



**Unaudited Financial Statements
2nd Quarter Ended 30 September 2018**

Radio Jamaica Limited

2nd Quarter Ended 30 September 2018

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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, 2018.

The Group recorded an after-tax loss of \$63 million for the July to September 2018 quarter, compared to a profit of \$12 million for the corresponding prior-year quarter.

The Group recorded a \$97 million increase in the second quarter revenues, largely due to the staging of a part of the finals of the 2018 FIFA World Cup football competition in the quarter. Direct Expenses rose by \$150 million also largely due to the rights and technical fees associated with the 2018 FIFA World Cup project.

Selling expenses for the quarter of \$204 million increased over the similar quarter prior year by 15% due substantially to higher agency commissions, associated with higher revenues in the quarter.

Administrative expenses of \$321 million for the quarter were held to a 4% increase when compared to the prior year quarter despite inflationary effects and contracted union negotiated salary increases of over 5%. Other operating expenses of \$177 million were flat compared to the prior year period.

Finance Costs of \$16 million increased by \$5 million for the period mainly due to external financing procured for the acquisition of the High Definition Outside Broadcast Unit.

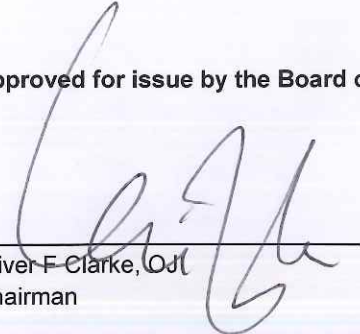
The Group continues its digital investments to transition to High Definition (HD) production and broadcast facilities. At this juncture TVJ, TVJ Sports Network, JNN and RETV are all available for access on the Group's 1Spotmedia platform and by cable operators capable of receiving HD feeds, with TVJ available for viewing in HD on Digicel and Flow cable networks.

These high-cost upgrades are mandatory for Digital Switchover as equipment becomes obsolete and, whilst allowing for viewing of available HD content on cable, they also allow for an improved analogue signal for Free to Air (FTA) viewers. Advertisers are already producing and presenting commercials in the HD format. The Group continues to press the government for a policy decision on the technical standard and business model to be used in HD FTA broadcasting.

The Group continues to demonstrate its national leadership through staging of the RJRGLEANER Town Hall Meetings on topics of national importance such as "The proposed site for Jamaica's new parliament building, The Future of Jamaica's Football, The Sports vs. Academics Debate in Schools, as well as the countries developing a Legal Ganja Industry. This new project accompanies other national contributions by the Group such as the RJRGLEANER National Sportsman and Sportswoman of the Year Awards and the RJRGLEANER Honour Awards, as well as our educational projects in TVJ Schools' Challenge Quiz and the Children's Own Spelling Bee competition being staged for 50 and 60 years respectively. These initiatives cement the Group's commitment to Jamaica's development and success.

We enter our traditionally strong third quarter (October to December) confident of a more buoyant quarter of business activities.

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



Oliver F. Clarke, OJ
Chairman



Gary Allen
Chief Executive Officer

Consolidated Statement of Comprehensive Income (Unaudited)
2nd Quarter Ended 30 September 2018

Current Quarter 3 Months to 30/09/18 \$'000	Prior Year Quarter 3 Months to 30/09/17 \$'000	Note	Year-to-Date 6 Months to 30/09/18 \$'000	Prior Year-to-date 6 Months to 30/09/17 \$'000
1,358,405 (746,922) 611,483	1,261,819 (597,415) 664,404	2	Revenue 2,705,454 Direct expenses (1,496,534) 1,208,920	2,480,974 (1,232,932) 1,248,042
44,843 (204,170) (321,391) (176,695) (45,930) (16,094) (62,024) (1,100) (63,124)	15,692 (176,934) (308,751) (172,990) 21,421 (11,031) 10,390 1,750 12,140	3	Gross Profit Other income 67,200 Selling expenses (401,463) Administration expenses (612,251) Other operating expenses (356,857) Operating (Loss)/Profit (94,451) Finance costs (32,962) (Loss)/Profit before Taxation (127,411) Taxation (5,898) Net (Loss)/Profit after taxation (133,310)	57,668 (369,651) (598,862) (352,034) (14,837) (17,005) (31,842) (3,314) (35,156)
(745)	1,459	4	Other comprehensive income - Items that may be reclassified to profit or loss Currency translation differences on foreign subsidiaries (839)	1,459
(63,869)	13,599	5	Attributable to: Stockholders of the company (134,149)	(33,697)
(2.6) cents	0.5 cents		Earnings per Ordinary Stock Unit Attributable to Stockholders of the Company (5.6) cents	(1.4) cents

Consolidated Balance Sheet (Unaudited)
2nd Quarter Ended 30 September 2018

	Note	Unaudited September 2018 \$'000	Audited March 2018 \$'000
Non-Current Assets			
Fixed assets		1,538,486	1,515,131
Intangible assets	6	416,010	537,704
Deferred tax asset		62,795	68,669
Retirement benefit assets	7	187,733	187,733
Long term receivables		763	763
Investment securities		13,505	159,169
		<u>2,219,293</u>	<u>2,469,169</u>
Current Assets			
Inventories		241,217	126,324
Receivables	8	1,019,303	999,704
Taxation recoverable		11,725	20,557
Cash and short term investments		268,894	266,966
		<u>1,541,140</u>	<u>1,413,551</u>
Current Liabilities			
Payables		746,228	722,387
Taxation payable		16,085	13,847
		<u>762,313</u>	<u>736,234</u>
Net Current Assets		<u>778,827</u>	<u>677,317</u>
		<u>2,998,120</u>	<u>3,146,486</u>
Stockholders' Equity			
Share capital	9	2,041,078	2,041,078
Foreign currency translation		358	1,197
Fair value reserve		(7,135)	(7,135)
Retained earnings	10	234,342	367,652
		<u>2,268,643</u>	<u>2,402,792</u>
Non-controlling Interests		127	127
Non-Current Liabilities			
Finance lease obligations	11	11,745	13,831
Long term loans	12	401,274	409,152
Deferred tax liabilities		125,889	130,142
Retirement benefit obligations	7	190,442	190,442
		<u>2,998,120</u>	<u>3,146,486</u>

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

Oliver F. Clarke

Chairman

Gary Allen

Managing Director

Radio Jamaica Limited

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Consolidated Statement of Changes in Equity (Unaudited)
2nd Quarter Ended 30 September 2018

	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 1 April 2016	2,397,683	2,041,078	382,492	-	-	2,423,570	-	2,423,570
Total comprehensive income			235,725	(3,004)	(7,135)	225,586	-	225,586
Ordinary dividends	-	-	(48,450)	-	-	(48,450)	-	(48,450)
Arising on business combination - Minority Interest	-	-	-	-	-	-	127	127
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	-	-	(133,310)	(839)	-	(134,149)	-	(134,149)
Balance at 30 September 2018	2,397,683	2,041,078	234,342	358	(7,135)	2,268,643	127	2,268,770
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			(35,156)	1,459		(33,697)		(33,697)
Ordinary dividends	-	-	(48,027)			(48,027)	-	(48,027)
Balance at 30 September 2017	2,397,683	2,041,078	486,584	(1,545)	(7,135)	2,518,982	127	2,519,109

Consolidated Cash Flow (Unaudited)

2nd Quarter Ended 30 September 2018

	Unaudited September 2018 \$'000	Unaudited September 2017 \$'000
CASH RESOURCES WERE (USED IN)/PROVIDED BY:		
Operating Activities		
Net (loss)	(133,310)	(35,156)
Items not affecting cash:		
Depreciation and amortisation	254,725	116,492
(Gain) on disposal of fixed assets	-	(3,394)
Spares utilised	123	-
Interest income	(4,222)	(11,019)
Interest expense	32,911	9,948
Income tax charge	5,898	(3,313)
Exchange loss on foreign currency balances	(6,229)	3,238
Revaluation of investment securities	(488)	1,181
	149,408	77,977
Changes in operating assets and liabilities:		
Inventories	(114,893)	18,949
Receivables	(19,221)	(20,088)
Payables	52,891	(88,591)
	68,185	(11,753)
Income tax paid	(16,645)	(8,323)
Net Cash provided by/(used in) operating activities	51,540	(20,076)
Investing Activities		
Proceeds from disposal of fixed assets	-	1,227
Purchase of fixed assets and intangibles	(156,386)	(427,701)
Proceeds from disposal of investment securities	145,950	286,112
Interest received	3,844	10,543
Net Cash used in investing activities	(6,592)	(129,819)
Financing Activities		
Loan received	12,591	400,000
Loans repaid	(20,470)	(40,384)
Principal lease repayments	(8,459)	(9,401)
Interest paid	(32,911)	(9,948)
Dividends paid	-	(48,027)
Exchange (losses)/gains on cash and cash equivalents	6,229	(3,238)
Net Cash (used in)/provide by financing activities	(43,020)	289,002
Increase/decrease in cash and cash equivalents	1,928	139,107
Cash and cash equivalents at beginning of year	266,966	290,729
CASH AND CASH EQUIVALENTS AT END OF PERIOD	268,894	429,836

Company Statement of Comprehensive Income (Unaudited)

2nd Quarter Ended 30 September 2018

Current Quarter 3 Months to 30/09/18	Prior Year Quarter 3 Months to 30/09/17		Year-to-Date Quarter 6 Months to 30/09/18	Prior Year Quarter 6 Months to 30/09/17
\$'000	\$'000		\$'000	\$'000
133,632	139,035	Revenue	263,114	264,527
<u>(75,983)</u>	<u>(67,209)</u>	Direct expenses	<u>(140,478)</u>	<u>(133,359)</u>
57,649	71,826	Gross Profit	122,636	131,168
29,516	14,276	Other income	52,245	41,292
(25,361)	(28,738)	Selling expenses	(48,879)	(54,459)
(55,754)	(49,068)	Administration expenses	(98,306)	(90,680)
<u>(28,573)</u>	<u>(26,283)</u>	Other operating expenses	<u>(55,869)</u>	<u>(52,241)</u>
(22,522)	(17,987)	Operating (Loss)	(28,172)	(24,920)
<u>(1,211)</u>	<u>(1,129)</u>	Finance costs	<u>(2,441)</u>	<u>(2,296)</u>
(23,733)	(19,116)	(Loss) before Taxation	(30,613)	(27,216)
<u>(3,007)</u>	<u>4,165</u>	Taxation	<u>(4,790)</u>	<u>(1,777)</u>
<u>(26,739)</u>	<u>(14,951)</u>	Net (Loss) after taxation	<u>(35,403)</u>	<u>(28,993)</u>

Company Balance Sheet (Unaudited)
2nd Quarter Ended 30 September 2018

	Unaudited September 2018 \$'000	Audited March 2018 \$'000
Non-Current Assets		
Fixed assets	264,033	245,807
Retirement benefit asset	182,803	182,803
Deferred tax asset	19,190	23,979
Investment in subsidiaries	1,824,853	1,824,854
Investment securities	13,505	158,968
	2,304,384	2,436,411
Current Assets		
Inventories	9,895	5,656
Due from subsidiaries	707,823	670,963
Receivables	169,817	134,474
Taxation recoverable	11,375	13,700
Cash and short term investments	153,736	151,087
	1,052,646	975,880
Current Liabilities		
Payables	203,608	221,627
Due to subsidiaries	324,309	308,396
	527,916	530,023
Net Current Assets	524,730	445,857
	2,829,114	2,882,268
Equity		
Share capital	2,041,078	2,041,078
Fair value reserves	(7,135)	(7,135)
Retained earnings	358,303	393,706
	2,392,246	2,427,649
Non-Current Liabilities		
Long term loans	380,612	398,364
Deferred tax liabilities	-	-
Retirement benefit obligations	56,255	56,255
	2,829,114	2,882,268

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

Oliver F. Clarke

Director

Gary Allen

Managing Director

Company Statement of Changes in Equity (Unaudited)
2nd Quarter Ended 30 September 2018

	Attributable to Stockholders of the Company				
	Number of Shares '000	Share Capital \$'000	Fair Value Reserve \$'000	Retained Earnings \$'000	Total \$'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)
Transaction with owners - 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	-	-	-	(35,403)	(35,403)
Balance at 30 September 2018	2,397,683	2,041,078	(7,135)	358,303	2,392,246
Balance at 31 March 2017	2,397,683	2,041,078	(7,135)	523,112	2,557,055
Total comprehensive income				(28,993)	(28,993)
Ordinary dividends				(48,027)	(48,027)
Balance at 30 September 2017	2,397,683	2,041,078	(7,135)	446,092	2,480,035

Company Cash Flow (Unaudited)
2nd Quarter Ended 30 September 2018

	Unaudited September 2018 \$'000	Unaudited September 2017 \$'000
Cash Flows from Operating Activities		
Operating Activities		
Net (loss)	(35,403)	(28,993)
Items not affecting cash:		
Depreciation and amortisation	9,697	13,425
Gain on disposal of fixed assets	-	(599)
Spares utilised	123	-
Interest income	(2,801)	(10,191)
Interest expense	2,440	2,295
Income tax	4,789	1,777
Exchange loss on foreign currency balances	(7,419)	(93)
Revaluation of investment securities	(488)	1,181
	<u>(29,062)</u>	<u>(21,198)</u>
Changes in operating assets and liabilities:		
Inventories	(4,239)	(1,776)
Due from/to subsidiaries	(20,948)	(189,765)
Receivables	(35,343)	(102,699)
Payables	(18,018)	(104,406)
	<u>(107,607)</u>	<u>(419,844)</u>
Income tax paid/recoverable	2,325	425
	<u>(105,283)</u>	<u>(419,419)</u>
Cash Flows from Investing Activities		
Proceeds from disposal of fixed assets	-	1,227
Proceeds from disposal of investment securities	145,950	285,911
Purchase of fixed assets	(28,047)	(3,321)
Interest received	2,801	10,191
	<u>120,704</u>	<u>294,008</u>
Cash Flows from Financing Activities		
Loan received	-	400,000
Loans repaid	(17,752)	(30,103)
Interest paid	(2,440)	(2,295)
Dividends paid	-	(48,027)
Exchange gains on cash and cash equivalents	7,419	93
	<u>(12,773)</u>	<u>319,668</u>
Decrease in cash and cash equivalents	2,649	194,257
Cash and cash equivalents at beginning of year	151,087	177,663
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	153,736	371,920

Segment Report (Unaudited)
2nd Quarter Ended 30 September 2018

	Audio Visual \$'000	Audio \$'000	Print & Others \$'000	Sub-total \$'000	Eliminations \$'000	Total \$'000
SEPTEMBER 2018						
Revenues	1,070,617	332,640	1,381,254	2,784,511	(79,056)	2,705,454
Operating (Loss)/Profit	(57,766)	(35,932)	11,345	(82,353)	(12,098)	(94,451)
Assets	1,911,780	3,580,388	1,221,958	6,714,126	(2,953,695)	3,760,432
Liabilities	1,231,273	1,061,541	514,510	2,807,324	(1,315,661)	1,491,664
Capital expenditure	94,632	28,046	32,249	154,927		154,927
Depreciation & amortisation	202,071	21,794	30,859	254,725	-	254,725
Finance costs	21,566	3,413	7,983	32,962	-	32,962
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	26,048	24,287	116,492	-	116,492
Finance costs	6,974	2,295	7,736	17,005		17,005

Notes to the financial statements
2nd Quarter Ended 30 September 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 IFRS 9 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 is operated 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 has 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.