

**Radio Jamaica Limited  
Report to Stockholders**

The directors present the audited results of the RJRGLEANER Communications Group for the year ending March 31, 2018.

The Group recorded an after-tax loss of \$42 million for the year compared with an after-tax profit of \$145 million in the prior year.

In what was a year of strategic investments in high value equipment, training, the World's largest sporting product, as well as taking a number of initiatives to underpin future growth, the Group's performance was impacted by a downturn in Revenues by \$183 million. In spite of the expected uptick seen in the 3rd Quarter, the Group did not recover from the market softness seen in previous quarters. In response to this, management continued to implement identified revenue measures, cost control and strategic projects.

There was an increase in the value of Fixed Assets by \$381 million, and an increase in finance costs of \$8 million as we again led the English speaking Caribbean with the most capable state of the art High Definition Television Outside Broadcast Unit which was immediately put into service with a spectacular production of ISSA Boys and Girls Championship. This major investment positions Television Jamaica Limited (TVJ) 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; providing for higher quality output, greater revenue potential and lower operating costs. This is complementing the fact that the Group now delivers TVJ to two major local cable operators in High Definition.

A reduction in Other Income of \$86 million was driven primarily by exchange rate fluctuation and lower earnings on the Group's foreign currency denominated investment portfolio.

Direct Expenses fell by \$49 million or 2% due to lower cost of Newsprint, while selling expenses of \$746 million fell by \$28 million or 3.6% due to the resulting overall lower amounts of agency commissions.

Administrative Expenses of \$1.1 billion increased by \$29.6 million or 2.7% when compared to prior year. This was mainly due to a \$25 million provision made in respect of GSAT text book inventory, sales of which will be affected by the government's move to the Primary Exit Profile (PEP) testing format, and increased depreciation expenses on new capital assets acquired by the Group during the period as it transitions to High Definition (HD) Television operations.

Other Operating Expenses of \$771 million were held to an increase of \$18 million or 2.4% when compared to the prior year through continued cost containment measures in spite of union contracted salary increases of 5%.

Other Comprehensive Income (OCI) was also negatively impacted by the re-measurement of post-employment benefits.

The activities of the group in this financial year were driven by a refocused strategy built around re-tooling for innovative business expansion and synergistic acquisitions to adjust to the changing media and communications landscape. The subsequent acquisition of a stake in the e-commerce company Gustazos Jamaica which creates marketing campaigns for hand-selected, top quality merchants to generate sales from subscribers, who access attractive savings, is one such example.

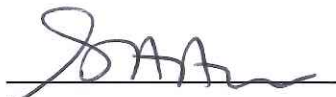
This year, TVJ has the exclusive Free To Air (FTA) and subscriber cable TV broadcast rights, as well as online streaming and radio and rights to the "greatest show on earth", the 2018 FIFA World Cup Football. With new HD capability and improved FTA coverage resulting from major transmitter upgrades investments, the RJRGLEANER Communications Group promises to deliver our usual exceptional value to our audiences and advertisers alike.

Despite the revenue softness seen this year, the company remains confident that in pursuing diverse strategies and other appropriate actions, it will ensure long-term sustainability of the business for the benefit of our shareholders.

**Approved for issue by the Board of Directors on May 29, 2018 and signed on its behalf by:**



Oliver F Clarke, OJ  
Chairman



Gary Allen  
Chief Executive Officer