RJR Communications Group
Reaching you in every way!

Report to Stockholders

The Board of Directors presents the audited results of the group for the year ended March 31, 2016.

On 24 March 2016, your company acquired The Gleaner Co. (Media) Limited (GCML) and its six media subsidiaries, with operations spanning print and digital media as well as radio broadcasting. The acquisition marks the beginning of a new era for your company, and for Jamaican media, as the expanded entity, operating from a stronger capital base and anticipated operational synergies, will ensure sustainability of the two longest-standing, Jamaican-owned, media institutions. The core operating performance of the group for the period, excluding the impact of the costs associated with the amalgamation, was strong.

The group recorded a net loss of $225M compared with a net profit of $113M earned in the previous financial year. However, when adjusted for one-off costs of the amalgamation, recorded in administrative expenses, the pre-amalgamated Group posted a 16% growth in pre-tax profit.

Revenues of $2.3 billion exceeded prior year by $258 million or 13% due to the strategic purchasing and programming of local and international sporting properties; an increase of non-traditional advertisers and growth in subscriptions to 1Spot Media, the company's newest, innovative offering, which allows mobile access to TV and Radio programming over the internet. Other income of $103 million was below prior year by $11 million due to lower foreign exchange gains.

Direct expenses of $1.02 billion increased by $153 million or 18%, due to new content acquired to refresh and expand on-air and local variety offerings on TVJ and 1Spot Media. Selling expenses of $385 million were 16% above prior year due to commissions on higher sales, as well as costs related to the worldwide launch of 1Spot Media.

Operating expenses of $320 million were 4% lower due primarily to reductions in fuel costs, electricity and fewer repairs to transmitters. Finance costs of $19 million were lower by $7 million due to reduction of long-term loans.

The growth in the group's net assets as at March 31, 2016 was mainly due to the consolidation of GCML's balance sheet, expanding the cash resources by $665M which is available for future investment and expansion.

For the financial year ahead, with the amalgamation complete and integration underway, the business is well positioned to leverage its expanded multiplatform offerings, its industry-leading journalistic and creative talent, to propel your company to higher levels of innovation and profitability.

Your board of directors acknowledges the uncharacteristic delay in the publication of the audited accounts, occasioned by the complexity involved in the amalgamation, and recommits to upholding its long-held practice of timely communication to shareholders.

Approved for issue by the Board of Directors on July 20, 2016 and signed on its behalf by:

J.A. Lester Spaulding — Chairman	Carl Domville — Director