



**Unaudited Financial Statements
3rd Quarter Ended December 31, 2017**

**Radio Jamaica Limited
Report to Stockholders**

The directors present the unaudited results of the RJRGLEANER Communications Group for the 3rd quarter ending December 31, 2017.

The Group recorded after tax profit of \$79 million for the October to December 2017 quarter; which was \$10 million or 11% lower than the comparable prior year quarter.

Despite the expected uptick seen in the 3rd Quarter compared to the 2nd quarter from traditional Christmas spend the Group's results continue to be impacted by softness in spend from major advertisers. Management continues to implement identified revenue measures and strategic projects in this upcoming traditionally soft post-holiday period.

Reduction in Other Income of \$16 million or 47% was driven by exchange rate revaluation and lower earnings on the foreign currency denominated investment portfolio.

Direct costs as a percentage of revenues were similar to prior year at 44% underscoring the Group's focus to control expenses in continued pursuit of all available synergies.

Selling expenses for the quarter of \$187 million decreased over the prior quarter by 1% due to overall lower agency commissions.

Administrative expenses for the quarter of \$320 million, increased by \$39 million or 12% when compared to prior year's quarter. This was due to the inflationary impact on salaries, professional fees and the increased depreciation expenses on the new capital assets acquired by the Group as it transitions to High Definition workflows.

Other operating expenses of \$178 million decreased by \$23 million when compared to the prior year's quarter resulting from continued cost containment measures.

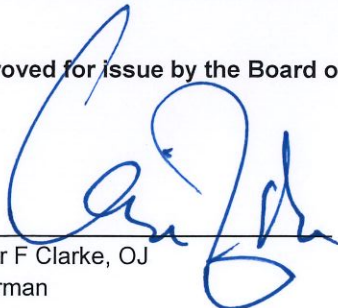
As generally indicated earlier, the Group continues its investment to transition to High Definition (HD) production and broadcast. At this juncture TVJ, TVJ Sports Network, JNN and RETV all operate from a HD workflow with TVJ available for viewing in HD on Digicel and Flow cable networks as well as on the Group's 1SpotMedia platform.

These upgrades not only allow for viewing of available HD content on cable, they also allow for an improved analogue signal for Free to Air (FTA) viewers. Advertisers are now able to produce and display their brand messages in crystal clear HD format. The company continues to press the government for a policy decision on the standard and business model to be used for FTA broadcasting.

The increase in the value of Fixed Assets of \$304 million as well as an increase in finance costs of \$5.5 million were mainly due to the purchase of a state of the art High Definition Outside Broadcast Truck. This major investment positions Television Jamaica Limited to not only produce its own content in HD quality, but enables it to compete in the market for third party HD production services for major local events; both providing for higher quality output, greater revenue potential and lower operating costs.

2018 is a World Cup year and TVJ has the exclusive FTA broadcast and online streaming rights to the "greatest show on earth". With new HD capability and improved FTA coverage resulting from major transmitter upgrades, the RJRGLEANER Communications Group promises to deliver exceptional value to viewers and advertisers alike.

Approved for issue by the Board of Directors on February 13, 2018 and signed on its behalf by:



Oliver F Clarke, OJ
Chairman



Gary H Allen
Chief Executive Officer

Radio Jamaica Limited

Index

3rd Quarter Ended December 31, 2017

Page

Directors' interim report to Shareholders

Unaudited Financial Statements

Consolidated statement of comprehensive income	1
Consolidated balance sheet	2
Consolidated statement of changes in equity	3
Consolidated statement of cash flows	4
Company statement of comprehensive income	5
Company balance sheet	6
Company statement of changes in equity	7
Company statement of cash flows	8
Segment Reporting	9
Notes to the financial statements	10

Consolidated Balance Sheet (Unaudited)
3rd Quarter Ended December 31, 2017

	Note	Unaudited December 2017 \$'000	Audited March 2017 \$'000
Non-Current Assets			
Fixed assets		1,437,658	1,133,793
Intangible assets	6	552,040	531,570
Deferred tax asset		41,946	42,435
Retirement benefit assets	7	322,767	322,767
Long term receivables		763	763
Investment securities		198,624	486,522
		<u>2,553,798</u>	<u>2,517,850</u>
Current Assets			
Inventories		185,886	177,433
Receivables	8	1,072,751	849,615
Taxation recoverable		13,989	14,105
Cash and short term investments		191,234	294,782
		<u>1,463,860</u>	<u>1,335,935</u>
Current Liabilities			
Bank overdraft		0	4,053
Payables		660,111	837,753
Taxation payable		27,253	21,659
		<u>687,364</u>	<u>863,465</u>
Net Current Assets			
		<u>776,496</u>	<u>472,470</u>
		<u><u>3,330,294</u></u>	<u><u>2,990,320</u></u>
Stockholders' Equity			
Share capital	9	2,041,078	2,041,078
Foreign currency translation		(2,140)	(3,004)
Fair value reserve		(7,135)	(7,135)
Retained earnings	10	565,520	569,767
		<u>2,597,323</u>	<u>2,600,706</u>
Non-controlling Interests		127	127
Non-Current Liabilities			
Finance lease obligations	11	10,463	22,997
Long term loans	12	420,498	59,043
Deferred tax liabilities		139,815	145,379
Retirement benefit obligations	7	162,068	162,068
		<u>3,330,294</u>	<u>2,990,320</u>

Approved for issue by the Board of Directors on February 13, 2018 and signed on its behalf by:


 Oliver F. Clarke

Director


 Gary Allen

Managing Director

Radio Jamaica Limited

Consolidated Statement of Changes in Equity (Unaudited)
3rd Quarter Ended December 31, 2017

	Attributable to Stockholders of the Company						Non-controlling Interests Total	Total
	Number of Shares	Share Capital	Retained Earnings	Foreign Currency Translation	Fair Value Reserve	Equity Owners' Total		
	'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Balance at April 1, 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 March 31, 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 March 31, 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	-	-	43,780	864	-	44,644	-	44,644
Balance at December 31, 2017	2,397,683	2,041,078	565,520	(2,140)	(7,135)	2,597,323	127	2,597,450
Balance at March 31, 2016	2,397,683	2,041,078	382,492	-	-	2,423,570	127	2,423,697
Total comprehensive income			209,747	1,010		210,757		210,757
Ordinary dividends	-	-	(48,450)			(48,450)	-	(48,450)
Balance at December 31, 2016	2,397,683	2,041,078	543,789	1,010	-	2,585,877	127	2,586,004

Consolidated Cash Flow (Unaudited)
3rd Quarter Ended December 31, 2017

	Unaudited December 2017 \$'000	Unaudited December 2016 \$'000
CASH RESOURCES WERE (USED IN)/PROVIDED BY:		
Operating Activities		
Net (loss)/profit	43,780	209,748
Items not affecting cash:		
Depreciation and amortisation	190,043	172,687
(Gain)/Loss on disposal of fixed assets	(3,394)	(1,199)
Spares utilised	-	639
Interest income	(1,746)	(20,769)
Interest expense	(11,068)	20,592
Income tax charge	(21,409)	39,962
Exchange loss on foreign currency balances	17,899	(13,458)
Revaluation of investment securities	732	915
	<u>214,837</u>	<u>409,117</u>
Changes in operating assets and liabilities:		
Inventories	(8,453)	(66,295)
Receivables	(237,587)	(108,591)
Payables	(177,641)	(269,669)
	<u>(208,843)</u>	<u>(35,438)</u>
Income tax paid	22,044	(17,085)
Net Cash used in operating activities	(186,800)	(52,523)
Investing Activities		
Proceeds from disposal of fixed assets	2,134	3,694
Purchase of fixed assets and intangibles	(512,256)	(174,052)
Cash inflow from investment greater than 90 days	287,166	161,376
Interest received	16,197	20,769
Net Cash used in investing activities	(206,759)	11,787
Financing Activities		
Loan received	400,000	-
Loans repaid	(38,545)	(33,440)
Principal lease repayments	(12,534)	(46,665)
Interest paid	11,068	(20,592)
Dividends paid	(48,027)	(48,450)
Exchange (losses)/gains on cash and cash equivalents	(17,899)	14,468
Net Cash provide by/(used in) financing activities	294,063	(134,679)
Increase/decrease in cash and cash equivalents	(99,495)	(175,415)
Cash and cash equivalents at beginning of year	290,729	390,324
CASH AND CASH EQUIVALENTS AT END OF PERIOD	191,234	214,909

Company Statement of Comprehensive Income (Unaudited)
3rd Quarter Ended December 31, 2017

Current Quarter 3 Months to 31/12/17	Prior Year Quarter 3 Months to 31/12/16		Year-to-Date Quarter 9 Months to 31/12/17	Prior Year Quarter 9 Months to 31/12/16
\$'000	\$'000		\$'000	\$'000
159,926	153,727	Revenue	424,453	426,290
(69,016)	(60,842)	Direct expenses	(202,375)	(188,178)
90,910	92,885	Gross Profit	222,078	238,112
5,639	17,623	Other income	46,931	115,964
(24,580)	(9,137)	Selling expenses	(79,039)	(74,796)
(58,186)	(48,959)	Administration expenses	(148,866)	(152,148)
(27,307)	(31,400)	Other operating expenses	(79,548)	(84,173)
(13,524)	21,012	Operating Profit/(Loss)	(38,444)	42,959
(1,089)	(1,242)	Finance costs	(3,385)	(4,244)
(14,613)	19,770	(Loss)/profit before Taxation	(41,829)	38,715
1,342	(405)	Taxation	(435)	4,277
(13,271)	19,365	Net (Loss)/Profit after taxation	(42,264)	42,992

Company Balance Sheet (Unaudited)
3rd Quarter Ended December 31, 2017

	Unaudited December 2017 \$'000	Audited March 2017 \$'000
Non-Current Assets		
Fixed assets	236,357	248,375
Intangible assets	679	2,992
Retirement benefit asset	262,123	262,123
Deferred tax asset	0	434
Investment in subsidiaries	1,824,853	1,824,854
Investment securities	198,624	486,321
	<u>2,522,636</u>	<u>2,825,099</u>
Current Assets		
Inventories	10,632	6,201
Due from subsidiaries	563,296	158,653
Receivables	149,540	109,615
Taxation recoverable	13,225	12,533
Cash and short term investments	130,222	177,663
	<u>866,915</u>	<u>464,665</u>
Current Liabilities		
Payables	193,152	191,456
Taxation payable		0
Due to subsidiaries	277,650	450,722
	<u>470,802</u>	<u>642,178</u>
Net Current Assets	<u>396,113</u>	<u>(177,513)</u>
	<u>2,918,749</u>	<u>2,647,586</u>
Equity		
Share capital	2,041,078	2,041,078
Fair value reserves	(7,135)	(7,135)
Retained earnings	432,821	523,112
	<u>2,466,764</u>	<u>2,557,055</u>
Non-Current Liabilities		
Long term loans	406,848	45,394
Deferred tax liabilities	0	-
Retirement benefit obligations	45,137	45,137
	<u>2,918,749</u>	<u>2,647,586</u>

Approved for issue by the Board of Directors on February 13, 2018 and signed on its behalf by:

Oliver F. Clarke

Director

Gary Allen

Managing Director

Company Statement of Changes in Equity (Unaudited)
3rd Quarter Ended December 31, 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 April 1, 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 March 31, 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 March 31, 2017	2,397,683	2,041,078	(7,135)	523,112	2,557,055
Ordinary dividends	-	-	-	(48,027)	(48,027)
Total comprehensive income	-	-	-	(42,264)	(42,264)
Balance at December 31, 2017	2,397,683	2,041,078	(7,135)	432,821	2,466,764
Balance at March 31, 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 December 31, 2016	2,397,683	2,041,078	-	257,735	2,298,813

Company Cash Flow (Unaudited)
3rd Quarter Ended December 31, 2017

	Unaudited December 2017 \$'000	Unaudited December 2016 \$'000
Cash Flows from Operating Activities		
Operating Activities		
Net (loss)/profit	(42,264)	42,992
Items not affecting cash:		
Depreciation and amortisation	19,802	19,378
Gain on disposal of fixed assets	(599)	756
Spares utilised	-	174
Interest income	(14,655)	(7,923)
Dividend income	-	(448)
Interest expense	3,384	4,244
Income tax	434	(4,277)
Exchange (gains)/loss on foreign currency balances	18,041	(10,934)
Revaluation of investment securities	732	1,088
	<u>(15,125)</u>	<u>45,050</u>
Changes in operating assets and liabilities:		
Inventories	(4,431)	(1,450)
Due from/to subsidiaries	(577,715)	(75,670)
Receivables	(39,925)	(32,204)
Payables	1,697	(91,611)
	<u>(635,499)</u>	<u>(155,885)</u>
Income tax paid/recoverable	(692)	(3,417)
	<u>(636,191)</u>	<u>(159,302)</u>
Cash Flows from Investing Activities		
Proceeds from disposal of fixed assets	2,134	756
Cash inflow from investment greater than 90 days	286,966	-
Purchase of fixed assets	(7,007)	(5,429)
Dividends received	-	448
Interest received	14,655	7,923
	<u>296,748</u>	<u>3,698</u>
Cash Flows from Financing Activities		
Loan received	400,000	-
Loans repaid	(38,546)	(4,766)
Interest paid	(3,384)	(4,244)
Dividends paid	(48,027)	(48,450)
Exchange gains/(losses) on cash and cash equivalents	(18,041)	10,934
	<u>292,002</u>	<u>(46,526)</u>
Decrease in cash and cash equivalents	(47,441)	(202,130)
Cash and cash equivalents at beginning of year	177,663	351,581
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>130,222</u>	<u>149,451</u>

Segment Report (Unaudited)
3rd Quarter Ended December 31, 2017

	Audio Visual \$'000	Audio \$'000	Print & Others \$'000	Sub-total \$'000	Eliminations \$'000	Total \$'000
DECEMBER 2017						
Revenues	1,383,744	532,281	2,081,366	3,997,391	(123,727)	3,873,663
Operating profit/(loss)	81,105	(46,627)	72,463	106,941	(12,098)	94,843
Assets	1,766,506	3,618,036	1,224,984	6,609,526	(2,591,869)	4,017,658
Liabilities	927,617	1,011,827	457,960	2,397,405	(977,198)	1,420,208
Capital expenditure	489,017	8,466	14,773	512,256		512,256
Depreciation & amortisation	109,231	29,664	39,052	177,947	12,096	190,043
Finance costs	15,203	4,783	9,668	29,654	-	29,654
DECEMBER 2016						
Revenues	1,422,742	499,047	2,225,975	4,147,763	(123,657)	4,024,106
Operating Profit/(Loss)	114,351	43,718	138,561	296,630	(15,955)	280,675
Assets	1,458,589	3,335,792	530,785	5,325,166	(1,462,614)	3,862,552
Liabilities	277,577	876,590	252,033	1,406,200	(129,653)	1,276,547
Capital expenditure	127,844	5,898	20,549	154,291		154,291
Depreciation & amortisation	90,118	30,702	33,723	154,543	18,144	172,687
Finance costs	5,641	7,221	18,103	30,965		30,965

Notes to the financial statements

3rd Quarter Ended December 31, 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 31, 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 taxable or 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 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 2,397,683,077 (2016 - 2,397,683,077) 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 (GCML). 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. The Group runs two pension schemes:-
 1. 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 fund are managed by Proven Wealth Limited which has responsibilities for the general management of the portfolio of investments and the administration of the fund.
 2. A defined contribution pension fund for employers of The Gleaner Company (Media) Limited (GCML) and Independent Radio Company Limited 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 in the RJR Employee Share Scheme.
10. Retained earnings:

	<u>Group</u> December 2017 \$'000	<u>Group</u> December 2016 \$'000
Foreign currency translation reserve:		
Exchange differences on translation of overseas subsidiaries	(2,140)	1,010
Retained profits	565,520	543,789
	<u>563,380</u>	<u>544,799</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.