounts payable | | 54,926 | 104,183 | 51,094 |
| Taxation payable | | <u>3,290</u> | <u>83,759</u> | <u>18,210</u> |
| Total current liabilities | | <u>58,216</u> | <u>187,942</u> | <u>69,304</u> |
| Total liabilities | | <u>87,616</u> | <u>344,430</u> | <u>98,704</u> |
| Total equity and liabilities | | <u>1,752,953</u> | <u>2,217,259</u> | <u>1,876,050</u> |

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

1834 INVESTMENTS LIMITED

Unaudited Consolidated Statement of Changes in Equity Three months ended June 30, 2017

| | 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, 2016 | <u>605,622</u> | <u>1,069,008</u> | <u>139,071</u> | <u>(149,157)</u> | <u>150,191</u> | <u>1,814,735</u> |
| Total comprehensive income for the period: | | | | | | |
| Profit for the period | - | - | - | - | <u>51,869</u> | <u>51,869</u> |
| Other comprehensive (loss)/income for the period: | | | | | | |
| Fair value adjustments on available-for-sale investments | - | - | (315) | - | - | (315) |
| Currency translation different on foreign subsidiaries | - | <u>6,540</u> | - | - | - | <u>6,540</u> |
| Other comprehensive income for the period, net of taxation | - | <u>6,540</u> | (315) | - | - | <u>6,225</u> |
| Total comprehensive income for the period, net of taxation | - | <u>6,540</u> | (315) | - | <u>51,869</u> | <u>58,094</u> |
| Balance as at June 30, 2016 | <u>605,622</u> | <u>1,075,548</u> | <u>138,756</u> | <u>(149,157)</u> | <u>202,060</u> | <u>1,872,829</u> |
| Balance as at March 31, 2017 | <u>605,622</u> | <u>1,209,352</u> | <u>90,116</u> | <u>(149,157)</u> | <u>21,413</u> | <u>1,777,346</u> |
| Total comprehensive income for the period: | | | | | | |
| Profit for the period | - | - | - | - | <u>60,320</u> | <u>60,320</u> |
| Other comprehensive income/(expense) for the period: | | | | | | |
| Fair value adjustments on available-for-sale investments | - | - | (64,781) | - | - | (64,781) |
| Currency translation differences on foreign subsidiaries | - | (14,867) | - | - | - | (14,867) |
| Other comprehensive expense for the period, net of taxation | - | (14,867) | (64,781) | - | - | (79,648) |
| Total comprehensive income for the period, net of taxation | - | (14,867) | (64,781) | - | <u>60,320</u> | <u>(19,328)</u> |
| Transactions with owners, recorded directly in equity: | | | | | | |
| Dividends paid, being total distributions to owners | - | - | - | - | (92,681) | (92,681) |
| Balances as at June 30, 2017 | <u>605,622</u> | <u>1,194,485</u> | <u>25,335</u> | <u>(149,157)</u> | <u>(10,948)</u> | <u>1,665,337</u> |

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

1834 INVESTMENTS LIMITED
Consolidated Statement of Cash Flows

| NOTES | Unaudited June 30, 2017 \$'000 | Unaudited June 30, 2016 \$'000 | Audited March 31, 2017 \$'000 |
|--|--------------------------------------|--------------------------------------|-------------------------------------|
| Cash flows from operating activities | | | |
| Profit for the period/year | 60,320 | 51,869 | 12,347 |
| Adjustments to reconcile profit to net cash used by operating activities: | | | |
| Depreciation | 1,362 | 7,821 | 5,448 |
| Current income tax | 6,264 | 4,491 | 85,315 |
| Deferred taxation | - | - | 4,570 |
| Interest income | (7,875) | (14,570) | (45,850) |
| Interest expense | 479 | 953 | 2,707 |
| Decrease in fair value of investments | 7,715 | - | - |
| Decrease in fair value of investment properties | - | - | 5,929 |
| Impairment loss | - | - | 9,974 |
| Share of profit of associate, net of tax | (2,511) | (35,129) | (10,044) |
| (Gain)/ loss on disposal of Investments | (57,066) | - | (104,531) |
| Gain on sale of assets held for sale | (12,115) | - | - |
| Loss on sale of finance lease | <u> </u> | <u> </u> | <u>25,361</u> |
| | (3,427) | 15,435 | (8,774) |
| Tax paid | (11,062) | (20,271) | (157,426) |
| Interest paid | (479) | (953) | (2,707) |
| Trade and other receivables | 22,351 | (1,628) | (37,274) |
| Prepayment | - | (6,845) | - |
| Securities purchased under agreements for resale | - | (17,420) | (33,970) |
| Accounts payable | 3,835 | 9,150 | (43,355) |
| Assets held for sale | (56,376) | - | - |
| Pension fund receivable | (375) | 2,548 | <u>116,184</u> |
| Net cash used by operating activities | <u>(45,533)</u> | <u>(19,984)</u> | <u>(167,322)</u> |
| Cash flows from investing activities | | | |
| Interest received | 19,094 | 13,969 | 45,706 |
| Additions to property, plant and equipment | - | (1,966) | (169) |
| Proceeds from sale of assets held for sale | 73,315 | - | - |
| Proceeds from sale of finance lease | - | - | 25,361 |
| Investments, net | 107,863 | 38,613 | 247,838 |
| Long-term receivable | <u> </u> | <u>363</u> | <u>(29,997)</u> |
| Net cash provided by investing activities | <u>200,272</u> | <u>50,979</u> | <u>288,739</u> |
| Cash flows from financing activity | | | |
| Dividend paid | <u>(92,681)</u> | <u> </u> | <u>(141,125)</u> |
| Net cash used by financing activity | <u>(92,681)</u> | <u> </u> | <u>(141,125)</u> |
| Net increase/(decrease) in cash and cash equivalent | 62,058 | 30,995 | (19,708) |
| Cash and cash equivalents at beginning of the year | <u>7,678</u> | <u>27,386</u> | <u>27,386</u> |
| Cash and cash equivalents at end of the year | <u><u>69,736</u></u> | <u><u>58,381</u></u> | <u><u>7,678</u></u> |

1834 Investments Limited

Notes to the Interim Financial Report
Period ended June 30, 2017

We hereby present the unaudited financial report of the Group for the three months ended June 30 2017.

1. Reporting entity

1834 Investments Limited, formerly The Gleaner Company Limited ('the company') is domiciled in Jamaica. These condensed consolidated interim financial statements ('interim financial statements') as at and for the three months ended June 30, 2017 comprise the company and its subsidiaries (together referred to as the 'Group') and the Group's interest in associate.

2. Statement of compliance

These interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting Standards*.

They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended March 31, 2017.

The accounting policies followed in these interim financial statements are consistent with those in the audited financial statements for the year ended March 31, 2017.

3. Use of judgements and estimates

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended March 31, 2017.

4. 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.

5. Group financial accounts for the three months ended June 30, 2017 show a profit before taxation charge of approximately \$67M (2016: \$56M).
6. Group financial accounts for the three months ended June 30, 2017 show a profit after taxation of approximately \$60M (2016: \$52M).
7. In comparing the financial statements for the three month period ended June 30, 2017, with those of previous period, the following should be noted:

1834 Investments Limited

Notes to the Interim Financial Report
Period ended June 30, 2017 (cont'd.)

- (a) Operating income of \$11M (2016: \$16M) represents investment income, rental income and interest on loans.
 - (b) Other income of \$75M (2016: \$17M) is mainly due to the sale of a building in Canada \$12M (2016:\$0) which was owned by 1834 Investments (Canada) Inc. and the sale of shares in RJR Communications Group \$57M (2016: \$0) which were held by The Gleaner Company Limited Employees Investment Trust.
 - (c) Pension receivable of \$90M (2016: \$203M) represents amounts due to the Group arising from the discontinuation of the defined-benefit pension fund.
8. The Group financial statements for the three months ended June 30, 2017 include the company's five (2016: five) subsidiaries – Associated Enterprise Limited, Popular Printers Limited, Selectco Publications Limited, digjamaica.com Limited and overseas subsidiary, 1834 Investments (Canada) Incorporated.
9. The calculation of earnings per stock unit was arrived at by dividing profit after taxation attributable to the parent company's stockholders (for the three months to June 30, 2017) by 1,211,243,827 stock units, being the number of stock units in issue at the end of the period.

10. Dividend and stock prices

An interim revenue distribution of 8 cents per stock unit was declared from the company's retained earnings; payable to shareholders on record at May 5, 2017. Payments were made on May 30, 2017.

The company's stock unit price on the Jamaica Stock Exchange at June 30, 2017 was \$1.35; the opening price at April 1, 2016 was \$1.45.

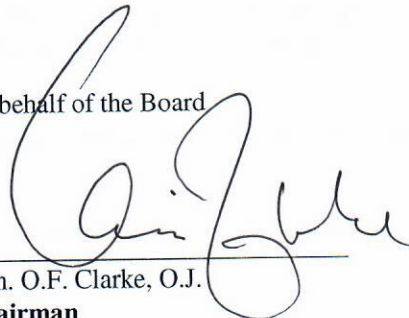
11. Interest in associate

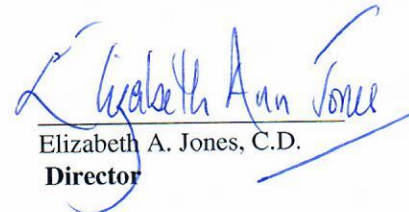
The group has a 50% shareholding in a real estate investment company Jamaica Joint Venture Investment Company Limited (JJVI). The company accounted for this investment using the equity method. The Consolidated Income Statement includes a \$2.5M Share of Profit (2016: \$35.1M).

12. Contingent liability

As of June 30, 2017 the company had a potential tax liability of \$63M arising from an assessment by the Tax Administration Jamaica for the 2010 year of assessment. 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. O.F. Clarke, O.J.
Chairman


Elizabeth A. Jones, C.D.
Director

August 23, 2017