

Radio Jamaica Limited 1997

Directors' Report

The Fiftieth Annual Report of Radio Jamaica Limited.

The Directors have pleasure in presenting the 50th Annual Report and Audited Financial Statements for the year ended December 31, 1997.

FINANCIAL RESULTS	\$'000
Profit before taxation	11,476
Taxation	<u>(3,566)</u>
Net Profit	7,910
Retained earnings at beginning of year	<u>104,822</u>
	112,732

APPROPRIATIONS	\$'000
Ordinary dividend proposed	4,321
Preference dividend proposed:	
Cumulative (gross)	1
Participating	<u>1</u>
	<u>4,314</u>
	<u>108,418</u>

FINANCIAL POSITION

The Group recorded turnover of \$364.774 million in 1997, reflecting an increase of 58.3% over the \$230.431 million recorded in the previous year. This performance

however, was due to the fact that turnover for 1997 included S105.280 million attributable to television operations.

Group profit after tax and loss in a subsidiary (TV) was \$7.910 million, compared to \$36.211 million in 1996, a decline of 78.15%. The harsh economic climate which prevailed in 1997 presented numerous challenges for the Group, especially in the radio operations where the turnover grew by a mere 12%.

Significant expenses were also incurred in relation to the acquisition of JBC TV and Radio 2.

Interest Income for the year amounted to \$6.697 million as against \$14.052 million in 1996, a decline of 52%. This resulted from the need to provide the newly acquired television entity with the necessary short term funds primarily for working capital.

The Group's return on capital employed for 1997 was 3.9% compared to 24.3% in the previous year. This decline reflects the expanded capital base of the Group, i.e. JBC acquisition as well as the lower profit performance registered during the period.

DIVIDENDS/DISTRIBUTION

Your directors have recommended a dividend of ten per cent (10%) or five (5) cents per ordinary stock unit. This dividend will amount to \$4.312 Million and has been provided for in the accounts.

STOCK PRICE

The stock market index closed at year-end at 19,846.67 points (1996 - 16,615.99)
The Company's shares at year-end traded at \$1.50 (1996, \$2.20).

INVESTMENTS

Caribbean Communications Networks

The company in its 1997 Annual Report recorded an after tax profit of Trinidad & Tobago T&T S9 M (US\$1.4M) and has paid a dividend in March 1998 of T&T 7 cents on each stock unit which based on your shareholding amounted to TTS13,781.25 (US\$2,185.26).

The company's share at year end traded at TT \$3.77.

Helicon Limited

Helicon Limited is the operator of a Piston Helicopter which is to be used for chartered flights and to assist with traffic and news reports.

The company has a 20% stake in this company. The helicopter unfortunately was grounded for the year mainly due to a reduction in usage by the other proposed users other than RJR. Efforts are currently underway to have the helicopter sold for the best available price.

SUPREME 94

Highlights for your company's premiere station was the re-fashioning of the flagship morning programme "Good Morning Man Show" to "Good Morning Jamaica" launched on June 16, 1997 with hosts Alan Magnus and Dorraine Samuels which continues to be the prime morning radio programme in the country.

Other programming achievements included the introduction of Sportszone, a five hour comprehensive sports package and Global Beat with Dermot Hussey, a Monday to Thursday presentation with Wednesday night featuring a "live and unplugged" performance from Studio 1 or Central Park, Negril.

FAME FM

The major developments in 1997 were born out of the changes to the station at mid-year.

The management of FAME changed with the transfer of Programmes Manager, Mrs. Norma Brown-Bell to the Supreme Sound. Her replacement was Mr. Francois St. Juste who had been a member of the FAME Team since its inception in 1984.

This change saw a new direction and drive in the FAME presentation. "Back to Basics" was the strategy - FAME started as a contemporary station that sought to entertain the youthfull-minded. Initially FAME prepared to re-group and re-tool the talent presented. A talent search and series of focus groups were conducted that yielded a re-organization and new face to the station.

An effort was made to position the station as the "Entertainment Capitol of Jamaican Radio" with a target audience of 15-35 years of age. This was not however an exclusive group as the approach was to attract all ages interested in the entertainment and music world.

FAME also traversed a new group of listeners with the introduction of the programme "UNCENSORED", a talk show for young people addressing their issues and concerns. This programme met with immediate interest. An Entertainment News magazine programme was added daily and the general mood of the station lifted to reflect the ever-changing face of the entertainment industry.

RADIO 2

In 1997 Radio 2 joined the Radio Jamaica family and maintained its former JBC format of uninterrupted music and major live sporting events.

As a consequence of the acquisition, RJR discontinued the separation system whereby Sports was carried on AM only and Test Cricket in particular on FAME FM, Radio 2 then became the carrier of live Sports with the sole exception being the Sports Zone on Supreme '94.

The more popular programmes of note that continued with the station included Heineken Startime, Rhythms with Bunny Goodison, The Jazz, World Beat and Caribbean Presentations of Elombe Motley and Donovan Dacres' Saturday Night Party.

SPORTS

RJR being considered a national station has always underscored the importance of sports as part of our national culture. Accordingly the Sports Department ensured quality coverage of major sporting events worldwide especially those involving Jamaicans. The highlights included;

Cricket

The Indian Tour of the West Indies and The Red Stripe Bowl.

Football

The final round of Jamaica's World Cup Qualification. All matches were covered live for Jamaica.

Track & Field

World Championships (Spain) and Outdoor (Athens), the Penn Relays (USA) and the Jamaica Invitational Games (Jamaica) were all covered by RJR reporters.

NEWS

Coverage

RJR reputation for clear and credible news was continued with the highest standards in accuracy and informative presentations. The many and varied highlights included:

- (a) RJR's now historic coverage of the passing of Michael Manley on Friday, March 7, 1997 and his state funeral on Sunday, March 16, 1997 which garnered the 1997 Press Association of Jamaica National Journalism Award.
- (b) Coverage of the 35th CARICOM Heads of Government Conference which took place at Holiday Inn Hotel in Montego Bay from June 29 to July 4, 1997.
- (c) The Coverage of the General Election Campaign and the reporting of the results on December 18 which was a major assignment for the RJR News Room. This involved a joint presentation with Super Supreme Television (SSTV) for the coverage of the counting and announcing of results through our Election Centre on the night of December 18, 1997.

ENGINEERING

The Company continued its directive to deliver the highest quality transmission to its clients and in addition to on-going maintenance, successfully completed two major projects.

Firstly, in June 1997 two (2) 1 Kw solid state FM transmitters were installed at Broadcasting House. The operating frequencies being 94.1 MHZ and 95.7 MHZ. The units have been provided to improved coverage in areas such as Duhaney Park, Forest Hills Garden, Havendale etc., which cannot be covered by the 94.5 MHZ service due to the fact that those areas are shadowed by the Coopers Hill mountain range.

Then also in June 1997, following the RJR/JBC merger, the operations of both Engineering Departments were combined to capitalize on the synergy produced by the merger and to ensure a more cost effective operation. Both engineers now work from the Lyndhurst Road office.

EMPLOYEE SHARE OWNERSHIP SCHEME (ESOP)

The temporary incentives given to the company's employee share scheme expired on December 31, 1997. A draft plan, modified to conform with the requirements of the Act, was submitted to the ESOP unit for approval by the Commissioner of Income Tax. The Act, which has been amended several times, contains some conditions which are unacceptable to us and need to be resolved.

SUBSIDIARIES

Reditech Services Limited

This subsidiary is involved in the provision of background music systems for workplaces, offices and restaurants. The Company made a marked improvement and recorded a year end profit of \$64,000 compared with a loss of \$916,000 in 1996. The subsidiary continues to aggressively market its services and has maintained growth with the expansion of fast food restaurants that heavily utilize the service.

RJR Interim Management Services Limited- Super Supreme TV

Radio Jamaica Limited officially purchased the assets of (JBC) Jamaica Broadcasting Corporation as at June 12, 1997 and formed a company RJR Interim Management Services Limited to undertake the operations of the television station. The company continued operations under the JBC name until August 1, 1997 when Super Supreme Television was officially launched.

This subsidiary had the task of maintaining the dated JBC transmission and studio infrastructure. A number of factors including the depressed economy shrinking advertising pie in view of the larger number of players in the media industry and delays in legal transfers under the acquisition contract, dictated a delay in approaching the market with a share offer. It is against this background that the company incurred a loss for the year ending December, 1997.

Television operations worldwide is expensive and substantial capital is required for a modern, cost effective facility. Returns on the investment in television are budgeted for the medium to long term. To retool the JBC equipment requires a significant capital outlay. With the planned public share offer, the facilities will be upgraded and the station will be placed in a strong position to compete.

Recognizing that its employees are its most important asset, immediately after the merger the station embarked on a campaign to share the vision of a professional and profitable television entity with all the workers. The staff 'bought into" this vision and it is largely their commitment which has helped to keep the station going.

Super Supreme Television embarked on a campaign to improve the image of the station through a more appealing onscreen look with the use of brighter coloured graphics, increased number of programme advisories and promos. and more interesting programming. The highlights included:

- . The inaugural Emancipation Day and Independence Day events.
- . Coverage of the Miss Jamaica World 1997 event.
- . Comprehensive live and delayed coverage of the General Elections of December 18, 1997 including studio discussions and live field reports done in conjunction with RJR News.

Included in the coverage was television broadcast history created by Super Supreme Television (SSTV) being the first to beam election coverage to the Caribbean via Caribbean Broadcasting Union (CBU) and to Florida and other parts of North America via satellite.

- . The station was also positioned as the Reggae Boyz Station and on this mandate covered all the qualifying matches including the final World Cup Qualifier between Jamaica and Mexico on November 16, 1997. This historic final match was carried live to the United States, UK, Canada, Mexico and ten Caribbean countries.
- . The station also began its efforts at community relations and along with Coca Cola undertook a series of promotional Road Shows which enjoyed successful shows and large audience turn-out at Port Antonio, Port Maria, Montego Bay, Savanna-la-Mar, Portmore and South Odeon Avenue.

The Board for RJR Interim Management Services Limited comprises of five members of the Radio Jamaica Board to maintain the consistency within the group. The board membership will be expanded in the future.

Television operations although a subsidiary, represents a significant aspect of the Radio Jamaica Family. As the company embarks on a programme of integration and familiarization of all the members of the group, the Board has also recognized the need to acquaint the shareholders with the new members of the family, accordingly, listed below are the members of the senior management of RJR Interim Management Services Limited:

- . Mrs Marcia Forbes; General Manager,
- . Mr. Trevor Johnson; Production Manager,
- . Mr. Clive Hamilton; Supervisor Technical Operations,
- . Mr. Keith Campbell; Programmes Manager,
- . Miss Chantal Hylton-Tonnes; Marketing & Sales Manager,
- . Mrs. Yvonne Anderson; Personnel Manager,
- . Mrs. Lois Gayle; Public Relations & Special Projects Manager,
- . Miss Dahlia Harris; Senior Producer, Sports,
- . Mr. Michael Sharpe; Acting Chief Editor, News.

Right across Jamaica there is tremendous goodwill for this television station which has continued to recognize and live up to its duty as the national station. In spite of the numerous challenges which it continues to face, Super Supreme Television maintains its commitment to the people of Jamaica, to highlight the best in us and showcase this to the world, to ensure that future generations will know what it is to be Jamaican-Proud, Strong, Resilient.

COMMUNITY/DONATION

The company continues its efforts to building a nation by airing public service announcements, on issues of health, social, moral and national importance.

The company's contribution extends to community outreach by maintaining its support for the Citizen's Advice/RJR Basic School and fostering ongoing relations and assistance with the 'adopted parents' at Cluster C of the Golden Age Home.

The company, where it could, afforded donations of cash and where cash was not possible in kind to various philanthropic and worthy causes, the exhaustive list of charities and organizations included. Peace and Love in Schools (PALS), Crime Stop, Friends Hotline,

Salvation Army, Jamaica Cancer Society and United Way of Jamaica.

DIRECTORS - RETIRING

Directors retiring in accordance with article 98 of the company are Messrs. Karl Lewin, Holford Plummer and Mrs. Patricia Robinson.

AUDITORS

The Company's auditors, Price Waterhouse have indicated a willingness to continue in accordance with the provisions of section 153 of the Companies Act.

WEBSITE

The Company's website, aptly named radiojamaica.com was launched on the Internet on August 7, 1997 and since then has experienced many changes; each change resulting in new and improved images and increased web visitors.

A major achievement since the start of the service has been the addition of audio to the website which has attracted thousands of visitors who want to hear what is happening back home or those who just missed the event on radio.

Radiojamaica.com features the latest news and sports in text as well as audio, entertainment, current affairs, radio shows, and much more.

Another major accomplishment of the RJR website was the coverage of Jamaica's General Elections of December 18, 1997. Radiojamaica.com provided up to the minute updates of the election results for the duration of the ballot count. The declaration of the elections was immediately transmitted world wide via the RJR website thus being the only radio station on the internet to provide full election coverage, another historic first for the company.

Our website is positioned as the ideal vehicle for reaching customers worldwide and advertisers now have the option of buying packages that include spots on the web and radio or just opting for total web advertising.

1997 ALL MEDIA SURVEY

The results of the 1997 All Media Survey conducted by Market Research Services Limited from March to April 1997 showed both services maintaining their position in the media. Radio Jamaica Supreme 94 still remains number one amongst the nine stations with 25.3% (4.7% deficit from 1996) and FAME FM remains fourth at 8.3%, (1% gain from 1996).

LONG SERVICE AWARDS

The company is proud to boast that one of the reasons it has maintained its consistency and high standards is the tradition of excellence carried out by the staff. In recognition of their efforts twenty six (26) members of staff and free lancers with service ranging from fifteen (15) to thirty five (35) years were recognized at the Company's Long Service Awards. The awards which was held at Devonshire Restaurant on December 11, 1997 was for the period 1996 to 1997.

AWARDS

The RJR News and Sports Departments continued to exhibit a high level of professionalism and creativity in the production of programmes in 1997. Their efforts garnished accolades at the major media recognition ceremonies. The list of awards received included the following:

Press Association Of Jamaica National Journalism Awards 1997

- . National Journalism Award for Coverage of the Death and Burial of Michael Manley.
- . PAJ Prize for Investigative Journalism for the "Eye on the Caribbean" programme on the Political scene in St. Kitts/Nevis.
- . Certificate of Merit to "Beyond the Headlines" in the Human Interest Category.
- . Certificate of Merit to "Financial Report" for Financial Reporting

Caribbean Broadcasting Union 3rd Annual Merit Awards Competition

- . "Rafiq Khan Award for Best Programme with Regional Theme" for the entry "Montserrat Revisited" from the "Eye on the Caribbean" series.
- . "Best Sports Feature" for the entry "SportsZone" produced by RJR Sports.

OFFICES & STAFF

The Directors wish to place on record their appreciation and recognition of the dedicated efforts and hard work given by the officers and staff of the company and its subsidiaries during the year.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

J. A. Lester Spaulding

Chairman and Managing Director
