

Radio Jamaica Limited 1999

DIRECTORS' REPORT

The Fifty-second Annual Report of Radio Jamaica Limited.

The Directors have pleasure in presenting the 52nd Annual Report and Audited Financial Statements for the year ending 1999 December 31.

Financial Results		\$'000
Profit before taxation		35,338
Taxation		<u>(6,152)</u>
Net Profit		29,186
Retained earnings at beginning of year		<u>82,472</u>
		111,658

Appropriations	\$'000	
Ordinary dividend proposed	-	
Preference dividend proposed:		
Cumulative (gross)	2	
Participating	1	
Share capital - bonus issue	<u>12,937</u>	<u>12,940</u>
		<u>98,718</u>

RESULTS ACHIEVED

The Group recorded turnover of \$499.80 million in 1999, reflecting a growth of 9.8% over the \$455.35 million recorded in the previous year. Television operations contributed revenue of \$214.61 million, reflecting an increase of 5% over 1998.

Profit after tax was \$29.19 million compared with a loss of \$25.95 million the previous year a turnaround of \$55 million. TVJ realised profits of \$10 million as against a loss of \$22.6 million in the preceding year. The overall result was achieved in part by a reduction of \$2 million in the Group's tax liability arising from special tax credit earned as a result of bonus shares issued in December 1999.

The Group recorded a decline of 4% (\$18.4m) in operating expenditure which contributed significantly to the turnaround in profitability. This was accomplished despite a 7% increase in inflation for the calendar year 1999. The improvement in profitability was achieved despite exceptional costs of \$2.7 million for redundancies, \$8 million in finance charges, \$4.8m of which represents losses arising from fluctuations in the exchange rate.

Shareholders funds grew by 19% to \$182 million over the previous year and is due primarily to the increase in profitability recorded for the period under review. Based on the Group's net profit of \$29m, the return on shareholders funds of 16% is a vast turnaround from the negative return of 17% recorded in 1998.

DIVIDEND

As a result of the loss sustained in 1998, no dividend is recommended for the year ended 1999 December 31. Shareholders, however, have benefited by way of capital appreciation from the one for three bonus issue in December 1999.

STOCK PRICE

The stock market index closed at year-end at 21,890 points - a 8.9% increase over the December 1998 position of 20,110. The Company's shares at year-end traded at \$1.00, up from \$0.70 the previous year, an appreciation of 43%.

INVESTMENTS

Caribbean Communications Network (CCN)

The Company holds 196,875 shares in CCN, a multi-media company listed on the Trinidad Stock Exchange which operates a newspaper, television and a cable station in Trinidad and Tobago. In 1999 CCN recorded after tax profit of TT \$12.96 million.

Helicon Limited

Helicon was the owner and operator of a piston helicopter that was used for charter flights and to assist with traffic and news reports. RJR has a 20% stake in this company, but stopped using the service in 1997 as the commercial operations of Helicon deteriorated with the economy. The other shareholders/ users cancelled projects which required the helicopter's use and the carrying cost for rental for the traffic and news reports had to be recovered solely from its main customer, Radio Jamaica Limited. The plans to sell the helicopter have been formalised and the final payment should be made by late 2000.

MARKETING OVERVIEW

The official economy took a hammering and the country entered its third consecutive year of instability and nil growth. Throughout 1999, forecasting and planning remained challenging as the business environment remained unpredictable. The impact of this on the advertising industry was visible throughout the year. The major advertisers cut back on their advertising investment in electronic media while the smaller players found it difficult to maintain a consistent presence.

Various sectors experienced nil growth, as consumers demanded better value for money within the context of static disposable income. Consequently, organic growth was conspicuously low.

The first six months of the year saw strong competition in the media arena with revenue recording year-on-year growth across both Television and Radio operations. The second half of the year showed pronounced growth. We ended 1999 with all brands recording year-on-year growth. The RJR Communications Group gained a notably larger slice of the advertising pie through the leveraging of FAME FM as the most cost-effective vehicle for reaching young, metropolitan adults and the strategic re-positioning of TVJ as the 'National Station'.

The TVJ Marketing Department was relocated to Lyndhurst Road, creating synergies for a unified marketing team operating from a central location. Minor adjustments to the office structure were made to accommodate the new personnel. The attendant benefits derived from this action will greatly enhance the performance of the department in the market place.

Both corporate and brand strategies were implemented as the Group charted a new dynamic organizational direction. Key to our endeavours were more pronounced and tactical promotional campaigns designed to reinforce the concept of the Group and its brands.

In the quest to remain relevant and profitable in a fickle and competitive media landscape, a number

of core marketing and programming initiatives with respect to programme strategies, portfolio management, sports and events marketing, pricing strategy and the leveraging of synergies were assertively pursued.

Importantly, the Group intensified its corporate outreach programmes and made substantial air-time donations to community, charitable and religious projects maintaining the Group's special role as 'the voice and eye of the nation'. We were also proud to be the exclusive media partners in a number of high profile projects, all of which delivered heightened corporate and brand awareness.

From a marketing perspective, we began the year under review with clearly defined objectives and strategies for growth. Despite the obvious adversities, the RJR Communications Group was able to realise its ambition and end 1999 in a solid position from which we can consolidate and grow.

RADIO OPERATIONS

During 1999 the Group began the strategic process of re-energising the flagship brand by a number of programming and marketing initiatives. RJR 94 FM continued its traditional status as the "Voice of the Nation" covering all the major events in the Jamaican diaspora. RJR 94 FM programming covered popular music, current events, news, sports and politics through a variety of informative and entertaining programmes.

RJR in its process of remaining contemporary had a name change from RJR 'Supreme' 94 to RJR 94 FM together with a re-designed logo. The change was also made to put further focus on the FM transmissions.

The hosts of "Hotline", the flagship talk programme, Mrs. Barbara Gloudon and Mrs. Antoinette Haughton Cardenas continued to dominate talk radio with probing and insightful interviews and discussions.

Two of the notable "Hotline" programmes aired on RJR 94 FM during the year were: - (a) an 'in-house' forum on water with Dr. Karl Blythe and all the principals of the NWC discussing the announced increase in water rates and (b) when Dr. Omar Davies was a special guest on the programme on May 25, discussing the issue of FINSAC held loans to parliamentarians and failure to pay statutory deductions to government. Increased synergies among the RJR Communications Group were evidenced during the year through news and information sharing between Newsrooms,

RJR 94 FM was again the "Voice of Carnival" of Jamaica Carnival 1999 covering the major carnival events including the Soca Calypso Tent, the first ever Caribbean Brass Festival and the Pretty Mas on the road.

On May 4, 1999 Henry Stennett was appointed Executive Producer for RJR 94 FM while Derrick Wilks was

promoted to Senior Producer and both have placed their creative influence on the programming of RJR 94 FM.

One of the new programming directives saw the launch of our new weekend programming dubbed "The Weekend Music Sweep", designed to attract younger listeners and give the Station a more contemporary sound. The "Weekend Music Sweep" featured "Spin City" with D.J. Nyron, "Dance Domain" with Daniel Thompson and "PM Dawn" with Sherleen on Fridays. On Saturdays, there were "Sunshine Suite" with Thelma Porter, "Yourhythmix" with Troy Porter and a retro 70s / 80s show "Hanging Out" on Saturday night with Tony Owens.

As part of our quest to offer added value to both listeners and advertisers on August 30, RJR 94 FM offered a new service and started carrying a relay of the "BBC News Hour" at 8:00am to 9:00 am on the AM frequencies.

A significant television advertising campaign was implemented in June 1999. The campaign sought to raise the profile of the station's flagship programmes - 'GMJ', 'Hotline', 'The Beat', 'Evening People Show' and 'Global Beat'. Tactical press presence was achieved in promoting the launch of 'Weekend Music Sweep', BBC one-hour news package and the results of the All Media Survey.

RJR 94 FM in its role as a good corporate citizen, assisted a number of personal and community efforts. One notable effort was RJR 94 FM's appeal for funds to assist in defraying funeral expenses for four little girls who died tragically in an accident in Trelawny. The appeal netted a total of \$135,862.08, which was divided equally among the mothers of the children who perished.

In December RJR 94 FM reached out to share the spirit of the season with the children of the Grants Pen/ Barbican communities with a holiday treat, held at the Stella Maris Foundation Resource Centre. Approximately seven hundred children attended the treat, which also saw a live broadcast of "Platinum Planet" featuring the entire RJR 94 FM 'Dream Team'.

The flagship brand ended the year under review in fighting spirit with revenues up year-on-year and with the accolade of being voted Best Radio Station of the Year by the Gleaner Newspaper.

During 1999, FAME FM was transformed from being a "Plain Jane" into the "Cinderella" of the family. The brand continued to fulfill the needs of a 'young, contemporary lifestyle' in its programming and brand recognition activities.

FAME FM was synonymous with entertainment in Jamaica throughout the year and hence was a major force at events such as the Red Stripe Mound, Spring Break and Jamaica Carnival.

The station not only covered Carnival but was also an active participant. For the first time, FAME FM formed its own costumed Mas Band to take part in the road parade. The colourful costume called "Loco Motion" featuring 100 persons was one of the largest and most colourful bands in the Carnival.

The highly successful Road and Island parties grew in earnest. The road parties are a series of events held throughout the island where listeners are encouraged to come out, meet the FAME FM personalities, and enjoy a party with live music from FAME FM DJ's. During 1999 eight such parties were held island-wide including Montego Bay, Negril, Ocho Rios, May Pen, Kingston and Mandeville.

The FAME FM Island Party follows the same concept but was extended to two three day trips overseas to nearby Caribbean destinations. During 1999 three "Island Parties" were held in the exotic locations of Santiago de Cuba, Barbados and Varadero, Cuba.

FAME FM was involved in almost every major entertainment event including "Reggae Sunfest", the TNT "Tribute to Bob Marley", and "TeleFood 99" which were major concerts broadcast internationally.

The popular "Klubbin" where FAME FM DJ's go to outside locations and play in the clubs was well received, increasing attendance at all the venues and providing a great party atmosphere. There were twelve broadcasts for the year.

Although primarily a music station, FAME FM successfully presented two talk shows in 1999. "Uncensored" is a programme that addresses risque topics in contemporary Jamaican society. Informal research has indicated that "Uncensored" is now one of the most popular programmes in its time segment. "Access Entertainment" was added in November and is a magazine programme featuring entertainment news, both locally and internationally, interviews, album reviews and other entertainment topics. Once again, the famous FAME FM calendar featuring all of the FAME FM personalities was published. The traditional frenzied demand for the posters saw almost 1,000 persons inundating the office within the first two hours of its release!

Another creative initiative designed to spread the FAME flame was launched in May 1999. The programme "Direct Connect" is a simulcast with a New York station. The programme features greetings across the countries and music played simultaneously by FAME FM DJs and New York Dis. The programme has resulted

in tremendous response in both the Jamaican and New York markets.

As part of our brand-extension strategy, FAME FM successfully launched a membership club called "The Fraternity" which offers members easier access to the Station, its personalities and merchandising as well as discounts at participating merchants. A new Special Projects Manager was appointed to lead the development of this new venture.

The revenue performance during 1999 of FAME FM was admirable and the station emerged from the shadows of its sister stations with a strong, focused programming format.

RADIO 2

RADIO 2 maintained its programming with a quality mix of easy listening, contemporary and Caribbean music to a loyal and faithful audience.

The Station was re-imaged around the slogan "The Music and Sports Lifestyle," in order to condition listeners to the presence of live sports, pre-empting the music programmes from time to time. In keeping with this mandate, RADIO 2 remained the vanguard for live sport presentations in 1999.

RADIO 2 carried all the noteworthy Cricket events both regionally and internationally including the Australian Tour, Busta Cup, The World Cup, The Red Stripe Bowl and The New Zealand Tour. Other major sporting events covered were Football through Premier League and Schoolboy Football matches, Local and International Netball matches and Track and Field events.

To also enhance the sporting image, a new feature called "Sports in Sixty Seconds" was introduced. This is a fast paced sports update broadcast Monday through Friday on the station.

Throughout the year, the station carried "Store Front" broadcasts hosted mostly by Jerry Davy the presenter of the specialized afternoon show "Jerry D Live." Through the leveraging of this programme the station was able to garner a core listenership among the 'young mass audience' In terms of corporate demographic balance, RADIO 2 complements our portfolio. This will be further harnessed during the new year through its new positioning as the Music and Sports Lifestyle station. Programme refinement and other exciting strategic activities are planned.

With the exception of May 1999 when RADIO 2 featured cricket, the revenue during the year was driven purely by programming and as such absolute airtime utilization of over 50% was recorded in some time segments.

NEWS AND CURRENT AFFAIRS

The RJR News Centre remains the leader in the field of news reporting and current affairs. The infrastructure and high quality of reporting was evident in the Newsroom's most extensive coverage of the gas riots which erupted in April 1999.

Other significant news and current affairs coverage were the Tower Street Adult Correctional Centre escape and its aftermath, which included the Commission of Enquiry. RJR News remained the leader in this regard providing day to day coverage, a feature which was not duplicated by any other media house.

The "Street People Scandal" wherein over 30 homeless persons were forcibly removed from Montego Bay and taken to St. Elizabeth was another major issue as well as the "Public Sector Salaries Scandal". On every occasion RJR News sought to explore all possible angles through the News and in the current affairs flagship programme, "Beyond the Headlines" anchored by well recognized broadcaster, Judith McLaughlin and Western Bureau Chief, Dionne Jackson Miller.

For their efforts throughout the year, RJR News received two national journalism awards for 1999 from the Press Association of Jamaica, one for a news story on "Life on Riverton City" and one for a feature on life in prison called "Prison Life No Sweet".

Another area in which our newsroom excelled throughout the year was in our coverage of conferences. One such notable event was in February; RJR News covered the G15 Summit from February 9 to 12 in Montego Bay. Western Bureau's Chief Dionne Jackson Miller delivered comprehensive reporting on the event.

The RJR Communications Group was the only media house from Jamaica that was represented at the CARICOM Heads of Government Conference, which was held in Port of Spain, Trinidad. Moya Thomas, Acting Head of News provided reports for both radio and television.

Throughout the year, there were a number of overseas special reports. There was a feature on South Africa which focused on the tourism product of that country and political issues facing South Africa as it went to the polls on June 2, 1999 for the second time since the abolition of apartheid. A five part series entitled the South African Renaissance was aired on "Beyond the Headlines" and received excellent listenership response.

Another major news feature was "5 to 7 Live", a news and current affairs programme which was launched on August 6, 1999. The two hour long package provides a market friendly presentation of news, current affairs, sports commentary and features. The overall response to the new programme has been positive.

The networking of weekend newscasts on all radio services started on January 2, 1999 to lighten the load on the newsroom and has resulted in savings. The networking also had the benefit of further exposure and recognition of the efforts of the RJR News Department.

Another initiative during the year was the transmission of RJR News, Sports and Weather Headlines on the Source Technology Paging System beginning in late September. The initiative is designed to build further brand recognition and provide a supplemental source of income for the Newsroom.

SPORTS

RJR Sports reigned supreme in sporting coverage in 1999. Sporting events were covered primarily between RJR 94 FM and RADIO 2.

The Sports Department provided three daily sports updates on RJR 94 FM and added a sports feature on FAME FM and RADIO 2. In addition, the sports discussion programme "Sports Call" achieved in-depth discussions throughout the year on topics such as "The State of West Indies Cricket" and "The Future of Jamaican World Cup Football". "Sports Zone" featured on Saturday highlighted horse racing and English League Football among other sports.

The revitalized Sports Department is headed by Simon Crosskill who was appointed Sports Editor with responsibilities for both radio and television operations. He was ably supported on radio operations by Courtney Sergeant whose experience in the field of sports contributed to first class coverage of both international and local events.

West Indies Cricket was featured on RADIO 2 for most of the first half of the year, with the Test series against Australia, the Toronto Cup one-day series and the World Cup in England. RADIO 2 also featured regional cricket by providing coverage for the Red Stripe Bowl and the Busta Cup. Football, one of the most popular sports in the country, received maximum support from the Sports Department. All National Premier League matches were broadcast on the RJR AM frequencies to provide uninterrupted sports coverage to dedicated sports fans. The Manning and DaCosta Cup Schoolboy Football competitions were also covered with a match every Saturday on RADIO 2.

The Sports Department carried the success of the Jamaica Under 17 historic qualification for the FIFA Under 17 Competition as well as the national senior team's friendly internationals and Olympic qualifying matches.

Major track and field events such as the Gibson Relays and Boys & Girls Championships were carried extensively and included expert panels which gave in-depth insight on the sport, supplemented by

colourful commentaries and poignant interviews.

The Sports Department also covered a wide array of sports and sporting events including Netball, Hockey, Fishing, Cycling, Badminton and Tennis.

ENGINEERING

As a part of the new drive by the company to establish an efficient, cost-effective operation, eleven workers from the Engineering Department were made redundant.

During 1999, the Engineering Department completed two major projects geared toward the improvement of FM coverage for FAME FM and RJR 94 FM in South-Western and North-Eastern Jamaica. The South-Western services while providing much needed coverage, will also help to rationalize the utilization of our sites in Western Jamaica, to produce a more cost-effective operation. The introduction of these services will improve FM island-wide coverage from approximately 85% to 95%.

INTERNET SITE

Throughout the year, the Internet Unit's energies were concentrated on preparations and testing for potential Y2K problems. As a result of comprehensive testing and efficient management, there was a smooth transition into January 1, 2000 for all systems. The Internet provided a plethora of opportunities for interaction with the traditional and new listeners throughout the world.

The Internet site, **radiojamaica.com**, throughout the year, experienced heavy traffic of users who were attracted to the news and information on the site. The site offers daily updated news and sports reports, audio and video files and an active chat room that acts as a forum for Jamaicans and friends of Jamaicans worldwide.

A further major achievement in 1999 was an agreement reached between **BroadcastMusic.com** and Radio Jamaica Limited which facilitates live Internet broadcasting of all three radio services as well as an archival of news, sports and feature programmes from radio and television. Listeners worldwide on the Internet can now tune in to the live webcast of the services broadcast here in Jamaica.

During this time, there was the introduction and the extensive use of Interactive Radio utilizing the Internet. FAME FM's "Uncensored" incorporated the features of the RJR Chat Room and Internet broadcasting to allow listeners from all over the world to participate in its weekly talk show, "where no topic is out of bounds".

CORPORATE AWARDS

The Company's attention to the highest quality in broadcast standards and its commitment to excellent programming was rewarded with a number of corporate awards and personal accolades throughout the year.

Radio Jamaica (Sports Department) received a trophy from the Jamaica Netball Association on the occasion of its 40th anniversary celebrations for our dedication and contribution to the sport.

The flagship brand, RJR 94 FM was also voted Radio Station of the Year by the Gleaner.

There were also a number of personal achievements for RJR Communications Group staff members.

RJR 94FM Broadcaster, Personality Mrs. Dorraine Samuels-Binger, received an Order of Distinction for her contribution to the field of broadcasting.

Mrs. Marcia Forbes (General Manager TVJ) was named to the Board of the Caribbean Broadcasting Union (CBU) and also named Vice-President for Television in the region.

Gillian Haughton won a special award for live interviews and coverage in the UNFPA Caribbean Media Awards in the category 'Coverage of Caribbean Youth Summit 1998' for radio and Radio Jamaica Limited received a shield. Jerry Davy was voted as DeeJay of the year by the Gleaner and as Radio Personality of the year by the readers of the Observer. Simon Crosskill in the same Observer poll was named TV Personality of the year.

1999 was a watershed year for TVJ. The All Market Research Service, released in May confirmed that the station market share had grown sufficiently to place it in the number one position. This achievement rewards the previous year's work which laid a solid foundation to ensure the #1 spot.

The installation of computer hardware and software effected improvements in overall onscreen appearance, especially for the news and sports products. World class looking 'crawls' were displayed for cricket, much to the delight of the sponsors. Over the shoulder graphic inserts in news and sports news have significantly improved the aesthetics of these presentations and gave TVJ a more professional look.

For 1999 TVJ received 14 awards, including:

- . Three Caribbean Broadcasting Union Merit Awards from entries submitted

- Two to Yvonne Chin's (Best Feature, "In Our World" and Best Children's Issues (UNICEF)
- "Reggae Boyz Year in Review" copped the award for the Best Sports Feature (TV) produced by freelance sports marketer Curtis Myrie for TVJ - August '99

. Four from the Press Association of Jamaica;

. Recognition for 'Most Improved Presentation Format' in the Broadcast Media from the Advertising Agencies Association of Jamaica.

TVJ continued in its efforts to provide premium local programming. The Station introduced three new programmes.

"Hype Zone", a hip local based magazine programme which received rave reviews upon its launch, and continues to receive good reviews especially from the youth audience.

Another exciting new local programme is "Watch & Win" which is an innovative programme involving local children hosting cartoon specials and encouraging other children to call in to the station to win prizes based on the programme they were watching.

In the summer TVJ launched a highly successful beach party series called "TVJ Hot Summer Beach Party". The live shows featured beach games, music, fashion shows and musical performances. The shows were simulcast on RADIO 2 which was jointly involved in the promotion of the event. The party was held in Kingston, Montego Bay and Negril and provided tremendous visibility for TVJ throughout the summer.

A further innovation was introduced on September 20 when TVJ's "Prime Time News Hour" including sports and weather between 7:00 p.m. and 8:00 p.m. nightly was simulcast on the RJR AM band. The listeners have welcomed this innovation as it allows those who have not reached home in time for TVJ's "Prime Time News" to be able to listen on RJR's AM band.

We also introduced "Cross Country with TVJ", introduced as a way of intensifying the station's outreach and cementing goodwill. Each month three of the Station's local programmes, "Perspective", "Man & Woman Story" and "Smile Jamaica" were broadcast live from different locations throughout the island.

TVJ was honoured to have renowned Jamaican actress and entertainer, Sheryl Lee Ralph as a guest host for the morning programme "Smile Jamaica". Ms. Ralph hosted for four days and generated strong viewership throughout Jamaica with her dynamic and entertaining style and presentation.

"Schools' Challenge Quiz", the well-established programme, celebrated its 30th anniversary and received a 'face lift'. It was placed in prime time with an impressive line-up of prizes, the coveted first prize being a trip to CNN in Atlanta for the winning team and its coach.

In Atlanta the winners, . Glenmuir High School got the red carpet treatment, appearing live on CNN's "Talk Back Live" which was carried live on TVJ. They were also live on radio in Atlanta. They were well received and entertained by both CNN and the Jamaican community in Atlanta.

The Challengers feature which highlighted adults who had represented their schools on "Schools' Challenge Quiz" in the past, effectively strengthened interest in the series as did the Masters Match where two adult teams vied for dominance.

TVJ has forged a strategic alliance with Caribbean International Network and through this, at the end of 1999, had 1 1/2 hours of programming per week on Cable TV in New York.

Exclusives for high profile sporting events were a specific differentiation strategy effectively used by TVJ throughout the year. Exclusives included big Boxing matches (Holyfield /Tyson, Holyfield/ Lewis, DeLaHoya/Trinidad),

World Cup Netball, Tennis (Wimbledon & US Open), the Pan American Hockey Tournament and FIFA Under 17 matches.

REDITECH SERVICES LTD

This subsidiary is involved in the provision of background music services "Musipage" and other systems for commercial entities such as music on hold and paging systems. Reditech services recorded turnover of \$4.624 million, an increase from its 1998 revenues of \$4.523 million and a loss on operations of \$282,000 compared to a loss of \$462,000 in 1998.

The subsidiary continues to aggressively market its services and is expected to return to profit in the year 2000 with the introduction of a number of new products and services.

CORPORATE OUTREACH/COMMUNITY FOCUS

Radio Jamaica is committed to community service and continued its outreach programme through two facilities which the company has adopted. Cluster C of the Golden Age Home to which the staff, throughout the year, extended a warm hand of assistance through gifts and treats for the residents. Radio Jamaica also assists the Citizens Advice Bureau in running the basic school.

The Radio Jamaica Group also endeavours to interact with the community by offering tours of Broadcasting House. This service is a favourite of many schools and organizations wishing to gain first hand knowledge of a radio station and its operations.

DIRECTORS RETIRING

The Directors retiring in accordance with Article 98 of the company are Mr. Hector Dietrich, Mrs. Patricia Robinson and Mr. Holford Plummer.

AUDITORS

The company auditors, PriceWaterhouseCoopers have indicated a willingness to continue in accordance with the provisions of Section 153 of the Companies Act.

OFFICERS & 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.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

J.A. Lester Spaulding
Chairman and Managing Director
