



**Unaudited Financial Statements
2nd Quarter Ended 30 September 2017**

Radio Jamaica Limited

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2nd Quarter Ended 30 September 2017

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Directors' interim report to Shareholders

Unaudited Financial Statements

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**Radio Jamaica Limited
Report to Stockholders**

The directors present the unaudited results of the RJRGLEANER Communications Group for the 2nd quarter ending September 30, 2017.

The Group recorded after tax profit of \$12 million for the July to September 2017 quarter; which was in contrast to the \$66.5 million in the prior year. During that quarter in 2016 the Group had a successful Olympic event over 17 days; however in the similar period for 2017, the Group had a successful World Championship event but only for nine days.

The Group's results were impacted by the continued softness in spend from major advertisers in the financial, beverage, foods, telecommunications and retail sectors. While some success in improving revenues in the 2nd Quarter compared to the 1st quarter has been seen, there is some lag time before the Group realizes the full effects of other revenue measures. During the quarter the Group continued to successfully manage its cost of operations resulting in an overall \$160 million reduction in expenses when compared to the prior year's quarter.

Other Income's reduction of \$111m was driven by exchange rate revaluation resulting in lower earnings on the investment portfolio and non-recurrence of some one-off earnings in the previous year.

Direct costs of \$597 million reduced by 11% or \$74 million for the quarter which was driven by the fall-off in revenues.

Selling expenses for the quarter of \$177 million decreased over the prior quarter by \$32 million or 15% due to overall lower promotional costs and lower agency and sales commissions.

Administrative expenses for the quarter of \$309 million reduced by \$32 million or 9% due to cost rationalization measures resulting in the reduction in staff cost, insurance premiums, security and maintenance costs.

Operating expenses of \$173 million was comparable to that of the prior year's quarter due to the measures taken to contain the cost of electricity and spares for transmitter sites, despite the inflationary price increases on these costs.

Now in the build up to the Christmas season, the group is prepared to deliver to retailers and service providers the best value in products and services during this period of heightened commercial activity.

On July 27, 2017, the Company declared an Interim dividend of two cents per share which was paid on September 8, 2017. The Group held its Annual General Meeting on Monday September 18, 2017.

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



Carl Domville
Director



Gary H Allen
Chief Executive Officer

Consolidated Statement of Comprehensive Income (Unaudited)
2nd Quarter Ended 30 September 2017

Current Quarter 3 Months to 30/09/17 \$'000	Prior Year Quarter 3 Months to 30/09/16 \$'000	Note	Year-to-Date 6 Months to 30/09/17 \$'000	Prior Year-to-date 6 Months to 30/09/16 \$'000
1,261,819	1,355,378	2	2,480,974	2,664,116
(597,415)	(671,770)	Direct expenses	(1,232,932)	(1,298,691)
664,404	683,608	Gross Profit	1,248,042	1,365,425
15,692	127,428	3	57,668	193,800
(176,934)	(208,575)	Other income	(369,651)	(409,981)
(308,751)	(340,388)	Selling expenses	(598,862)	(653,319)
(172,990)	(173,057)	Administration expenses	(352,034)	(329,339)
21,421	89,016	Operating Profit/Loss	(14,837)	166,586
(11,031)	(10,946)	Finance costs	(17,005)	(23,884)
10,390	78,070	Profit/(Loss) before Taxation	(31,842)	142,702
1,750	(11,571)	4	(3,314)	(21,813)
12,140	66,499	Net Profit/(Loss) after taxation	(35,156)	120,889
		Other comprehensive income - Items that may be reclassified to profit or loss		
1,459	1,565	Currency translation differences on foreign subsidiaries	1,459	1,565
13,599	68,064	Attributable to:	(33,697)	122,454
		Stockholders of the company		
		Earnings per Ordinary Stock Unit in issue at the end of the period and Attributable to Stockholders of the Company		
0.5 cents	2.8 cents	5	(1.4) cents	5.0 cents

Consolidated Balance Sheet (Unaudited)
2nd Quarter Ended 30 September 2017

	Note	Unaudited September 2017 \$'000	Audited March 2017 \$'000
Non-Current Assets			
Fixed assets		1,469,575	1,133,793
Intangible assets	6	510,622	531,570
Deferred tax asset		41,952	42,435
Retirement benefit assets	7	322,767	322,767
Long term receivables		763	763
Investment securities		199,229	486,522
		2,544,908	2,517,850
Current Assets			
Inventories		158,484	177,433
Receivables	8	870,178	849,615
Taxation recoverable		12,889	14,105
Cash and short term investments		429,836	294,782
		1,471,387	1,335,935
Current Liabilities			
Bank overdraft		0	4,053
Payables		749,162	837,753
Taxation payable		9,453	21,659
		758,615	863,465
Net Current Assets		712,773	472,470
		3,257,681	2,990,320
Stockholders' Equity			
Share capital	9	2,041,078	2,041,078
Foreign currency translation		(1,545)	(3,004)
Fair value reserve		(7,135)	(7,135)
Retained earnings	10	486,584	569,767
		2,518,982	2,600,706
Non-controlling Interests		127	127
Non-Current Liabilities			
Finance lease obligations	11	13,596	22,997
Long term loans	12	418,659	59,043
Deferred tax liabilities		144,249	145,379
Retirement benefit obligations	7	162,068	162,068
		3,257,681	2,990,320

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



Carl Domville

Director



Gary Allen

Managing Director

Radio Jamaica Limited

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Consolidated Statement of Changes in Equity (Unaudited)
2nd Quarter Ended 30 September 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
Ordinary dividends			(48,027)			(48,027)		(48,027)
Total comprehensive income	-	-	(35,156)	1,459	-	(33,697)	-	(33,697)
Balance at 30 September 2017	2,397,683	2,041,078	486,584	(1,545)	(7,135)	2,518,982	127	2,519,109
Balance at 31 March 2016	2,397,683	2,041,078	382,492	-	-	2,423,570	127	2,423,697
Total comprehensive income			120,889	1,565		122,454		122,454
Ordinary dividends	-	-	(48,450)			(48,450)	-	(48,450)
Balance at 30 September 2016	2,397,683	2,041,078	454,931	1,565	-	2,497,574	127	2,497,701

Consolidated Cash Flow (Unaudited)

2nd Quarter Ended 30 September 2017

	Unaudited September 2017 \$'000	Unaudited September 2016 \$'000
CASH RESOURCES WERE (USED IN)/PROVIDED BY:		
Operating Activities		
Net (loss)/profit	(35,156)	120,889
Items not affecting cash:		
Depreciation and amortisation	116,492	115,194
(Gain)/Loss on disposal of fixed assets	(3,394)	368
Spares utilised	-	97
Interest income	(11,019)	(20,769)
Interest expense	9,948	20,592
Income tax charge	(3,313)	21,813
Exchange loss on foreign currency balances	3,238	(14,468)
Revaluation of investment securities	1,181	915
	<u>77,977</u>	<u>244,631</u>
Changes in operating assets and liabilities:		
Inventories	18,949	(48,109)
Receivables	(20,088)	(166,266)
Payables	(88,591)	(18,289)
	<u>(11,753)</u>	<u>11,967</u>
Income tax paid	(8,323)	(16,092)
Net Cash used in operating activities	(20,076)	(4,125)
Investing Activities		
Proceeds from disposal of fixed assets	1,227	(2,444)
Purchase of fixed assets and intangibles	(427,701)	(82,413)
Cash inflow from investment greater than 90 days	286,112	-
Interest received	10,543	20,769
Net Cash used in investing activities	(129,819)	(64,088)
Financing Activities		
Loan received	400,000	-
Loans repaid	(40,384)	(22,313)
Principal lease repayments	(9,401)	(37,611)
Interest paid	(9,948)	(20,592)
Dividends paid	(48,027)	(48,450)
Exchange (losses)/gains on cash and cash equivalents	(3,238)	14,468
Net Cash provide by/(used in) financing activities	289,002	(114,498)
Increase/decrease in cash and cash equivalents	139,107	(182,711)
Cash and cash equivalents at beginning of year	290,729	390,324
CASH AND CASH EQUIVALENTS AT END OF PERIOD	429,836	207,613

Company Statement of Comprehensive Income (Unaudited)
2nd Quarter Ended 30 September 2017

Current Quarter 3 Months to 30/09/17	Prior Year Quarter 3 Months to 30/09/16		Year-to-Date Quarter 6 Months to 30/09/17	Prior Year Quarter 6 Months to 30/09/16
\$'000	\$'000		\$'000	\$'000
139,035	138,700	Revenue	264,527	272,563
<u>(67,209)</u>	<u>(62,157)</u>	Direct expenses	<u>(133,359)</u>	<u>(127,336)</u>
71,826	76,543	Gross Profit	131,168	145,227
14,276	69,582	Other income	41,292	98,341
(28,738)	(30,772)	Selling expenses	(54,459)	(65,659)
(49,068)	(53,579)	Administration expenses	(90,680)	(103,189)
<u>(26,283)</u>	<u>(27,577)</u>	Other operating expenses	<u>(52,241)</u>	<u>(52,773)</u>
(17,987)	34,197	Operating Profit/(Loss)	(24,920)	21,947
<u>(1,129)</u>	<u>(1,552)</u>	Finance costs	<u>(2,296)</u>	<u>(3,002)</u>
(19,116)	32,645	(Loss)/profit before Taxation	(27,216)	18,945
<u>4,165</u>	<u>2,063</u>	Taxation	<u>(1,777)</u>	<u>4,682</u>
<u>(14,951)</u>	<u>34,708</u>	Net (Loss)/Profit after taxation	<u>(28,993)</u>	<u>23,627</u>

Company Balance Sheet (Unaudited)
2nd Quarter Ended 30 September 2017

	Unaudited September 2017 \$'000	Audited March 2017 \$'000
Non-Current Assets		
Fixed assets	239,184	248,375
Intangible assets	1,450	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	199,229	486,321
	<u>2,526,840</u>	<u>2,825,099</u>
Current Assets		
Inventories	7,977	6,201
Due from subsidiaries	287,672	158,653
Receivables	212,314	109,615
Taxation recoverable	12,108	12,533
Cash and short term investments	371,920	177,663
	<u>891,991</u>	<u>464,665</u>
Current Liabilities		
Payables	87,049	191,456
Due to subsidiaries	389,976	450,722
	<u>477,025</u>	<u>642,178</u>
Net Current Assets	<u>414,966</u>	<u>(177,513)</u>
	<u>2,941,806</u>	<u>2,647,586</u>
Equity		
Share capital	2,041,078	2,041,078
Fair value reserves	(7,135)	(7,135)
Retained earnings	446,092	523,112
	<u>2,480,035</u>	<u>2,557,055</u>
Non-Current Liabilities		
Long term loans	415,291	45,394
Deferred tax liabilities	1,343	-
Retirement benefit obligations	45,137	45,137
	<u>2,941,806</u>	<u>2,647,586</u>

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



Carl Domville

Director



Gary Allen

Managing Director

Company Statement of Changes in Equity (Unaudited)
2nd Quarter Ended 30 September 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
Ordinary dividends	-	-	-	(48,027)	(48,027)
Total comprehensive income	-	-	-	(28,993)	(28,993)
Balance at 30 September 2017	2,397,683	2,041,078	(7,135)	446,092	2,480,035
Balance at 31 March 2016	2,397,683	2,041,078	-	263,193	2,304,271
Total comprehensive income	-	-	-	23,627	23,627
Balance at 30 September 2016	2,397,683	2,041,078	-	286,820	2,327,898

Company Cash Flow (Unaudited)
2nd Quarter Ended 30 September 2017

	Unaudited September 2017 \$'000	Unaudited September 2016 \$'000
Cash Flows from Operating Activities		
Operating Activities		
Net (loss)/profit	(28,993)	23,627
Items not affecting cash:		
Depreciation and amortisation	13,425	13,095
Gain on disposal of fixed assets	(599)	(712)
Spares utilised	-	41
Interest income	(10,191)	(3,357)
Dividend income	-	(448)
Interest expense	2,295	3,002
Income tax	1,777	(4,683)
Exchange (gains)/loss on foreign currency balances	(93)	14,243
Revaluation of investment securities	1,181	257
	(21,198)	45,065
Changes in operating assets and liabilities:		
Inventories	(1,776)	(2,483)
Due from/to subsidiaries	(189,765)	(105,953)
Receivables	(102,699)	(74,651)
Payables	(104,406)	(3,285)
	(419,844)	(141,307)
Income tax paid/recoverable	425	(811)
Net cash used in operating activities	(419,419)	(142,118)
Cash Flows from Investing Activities		
Proceeds from disposal of fixed assets	1,227	712
Cash inflow from investment greater than 90 days	285,911	-
Purchase of fixed assets	(3,321)	(3,703)
Dividends received	-	448
Interest received	10,191	3,357
Net Cash provided by investing activities	294,008	814
Cash Flows from Financing Activities		
Loan received	400,000	-
Loans repaid	(30,103)	(3,142)
Interest paid	(2,295)	(3,002)
Dividends paid	(48,027)	(48,450)
Exchange gains/(losses) on cash and cash equivalents	93	(14,243)
Net cash provided by/(used in) financing activities	319,668	(68,837)
Decrease in cash and cash equivalents	194,257	(210,141)
Cash and cash equivalents at beginning of year	177,663	351,581
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	371,920	141,440

Segment Report (Unaudited)
2nd Quarter Ended 30 September 2017

	Audio Visual	Audio	Print & Others	Sub-total	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
SEPTEMBER 2017						
Revenues	887,767	335,009	1,340,826	2,563,602	(82,628)	2,480,974
Operating profit/(loss)	16,240	(31,811)	6,783	(8,788)	(6,049)	(14,837)
Assets	1,441,150	3,678,439	1,088,292	6,207,881	(2,191,586)	4,016,295
Liabilities	647,276	1,044,194	392,237	2,083,707	(586,520)	1,497,187
Capital expenditure	417,198	2,656	7,847	427,701		427,701
Depreciation & amortisation	66,157	20,000	24,287	110,444	6,048	116,492
Finance costs	6,974	2,295	7,736	17,005	-	17,005
SEPTEMBER 2016						
Revenues	936,199	345,320	1,468,800	2,750,319	(86,203)	2,664,116
Operating Profit/(Loss)	48,938	22,707	105,578	177,223	(10,637)	166,586
Assets	1,245,299	2,952,722	1,526,578	5,724,599	(1,720,883)	4,003,716
Liabilities	499,844	517,928	655,434	1,673,206	(167,192)	1,506,014
Capital expenditure	71,463	3,703	4,397	79,563		79,563
Depreciation & amortisation	60,416	20,384	22,395	103,195	12,096	115,291
Finance costs	4,227	5,979	13,678	23,884		23,884

Notes to the financial statements
2nd Quarter Ended 30 September 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 31st 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 or taxable 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 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, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.
5. The calculation of earnings per stock unit is based on net (loss)/profit and 2,397,683,000 (2016 - 2,397,683,000) weighted average ordinary stock units in issue.
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 Limited which has responsibility for the general management of the portfolio of investments and the administration of the fund.

The Gleaner Company (Media) Limited (GCML) operates a defined contribution pension fund for employees in GCML and Independent Radio Co Ltd. who have 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. Retained earnings:

	<u>Group</u> September 2017 \$'000	<u>Group</u> September 2016 \$'000
Foreign currency translation reserve:		
Exchange differences on translation of overseas subsidiaries	(1,545)	1,565
Retained profits	486,584	454,931
	<u>485,039</u>	<u>456,496</u>

Foreign currency translation 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.