

1834 INVESTMENTS LIMITED

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

NINE (9) MONTHS ENDED DECEMBER 31, 2017

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(UNAUDITED)
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1834 INVESTMENTS LIMITED
CONSOLIDATED INCOME STATEMENT
(UNAUDITED)
NINE (9) MONTHS ENDED DECEMBER 31, 2017

	NOTES	Unaudited Nine months December 2017 \$'000 (Restated)	Unaudited Nine months December 2016 \$'000	Unaudited Three months December 2017 \$'000 (Restated)	Unaudited Three months December 2016 \$'000	Audited March 2017 \$'000
Revenue						
Operating income	5 (a)	34,812	40,108	12,362	10,851	60,784
Other income	5 (b)	74,540	60,109	-	35,732	138,240
		<u>109,352</u>	<u>100,217</u>	<u>12,362</u>	<u>46,583</u>	<u>199,024</u>
Administrative expenses		(16,490)	(49,776)	(10,839)	(19,469)	(19,092)
Other operating expenses		(41,305)	(25,201)	(6,310)	(5,713)	(85,037)
		<u>(57,795)</u>	<u>(74,977)</u>	<u>(17,149)</u>	<u>(25,182)</u>	<u>(104,129)</u>
Profit/(loss) from operations		51,557	25,240	(4,787)	21,401	94,895
Finance costs		(37)	(1,930)	(22)	(580)	(2,707)
Profit/(loss) from operations before other income		51,520	23,310	(4,809)	20,821	92,188
Share of profit from interest in associate, net of tax	9	53,042	35,129	48,020	-	10,044
Profit from operations before taxation	3	104,562	58,439	43,211	20,821	102,232
Taxation charge		(15,333)	(7,213)	(8,842)	(1,570)	(89,885)
Profit for the period/year from operations	4	89,229	51,226	34,369	19,251	12,347
Dealt with in the financial statements of:						
Parent company		50,104	13,433	(15,221)	16,239	38,622
Subsidiaries		(13,917)	2,664	1,570	3,012	(36,319)
Associate		53,042	35,129	48,020	-	10,044
		<u>89,229</u>	<u>51,226</u>	<u>34,369</u>	<u>19,251</u>	<u>12,347</u>
Earnings per stock unit:						
Based on stock units in issue		<u>7.37¢</u>	<u>4.23¢</u>	<u>2.84¢</u>	<u>1.59¢</u>	<u>1.02¢</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
(UNAUDITED)
NINE (9) MONTHS ENDED DECEMBER 31, 2017

	Unaudited Nine months December 2017 <u>\$'000</u> (Restated)	Unaudited Nine months December 2016 <u>\$'000</u>	Unaudited Three months December 2017 <u>\$'000</u> (Restated)	Unaudited Three months December 2016 <u>\$'000</u>	Audited March 2017 <u>\$'000</u>
Profit for the period/year	89,229	51,226	34,369	19,251	12,347
Other comprehensive income:					
Items that will never be reclassified to profit or loss:					
Related tax on revaluation and remeasurement	-	-	-	-	140,876
Items that may be reclassified to profit or loss					
Fair value adjustments on available-for-sale investments	(65,081)	14,140	(300)	8,410	(48,955)
Currency translation differences on foreign subsidiaries	(15,150)	(1,894)	(22,465)	(2,587)	(532)
	<u>(80,231)</u>	<u>12,246</u>	<u>(22,765)</u>	<u>5,823</u>	<u>(49,487)</u>
Other comprehensive (loss)/income for the period/year, net of taxation	<u>(80,231)</u>	<u>12,246</u>	<u>(22,765)</u>	<u>5,823</u>	<u>91,389</u>
Total comprehensive income for the period/year	<u><u>8,998</u></u>	<u><u>63,472</u></u>	<u><u>11,604</u></u>	<u><u>25,074</u></u>	<u><u>103,736</u></u>
Dealt with in the financial statements of:					
Parent company	16,953	25,679	(15,521)	21,365	101,397
Subsidiaries	(60,997)	2,664	(20,895)	3,709	(7,705)
Associate	53,042	35,129	48,020	-	10,044
	<u><u>8,998</u></u>	<u><u>63,472</u></u>	<u><u>11,604</u></u>	<u><u>25,074</u></u>	<u><u>103,736</u></u>

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

1834 INVESTMENTS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)
AS AT DECEMBER 31, 2017

	Notes	Unaudited as at December 31, 2017 \$'000	Unaudited as at December 31, 2016 \$'000	Audited as at March 31, 2017 \$'000
NON-CURRENT ASSETS				
Property, plant and equipment		11,558	17,179	15,644
Investment properties		549,239	811,094	569,239
Long-term receivables		32,055	2,341	32,055
Interest in associate	9	298,121	270,164	245,079
Investments		491,411	677,911	575,033
Pension fund receivable	5 (c)	-	26,040	-
Deferred tax assets		618	618	618
Total non-current assets		1,383,002	1,805,347	1,437,668
CURRENT ASSETS				
Cash and cash equivalents		80,373	51,502	7,678
Securities purchased under resale agreements		7,407	24,834	42,900
Trade and other receivables		17,876	53,030	52,775
Prepayments		1,686	471	-
Taxation recoverable		16,971	9,676	9,616
Assets held for sale	10	199,245	-	235,619
Current portion of pension fund receivable	5 (c)	66,305	42,266	89,794
Total current assets		389,863	181,779	438,382
Total assets		1,772,865	1,987,126	1,876,050
EQUITY & LIABILITIES				
EQUITY				
Share capital		605,622	605,622	605,622
Reserves		1,086,639	1,130,188	1,171,724
Total equity attributable to equity holders of parent		1,692,261	1,735,810	1,777,346
NON-CURRENT LIABILITIES				
Deferred tax liability, being total non-current liabilities		29,400	119,981	29,400
CURRENT LIABILITIES				
Trade and other payables		40,904	45,775	51,094
Taxation		10,300	85,560	18,210
Total current liabilities		51,204	131,335	69,304
Total equity and liabilities		1,772,865	1,987,126	1,876,050

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

1834 INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)
NINE (9) MONTHS ENDED DECEMBER 31, 2017

	Share Capital \$'000	Capital Reserves \$'000	Fair Value Reserves \$'000	Reserve for Own Shares \$'000	Retained Profits \$'000	Total \$'000
Balances at March 31, 2016	605,622	1,069,008	139,071	(149,157)	150,191	1,814,735
Total comprehensive income/(loss) for the period						
Profit for the period					51,226	51,226
Other comprehensive income/(loss):						
Fair value adjustments on available-for-sale investments	-	14,140	-	-	-	14,140
Currency translation differences on foreign subsidiaries	-	-	(1,894)	-	-	(1,894)
Other comprehensive income/(loss) for the period, net of taxation		14,140	(1,894)	-	-	12,246
Total comprehensive income/(loss) for the period, net taxation		14,140	(1,894)	-	51,226	63,472
Transactions with owners, recorded directly in equity						
Dividends paid, being total distributions to owners	-	-	-	-	(142,397)	(142,397)
Balances at December 31, 2016	605,622	1,083,148	137,177	(149,157)	59,020	1,735,810
Balances at March 31, 2017	605,622	1,209,352	90,116	(149,157)	21,413	1,777,346
Total comprehensive (loss)/income for the period						
Profit for the period					89,229	89,229
Other comprehensive loss:						
Fair value adjustments on available-for-sale investments	-	-	(65,081)	-	-	(65,081)
Currency translation differences on foreign subsidiaries	-	(15,150)	-	-	-	(15,150)
Other comprehensive loss for the period, net of taxation		(15,150)	(65,081)	-	-	(80,231)
Total comprehensive (loss)/income for the period, net taxation		(15,150)	(65,081)	-	89,229	8,998
Transactions with owners, recorded directly in equity						
Dividends paid, being total distributions to owners	-	-	-	-	(94,083)	(94,083)
Balances as at December 31, 2017	605,622	1,194,202	25,035	(149,157)	16,559	1,692,261

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

1834 INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)
NINE (9) MONTHS ENDED DECEMBER 31, 2017

	Unaudited Nine (9) months ended December 31, 2017 \$'000	Unaudited Nine (9) months ended December 31, 2016 \$'000 (Restated)	Audited Year ended March 31, 2017 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period/year	89,229	51,226	12,347
Adjustments for:			
Income tax charge	15,333	52,938	85,315
Depreciation	4,086	3,845	5,448
Deferred taxation	-	(45,725)	4,570
Gain on disposal of investments	-	-	(104,531)
Interest income	(25,233)	(20,069)	(45,850)
Interest expense	15	1,930	2,707
Share of profit of associate, net of tax	(53,042)	(35,129)	(10,044)
Loss on sale of finance lease	-	-	25,361
Decrease in fair value of investment property	-	-	5,929
Gain on disposal of investments	(57,066)	-	-
Gain on sale of assets held for sale	(57,641)	-	-
Impairment loss	-	-	9,974
Translation adjustment	(15,150)	1,638	-
Operating (loss)/profit before changes in working capital	(99,469)	10,654	(8,774)
Changes in:			
Trade and other receivables	51,377	(40,263)	(37,274)
Prepayments	(1,686)	(471)	-
Taxation recoverable	(7,355)	-	-
Securities purchased under resale agreements	35,493	(10,429)	(33,970)
Assets held for sale	20,700	-	-
Investment properties	20,000	-	-
Pension receivables	23,489	137,672	116,184
Trade and other payables	(10,191)	(49,258)	(43,355)
Interest paid	(15)	(1,930)	(2,707)
Income tax paid	(23,243)	(57,699)	(157,426)
Net cash provided by/(used in) operations	9,100	(11,724)	(167,322)
Cash flows from investing activities			
Interest received	9,156	20,105	45,706
Additions to investment properties	-	-	(169)
Additions to property, plant and equipment	-	(64)	-
Proceeds from sale of assets held for sale	73,315	-	-
Proceeds from sale of finance lease	-	-	25,361
Investments, net	75,207	107,757	247,838
Long-term receivable	-	50,439	(29,997)
Net cash provided by investing activities	157,678	178,237	288,739
Cash flows from financing activities			
Dividends paid, being net cash used in financing activities	(94,083)	(142,397)	(141,125)
Net increase/(decrease) in cash and cash equivalents	72,695	24,116	(19,708)
Cash and cash equivalents at beginning of period/year	7,678	27,386	27,386
Cash and cash equivalents at end of period/year	80,373	51,502	7,678
Represented by:			
Cash and cash equivalents	80,373	51,502	7,678

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

1834 INVESTMENTS LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
NINE (9) MONTHS ENDED DECEMBER 31, 2017

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 condensed consolidated interim financial statements comprise the company and its subsidiaries (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, 2017. 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, 2017.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended March 31, 2017.

(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)
NINE (9) MONTHS ENDED DECEMBER 31, 2017

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 nine months ended December 31, 2017 shows a profit from operations before taxation of approximately \$105 million (2016: \$58 million).
4. The group financial statements for the nine months ended December 31, 2017 shows a profit from operations after taxation of approximately \$89 million (2016: \$51 million).
5. In comparing the financial statements for the nine-month period ended December 31, 2017 with those of the comparative period, the following should be noted:
 - (a) Operating income of \$35 million (2016: \$40 million) represents investment income, rental income and interest on loans.
 - (b) Other income of \$75 million (2016: \$60 million) is mainly comprised of gains on the sale of certain subsidiary companies' assets.
 - (c) Pension fund receivable of \$66 million (2016: \$68 million) represents amounts due to the group arising from the discontinuation of the defined-benefit pension fund.

1834 INVESTMENTS LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
NINE (9) MONTHS ENDED DECEMBER 31, 2017

6. Group Financial Statements

The group financial statements for the nine months ended December 31, 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.

7. 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.

8. 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. As at the date of declaration the company had adequate retained earnings for distribution. Payments were made on May 30, 2017.

Dividends paid, as recorded in the Consolidated Statement of Changes in Equity, were adjusted for the period to December 31, 2017 to reflect the gross amount of dividends declared and payable for the period, less amounts eliminated on consolidation.

The company's stock unit price on the Jamaica Stock Exchange at December 31, 2017 was \$1.25; the opening price at April 1, 2017 was \$1.45.

9. 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 \$53 million, representing share of profits (2016: \$35 million).

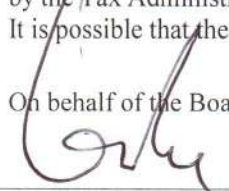
10. Assets held for sale


Some investment properties are presented as assets held for sale. Completion of the sales are expected within the next twelve (12) months.

11. Contingent liabilities

As of December 31, 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.

On behalf of the Board


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


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

April 11, 2018