

1834 INVESTMENTS LIMITED

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

NINE (9) MONTHS ENDED DECEMBER 31, 2018

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1834 INVESTMENTS LIMITED
CONSOLIDATED INCOME STATEMENT
NINE (9) MONTHS ENDED DECEMBER 31, 2018

	NOTES	Unaudited Nine months December 2018 \$'000	Unaudited Nine months December 2017 \$'000	Unaudited Three months December 2018 \$'000	Unaudited Three months December 2017 \$'000	Audited March 2018 \$'000
Revenue						
Operating income	4 (a)	21,872	34,812	6,727	12,362	45,379
Other income	4 (b)	37,156	74,540	1,364	-	116,017
		<u>59,028</u>	<u>109,352</u>	<u>8,091</u>	<u>12,362</u>	<u>161,396</u>
Administrative expenses		(21,214)	(16,490)	(11,711)	(10,839)	(31,258)
Other operating expenses		(75,229)	(41,305)	(59,218)	(6,310)	(85,626)
		<u>(96,443)</u>	<u>(57,795)</u>	<u>(70,929)</u>	<u>(17,149)</u>	<u>(116,884)</u>
(Loss)/profit from operations		(37,415)	51,557	(62,838)	(4,787)	44,512
Finance (costs)/income		(83)	(37)	26	(22)	(380)
		<u>(37,498)</u>	<u>51,520</u>	<u>(62,812)</u>	<u>(4,809)</u>	<u>44,132</u>
Loss from disposal of subsidiaries	5	(24,969)	-	(24,969)	-	-
Share of profit from interest in associate, net of tax	8	5,505	53,042	1,835	48,020	53,042
(Loss)/profit from operations before taxation	3	(56,962)	104,562	(85,946)	43,211	97,174
Taxation (charge)/credit		(2,599)	(15,333)	704	(8,842)	(15,242)
(Loss)/profit for the period/year from operations		<u>(59,561)</u>	<u>89,229</u>	<u>(85,242)</u>	<u>34,369</u>	<u>81,932</u>
Dealt with in the financial statements of:						
Parent company		(64,810)	50,104	(86,821)	(15,221)	(3,180)
Subsidiaries		(256)	(13,917)	(256)	1,570	32,070
Associate		5,505	53,042	1,835	48,020	53,042
		<u>(59,561)</u>	<u>89,229</u>	<u>(85,242)</u>	<u>34,369</u>	<u>81,932</u>
Earnings per stock unit:						
Based on stock units in issue		-4.9¢	7.37¢	-5.1¢	2.84¢	6.76¢

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

1834 INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
NINE (9) MONTHS ENDED DECEMBER 31, 2018

	Unaudited Nine months December 2018 \$'000	Unaudited Nine months December 2017 \$'000	Unaudited Three months December 2018 \$'000	Unaudited Three months December 2017 \$'000	Audited March 2018 \$'000
(Loss)/profit for the period/year	<u>(59,561)</u>	<u>89,229</u>	<u>(85,242)</u>	<u>34,369</u>	<u>81,932</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>-</u>	<u>-</u>	<u>6,260</u>
Items that may be reclassified to profit or loss					
Fair value adjustments on available-for-sale investments	(346)	(65,081)	1,760	(300)	(66,840)
Currency translation differences on foreign subsidiaries	<u>-</u>	<u>(15,150)</u>	<u>-</u>	<u>(22,465)</u>	<u>(535)</u>
	<u>(346)</u>	<u>(80,231)</u>	<u>1,760</u>	<u>(22,765)</u>	<u>(67,375)</u>
Other comprehensive loss for the period/year, net of taxation	<u>(346)</u>	<u>(80,231)</u>	<u>1,760</u>	<u>(22,765)</u>	<u>(61,115)</u>
Total comprehensive (loss)/income for the period/year	<u><u>(59,907)</u></u>	<u><u>8,998</u></u>	<u><u>(83,842)</u></u>	<u><u>11,604</u></u>	<u><u>20,817</u></u>
Dealt with in the financial statements of:					
Parent company	(65,156)	16,953	(85,061)	(15,521)	(5,241)
Subsidiaries	(256)	(60,997)	(256)	(20,895)	(26,984)
Associate	<u>5,505</u>	<u>53,042</u>	<u>1,835</u>	<u>48,020</u>	<u>53,042</u>
	<u><u>(59,907)</u></u>	<u><u>8,998</u></u>	<u><u>(83,482)</u></u>	<u><u>11,604</u></u>	<u><u>20,817</u></u>

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

1834 INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	NOTES	Unaudited as at December 31, 2018 \$'000	Unaudited as at December 31, 2017 \$'000	Audited as at March 31, 2018 \$'000
NON-CURRENT ASSETS				
Property, plant and equipment		7,259	11,558	10,854
Investment properties		429,239	549,239	549,239
Long-term receivables		27,210	32,055	26,891
Interest in associate	8	303,626	298,121	298,121
Investments		296,335	491,411	469,553
Deferred tax assets		-	618	618
Total non-current assets		1,063,669	1,383,002	1,355,276
CURRENT ASSETS				
Cash and cash equivalents		101,402	80,373	67,629
Securities purchased under resale agreements		185,537	7,407	9,279
Trade and other receivables		16,313	19,562 *	36,614
Pension fund receivable	10	75,852	66,305	74,322
Taxation recoverable		27,787	16,971	12,514
Assets held for sale	9	112,333	199,245	196,645
Total current assets		519,224	389,863	397,003
Total assets		1,582,893	1,772,865	1,752,279
EQUITY & LIABILITIES				
EQUITY				
Share capital		605,622	605,622	605,622
Reserves		917,400	1,086,639	1,098,431
Total equity attributable to equity holders of parent		1,523,022	1,692,261	1,704,053
NON-CURRENT LIABILITY				
Deferred tax liability, being total non-current liability		18,424	29,400	17,910
CURRENT LIABILITIES				
Accounts payable		41,447	40,904	27,422
Taxation		-	10,300	2,894
Total current liabilities		41,447	51,204	30,316
Total equity and liabilities		1,582,893	1,772,865	1,752,279

*-Restated to conform to current period presentation

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

1834 INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
NINE (9) MONTHS ENDED DECEMBER 31, 2018

	Share Capital \$'000	Capital Reserves \$'000	Fair value Reserves \$'000	Reserve for Own Shares \$'000	Retained Profits \$'000	Total \$'000
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 income/(loss) for the period, net of taxation	-	(15,150)	(65,081)	-	-	(80,231)
Total comprehensive income/(loss) 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 at December 31, 2017	605,622	1,194,202	25,035	(149,157)	16,559	1,692,261
Balances at March 31, 2018	605,622	1,033,139	23,276	(149,157)	191,173	1,704,053
Total comprehensive (loss)/income for the period						
Loss for the period	-	-	-	-	(59,561)	(59,561)
Other comprehensive loss:						
Fair value adjustments on available-for-sale investments	-	-	(346)	-	-	(346)
Other comprehensive loss for the period, net of taxation	-	-	(346)	-	-	(346)
Total comprehensive (loss)/income for the period, net taxation	-	-	(346)	-	(59,561)	(59,907)
Transactions with owners, recorded directly in equity						
Transfer on disposal of wholly owned subsidiaries	-	(37,692)	(1,540)	-	39,232	-
Transfers on disposal of investment properties	-	(159,504)	-	-	159,504	-
Dividends paid, being total distributions to owners	-	-	-	-	(121,124)	(121,124)
	-	(197,196)	(1,540)	-	77,612	(121,124)
Balances as at December 31, 2018	605,622	835,943	21,390	(149,157)	209,224	1,523,022

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

1834 INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
NINE (9) MONTHS ENDED DECEMBER 31, 2018

	Unaudited Nine (9) months ended December 31, 2018 \$'000	Unaudited Nine (9) months ended December 31, 2017 \$'000	Audited Twelve (12) months ended March 31, 2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit for the period/year	(59,561)	89,229	81,932
Adjustments for:			
Income tax charge	2,081	15,333	20,472
Depreciation	3,595	4,086	4,790
Deferred taxation	1,136	-	(5,230)
Interest income	(16,210)	(25,233)	(30,954)
Interest expense	-	15	381
Decrease in fair value of assets held for sale	-	-	2,598
Share of profit of associate, net of tax	8 (5,505)	(53,042)	(53,042)
Impairment loss	-	-	8,221
Transfer on disposal of wholly owned subsidiaries	39,232	-	-
Gain on disposal of investments	-	(57,066)	(59,759)
Loss/(gain) on sale of assets held for sale	2,675	(57,641)	(4,981)
Gain on disposal of property, plant and equipment	-	-	(8,882)
Translation adjustment	-	(15,150)	-
Operating loss before changes in working capital	(32,557)	(99,469)	(44,454)
Changes in:			
Trade and other receivables	13,793	49,691 *	18,175
Taxation recoverable	(15,273)	(7,355)	-
Securities purchased under resale agreements	(176,258)	35,493	33,621
Assets held for sale	-	20,700	-
Investment properties	-	20,000	-
Pension fund receivables	(1,530)	23,489	15,472
Accounts payable	(23,671)	(10,191)	(23,672)
Interest paid	-	(15)	(381)
Income tax paid	(4,975)	(23,243)	(38,686)
Net cash (used in)/provided by operations	(240,471)	9,100	(39,925)
Cash flows from investing activities			
Interest received	22,717	9,156	28,405
Proceeds from sale of assets held for sale	201,638	73,315	61,357
Proceeds from sale of property, plant and equipment	-	-	8,882
Investments, net	171,332	75,207	90,178
Long-term receivable	(319)	-	5,164
Net cash provided by investing activities	395,368	157,678	193,986
Cash flows from financing activity			
Dividends paid, being net cash used in financing activity	(121,124)	(94,083)	(94,110)
Net increase in cash and cash equivalents	33,773	72,695	59,951
Cash and cash equivalents at beginning of period/year	67,629	7,678	7,678
Cash and cash equivalents at end of period/year	101,402	80,373	67,629
Represented by:			
Cash and cash equivalents	101,402	80,373	67,629

*-Restated to conform to 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)
NINE (9) MONTHS ENDED DECEMBER 31, 2018

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 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, 2018. 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, 2018.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended March 31, 2018, except for the impact of IFRS 9, “financial instruments” and IFRS 15, “revenue from contracts with customers”, both of which became effective for this accounting period beginning on or after April 1, 2018.

(i) IFRS 9, “Financial Instruments”

The implementation of IFRS 9 Financial Instruments involves adjustments to the classification and measurement of the company’s financial assets and liabilities, and revised approaches to expected-loss impairment and risk management assessment.

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as follows:

- The group will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement as well as impairment changes. Differences in the carrying amounts of financial instruments resulting from the adoption of IFRS 9 will generally be recognised in retained earnings and reserves as at April 1, 2018.
- Management has assessed that this standard is expected to impact on the group’s classification and measurement of its investments. However, management has not yet completed its assessment and the financial impact has not yet been determined.

1834 INVESTMENTS LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
NINE (9) MONTHS ENDED DECEMBER 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance (cont'd)

(ii) IFRS 15, "Revenue from Contracts with Customers"

IFRS 15 Revenue from Contracts with Customers requires the group to apply a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

Management has assessed that the standard is not expected to have a material impact on the group's recognition of the revenue from investment income.

(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.

(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 consolidated 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, 2018

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, 2018 show a loss from operations before taxation of approximately \$57 million (2017: profit of \$105 million).
- 4.** In comparing the financial statements for the nine-month period ended December 31, 2018 with those of the comparative period, the following should be noted:
- (a) Operating income of \$22 million (2017: \$35 million) comprises investment income, rental income and interest on loans.
 - (b) Other income of \$37 million (2017: \$75 million) is comprised mainly of gains on the sale of certain investments and foreign exchange gains (see Note 12). In the comparative period of 2017 other income was impacted by gains on the sale of a property in Canada, and by gains on the sale of equities.

1834 INVESTMENTS LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
NINE (9) MONTHS ENDED DECEMBER 31, 2018

5. Group Financial Statements

The group results for the nine months ended December 31, 2018 include the performance of the company's five (2017: five) subsidiaries - Associated Enterprise Limited, Popular Printers Limited, Selectco Publications Limited, digjamaica.com Limited and overseas subsidiary, 1834 Investments (Canada) Incorporated.

1834 Investments (Canada) Incorporated was dissolved on June 22, 2018. Additionally, Associated Enterprise Limited, Popular Printers Limited and digjamaica.com Limited were dissolved in the quarter ended December 31, 2018. The dissolution of these subsidiaries resulted in a loss to the group of \$25 million (2017: Nil). Selectco Publications Limited is in the process of winding up.

6. Earnings Per Stock

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

A capital dividend of 10 cents per stock unit was paid on December 19, 2018 to shareholders on record at the close of business on December 3, 2018.

The company's stock unit price on the Jamaica Stock Exchange at December 31, 2018 was \$1.16; the opening price at April 1, 2018 was \$1.19.

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 \$5.5 million (2017: \$53 million), representing share of profits in JJVI. The associate benefited from property revaluation gains in the comparative period of 2017.

9. Assets held for sale

Management sold some of its investment properties during the prior and current period. Some investment properties are presented as assets held for sale. Completion of the sales are expected within the next twelve (12) months.

10. Pension fund receivable

Pension fund receivable of \$76 million (2017:\$66 million) represents amounts due to the group arising from the discontinuation of the defined-benefit pension fund. There are no active members remaining in this fund. The company is taking steps to liquidate this receivable.

11. Contingent liabilities

As of December 31, 2018, 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, and as a result has not made a provision for this amount. It is possible that the company's financial results could be impacted by the final outcome.

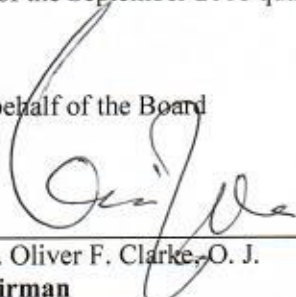
1834 INVESTMENTS LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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12. Net foreign exchange

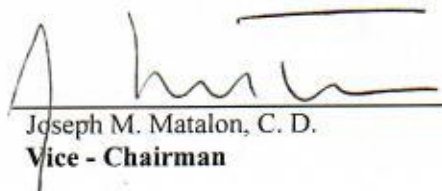
There was a favourable revaluation of the company's US dollar assets arising from the depreciation of the Jamaican dollar against the US dollar for the six months period ended September 30, 2018. The resulting foreign exchange gains of \$34M are included in other income. The average foreign exchange rate was J\$125.32:US\$1 at the end of the March 2018 quarter and J\$134.05:US\$1 at the end of September 2018 quarter.

For the three months period ended December 31, 2018, there was a net foreign exchange loss of \$38 million arising from an appreciation of the Jamaican dollar against the US dollar, which was included in other operating expenses. The average foreign exchange rate was J\$134.05:US\$1 at the end of the September 2018 quarter and J\$126.80:US\$1 at the end of the December 2018 quarter.

On behalf of the Board



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



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

March 27, 2019