

# Radio Jamaica Limited

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## Interim Report to our Stockholders

The directors are pleased to present the unaudited results of the Group for the six months ended 30th September 2002, which shows a notable improvement over the comparable period last year.

The Group generated revenues of \$441M for the six months with the second quarter contributing \$204M or 44% of this revenue, reflecting a \$25.7M or 14% increase over the revenue for the corresponding quarter for prior year. This increase in revenue plus the continued containment of the cost of sales to \$64.9M has resulted in the gross profit margin for this quarter remaining constant when compared to the corresponding quarter last year.

The trend continued in the second quarter where expenditure as a percentage of turnover reflected a downward trend. The exception being distribution costs, which reflected the commissions associated with the increased sales. Finance income of \$4.9m earned in the second quarter reflected a \$2.8M or 133% increase over prior year.

The marked increase in operating and financial income earned as well as the containment of costs have resulted in the year to date profit before tax and exceptional item of \$81.9M which reflected a major improvement over the \$36.9M recorded for the corresponding six month period last year.

Shareholders' funds of \$414.9 million reflected an increase of \$87.5 million or 27% over the corresponding year. The \$64.7 million increase in fixed assets is due mainly to the partial construction of our Television and Production Studios, News and Sports complex. Tighter cash flow policies and a more aggressive approach to management of receivables have contributed to increased cash and deposits and a reduction in receivables.

The year 2002 continues to be challenging as we deal with increased competition, new technology and the sourcing of the capital investment required to equip the new complex. As a Group, we are confident that we will continue our role as a cost effective medium while meeting the challenges ahead; thus ensuring the continued profitable operation in which our shareholders, employees and stakeholders can take great pride.

## GROUP PROFIT AND LOSS ACCOUNT

### FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2002 (UNAUDITED)

3 months to 30/09/2002 \$	3 months to 30/09/2001 \$		Notes	6 months to 30/09/2002 \$	6 months to 30/09/2001 \$	9 months to 30/09/2001 \$
=====	=====			=====	=====	=====
204,130,573	178,388,534	TURNOVER	2	441,170,403	343,665,966	473,912,930
(64,931,144)	(57,801,668)	COST OF SALES		(159,947,421)	(121,218,963)	(169,974,620)
139,199,429	120,586,866	GROSS PROFIT		281,222,982	222,447,003	303,938,310
2,896,135	1,362,743	OTHER OPERATING INCOME		7,296,335	3,918,160	5,984,267
(38,932,558)	(32,775,686)	DISTRIBUTION COSTS		(82,891,047)	(62,744,107)	(88,169,225)
(45,174,717)	(46,219,053)	ADMINISTRATIVE EXPENSES		(88,537,658)	(85,179,592)	(127,583,301)
(21,425,381)	(22,485,355)	OTHER OPERATING EXPENSES		(44,660,356)	(42,944,314)	(61,447,687)
36,562,908	20,469,515	OPERATING PROFIT		72,430,266	35,497,150	32,722,364
4,932,514	2,119,656	FINANCE INCOME	3	9,529,873	1,457,570	130,590
0	(7,500)	EXCEPTIONAL ITEM	4	0	93,093,257	93,093,257
41,495,422	22,581,671	PROFIT BEFORE TAX		81,960,129	130,047,977	125,946,211
(13,101,835)	4,671,460	TAXATION		(27,303,497)	(11,468,871)	(11,468,871)
28,393,587	27,253,131	NET PROFIT		54,656,632	118,579,106	114,477,340
=====	=====			=====	=====	=====
<b>Cents</b>	<b>Cents</b>			<b>Cents</b>	<b>Cents</b>	<b>Cents</b>
13.17	12.64	<b>EARNINGS PER STOCK UNIT</b>	5	25.35	55.00	53.09
13.17	12.64	<b>EPS EXCLUDING EXCEPTIONAL ITEM</b>	6	25.35	11.82	9.92

## NOTES

- 1 The accounting policies followed in the interim financial statements are consistent with the most recent annual financial statements.
- 2 Turnover represents the sale of airtime, programme material and the rental of studios and equipment.
- 3 Finance (cost)/fincome represents interest income, interest expense and net foreign exchange (losses)/gains.
- 4 Exceptional item represents net profit arising from the sale of land.
- 5 The calculation of earnings per stock unit is based on net profit and 206,986,196 ordinary stock units in issue and the 8,624,424 ordinary shares to be issued.
- 6 This EPS is calculated based on the net profit less exceptional item and 206,986,196 ordinary stock units in issue and the 8,624,424 ordinary shares to be issued.
- 7 Due to the change in year end from December 2001 to March 2002 the year to date interim results are comparing 6 months results for the period April 02 to September 02 with 9 months results January 01 to September 01. However for comparative purposes the 6 months results for the period April 01 to September 01 has been provided.

## CONSOLIDATED BALANCE SHEET

AS AT 30 SEPTEMBER 2002 (UNAUDITED)

	September	Audited March	September
NET ASSETS EMPLOYED	2002	2002	2001

FIXED ASSETS (Net)	184,549,050	134,743,281	124,854,540
INVESTMENTS	840,840	840,840	840,840
<b>CURRENT ASSETS</b>			
STOCK	42,589,820	39,542,684	34,739,784
RECEIVABLES - TRADE	118,953,990	123,316,250	135,282,149
RECEIVABLES - OTHER	6,405,967	4,072,243	22,170,919
PREPAYMENTS	26,335,824	36,684,242	22,078,658
TAXATION RECOVERABLE	4,675,162	8,234,799	0
CASH, BANK DEPOSITS	156,817,367	126,083,667	80,977,368
	355,778,130	337,933,885	295,248,878
<b>CURRENT LIABILITIES</b>			
PAYABLES	50,912,723	56,991,614	43,117,325
TAXATION PAYABLE	18,345,804	760,943	3,379,705
CURRENT PORTION OF FINANCE LEASE	4,512,374	3,846,023	3,474,229
CURRENT PORTION OF LONG TERM LOAN	1,958,713	4,002,373	9,798,311
DIVIDENDS PAYABLE	15,970,241	15,970,241	443,276
	91,699,855	81,571,194	60,212,846
NET CURRENT ASSETS	264,078,275	256,362,691	235,036,032
	449,468,165	391,946,812	360,731,412
	=====	=====	=====
<b>FINANCED BY</b>			
SHARE CAPITAL	103,512,609	103,512,609	51,766,059
UNISSUED SHARES	28,000,000	28,000,000	28,000,000
CAPITAL RESERVE	3,494,478	3,494,478	3,494,478
RETAINED EARNINGS	279,972,666	225,316,034	244,169,076
	414,979,753	360,323,121	327,429,613
FINANCE LEASE OBLIGATIONS	7,966,876	4,280,497	5,118,576
LONG TERM LOAN	26,521,536	27,343,194	28,183,223
	449,468,165	391,946,812	360,731,412
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J.A. LESTER SPAULDING

CHAIRMAN / MANAGING DIRECTOR

HECTOR DIETRICH  
DIRECTOR

## Statement of Consolidated Cash Flows

30 September, 2002

	2002	2001
<b>CASH RESOURCES WERE (USED IN)/IPROVIDED BY:</b>		
<b>Operating Activities</b>		
Net Profit	54,656,632	114,477,340
Items not affecting cash resources:		
Depreciation	14,900,499	25,290,471
Gain on sale of fixed assets	415,000	(93,101,000)
	<u>69,972,131</u>	<u>46,666,811</u>
Changes in non-cash working capital components:		
Inventories	(3,047,136)	(14,645,510)
Receivables	12,376,954	(15,930,599)
Taxation	21,144,498	(3,729,464)
Payables	(6,078,891)	(6,112,872)
	<u>24,395,425</u>	<u>(40,418,445)</u>
Cash provided by operations	<u>94,367,556</u>	<u>6,248,366</u>
<b>Investing Activities</b>		
Proceeds from sale of fixed assets	(415,000)	93,378,000
Purchase of fixed assets	(64,706,268)	(29,896,391)
Cash (used in)/provided by investing activities	<u>(65,121,268)</u>	<u>63,481,609</u>
<b>Financing Activities</b>		
Loan repaid	(2,865,318)	(9,465,134)
Dividends	-	(9,314,379)

Finance Lease Obligations (Net)	4,352,730	3,990,677
Cash provided by / (used in) financing activities	<u>1,487,412</u>	<u>(14,788,836)</u>
Increase in net cash and cash equivalents	30,733,700	54,941,139
Net cash and cash equivalents at beginning of year	<u>126,083,667</u>	<u>26,036,229</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>156,817,367</u>	<u>80,977,368</u>

### Consolidated Statement of Changes in Equity

	Share Capital \$'000	Unissued Shares \$'000	Capital Reserve \$'000	Retained Earnings \$'000	Total \$'000
<b>Balance at 1 January 2001</b>	51,766,059	28,000,000	3,494,478	129,691,736	212,952,273
Net profit				114,477,340	114,477,340
<b>Balance as at 30 September 2001</b>	<u>51,766,059</u>	<u>28,000,000</u>	<u>3,494,478</u>	<u>244,169,076</u>	<u>327,429,613</u>
<b>Balance at 1 April 2002</b>	103,512,609	28,000,000	3,494,478	225,316,034	360,323,121
Net profit				54,656,632	54,656,632
<b>Balance as at 30 September 2002</b>	<u>103,512,609</u>	<u>28,000,000</u>	<u>3,494,478</u>	<u>279,972,666</u>	<u>414,979,753</u>

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