



Unaudited Financial Statements
Quarter Ended 30 June 2017

Radio Jamaica Limited

Index

Quarter Ended 30 June 2017

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Radio Jamaica Limited Report to Stockholders

The directors present the unaudited results of the Group for the 1st quarter ending June 30, 2017.

The Group recorded an after tax loss of \$47 million for the 1st Quarter ended June 2017 compared to a net profit of \$54 million for the same period in the prior year. While the Group showed positive results in the cost management area of its operations, a significant downturn in revenues across all segments in the broader sector, negatively impacted the quarter's results. Major players, in the financial, beverage, foods, telecommunications and the retail sectors, curtailed spending in greater amounts than the growth experienced in the insurance, banking, distributive trade and social sectors. Management has responded with the introduction of revenue stimulation measures and has implemented further cost monitoring for the remaining quarters to re-balance performance.

Direct costs of \$636 million edged up by 1.4% or \$8.6 million for the three months to June 2017 when compared to the prior period. This increase was mainly due to increased fees associated with expanding 1spotmedia, as well as the impact of contractual obligations for salary increases to staff. It should be noted that the impact of operational synergies and tighter cost control, kept the increase in expenses below the rate of inflation.

Selling expenses of \$193 million for the quarter, decreased when compared to the prior year period by \$8.7 million or 4.3% caused by lower promotional costs and lower sales commissions.

Administrative expenses decreased by \$23 million or 7.3% when compared to the same period in prior year, driven by synergies derived from the reduction in cost of insurance, security, maintenance and other administrative expenses.

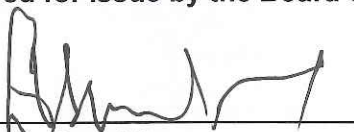
Other Operating expenses for the 1st quarter increased by \$23 million or 15% over the prior year reflecting increased depreciation from new capital projects, electricity rate increases and maintenance of transmitter sites.

Finance costs of \$6 million decreased by \$7 million for the period due to liquidation of loans and reductions in leased financed assets over the prior year period.

On July 27, 2017, the company declared an interim dividend of two cents per share payable on September 8, 2017.

The company still built around its advantages of offering credibility, local content and use of multiple media platforms, including new media platforms, to our clients and audiences, is now focused on accelerating several projects and activities to regain shortfalls experienced in this quarter. It has accelerated spending on the rolling out of its High Definition operations for Television Jamaica and its three cable channels. The impact of the aggressive capital expenditure will be noticed in upcoming quarters but the improved operational efficiencies and increased competitiveness should also be seen in the months ahead.

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



J. A. Lester Spaulding
Chairman



Gary H Allen
Chief Executive Officer

Consolidated Statement of Comprehensive Income (Unaudited)
Quarter Ended 30 June 2017

Current Quarter 3 Months to 30/06/17 \$'000	Prior Year Quarter 3 Months to 30/06/16 \$'000	Note	Year-to-Date 3 Months to 30/06/17 \$'000	Prior Year-to-date 3 Months to 30/06/16 \$'000
1,219,155	1,308,738	2	1,219,155	1,308,738
(635,517)	(626,921)		(635,517)	(626,921)
583,638	681,817		583,638	681,817
41,976	66,372	3	41,976	66,372
(192,717)	(201,405)		(192,717)	(201,405)
(290,111)	(312,932)		(290,111)	(312,932)
(179,044)	(156,282)		(179,044)	(156,282)
(36,258)	77,570		(36,258)	77,570
(5,974)	(12,938)		(5,974)	(12,938)
(42,232)	64,632		(42,232)	64,632
(5,064)	(10,242)	4	(5,064)	(10,242)
(47,296)	54,390		(47,296)	54,390
(47,296)	54,390		(47,296)	54,390
(2.0) cents	2.3 cents	5	(2.0) cents	2.3 cents

**Consolidated Balance Sheet (Unaudited)
Quarter Ended 30 June 2017**

	Note	Unaudited June 2017 \$'000	Audited March 2017 \$'000
Non-Current Assets			
Fixed assets		1,475,609	1,133,793
Intangible assets	6	520,579	531,570
Deferred tax asset		42,104	42,435
Retirement benefit assets	7	322,767	322,767
Long term receivables		763	763
Investment securities		285,740	486,522
		<u>2,647,562</u>	<u>2,517,850</u>
Current Assets			
Inventories		137,869	177,433
Receivables	8	813,767	849,615
Taxation recoverable		14,905	14,105
Cash and short term investments		370,943	294,782
		<u>1,337,484</u>	<u>1,335,935</u>
Current Liabilities			
Bank overdraft		13,748	4,053
Payables		1,023,044	837,753
Taxation payable		14,477	21,659
		<u>1,051,269</u>	<u>863,465</u>
Net Current Assets		<u>286,215</u>	<u>472,470</u>
		<u>2,933,777</u>	<u>2,990,320</u>
Stockholders' Equity			
Share capital	9	2,041,078	2,041,078
Foreign currency translation		(3,004)	(3,004)
Fair value reserve		(7,135)	(7,135)
Retained earnings	10	522,471	569,767
		<u>2,553,410</u>	<u>2,600,706</u>
Non-controlling Interests		127	127
Non-Current Liabilities			
Finance lease obligations	11	16,836	22,997
Long term loans	12	52,243	59,043
Deferred tax liabilities		149,093	145,379
Retirement benefit obligations	7	162,068	162,068
		<u>2,933,777</u>	<u>2,990,320</u>

Approved for issue by the Board of Directors on August 11, 2017 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 2017

	Attributable to Stockholders of the Company							Total
	Number of Shares	Share Capital	Retained Earnings	Foreign Currency Translation	Fair Value Reserve	Equity Owners' Total	Non-controlling Interests Total	
	'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 April 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	-	-	235,725	(3,004)	(7,135)	225,586	-	225,586
Transaction with owners - Ordinary dividends	-	-	(48,450)	-	-	(48,450)	-	(48,450)
Balance at 31 March 2017	2,397,683	2,041,078	569,767	(3,004)	(7,135)	2,600,706	127	2,600,833
Total comprehensive income	-	-	(47,296)	-	-	(47,296)	-	(47,296)
Balance at 30 June 2017	2,397,683	2,041,078	522,471	(3,004)	(7,135)	2,553,410	127	2,553,537
Balance at 31 March 2016	2,397,683	2,041,078	382,492	-	-	2,423,570	127	2,423,697
Total comprehensive income	-	-	54,390	-	-	54,390	-	54,390
Balance at 30 June 2016	2,397,683	2,041,078	436,882	-	-	2,477,960	127	2,478,087

Consolidated Cash Flow (Unaudited)

Quarter Ended 30 June 2017

	Unaudited June 2017 \$'000	Unaudited June 2016 \$'000
CASH RESOURCES WERE (USED IN)/PROVIDED BY:		
Operating Activities		
Net profit	(47,296)	54,390
Items not affecting cash:		
Depreciation and amortisation	59,623	59,886
(Gain)/Loss on disposal of fixed assets	(2,512)	(955)
Spares utilised	-	41
Interest income	(6,911)	(13,324)
Interest expense	5,975	8,387
Income tax charge	(5,064)	10,243
Exchange loss on foreign currency balances	-	(1,664)
Revaluation of investment securities	(1,880)	(177)
	<u>1,935</u>	<u>116,827</u>
Changes in operating assets and liabilities:		
Inventories	39,564	8,047
Receivables	41,238	(130,943)
Payables	185,290	(7,163)
	<u>268,027</u>	<u>(13,232)</u>
Income tax paid	3,007	(8,028)
Net Cash (used in)/provided by operating activities	<u>271,034</u>	<u>(21,260)</u>
Investing Activities		
Proceeds from disposal of fixed assets	497	955
Purchase of fixed assets and intangibles	(388,432)	(5,722)
Cash inflow from investment greater than 90 days	200,782	486,605
Interest received	1,521	13,324
Net Cash provided by/(used in) investing activities	<u>(185,632)</u>	<u>495,162</u>
Financing Activities		
Loans repaid	(6,800)	(5,106)
Principal lease repayments	(6,161)	(8,703)
Interest paid	(5,975)	(8,387)
Exchange (losses)/gains on cash and cash equivalents	-	1,664
Net Cash used in financing activities	<u>(18,936)</u>	<u>(20,532)</u>
Increase/decrease in cash and cash equivalents	<u>66,466</u>	<u>453,370</u>
Cash and cash equivalents at beginning of year	290,729	390,324
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>357,195</u>	<u>843,694</u>

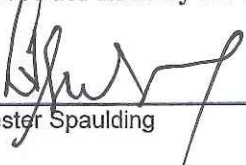
Company Statement of Comprehensive Income (Unaudited)
Quarter Ended 30 June 2017

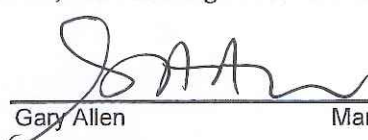
Current Quarter 3 Months to 30/06/17	Prior Year Quarter 3 Months to 30/06/16		Year-to-Date Quarter 3 Months to 30/06/17	Prior Year Quarter 3 Months to 30/06/16
\$'000	\$'000		\$'000	\$'000
125,492	133,863	Revenue	125,492	133,863
<u>(66,150)</u>	<u>(65,179)</u>	Direct expenses	<u>(66,150)</u>	<u>(65,179)</u>
59,342	68,684	Gross Profit	59,342	68,684
27,016	28,759	Other income	27,016	28,759
(25,721)	(34,887)	Selling expenses	(25,721)	(34,887)
(41,612)	(49,610)	Administration expenses	(41,612)	(49,610)
<u>(25,958)</u>	<u>(25,196)</u>	Other operating expenses	<u>(25,958)</u>	<u>(25,196)</u>
(6,933)	(12,250)	Operating Profit/(Loss)	(6,933)	(12,250)
<u>(1,167)</u>	<u>(1,450)</u>	Finance costs	<u>(1,167)</u>	<u>(1,450)</u>
(8,100)	(13,700)	Loss before Taxation	(8,100)	(13,700)
<u>(5,942)</u>	<u>2,620</u>	Taxation	<u>(5,942)</u>	<u>2,620</u>
<u>(14,042)</u>	<u>(11,080)</u>	Net Loss	<u>(14,042)</u>	<u>(11,080)</u>

Company Balance Sheet (Unaudited)
Quarter Ended 30 June 2017

	Unaudited June 2017 \$'000	Audited March 2017 \$'000
Non-Current Assets		
Fixed assets	242,539	248,375
Intangible assets	2,221	2,992
Retirement benefit asset	262,123	262,123
Deferred tax asset	0	434
Investment in subsidiaries	1,824,854	1,824,854
Investment securities	285,740	486,321
	<u>2,617,477</u>	<u>2,825,099</u>
Current Assets		
Inventories	6,907	6,201
Due from subsidiaries	185,998	158,653
Receivables	99,912	109,615
Taxation recoverable	14,128	12,533
Cash and short term investments	254,208	177,663
	<u>561,153</u>	<u>464,665</u>
Current Liabilities		
Payables	180,897	191,456
Due to subsidiaries	360,380	450,722
	<u>541,277</u>	<u>642,178</u>
Net Current Assets	<u>19,876</u>	<u>-177,513</u>
	<u>2,637,353</u>	<u>2,647,586</u>
Equity		
Share capital	2,041,078	2,041,078
Fair value reserves	-7,135	-7,135
Retained earnings	509,070	523,112
	<u>2,543,013</u>	<u>2,557,055</u>
Non-Current Liabilities		
Long term loans	43,696	45,394
Deferred tax liabilities	5,507	-
Retirement benefit obligations	45,137	45,137
	<u>2,637,353</u>	<u>2,647,586</u>

Approved for issue by the Board of Directors on August 11, 2017 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 2017

	Attributable to Stockholders of the Company				Total \$'000
	Number of Shares '000	Share Capital \$'000	Fair Value Reserve \$'000	Retained Earnings \$'000	
Balance at 1 April 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	-	-	(7,135)	308,369	301,234
Transaction with owners - Ordinary dividends	-	-	-	(48,450)	(48,450)
Balance at 31 March 2017	2,397,683	2,041,078	(7,135)	523,112	2,557,055
Total comprehensive income	-	-	-	(14,042)	(14,042)
Balance at 30 June 2017	2,397,683	2,041,078	(7,135)	509,070	2,543,013
Balance at 31 March 2016	2,397,683	2,041,078	-	263,193	2,304,271
Total comprehensive income	-	-	-	(11,080)	(11,080)
Balance at 30 June 2016	2,397,683	2,041,078	-	252,113	2,293,191

Company Cash Flow (Unaudited)
Quarter Ended 30 June 2017

	Unaudited June 2017 \$'000	Unaudited June 2016 \$'000
Cash Flows from Operating Activities		
Operating Activities		
Net profit	(14,042)	(11,080)
Items not affecting cash:		
Depreciation and amortisation	6,741	6,570
Gain on disposal of fixed assets	(274)	(705)
Spares utilised	-	41
Interest income	(6,093)	(2,131)
Interest expense	1,167	1,450
Income tax	5,941	(2,620)
Exchange (gains)/loss on foreign currency balances	-	(1,356)
Revaluation of investment securities	(1,880)	(177)
	<u>(8,440)</u>	<u>(10,008)</u>
Changes in operating assets and liabilities:		
Inventories	(706)	192
Due from subsidiaries	84,774	(55,539)
Receivables	14,626	(42,290)
Payables	(10,559)	49,346
	<u>79,695</u>	<u>(58,299)</u>
Income tax paid/recoverable	(1,594)	(568)
Net cash (used in)/provided by operating activities	<u>78,101</u>	<u>(58,867)</u>
Cash Flows from Investing Activities		
Proceeds from disposal of fixed assets	1,227	705
Purchase of fixed assets	(1,087)	(1,781)
Interest received	1,169	2,131
Net Cash provided by investing activities	<u>1,309</u>	<u>1,055</u>
Cash Flows from Financing Activities		
Loans repaid	(1,698)	(1,553)
Interest paid	(1,167)	(1,450)
Exchange gains/(losses) on cash and cash equivalents	-	1,356
Net cash used in financing activities	<u>(2,865)</u>	<u>(1,647)</u>
Decrease in cash and cash equivalents	76,545	(59,459)
Cash and cash equivalents at beginning of year	<u>177,663</u>	<u>351,581</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>254,208</u>	<u>292,122</u>

Segment Report (Unaudited)
Quarter Ended 30 June 2017

	Audio Visual \$'000	Audio \$'000	Print & Others \$'000	Sub-total \$'000	Eliminations \$'000	Total \$'000
JUNE 2017						
Revenues	402,579	162,084	694,491	1,259,154	(39,999)	1,219,155
Operating profit/(loss)	(37,432)	(9,282)	10,456	(36,258)	(0)	(36,258)
Assets	1,419,753	3,438,238	1,093,582	5,951,572	(1,966,526)	3,985,046
Liabilities	671,473	741,015	383,400	1,795,888	(364,379)	1,431,509
Capital expenditure	384,649	1,087	2,695	388,432		388,432
Depreciation & amortisation	35,490	10,028	14,105	59,623	-	59,623
Finance costs	938	1,167	3,871	5,975	-	5,975
JUNE 2016						
Revenues	430,384	171,162	752,139	1,353,684	(44,946)	1,308,738
Operating Profit/(Loss)	23,517	(21,297)	75,350	77,570	-	77,570
Assets	1,173,392	3,029,628	1,424,638	5,627,658	(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	5,721		5,721
Depreciation & amortisation	29,916	16,242	13,728	59,886		59,886
Finance costs	2,199	2,671	8,068	12,938		12,938

Notes to the financial statements
Quarter Ended 30 June 2017

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 2017. 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 (2016 - 2,397,683,000) 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:
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.