

Radio Jamaica Limited

**Unaudited Financial Statements
Quarter Ended 31 December 2013**

Radio Jamaica Limited

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Quarter Ended 31 December 2013

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Directors' interim report to Shareholders

Unaudited Financial Statements

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Interim Report to Stockholders

The directors present the un-audited results of the group for its 3rd Quarter ended December 31, 2013.

While the media industry continues to be challenged in this economic environment, the Group recorded a further improvement in profitability of \$43.2M to end the nine month period with a profit of \$57.9M more than tripling the \$14.6M net profit recorded for the similar period last year. This 3rd quarter result exceeded both the \$13M earned in the 2nd quarter ended September 2013 and the \$37.7M earned in the 3rd quarter last year. The improvement was driven by increased sponsorship of sporting events and on-going repackaging of the Group's products and services to better meet the needs of our various clients.

Revenues for the 3rd quarter were \$507.9M, an increase of \$33M or 7% over the comparable quarter last year. Strategic programming which included the acquisition of the broadcast rights of "The Voice" for both Cable and free-to-air television resulted in improved viewership and revenues in this quarter. Earnings in the other income category for the 3rd quarter was \$20.9M being flat when compared to the \$22.8M earned in the prior period.

Direct expenses for the quarter increased by \$15M or 8.7% due to the high cost of broadcast rights for the final matches in the World Cup qualifying football competition which failed to secure advertising and sponsorship support due to the underperformance of the national football team. Selling expenses of \$87M were consistent with that of prior year. Other operating expenses were higher by \$8M or 9.7% due to repairs at transmitter sites not required to be carried out in the similar period last year. Administration expenses were lower by \$4.7M or 4.5% due to internal reorganization that lead to greater internal efficiencies and expense control.

Finance costs of \$5M increased by \$4.2M primarily due to new loans and leases acquired to finance the previously announced long term acquisition of sporting broadcast rights and capital equipment.

The group's earnings per share for the nine months ended December 31, 2013 was \$0.16 which surpassed the \$0.04 earned for the comparative period.

Shareholders' equity as at December 31, 2013 was \$1.3B. New long term leases were acquired to finance acquisition of broadcast vehicles. Over the past nine months to December 31, 2013 long term loans increased by \$62M due to the commissioning of a new digital studio for TVJ in November 2013.

Corporate Responsibility

We continue to build the communities we serve. On October 10, 2013 we finalized and handed-over the rehabilitated Annotto Bay hospital in St. Mary that was damaged by Hurricane Sandy in October 2012. Also, since 1985 RJR Group has supported the Golden Age Home and specifically Cluster C with products and services for the residents as well as ad hoc maintenance of the facilities. In December 2013, we hosted a Christmas Concert and Wellness Fair for the residents and staff of Golden Age Home Cluster C in Kingston 3.

Approved for issue by the Board of Directors on February 14, 2014 and signed on its behalf by:

Carl D. Domville Director

Gary Allen Director

Consolidated Statement of Comprehensive Income (Unaudited)
Quarter Ended 31 December 2013

Current Quarter	Prior Year Quarter			Year-to-Date	Prior Year-to-date
3 Months to	3 Months to	Note		9 Months to	9 Months to
31/12/13	31/12/12			31/12/13	31/12/12
\$'000	\$'000			\$'000	\$'000
507,938	474,615	2	Revenue	1,406,522	1,364,725
(188,667)	(173,587)		Direct expenses	(628,448)	(584,221)
319,271	301,029		Gross Profit	778,074	780,503
20,945	22,838	3	Other income	73,121	55,270
(87,333)	(87,034)		Selling expenses	(231,735)	(240,514)
(99,954)	(104,682)		Administration expenses	(282,841)	(310,568)
(91,987)	(83,836)		Other operating expenses	(249,035)	(254,674)
60,942	48,315		Operating Profit	87,586	30,017
(5,050)	(824)		Finance costs	(15,936)	(3,738)
55,892	47,490		Profit before Taxation	71,650	26,279
(12,661)	(9,798)	4	Taxation	(13,799)	(11,637)
43,232	37,693		Net Profit	57,851	14,642
			Attributable to:		
			Stockholders of the company	57,851	14,642
			Earnings per Ordinary Stock Unit		
			Attributable to Stockholders of		
		5	the Company	\$0.16	\$0.04

Radio Jamaica Limited


**Consolidated Balance Sheet (Unaudited)
Quarter Ended 31 December 2013**

		December	Audited	December
	Note	2013 \$'000	March 2013 \$'000	2012 \$'000
Non-Current Assets				
Fixed assets		858,025	666,646	675,430
Intangible assets	6	83,553	83,553	119,378
Retirement benefit assets		215,592	215,592	195,813
Deferred tax asset		944	-	749
Investment securities		14,639	11,416	10,995
Current Assets				
Inventories		77,195	74,303	75,327
Receivables	7	492,581	419,539	432,498
Taxation recoverable		1,241	2,426	8,470
Cash and short term investments		164,669	316,678	117,306
		735,686	812,946	633,601
Current Liabilities				
Payables		242,627	271,817	172,336
Taxation payable		7,648	4,445	50,155
		250,275	276,262	222,491
Net Current Assets				
		485,411	536,684	411,110
		1,658,164	1,513,891	1,413,474
Stockholders' Equity				
Share capital	8	467,656	467,656	467,656
Retained earnings		793,980	736,129	786,582
		1,261,636	1,203,785	1,254,238
Non-Current Liabilities				
Finance lease obligations	9	11,213	-	-
Long term loans	10	259,704	197,097	10,646
Deferred tax liabilities		93,045	80,443	121,437
Retirement benefit obligations		32,566	32,566	27,152
		1,658,164	1,513,891	1,413,474

Approved for issue by the Board of Directors on 14 February 2014 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 2013**

	Attributable to Stockholders of the Company			Total
	Number of Shares '000	Share Capital \$'000	Retained Earnings \$'000	\$'000
Balance at 31 March 2011	350,154	467,656	748,126	1,215,782
Total comprehensive income			87,407	87,407
Ordinary dividends			(34,995)	(34,995)
Balance at 31 March 2012	350,154	467,656	800,538	1,268,194
Total comprehensive income			(36,375)	(36,375)
Ordinary dividends			(28,034)	(28,034)
Balance at 31 March 2013	350,154	467,656	736,129	1,203,785
Total comprehensive income			57,851	57,851
Balance at 31 December 2013	350,154	467,656	793,980	1,261,636
Balance at 31 March 2012	350,154	467,656	800,538	1,268,194
Total comprehensive income			14,642	14,642
Ordinary dividends			(28,598)	(28,598)
Balance at 31 December 2012	350,154	467,656	786,582	1,254,238

Consolidated Cash Flow (Unaudited)
Quarter Ended 31 December 2013

	December 2013 \$'000	December 2012 \$'000
CASH RESOURCES WERE (USED IN)/PROVIDED BY:		
Operating Activities		
Net profit	57,851	14,642
Items not affecting cash resources	92,790	83,805
	<u>150,641</u>	<u>98,447</u>
Changes in non-cash working capital components	(105,089)	(42,610)
Cash provided by operations	<u>45,552</u>	<u>55,837</u>
Investing Activities		
Cash used in investing activities	(255,600)	(155,810)
Financing Activities		
Cash used in financing activities	<u>58,039</u>	<u>(47,750)</u>
Decrease in cash and cash equivalents	(152,009)	(147,723)
Net cash and cash equivalents at beginning of year	<u>316,678</u>	<u>265,029</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>164,669</u></u>	<u><u>117,306</u></u>

Company Statement of Comprehensive Income (Unaudited)
Quarter Ended 31 December 2013

Current Quarter 3 Months to 31/12/13	Prior Year Quarter 3 Months to 31/12/12		Year-to-Date Quarter 9 Months to 31/12/13	Prior Year Quarter 9 Months to 31/12/12
\$'000	\$'000		\$'000	\$'000
151,119	159,782	Revenue	442,233	491,649
<u>(54,854)</u>	<u>(57,923)</u>	Direct expenses	<u>(171,234)</u>	<u>(189,207)</u>
96,265	101,859	Gross Profit	270,999	302,441
22,580	26,121	Other income	78,397	73,751
(31,688)	(31,817)	Selling expenses	(91,125)	(98,084)
(46,266)	(47,444)	Administration expenses	(124,808)	(139,532)
<u>(40,345)</u>	<u>(39,100)</u>	Other operating expenses	<u>(118,248)</u>	<u>(118,214)</u>
547	9,618	Operating Profit	15,216	20,362
<u>(4,607)</u>	<u>(479)</u>	Finance costs	<u>(14,619)</u>	<u>(1,990)</u>
(4,061)	9,139	Profit before Taxation	597	18,372
990	(1,955)	Taxation	<u>(1,942)</u>	<u>(3,282)</u>
<u>(3,071)</u>	<u>7,184</u>	Net Profit/Total Comprehensive Income	<u>(1,345)</u>	<u>15,090</u>

Company Balance Sheet (Unaudited)
Quarter Ended 31 December 2013

	December 2013 \$'000	Audited March 2013 \$'000	December 2012 \$'000
Non-Current Assets			
Fixed assets	266,047	273,528	277,574
Retirement benefit asset	190,528	190,528	180,723
Investment in subsidiaries	431,924	431,924	121,513
Long term receivables	2,950	2,950	2,950
Investment securities	14,639	11,416	10,995
Current Assets			
Inventories	18,229	18,078	23,985
Due from subsidiaries	313,104	162,630	488,008
Receivables	171,098	131,624	177,859
Taxation recoverable	1,241	1,990	6,625
Cash and short term investments	69,845	316,270	114,662
	573,517	630,592	811,139
Current Liabilities			
Payables	86,248	135,786	95,310
Taxation payable	3,181	3,181	21,888
	89,429	138,967	117,198
Net Current Assets	484,087	491,625	693,941
	1,390,175	1,401,971	1,287,696
Equity			
Share capital	467,656	467,656	467,656
Retained earnings	677,957	679,303	731,273
	1,145,613	1,146,959	1,198,929
Non-Current Liabilities			
Long term loans	184,704	197,097	10,646
Deferred tax liabilities	37,357	35,415	59,099
Retirement benefit obligations	22,500	22,500	19,021
	1,390,175	1,401,971	1,287,696

Approved for issue by the Board of Directors on 14 February 2014 and signed on its behalf by:


 Gary Allen Director


 Carl D. Domville Director

Company Statement of Changes in Equity (Unaudited)
Quarter Ended 31 December 2013

	Attributable to Stockholders of the Company			Total
	Number of Shares	Share Capital	Retained Earnings	
	'000	\$'000	\$'000	\$'000
Balance at 31 March 2011	350,154	467,656	410,757	878,413
Total comprehensive income			369,020	369,020
Ordinary dividends			(34,995)	(34,995)
Balance at 31 March 2012	350,154	467,656	744,782	1,212,438
Total comprehensive income			(37,445)	(37,445)
Ordinary dividends			(28,034)	(28,034)
Balance at 31 March 2013	350,154	467,656	679,303	1,146,959
Total comprehensive income			(1,345)	(1,345)
Balance at 31 December 2013	350,154	467,656	677,957	1,145,613
Balance at 31 March 2012	350,154	467,656	744,782	1,212,438
Total comprehensive income			15,090	15,090
Ordinary dividends			(28,598)	(28,598)
Balance at 31 December 2012	350,154	467,656	731,273	1,198,929

Company Cash Flow (Unaudited)
Quarter Ended 31 December 2013

	December 2013 \$'000	December 2012 \$'000
Cash Flows from Operating Activities		
Operating Activities		
Net profit	(1,345)	15,090
Items not affecting cash resources	35,424	14,077
	<u>34,079</u>	<u>29,167</u>
Changes in non-cash working capital components	(238,888)	(139,205)
Cash provided by operating activities	(204,809)	(110,038)
Investing Activities		
Cash provided by/(used in) investing activities	(9,528)	433
Financing Activities		
Net cash used in financing activities	(32,088)	(35,864)
Decrease in cash and cash equivalents	(246,425)	(145,469)
Cash and cash equivalents at beginning of year	316,270	260,131
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>69,845</u></u>	<u><u>114,662</u></u>

Segment Report (Unaudited)
Quarter Ended 31 December 2013

	Audio Visual \$'000	Radio and Other \$'000	Sub-total \$'000	Eliminations \$'000	Total \$'000
DECEMBER 2013					
Revenues	1,006,586	487,204	1,493,790	(87,268)	1,406,522
Operating profit	76,652	18,773	95,426	(7,840)	87,586
Assets	1,098,795	1,588,740	2,687,535	(779,096)	1,908,439
Liabilities	612,870	351,818	964,688	(317,885)	646,803
Capital expenditure	235,711	24,151	259,862		259,862
Depreciation & amortisation	48,154	24,249	72,403		72,403
Finance costs	1,306	14,630	15,936		15,936
DECEMBER 2012					
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

Notes to the financial statements
Quarter Ended 31 December 2013

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 2013. 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. Effective January 1, 2014, the previously announced rate of income tax applicable to large unregulated entities with revenues in excess of \$500 million of 30% was expounded to:
 - a) The effective tax rate of tax for all large unregulated companies for year-end after January 1, 2014 will be 28.75%
 - b) Unregulated companies will be taxed at 25%
 - c) Large Unregulated companies with year-end prior to December 31, 2013 will be taxed at 30%Criteria (a) and (b) above are applicable to RJR Group and was used in determining the tax liability included in these financial statements
5. The calculation of earnings per stock unit is based on net profit and 357,467,991 ordinary stock units in issue.
6. The amount of \$83,553,000 represents the exclusive rights to broadcast FIFA events for the period 2015 to 2022. Amortisation will commence once the first event under the rights have been broadcast.
7. Receivables consists of trade receivables, prepayments and other receivables
8. Share capital includes treasury shares that are held by the RJR Employee Share Scheme. There are no outstanding share options arising from the provisions of this scheme.
9. The group entered into finance lease arrangements with the Staff Pension Scheme of Radio Jamaica Limited for the acquisition of motor vehicles. The group's obligation under these leases have been recorded at amounts equals to the value of future lease payments using interest rates implicit in the leases.
10. The loans are secured and are repayable on a monthly basis.