



**Unaudited Financial Statements
1st Quarter Ended 30 June 2018**

Radio Jamaica Limited

Index

1st Quarter Ended 30 June 2018

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

**Radio Jamaica Limited
Report to Stockholders**

The directors present the unaudited results of the RJRGLEANER Communications Group for the 1st quarter ending June 30, 2018.

The Group recorded an after tax loss of \$70 million for the April to June 2018 quarter; which was \$23 million or 48% higher than the loss posted for the comparable quarter in 2017.

The Group reported a \$128 million or 10% increase in the first quarter revenue performance largely due to a revenue boost from the staging of a part of the 2018 FIFA World Cup Football competition during the quarter. Direct Expenses rose by \$114 million largely due to the rights and technical fees associated with the 2018 FIFA World Cup project resulting in an overall positive impact on Gross Profit for the quarter over prior period.

Reduction in Other Income of \$19 million or 47% was driven by exchange rate revaluation, as well as lower earnings on the investment portfolio.

Selling expenses for the quarter of \$197 million increased over the similar prior year period by 2.4% due to higher agency commissions, driven by higher agency business.

Administrative expenses for the quarter of \$291 million was flat when compared to prior year's quarter despite inflationary effects and contracted salary increases. Other operating expenses of \$180 million was flat when compared to the prior year's quarter.

Finance Costs of \$17 million increased by \$11 million for the period mainly due to external financing, in the latter part of the previous financial year, of the acquisition of a high definition outside broadcast truck as well as an energy efficiency project.

The Group continues its investment to transition to High Definition (HD) production and broadcast. Having made the investment in the television services business unit, the integration, training and monetization activities are all now in train with the desired return on that investment targeted for the medium term. The changes in radio and print will join the dramatic Digital Switch Over changes for TV, as the entire Group re-positions itself and diversifies its revenue streams for the future. Digital switchover will enable the distribution of a digital signal to all corners of the island which will improve the viewing and listening experience as well as provide exciting "spin off" services of public.

Approved for issue by the Board of Directors on August 14, 2018 and signed on its behalf by:



Oliver F Clarke, OJ
Chairman



Gary H Allen
Chief Executive Officer

Consolidated Balance Sheet (Unaudited)
1st Quarter Ended 30 June 2018

	Note	Unaudited June 2018 \$'000	Audited March 2018 \$'000
Non-Current Assets			
Fixed assets		1,498,648	1,515,131
Intangible assets	6	549,741	537,704
Deferred tax asset		65,961	68,669
Retirement benefit assets	7	187,733	187,733
Long term receivables		763	763
Investment securities		12,614	159,169
		<u>2,315,460</u>	<u>2,469,169</u>
Current Assets			
Inventories		173,234	126,324
Receivables	8	1,083,998	999,704
Taxation recoverable		12,047	20,557
Cash and short term investments		248,030	266,966
		<u>1,517,309</u>	<u>1,413,551</u>
Current Liabilities			
Payables		749,367	722,387
Taxation payable		15,796	13,847
		<u>765,163</u>	<u>736,234</u>
Net Current Assets		<u>752,146</u>	<u>677,317</u>
		<u>3,067,607</u>	<u>3,146,486</u>
Stockholders' Equity			
Share capital	9	2,041,078	2,041,078
Foreign currency translation	10	1,103	1,197
Fair value reserve		(7,135)	(7,135)
Retained earnings		297,465	367,652
		<u>2,332,511</u>	<u>2,402,792</u>
Non-controlling Interests		127	127
Non-Current Liabilities			
Finance lease obligations	11	15,560	13,831
Long term loans	12	401,521	409,152
Deferred tax liabilities		127,442	130,142
Retirement benefit obligations	7	190,442	190,442
		<u>3,067,603</u>	<u>3,146,486</u>

Approved for issue by the Board of Directors on August 14, 2018 and signed on its behalf by:

Oliver F. Clarke

Chairman

Gary Allen

Managing Director

Radio Jamaica Limited

Consolidated Statement of Changes in Equity (Unaudited)
1st Quarter Ended 30 June 2018

	Attributable to Stockholders of the Company							Total \$'000
	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 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	-	-	(153,665)	4,201	-	(149,464)	-	(149,464)
Transaction with owners - Ordinary dividends	-	-	(48,450)	-	-	(48,450)	-	(48,450)
Balance at 31 March 2018	2,397,683	2,041,078	367,652	1,197	(7,135)	2,402,792	127	2,402,919
Total comprehensive income	-	-	(70,187)	(94)	-	(70,281)	-	(70,281)
Balance at 30 June 2018	2,397,683	2,041,078	297,465	1,103	(7,135)	2,332,511	127	2,332,638
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

Consolidated Cash Flow (Unaudited)

1st Quarter Ended 30 June 2018

	Unaudited June 2018 \$'000	Unaudited June 2017 \$'000
CASH RESOURCES WERE (USED IN)/PROVIDED BY:		
Operating Activities		
Net profit	(70,187)	(47,296)
Items not affecting cash:		
Depreciation and amortisation	69,017	59,623
(Gain)/Loss on disposal of fixed assets	-	(2,512)
Spares utilised	104	-
Interest income	1,633	(6,911)
Interest expense	16,868	5,975
Income tax (credit)	4,798	(5,064)
Exchange loss on foreign currency balances	3,182	-
Revaluation of investment securities	(115)	(1,880)
	<u>25,300</u>	<u>1,935</u>
Changes in operating assets and liabilities:		
Inventories	(46,910)	39,564
Receivables	(65,698)	41,238
Payables	26,982	185,290
	<u>(60,326)</u>	<u>268,027</u>
Income tax paid/recoverable	(6,400)	3,007
Net Cash (used in)/provided by operating activities	(66,726)	271,034
Investing Activities		
Proceeds from disposal of fixed assets	-	497
Purchase of fixed assets and intangibles	(64,571)	(388,432)
Proceeds from Investments	146,470	-
Cash inflow from investment greater than 90 days	-	200,782
Interest received	(2,007)	1,521
Net Cash provided by/(used in) investing activities	79,892	(185,632)
Financing Activities		
Loans repaid	(7,631)	(6,800)
Principal lease repayments	(4,421)	(6,161)
Interest paid	(16,868)	(5,975)
Exchange (losses)/gains on cash and cash equivalents	(3,182)	-
Net Cash used in financing activities	(32,102)	(18,936)
Increase/decrease in cash and cash equivalents	(18,936)	66,466
Cash and cash equivalents at beginning of year	266,966	290,729
CASH AND CASH EQUIVALENTS AT END OF PERIOD	248,030	357,195

Company Statement of Comprehensive Income (Unaudited)
1st Quarter Ended 30 June 2018

Current Quarter 3 Months to 30/06/18	Prior Year Quarter 3 Months to 30/06/17		Year-to-Date Quarter 3 Months to 30/06/18	Prior Year Quarter 3 Months to 30/06/17
\$'000	\$'000		\$'000	\$'000
129,482	125,492	Revenue	129,482	125,492
<u>(64,495)</u>	<u>(66,149)</u>	Direct expenses	<u>(64,495)</u>	<u>(66,149)</u>
64,987	59,342	Gross Profit	64,987	59,342
22,729	27,016	Other income	22,729	27,016
(23,518)	(25,721)	Selling expenses	(23,518)	(25,721)
(42,552)	(41,612)	Administration expenses	(42,552)	(41,612)
<u>(27,296)</u>	<u>(25,958)</u>	Other operating expenses	<u>(27,296)</u>	<u>(25,958)</u>
(5,650)	(6,933)	Operating Profit/(Loss)	(5,650)	(6,933)
<u>(1,230)</u>	<u>(1,167)</u>	Finance costs	<u>(1,230)</u>	<u>(1,167)</u>
(6,880)	(8,100)	Loss before Taxation	(6,880)	(8,100)
<u>(1,783)</u>	<u>(5,942)</u>	Taxation	<u>(1,783)</u>	<u>(5,942)</u>
<u>(8,663)</u>	<u>(14,042)</u>	Net Loss	<u>(8,663)</u>	<u>(14,042)</u>

Company Balance Sheet (Unaudited)
1st Quarter Ended 30 June 2018

	Unaudited June 2018 \$'000	Audited March 2018 \$'000
Non-Current Assets		
Fixed assets	244,210	245,807
Retirement benefit asset	182,803	182,803
Deferred tax asset	22,197	23,979
Investment in subsidiaries	1,824,854	1,824,854
Investment securities	12,614	158,968
	2,286,677	2,436,411
Current Assets		
Inventories	7,573	5,656
Due from subsidiaries	814,547	670,963
Receivables	162,325	134,474
Taxation recoverable	11,248	13,700
Cash and short term investments	117,227	151,087
	1,112,920	975,880
Current Liabilities		
Payables	224,519	221,627
Due to subsidiaries	308,436	308,396
	532,955	530,023
Net Current Assets		
	579,965	445,857
	2,866,643	2,882,268
Equity		
Share capital	2,041,078	2,041,078
Fair value reserves	(7,135)	(7,135)
Retained earnings	385,043	393,706
	2,418,987	2,427,649
Non-Current Liabilities		
Long term loans	391,402	398,364
Retirement benefit obligations	56,255	56,255
	2,866,644	2,882,268

Approved for issue by the Board of Directors on August 14, 2018 and signed on its behalf by:

Oliver F. Clarke

Chairman

Gary Allen

Managing Director

Company Statement of Changes in Equity (Unaudited)
1st Quarter Ended 30 June 2018

	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 2016	2,397,683	2,041,078	-	263,193	2,304,271
Total comprehensive income	-	-	(7,135)	308,369	301,234
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	-	-	-	(80,956)	(80,956)
Ordinary dividends	-	-	-	(48,450)	(48,450)
Balance at 31 March 2018	2,397,683	2,041,078	(7,135)	393,706	2,427,649
Total comprehensive income	-	-	-	(8,663)	(8,663)
Balance at 30 June 2018	2,397,683	2,041,078	(7,135)	385,043	2,418,986
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

Company Cash Flow (Unaudited)
1st Quarter Ended 30 June 2018

	Unaudited June 2018 \$'000	Unaudited June 2017 \$'000
Cash Flows from Operating Activities		
Operating Activities		
Net profit	(8,663)	(14,042)
Items not affecting cash:		
Depreciation and amortisation	4,768	6,741
Gain on disposal of fixed assets	-	(274)
Spares utilised	20	-
Interest income	2,037	(6,093)
Interest expense	1,230	1,167
Income tax	1,782	5,941
Exchange (gains)/loss on foreign currency balances	5,009	-
Revaluation of investment securities	(115)	(1,880)
	6,068	(8,440)
Changes in operating assets and liabilities:		
Inventories	(1,917)	(706)
Due from subsidiaries	(143,544)	84,774
Receivables	(27,851)	14,626
Payables	2,892	(10,559)
	(164,352)	79,695
Income tax paid/recoverable	2,453	(1,594)
Net cash (used in)/provided by operating activities	(161,899)	78,101
Cash Flows from Investing Activities		
Proceeds from disposal of fixed assets	-	1,227
Purchase of fixed assets	(3,192)	(1,087)
Proceeds from disposal of investment securities	146,469	-
Interest received	(2,037)	1,169
Net Cash provided by investing activities	141,240	1,309
Cash Flows from Financing Activities		
Loans repaid	(6,962)	(1,698)
Interest paid	(1,230)	(1,167)
Exchange gains/(losses) on cash and cash equivalents	(5,009)	-
Net cash used in financing activities	(13,201)	(2,865)
Decrease in cash and cash equivalents	(33,860)	76,545
Cash and cash equivalents at beginning of year	151,087	177,663
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	117,227	254,208

Segment Report (Unaudited)
1st Quarter Ended 30 June 2018

	Audio Visual	Audio	Print & Others	Sub-total	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
JUNE 2018						
Revenues	533,868	166,033	685,447	1,385,348	(38,299)	1,347,049
Operating profit/(loss)	(38,097)	(8,743)	4,365	(42,475)	(6,048)	(48,522)
Assets	2,070,949	3,659,205	1,148,584	6,878,738	(3,045,969)	3,832,769
Liabilities	1,360,126	1,086,021	468,151	2,914,298	(1,414,170)	1,500,128
Capital expenditure	49,075	3,192	12,304	64,571		64,571
Depreciation & amortisation	43,029	11,735	14,253	69,017	-	69,017
Finance costs	10,808	1,714	4,346	16,868	-	16,868
JUNE 2017						
Revenues	402,579	162,084	694,491	1,259,154	(39,999)	1,219,155
Operating Profit/(Loss)	(37,433)	(9,282)	10,457	(36,258)	-	(36,258)
Assets	1,419,752	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	2,696	388,432		388,432
Depreciation & amortisation	35,490	10,028	14,105	59,623		59,623
Finance costs	938	1,230	3,806	5,974		5,974

Notes to the financial statements
1st Quarter Ended 30 June 2018

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, 2018. The accounting policies followed in the interim financial statements are consistent with the most recent annual report.
 - 1.(a) IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses model. The Group believes that impairment losses are likely to increase and become more volatile for assets in the scope of IFRS9 impairment model. However, the Group is still in the process of determining the likely financial impact on the Financial Statements. IFRS 9 requires extensive disclosures, in particular credit risk and Expected Credit Losses (ECLs). The Group's assessment will include an analysis to identify data gaps against current processes and the Group will implement the system and control changes that it believes will be necessary to capture the required data.
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 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 is 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 employees of The Gleaner Company (Media) Limited (GCML) and Independent Radio Company Limited who have satisfied certain minimum service requirements. The fund is managed and 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. Foreign Currency Translation:

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.