

1834 INVESTMENTS LIMITED

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

THREE (3) MONTHS ENDED JUNE 30, 2019

1834 INVESTMENTS LIMITED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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1834 INVESTMENTS LIMITED
CONSOLIDATED INCOME STATEMENT
THREE (3) MONTHS ENDED JUNE 30, 2019

| | NOTES | Unaudited Three months June 2019 \$'000 | Unaudited Three months June 2018 \$'000 | Audited March 2019 \$'000 |
|--|----------|---|---|---------------------------------|
| Revenue | | | | |
| Operating income | 4 (a) | 5,669 | 8,232 | 27,867 |
| Other income | 4 (b) | 26,118 | 17,139 | 27,220 |
| | | 31,787 | 25,371 | 55,087 |
| Administrative expenses | | (4,468) | (6,106) | (24,359) |
| Other operating expenses | | (8,853) | (7,171) | (46,031) |
| Impairment loss | | - | - | (5,208) |
| Fair value loss on investment properties | | - | - | (31,408) |
| | | (13,321) | (13,277) | (107,006) |
| Profit/(loss) from operations | | 18,466 | 12,094 | (51,919) |
| Finance cost | | (1,213) | (41) | (98) |
| Profit/(loss) from operations before other income | | 17,253 | 12,053 | (52,017) |
| Gain on liquidation of subsidiaries | | - | - | 58,786 |
| Share of profit from interest in associate, net of tax | 8 | 1,835 | 1,835 | 7,340 |
| Profit from operations before taxation | 3 | 19,088 | 13,888 | 14,109 |
| Taxation charge | | (743) | (2,541) | (8,563) |
| Profit for the period/year from operations | | 18,345 | 11,347 | 5,546 |
| Dealt with in the financial statements of: | | | | |
| Parent company | | 16,510 | 9,256 | (15,562) |
| Subsidiaries | | - | 256 | 13,768 |
| Associate | | 1,835 | 1,835 | 7,340 |
| | | 18,345 | 11,347 | 5,546 |
| Earnings per stock unit: | | | | |
| Based on stock units in issue | | 1.51¢ | 0.94¢ | 0.46¢ |

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

1834 INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
THREE (3) MONTHS ENDED JUNE 30, 2019

| | Unaudited Three months June 2019 \$'000 | Unaudited Three months June 2018 \$'000 | Audited March 2019 \$'000 |
|---|--|--|------------------------------------|
| Profit for the period/year | <u>18,345</u> | <u>11,347</u> | <u>5,546</u> |
| Other comprehensive income: | | | |
| Items that will never be reclassified to profit or loss: | | | |
| Net losses on investments in equity securities designated at fair value through OCI (2018: Available-for-sale) | <u>-</u> | <u>-</u> | <u>(2,062)</u> |
| Items that may be reclassified to profit or loss | | | |
| Fair value adjustments on debt securities at fair value through OCI (2018: Available-for-sale) | 722 | (4,131) | (16,574) |
| Currency translation differences on foreign subsidiaries | <u>-</u> | <u>(183)</u> | <u>-</u> |
| | <u>722</u> | <u>(4,314)</u> | <u>(16,574)</u> |
| Other comprehensive profit / (loss) for the period/year, net of taxation | <u>722</u> | <u>(4,314)</u> | <u>(18,636)</u> |
| Total comprehensive income/(loss) for the period/year | <u><u>19,067</u></u> | <u><u>7,033</u></u> | <u><u>(13,090)</u></u> |
| Dealt with in the financial statements of: | | | |
| Parent company | 17,232 | 9,256 | (34,198) |
| Subsidiaries | - | (4,058) | 13,768 |
| Associate | <u>1,835</u> | <u>1,835</u> | <u>7,340</u> |
| | <u><u>19,067</u></u> | <u><u>7,033</u></u> | <u><u>(13,090)</u></u> |

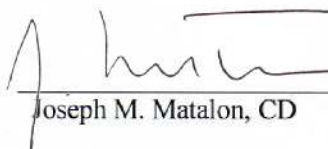
The accompanying notes form an integral part of the financial statements.

1834 INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

| | NOTES | Unaudited as at June 30, 2019 \$'000 | Unaudited as at June 30, 2018 \$'000 | Audited as at March 31, 2019 \$'000 |
|--|-------|--|--|---|
| NON-CURRENT ASSETS | | | | |
| Property, plant and equipment | | 4,902 | 9,657 | 6,061 |
| Investment properties | | 414,350 | 429,239 | 414,350 |
| Long-term receivables | | 23,632 | 29,915 | 22,452 |
| Interest in associate | 8 | 307,296 | 299,956 | 305,461 |
| Investments | | 356,957 | 278,823 | 290,678 |
| Deferred tax assets | | - | 618 | - |
| Total non-current assets | | 1,107,137 | 1,048,208 | 1,039,002 |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | | 79,601 | 120,458 | 90,247 |
| Securities purchased under resale agreements | | 194,451 | 185,707 | 193,229 |
| Trade and other receivables | | 22,182 | 15,991 | 23,381 |
| Taxation recoverable | | 21,571 | 16,906 | 25,419 |
| Assets held for sale | 9 | 95,813 | 296,645 | 95,813 |
| Pension fund receivable | 4 (c) | 39,843 | 74,313 | 81,792 |
| Total current assets | | 453,461 | 710,020 | 509,881 |
| Total assets | | 1,560,598 | 1,758,228 | 1,548,883 |
| EQUITY & LIABILITIES | | | | |
| EQUITY | | | | |
| Share capital | | 605,622 | 605,622 | 605,622 |
| Reserves | | 905,758 | 1,105,464 | 886,691 |
| Total equity attributable to equity holders of parent | | 1,511,380 | 1,711,086 | 1,492,313 |
| NON-CURRENT LIABILITY | | | | |
| Deferred tax liability, being total non-current liability | | 10,033 | 18,370 | 17,495 |
| CURRENT LIABILITY | | | | |
| Accounts payable, being total current liability | | 39,185 | 28,772 | 39,075 |
| Total equity and liabilities | | 1,560,598 | 1,758,228 | 1,548,883 |

The financial statements on pages 1 to 8 were approved for issue by the Board of Directors on August 22, 2019 and signed on its behalf by:

 Chairman
Hon. Oliver F. Clarke, OJ

 Vice Chairman
Joseph M. Matalon, CD

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

1834 INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
THREE (3) MONTHS ENDED JUNE 30, 2019

| | Share Capital \$'000 | Capital Reserves \$'000 | Fair value Reserves \$'000 | Reserve for Own Shares \$'000 | Retained Profits \$'000 | Total \$'000 |
|---|-------------------------------------|--|---|--|--|-------------------------|
| Balances at March 31, 2018 | 605,622 | 1,033,139 | 23,276 | (149,157) | 191,173 | 1,704,053 |
| Total comprehensive income for the period | | | | | | |
| Profit for the period | - | - | - | - | 11,347 | 11,347 |
| Other comprehensive loss: | | | | | | |
| Fair value adjustments on available-for-sale investments | - | - | (4,131) | - | - | (4,131) |
| Currency translation differences on foreign subsidiaries | - | (183) | - | - | - | (183) |
| Other comprehensive loss for the period, net of taxation | - | (183) | (4,131) | - | - | (4,314) |
| Total comprehensive income/(loss) for the period, net taxation | - | (183) | (4,131) | - | 11,347 | 7,033 |
| Transfer on disposal of investment property | - | (18,610) | - | - | 18,610 | - |
| Balances at June 30, 2018 | 605,622 | 1,014,346 | 19,145 | (149,157) | 221,130 | 1,711,086 |
| 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 | - | - | - | - | 18,345 | 18,345 |
| Other comprehensive income: | | | | | | |
| Fair value adjustments on debt securities at fair value through other comprehensive income | - | - | 722 | - | - | 722 |
| Other comprehensive income for the period, net of taxation | - | - | 722 | - | - | 722 |
| Total comprehensive income for the period, net taxation | - | - | 722 | - | 18,345 | 19,067 |
| Balances as at June 30, 2019 | 605,622 | 540,244 | 5,547 | (34,873) | 394,840 | 1,511,380 |

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

1834 INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
THREE (3) MONTHS ENDED JUNE 30, 2019

| | NOTE | Unaudited Three (3) months ended June 30, 2019 \$'000 | Unaudited Three (3) months ended June 30, 2018 \$'000 | Audited Year ended March 31, 2019 \$'000 |
|--|------|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Profit for the period/year | | 18,345 | 11,347 | 5,546 |
| Adjustments for: | | | | |
| Income tax charge | | 8,205 | 2,081 | 8,974 |
| Depreciation | | 1,198 | 1,197 | 4,793 |
| Deferred taxation | | (7,462) | 460 | (411) |
| Interest income | | (3,990) | (6,317) | (20,525) |
| Interest expense | | 1,210 | - | 98 |
| Decrease in fair value of assets held for sale | | - | - | 16,519 |
| Decrease in fair value of investment properties | | - | - | 14,889 |
| Share of profit of associate, net of tax | 8 | (1,835) | (1,835) | (7,340) |
| Impairment loss | | - | - | 5,208 |
| Gain on sale of assets held for sale | | - | (913) | 2,674 |
| Gain on liquidation of subsidiaries | | - | - | (58,786) |
| Increase in the fair value of units | | - | - | (102) |
| Operating profit/(loss) before changes in working capital | | 15,671 | 6,020 | (28,463) |
| Changes in: | | | | |
| Trade and other receivables | | (693) | 14,042 | (5,563) |
| Taxation recoverable | | 3,848 | (4,392) | - |
| Securities purchased under resale agreements | | (1,222) | (176,428) | (184,597) |
| Pension fund receivables | | 41,949 | 9 | (7,470) |
| Accounts payable | | 110 | 1,167 | 14,047 |
| Interest paid | | (1,210) | - | (98) |
| Tax paid | | (8,205) | (4,975) | (32,101) |
| Net cash provided by/ (used in) operations | | 50,248 | (164,557) | (244,245) |
| Cash flows from investing activities | | | | |
| Interest received | | 5,881 | 12,898 | 24,296 |
| Additions to property, plant and equipment | | (38) | - | - |
| Proceeds from sale of assets held for sale | | - | 20,913 | 201,639 |
| Investments, net | | (65,557) | 186,599 | 154,195 |
| Long-term receivable | | (1,180) | (3,024) | 4,439 |
| Net cash (used in)/provided by investing activities | | (60,894) | 217,386 | 384,569 |
| Cash flows from financing activity | | | | |
| Dividends paid, being net cash used in financing activity | | - | - | (117,706) |
| Net (decrease)/increase in cash and cash equivalents | | (10,646) | 52,829 | 22,618 |
| Cash and cash equivalents at beginning of period/year | | 90,247 | 67,629 | 67,629 |
| Cash and cash equivalents at end of period/year | | 79,601 | 120,458 | 90,247 |
| Represented by: | | | | |
| Cash and cash equivalents | | 79,601 | 120,458 | 90,247 |

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

1834 INVESTMENTS LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
THREE (3) MONTHS ENDED JUNE 30, 2019

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 subsidiary (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, 2019. 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, 2019.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended March 31, 2019.

(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 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)
THREE (3) MONTHS ENDED JUNE 30, 2019

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 three months ended June 30, 2019 show a profit from operations before taxation of approximately \$19 million (2018: \$14 million).
4. In comparing the financial statements for the three-month period ended June 30, 2019 with those of the comparative period, the following should be noted:
 - (a) Operating income of \$6 million (2018: \$8 million) represents investment income, rental income and interest on loans.
 - (b) Other income of \$26 million (2018: \$17 million) is mainly comprised of gains on the revaluation of foreign currency assets and investment revaluation. This represents a \$9 million increase when compared to the same quarter in the prior year.
 - (c) Pension fund receivable of \$39 million (2018: \$74 million) represents amounts due to the group arising from the discontinuation of the defined-benefit pension fund. The reduction in the pension fund receivable is due to the transfer of the NROCC bond from the Gleaner Superannuation Fund to the company.

1834 INVESTMENTS LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
THREE (3) MONTHS ENDED JUNE 30, 2019

5. Group Financial Statements

The group financial statements for the three months ended June 30, 2019 include the company's only (2018: five) subsidiary - Selectco Publications Limited. As at the March 31, 2019, four (4) subsidiaries were legally dissolved. These included 1834 Investments (Canada) Inc., digjamaica.com Limited, Popular Printers Limited and Associated Enterprise Limited. The winding up process has commenced for the final subsidiary, Selectco Publications Limited.

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 June 30, 2019 was \$0.82; the opening price at April 1, 2019 was \$1.04. No dividend was declared during the quarter ended June 30, 2019.

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 \$2 million, representing share of profits (2018: \$2 million).

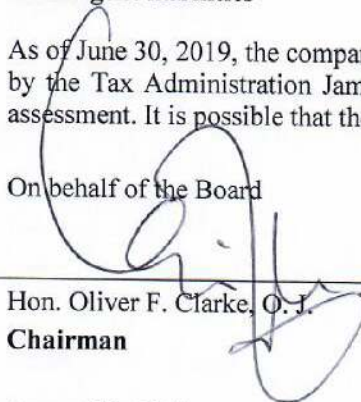
9. Assets held for sale

Management commenced the process of selling some of its investment properties during the prior and current period. Those investment properties are presented as assets held for sale. As at June 30, 2019, the company had only one property classified as assets held for sale.

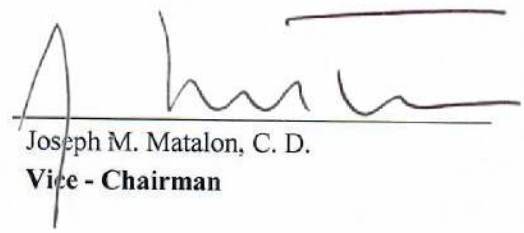
10. Contingent liabilities

As of June 30, 2019, 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. Oliver F. Clarke, O. J.
Chairman

August 22, 2019


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