



Unaudited Financial Statements
Quarter Ended 31 December 2016

Radio Jamaica Limited

Index

Quarter Ended 31 December 2016

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Directors' interim report to Shareholders

Unaudited Financial Statements

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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, 2016.

The Group recorded after tax profits of \$89M for the October to December 2016 quarter; an 11% increase over the \$80 million profits earned for the same period in the prior year. The increase in performance resulted from profits generated from The Gleaner Company (Media) Limited - (GCML) but was tempered by increased cost of \$64M arising largely from further operational investments and other one-off costs incurred during the period in respect of:-

1. The continued rollout of 1Spot Media; the company's online solution which allows global access to TVJ and other channel content in line with the company's digital growth strategy
2. Legal expenses associated with protecting our copyright and defending our right to freedom of expression which were strongly challenged during this period and for which we have been successful thus far and
3. Repairs to broadcast transmitters to ensure consistent broadcast quality to viewers and listeners as well as maximizing our geographical coverage.

Other income of \$30 million exceeded that of the comparable prior year period by \$6 million as a result of higher interest income from the Group's investment balances and gains on a debt purchased.

The Group's revenues of \$1.4 billion reflected an increase of \$745 million or 121% over the comparable period last year. Apart from the addition to the business of revenues from GCML, traditional revenues of RJR registered a 1% increase.


The addition of GCML Group operating results for this financial year makes line by line comparisons to prior year impractical, however, important information can be found in the segment reporting on page 9 and in the notes to the financial statements on page 10 of these accounts.

The Group's earnings per share for the nine months ended December 31, 2016 amounted to 8.8 cents whilst 10.9 cents were earned for the comparative period last year.

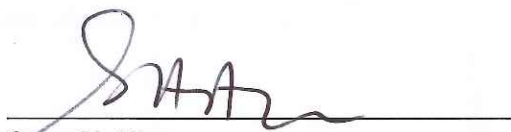
Market capitalization stood at \$3.9 billion at December 2016; an improvement of \$1.9 billion on the comparative period's market capitalization of \$2 billion at December 2015.

On Friday January 27, 2016 the company launched its flagship annual Cross Country event under the new Group marketing name "RJRGLEANER Communications Group" with new branding and its full suite of products which now includes print, radio and online products of GCML. The event will be executed across the 14 parishes from January 28, 2017 through March 4, 2017.

Approved for issue by the Board of Directors on February 14, 2017 and signed on its behalf by:



J. A. Lester Spaulding
Chairman

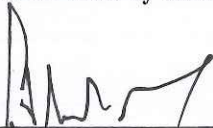


Gary H Allen
Chief Executive Officer

**Consolidated Balance Sheet (Unaudited)
Quarter Ended 31 December 2016**


	Note	Unaudited December 2016 \$'000	Audited March 2016 \$'000
Non-Current Assets			
Fixed assets		1,142,016	1,135,178
Intangible assets	6	528,213	536,188
Deferred tax asset		77,572	73,144
Retirement benefit assets	7	177,115	177,115
Long term receivables		966	763
Investment securities		469,172	497,419
		2,395,055	2,419,807
Current Assets			
Inventories		212,011	145,716
Receivables	8	988,482	880,093
Taxation recoverable		47,053	52,348
Cash and short term investments		219,951	546,742
		1,467,497	1,624,899
Current Liabilities			
Bank overdraft		5,043	22,201
Payables		782,288	1,051,957
Taxation payable		57,880	35,866
		845,211	1,110,024
Net Current Assets			
		622,286	514,875
		3,017,341	2,934,682
Stockholders' Equity			
Share capital	9	2,041,078	2,041,078
Reserves	10	544,800	382,492
		2,585,878	2,423,570
Non-controlling Interests			
		127	127
		2,586,005	2,423,697
Non-Current Liabilities			
Finance lease obligations	11	46,993	93,658
Long term loans	12	78,658	112,098
Deferred tax liabilities		142,851	142,395
Retirement benefit obligations	7	162,834	162,834
		3,017,341	2,934,682

Approved for issue by the Board of Directors on February 14, 2017 and signed on its behalf by:



J.A. Lester Spaulding

Chairman



Gary Allen

Chief Executive Officer

Radio Jamaica Limited

Consolidated Statement of Changes in Equity (Unaudited)
Quarter Ended 31 December 2016

	Attributable to Stockholders of the Company						Total \$'000
	Number of Shares	Share Capital	Capital Reserve	Retained Earnings	Equity Owners' Total	Non-controlling Interests Total	
	'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 31 March 2014	350,154	467,656	-	736,399	1,204,055	-	1,204,055
Total comprehensive income				123,973	123,973		123,973
Ordinary dividends				(17,562)	(17,562)		(17,562)
Balance at 31 March 2015	350,154	467,656	-	842,810	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
Total comprehensive income				(244,703)	(244,703)		(244,703)
Ordinary dividends				(35,123)	(35,123)		(35,123)
Arising on business combination - Minority Interest					-	127	127
Balance at 31 March 2016	2,397,683	2,041,078	-	382,492	2,423,570	127	2,423,697
Total comprehensive income				209,748	209,748		209,748
Other comprehensive income/loss for the period-					-		-
Currency translation differences on foreign subsidiaries			1,010		1,010		1,010
Ordinary dividends				(48,450)	(48,450)		(48,450)
Balance at 31 December 2016	2,397,683	2,041,078	1,010	543,790	2,585,878	127	2,586,005
Balance at 31 March 2015	350,154	467,656	-	842,810	1,310,466	-	1,310,466
Total comprehensive income				132,476	132,476		132,476
Ordinary dividends				(35,122)	(35,122)		(35,122)
Balance at 31 December 2015	350,154	467,656	-	940,164	1,407,820	-	1,407,820

Consolidated Cash Flow (Unaudited)
Quarter Ended 31 December 2016

	Unaudited December 2016 \$'000	Unaudited December 2015 \$'000
CASH RESOURCES WERE (USED IN)/PROVIDED BY:		
Operating Activities		
Net profit	209,748	132,476
Items not affecting cash:		
Depreciation and amortisation	172,687	107,540
(Gain)/Loss on disposal of fixed assets	(1,199)	(3,545)
Spares utilised	639	1,347
Interest income	(20,769)	(10,387)
Interest expense	20,592	15,395
Income tax charge	39,962	48,177
Exchange gains (loss) on foreign currency balances	(13,458)	11,725
Revaluation of investment securities	915	(424)
	<u>409,117</u>	<u>302,304</u>
Changes in operating assets and liabilities:		
Inventories	(66,295)	(15,610)
Receivables	(108,591)	(59,956)
Payables	(269,669)	(34,864)
	<u>(35,438)</u>	<u>191,874</u>
Income tax paid	(17,085)	(1,023)
Net Cash (used in)/provided by operating activities	(52,523)	190,851
Investing Activities		
Proceeds from disposal of fixed assets	3,694	3,805
Purchase of fixed assets and intangibles	(174,052)	(108,658)
Proceeds from sale of investment	161,376	-
Interest received	20,769	10,387
Net Cash provided used in investing activities	11,787	(94,466)
Financing Activities		
Loans repaid	(33,440)	(121,037)
Principal lease repayments	(46,665)	(22,994)
Interest paid	(20,592)	(15,395)
Exchange gains on cash and cash equivalents	14,468	(11,725)
Dividends paid	(48,450)	(35,122)
Net Cash used in financing activities	(134,679)	(206,273)
Decrease in cash and cash equivalents	(175,415)	(109,888)
Cash and cash equivalents at beginning of year	390,324	457,849
CASH AND CASH EQUIVALENTS AT END OF PERIOD	214,909	347,961

Company Statement of Comprehensive Income (Unaudited)
Quarter Ended 31 December 2016

Current Quarter 3 Months to 31/12/16	Prior Year Quarter 3 Months to 31/12/15		Year-to-Date 9 Months to 31/12/16	Prior Year-to-Date 9 Months to 31/12/15
\$'000	\$'000		\$'000	\$'000
153,727	157,008	Revenue	426,290	421,290
<u>(60,842)</u>	<u>(62,466)</u>	Direct expenses	<u>(188,178)</u>	<u>(175,384)</u>
92,885	94,542	Gross Profit	238,112	245,906
17,623	25,627	Other income	115,964	174,823
(9,137)	(27,887)	Selling expenses	(74,796)	(84,907)
(48,959)	(70,915)	Administration expenses	(152,148)	(167,422)
<u>(31,400)</u>	<u>(28,469)</u>	Other operating expenses	<u>(84,173)</u>	<u>(90,943)</u>
21,012	(7,102)	Operating Profit	42,959	77,457
<u>(1,242)</u>	<u>(1,362)</u>	Finance costs	<u>(4,244)</u>	<u>(9,040)</u>
19,770	(8,464)	Profit before Taxation	38,715	68,417
<u>(405)</u>	<u>249</u>	Taxation	<u>4,277</u>	<u>524</u>
<u>19,365</u>	<u>(8,215)</u>	Net Profit	<u>42,992</u>	<u>68,941</u>

Company Balance Sheet (Unaudited)
Quarter Ended 31 December 2016

	Unaudited December 2016 \$'000	Audited March 2016 \$'000
Non-Current Assets		
Fixed assets	250,687	262,615
Intangible assets	3,763	6,075
Retirement benefit asset	141,300	141,300
Deferred tax asset	35,708	31,188
Investment in subsidiaries	1,824,854	1,824,854
Investment securities	469,172	19,251
	2,725,484	2,285,283
Current Assets		
Inventories	7,729	6,279
Due from subsidiaries	48,935	-
Receivables	147,740	115,536
Taxation recoverable	10,962	9,183
Cash and short term investments	149,450	351,581
	364,816	482,579
Current Liabilities		
Payables	152,090	243,701
Due to subsidiaries	545,176	120,902
	697,266	364,603
Net Current Assets	-332,450	117,976
	2,393,035	2,403,259
Equity		
Share capital	2,041,078	2,041,078
Retained earnings	257,735	263,193
	2,298,813	2,304,271
Non-Current Liabilities		
Finance lease obligations	-	-
Long term loans	47,659	52,425
Deferred tax liabilities	-	-
Retirement benefit obligations	46,563	46,563
	2,393,035	2,403,259

Approved for issue by the Board of Directors on February 14, 2017 and signed on its behalf by:

J.A. Lester Spaulding

Chairman

Gary Allen

Chief Executive Officer

Company Statement of Changes in Equity (Unaudited)
Quarter Ended 31 December 2016

	Attributable to Stockholders of the Company			Total
	Number of Shares	Share Capital	Retained Earnings	
Balance at 31 March 2014	350,154	467,656	613,624	1,081,280
Total comprehensive income			(3,594)	(3,594)
Ordinary dividends			(17,562)	(17,562)
Balance at 31 March 2015	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)
Balance at 31 March 2016	2,397,683	2,041,078	263,193	2,304,271
Total comprehensive income			42,992	42,992
Ordinary dividends			(48,450)	(48,450)
Balance at 31 December 2016	2,397,683	2,041,078	257,735	2,298,813
Balance at 31 March 2015	350,154	467,656	592,468	1,060,124
Total comprehensive income			68,941	68,941
Ordinary dividends			(35,122)	(35,122)
Balance at 31 December 2015	350,154	467,656	626,287	1,093,943

Company Cash Flow (Unaudited)
Quarter Ended 31 December 2016

	Unaudited December 2016 \$'000	Unaudited December 2015 \$'000
Cash Flows from Operating Activities		
Operating Activities		
Net profit	42,992	68,941
Items not affecting cash:		
Depreciation and amortisation	19,378	21,705
(Gain)/Loss on disposal of fixed assets	756	(3,470)
Spares utilised	174	138
Interest income	(7,923)	(10,382)
Dividend income	(448)	-
Interest expense	4,244	9,040
Income tax	(4,277)	(524)
Exchange (gains)/loss on foreign currency balances	(10,934)	(12,089)
Revaluation of investment securities	1,088	(424)
	<u>45,050</u>	<u>72,935</u>
Changes in operating assets and liabilities:		
Inventories	(1,450)	(2,390)
Due (from) to subsidiaries	(75,670)	17,346
Receivables	(32,204)	(11,384)
Payables	(91,611)	(39,957)
	<u>(155,885)</u>	<u>36,550</u>
Income tax paid/recoverable	(3,417)	(2,798)
	<u>(159,302)</u>	<u>33,752</u>
Cash Flows from Investing Activities		
Proceeds from disposal of fixed assets	756	5,487
Purchase of fixed assets	(5,429)	(9,915)
Proceeds from disposal of investment securities	-	-
Interest received	7,923	10,382
Dividends received	448	-
	<u>3,698</u>	<u>5,954</u>
Cash Flows from Financing Activities		
Loans repaid	(4,766)	(107,249)
Principal lease repayments	-	(10,182)
Interest paid	(4,244)	(9,040)
Exchange gains on cash and cash equivalents	10,934	12,089
Dividends paid	(48,450)	(35,122)
	<u>(46,526)</u>	<u>(149,504)</u>
	<u>(202,131)</u>	<u>(109,798)</u>
Cash and cash equivalents at beginning of year	351,581	457,540
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>149,450</u></u>	<u><u>347,742</u></u>

Consolidated Segment Report (Unaudited)
Quarter Ended 31 December 2016

	Audio Visual	Audio	Print & Others	Sub-total	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
YTD DECEMBER 2016						
Revenues	1,422,742	499,047	2,225,975	4,147,764	(123,657)	4,024,106
Operating profit	114,351	43,718	138,561	296,630	(15,955)	280,675
Assets	1,458,589	3,335,792	530,785	5,325,165	(1,462,614)	3,862,552
Liabilities	665,381	876,590	529,611	1,406,200	(129,653)	1,276,547
Capital expenditure	127,844	5,898	20,549	154,291		154,291
Depreciation & amortisation	90,757	30,702	33,724	155,182	18,144	173,326
Finance costs	5,641	7,221	18,103	30,965		30,965
YTD DECEMBER 2015						
Revenues	1,357,755	421,290	58,468	1,837,513	(105,032)	1,732,481
Operating Profit	202,899	77,457	7,952	288,308	(92,260)	196,048
Assets	1,120,523	1,454,092	106,059	2,680,674	(699,929)	1,980,745
Liabilities	385,852	360,149	9,416	755,417	(182,492)	572,925
Capital expenditure	93,189	9,915	136	103,240		103,240
Depreciation & amortisation	86,131	21,843	913	108,887		108,887
Finance costs	6,345	9,040	10	15,395		15,395

Notes to the financial statements
Quarter Ended 31 December 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 gains on revaluation of investment securities classified at fair value through profit and loss, road parties, gains on debt purchased 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 at tax rates that are in effect 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 2,397,683,077 (2015 - 1,211,244,000) 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 Independent Radio Co Ltd. 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. Reserves:

	Group December 2016 \$'000	Company December 2016 \$'000
Capital:		
Unrealised reserve:		
Exchange differences on translation of overseas subsidiaries	1,010	-
Retained profits	<u>543,790</u>	<u>257,735</u>
	<u>544,800</u>	<u>257,735</u>

Capital reserves materially represent foreign exchange adjustments arising on the translation of foreign subsidiaries for consolidation purposes.

11. 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.
12. The loans are secured and unsecured repayable on a monthly basis.