

**Radio Jamaica Limited**

**Unaudited Financial Statements  
Quarter Ended 30 June 2012**

# **Radio Jamaica Limited**

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**Quarter Ended 30 June 2012**

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## Radio Jamaica Limited

### Interim Report to Stockholders

The directors present the un-audited results of the group for the 1st Quarter ended June 30, 2012.

Acquisition of a major television content portfolio led the RJR Communications Group to record first quarter net losses of \$25.36M, down on the \$7.6M net profit recorded for the corresponding period at June 2011. The acquisition, done largely by the Television division created an up front, short term loss due to cost allocation based on usage. However, the strategic programming content will extend several years into the future, when greater time- to-market and more favourable market conditions are projected to more than compensate in boosting revenues and profitability of the high value products.

A significant spending shift away from direct media purchase, largely to "Jamaica 50" event sponsorship, which had indirect media spend and exposure, resulted in revenues of \$411M for the quarter ended June 2012 which was 2.7% or \$11.27M below prior year. In addition to the mentioned major shift factor, spot sales were also down as weak economic conditions led to a reduction in new products being launched.

However, the Group's strategic shift last year to invest more in hard currency market penetration has started to bear fruit as income from international partners and our websites have shown financial growth in excess of 100% or \$18.8M. The continued expansion of the Group's reach to the diaspora with real-time and on-the-go radio and television services should lead to further growth in revenues in subsequent periods.

Direct expenses for the quarter of \$185.17M increased by \$11.39M or 6.6% due to the strategic acquisition of broadcast rights and talent fees at a higher than projected short term level, but with much greater potential for financial success to come in the medium to long term.

Other income generated \$17.7M for the quarter compared to \$27.3M in prior year, resulting in a shortfall of \$9.6M mainly due to reduction in site rental from mobile tower rental income, reduction in interest income due to the significant cash being employed in the strategic content acquisition and the start of a major transmission redevelopment project in western Jamaica.

Selling expenses for the quarter of \$76M increased over prior year by \$2.1M or 2.9% due to increased market research charges to assist management in fact-based decision making and increased commissions based on greater than prior year success in collection of commissionable revenues.

Administrative expenses for the 1<sup>st</sup> quarter were lower than prior year by \$1.2M or 1.2% due to savings realized from a re-negotiation of some contracts and licence fees.

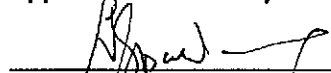
Operating expenses for the first quarter increased by \$9M or 11.6%, mainly due to a decision to close-out of a lease agreement early which will result in medium term financial savings. Increased electricity cost was driven by the increase in fuel & IPP charges.

Finance costs of \$1.2M fell by \$2.1M or 63% due to improved premium financings rates, renegotiation of interest rates on existing loans and pay-out of leases and loans at non-competitive interest rates.

Shareholders' equity at June 2012 was \$1.24B. Long term loans and leases reduced by \$2.9M or 19% over the past three months to June 30, 2012.

The Group's Earnings Per Share (EPS) for the 1<sup>st</sup> quarter were -7cents compared with 2cents in 1<sup>st</sup> quarter last year.

**Approved for issue by the board of Directors on August 15, 2012 and signed on its behalf by:**



J.A. Lester Spaulding

Director



Carl D. Domville

Director

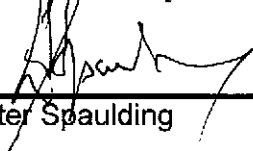
**Consolidated Statement of Comprehensive Income (Unaudited)**  
**Quarter Ended 30 June 2012**

Current Quarter 3 Months to 30/06/12 \$'000	Prior Year Quarter 3 Months to 30/06/11 \$'000	Note	Year-to-Date 3 Months to 30/06/12 \$'000	Prior Year-to-date 3 Months to 30/06/11 \$'000
411,084	422,349	2	411,084	422,349
(185,167)	(173,777)		(185,167)	(173,777)
<b>225,918</b>	<b>248,571</b>		<b>225,918</b>	<b>248,571</b>
17,701	27,310	3	17,701	27,310
(76,436)	(74,308)		(76,436)	(74,308)
(103,706)	(104,946)		(103,706)	(104,946)
(87,004)	(77,992)		(87,004)	(77,992)
<b>(23,527)</b>	<b>18,635</b>		<b>(23,527)</b>	<b>18,635</b>
(1,248)	(3,379)		(1,248)	(3,379)
<b>(24,775)</b>	<b>15,256</b>		<b>(24,775)</b>	<b>15,256</b>
(590)	(7,650)		(590)	(7,650)
<b>(25,365)</b>	<b>7,606</b>		<b>(25,365)</b>	<b>7,606</b>
<u>(25,365)</u>	<u>7,606</u>		<u>(25,365)</u>	<u>7,606</u>
<u>(\$0.07)</u>	<u>\$0.02</u>	4	<u>(\$0.07)</u>	<u>\$0.02</u>

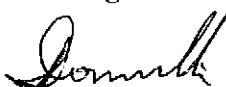
**Consolidated Balance Sheet (Unaudited)**  
**Quarter Ended 30 June 2012**

		June	Audited	June
	Note	2012	March 2012	2011
		\$'000	\$'000	\$'000
<b>Non-Current Assets</b>				
Fixed assets		686,000	669,568	679,926
Intangible assets	5	37,261	37,978	40,131
Retirement benefit assets		195,813	195,813	175,554
Deferred tax asset		717	0	555
Investment securities		9,114	8,182	7,243
<b>Current Assets</b>				
Inventories		71,601	73,759	62,083
Receivables	6	503,204	407,963	450,612
Taxation recoverable		4,770	4,215	6,450
Cash and short term investments		159,032	265,029	256,730
		738,607	750,966	775,875
<b>Current Liabilities</b>				
Payables		221,303	179,161	205,835
Taxation payable		37,243	46,860	60,883
Bank overdraft		-	-	-
		258,546	226,021	266,718
<b>Net Current Assets</b>		<b>480,061</b>	<b>524,945</b>	<b>509,157</b>
		<b>1,408,965</b>	<b>1,436,486</b>	<b>1,412,565</b>
<b>Stockholders' Equity</b>				
Share capital	7	467,656	467,656	467,656
Retained earnings		775,173	800,538	755,732
		1,242,829	1,268,194	1,223,388
<b>Non-Current Liabilities</b>				
Finance lease obligations		-	0	0
Long term loans		12,423	15,351	49,195
Deferred tax liabilities		126,561	125,789	119,284
Retirement benefit obligations		27,152	27,152	20,698
		1,408,965	1,436,486	1,412,565

Approved for issue by the Board of Directors on 15 August 2012 and signed on its behalf by:

  
 J.A. Lester Spaulding

Director

  
 Carl D. Domville

Director

## Radio Jamaica Limited

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### Consolidated Statement of Changes in Equity (Unaudited) Quarter Ended 30 June 2012

	Attributable to Stockholders of the Company		Total	
	Number of Shares '000	Share Capital \$'000		Retained Earnings \$'000
<b>Balance at 31 March 2010</b>	349,413	467,656	656,882	1,124,538
Total comprehensive income			132,828	132,828
Treasury shares sold	741			
Ordinary dividends			(41,584)	(41,584)
<b>Balance at 31 March 2011</b>	350,154	467,656	748,126	1,215,782
Total comprehensive income			87,407	87,407
Ordinary dividends			(34,995)	(34,995)
<b>Balance at 31 March 2012</b>	350,154	467,656	800,538	1,268,194
Total comprehensive income			(25,365)	(25,365)
<b>Balance at 30 June 2012</b>	<b>350,154</b>	<b>467,656</b>	<b>775,173</b>	<b>1,242,829</b>
<b>Balance at 31 March 2011</b>	350,154	467,656	748,126	1,215,782
Total comprehensive income			7,606	7,606
<b>Balance at 30 June 2011</b>	<b>350,154</b>	<b>467,656</b>	<b>755,732</b>	<b>1,223,388</b>

**Consolidated Cash Flow (Unaudited)**  
**Quarter Ended 30 June 2012**

	<b>June 2012 \$'000</b>	<b>June 2011 \$'000</b>
<b>CASH RESOURCES WERE (USED IN)/PROVIDED BY:</b>		
<b>Operating Activities</b>		
Net profit/(loss)	(25,365)	7,606
Items not affecting cash resources	27,377	37,588
	<u>2,012</u>	<u>45,194</u>
Changes in non-cash working capital components	(60,628)	(88,734)
Cash provided by operations	<u>(58,616)</u>	<u>(43,540)</u>
<b>Investing Activities</b>		
Cash used in investing activities	(41,519)	(783)
<b>Financing Activities</b>		
Cash used in financing activities	<u>(5,862)</u>	<u>(29,940)</u>
(Decrease)/Increase in cash and cash equivalents	(105,997)	(74,263)
Net cash and cash equivalents at beginning of year	<u>265,029</u>	<u>330,993</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><u>159,032</u></u>	<u><u>256,730</u></u>

**Company Statement of Comprehensive Income (Unaudited)  
Quarter Ended 30 June 2012**

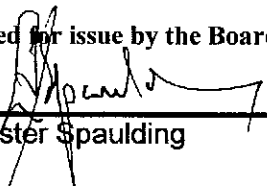
<b>Current Quarter 3 Months to 30/06/12</b>	<b>Prior Year Quarter 3 Months to 30/06/11</b>		<b>Year-to-Date Quarter 3 Months to 30/06/12</b>	<b>Prior Year Quarter 3 Months to 30/06/11</b>
<b>\$'000</b>	<b>\$'000</b>		<b>\$'000</b>	<b>\$'000</b>
156,747	166,247	<b>Revenue</b>	156,747	166,247
<u>(61,572)</u>	<u>(57,813)</u>	Direct expenses	<u>(61,572)</u>	<u>(57,813)</u>
<b>95,174</b>	<b>108,434</b>	<b>Gross Profit</b>	<b>95,174</b>	<b>108,434</b>
29,846	25,861	Other income	29,846	25,861
(33,219)	(33,234)	Selling expenses	(33,219)	(33,234)
(47,276)	(48,750)	Administration expenses	(47,276)	(48,750)
<u>(40,114)</u>	<u>(37,395)</u>	Other operating expenses	<u>(40,114)</u>	<u>(37,395)</u>
<b>4,411</b>	<b>14,916</b>	<b>Operating Profit/(Loss)</b>	<b>4,411</b>	<b>14,916</b>
<u>(881)</u>	<u>(1,146)</u>	Finance costs	<u>(881)</u>	<u>(1,146)</u>
<b>3,530</b>	<b>13,770</b>	<b>Profit/(Loss) before Taxation</b>	<b>3,530</b>	<b>13,770</b>
<u>(113)</u>	<u>(4,753)</u>	Taxation	<u>(113)</u>	<u>(4,753)</u>
<b>3,417</b>	<b>9,017</b>	<b>Net Profit/Total Comprehensive Income</b>	<b>3,417</b>	<b>9,017</b>

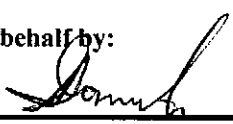


**Company Balance Sheet (Unaudited)**  
**Quarter Ended 30 June 2012**

	June 2012 \$'000	Audited March 2012 \$'000	June 2011 \$'000
<b>Non-Current Assets</b>			
Fixed assets	281,709	286,146	290,651
Retirement benefit asset	180,723	180,723	163,236
Investment in subsidiaries	121,513	121,513	121,513
Long term receivables	2,950	2,950	2,950
Investment securities	9,114	8,182	7,243
<b>Current Assets</b>			
Inventories	22,382	22,135	17,020
Due from subsidiaries	481,707	370,410	49,195
Receivables	195,253	164,999	195,340
Taxation recoverable	4,502	3,918	5,429
Cash and short term investments	152,177	260,131	259,280
	856,020	821,593	526,264
<b>Current Liabilities</b>			
Payables	123,934	94,164	112,639
Taxation payable	18,945	20,435	20,918
	142,879	114,599	133,557
<b>Net Current Assets</b>	713,141	706,994	392,707
	<u>1,309,151</u>	<u>1,306,508</u>	<u>978,301</u>
<b>Equity</b>			
Share capital	467,656	467,656	467,656
Retained earnings	748,199	744,782	419,774
	1,215,855	1,212,438	887,430
<b>Non-Current Liabilities</b>			
Long term loans	12,423	13,310	15,972
Deferred tax liabilities	61,852	61,739	59,951
Retirement benefit obligations	19,021	19,021	14,948
	<u>1,309,151</u>	<u>1,306,508</u>	<u>978,301</u>

Approved for issue by the Board of Directors on 15 August 2012 and signed on its behalf by:

  
 J.A. Lester Spaulding Director

  
 Carl D. Domville Director

**Company Statement of Changes in Equity (Unaudited)**  
**Quarter Ended 30 June 2012**

	Attributable to Stockholders of the Company		Total	
	Number of Shares	Share Capital		Retained Earnings
	'000	\$'000	\$'000	
<b>Balance at 31 March 2010</b>	<b>349,413</b>	<b>467,656</b>	<b>371,435</b>	<b>839,091</b>
Total comprehensive income			80,906	80,906
Treasury shares sold	741			
Ordinary dividends			(41,584)	(41,584)
<b>Balance at 31 March 2011</b>	<b>350,154</b>	<b>467,656</b>	<b>410,757</b>	<b>878,413</b>
Total comprehensive income			369,020	369,020
Ordinary dividends			(34,995)	(34,995)
<b>Balance at 31 March 2012</b>	<b>350,154</b>	<b>467,656</b>	<b>744,782</b>	<b>1,212,438</b>
Total comprehensive income			3,417	3,417
<b>Balance at 30 June 2012</b>	<b>350,154</b>	<b>467,656</b>	<b>748,199</b>	<b>1,215,855</b>
<b>Balance at 31 March 2011</b>	<b>350,154</b>	<b>467,656</b>	<b>410,757</b>	<b>878,413</b>
Total comprehensive income			9,017	9,017
<b>Balance at 30 June 2011</b>	<b>350,154</b>	<b>467,656</b>	<b>419,774</b>	<b>887,430</b>

**Company Cash Flow (Unaudited)**  
**Quarter Ended 30 June 2012**

	<b>June 2012 \$'000</b>	<b>June 2011 \$'000</b>
<b>Cash Flows from Operating Activities</b>		
<b>Operating Activities</b>	3,417	9,017
Items not affecting cash resources	(3,787)	11,423
	<u>(370)</u>	<u>20,439</u>
Changes in non-cash working capital components	(114,102)	(82,198)
Cash provided by operating activities	(114,472)	(61,759)
<b>Investing Activities</b>		
Cash (used in)/ provided by investing activities	8,742	3,899
<b>Financing Activities</b>		
Net cash used in financing activities	(2,224)	(8,908)
(Decrease)/Increase in cash and cash equivalents	(107,954)	(66,768)
Cash and cash equivalents at beginning of year	<u>260,131</u>	<u>326,048</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u><u>152,177</u></u>	<u><u>259,280</u></u>

**Segment Report (Unaudited)**  
**Quarter Ended 30 June 2012**

	<b>Audio Visual \$'000</b>	<b>Radio and Other \$'000</b>	<b>Sub-total \$'000</b>	<b>Eliminations \$'000</b>	<b>Total \$'000</b>
<b>JUNE 2012</b>					
Revenues	265,846	173,200	439,047	(27,962)	411,084
Operating profit	(19,208)	6,398	(12,810)	(10,717)	(23,527)
Assets	775,858	1,546,575	2,322,433	(654,922)	1,667,511
Liabilities	648,141	253,390	901,531	(476,849)	424,682
Capital expenditure	40,937	4,020	44,957		44,957
Depreciation & amortisation	20,226	9,016	29,242		29,242
Finance costs	367	881	1,248		1,248
<b>JUNE 2011</b>					
Revenues	262,364	183,821	446,185	(23,836)	422,349
Operating Profit	189	18,446	18,635		18,635
Assets	931,432	1,213,242	2,144,674	(465,391)	1,679,283
Liabilities	508,738	236,628	745,366	(289,471)	455,895
Capital expenditure	4,853	878	5,731		5,731
Depreciation & amortisation	19,625	9,882	29,507		29,507
Finance costs	2,233	1,146	3,379		3,379

**Notes to the financial statements**  
**Quarter Ended 30 June 2012**

NOTES

1. This condensed consolidated interim financial report has been prepared in accordance with IAS 34 Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance of the group since the last audited annual consolidated financial statements as at and for the year ended March 2012. The accounting policies followed in the interim financial statements are consistent with the most recent annual report.
2. Revenue comprises the sale of airtime, programme material, web fees and the rental of studios and equipment, net of General Consumption Tax.
3. Other operating income represents interest income, net foreign exchange (losses)/gains, profit on sale of fixed assets, net unrealized losses/gains on revaluation of investment securities classified at fair value through profit and loss, road parties and rental income
4. The calculation of earnings per stock unit is based on net profit and 357,467,991 ordinary stock units in issue.
5. This figure is inclusive of Goodwill and Brand values net of amortisation.
6. Receivables consists of trade receivables, prepayments and other receivables
7. Share capital includes treasury share that are held by the RJR Employee Scheme. There are no outstanding share options arising from the provisions of this scheme.