

Radio Jamaica Limited 2003

GROUP FINANCIAL RESULTS

FOR THE NINE MONTHS ENDED DECEMEBER 2003 (UNAUDITED)

Interim Report To Our Stockholders

The Directors are pleased to present the un-audited results of the Group for the nine months ended 2003.December 31.

The Group interim results are compliant with International Financial Reporting Standards (IFRS) and the comparative figures have also been adjusted to comply with IFRS.

Revenues of \$765.8M earned for the period reflected an 11 % increase over the comparative period last year. Revenues of \$286M for the quarter under review contributed 37% of the total earned to-date and reflected a 16% increase over prior year. This increase is attributable to the creation of new programming and the returns associated with investments in major sporting events.

Gross profit margin reflected a 2% increase over prior year while the margin for operating profit fell by 2% when compared to the same period last year. The increases in administrative expenses and other operating expenses resulted from costs associated with the new Television Production and News\Sports Complex, together with professional fees and the continued enhancement of IT and internet facilities within the Group.

The third quarter generated profit before tax of \$69.7M million, a decline of 6% compared to

the same period last year. This reduction is due largely to increased costs associated with the temporary, simultaneous operation of the existing and the new TV Production and News\Sports Complex.

Total net assets increased by 58% to \$880 million due mainly to the increase in fixed assets consequent on the construction of the new Television Production and News\Sports facility.

The consolidation of our operations by the end of our financial year is anticipated to lead to greater efficiencies that will result in improved future financial performance to the benefit of our stakeholders.

3 months to 31/12/2003	Restated 3 months to 31/12/2002		Notes	9 months to 31/12/2003	9 months to 31/12/2002
286,189,620	247,466,242	TURNOVER	2	765,855,941	688,636,645
(88,259,875)	(68,626,666)	COST OF SALES		(238,056,234)	(228,574,088)
197,929,745	178,839,576	GROSS PROFIT		527,799,707	460,062,557
3,763,163	4,530,981	OTHER OPERATING INCOME		10,421,850	11,827,316
(51,376,446)	(44,886,941)	DISTRIBUTION COSTS		(141,777,060)	(127,777,985)
(61,662,264)	(50,405,616)	ADMINISTRATIVE EXPENSES		(168,996,685)	(140,942,986)
(33,722,430)	(22,846,785)	OTHER OPERATING EXPENSES		(89,175,827)	(67,507,141)
54,931,768	65,231,215	OPERATING PROFIT		138,271,985	135,661,761
14,804,918	9,235,446	FINANCE INCOME	3	10,636,309	18,857,990
69,736,686	7 4,466,661	PROFIT BEFORE TAX		148,908,294	154,519,751
(7,189,923)	(11,129,541)	TAXATION		(33,459,712)	(37,480,346)
62,546,762	63,337,120	NET PROFIT		115,448,583	117,039,405
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Cents	Cents			Cents	Cents
23.39	23.69	EARNINGS PER STOCK UNIT	4	43.18	43.78

NOTES

1 . As a result of the adoption of International Financial Reporting Standards, there has been significant changes in the accounting policies followed in these interim financial statements compared with those used in the audited financial statements for the year ended March 31, 2003 which have been restated. Details of these changes are outlined in the accompanying notes.

2. Turnover represents the sale of airtime, programme material and the rental of studios and equipment.
3. Finance (cost)lincome represents interest income, interest expense, net foreign exchange (losses)/gains and gain/(losses) on investments.
4. The calculation of earnings per stock unit is based on net profit and 267,357,170 ordinary stock units in issue.

RECONCILIATION OF PROFIT AND LOSS

	Previous Jamaican GAAP	Effect of Transition to IFRS	IFRS 3 months to 31/12/2003	Previous Jamaican GAAP	Transition to IFRS	Effect of IFRS 9 months to 31/12/2003
	\$	\$	\$	\$	\$	\$
TURNOVER	286,189,620		286,189,620	765,855,941		765,855,941
COST OF SALES	(88,259,875)		(88,259,875)	(238,056,234)		(238,056,234)
GROSS PROFIT	197,929,745		197,929,745	527,799,707		527,799,707
OTHER OPERATING INCOME	3,763,163		3,763,163	10,421,850		10,421,850
DISTRIBUTION COSTS	(51,376,446)		(51,376,446)	(141,777,060)		(141,777,060)
ADMINISTRATIVE EXPENSES	(61,662,264)		(61,662,264)	(168,996,685)		(168,996,685)
OTHER OPERATING EXPENSES	(33,722,430)		(33,722,430)	(89,175,827)		(89,175,827)
OPERATING PROFIT	54,931,768		54,931,768	138,271,985		138,271,985
FINANCE INCOME	11,176,630	3,628,288	14,804,918	4,593,257	6,043,052	10,636,309
PROFIT BEFORE TAX	66,108,398	3,628,288	69,736,686	142,865,242	6,043,052	148,908,294
TAXATION	(7,213,116)	23,193	(7,189,923)	(34,761,388)	1,301,676	(33,459,712)
NET PROFIT	58,895,282	3,651,480	62,546,762	108,103,854	7,344,729	115,448,583
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Consolidated Balance Sheet

	December 2003	Restated March 2003	December 2002
NET ASSETS EMPLOYED			
FIXED ASSETS (Net)	556,066,527	269,594,112	215,925,627
INVESTMENTS	13,232,575	7,189,523	5,258,131
DEFERRED TAX ASSET	2,225,412	1,310,212	1,962,664
PENSION PLAN SURPLUS	59,097,000	59,097,000	51,138,000
CURRENT ASSETS			
STOCK	62,945,297	41,795,772	43,982,225
RECEIVABLES - TRADE	164,629,119	134,440,943	161,804,518
RECEIVABLES - OTHER	8,718,219	7,283,796	9,374,515
PREPAYMENTS	36,759,693	23,368,988	23,153,824
TAXATION RECOVERABLE	0	0	6,028,231
CASH, BANK DEPOSITS	143,210,493	120,118,833	153,793,160
	<u>416,262,821</u>	<u>327,008,332</u>	<u>398,136,473</u>
CURRENT LIABILITIES			
PAYABLES	92,053,929	75,979,740	63,837,490
TAXATION PAYABLE	27,472,522	20,942,743	29,610,408
CURRENT PORTION OF FINANCE LEASE OBLIGATIONS	2,090,423	4,533,912	4,829,887
CURRENT PORTION OF LONG TERM LOANS	45,090,909	0	2,090,308
DIVIDENDS PAYABLE	18,055	449,276	15,970,241
	<u>166,725,838</u>	<u>101,905,671</u>	<u>116,338,334</u>
NET CURRENT ASSETS	249,536,983	225,102,661	281,798,140

	880,158,496	562,293,508	556,082,561
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FINANCED BY			
SHARE CAPITAL	133,698,095	129,385,883	129,385,883
UNISSUED SHARES	0	28,000,000	28,000,000
SHARE PREMIUM	23,687,788	0	0
CAPITAL RESERVE	3,494,478	3,494,478	3,494,478
RETAINED EARNINGS	454,051,605	338,171,801	333,536,103
	<u>614,931,966</u>	<u>499,052,161</u>	<u>494,416,464</u>
FINANCE LEASE OBLIGATIONS	1,992,514	1,329,943	2,121,205
LONG TERM LOAN	223,709,091	22,000,000	26,149,062
DEFERRED TAX LIABILITIES	20,040,926	20,427,403	17,141,831
EMPLOYEE BENEFIT OBLIGATIONS	19,484,000	19,484,000	16,254,000
	880,158,496	562,293,508	556,082,562
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J.A LESTER SPAULDING

CHAIRMAN/MANAGING DIRECTOR

HECTOR DIETRICH
DIRECTOR

Consolidated Statement of Changes in Equity

Share Capital	Unissued Shares	Share Premium	Capital Reserve	Retained Earnings	Total
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Balance at 1 April 2002

- as previously reported	103,512,609	28,000,000	-	3,494,478	225,316,034	360,323,121
- effects of adopting IFRS						
IAS 12 - Income Taxes					(16,266,922)	(16,266,922)
IAS 19 - Employee Benefits					27,824,879	27,824,879
IAS 37 - Provisions, Contingent Liabilities and Contingent Assets					1,806,712	1,806,712
IAS 39 - Financial Instruments: Recognition and Measurement					3,689,269	3,689,269
- as restated	103,512,609	28,000,000	-	3,494,478	242,369,972	377,377,059
Restated Net profit					117,039,405	117,039,405
Share Capital - Bonus Issue	25,873,274				(25,873,274)	-
Balance as at 31 December 2002	129,385,883	28,000,000	-	3,494,478	333,536,103	494,416,464
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Share Capital	Unissued Shares	Share Premium	Capital Reserve	Retained Earnings	Total
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Balance at 1 April 2003

- as previously reported	129,385,883	28,000,000	-	3,494,478	318,267,881	479,148,242
- effects of adopting IFRS						
IAS 12 - Income Taxes					(19,117,191)	(19,117,191)
IAS 19 - Employee Benefits					30,835,716	30,835,716
IAS 37 - Provisions, Contingent Liabilities and Contingent Assets					1,806,712	1,806,712
IAS 39 - Financial Instruments:						

Recognition and Measurement					6,378,683	6,378,683
- as restated	129,385,883	28,000,000	-	3,494,478	338,171,801	499,052,162
Issue of Shares	4,312,212	(28,000,000)	23,687,788	-	-	-
Dividends Payable Overstated					431,221	431,221
Net profit					115,448,583	115,448,583
Balance as at 31 December 2003	133,698,095	-	23,687,788	3,494,478	454,051,605	614,931,966
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Statement of Consolidated Cash Flow

	2003 \$'000	2002 \$'000
CASH RESOURCES WERE (USED IN)/PROVIDED BY:		
Operating Activities		
Net Profit	115,448,583	117,039,405
Items not affecting cash resources:	14,190,066	22,746,695
	129,638,649	139,786,101
Changes in non-cash working capital components:	(43,558,862)	(2,050,164)
Cash provided by operations	86,079,787	137,735,937
Cash used in investing activities	(308,007,209)	(105,744,819)
Cash provided by/(used in) financing activities	245,019,082	(4,281,625)
Increase in net cash and cash equivalents	23,091,660	27,709,493
Net cash and cash equivalents at beginning of year	120,118,833	126,083,667
CASH AND CASH EQUIVALENTS AT END OF PERIOD	143,210,493	153,793,160
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Notes

1. Basis of preparation

These financial statements have been prepared in accordance with and comply with standards issued by the International Accounting Standards Board.

In 2003 the Group adopted the International Accounting Standards. The effect of adopting these standards is summarised in the Consolidated Statement of Changes in Shareholders Equity.

2. Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash and deposits at bank and in hand, other short-term highly liquid investments and bank overdrafts. In the balance sheet, bank overdrafts are included in current liabilities.

3. Investments

Investments are classified as available for sale and are initially recognised at cost, then are subsequently re-measured at fair value, with the exception of those investments for which fair value cannot be reliably determined. The difference between the original carrying amount and the fair value was credited to Retained Earnings. Gains and losses arising from the change in the fair value of these investments are included in the profit and loss for the period in which it arises.

4. Deferred taxation

Deferred taxation is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements.

Tax rates existing at the balance sheet date are used to determine deferred income tax.

5. Employee benefits

1) Pension assets

The Group operates two defined benefit plans, the assets of which are managed by an outside agency under a deposit administration fund contract and by Trustees. The pension plans are generally funded by payments from employees and by the companies within the group, taking

account of the recommendations of independent qualified actuaries.

Pension costs are assessed using the projected unit credit method. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities, which have terms to maturity approximating the terms of the related liability. Actuarial gains and losses are recognised over the average remaining service lives of employees.

Under this method the Group's contributions to the defined contribution plans are charged to the income statement, and the net of the present value of pension obligation and the fair value of the plan assets, is reflected as an asset on the balance sheet.

2) Other post retirement obligations

The Group provides post retirement health and life insurance benefits to their retirees. The expected cost of these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected cost of these benefits are accrued over the period of employment, using an accounting methodology similar to that for the defined benefit pension plans. Independent qualified actuaries carry out valuations of the obligations.

6. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events. A provision is made for the estimated liability for annual vacation leave as a result of services rendered by employees up to the balance sheet date.