



Unaudited Financial Statements
3rd Quarter Ended 31 December 2020

Radio Jamaica Limited

3rd Quarter Ended 31 December 2020

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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 Radio Jamaica Limited and its subsidiaries, together referred to as the RJRGLEANER Communications Group (the Group), for its third quarter ending December 31, 2020.

The Group recorded a pre-tax profit of \$268 million for the October to December 2020 quarter; an increase of \$125 million or 87%, compared with the corresponding quarter in the prior year. By contrast the Group's net income year-to-date lags the performance for the prior year-to-date period, due primarily to the financial effects of the pandemic in the first six months of the financial year.

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

- As the contractionary effects of the pandemic continued to be felt, Group revenues of \$1.49 billion fell by \$99 million or 6% when compared with the corresponding quarter of the prior year. Notably, the Audio and Audio-Visual segments reported increased revenues of \$46 million or 5%, while the Print segment which was most heavily impacted by the effects on business of the COVID-19 pandemic, reported a decline in revenues of \$145 million or 20%.
- Other Income of \$5 million decreased by \$32 million or 86% compared with the corresponding quarter in the prior year, due to reductions in Sundry Income in the Print Segment.
- Direct Expenses were \$91 million or 17% 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 \$225 million for the quarter decreased by \$186 million or 45% when compared to the corresponding quarter in the prior year, commensurate with the reduction in revenues.
- Other Operating Expenses of \$171 million decreased by \$16 million or 9% compared to prior year, reflecting countermeasures implemented to adjust costs in the face of falling revenues.
- Administrative Expenses of \$363 million for the quarter increased by \$46 million or 15% when compared with the corresponding quarter in the prior year, due mainly to increased bad debt provisions, and increased sanitation and safety protocols implemented in response to the ongoing pandemic.

During the quarter, the Group maintained its aggressive cost reduction measures, including layoffs and redundancies, and the suspension of some services, all in an effort to mitigate the reduction in revenues experienced. Safety protocols were also strengthened and maintained at a considerably higher cost in order to safeguard the wellbeing of our staff members and customers.

The impact of the pandemic on businesses saw advertisers reduce spending in almost every category of business and with events being cancelled or indefinitely postponed, Group revenues were negatively impacted. The revenue decline was partly offset by a number of initiatives, including online and broadcast education programmes and a series of virtual parties executed on our audio-visual and online platforms. These initiatives, along with cost reduction measures, mitigated what would otherwise have been a steeper decline in the operating results for the financial year to date.

The Board and management remained steadfast in their commitment to greater agility and reorganizing the business to meet the new market conditions in which we now operate. The operations were held more tightly together, as management and staff innovated to keep business going and the overwhelming majority of stakeholders employed and engaged. The Group also sharpened its focus and kept on its strategic path of digital transformation, digitally-led improvement in operational efficiencies, diversification in our business activities while exhibiting clear talent leadership in the quality content we produced for audiences in Jamaica and shared on multiple platforms with the rest of the world.

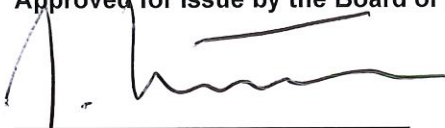
In the quarter under review, a digital-first strategy was embarked upon by our print and online operations. The conversion of our television operations to High Definition (HD) services also continued. We committed tens of millions of dollars in technology acquisition, installation, staff training, and system adoptions aimed at service improvements and greater operational efficiency. A commitment to emerging from the pandemic a leaner, more agile and stronger business, remains our focus.

The Group completed two significant investments during the quarter, which saw us increasing to 50% our interest in Jamaica Holdings LLC, operator of the Gustazos ecommerce platform which allows merchants to promote products and experiences at very attractive discounted rates. The Group also signed an agreement to acquire a 10% stake in ePost Caribbean Limited, which offers a digital marketing toolset to include a newsletter platform, social media campaigns, online surveys, landing pages for online ads, ecommerce pages for small businesses and digital printing services.

The Group has entered the final quarter of its financial year energised by the results of our transformation efforts and the success achieved under the pressure of the pandemic which resulted in some of its strongest gains in the last decade. We are excited about the announcement, at last, of a timeline and framework for the adoption of Digital Terrestrial Television for Jamaica – a prospect which holds many additional opportunities for the television segment and the Group as a whole.

We thank our team for the sacrifices made to achieve financial stability. We remain appreciative of the continued support of our advertisers, advertising agencies, shareholders and loyal customers -- listeners, viewers and readers.

Approved for issue by the Board of Directors on February 12, 2021 and signed on its behalf by:



Joseph M. Matalon
Chairman




Gary Allen
Chief Executive Officer

Consolidated Balance Sheet (Unaudited)
3rd Quarter Ended 31 December 2020

	Note	Unaudited	Audited
		December 2020 \$'000	March 2020 \$'000
Non-Current Assets			
Fixed assets		1,473,837	1,547,933
Intangible assets	6	404,171	435,416
Deferred tax asset		35,964	98,989
Retirement benefit assets	7	132,486	132,486
Long term receivables		349	349
Investment securities		24,198	25,723
Investments accounted for using the equity method		90,240	70,433
		<u>2,161,246</u>	<u>2,311,329</u>
Current Assets			
Inventories		90,899	136,392
Receivables	8	1,435,448	1,024,452
Taxation recoverable		15,166	18,022
Cash and short term investments		382,538	281,816
		<u>1,924,051</u>	<u>1,460,682</u>
Current Liabilities			
Payables		830,811	756,384
Taxation payable		41,368	21,171
		<u>872,179</u>	<u>777,555</u>
Net Current Assets		<u>1,051,872</u>	<u>683,127</u>
		<u><u>3,213,118</u></u>	<u><u>2,994,456</u></u>
Stockholders' Equity			
Share capital	9	2,041,078	2,041,078
Foreign currency translation	10	12,912	(14,826)
Fair value reserve		(7,135)	(7,135)
Retained earnings		405,375	278,271
		<u>2,452,230</u>	<u>2,297,388</u>
Non-controlling Interests		1,948	1,948
Non-Current Liabilities			
Finance lease obligations	11	42,778	23,361
Long term loans	12	493,270	376,348
Deferred tax liabilities		20,246	92,766
Retirement benefit obligations	7	202,645	202,645
		<u>3,213,118</u>	<u>2,994,456</u>

Approved for issue by the Board of Directors on February 12, 2021 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 2020

	Attributable to Stockholders of the Company					Equity Owned Total
	Number of Shares	Share Capital	Retained Earnings	Foreign Currency Translation	Fair Value Reserve	
	'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2018	2,397,683	2,041,078	288,616	1,197	(7,135)	2,323,759
Total comprehensive income	-	-	28,266	564	-	28,830
Changes on initial application of IFRS 19	-	-	-	-	-	-
Balance at 31 March 2019	2,397,683	2,041,078	316,882	1,761	(7,135)	2,352,589
Ordinary dividends	-	-	(48,029)	-	-	(48,029)
Total comprehensive income	-	-	9,418	(16,587)	-	(7,169)
Balance at 31 March 2020	2,397,683	2,041,078	278,271	(14,826)	(7,135)	2,297,391
Total comprehensive income	-	-	127,104	27,738	-	154,842
Balance at 31 December 2020	2,397,683	2,041,078	405,375	12,912	(7,135)	2,452,233
Balance at 31 March 2019	2,397,683	2,041,078	316,882	1,761	(7,135)	2,352,589
Total comprehensive income	-	-	134,394	(2,267)	-	132,127
Ordinary dividends	-	-	(48,450)	-	-	(48,450)
Balance at 31 December 2019	2,397,683	2,041,078	402,826	(506)	(7,135)	2,436,266

Consolidated Cash Flow (Unaudited)

3rd Quarter Ended 31 December 2020

	Unaudited December 2020 \$'000	Unaudited December 2019 \$'000
CASH RESOURCES WERE (USED IN)/PROVIDED BY:		
Operating Activities		
Net Profit	127,104	134,394
Items not affecting cash:		
Depreciation and amortisation	210,473	211,514
(Gain)/Loss on disposal of fixed assets	(677)	(194)
Spares utilised	140	26
Interest income	(16,365)	(3,212)
Dividend income	201	-
Interest expense	32,745	44,208
Income tax charge	46,944	37,355
Exchange loss on foreign currency balances	(29,136)	305
Retirement benefits	-	4,416
Revaluation of investment securities	226	63
	<u>371,655</u>	<u>428,877</u>
Changes in operating assets and liabilities:		
Inventories	45,493	(39,210)
Receivables	(410,995)	(425,975)
Payables	74,427	63,773
	<u>80,580</u>	<u>27,466</u>
Income tax recoverable/(paid)	23,053	32,512
Net Cash used in operating activities	103,633	59,978
Investing Activities		
Proceeds from disposal of fixed assets	953	194
Purchase of fixed assets and intangibles	(94,885)	(272,061)
Proceeds from investments	1,301	30,053
Interest received	6,104	2,738
Purchase of long investments	(19,807)	-
Net Cash used in investing activities	(106,336)	(239,075)
Financing Activities		
Loan received	150,000	49,046
Loans repaid	(37,746)	(37,521)
Principal lease repayments	(8,887)	(16,514)
Interest paid	(29,078)	(44,208)
Dividends paid	-	(48,450)
Exchange (losses)/gains on cash and cash equivalents	29,136	(305)
Net Cash provide by/(used in) financing activities	103,424	(97,953)
Increase/decrease in cash and cash equivalents	100,722	(277,050)
Cash and cash equivalents at beginning of year	<u>281,816</u>	<u>446,428</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	382,538	169,378

Company Statement of Comprehensive Income (Unaudited)

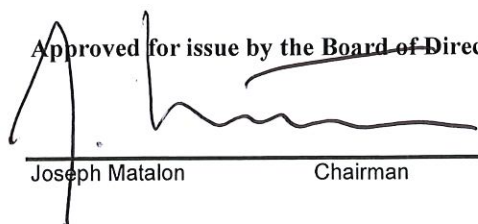
3rd Quarter Ended 31 December 2020

Current 3 Months to 31/12/20	Prior Year 3 Months to 31/12/19		Year-to-Date 9 Months to 31/12/20	Prior Year 9 Months to 31/12/19
\$'000	\$'000		\$'000	\$'000
176,850	174,071	Revenue	443,283	465,925
(60,300)	(70,725)	Direct expenses	(177,760)	(209,328)
116,550	103,346	Gross Profit	265,523	256,598
13,044	21,148	Other income	44,442	65,054
(26,040)	(30,930)	Selling expenses	(70,490)	(83,223)
(50,320)	(29,452)	Administration expenses	(138,590)	(127,724)
(27,976)	(28,276)	Other operating expenses	(75,567)	(86,436)
25,260	35,835	Operating Profit	25,319	24,269
(1,289)	(798)	Finance costs	(1,383)	(2,528)
23,971	35,037	Profit before Taxation	23,936	21,741
(4,714)	(2,716)	Taxation	(4,708)	(4,096)
19,257	32,322	Net Profit after taxation	19,228	17,645

Company Balance Sheet (Unaudited)
3rd Quarter Ended 31 December 2020

	Unaudited	Audited
	December 2020	March 2020
	\$'000	\$'000
Non-Current Assets		
Fixed assets	300,205	300,446
Intangible assets	3,725	5,400
Retirement benefit asset	155,490	155,490
Deferred tax asset	25,094	25,094
Investment in subsidiaries	1,824,853	1,824,854
Investment securities	24,198	25,522
	2,333,565	2,336,806
Current Assets		
Inventories	9,058	4,435
Due from subsidiaries	569,691	487,889
Receivables	161,096	163,818
Taxation recoverable	13,043	13,318
Cash and short term investments	269,898	133,693
	1,022,787	803,153
Current Liabilities		
Payables	212,421	215,808
Taxation payable	2,251	-
Due to subsidiaries	362,672	179,578
	577,344	395,386
Net Current Assets	445,443	407,767
	2,779,007	2,744,573
Equity		
Share capital	2,041,078	2,041,078
Fair value reserves	(7,135)	(7,135)
Retained earnings	334,187	314,959
	2,368,129	2,348,902
Non-Current Liabilities		
Long term loans	342,756	327,549
Retirement benefit obligations	68,122	68,122
	2,779,007	2,744,573

Approved for issue by the Board of Directors on February 12, 2021 and signed on its behalf by:


 Joseph Matalon Chairman


 Gary Allen Chief Executive Officer

Company Statement of Changes in Equity (Unaudited)
3rd Quarter Ended 31 December 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, 2	-	-	-	(48,487)	(48,487)
Balance at 31 March 2019	2,397,683	2,041,078	(7,135)	376,471	2,410,414
Total comprehensive income	-	-	-	(13,483)	(13,483)
Ordinary dividends	-	-	-	(48,029)	(48,029)
Balance at 31 March 2020	2,397,683	2,041,078	(7,135)	314,959	2,348,902
Ordinary dividends	-	-	-	-	-
Total comprehensive income	-	-	-	19,228	19,228
Balance at 31 December 2020	2,397,683	2,041,078	(7,135)	334,187	2,368,130
Balance at 31 March 2019	2,397,683	2,041,078	(7,135)	376,471	2,410,414
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)	345,666	2,379,609

Company Cash Flow (Unaudited)

3rd Quarter Ended 31 December 2020

	Unaudited 9 Months to 31/12/20 \$'000	Unaudited 9 Months to 31/12/19 \$'000
Cash Flows from Operating Activities		
Operating Activities		
Net Profit	19,228	17,645
Items not affecting cash:		
Depreciation and amortisation	23,545	18,381
Gain on disposal of fixed assets	(420)	(194)
Spares utilised	91	21
Dividend income	201	1,046
Interest income	(2,130)	(2,381)
Lease income	1,256	(1,201)
Interest expense	1,382	2,527
Income tax	4,707	4,095
Exchange (gains)/loss on foreign currency balances	(2,721)	4,382
Revaluation of investment securities	224	64
	45,364	44,385
Changes in operating assets and liabilities:		
Inventories	(4,623)	(34)
Due from/to subsidiaries	101,292	22,488
Receivables	2,722	(155,170)
Payables	(3,386)	32,501
	141,368	(55,830)
Income tax recoverable	275	6,158
	141,643	(49,672)
Cash Flows from Investing Activities		
Proceeds from disposal of fixed assets	6	194
Proceeds from investments	1,100	29,852
Purchase of fixed assets	(20,783)	(41,517)
Interest received	2,130	2,381
	(17,547)	(9,090)
Cash Flows from Financing Activities		
Loan received	30,000	-
Loans repaid	(19,230)	(26,959)
Interest paid	(1,382)	(2,527)
Dividends paid	-	(48,450)
Exchange gains/(losses) on cash and cash equivalents	2,721	(4,382)
	12,109	(82,317)
Decrease in cash and cash equivalents	136,205	(141,079)
Cash and cash equivalents at beginning of year	133,693	221,070
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	269,898	79,991

Segment Report (Unaudited)
Nine Months Ending 31 December 2020

	Audio Visual \$'000	Audio \$'000	Print & Others \$'000	Sub-total \$'000	Eliminations \$'000	Total \$'000
DECEMBER 2020						
Revenues	1,731,883	538,983	1,620,066	3,890,931	(96,259)	3,794,671
Operating profit/(loss)	397,357	28,797	(201,214)	224,940	(18,146)	206,794
Assets	2,539,305	3,590,836	1,137,443	7,267,583	(3,182,288)	4,085,296
Liabilities	1,460,876	1,085,154	663,213	3,209,243	(1,578,126)	1,631,118
Capital expenditure	27,044	20,783	47,059	94,885	-	94,885
Depreciation & amortisation	114,734	23,545	54,050	192,329	18,144	210,473
Finance costs	23,042	2,694	7,009	32,745	-	32,745
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	6,648,526	(2,744,851)	3,903,675
Liabilities	1,169,133	894,771	478,304	2,542,209	(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	17,749	44,208	-	44,208

Notes to the financial statements
3rd Quarter Ended 31 December 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, print copy sales, 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/(loss) on sale of fixed assets, net unrealised 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 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. Earnings per ordinary 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. Retirement benefits
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.

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 Proven Wealth Management Limited and by Trustees. The scheme is valued by an independent actuary every three years and an IAS 19 valuation is done every year.
 2. A defined contribution pension fund covering all qualifying permanent 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 and by Trustees.
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.