

**Radio Jamaica Limited**

**Unaudited Financial Statements  
Quarter Ended 31 December 2012**

# Radio Jamaica Limited

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Quarter Ended 31 December 2012

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Directors' interim report to Shareholders

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## Radio Jamaica Limited

### Interim Report to Stockholders

The directors present the un-audited results of the group for the 3rd Quarter ended December 31, 2012.

The Group recorded after tax profits for the October to December 2012 quarter of \$37.7M yielding an EPS of 11cent that was sufficient to reverse the year-to-date losses recorded for the previous two quarters. The after tax profits for the Group's third quarter last year were \$50.6M. The continued deterioration of the country's economic conditions, depreciation of the local currency, passage of Hurricane Sandy and jitters in the market caused from the inability of the government to secure an IMF agreement collectively had a negative impact on business confidence and significantly curtailed the spending that is normally done during the Christmas period. This had a negative impact on earnings and profitability for the quarter ended December 31, 2012.

Year-to-date revenues of \$1.36B were \$50.2M or 3.5% below the corresponding period last year due primarily to the economic conditions.

Revenues were \$474.6M for the quarter compared to \$495.8M in prior year; a reduction in spot sales of 4% or \$21.2M mainly as a result of income earned from spots advertising from the general elections held in the previous year. Other income of \$22.8M for the quarter was more than twice that of prior year as a result of new transmitter rentals.

Direct costs for the third quarter was \$173.6M which was 7.2% or \$11.7M above that of prior year mainly due to rights fees for new sporting properties aired.

Selling expenses for the quarter of \$87M was on par with that of prior year.

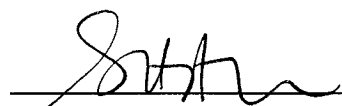
Administrative expenses for the 3rd quarter increased by \$12.6M or 13.8% over prior year was mainly due to bad-debt recoveries in previous year not realized this year as well as annual salary increases and increased cost of insurance.

The reduction of \$834K or 1% in operating expenses for the 3<sup>rd</sup> quarter when compared with prior year was mainly due to renegotiated rates for satellite and service contracts and a reduction in the replacement of spare parts.

Finance costs of \$824K fell by \$907K or 52% due to renegotiation of interest rates on existing loans.

Shareholders' equity as at December 31, 2012 was \$1.2B. Cash and short term investment as at December 31, 2012 was \$117M which is a reduction of 56% since March 31, 2012 primarily due to acquisition of fixed assets and sporting broadcast rights.

**Approved for issue by the Board of Directors on February 15, 2013 and signed on its behalf by:**



Gary Allen

Director



Carl D. Domville

Director

**Consolidated Statement of Comprehensive Income (Unaudited)**  
**Quarter Ended 31 December 2012**


Current Quarter 3 Months to 31/12/12	Prior Year Quarter 3 Months to 31/12/11	Note	Year-to-Date 9 Months to 31/12/12	Prior Year-to-date 9 Months to 31/12/11
\$'000	\$'000		\$'000	\$'000
474,615	495,841	2	1,364,725	1,414,882
(173,587)	(161,927)		(584,221)	(547,246)
<b>301,028</b>	<b>333,915</b>		<b>780,503</b>	<b>867,636</b>
22,838	10,561	3	55,270	52,937
(87,034)	(86,371)		(240,514)	(239,319)
(104,682)	(92,019)		(310,568)	(294,810)
(83,836)	(84,670)		(254,674)	(247,680)
<b>48,314</b>	<b>81,414</b>		<b>30,017</b>	<b>138,763</b>
(824)	(1,731)		(3,738)	(7,924)
<b>47,490</b>	<b>79,684</b>		<b>26,279</b>	<b>130,839</b>
(9,798)	(29,127)		(11,637)	(49,042)
<b>37,693</b>	<b>50,556</b>		<b>14,642</b>	<b>81,797</b>
<b>Attributable to:</b>				
<b>37,693</b>	<b>50,556</b>		<b>14,642</b>	<b>81,797</b>
<b>Earnings per Ordinary Stock Unit</b>				
<b>Attributable to Stockholders of</b>				
<b>\$0.11</b>	<b>\$0.14</b>	4	<b>\$0.04</b>	<b>\$0.23</b>

**Consolidated Balance Sheet (Unaudited)**  
**Quarter Ended 31 December 2012**

		December	Audited	December
	Note	2012 \$'000	March 2012 \$'000	2011 \$'000
<b>Non-Current Assets</b>				
Fixed assets		675,430	669,568	669,440
Intangible assets	5	119,378	37,978	38,696
Retirement benefit assets		195,813	195,813	175,554
Deferred tax asset		749	-	799
Investment securities		10,995	8,182	7,451
<b>Current Assets</b>				
Inventories		75,327	73,759	83,317
Receivables		432,498	407,963	399,721
Taxation recoverable		8,470	4,215	12,624
Cash and short term investments		117,306	265,029	307,400
		633,601	750,966	803,063
<b>Current Liabilities</b>				
Payables		172,336	179,161	193,738
Taxation payable		50,155	46,860	85,106
		222,491	226,021	278,844
<b>Net Current Assets</b>		411,110	524,945	524,219
		1,413,474	1,436,486	1,416,158
<b>Stockholders' Equity</b>				
Share capital	6	467,656	467,656	467,656
Retained earnings		786,582	800,538	794,176
		1,254,238	1,268,194	1,261,832
<b>Non-Current Liabilities</b>				
Long term loans		10,646	15,351	19,003
Deferred tax liabilities		121,437	125,789	114,625
Retirement benefit obligations		27,152	27,152	20,698
		1,413,474	1,436,486	1,416,158

Approved for issue by the Board of Directors on 15 February 2013 and signed on its behalf by:

  
 Gary Allen  
 Director

  
 Carl D. Domville  
 Director

**Radio Jamaica Limited**

**Consolidated Statement of Changes in Equity (Unaudited)  
Quarter Ended 31 December 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			14,642	14,642
Ordinary dividends			(28,598)	(28,598)
<b>Balance at 31 December 2012</b>	<b>350,154</b>	<b>467,656</b>	<b>786,582</b>	<b>1,254,238</b>
<b>Balance at 31 March 2011</b>	350,154	467,656	748,126	1,215,782
Total comprehensive income			81,797	81,797
Ordinary dividends			(35,748)	(35,748)
<b>Balance at 31 December 2011</b>	<b>350,154</b>	<b>467,656</b>	<b>794,176</b>	<b>1,261,832</b>

**Consolidated Cash Flow (Unaudited)**  
**Quarter Ended 31 December 2012**

	<b>December 2012 \$'000</b>	<b>December 2011 \$'000</b>
<b>CASH RESOURCES WERE (USED IN)/PROVIDED BY:</b>		
<b>Operating Activities</b>		
Net profit	14,642	81,797
Items not affecting cash resources	83,805	158,094
	<u>98,447</u>	<u>239,891</u>
Changes in non-cash working capital components	(42,610)	(120,611)
Cash provided by operations	<u>55,837</u>	<u>119,280</u>
<b>Investing Activities</b>		
Cash used in investing activities	(155,810)	(63,225)
<b>Financing Activities</b>		
Cash used in financing activities	<u>(47,750)</u>	<u>(79,648)</u>
Decrease in cash and cash equivalents	(147,723)	(23,593)
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>117,306</u></u>	<u><u>307,400</u></u>

**Company Statement of Comprehensive Income (Unaudited)  
Quarter Ended 31 December 2012**

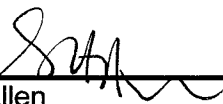
Current Quarter 3 Months to 31/12/12	Prior Year Quarter 3 Months to 31/12/11		Year-to-Date Quarter 9 Months to 31/12/12	Prior Year Quarter 9 Months to 31/12/11
\$'000	\$'000		\$'000	\$'000
159,782	188,237	<b>Revenue</b>	491,649	510,190
<u>(57,923)</u>	<u>(60,271)</u>	Direct expenses	<u>(189,207)</u>	<u>(173,175)</u>
<b>101,859</b>	<b>127,966</b>	<b>Gross Profit</b>	<b>302,441</b>	<b>337,015</b>
26,121	13,477	Other income	73,751	57,440
(31,817)	(35,371)	Selling expenses	(98,084)	(99,309)
(47,444)	(44,546)	Administration expenses	(139,532)	(132,484)
<u>(39,100)</u>	<u>(41,594)</u>	Other operating expenses	<u>(118,214)</u>	<u>(121,619)</u>
<b>9,618</b>	<b>19,932</b>	<b>Operating Profit</b>	<b>20,362</b>	<b>41,043</b>
<u>(479)</u>	<u>(1,003)</u>	Finance costs	<u>(1,990)</u>	<u>(3,058)</u>
<b>9,139</b>	<b>18,928</b>	<b>Profit before Taxation</b>	<b>18,372</b>	<b>37,985</b>
<u>(1,955)</u>	<u>(6,369)</u>	Taxation	<u>(3,282)</u>	<u>(11,711)</u>
<b>7,184</b>	<b>12,559</b>	<b>Net Profit/Total Comprehensive Income</b>	<b>15,090</b>	<b>26,274</b>



**Company Balance Sheet (Unaudited)  
Quarter Ended 31 December 2012**

	December 2012 \$'000	Audited March 2012 \$'000	December 2011 \$'000
<b>Non-Current Assets</b>			
Fixed assets	277,574	286,146	292,649
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	10,995	8,182	7,451
<b>Current Assets</b>			
Inventories	23,985	22,135	25,003
Due from subsidiaries	488,008	370,410	-3,282
Receivables	177,859	164,999	148,248
Taxation recoverable	6,625	3,918	8,698
Cash and short term investments	114,662	260,131	299,804
	811,139	821,593	478,471
<b>Current Liabilities</b>			
Payables	95,310	94,164	87,605
Taxation payable	21,888	20,435	23,100
	117,198	114,599	110,705
<b>Net Current Assets</b>	<b>693,941</b>	<b>706,994</b>	<b>367,766</b>
	<b>1,287,696</b>	<b>1,306,508</b>	<b>955,565</b>
<b>Equity</b>			
Share capital	467,656	467,656	467,656
Retained earnings	731,273	744,782	401,284
	1,198,929	1,212,438	868,940
<b>Non-Current Liabilities</b>			
Long term loans	10,646	13,310	13,902
Deferred tax liabilities	59,099	61,739	57,775
Retirement benefit obligations	19,021	19,021	14,948
	1,287,696	1,306,508	955,565

Approved for issue by the Board of Directors on 15 February 2013 and signed on its behalf by:

  
 Gary Allen Director

  
 Carl D. Domville Director

**Company Statement of Changes in Equity (Unaudited)**  
**Quarter Ended 31 December 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>467,636</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>467,636</b>	<b>744,782</b>	<b>1,212,438</b>
Total comprehensive income			15,090	15,090
Ordinary dividends			(28,598)	(28,598)
<b>Balance at 31 December 2012</b>	<b>350,154</b>	<b>467,636</b>	<b>731,273</b>	<b>1,198,929</b>
<b>Balance at 31 March 2011</b>	<b>350,154</b>	<b>467,636</b>	<b>410,757</b>	<b>878,413</b>
Total comprehensive income			26,274	26,274
Ordinary dividends			(35,748)	(35,748)
<b>Balance at 31 December 2011</b>	<b>350,154</b>	<b>467,636</b>	<b>401,284</b>	<b>868,940</b>

**Company Cash Flow (Unaudited)**  
**Quarter Ended 31 December 2012**

	<b>December 2012 \$'000</b>	<b>December 2011 \$'000</b>
<b>Cash Flows from Operating Activities</b>		
<b>Operating Activities</b>		
Net profit	15,090	26,274
Items not affecting cash resources	14,077	31,329
	<u>29,167</u>	<u>57,603</u>
Changes in non-cash working capital components	(139,205)	(33,780)
Cash provided by operating activities	(110,038)	23,823
<b>Investing Activities</b>		
Cash provided by/(used in) investing activities	433	(6,406)
<b>Financing Activities</b>		
Net cash used in financing activities	(35,864)	(43,661)
Decrease in cash and cash equivalents	(145,469)	(26,244)
Cash and cash equivalents at beginning of year	260,131	326,048
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u><u>114,662</u></u>	<u><u>299,804</u></u>

**Segment Report (Unaudited)**  
**Quarter Ended 31 December 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>DECEMBER 2012</b>					
Revenues	907,317	543,904	1,451,221	(86,495)	1,364,725
Operating profit	16,426	25,744	42,170	(12,152)	30,017
Assets	720,739	1,507,480	2,228,219	(592,253)	1,635,966
Liabilities	658,162	218,952	877,113	(495,387)	381,726
Capital expenditure	66,838	22,227	89,065		89,065
Depreciation & amortisation	58,826	26,529	85,355		85,355
Finance costs	1,734	2,004	3,738		3,738
<b>DECEMBER 2011</b>					
Revenues	924,820	563,283	1,488,103	(73,221)	1,414,882
Operating Profit	92,150	46,613	138,763		138,763
Assets	707,266	1,168,067	1,875,333	(180,331)	1,695,002
Liabilities	228,646	384,855	613,501	(180,331)	433,170
Capital expenditure	30,917	19,641	50,558		50,558
Depreciation & amortisation	59,130	27,125	86,255		86,255
Finance costs	4,855	3,069	7,924		7,924

**Notes to the financial statements**  
**Quarter Ended 31 December 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 and acquisition of sporting broadcast rights.
6. 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.