



Unaudited Financial Statements
2nd Quarter Ended 30 September 2020

Radio Jamaica Limited

2nd Quarter Ended 30 September 2020

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Radio Jamaica Limited Report to Stockholders

The directors present the unaudited results of Radio Jamaica Limited and its subsidiaries, together referred to as the RJRGLEANER Communications Group (the Group), for its second quarter ending September 30, 2020.

The Group recorded a pre-tax loss of \$96 million for the July to September 2020 quarter; an increased loss of \$88 million, compared with the corresponding quarter in the prior year.

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

- A \$148 million or 11% decrease in revenues, largely experienced in the Print and Audio segments, heavily impacted by the effects on business of the COVID-19 pandemic.
- Other income of \$22 million increased by \$3 million or 14%.
- Direct expenses were \$42 million or 6% below prior year, commensurate with the reduction in revenues experienced and cost reduction measures implemented in response to the business impact of COVID-19.
- Selling expenses of \$142 million for the quarter decreased by \$65 million or 31% when compared to the corresponding quarter in the prior year, commensurate with the reduction in revenues.
- Administrative expenses of \$394 million for the quarter increased by \$75 million or 24% when compared with the corresponding quarter in the prior year. This was due to expenses for some redundancy costs, bad debt provisions, and increased sanitation and safety protocols implemented to minimise the risk of staff contracting the Coronavirus in the workplace.
- Other operating expenses of \$181 million decreased by \$22 million or 11% compared to prior year, reflecting countermeasures implemented to adjust costs in the face of falling revenues.

During the quarter, the Group's cost reduction measures included layoffs, salary cuts and the suspension of some services in an effort to mitigate the reduction in revenues. Safety protocols were also strengthened and maintained at a considerably higher cost than before in order to safeguard the wellbeing of our staff members and customers.

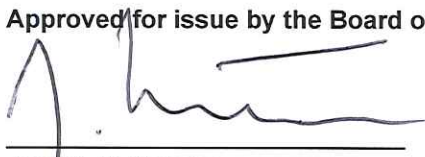
As the impact of the pandemic grew more severe, revenues shrank as advertisers in almost every category reduced their spending and numerous events were cancelled or postponed. Revenue declines were partly offset by political advertising as well as a number of initiatives launched by the Group, including online and broadcast education programmes and a series of virtual parties executed on our audio-visual and online platforms. Those initiatives, along with cost reduction measures, prevented what would otherwise have been an even steeper decline in the operating results for the quarter.

Longer term restructuring measures effected during the quarter, including redundancies and departmental reorganisations, will contribute to greater agility and a lower cost base across the Group going forward. Whilst some recovery in revenues is slowly becoming apparent, the Group will continue to look for opportunities to leverage its market leadership with its restructured cost base in order to emerge more resilient from this pandemic and able to achieve improved returns for its shareholders.

Notwithstanding the challenges, management continued along its charted course of digital transformation of its operations. During the quarter, the Group recorded several accomplishments along our Digital Development Roadmap. We have adopted the world-class Office 365 management collaborative tool that has started to enhance our efficiency; at the same time we have commissioned into service a Customer Relationship Management (CRM) system that will improve our client relations, provide crucial customer data analytics and help us exceed customer needs. We have also integrated and modernized workflows in some key areas of our print business with the installation of the A-Profit System. In addition, we have adopted a new Data Management Platform for our print and online operations, selected a new Epaper platform and started an upgrading programme for our Over The Top (OTT) platform, 1spotmedia.

We thank our team for the sacrifices being made at this time to achieve financial stability. We also remain appreciative of the support from our advertisers, advertising agencies and loyal customers -- listeners, viewers and readers.

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

A handwritten signature in black ink, appearing to read 'J. Matalon', written over a horizontal line.

Joseph M. Matalon
Chairman

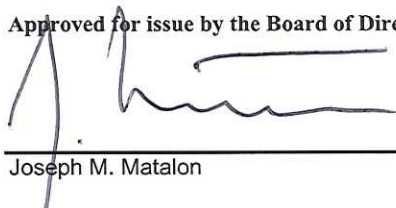
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Gary Allen
Chief Executive Officer

Consolidated Balance Sheet (Unaudited)
2nd Quarter Ended 30 September 2020

	Note	Unaudited September 2020 \$'000	Audited March 2020 \$'000
Non-Current Assets			
Fixed assets		1,486,217	1,547,933
Intangible assets	6	414,338	435,416
Deferred tax asset		105,529	98,989
Retirement benefit assets	7	132,486	132,486
Long term receivables		349	349
Investment securities		8,105	25,723
Investments accounted for using the equity method		83,684	70,433
		<u>2,230,708</u>	<u>2,311,329</u>
Current Assets			
Inventories		103,976	136,392
Receivables	8	1,139,987	1,024,452
Taxation recoverable		22,063	18,022
Cash and short term investments		397,777	281,816
		<u>1,663,804</u>	<u>1,460,682</u>
Current Liabilities			
Payables		756,451	756,384
Taxation payable		50,698	21,171
		<u>807,148</u>	<u>777,555</u>
Net Current Assets			
		<u>856,655</u>	<u>683,127</u>
		<u><u>3,087,364</u></u>	<u><u>2,994,456</u></u>
Stockholders' Equity			
Share capital	9	2,041,078	2,041,078
Foreign currency translation	10	11,427	(14,826)
Fair value reserve		(7,135)	(7,135)
Retained earnings		211,795	278,271
		<u>2,257,165</u>	<u>2,297,388</u>
Non-controlling Interests		1,948	1,948
Non-Current Liabilities			
Finance lease obligations	11	27,679	23,361
Long term loans	12	505,240	376,348
Deferred tax liabilities		92,687	92,766
Retirement benefit obligations	7	202,645	202,645
		<u>3,087,364</u>	<u>2,994,456</u>

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



Joseph M. Matalon

Chairman



Gary Allen

Chief Executive
Officer

Radio Jamaica Limited

Consolidated Statement of Changes in Equity (Unaudited)
2nd Quarter Ended 30 September 2020

	Attributable to Stockholders of the Company							Total
	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	\$'000
Balance at 1 April 2018	2,397,683	2,041,078	288,616	1,197	(7,135)	2,323,756	127	2,323,883
Total comprehensive income			28,266	564		28,830		28,830
Changes on initial application of IFRS19	-	-	-	-			1,821	1,821
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			9,418	(16,587)		(7,169)		(7,169)
Ordinary dividends			(48,029)			(48,029)		(48,029)
Balance at 31 March 2020	2,397,683	2,041,078	278,271	(14,826)	(7,135)	2,297,388	1,948	2,299,336
Total comprehensive income	-	-	(66,476)	26,253	-	(40,223)	-	(40,223)
Balance at 30 September 2020	2,397,683	2,041,078	211,795	11,427	(7,135)	2,257,165	1,948	2,259,113
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			13,215	(2,651)		10,564		10,564
Ordinary dividends	-	-	(48,450)			(48,450)	-	(48,450)
Balance at 30 September 2019	2,397,683	2,041,078	281,647	(890)	(7,135)	2,314,700	1,948	2,316,648

Consolidated Cash Flow (Unaudited)

2nd Quarter Ended 30 September 2020

	Unaudited September 2020 \$'000	Unaudited September 2019 \$'000
CASH RESOURCES WERE (USED IN)/PROVIDED BY:		
Operating Activities		
Net Profit/(loss)	(66,476)	13,215
Items not affecting cash:		
Depreciation and amortisation	210,470	129,809
(Gain) on disposal of fixed assets	(683)	(194)
Spares utilised	-	17
Interest income	(4,515)	(2,387)
Dividend income	-	1,046
Interest expense	21,031	24,455
Income tax charge	(27,495)	15,254
Exchange loss on foreign currency balances	(28,832)	(6,381)
Retirement benefits	-	3,604
Revaluation of investment securities	203	251
	103,704	178,690
Changes in operating assets and liabilities:		
Inventories	32,416	(65,308)
Receivables	(115,535)	(129,031)
Payables	66	102,166
	20,650	86,517
Income tax paid/recoverable	77,364	(9,934)
Net Cash provided by operating activities	98,014	76,583
Investing Activities		
Proceeds from disposal of fixed assets	1,367	194
Purchase of fixed assets and intangibles	(128,360)	(224,213)
Proceeds from investment	17,214	10,090
Interest received	4,515	1,415
Net Cash used in investing activities	(105,265)	(212,516)
Financing Activities		
Loan received	150,000	38,586
Loans repaid	(11,778)	(24,263)
Principal lease repayments	(22,811)	(4,886)
Interest paid	(21,031)	(24,455)
Dividends paid	-	(48,450)
Exchange (losses)/gains on cash and cash equivalents	28,832	6,381
Net Cash provided/(used in) financing activities	123,212	(57,087)
Increase/decrease in cash and cash equivalents	115,961	(193,020)
Cash and cash equivalents at beginning of year	281,816	446,428
CASH AND CASH EQUIVALENTS AT END OF PERIOD	397,777	253,407

Company Statement of Comprehensive Income (Unaudited)
2nd Quarter Ended 30 September 2020

Current Quarter 3 Months to 30/09/20	Prior Year Quarter 3 Months to 30/09/19		Year-to-Date Quarter 6 Months to 30/09/20	Prior Year Quarter 6 Months to 30/09/19
\$'000	\$'000		\$'000	\$'000
152,932	152,330	Revenue	266,433	291,854
<u>(56,670)</u>	<u>(67,209)</u>	Direct expenses	<u>(117,460)</u>	<u>(138,602)</u>
96,262	85,121	Gross Profit	148,973	153,252
16,410	20,126	Other income	31,398	43,906
(22,549)	(27,870)	Selling expenses	(44,450)	(52,293)
(53,673)	(53,664)	Administration expenses	(88,270)	(98,272)
<u>(24,352)</u>	<u>(30,543)</u>	Other operating expenses	<u>(47,592)</u>	<u>(58,160)</u>
12,099	(6,830)	Operating Profit/(Loss)	60	(11,567)
<u>582</u>	<u>(844)</u>	Finance costs	<u>(94)</u>	<u>(1,730)</u>
12,681	(7,674)	Profit/(Loss) before Taxation	(34)	(13,297)
<u>(1,597)</u>	<u>1,106</u>	Taxation	<u>6</u>	<u>(1,380)</u>
11,085	(6,568)	Net Profit/(Loss) after taxation	(28)	(14,677)

Company Statement of Changes in Equity (Unaudited)
2nd Quarter Ended 30 September 2020

	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 2018	2,397,683	2,041,078	(7,135)	375,392	2,409,335
Total comprehensive income	-	-	-	49,566	49,566
Effect of restatement as at April 1, 2018	-	-	-	(48,487)	(48,487)
Balance at 31 March 2019	2,397,683	2,041,078	(7,135)	376,471	2,410,414
Ordinary dividends				(48,029)	(48,029)
Total comprehensive income	-	-	-	(13,483)	(13,483)
Balance at 31 March 2020	2,397,683	2,041,078	(7,135)	314,959	2,348,902
Total comprehensive income	-	-	-	(28)	(28)
Balance at 30 September 2020	2,397,683	2,041,078	(7,135)	314,931	2,348,874
Balance at 31 March 2019	2,397,683	2,041,078	(7,135)	376,471	2,410,414
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)	313,344	2,347,287

Company Cash Flow (Unaudited)

2nd Quarter Ended 30 September 2020

	Unaudited September 2020 \$'000	Unaudited September 2019 \$'000
Cash Flows from Operating Activities		
Operating Activities		
Net (loss)	(28)	(14,677)
Items not affecting cash:		
Depreciation and amortisation	15,605	11,969
Gain on disposal of fixed assets	(420)	(194)
Spares utilised	-	17
Lease income	840	(862)
Interest income	(867)	(1,879)
Dividend income	-	1,046
Interest expense	94	1,729
Income tax	(6)	1,379
Exchange loss on foreign currency balances	828	5,557
Revaluation of investment securities	203	251
	16,248	4,334
Changes in operating assets and liabilities:		
Inventories	(3,088)	(7,064)
Due from/to subsidiaries	137,626	50,765
Receivables	(1,503)	(41,454)
Payables	(71,444)	13,888
	77,839	20,472
Income tax paid/recoverable	(1,873)	(627)
	75,966	19,845
Cash Flows from Investing Activities		
Proceeds from disposal of fixed assets	420	194
Proceeds from disposal of investment securities	17,214	9,640
Purchase of fixed assets	(11,635)	(24,330)
Interest received	(867)	(1,879)
	5,132	(16,375)
Cash Flows from Financing Activities		
Loan received	30,000	-
Loans repaid	(5,358)	(18,166)
Interest paid	(94)	(1,729)
Dividends paid	-	(48,450)
Exchange gains on cash and cash equivalents	(828)	(5,557)
	23,720	(73,901)
Decrease in cash and cash equivalents	104,819	(70,432)
Cash and cash equivalents at beginning of year	133,693	221,070
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	238,512	150,638

Segment Report (Unaudited)
2nd Quarter Ended 30 September 2020

	Audio Visual \$'000	Audio \$'000	Print & Others \$'000	Sub-total \$'000	Eliminations \$'000	Total \$'000
SEPTEMBER 2020						
Revenues	1,046,443	324,664	996,891	2,367,997	(62,388)	2,305,608
Operating Profit/(Loss)	160,286	(12,139)	(208,990)	(60,843)	(12,098)	(72,941)
Assets	2,147,720	3,420,193	1,230,688	6,798,602	(2,904,091)	3,894,512
Liabilities	1,243,547	940,807	669,036	2,853,390	(1,217,991)	1,635,400
Capital expenditure	23,423	11,635	93,302	128,360		128,360
Depreciation & amortisation	79,077	27,701	103,692	210,470	-	210,470
Finance costs	15,492	837	4,701	21,031	-	21,031
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	5,445,394	(1,670,014)	3,775,380
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

Notes to the financial statements
2nd Quarter Ended 30 September 2020

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, 2020. 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. Basic earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue during the year.
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 represent 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 responsibility 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. The category Receivables consists of trade receivables, prepayments and other receivables.
9. Share capital represents authorised number of shares of 2,422,487,654; issued and fully paid shares of 2,422,487,654.
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.