



Unaudited Financial Statements
1st Quarter Ended 30 June 2022

Radio Jamaica Limited

Index

1st Quarter Ended 30 June 2022

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Directors' interim report to Shareholders

Unaudited Financial Statements

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Radio Jamaica Limited (RJRGLEANER)
Report to Stockholders

The directors are pleased to present the unaudited financial results of the RJRGLEANER Communications Group (The Group) for its first quarter ended June 30, 2022.

A number of factors related to local and global economic conditions had an adverse impact on Group performance during the quarter. Instability in global commodity markets precipitated by the Russia/Ukraine war, lead to an unprecedented rise in inflation globally, and further exacerbated those supply chain challenges which emerged during the pandemic. In response to dampening consumer demand, advertisers appear to have reduced spending in anticipation of a return to more normal conditions in the short to medium term. The Group has at the same time faced significant upward price pressure on its input costs, most notably, energy and newsprint.

Preliminary revenue performance for the month of July 2022 shows a marked recovery in advertising revenue, and we have also been pleased to note more recent reductions in energy prices as well as a downward trend in global freight rates which should assist in improving market conditions.

The Group recorded a pre-tax loss of \$51 million and an after-tax loss of \$40 million for the quarter, compared to a pre-tax profit of \$148 million and an after-tax profit of \$110 million for the similar prior year period.

Primary contributors to this quarter's performance were: -

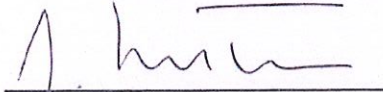
- A 9% decrease in the Group's revenues, driven mainly by decreases in the Audio/Visual division (12%), Print and Online (6%) and Audio (2%). There was a decline in some activities in the current year due to, the protracted impact of COVID-19, non-reoccurrence of revenues from Ministry of Education, and as mentioned before, softness in the overall advertising market due to businesses continuing to experience supply chain challenges, higher global inflation and the wider economic effects of the Russia/Ukraine war.
- Other income increased by more than 100% compared to the prior year period, due mainly to one-off proceeds from a negotiated confidential settlement.
- Direct expenses were higher than the prior year, due mainly to increased newsprint costs, increased costs for the staging of the Boys' and Girls' Championships, along with the higher cost for the National Track and Field Trials.
- Selling expenses increased by \$16 million (7%) driven by increased distribution-related commissions as well as increased marketing activities and events that were suspended in the previous year.
- Administrative expenses fell by \$21 million (6%) compared with the prior year, driven by savings from cost containment measures.
- Other operating expenses increased by \$25 million (13%) compared with the prior year, due mainly to increased utility costs, higher technology license fees and higher transmitter and other equipment maintenance costs.

The results of the first quarter reflect the challenges of the local market as previously described above. That said, our usual quick responses to adjust the business to meet market challenges are already being employed. The positive impact of our ongoing targeted efficiency projects and efforts will also assist in bringing our targets back in line.

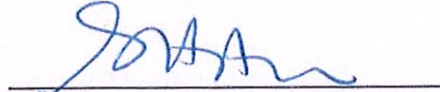
The challenging first quarter did not dampen the strong advancement in our digital transformation drive, and we made good progress in moving the television Digital Switch Over (DSO) project forward. Our overall digital revenue performance continues to improve as our various digital assets garnered more revenues from more digital streams than before.

During the quarter under review, we also announced an agreement by our Board with that of 1834 Investments Limited, to acquire the assets and liabilities of that listed company with a Net Book Value of over \$1.5Billion. The transaction, on completion will see an increase in the asset base of RJRGLEANER, an increase in available cash to complete our strategic digital investments, including DSO, and will also secure the 7 North Street headquarters of our subsidiary, The Gleaner Company (Media) Limited, which is now being leased. Should the shareholders of 1834 Investments and the Courts approve the transaction on August 10, 2022, it will take our RJRGLEANER business into another phase of growth and expansion, to which we look forward.

Approved for issue by the Board of Directors on August 5, 2022, and signed on its behalf by:

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

Joseph M. Matalon, CD
Chairman

A handwritten signature in blue ink, appearing to read 'Gary Allen', written over a horizontal line.

Gary Allen CD, JP
Chief Executive Officer

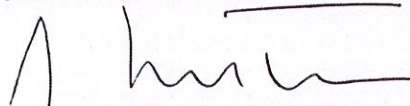
Consolidated Statement of Comprehensive Income (Unaudited)
1st Quarter Ended 30 June 2022

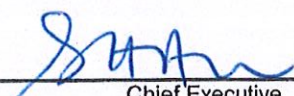
Current Quarter 3 Months to 30/06/22 \$'000	Prior Year Quarter 3 Months to 30/06/21 \$'000	Note		Year-to-Date 3 Months to 30/06/22 \$'000	Prior Year-to-date 3 Months to 30/06/21 \$'000
1,298,267	1,420,158	2	Revenue	1,298,267	1,420,158
(588,195)	(493,960)		Direct expenses	(588,195)	(493,960)
710,072	926,198		Gross Profit	710,072	926,198
67,979	28,869	3	Other income	67,979	28,869
(259,270)	(242,846)		Selling expenses	(259,270)	(242,846)
(341,570)	(362,102)		Administration expenses	(341,570)	(362,102)
(215,215)	(190,240)		Other operating expenses	(215,215)	(190,240)
(38,004)	159,879		Operating Profit/(Loss)	(38,004)	159,879
(12,706)	(12,166)		Finance costs	(12,706)	(12,166)
(50,710)	147,713		Profit/(Loss) before Taxation	(50,710)	147,713
10,872	(37,259)	4	Taxation	10,872	(37,259)
(39,838)	110,454		Net Profit/(Loss)	(39,838)	110,454
Other comprehensive income -					
Items that may be reclassified to					
profit or loss					
Currency translation differences					
on foreign subsidiaries					
(3,546)	(9,884)			(3,546)	(9,884)
Attributable to:					
Stockholders of the company					
(43,384)	100,570			(43,384)	100,570
Earnings per Ordinary Stock Unit					
Attributable to Stockholders of the					
Company					
(1.7) cents	4.6 cent	5		(1.7) cents	4.6 cent

Consolidated Balance Sheet (Unaudited)
1st Quarter Ended 30 June 2022

	Note	Unaudited June 2022 \$'000	Audited March 2022 \$'000
Non-Current Assets			
Fixed assets		1,987,879	1,984,825
Investment properties		80,918	80,918
Intangible assets	6	455,171	452,652
Deferred tax asset		142,890	142,890
Retirement benefit assets	7	91,906	91,906
Investment securities		24,102	24,268
Investments accounted for using the equity method		125,283	121,957
		<u>2,908,149</u>	<u>2,899,416</u>
Current Assets			
Inventories		171,816	118,494
Receivables	8	1,178,798	1,182,340
Taxation recoverable		45,709	42,566
Cash and short term investments		687,717	750,871
		<u>2,084,040</u>	<u>2,094,271</u>
Current Liabilities			
Payables		1,477,415	1,397,368
Taxation payable		16,514	49,869
		<u>1,493,929</u>	<u>1,447,237</u>
Net Current Assets		<u>590,111</u>	<u>647,034</u>
		<u>3,498,260</u>	<u>3,546,450</u>
Stockholders' Equity			
Share capital	9	2,041,078	2,041,078
Foreign currency translation	10	(17,147)	(13,601)
Retained earnings		720,671	760,509
		<u>2,744,602</u>	<u>2,787,986</u>
Non-controlling Interests		1,948	1,948
Non-Current Liabilities			
Finance lease obligations	11	3,056	3,056
Long term loans	12	403,911	408,717
Deferred tax liabilities		94,519	94,519
Retirement benefit obligations	7	250,224	250,224
		<u>3,498,260</u>	<u>3,546,450</u>

Approved for issue by the Board of Directors on August 5, 2022 and signed on its behalf by:


 Joseph M. Matalon Chairman


 Gary Allen Chief Executive Officer

Consolidated Statement of Changes in Equity (Unaudited)

	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 March 31, 2020	2,397,683	2,041,078	278,271	(14,826)	(7,135)	2,297,388	1,948	2,299,336
Total comprehensive income	-	-	223,128	7,951	-	231,079	-	231,079
Transfer to retained earnings	-	-	(7,135)	-	7,135	-	-	-
Balance at 31 March 2021	2,397,683	2,041,078	494,264	(6,875)	-	2,528,467	1,948	2,530,415
Total comprehensive income	-	-	314,694	(6,726)	-	307,968	-	307,968
Ordinary dividends	-	-	(48,449)	-	-	(48,449)	-	(48,449)
Balance at 31 March 2022	2,397,683	2,041,078	760,509	(13,601)	-	2,787,986	1,948	2,789,934
Total comprehensive income	-	-	(39,838)	(3,546)	-	(43,384)	-	(43,384)
Balance at 30 June 2022	2,397,683	2,041,078	720,671	(17,147)	-	2,744,602	1,948	2,746,550
Balance at 31 March 2021	2,397,683	2,041,078	494,264	(6,875)	-	2,528,467	1,948	2,530,415
Total comprehensive income	-	-	110,454	(9,884)	-	100,570	-	100,570
Balance at 30 June 2021	2,397,683	2,041,078	604,718	(16,759)	-	2,629,037	1,948	2,630,985

Consolidated Cash Flow (Unaudited)

1st Quarter Ended 30 June 2022

	Unaudited June 2022 \$'000	Unaudited June 2021 \$'000
CASH RESOURCES WERE (USED IN)/PROVIDED BY:		
Operating Activities		
Net profit	(39,838)	110,454
Items not affecting cash:		
Depreciation and amortisation	71,641	71,813
Gain on disposal of fixed assets	92	(2,092)
Interest income	(1,276)	(1,618)
Dividend income	-	(60)
Interest expense	12,707	12,167
Income tax charge	(10,872)	37,259
Exchange losses/(gains) on foreign currency balances	2,720	10,841
Revaluation of investment securities	166	139
	<u>35,340</u>	<u>238,903</u>
Changes in operating assets and liabilities:		
Inventories	(53,322)	(214,076)
Receivables	3,541	(156,374)
Payables	77,647	256,914
	<u>63,206</u>	<u>125,367</u>
Income tax paid/(recoverable)	(26,516)	(5,288)
Net Cash provided/(used in) by operating activities	<u>36,690</u>	<u>120,079</u>
Investing Activities		
Proceeds from disposal of fixed assets	-	3,054
Purchase of fixed assets and intangibles	(77,306)	(98,411)
(Payments)/proceeds from long-term investments	-	(9,572)
Investment in associates	(3,326)	-
Interest received	1,277	1,619
Net Cash used in investing activities	<u>(79,355)</u>	<u>(103,310)</u>
Financing Activities		
Loans repaid	(4,806)	(111,888)
Principal lease repayments	(256)	(820)
Interest paid	(12,707)	(12,167)
Exchange (losses)/gains on cash and cash equivalents	(2,720)	(10,841)
Net Cash (used in)/provided by financing activities	<u>(20,489)</u>	<u>(135,716)</u>
Increase/(decrease) in cash and cash equivalents	<u>(63,154)</u>	<u>(118,947)</u>
Cash and cash equivalents at beginning of year	750,871	725,305
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>687,717</u>	<u>606,358</u>

Company Statement of Comprehensive Income (Unaudited)

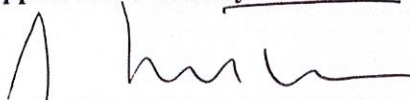
1st Quarter Ended 30 June 2022


Current Quarter 3 Months to 30/06/22	Prior Year Quarter 3 Months to 30/06/21		Year-to-Date Quarter 3 Months to 30/06/22	Prior Year Quarter 3 Months to 30/06/21
\$'000	\$'000		\$'000	\$'000
167,762	171,801	Revenue	167,762	171,801
(65,468)	(62,404)	Direct expenses	(65,468)	(62,404)
102,294	109,397	Gross Profit	102,294	109,397
15,911	19,583	Other income	15,911	19,583
(30,154)	(28,195)	Selling expenses	(30,154)	(28,195)
(65,983)	(56,862)	Administration expenses	(65,983)	(56,862)
(29,726)	(32,562)	Other operating expenses	(29,726)	(32,562)
(7,658)	11,361	Operating Profit/(Loss)	(7,658)	11,361
(2,849)	(1,018)	Finance costs	(2,849)	(1,018)
(10,507)	10,343	Profit/(Loss) before Taxation	(10,507)	10,343
2,627	(2,833)	Taxation	2,627	(2,833)
(7,880)	7,510	Net Profit/(Loss)	(7,880)	7,510

Company Balance Sheet (Unaudited)
1st Quarter Ended 30 June 2022

	Unaudited June 2022 \$'000	Audited March 2022 \$'000
Non-Current Assets		
Fixed assets	454,693	448,062
Intangible assets	373	932
Retirement benefit asset	91,906	91,906
Deferred tax asset	34,495	34,495
Investment in subsidiaries	1,824,854	1,824,854
Investment securities	23,901	24,067
	<u>2,430,222</u>	<u>2,424,316</u>
Current Assets		
Inventories	8,245	4,405
Due from subsidiaries	502,509	442,294
Receivables	228,222	220,885
Taxation recoverable	28,054	21,780
Cash and short term investments	357,500	436,535
	<u>1,124,530</u>	<u>1,125,899</u>
Current Liabilities		
Payables	429,682	429,548
Due to subsidiaries	317,008	299,919
	<u>746,690</u>	<u>729,467</u>
Net Current Assets	<u>377,840</u>	<u>396,432</u>
	<u>2,808,062</u>	<u>2,820,748</u>
Equity		
Share capital	2,041,078	2,041,078
Retained earnings	285,570	293,450
	<u>2,326,648</u>	<u>2,334,528</u>
Non-Current Liabilities		
Long term loans	403,911	408,717
Retirement benefit obligations	77,503	77,503
	<u>2,808,062</u>	<u>2,820,748</u>

Approved for issue by the Board of Directors on August 5, 2022 and signed on its behalf by:


 Joseph M. Matalon Chairman


 Gary Allen Chief Executive Officer

Company Statement of Changes in Equity (Unaudited)
1st Quarter Ended 30 June 2022

	Attributable to Stockholders of the Company				Total \$'000
	Number of Shares '000	Share Capital \$'000	Fair Value Reserve \$'000	Retained Earnings \$'000	
Balance at 31 March 2020	2,397,683	2,041,078	(7,135)	314,959	2,348,902
Total comprehensive income	-	-	-	45,566	45,566
Transfer to retained earnings	-	-	7,135	(7,135)	-
Balance at 31 March 2021	2,397,683	2,041,078	-	353,390	2,394,468
Total comprehensive income	-	-	-	(11,491)	(11,491)
Ordinary dividends	-	-	-	(48,449)	(48,449)
Balance at 31 March 2022	2,397,683	2,041,078	-	293,450	2,334,528
Total comprehensive income	-	-	-	(7,880)	(7,880)
Balance at 30 June 2022	2,397,683	2,041,078	-	285,570	2,326,648
Balance at 31 March 2021	2,397,683	2,041,078	-	353,390	2,394,468
Total comprehensive income	-	-	-	7,510	7,510
Balance at 30 June 2021	2,397,683	2,041,078	-	360,900	2,401,978

Company Cash Flow (Unaudited)
1st Quarter Ended 30 June 2022

	Unaudited June 2022 \$'000	Unaudited June 2021 \$'000
Cash Flows from Operating Activities		
Operating Activities		
Net Loss	(7,880)	7,510
Items not affecting cash:		
Depreciation and amortisation	11,880	8,559
Gain on disposal of fixed assets	1,032	(656)
Dividend income	-	(60)
Interest income	(1,277)	(1,616)
Lease income	-	(410)
Interest expense	2,849	1,018
Income tax	(2,627)	2,833
Exchange gains on foreign currency balances	(2,833)	(424)
Revaluation of investment securities	166	138
	1,310	16,892
Changes in operating assets and liabilities:		
Inventories	(3,840)	(14,060)
Due from subsidiaries	(43,126)	(18,982)
Receivables	(7,337)	(36,298)
Payables	(116)	46,608
	(53,109)	(5,840)
Income tax recoverable	(3,329)	(3,479)
	(56,438)	(9,319)
Net cash used in operating activities		
Cash Flows from Investing Activities		
Proceeds from disposal of fixed assets	-	670
Purchase of fixed assets	(19,052)	(22,067)
Payments/(proceeds) from investment	-	(5,677)
Interest received	1,277	1,616
	(17,775)	(25,458)
Net Cash used in investing activities		
Cash Flows from Financing Activities		
Loans repaid	(4,806)	(28,191)
Interest paid	(2,849)	(1,018)
Exchange gains on cash and cash equivalents	2,833	424
	(4,822)	(28,785)
Net cash used in financing activities		
Decrease in cash and cash equivalents	(79,035)	(63,562)
Cash and cash equivalents at beginning of year	436,535	466,186
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	357,500	402,624

Segment Report (Unaudited)
1st Quarter Ended 30 June 2022

	Audio Visual	Audio	Print & Others	Sub-total	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
JUNE 2022						
Revenues	562,356	195,714	573,973	1,332,043	(33,775)	1,298,267
Operating profit/(loss)	17,906	(10,012)	(39,850)	(31,956)	(6,048)	(38,004)
Assets	2,744,402	1,805,477	1,320,805	5,870,684	(878,495)	4,992,189
Liabilities	1,244,030	1,295,053	842,006	3,381,089	(1,135,450)	2,245,639
Capital expenditure	43,231	19,052	15,023	77,306	-	77,306
Depreciation & amortisation	39,523	12,428	19,690	71,641	-	71,641
Finance costs	6,435	3,257	3,015	12,707	-	12,707
JUNE 2021						
Revenues	639,377	199,605	610,217	1,449,199	(29,040)	1,420,158
Operating Profit/(Loss)	106,889	13,987	45,050	165,926	(6,048)	159,879
Assets	2,946,082	2,021,332	1,263,618	6,231,032	(1,497,595)	4,733,437
Liabilities	1,694,888	1,400,506	798,643	3,894,037	(1,791,585)	2,102,452
Capital expenditure	6,002	22,067	70,340	98,409	-	98,409
Depreciation & amortisation	34,886	16,882	20,044	71,812	-	71,812
Finance costs	6,797	1,432	3,937	12,166	-	12,166

Notes to the financial statements
1st Quarter Ended 30 June 2022

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, 2022. The accounting policies followed in the interim financial statements are consistent with the most recent audited annual report.
2. Revenue comprises the sale of airtime, programme material, web hosting fees, digital advertising print advertising, print copy sales, subscription, pay-per-view services 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, "Cross Country" revenues, 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. The weighted average number of ordinary stock units were increased by the issue of treasury stocks, amounting to 1,816,020, to staff.
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 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.
 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 3,633,781,481; 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 present value of future lease payments using interest rates implicit in the leases.
12. The Long-term loans are secured and unsecured, repayable on a monthly basis.