



Unaudited Financial Statements
2nd Quarter Ended 30 September 2019

Radio Jamaica Limited

2nd Quarter Ended 30 September 2019

Index

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 are pleased to present the unaudited results of the RJRGLEANER Communications Group for its second quarter ending September 30, 2019.

The Group recorded an after-tax loss of \$11 million for the July to September 2019 quarter; an improvement of \$52 million or 83%.

The year-to-date performance of the Group moved from an after-tax loss of \$133 million for the same period last year to an after-tax profit of \$13 million this year.

The primary contributors to the quarter's performance were:-

- A \$35 million or 3% increase in revenues, largely due to the performance of the Audio-Visual segment of the business.
- Direct expenses being \$68 million below prior year, mainly due to the non-recurrence of costs associated with the 2018 FIFA World Cup project.
- Other Income of \$20 million decreasing by \$25 million or 56% when compared to the prior year period, which was mainly driven by a reduction in other income in the Print Segment.
- Selling expenses of \$207 million for the quarter increasing over the similar quarter in prior year by 1% due to higher agency commissions, associated with the higher revenues in the quarter.
- Administrative expenses for the quarter of \$319 million down when compared to the prior year's quarter despite general inflation effects and contracted union-negotiated salary increases.
- Other operating expenses of \$203 million being higher by \$26 million or 15% when compared to the prior year's quarter, due mainly to higher utility costs.

During the quarter, strong revenue initiatives have borne fruit and have bolstered our financial performance. The successful execution of the IAAF World Championships was reflected in this quarter as well.

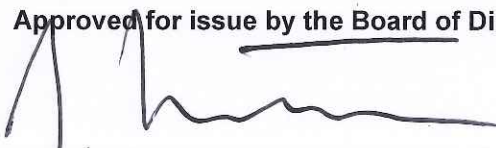
Internal initiatives on the roadmap we have been following towards full digital transitioning were ongoing during the period under review, even as we continued our strong differentiation through the quality local programmes we continue to develop and present to our audiences.

In television we launched TVJ International during the quarter under review with the channel being accessed in the Cayman Islands under contract, with Belize testing at present and a number of other Caribbean territories in different stages of negotiation.

A significant development during the period was the execution of an agreement between FLOW and TVJ under which the telecommunication provider has started to pay for the use of the TVJ channel on its various subscription platforms. Under this agreement FLOW is also accessing TVJ Sports Network and Reggae Entertainment Television (RETV).

Our improved performance for the quarter benefited from the much appreciated support of advertisers, advertising agencies and our team members, general customer base of listeners, viewers and readers, especially of the Gleaner now celebrating its 185th anniversary.

Approved for issue by the Board of Directors on November 14, 2019 and signed on its behalf by:



Joseph M. Matalon
Chairman



Gary Allen
Chief Executive Officer

Radio Jamaica Limited


Consolidated Statement of Comprehensive Income (Unaudited)
2nd Quarter Ended 30 September 2019

Current Quarter 3 Months to 30/09/19 \$'000	Prior Year Quarter 3 Months to 30/09/18 \$'000	Note	Year-to-Date 6 Months to 30/09/19 \$'000	Prior Year-to-date 6 Months to 30/09/18 \$'000
1,393,865	1,358,405	2	2,752,762	2,705,454
(679,336)	(746,922)		(1,338,658)	(1,496,534)
714,529	611,483		1,414,104	1,208,920
19,586	44,843	3	46,453	67,200
(207,068)	(204,170)		(406,260)	(401,463)
(318,815)	(321,391)		(609,598)	(612,251)
(202,843)	(176,695)		(391,764)	(356,856)
5,389	(45,930)		52,935	(94,450)
(12,793)	(16,094)		(24,466)	(32,962)
(7,404)	(62,024)		28,469	(127,412)
(3,796)	(1,100)	4	(15,254)	(5,898)
(11,200)	(63,124)		13,215	(133,310)
			Other comprehensive income -	
			Items that may be reclassified to	
			profit or loss	
			Currency translation differences	
			on foreign subsidiaries	
(215)	(745)		(2,651)	(839)
(11,415)	(63,869)			
			Attributable to:	
			Stockholders of the company	
			10,564	(134,149)
			Earnings per Ordinary Stock	
			Unit Attributable to	
		5	Stockholders of the Company	
(0.5) cents	(2.6) cents		0.6 cents	(5.6) cents

**Consolidated Balance Sheet (Unaudited)
2nd Quarter Ended 30 September 2019**

		Unaudited September 2019	Audited March 2019
	Note	\$'000	\$'000
Non-Current Assets			
Fixed assets		1,578,780	1,502,555
Intangible assets	6	412,808	397,290
Deferred tax asset		50,816	52,445
Retirement benefit assets	7	211,248	214,852
Long term receivables		349	349
Investment securities		29,778	39,870
		2,283,779	2,207,361
Current Assets			
Inventories		177,732	112,424
Receivables	8	1,044,314	914,311
Taxation recoverable		16,149	35,767
Cash and short term investments		253,407	446,428
		1,491,602	1,508,930
Current Liabilities			
Payables		736,126	654,137
Taxation payable		5,277	7,511
		741,403	661,648
Net Current Assets			
		750,199	847,282
		3,033,978	3,054,643
Stockholders' Equity			
Share capital	9	2,041,078	2,041,078
Foreign currency translation	10	(890)	1,761
Fair value reserve		(7,135)	(7,135)
Retained earnings		281,647	316,882
		2,314,700	2,352,586
Non-current Interests			
Non-controlling Interests		1,948	1,948
Non-Current Liabilities			
Finance lease obligations	11	8,731	4,008
Long term loans	12	397,445	383,122
Deferred tax liabilities		109,790	111,612
Retirement benefit obligations	7	201,363	201,367
		3,033,978	3,054,643

Approved for issue by the Board of Directors on November 14, 2019 and signed on its behalf by:



 Joseph M. Matalon Chairman



 Gary Allen Chief Executive Officer

Radio Jamaica Limited

Page 3

Consolidated Statement of Changes in Equity (Unaudited)
2nd Quarter Ended 30 September 2019

	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 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)
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
Changes on initial application of IFRS 9	-	-	(79,036)			(79,036)	1,821	(77,215)
Balance at 1 April 2018	2,397,683	2,041,078	288,616	1,197	(7,135)	2,323,756	1,948	2,325,704
Total comprehensive income			28,266	564		28,830		28,830
Balance at 31 March 2019	2,397,683	2,041,078	316,882	1,761	(7,135)	2,352,586	1,948	2,354,534
Ordinary dividends			(48,450)			(48,450)		(48,450)
Total comprehensive income	-	-	13,215	(2,651)	-	10,564	-	10,564
Balance at 30 September 2019	2,397,683	2,041,078	281,647	(890)	(7,135)	2,314,700	1,948	2,316,648
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

Consolidated Cash Flow (Unaudited)

2nd Quarter Ended 30 September 2019

	Unaudited September 2019 \$'000	Unaudited September 2018 \$'000
CASH RESOURCES WERE (USED IN)/PROVIDED BY:		
Operating Activities		
Net Profit/(loss)	13,215	(133,310)
Items not affecting cash:		
Depreciation and amortisation	129,809	254,725
(Gain) on disposal of fixed assets	(194)	-
Spares utilised	17	123
Interest income	(2,387)	(4,222)
Dividend income	1,046	-
Interest expense	24,455	32,911
Income tax charge	15,254	5,898
Exchange loss on foreign currency balances	(6,381)	(6,229)
Retirement benefits	3,604	-
Revaluation of investment securities	251	(488)
	<u>178,690</u>	<u>149,408</u>
Changes in operating assets and liabilities:		
Inventories	(65,308)	(114,893)
Receivables	(129,031)	(19,221)
Payables	102,166	52,891
	<u>86,517</u>	<u>68,185</u>
Income tax paid	(9,934)	(16,645)
Net Cash provided by operating activities	<u>76,583</u>	<u>51,540</u>
Investing Activities		
Proceeds from disposal of fixed assets	194	-
Purchase of fixed assets and intangibles	(224,213)	(156,386)
Proceeds from disposal of investment securities	10,090	145,950
Interest received	1,415	3,844
Purchase of long term investments	-	-
Net Cash used in investing activities	<u>(212,516)</u>	<u>(6,592)</u>
Financing Activities		
Loan received	38,586	12,591
Loans repaid	(24,263)	(20,470)
Principal lease repayments	(4,886)	(8,459)
Interest paid	(24,455)	(32,911)
Dividends paid	(48,450)	-
Exchange (losses)/gains on cash and cash equivalents	6,381	6,229
Net Cash used in financing activities	<u>(57,087)</u>	<u>(43,020)</u>
Increase/decrease in cash and cash equivalents	<u>(193,020)</u>	<u>1,928</u>
Cash and cash equivalents at beginning of year	446,428	266,966
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>253,407</u>	<u>268,894</u>

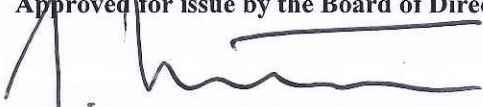
Company Statement of Comprehensive Income (Unaudited)
2nd Quarter Ended 30 September 2019

Current Quarter 3 Months to 30/09/19	Prior Year Quarter 3 Months to 30/09/18		Year-to-Date Quarter 6 Months to 30/09/19	Prior Year Quarter 6 Months to 30/09/18
\$'000	\$'000		\$'000	\$'000
152,330	133,632	Revenue	291,854	263,114
<u>(67,209)</u>	<u>(75,983)</u>	Direct expenses	<u>(138,602)</u>	<u>(140,478)</u>
85,121	57,649	Gross Profit	153,252	122,636
20,126	29,516	Other income	43,906	52,245
(27,870)	(25,361)	Selling expenses	(52,293)	(48,879)
(53,664)	(55,287)	Administration expenses	(98,272)	(97,839)
<u>(30,543)</u>	<u>(28,573)</u>	Other operating expenses	<u>(58,160)</u>	<u>(55,869)</u>
(6,830)	(22,055)	Operating (Loss)	(11,567)	(27,706)
<u>(844)</u>	<u>(1,678)</u>	Finance costs	<u>(1,730)</u>	<u>(2,908)</u>
(7,674)	(23,733)	(Loss) before Taxation	(13,297)	(30,613)
<u>1,106</u>	<u>(3,007)</u>	Taxation	<u>(1,380)</u>	<u>(4,790)</u>
<u>(6,568)</u>	<u>(26,740)</u>	Net (Loss) after taxation	<u>(14,677)</u>	<u>(35,403)</u>


Company Balance Sheet (Unaudited)
2nd Quarter Ended 30 September 2019

	Unaudited September 2019 \$'000	Audited March 2019 \$'000
Non-Current Assets		
Fixed assets	283,933	271,635
Retirement benefit asset	212,923	212,923
Deferred tax asset	3,720	5,239
Investment in subsidiaries	1,824,854	1,824,854
Investment securities	29,778	39,669
	2,355,208	2,354,320
Current Assets		
Inventories	11,488	4,424
Due from subsidiaries	529,022	557,706
Receivables	178,268	133,057
Taxation recoverable	16,930	16,303
Cash and short term investments	150,638	221,070
	886,346	932,560
Current Liabilities		
Payables	207,584	193,697
Due to subsidiaries	226,091	204,010
	433,675	397,707
Net Current Assets	452,671	534,853
Equity		
Share capital	2,041,078	2,041,078
Fair value reserves	(7,135)	(7,135)
Retained earnings	361,831	424,958
	2,395,774	2,458,901
Non-Current Liabilities		
Long term loans	345,182	363,348
Deferred tax liabilities	-	-
Retirement benefit obligations	66,923	66,924
	2,807,879	2,889,173

Approved for issue by the Board of Directors on November 14, 2019 and signed on its behalf by:



 Joseph M. Matalon Chairman



 Gary Allen Chief Executive Officer

Company Statement of Changes in Equity (Unaudited)
2nd Quarter Ended 30 September 2019

	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 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
Changes on initial application of IFRS 9				(18,314)	(18,314)
Balance as at April 1, 2018	2,397,683	2,041,078	(7,135)	375,392	2,409,335
Total comprehensive income	-	-	-	49,566	49,566
Balance at 31 March 2019	2,397,683	2,041,078	(7,135)	424,958	2,458,901
Total comprehensive income	-	-	-	(14,677)	(14,677)
Ordinary dividends				(48,450)	(48,450)
Balance at 30 September 2019	2,397,683	2,041,078	(7,135)	361,831	2,395,774
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

Company Cash Flow (Unaudited)
2nd Quarter Ended 30 September 2019

	Unaudited September 2019 \$'000	Unaudited September 2018 \$'000
Cash Flows from Operating Activities		
Operating Activities		
Net (loss)	(14,677)	(35,403)
Items not affecting cash:		
Depreciation and amortisation	11,969	9,697
Fixed asset adjustment	-	-
Gain on disposal of fixed assets	(194)	-
Spares utilised	17	123
Lease income	(862)	-
Interest income	(1,879)	(2,801)
Dividend income	1,046	-
Interest expense	1,729	2,440
Income tax	1,379	4,789
Exchange loss on foreign currency balances	5,557	(7,419)
Retirement benefits	-	-
Revaluation of investment securities	251	(488)
	<u>4,334</u>	<u>(29,062)</u>
Changes in operating assets and liabilities:		
Inventories	(7,064)	(4,239)
Due from/to subsidiaries	50,765	(20,948)
Receivables	(41,454)	(35,343)
Payables	13,888	(18,018)
	<u>20,472</u>	<u>(107,608)</u>
Income tax paid/recoverable	(627)	2,325
	<u>19,845</u>	<u>(105,283)</u>
Cash Flows from Investing Activities		
Proceeds from disposal of fixed assets	194	-
Proceeds from disposal of investment securities	9,640	145,950
Purchase of fixed assets	(24,330)	(28,047)
Purchase of investments	-	-
Dividends received	-	-
Interest received	(1,879)	2,801
	<u>(16,375)</u>	<u>120,704</u>
Cash Flows from Financing Activities		
Loans repaid	(18,166)	(17,752)
Interest paid	(1,729)	(2,439)
Dividends paid	(48,450)	-
Exchange gains on cash and cash equivalents	(5,557)	7,419
	<u>(73,901)</u>	<u>(12,772)</u>
Decrease in cash and cash equivalents	(70,432)	2,649
Cash and cash equivalents at beginning of year	221,070	151,087
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	150,638	153,736

Segment Report (Unaudited)
2nd Quarter Ended 30 September 2019

	Audio Visual	Audio	Print & Others	Sub-total	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
SEPTEMBER 2019						
Revenues	1,041,326	361,651	1,419,913	2,822,889	(70,127)	2,752,762
Operating Profit/(Loss)	83,725	(10,797)	(7,895)	65,033	(12,098)	52,935
Assets	907,699	3,466,436	1,071,260	5,445,395	(1,670,014)	3,775,382
Liabilities	152,794	937,451	376,480	1,466,725	(7,992)	1,458,734
Capital expenditure	130,044	24,330	69,840	224,213		224,213
Depreciation & amortisation	76,630	24,065	29,114	129,809	-	129,809
Finance costs	14,659	2,711	7,096	24,466	-	24,466
SEPTEMBER 2018						
Revenues	1,070,617	332,640	1,381,254	2,784,511	(79,056)	2,705,455
Operating Profit/(Loss)	(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)	3,760,431
Liabilities	1,231,273	1,061,541	514,510	2,807,324	(1,315,661)	1,491,663
Capital expenditure	94,632	28,046	32,249	154,927		154,927
Depreciation & amortisation	202,071	21,794	30,859	254,724	-	254,724
Finance costs	21,566	3,413	7,983	32,962		32,962

Notes to the financial statements
2nd Quarter Ended 30 September 2019

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, 2019. 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 party revenues, 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 profit/(loss) and 2,397,683,077 (2018 - 2,397,683,077) the weighted average ordinary stock units in issue.
6. Intangible assets represent Goodwill, Broadcast Rights, Computer Software, Brand and Lease. Goodwill, Brand and Lease arose from 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 consist 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.