

TO: THE STOCKHOLDERS OF

## 1834 Investments Limited

### Unaudited Financial Statements for the Quarter ended September 30, 2017

TO: THE STOCKHOLDERS OF

## 1834 INVESTMENTS LIMITED

### CONSOLIDATED INCOME STATEMENT Six months ended September 30, 2017

	Notes	(Unaudited) Six Months September 30, 2017 \$'000	(Unaudited) Six Months September 30, 2016 \$'000	(Unaudited) Three Months September 30, 2017 \$'000	(Unaudited) Three Months September 30, 2016 \$'000	(Audited) March 31, 2017 \$'000
<b>Revenue</b>						
Other income	7(a) 7(b)	22,450 <u>74,540</u> <u>96,990</u>	29,257 <u>24,377</u> <u>53,634</u>	11,303 <u>-</u> <u>11,303</u>	13,035 <u>7,435</u> <u>20,470</u>	60,784 <u>138,240</u> <u>199,024</u>
Administrative expenses		( 5,651)	(30,307)	(2,689)	(20,580)	(19,092)
Other operating expenses		<u>(34,995)</u> <u>(40,646)</u>	<u>(19,488)</u> <u>(49,795)</u>	<u>(16,822)</u> <u>(19,511)</u>	<u>(18,235)</u> <u>(38,815)</u>	<u>(85,037)</u> <u>(104,129)</u>
<b>Profit/(loss) from operations</b>		<b>56,344</b>	<b>3,839</b>	<b>(8,208)</b>	<b>(18,345)</b>	<b>94,895</b>
Finance (costs)/ income		<u>( 15)</u>	<u>(1,350)</u>	<u>464</u>	<u>( 397)</u>	<u>(2,707)</u>
Profit/(loss) from operations before other income		56,329	2,489	(7,744)	(18,742)	92,188
Share of profit from interest in associate, net of tax	11	<u>5,022</u>	<u>35,129</u>	<u>2,511</u>	<u>-</u>	<u>10,044</u>
<b>Profit/(loss) from operations before taxation</b>	5	<b>61,351</b>	<b>37,618</b>	<b>(5,233)</b>	<b>(18,742)</b>	<b>102,232</b>
Taxation charge		<u>(6,491)</u>	<u>(5,643)</u>	<u>(227)</u>	<u>(1,152)</u>	<u>(89,885)</u>
<b>Profit/(loss) for the period/year from operations</b>	6	<b>54,860</b>	<b>31,975</b>	<b>(5,460)</b>	<b>(19,894)</b>	<b>12,347</b>
<b>Dealt with in the financial statements of:</b>						
Parent company		65,325	(2,806)	70,433	(19,307)	38,622
Subsidiaries		<u>(15,487)</u>	<u>( 348)</u>	<u>(78,404)</u>	<u>( 587)</u>	<u>(36,319)</u>
Associate		<u>5,022</u>	<u>35,129</u>	<u>2,511</u>	<u>-</u>	<u>10,044</u>
		<b>54,860</b>	<b>31,975</b>	<b>(5,460)</b>	<b>(19,894)</b>	<b>12,347</b>
<b>Earnings/(loss) per stock unit:</b>						
Based on stock units in issue	9	<u>4.53¢</u>	<u>2.64¢</u>	<u>(.45¢)</u>	<u>(1.64¢)</u>	<u>1.02¢</u>

TO: THE STOCKHOLDERS OF

**1834 INVESTMENTS LIMITED**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
Six months ended September 30, 2017

	(Unaudited) Six Months September 30, 2017 \$'000	(Unaudited) Six Months September 30, 2016 \$'000	(Unaudited) Three Months September 30, 2017 \$'000	(Unaudited) Three Months September 30, 2016 \$'000	(Audited) March 31, 2017 \$'000
Profit/(loss) for the period/year	54,860	31,975	(5,460)	(19,894)	12,347
<b>Other comprehensive income:</b>					
<b>Item that will never be reclassified to profit or loss:</b>					
Related tax on revaluation and remeasurement	-	-	-	-	140,876
	-	-	-	-	140,876
<b>Items that may be reclassified to profit or loss:</b>					
Fair value adjustments on available-for-sale investments	(64,781)	5,730	-	6,045	(48,955)
Currency translation differences on foreign subsidiaries	7,315	693	22,182	(5,847)	(532)
	(57,466)	6,423	22,182	198	(49,487)
<b>Other comprehensive (loss)/income for the period/year, net of taxation</b>	(57,466)	6,423	22,182	198	91,389
<b>Total comprehensive (loss)/income for the period/year</b>	<u>(2,606)</u>	<u>38,398</u>	<u>16,722</u>	<u>(19,696)</u>	<u>103,736</u>
<b>Dealt with in the financial statements of:</b>					
The company	32,474	(3,104)	117,766	(22,284)	101,397
Subsidiaries	(40,102)	6,373	(103,555)	2,588	( 7,705)
Associate	5,022	35,129	2,511	-	10,044
	<u>(2,606)</u>	<u>38,398</u>	<u>16,722</u>	<u>(19,696)</u>	<u>103,736</u>

TO: THE STOCKHOLDERS OF

## 1834 INVESTMENTS LIMITED

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION SEPTEMBER 30, 2017

	Notes	(Unaudited) September 30, 2017 \$'000	(Unaudited) September 30, 2016 \$'000	(Audited) March 31, 2017 \$'000
<b>Assets</b>				
Property, plant and equipment		12,920	18,424	15,644
Investment properties		569,239	812,984	569,239
Long-term receivables		32,055	2,564	32,055
Interest in associate	11	250,502	270,164	245,079
Investments		461,615	718,404	575,033
Pension fund receivable	7(c)	-	26,040	-
Deferred tax assets		618	618	618
<b>Total non-current assets</b>		<u>1,326,949</u>	<u>1,849,198</u>	<u>1,437,668</u>
Cash and cash equivalents		77,720	62,565	7,678
Securities purchased under resale agreements		42,900	17,190	42,900
Trade and other receivables		55,873	53,408	52,775
Prepayments		2,559	890	-
Taxation recoverable		9,616	9,676	9,616
Assets held for sale		179,245	-	235,619
Current portion of pension fund receivable	7(c)	66,304	62,572	89,794
<b>Total current assets</b>		<u>434,217</u>	<u>206,301</u>	<u>438,382</u>
<b>Total assets</b>		<u><b>1,761,166</b></u>	<u><b>2,055,499</b></u>	<u><b>1,876,050</b></u>
<b>Equity:</b>				
Share capital		605,622	605,622	605,622
Reserves		1,076,437	1,153,444	1,171,724
<b>Total equity attributable to equity holders of parent</b>		<u>1,682,059</u>	<u>1,759,066</u>	<u>1,777,346</u>
<b>Liabilities:</b>				
Deferred tax liabilities		29,400	121,535	29,400
<b>Total non-current liabilities</b>		<u>29,400</u>	<u>121,535</u>	<u>29,400</u>
Trade and other payables		44,704	75,687	51,094
Taxation payable		5,003	99,211	18,210
<b>Total current liabilities</b>		<u>49,707</u>	<u>174,898</u>	<u>69,304</u>
<b>Total liabilities</b>		<u>79,107</u>	<u>296,433</u>	<u>98,704</u>
<b>Total equity and liabilities</b>		<u><b>1,761,166</b></u>	<u><b>2,055,499</b></u>	<u><b>1,876,050</b></u>

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

TO: THE STOCKHOLDERS OF

**1834 INVESTMENTS LIMITED**  
**Consolidated Statement of Changes in Equity**

Six months ended September 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	605,622	1,069,008	139,071	(149,157)	150,191	1,814,735
<b>Total comprehensive income for the period:</b>						
Profit for the period	-	-	-	-	31,975	31,975
Other comprehensive income:						
Fair value adjustments on available-for-sale investments	-	-	5,730	-	-	5,730
Currency translation differences on foreign subsidiaries	-	693	-	-	-	693
Other comprehensive income for the period, net of taxation	-	693	5,730	-	-	6,423
Total comprehensive income for the period	-	693	5,730	-	31,975	38,398
<b>Transactions with owners, recorded directly in equity:</b>						
Dividends paid, being total distributions to owners	-	-	-	-	(94,067)	(94,067)
<b>Balances at September 30, 2016</b>	<b>605,622</b>	<b>1,069,701</b>	<b>144,801</b>	<b>(149,157)</b>	<b>88,099</b>	<b>1,759,066</b>
Balances as at March 31, 2017	605,622	1,209,352	90,116	(149,157)	21,413	1,777,346
<b>Total comprehensive income (loss) for the period:</b>						
Profit for the period	-	-	-	-	54,860	54,860
Other comprehensive income/(loss):						
Fair value adjustments on available-for-sale investments	-	-	(64,781)	-	-	(64,781)
Currency translation differences on foreign subsidiaries	-	7,315	-	-	-	7,315
Other comprehensive income/(loss) for the period, net of taxation	-	7,315	(64,781)	-	-	(57,466)
<b>Total comprehensive income/(loss) for the period, net of taxation</b>	<b>-</b>	<b>7,315</b>	<b>(64,781)</b>	<b>-</b>	<b>54,860</b>	<b>(2,606)</b>
<b>Transactions with owners, recorded directly in equity</b>						
Dividends paid, being total distributions to owners	-	-	-	-	(92,681)	(92,681)
<b>Balances as at September 30, 2017</b>	<b>605,622</b>	<b>1,216,667</b>	<b>25,335</b>	<b>(149,157)</b>	<b>(16,408)</b>	<b>1,682,059</b>

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

**1834 INVESTMENTS LIMITED**  
**Consolidated Statement of Cash Flows**

	Unaudited September 30, 2017 \$'000	Unaudited September 30, 2016 \$'000	Audited March 31, 2017 \$'000
<b>Cash flows from operating activities</b>			
Profit for the period/year	54,860	31,975	12,347
Adjustments to reconcile profit to net cash provided by operating activities:			
Depreciation	2,724	2,563	5,448
Current income tax	6,491	5,643	85,315
Deferred taxation	-	-	4,570
Gain on disposal of investments	-	-	(104,531)
Interest income	(15,906)	(21,466)	(45,850)
Interest expense	15	1,512	2,707
Share of profit of associate, net of tax	(5,022)	(35,129)	(10,044)
Loss on sale of finance lease	-	-	25,361
Gain on disposal of investments	(57,066)	-	-
Gain on sale of assets held for sale	(57,641)	-	-
Decrease in fair value of investment properties	813	-	5,929
Impairment loss	-	-	<u>9,974</u>
	<u>(70,732)</u>	<u>(14,902)</u>	<u>(8,774)</u>
Tax paid	(22,124)	(28,498)	(157,426)
Interest paid	( 15)	(1,512)	(2,707)
Trade and other receivables	(3,098)	(40,665)	(37,274)
Prepayments	(2,559)	(890)	-
Securities purchased under resale agreements	-	(2,785)	(33,970)
Assets held for sale	56,374	-	-
Trade and other payables	(6,390)	(19,346)	(43,355)
Pension fund receivable	<u>23,489</u>	<u>117,366</u>	<u>116,184</u>
Net cash (used)/provided by operating activities	<u>(25,055)</u>	<u>8,768</u>	<u>(167,322)</u>
<b>Cash flows from investing activities</b>			
Interest received	6,600	21,662	45,706
Additions to property, plant and equipment	-	(64)	(169)
Proceeds from sale of assets held for sale	73,315	-	-
Proceeds from sale of finance lease	-	-	25,361
Investments, net	107,863	48,664	247,838
Long-term receivable	-	<u>50,216</u>	<u>(29,997)</u>
Net cash provided by investing activities	<u>187,778</u>	<u>120,478</u>	<u>288,739</u>
<b>Cash flows from financing activity</b>			
Dividend paid	<u>(92,681)</u>	<u>(94,067)</u>	<u>( 141,125)</u>
Net cash used by financing activity	<u>(92,681)</u>	<u>(94,067)</u>	<u>( 141,125)</u>
Net increase/(decrease) in cash and cash equivalents	70,042	35,179	( 19,708)
Cash and cash equivalents at beginning of the period/year	<u>7,678</u>	<u>27,386</u>	<u>27,386</u>
Cash and cash equivalents at end of the period/year	<u><u>77,720</u></u>	<u><u>62,565</u></u>	<u><u>7,678</u></u>
Comprised of:			
Cash and bank balances	<u><u>77,720</u></u>	<u><u>62,565</u></u>	<u><u>7,678</u></u>

## 1834 Investments Limited

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

We hereby present the unaudited financial report of the group for the six months ended September 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 six months ended September 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 six months ended September 30, 2017 show a profit from operations before taxation of approximately \$61 million (2016: \$38 million).
6. Group financial accounts for the six months ended September 30, 2017 show a profit from operations after taxation of approximately \$55 million (2016: \$32 million).

## 1834 Investments Limited

Notes to the Interim Financial Report (continued)  
Period ended September 30, 2017

7. In comparing the financial statements for the six month period ended September 30, 2017 with those of the previous period, the following should be noted:
- (a) Operating income of \$22 million (2016: \$29 million) represents investment income, rental income and interest on loans.
  - (b) Other income of \$75 million (2016: \$24 million) is mainly due to the sale of a building in Canada \$12 million (2016: \$nil) which was owned by 1834 Investments (Canada) Inc. and the sale of shares in RJR Communications Group \$57 million (2016: \$nil) which were held by The Gleaner Company Limited Employees Investment Trust.
  - (c) Pension fund receivable of \$66 million (2016: \$89 million) represents amounts due to the group arising from the discontinuation of the defined-benefit pension fund.
8. The group financial statements for the six months ended September 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 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.
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. As at the date of declaration the company had adequate reserves for distribution.

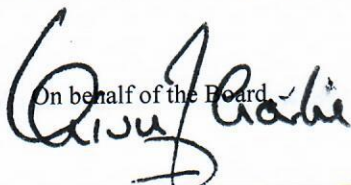
The company's stock unit price on the Jamaica Stock Exchange at September 30, 2017 was \$1.40; the opening price at April 1, 2017 was \$1.45.

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 \$5 million share of profit (2016: \$35 million).

12. **Contingent liabilities**

As of September 30, 2017 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.



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



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

November 16, 2017