

1834 INVESTMENTS LIMITED

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

SIX (6) MONTHS ENDED SEPTEMBER 30, 2019

1834 INVESTMENTS LIMITED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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1834 INVESTMENTS LIMITED
CONSOLIDATED INCOME STATEMENT
SIX (6) MONTHS ENDED SEPTEMBER 30, 2019

	Notes	Unaudited Six months September 2019 \$'000	Unaudited Six months September 2018 \$'000	Unaudited Three months September 2019 \$'000	Unaudited Three months September 2018 \$'000	Audited March 2019 \$'000
Revenue						
Operating income	4 (a)	12,647	15,145	6,978	6,913	27,867
Other income	4 (b)	63,910	35,792	37,792	18,653	27,220
		<u>76,557</u>	<u>50,937</u>	<u>44,770</u>	<u>25,566</u>	<u>55,087</u>
Administrative expenses		(17,945)	(9,503)	(13,477)	(3,397)	(24,359)
Other operating expenses		(17,356)	(16,011)	(8,503)	(8,840)	(46,031)
Impairment loss		-	-	-	-	(5,208)
Fair value loss on investment properties		-	-	-	-	(31,408)
		<u>(35,301)</u>	<u>(25,514)</u>	<u>(21,980)</u>	<u>(12,237)</u>	<u>(107,006)</u>
Profit/(loss) from operations		41,256	25,423	22,790	13,329	(51,919)
Finance cost		(1,452)	(109)	(239)	(68)	(98)
Profit/(loss) from operations before other income		39,804	25,314	22,551	13,261	(52,017)
Gain on liquidation of subsidiaries		-	-	-	-	58,786
Share of profit from interest in associate, net of tax	8	3,670	3,670	1,835	1,835	7,340
Profit from operations before taxation	3	43,474	28,984	24,386	15,096	14,109
Taxation charge		(8,593)	(3,304)	(7,850)	(762)	(8,563)
Profit for the period/year from operations		34,881	25,680	16,536	14,334	5,546
Dealt with in the financial statements of:						
Parent company		34,559	21,754	18,049	12,499	(15,562)
Subsidiaries		(3,348)	256	(3,348)	-	13,768
Associate		3,670	3,670	1,835	1,835	7,340
		<u>34,881</u>	<u>25,680</u>	<u>16,536</u>	<u>14,334</u>	<u>5,546</u>
Earnings per stock unit:						
Based on stock units in issue		<u>2.88¢</u>	<u>2.12¢</u>	<u>1.37¢</u>	<u>1.18¢</u>	<u>0.46¢</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
SIX (6) MONTHS ENDED SEPTEMBER 30, 2019

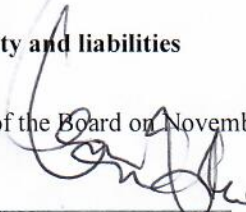
	Unaudited Six months September 2019 \$'000	Unaudited Six months September 2018 \$'000	Unaudited Three months September 2019 \$'000	Unaudited Three months September 2018 \$'000	Audited March 2019 \$'000
Profit for the period/year	<u>34,881</u>	<u>25,680</u>	<u>16,536</u>	<u>14,334</u>	<u>5,546</u>
Other 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>-</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)	<u>1,788</u>	<u>(2,106)</u>	<u>1,066</u>	<u>2,025</u>	<u>(16,574)</u>
Currency translation differences on foreign subsidiaries	<u>-</u>	<u>(78)</u>	<u>-</u>	<u>105</u>	<u>-</u>
	<u>1,788</u>	<u>(2,184)</u>	<u>1,066</u>	<u>2,130</u>	<u>(16,574)</u>
Other comprehensive profit / (loss) for the period/year, net of taxation	<u>1,788</u>	<u>(2,184)</u>	<u>1,066</u>	<u>2,130</u>	<u>(18,636)</u>
Total comprehensive income/(loss) for the period/year	<u><u>36,669</u></u>	<u><u>23,496</u></u>	<u><u>17,602</u></u>	<u><u>16,464</u></u>	<u><u>(13,090)</u></u>
Dealt with in the financial statements of:					
Parent company	36,347	24,198	19,115	14,942	(34,198)
Subsidiaries	(3,348)	(4,372)	(3,348)	(313)	13,768
Associate	3,670	3,670	1,835	1,835	7,340
	<u><u>36,669</u></u>	<u><u>23,496</u></u>	<u><u>17,602</u></u>	<u><u>16,464</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 SEPTEMBER 30, 2019

	Notes	Unaudited as at September 30, 2019 \$'000	Unaudited as at September 30, 2018 \$'000	Audited as at March 31, 2019 \$'000
NON-CURRENT ASSETS				
Property, plant and equipment		3,703	8,459	6,061
Investment properties		414,350	429,239	414,350
Long-term receivables		24,410	31,000	22,452
Interest in associate	8	309,131	301,791	305,461
Investments		330,126	323,485	290,678
Deferred tax assets		-	618	-
Total non-current assets		<u>1,081,720</u>	<u>1,094,592</u>	<u>1,039,002</u>
CURRENT ASSETS				
Cash and cash equivalents		203,103	66,428	90,247
Securities purchased under resale agreements		199,214	192,380	193,229
Trade and other receivables		85,714	20,573	23,381
Taxation recoverable		5,233	27,416	25,419
Assets held for sale		-	296,645	95,813
Pension fund receivable	4 (c)	-	75,093	81,792
Total current assets		<u>493,264</u>	<u>678,535</u>	<u>509,881</u>
Total assets		<u><u>1,574,984</u></u>	<u><u>1,773,127</u></u>	<u><u>1,548,883</u></u>
EQUITY & LIABILITIES				
EQUITY				
Share capital		605,622	605,622	605,622
Reserves		826,460	1,121,927	886,691
Total equity attributable to equity holders of parent		<u>1,432,082</u>	<u>1,727,549</u>	<u>1,492,313</u>
NON-CURRENT LIABILITY				
Deferred tax liability, being total non-current liability		1,223	19,133	17,495
CURRENT LIABILITY				
Accounts payable, being total current liability		141,679	26,445	39,075
Total equity and liabilities		<u><u>1,574,984</u></u>	<u><u>1,773,127</u></u>	<u><u>1,548,883</u></u>

On behalf of the Board on November 13, 2019 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
SIX (6) MONTHS ENDED SEPTEMBER 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	-	-	-	-	25,680	25,680
Other comprehensive loss:						
Fair value adjustments on available-for-sale investments	-	-	(2,106)	-	-	(2,106)
Currency translation differences on foreign subsidiaries	-	(78)	-	-	-	(78)
Other comprehensive loss for the period, net of taxation	-	(78)	(2,106)	-	-	(2,184)
Total comprehensive income/(loss) for the period, net taxation	-	(78)	(2,106)	-	25,680	23,496
Transfer on disposal of investment property	-	(18,610)	-	-	18,610	-
Balances at September 30, 2018	605,622	1,014,451	21,170	(149,157)	235,463	1,727,549
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	-	-	-	-	34,881	34,881
Other comprehensive income:						
Fair value adjustments on debt securities at fair value through other comprehensive income	-	-	1,788	-	-	1,788
Other comprehensive income for the period, net of taxation	-	-	1,788	-	-	1,788
Total comprehensive income for the period, net taxation	-	-	1,788	-	34,881	36,669
Transfers on the disposal of investment properties	-	(112,144)	-	-	112,144	-
Transactions with owners, recorded directly in equity						
Total distributions to owners	-	-	-	-	(96,900)	(96,900)
Balances as at September 30, 2019	605,622	428,100	6,613	(34,873)	426,620	1,432,082

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

1834 INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
SIX (6) MONTHS ENDED SEPTEMBER 30, 2019

	Unaudited Six (6) months ended September 30, 2019 \$'000	Unaudited Six (6) months ended September 30, 2018 \$'000	Audited Year ended March 31, 2019 \$'000
Note			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period/year	34,881	25,680	5,546
Adjustments for:			
Income tax charge	24,865	2,081	8,974
Depreciation	2,396	2,395	4,793
Deferred taxation	(16,272)	1,223	(411)
Interest income	(9,163)	(11,315)	(20,525)
Interest expense	1,452	-	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 (3,670)	(3,670)	(7,340)
Impairment loss	-	-	5,208
Gain on sale of assets held for sale	(5,983)	(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	28,506	15,481	(28,463)
Changes in:			
Trade and other receivables	(61,361)	12,361	(5,563)
Taxation recoverable	-	(14,902)	-
Securities purchased under resale agreements	(5,985)	(183,101)	(184,597)
Pension fund receivables	81,792	(771)	(7,470)
Accounts payable	102,604	(1,055)	14,047
Interest paid	(1,452)	-	(98)
Tax paid	(4,679)	(4,975)	(32,101)
Net cash provided by/ (used in) operations	139,425	(176,962)	(244,245)
Cash flows from investing activities			
Interest received	8,191	14,995	24,296
Additions to property, plant and equipment	(38)	-	-
Proceeds from sale of assets held for sale	101,812	20,913	201,639
Investments, net	(37,676)	143,962	154,195
Long-term receivable	(1,958)	(4,109)	4,439
Net cash provided by investing activities	70,331	175,761	384,569
Cash flows from financing activity			
Dividends paid, being net cash used in financing activity	(96,900)	-	(117,706)
Net increase/(decrease) in cash and cash equivalents	112,856	(1,201)	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	203,103	66,428	90,247
Represented by:			
Cash and cash equivalents	203,103	66,428	90,247

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

1834 INVESTMENTS LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
SIX (6) MONTHS ENDED SEPTEMBER 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 financials' 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 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)
SIX (6) MONTHS ENDED SEPTEMBER 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 six months ended September 30, 2019 shows a profit from operations before taxation of approximately \$43 million (2018: \$29 million).
4. In comparing the financial statements for the six months period ended September 30, 2019 with those of the comparative period, the following should be noted:
 - (a) Operating income of \$13 million (2018: \$15 million) represents investment income, rental income and interest on loans.
 - (b) Other income of \$64 million (2018: \$36 million) is mainly comprised of gains on the revaluation of foreign currency assets, gains on disposal of investment and investment revaluation.
 - (c) Pension fund receivable of \$Nil (2018: \$75 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 sale of the NROCC bond and the sale of the units in the Pension's Property Investment Trust. The proceeds from the sale were used to settle the receivable.

1834 INVESTMENTS LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
SIX (6) MONTHS ENDED SEPTEMBER 30, 2019

5. Group Financial Statements

The group financial statements for the six months ended September 30, 2019 include the company's only subsidiary Selectco Publications Limited. As at 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 for the remaining dormant subsidiary, Selectco Publications Limited has commenced.

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 September 30, 2019 was \$1.10; the opening price at April 1, 2019 was \$1.04. The company declared an interim capital distribution of 8 cents per stock unit during the quarter ended September 30, 2019 payable on October 4, 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 \$4 million (2018: \$4 million), representing share of profits.

9. Contingent liabilities

As of September 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.