



**RJJR**  
**COMMUNICATIONS**  
**GROUP**  
Reaching you in every way!

**Unaudited Financial Statements**  
**Quarter Ended 30 June 2016**

# Radio Jamaica Limited

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Quarter Ended 30 June 2016

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## Radio Jamaica Limited

### Interim Report to Stockholders

The directors present the un-audited results of the Group for the 1<sup>st</sup> Quarter ended June 30, 2016.

The expanded Group recorded after tax profits of \$54M for the three months to June 2016; a 147% improvement on the \$22 million profits earned for the same period in the prior year. The improvement in the results was driven by the consolidation of the newly acquired subsidiary, The Gleaner Company (Media) Limited ("GCML"), amalgamated in March, 2016.

Other income of \$66 million exceeded income in the comparable prior year period by \$41 million as a result of interest income from the expanded group's investment balances as well as higher gains on foreign exchange holdings due to increased US dollar Assets held during the period.

The Group's revenues of \$1.3 billion increased by \$792 million or 153% over the comparable prior year's quarter as the new segment reporting reflects the consolidation of GCML's revenue of \$768 million while traditional revenues also reflect a 6% increase.

The absence of prior year comparisons for GCML makes line by line comparisons impractical but important information can be seen in the segment reporting on page 9 and the notes to the financials on page 12 of the accounts.

The group's earnings per share for the three months ended June 30, 2016 was 2.3 cents which surpassed the 1.8 cents earned for the comparative period last year.

Market capitalization stood at \$3.9 billion at June 2016; an improvement of \$2.7 billion on the comparative period's market capitalization of \$1.2 billion.

On August 5, 2016 the board of Radio Jamaica Limited advised the Jamaica Stock Exchange of its intention to declare interim dividends of two cents for each of the 2,422,487,654 ordinary shares on record at August 24, 2016.

**Approved for issue by the Board of Directors on August 12, 2016 and signed on its behalf by:**



J. A. Lester Spaulding  
Chairman



Gary H. Allen  
Managing Director

**Consolidated Statement of Comprehensive Income (Unaudited)  
Quarter Ended 30 June 2016**

Current Quarter 3 Months to 30/06/16 \$'000	Prior Year Quarter 3 Months to 30/06/15 \$'000	Note	Year-to-Date 3 Months to 30/06/16 \$'000	Prior Year-to-date 3 Months to 30/06/15 \$'000
1,308,738	516,391	2	1,308,738	516,391
(626,921)	(217,946)		(626,921)	(217,946)
<b>681,817</b>	<b>298,445</b>		<b>681,817</b>	<b>298,445</b>
66,372	25,006	3	66,372	25,006
(201,405)	(84,534)		(201,405)	(84,534)
(312,932)	(125,712)		(312,932)	(125,712)
(156,282)	(78,759)		(156,282)	(78,759)
<b>77,570</b>	<b>34,446</b>		<b>77,570</b>	<b>34,446</b>
(12,938)	(7,680)		(12,938)	(7,680)
<b>64,632</b>	<b>26,766</b>		<b>64,632</b>	<b>26,766</b>
(10,242)	(4,809)	4	(10,242)	(4,809)
<b>54,390</b>	<b>21,957</b>		<b>54,390</b>	<b>21,957</b>
<b>54,390</b>	<b>21,957</b>		<b>54,390</b>	<b>21,957</b>
<b>Attributable to:</b>				
			<b>54,390</b>	<b>21,957</b>
<b>Earnings per Ordinary Stock Unit Attributable to Stockholders of the Company</b>				
2.3 cents	1.8 cents	5	2.3 cents	1.8 cents

**Consolidated Balance Sheet (Unaudited)**  
**Quarter Ended 30 June 2016**

	Note	Unaudited June 2016 \$'000	Audited March 2016 \$'000
<b>Non-Current Assets</b>			
Fixed assets		1,089,439	1,135,178
Intangible assets	6	531,566	536,188
Deferred tax asset		75,802	73,144
Retirement benefit assets	7	177,115	177,115
Long term receivables		763	763
Investment securities		145,207	497,419
		<b>2,019,892</b>	<b>2,419,807</b>
<b>Current Assets</b>			
Inventories		137,670	145,716
Receivables	8	1,011,036	880,093
Taxation recoverable		46,364	52,348
Cash and short term investments		873,934	546,742
		<b>2,069,004</b>	<b>1,624,899</b>
<b>Current Liabilities</b>			
Bank overdraft		30,239	22,201
Payables		1,044,793	1,051,957
Taxation payable		39,185	35,866
		<b>1,114,217</b>	<b>1,110,024</b>
<b>Net Current Assets</b>		<b>954,786</b>	<b>514,875</b>
		<b>2,974,678</b>	<b>2,934,682</b>
<b>Stockholders' Equity</b>			
Share capital	9	2,041,078	2,041,078
Retained earnings		436,883	382,492
		<b>2,477,960</b>	<b>2,423,570</b>
Non-controlling Interests		127	127
<b>Non-Current Liabilities</b>			
Finance lease obligations	10	84,956	93,658
Long term loans	11	106,992	112,098
Deferred tax liabilities		141,809	142,395
Retirement benefit obligations	7	162,834	162,834
		<b>2,974,678</b>	<b>2,934,682</b>

Approved for issue by the Board of Directors on August 12, 2016 and signed on its behalf by:

  
 J.A. Lester Spaulding Chairman

  
 Gary Allen Managing Director



Radio Jamaica Limited

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Consolidated Statement of Changes in Equity (Unaudited)  
Quarter Ended 30 June 2016

	Attributable to Stockholders of the Company				Equity Owners' Total	Non-controlling Interests Total	Total
	Number of Shares	Share Capital	Retained Earnings	Equity Owners' Total			
	'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 31 March 2014</b>	350,154	467,656	736,399	1,204,055	1,204,055	1,204,055	1,204,055
Total comprehensive income			123,973	123,973	123,973	123,973	123,973
Ordinary dividends			(17,562)	(17,562)	(17,562)	(17,562)	(17,562)
<b>Balance at 31 March 2015</b>	350,154	467,656	842,810	1,310,466	1,310,466	1,310,466	1,310,466
Bonus issue/stock split of shares	836,285	180,492	(180,492)	-	-	-	-
Issue of shares	1,211,244	1,392,930		1,392,930	1,392,930	1,392,930	1,392,930
Total comprehensive income			(244,703)	(244,703)	(244,703)	(244,703)	(244,703)
Ordinary dividends			(35,123)	(35,123)	(35,123)	(35,123)	(35,123)
Arising on business combination - Minority Interest						127	127
<b>Balance at 31 March 2016</b>	2,397,683	2,041,078	382,492	2,423,570	2,423,570	2,423,570	2,423,570
Total comprehensive income			54,390	54,390	54,390	54,390	54,390
<b>Balance at 30 June 2016</b>	<b>2,397,683</b>	<b>2,041,078</b>	<b>436,883</b>	<b>2,477,960</b>	<b>2,477,960</b>	<b>2,477,960</b>	<b>2,477,960</b>
<b>Balance at 31 March 2015</b>	350,154	467,656	842,810	1,310,466	1,310,466	1,310,466	1,310,466
Total comprehensive income			21,957	21,957	21,957	21,957	21,957
<b>Balance at 30 June 2015</b>	<b>350,154</b>	<b>467,656</b>	<b>864,767</b>	<b>1,310,466</b>	<b>1,310,466</b>	<b>1,310,466</b>	<b>1,310,466</b>

## Consolidated Cash Flow (Unaudited)

Quarter Ended 30 June 2016

	Unaudited June 2016 \$'000	Unaudited June 2015 \$'000
<b>CASH RESOURCES WERE (USED IN)/PROVIDED BY:</b>		
<b>Operating Activities</b>		
Net profit	54,390	21,957
<b>Items not affecting cash:</b>		
Depreciation and amortisation	59,886	34,103
(Gain)/Loss on disposal of fixed assets	(955)	-
Spares utilised	41	177
Interest income	(13,324)	(4,909)
Interest expense	8,387	7,680
Income tax charge	10,242	4,809
Exchange loss on foreign currency balances	(1,664)	5,215
Revaluation of investment securities	(177)	(457)
	<u>116,827</u>	<u>68,575</u>
<b>Changes in operating assets and liabilities:</b>		
Inventories	8,046	(9,688)
Receivables	(130,943)	(41,139)
Payables	(7,163)	52,666
	<u>(13,232)</u>	<u>70,414</u>
Income tax paid	(8,028)	(9,647)
<b>Net Cash (used in)/provided by operating activities</b>	<b><u>(21,260)</u></b>	<b><u>60,767</u></b>
<b>Investing Activities</b>		
Proceeds from disposal of fixed assets	955	-
Purchase of fixed assets and intangibles	(5,722)	(44,354)
Cash inflow from investment greater than 90 days	486,605	-
Interest received	13,324	4,908
<b>Net Cash provided by/(used in) investing activities</b>	<b><u>495,162</u></b>	<b><u>(39,446)</u></b>
<b>Financing Activities</b>		
Loans repaid	(5,106)	(11,718)
Principal lease repayments	(8,702)	(2,741)
Interest paid	(8,387)	(7,680)
Exchange (losses)/gains on cash and cash equivalents	1,664	(5,215)
<b>Net Cash used in financing activities</b>	<b><u>(20,532)</u></b>	<b><u>(27,354)</u></b>
<b>Increase/decrease in cash and cash equivalents</b>	<b>453,370</b>	<b>(6,033)</b>
Cash and cash equivalents at beginning of year	390,324	457,849
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b><u>843,694</u></b>	<b><u>451,816</u></b>

**Company Statement of Comprehensive Income (Unaudited)**  
**Quarter Ended 30 June 2016**


Current Quarter 3 Months to 30/06/16	Prior Year Quarter 3 Months to 30/06/15		Year-to-Date Quarter 3 Months to 30/06/16	Prior Year Quarter 3 Months to 30/06/15
\$'000	\$'000		\$'000	\$'000
133,863	132,226	<b>Revenue</b>	133,863	132,226
<u>(65,179)</u>	<u>(55,435)</u>	Direct expenses	<u>(65,179)</u>	<u>(55,435)</u>
<b>68,684</b>	<b>76,791</b>	<b>Gross Profit</b>	<b>68,684</b>	<b>76,791</b>
28,759	29,211	Other income	28,759	29,211
(34,887)	(29,740)	Selling expenses	(34,887)	(29,740)
(49,610)	(46,641)	Administration expenses	(49,610)	(46,641)
<u>(25,196)</u>	<u>(29,643)</u>	Other operating expenses	<u>(25,196)</u>	<u>(29,643)</u>
<b>(12,250)</b>	<b>(22)</b>	<b>Operating Profit/(Loss)</b>	<b>(12,250)</b>	<b>(22)</b>
<u>(1,450)</u>	<u>(5,862)</u>	Finance costs	<u>(1,450)</u>	<u>(5,862)</u>
<b>(13,700)</b>	<b>(5,884)</b>	<b>Loss before Taxation</b>	<b>(13,700)</b>	<b>(5,884)</b>
<u>2,620</u>	<u>684</u>	Taxation	<u>2,620</u>	<u>684</u>
<b><u>(11,080)</u></b>	<b><u>(5,200)</u></b>	<b>Net Loss</b>	<b><u>(11,080)</u></b>	<b><u>(5,200)</u></b>

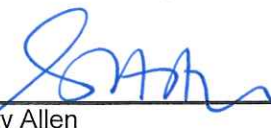


**Company Balance Sheet (Unaudited)**  
**Quarter Ended 30 June 2016**

	Unaudited June 2016 \$'000	Audited March 2016 \$'000
<b>Non-Current Assets</b>		
Fixed assets	258,556	262,615
Intangible assets	5,304	6,075
Retirement benefit asset	141,300	141,300
Deferred tax asset	33,809	31,188
Investment in subsidiaries	1,824,854	1,824,854
Investment securities	19,428	19,251
	<b>2,283,251</b>	<b>2,285,283</b>
<b>Current Assets</b>		
Inventories	6,087	6,279
Due from subsidiaries	20,983	-
Receivables	157,826	115,536
Taxation recoverable	9,751	9,183
Cash and short term investments	292,122	351,581
	<b>486,769</b>	<b>482,579</b>
<b>Current Liabilities</b>		
Payables	293,047	243,701
Due to subsidiaries	86,347	120,902
	<b>379,394</b>	<b>364,603</b>
<b>Net Current Assets</b>	107,376	117,976
	<b>2,390,626</b>	<b>2,403,259</b>
<b>Equity</b>		
Share capital	2,041,078	2,041,078
Retained earnings	252,113	263,193
	<b>2,293,190</b>	<b>2,304,271</b>
<b>Non-Current Liabilities</b>		
Long term loans	50,872	52,425
Retirement benefit obligations	46,563	46,563
	<b>2,390,626</b>	<b>2,403,259</b>

Approved for issue by the Board of Directors on August 12, 2016 and signed on its behalf by:

  
 J.A. Lester Spaulding Chairman

  
 Gary Allen Managing Director

**Company Statement of Changes in Equity (Unaudited)**  
**Quarter Ended 30 June 2016**

	Attributable to Stockholders of the Company			Total
	Number of Shares	Share Capital	Retained Earnings	
<b>Balance at 31 March 2014</b>	350,154	467,656	613,624	1,081,280
Total comprehensive income			(3,594)	(3,594)
Ordinary dividends			(17,562)	(17,562)
<b>Balance at 31 March 2015</b>	350,154	467,656	592,468	1,060,124
Bonus issue/stock split of shares	836,285	180,492	(180,492)	-
Issue of shares	1,211,244	1,392,930	-	1,392,930
Total comprehensive income			(113,660)	(113,660)
Ordinary dividends			(35,123)	(35,123)
<b>Balance at 31 March 2016</b>	<b>2,397,683</b>	<b>2,041,078</b>	<b>263,193</b>	<b>2,304,271</b>
Total comprehensive income			(11,080)	(11,080)
<b>Balance at 30 June 2016</b>	<b>2,397,683</b>	<b>2,041,078</b>	<b>252,113</b>	<b>2,293,191</b>
<b>Balance at 31 March 2015</b>	<b>350,154</b>	<b>467,656</b>	<b>592,468</b>	<b>1,060,124</b>
Total comprehensive income			(5,200)	(5,200)
<b>Balance at 30 June 2015</b>	<b>350,154</b>	<b>467,656</b>	<b>587,268</b>	<b>1,054,924</b>

**Company Cash Flow (Unaudited)**  
**Quarter Ended 30 June 2016**

	<b>Unaudited June 2016 \$'000</b>	<b>Unaudited June 2015 \$'000</b>
<b>Cash Flows from Operating Activities</b>		
<b>Operating Activities</b>		
<b>Net profit</b>	<b>(11,080)</b>	<b>(5,200)</b>
<b>Items not affecting cash:</b>		
Depreciation and amortisation	6,570	7,530
Gain on disposal of fixed assets	(705)	-
Spares utilised	41	117
Interest income	(2,131)	(4,909)
Interest expense	1,450	5,862
Income tax	(2,620)	(684)
Exchange (gains)/loss on foreign currency balances	(1,356)	5,114
Revaluation of investment securities	(177)	(457)
	<b>(10,008)</b>	<b>7,373</b>
<b>Changes in operating assets and liabilities:</b>		
Inventories	192	(1,591)
Due from subsidiaries	(55,539)	(36,311)
Receivables	(42,290)	(34,559)
Payables	49,346	76,374
	<b>(58,299)</b>	<b>11,286</b>
Income tax paid/recoverable	(568)	(1,191)
	<b>(58,867)</b>	<b>10,095</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from disposal of fixed assets	705	-
Purchase of fixed assets	(1,781)	(2,248)
Interest received	2,131	4,908
	<b>1,055</b>	<b>2,660</b>
<b>Cash Flows from Financing Activities</b>		
Loans repaid	(1,553)	(7,191)
Principal lease repayments	-	(908)
Interest paid	(1,450)	(5,862)
Exchange gains/(losses) on cash and cash equivalents	1,356	(5,114)
	<b>(1,647)</b>	<b>(19,075)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(59,459)</b>	<b>(6,320)</b>
Cash and cash equivalents at beginning of year	351,581	457,540
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>292,122</b>	<b>451,220</b>

Segment Report (Unaudited)  
Quarter Ended 30 June 2016

	Audio Visual	Audio	Print & Others	Sub-total	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>JUNE 2016</b>						
Revenues	430,384	171,162	752,139	1,353,684	(44,946)	1,308,738
Operating profit/(loss)	23,517	(21,297)	81,399	83,619	(0)	77,570
Assets	1,173,393	3,029,628	1,424,638	5,627,659	(1,538,763)	4,088,895
Liabilities	442,531	582,236	698,573	1,723,340	(112,532)	1,610,808
Capital expenditure	2,140	1,781	1,800	5,722		5,722
Depreciation & amortisation	29,916	16,242	13,728	59,886	-	59,886
Finance costs	2,199	2,671	8,068	12,938	-	12,938
<b>JUNE 2015</b>						
Revenues	396,531	133,863	18,187	548,581	(32,190)	516,391
Operating Profit/(Loss)	31,273	(12,250)	14,693	33,716	730	34,446
Assets	1,129,462	1,564,444	28,929	2,722,835	(694,538)	2,028,297
Liabilities	440,317	423,842	10,512	874,671	(166,687)	707,984
Capital expenditure	23,609	2,589	-	26,198		26,198
Depreciation & amortisation	26,247	7,530	326	34,103		34,103
Finance costs	1,814	5,862	4	7,680		7,680



**Notes to the financial statements**  
**Quarter Ended 30 June 2016**

**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 2016. 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, print advertising, subscription and the rental of studios and equipment, net of General Consumption Tax. Revenue in respect of airtime and programming is recognised on performance of the underlying service. Subscription revenue is recognised over the life of the subscription.
3. Other 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. Taxation expense in the statement of comprehensive income comprises current and deferred tax amounts.

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because it excludes items that are not deductible in other years, and items that are never taxable or deductible. The Group's liability for current tax is calculated at tax rates that are enacted at the reporting date.

Deferred tax is tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, and their carrying amounts in the financial statements.

5. The calculation of earnings per stock unit is based on net profit and 2,415,164,554 (1,211,244,000 - 2015) weighted average ordinary stock units in issue. The basic earnings per ordinary stock unit in 2015 has been restated after taking into consideration the bonus issue and stock split of three for every one share owned of 861,090,000 shares
6. Intangible assets represent Goodwill, Broadcast Rights, Computer software, Brand and Lease. Goodwill, Brand and Lease arose on the acquisition of The Gleaner Company (Media) Limited. Broadcast rights represents the exclusive rights to broadcast FIFA events for the period 2015 to 2022. Goodwill is tested annually for impairment. Broadcast rights, Computer software, Brand and Lease are amortised over their estimated useful lives.
7. Employee benefits - A defined benefit pension scheme covering all qualifying permanent employees of Radio Jamaica Limited, Multi-Media Jamaica Limited and Television Jamaica Limited is operated as the RJR Staff Pension Scheme.

This scheme is managed by an outside agency under a management contract, and by Trustees. The scheme is valued by an independent actuary every three years and an IAS 19 valuation every year.

The Trustees of the pension fund are required by law and its articles and association to act in the interest of the fund and all relevant stakeholders. The Trustees of the fund are responsible for the investment policy with regard to the assets of the fund. The funds are managed by Proven Wealth Transition Limited who has the responsibilities for the general management of the portfolio of investments and the administration of the fund.

The Gleaner Company (Media) Limited operates a defined contribution pension fund for employees in GCML and IRC who satisfied certain minimum service requirements. This fund is administered by JN Fund Managers Limited

8. Receivables consists of trade receivables, prepayments and other receivables
9. 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.
10. The group entered into finance lease arrangements for the acquisition of motor vehicles and transmission equipment. The group's obligation under these leases have been recorded at amounts equal to the value of future lease payments using interest rates implicit in the leases.
11. The loans are secured and unsecured repayable on a monthly basis.