



Unaudited Financial Statements
3rd Quarter Ended 31 December 2019

Radio Jamaica Limited

3rd Quarter Ended 31 December 2019

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Directors' interim report to Shareholders

Unaudited Financial Statements

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Radio Jamaica Limited Report to Stockholders

The directors are pleased to present the unaudited results of the RJRGLEANER Communications Group for its third quarter ending December 31, 2019.

The Group recorded an after-tax profit of \$121 million for the October to December 2019 quarter; a reduction of \$46 million or 28% compared with the prior year.

The year-to-date performance of the Group produced an after-tax profit of \$134 million, an improvement of \$100 million or 293% to the same period last year.

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

- An \$87 million or 6% increase in revenues, largely due to the performance of the Audio/Visual segment of the business.
- Other Income of \$38 million increasing by \$16 million or 74%, compared with the prior year, mainly driven by increased Other Income in the Print Segment.
- Direct expenses being \$26 million above prior year, mainly due to increased sales and the impact of devaluation of the Jamaica Dollar.
- Selling expenses of \$230 million for the quarter increasing over the similar quarter in the prior year by 13% due to higher agency commissions, associated with higher revenues in the quarter.
- Administrative expenses of \$317 million for the quarter were up by \$23 million due mainly to general inflation effects and union-negotiated salary increases.
- Other operating expenses of \$238 million were higher by \$51 million or 27% due mainly to higher utility costs.

During the quarter, strong revenue initiatives, along with higher Christmas season advertising bolstered our financial performance.

Implementation of initiatives on our roadmap towards full digital transitioning were ongoing during the period under review, even as we continued to maintain our strong differentiation through quality local programming and content.

The expansion of TVJ International continued during the quarter with revenues from the Cayman market and the testing of the channel in Belize and other Caribbean territories.

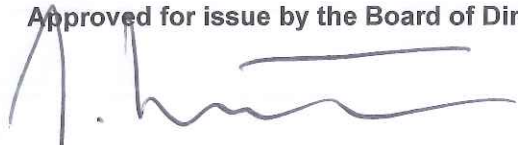
The quarter financial results were positively impacted by the agreement between FLOW and TVJ under which the telecommunications provider pays retransmission fees for the use of the TVJ channel on its various subscription platforms.

Locally we improved television transmission in Portland and St. Mary and continued to invest significantly in technology research and development as we explore the best options for further business growth and expansion.


During the January to March quarter the Group is undertaking a number of initiatives nationally, including The RJRGLEANER Sports Foundation National Sportsman and Sportswoman of the Year Awards Ceremony, the RJRGLEANER Honour Awards, the Gleaner/Children's Own Spelling Bee Championships, the Senior Schools Challenge Quiz, the RJRGLEANER Cross Country Invasion promotion and the ISSA/GraceKennedy Boys' and Girls' Championships as well as the relaunch of the RJR94FM brand to Radio Jamaica 94FM.

Our improved performance for the quarter benefited from the much appreciated support of advertisers, advertising agencies, our team members, and our loyal customer base of listeners, viewers and readers.

Approved for issue by the Board of Directors on February 13, 2020 and signed on its behalf by:



Joseph M. Matalon
Chairman



Gary Allen
Chief Executive Officer

Radio Jamaica Limited

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Consolidated Statement of Comprehensive Income (Unaudited)
3rd Quarter Ended 31 December 2019

| Current Quarter 3 Months to 31/12/19 \$'000 | Prior Year Quarter 3 Months to 31/12/18 \$'000 | Note | Year-to-Date 9 Months to 31/12/19 \$'000 | Prior Year-to-date 9 Months to 31/12/18 \$'000 |
|--|---|------|---|---|
| 1,588,107 | 1,501,558 | 2 | 4,340,869 | 4,207,012 |
| (677,372) | (651,231) | | (2,016,030) | (2,147,765) |
| 910,735 | 850,327 | | 2,324,839 | 2,059,247 |
| 37,815 | 21,780 | 3 | 84,268 | 88,980 |
| (230,110) | (204,081) | | (636,370) | (605,544) |
| (317,221) | (294,569) | | (926,819) | (906,820) |
| (238,197) | (187,186) | | (629,961) | (544,043) |
| 163,022 | 186,269 | | 215,957 | 91,818 |
| (19,741) | (13,183) | | (44,208) | (46,145) |
| 143,281 | 173,087 | | 171,749 | 45,674 |
| (22,101) | (5,550) | 4 | (37,355) | (11,447) |
| 121,180 | 167,537 | | 134,394 | 34,226 |
| Other comprehensive income - | | | | |
| Items that may be reclassified to | | | | |
| profit or loss | | | | |
| Currency translation differences | | | | |
| 384 | (505) | | (2,267) | (505) |
| Attributable to: | | | | |
| Stockholders of the company | | | | |
| 121,564 | 167,032 | | 132,127 | 33,722 |
| Earnings per Ordinary Stock | | | | |
| Unit Attributable to | | | | |
| Stockholders of the Company | | | | |
| 5.1 cents | 7.0 cents | 5 | 5.6 cents | 1.4 cents |


Consolidated Balance Sheet (Unaudited)
3rd Quarter Ended 31 December 2019

| | Note | Unaudited December 2019 \$'000 | Audited March 2019 \$'000 |
|---------------------------------|------|---|---------------------------------|
| Non-Current Assets | | | |
| Fixed assets | | 1,556,143 | 1,502,555 |
| Intangible assets | 6 | 401,401 | 397,290 |
| Deferred tax asset | | 47,543 | 52,445 |
| Retirement benefit assets | 7 | 209,491 | 214,852 |
| Long term receivables | | 349 | 349 |
| Investment securities | | 9,753 | 39,870 |
| | | 2,224,679 | 2,207,361 |
| Current Assets | | | |
| Inventories | | 151,634 | 112,424 |
| Receivables | 8 | 1,340,760 | 914,311 |
| Taxation recoverable | | 17,224 | 35,767 |
| Cash and short term investments | | 169,378 | 446,428 |
| | | 1,678,996 | 1,508,930 |
| Current Liabilities | | | |
| Payables | | 717,910 | 654,137 |
| Taxation payable | | 21,480 | 7,511 |
| | | 739,390 | 661,648 |
| Net Current Assets | | | |
| | | 939,606 | 847,282 |
| | | 3,164,285 | 3,054,643 |
| Stockholders' Equity | | | |
| Share capital | 9 | 2,041,078 | 2,041,078 |
| Foreign currency translation | 10 | (506) | 1,761 |
| Fair value reserve | | (7,135) | (7,135) |
| Retained earnings | | 402,826 | 316,882 |
| | | 2,436,263 | 2,352,586 |
| Non-controlling Interests | | 1,948 | 1,948 |
| Non-Current Liabilities | | | |
| Finance lease obligations | 11 | 20,522 | 4,008 |
| Long term loans | 12 | 394,647 | 383,122 |
| Deferred tax liabilities | | 108,593 | 111,612 |
| Retirement benefit obligations | 7 | 202,312 | 201,367 |
| | | 3,164,285 | 3,054,643 |

Approved for issue by the Board of Directors on February 13, 2020 and signed on its behalf by:



 Joseph Matalon Chairman



 Gary Allen Chief Executive

Radio Jamaica Limited

Consolidated Statement of Changes in Equity (Unaudited)
3rd Quarter Ended 31 December 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 | \$'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 |
| Total comprehensive income | - | - | 134,394 | (2,267) | - | 132,127 | - | 132,127 |
| Ordinary dividends | - | - | (48,450) | - | - | (48,450) | - | (48,450) |
| Balance at 31 December 2019 | 2,397,683 | 2,041,078 | 402,826 | (506) | (7,135) | 2,436,263 | 1,948 | 2,438,211 |
| 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 | - | - | 34,226 | (505) | - | 33,722 | - | 33,722 |
| Balance at 31 December 2018 | 2,397,683 | 2,041,078 | 401,879 | 692 | (7,135) | 2,436,514 | 127 | 2,436,641 |

Consolidated Cash Flow (Unaudited)
3rd Quarter Ended 31 December 2019

| | Unaudited December 2019 \$'000 | Unaudited December 2018 \$'000 |
|---|---|---|
| CASH RESOURCES WERE (USED IN)/PROVIDED BY: | | |
| Operating Activities | | |
| Net Profit | 134,394 | 34,226 |
| Items not affecting cash: | | |
| Depreciation and amortisation | 211,514 | 334,001 |
| (Gain)/Loss on disposal of fixed assets | (194) | - |
| Spares utilised | 26 | - |
| Interest income | (3,212) | (6,098) |
| Interest expense | 44,208 | 45,422 |
| Income tax charge | 37,355 | 11,447 |
| Exchange loss on foreign currency balances | 305 | 1,392 |
| Retirement benefits | 4,416 | - |
| Revaluation of investment securities | 63 | 299 |
| | <u>428,877</u> | <u>420,690</u> |
| Changes in operating assets and liabilities: | | |
| Inventories | (39,210) | (27,559) |
| Receivables | (425,975) | (160,705) |
| Payables | 63,773 | (31,409) |
| | <u>27,465</u> | <u>201,018</u> |
| Income tax recoverable/(paid) | 32,512 | (28,990) |
| Net Cash used in operating activities | <u>59,977</u> | <u>172,028</u> |
| Investing Activities | | |
| Proceeds from disposal of fixed assets | 194 | - |
| Purchase of fixed assets and intangibles | (272,061) | (210,580) |
| Proceeds from investments | 30,053 | 145,412 |
| Interest received | 2,738 | 5,558 |
| Net Cash used in investing activities | <u>(239,076)</u> | <u>(59,609)</u> |
| Financing Activities | | |
| Loan received | 49,046 | - |
| Loans repaid | (37,521) | (17,188) |
| Principal lease repayments | (16,514) | (4,307) |
| Interest paid | (44,208) | (45,422) |
| Dividends paid | (48,450) | - |
| Exchange (losses)/gains on cash and cash equivalents | (305) | (1,392) |
| Net Cash provide by/(used in) financing activities | <u>(97,952)</u> | <u>(68,309)</u> |
| Increase/decrease in cash and cash equivalents | <u>(277,050)</u> | <u>44,110</u> |
| Cash and cash equivalents at beginning of year | 446,428 | 266,966 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | <u>169,378</u> | <u>311,076</u> |

Company Statement of Comprehensive Income (Unaudited)

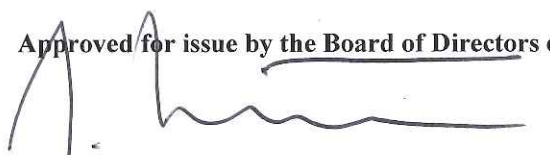
3rd Quarter Ended 31 December 2019

| Current 3 Months to 31/12/19 | Prior Year 3 Months to 31/12/18 | | Year-to-Date 9 Months to 31/12/19 | Prior Year 9 Months to 31/12/18 |
|------------------------------------|---------------------------------------|----------------------------------|---|---------------------------------------|
| \$'000 | \$'000 | | \$'000 | \$'000 |
| 174,071 | 164,704 | Revenue | 465,925 | 427,818 |
| (70,725) | (62,132) | Direct expenses | (209,327) | (202,610) |
| 103,346 | 102,572 | Gross Profit | 256,598 | 225,208 |
| 21,148 | 9,450 | Other income | 65,054 | 61,695 |
| (30,930) | (26,182) | Selling expenses | (83,223) | (75,061) |
| (29,452) | (16,634) | Administration expenses | (127,724) | (114,940) |
| (28,276) | (25,859) | Other operating expenses | (86,436) | (81,728) |
| 35,836 | 43,347 | Operating Profit | 24,269 | 15,174 |
| (798) | (954) | Finance costs | (2,528) | (3,395) |
| 35,038 | 42,394 | Profit before Taxation | 21,741 | 11,779 |
| (2,716) | 2,786 | Taxation | (4,096) | (2,004) |
| 32,322 | 45,179 | Net Profit after taxation | 17,645 | 9,776 |

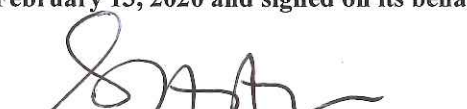
Company Balance Sheet (Unaudited)
3rd Quarter Ended 31 December 2019

| | Unaudited | Audited |
|---------------------------------|-------------------------|----------------------|
| | December 2019 \$'000 | March 2019 \$'000 |
| Non-Current Assets | | |
| Fixed assets | 292,327 | 271,635 |
| Retirement benefit asset | 212,924 | 212,923 |
| Deferred tax asset | 3,720 | 5,239 |
| Investment in subsidiaries | 1,824,853 | 1,824,854 |
| Investment securities | 9,753 | 39,669 |
| | 2,343,577 | 2,354,320 |
| Current Assets | | |
| Inventories | 4,458 | 4,424 |
| Due from subsidiaries | 495,662 | 557,706 |
| Receivables | 288,227 | 133,057 |
| Taxation recoverable | 10,145 | 16,303 |
| Cash and short term investments | 79,991 | 221,070 |
| | 878,483 | 932,560 |
| Current Liabilities | | |
| Payables | 226,197 | 193,697 |
| Due to subsidiaries | 164,454 | 204,010 |
| | 390,651 | 397,707 |
| Net Current Assets | | |
| | 487,832 | 534,853 |
| | 2,831,409 | 2,889,173 |
| Equity | | |
| Share capital | 2,041,078 | 2,041,078 |
| Fair value reserves | (7,135) | (7,135) |
| Retained earnings | 394,153 | 424,958 |
| | 2,428,096 | 2,458,901 |
| Non-Current Liabilities | | |
| Long term loans | 336,389 | 363,348 |
| Retirement benefit obligations | 66,924 | 66,924 |
| | 2,831,409 | 2,889,173 |

Approved for issue by the Board of Directors on February 13, 2020 and signed on its behalf



 Joseph Matalon Chairman



 Gary Allen Chief Executive Officer

Company Statement of Changes in Equity (Unaudited)
3rd Quarter Ended 31 December 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) | |
| 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) |
| | 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 | - | - | - | 17,645 | 17,645 |
| Ordinary dividends | - | - | - | (48,450) | (48,450) |
| Balance at 31 December 2019 | 2,397,683 | 2,041,078 | (7,135) | 394,153 | 2,428,096 |
| Balance at 31 March 2018 | 2,397,683 | 2,041,078 | (7,135) | 393,706 | 2,427,649 |
| Total comprehensive income | - | - | - | 9,776 | 9,776 |
| Balance at 31 December 2018 | 2,397,683 | 2,041,078 | (7,135) | 403,482 | 2,437,425 |

Company Cash Flow (Unaudited)
3rd Quarter Ended 31 December 2019

| | Unaudited 9 Months to 31/12/19 \$'000 | Unaudited 9 Months to 31/12/18 \$'000 |
|---|--|--|
| Cash Flows from Operating Activities | | |
| Operating Activities | | |
| Net Profit | 17,645 | 9,776 |
| Items not affecting cash: | | |
| Depreciation and amortisation | 18,381 | 14,634 |
| Gain on disposal of fixed assets | (194) | - |
| Spares utilised | 21 | - |
| Dividend income | 1,046 | - |
| Interest income | (2,381) | (3,839) |
| Lease income | (1,201) | - |
| Interest expense | 2,527 | 3,394 |
| Income tax | 4,095 | 2,003 |
| Exchange (gains)/loss on foreign currency balances | 4,382 | 843 |
| Revaluation of investment securities | 63 | 299 |
| | 44,385 | 27,111 |
| Changes in operating assets and liabilities: | | |
| Inventories | (34) | (3,858) |
| Due from/to subsidiaries | 22,488 | 48,344 |
| Receivables | (155,170) | (121,817) |
| Payables | 32,501 | 12,840 |
| | (55,829) | (37,380) |
| Income tax recoverable | 6,158 | 15,816 |
| | (49,671) | (21,564) |
| Cash Flows from Investing Activities | | |
| Proceeds from disposal of fixed assets | 194 | - |
| Proceeds from investments | 29,852 | 145,211 |
| Purchase of fixed assets | (41,517) | (39,746) |
| Interest received | 2,381 | 3,839 |
| | (9,090) | 109,305 |
| Cash Flows from Financing Activities | | |
| Loans repaid | (26,959) | (26,362) |
| Interest paid | (2,527) | (3,394) |
| Dividends paid | (48,450) | - |
| Exchange gains/(losses) on cash and cash equivalents | (4,382) | (843) |
| | (82,317) | (30,599) |
| Decrease in cash and cash equivalents | (141,079) | 57,142 |
| Cash and cash equivalents at beginning of year | 221,070 | 151,087 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 79,991 | 208,229 |

Segment Report (Unaudited)
3rd Quarter Ended 31 December 2019

| | Audio Visual \$'000 | Audio \$'000 | Print & Others \$'000 | Sub-total \$'000 | Eliminations \$'000 | Total \$'000 |
|-----------------------------|---------------------------|-----------------|-----------------------------|---------------------|------------------------|-----------------|
| DECEMBER 2019 | | | | | | |
| Revenues | 1,688,847 | 572,174 | 2,184,440 | 4,445,460 | (104,590) | 4,340,869 |
| Operating profit/(loss) | 198,271 | 22,267 | 13,565 | 234,103 | (18,146) | 215,957 |
| Assets | 2,015,202 | 3,452,825 | 1,180,498 | 6,648,525 | (2,744,851) | 3,903,675 |
| Liabilities | 1,169,133 | 894,771 | 478,304 | 2,542,208 | (1,076,745) | 1,465,464 |
| Capital expenditure | 144,953 | 41,517 | 85,590 | 272,061 | - | 272,061 |
| Depreciation & amortisation | 113,654 | 18,381 | 61,335 | 193,369 | 18,144 | 211,513 |
| Finance costs | 22,468 | 3,991 | 17,748 | 44,208 | - | 44,208 |
| DECEMBER 2018 | | | | | | |
| Revenues | 1,654,287 | 539,057 | 2,130,287 | 4,323,631 | (116,618) | 4,207,012 |
| Operating Profit/(Loss) | 40,370 | 10,290 | 59,305 | 109,965 | (18,146) | 91,818 |
| Assets | 1,719,568 | 3,658,458 | 1,107,893 | 6,485,919 | (2,635,472) | 3,850,448 |
| Liabilities | 951,854 | 1,092,037 | 361,757 | 2,405,649 | (991,843) | 1,413,807 |
| Capital expenditure | 150,037 | 41,205 | 46,590 | 237,832 | - | 237,832 |
| Depreciation & amortisation | 253,061 | 14,634 | 48,160 | 315,856 | 18,144 | 334,000 |
| Finance costs | 29,663 | 4,847 | 11,635 | 46,145 | - | 46,145 |

Notes to the financial statements
3rd Quarter Ended 31 December 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 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 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 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. The category 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.