

**RADIO JAMAICA LIMITED**  
**Interim Report To Our Stockholders**

The Directors are pleased to present the un-audited results of the Group for the first quarter ended 2005 June 30.

Turnover of \$291 million reflects an increase of \$35.5 million or 14% when compared to the corresponding period last year, and results partly from rate increase on spot advertising.

The Gross profit of \$181M while reflecting an \$18M or 11% increase over prior year, when expressed as a percentage of turnover decreased by 2%. The \$17M or 19% increase in cost of sales is due mainly to the costs associated with the new local programmes aimed at brand differentiation and the increased cost of premier sporting events.

Other operating income reflects a 38% increase over prior year and is indicative of higher earnings through non-traditional revenue generating activities in Radio.

As anticipated Operating profit margin of 11% is greater than the 1% noted for the prior year. This is reflective of a \$28M increase in the operating profit when compared to corresponding period for last year due partly to the non-recurring expenses included in prior year.

Administrative expenses decreased by 31% and this is due partly to the reallocation of some staff costs previously shown as expenses in the administration department to the departments in which the staff members operate. Another contributing factor is the fact that prior year had included one-off non-recurring expenses relating to payments of professional and statutory fees regarding expansion feasibility studies and the increase in share capital for Television Jamaica Limited. Prior year also included the cost associated with a modernization of our vacation leave policy limiting the quantum and accumulation thereof, accompanied with a buy back of the facility.

Distribution costs, decreased by 3% compared to the previous period, largely reflecting the fact that prior year figures included the cost of advertising incurred, external to the group, in the promotion of the changes caused by the clustering of frequencies and the public relations associated with the launch of the new TV facility and new programming schedule. Some of those savings were offset by the additional staff costs now being reflected in this department in current year rather than the administration department as was done in prior year.

The 39% increase in operating expenses mainly reflects the shift of the staff costs previously classified in administration, the increased cost of electricity and the costs of the service contracts associated with the digital equipment purchased last year. However, the full effect of these increased expenses was reduced by the fact that prior year included several non-recurring expenses. These non-recurring expenses included the engineering costs associated with the clustering of frequencies at seven sites for Radio 92 FM and FAME 95 FM as mandated by the Spectrum Management Authority, together with related extraordinary maintenance costs.

The Group earned finance income of \$10.6 million compared with finance cost of \$7 million the previous year, due primarily to the reduction in cost of servicing the loan secured to finance the equipping of the new TVJ complex. Having retired approximately 50% of the debt at the end of December 2004 from the proceeds of the rights issue, there was a marked reduction in the finance charge. Also contributing to the increase is the increase in interest income and the gain on minority equity interest held. For the period under review the company booked a \$2M loss as its minority interest in the results of Gleaner Company (UK) Limited.

The Group closed the period with a net profit of \$28.9 million, compared to a loss of \$3.2 million the previous year.

**RADIO JAMAICA LIMITED**  
**GROUP PROFIT AND LOSS ACCOUNT**  
**FOR THE PERIOD ENDED 30 JUNE 2005 (UNAUDITED)**

3 months to 30/06/2005 \$	3 months to 30/06/2004 \$		Notes	3 months to 30/06/2005 \$	3 months to 30/06/2004 \$
291,205,639	255,659,972	TURNOVER	2	291,205,639	255,659,972
<u>(110,351,952)</u>	<u>(92,765,925)</u>	COST OF SALES		<u>(110,351,952)</u>	<u>(92,765,925)</u>
180,853,687	162,894,047	GROSS PROFIT		180,853,687	162,894,047
7,613,335	5,523,894	OTHER OPERATING INCOME		7,613,335	5,523,894
(53,117,592)	(54,712,526)	DISTRIBUTION COSTS		(53,117,592)	(54,712,526)
(49,486,468)	(71,698,082)	ADMINISTRATIVE EXPENSES		(49,486,468)	(71,698,082)
<u>(54,582,330)</u>	<u>(39,164,966)</u>	OTHER OPERATING EXPENSES		<u>(54,582,330)</u>	<u>(39,164,966)</u>
31,280,632	2,842,367	OPERATING PROFIT		31,280,632	2,842,367
<u>10,678,179</u>	<u>(6,979,938)</u>	FINANCE INCOME/(EXPENSE), NET	3	<u>10,678,179</u>	<u>(6,979,938)</u>
41,958,811	(4,137,571)	PROFIT/(LOSS) BEFORE TAX		41,958,811	(4,137,571)
<u>(2,157,356)</u>	-	SHARE OF LOSS OF ASSOCIATE		<u>(2,157,356)</u>	-
39,801,455	(4,137,571)			39,801,455	(4,137,571)
<u>(10,907,231)</u>	<u>911,252</u>	TAXATION		<u>(10,907,231)</u>	<u>911,252</u>
<u>28,894,224</u>	<u>(3,226,319)</u>	NET PROFIT/(LOSS)		<u>28,894,224</u>	<u>(3,226,319)</u>
<b>Cents</b>	<b>Cents</b>			<b>Cents</b>	<b>Cents</b>
8.38	(1.11)	EARNINGS PER STOCK UNIT	4	8.38	(1.11)

**NOTES**

- The accounting policies followed in the interim financial statements are consistent with the most recent annual financial statements. Where necessary, comparative figures have been reclassified to confirm with changes in presentation in the current year, especially in relation to the requirements of IFRS.
- Turnover represents the sale of airtime, programme material and the rental of studios and equipment.
- Finance (cost)/income represents interest income, interest expense, net foreign exchange (losses)/gains and gain/(losses) on investments.
- The calculation of earnings per stock unit is based on net profit and 344,978,991 ordinary stock units in issue. Earnings per share for June 2004 have been restated to reflect the rights issue done December 2004.
- Investment in associate represents 20% of the shares of Gleaner Company (UK) Limited as well as participation by Radio Jamaica Limited in loans to Gleaner Company (UK) Limited, on a pro-rata basis with other shareholders for the acquisition and financing of the The Voice Group Limited. The investment comprises of:

	\$
Acquisition during the quarter	88,709,132
Share of results	<u>(2,157,356)</u>
	<u>86,551,776</u>

**RADIO JAMAICA LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 30 JUNE 2005 (UNAUDITED)**

	Notes	June 2005	March 2005	Restated June 2004
<b>NET ASSETS EMPLOYED</b>				
FIXED ASSETS (Net)		626,836,784	635,923,694	631,564,409
INVESTMENTS		32,309,321	23,571,155	16,273,028
INVESTMENT IN ASSOCIATE	5	86,551,776	-	-
DEFERRED TAX ASSET		1,191,205	995,747	599,636
PENSION PLAN SURPLUS		80,253,000	80,253,000	70,948,000
<b>CURRENT ASSETS</b>				
STOCK		44,982,117	39,593,912	45,410,963
RECEIVABLES - TRADE		163,676,732	164,175,785	138,181,616
RECEIVABLES - OTHER		11,004,405	11,373,811	4,467,398
TAXATION RECOVERABLE		-	-	666,664
PREPAYMENTS		81,406,527	59,069,289	67,033,622
CASH, BANK DEPOSITS		134,431,572	231,800,165	3,498,338
		<u>435,501,353</u>	<u>506,012,962</u>	<u>259,258,601</u>
<b>CURRENT LIABILITIES</b>				
PAYABLES		74,894,581	88,522,339	79,657,442
TAXATION PAYABLE		21,129,585	15,298,387	-
CURRENT PORTION OF FINANCE LEASE OBLIGATIONS		2,891,215	2,915,309	1,811,729
CURRENT PORTION OF LONG TERM LOANS		21,492,537	21,492,537	44,765,265
BANK OVERDRAFT		1,402,068	1,829,211	5,108,015
		<u>121,809,985</u>	<u>130,057,784</u>	<u>131,342,451</u>
<b>NET CURRENT ASSETS</b>		313,691,367	375,955,178	127,916,150
		<u>1,140,833,453</u>	<u>1,116,698,774</u>	<u>847,301,223</u>
<b>FINANCED BY</b>				
SHARE CAPITAL		172,508,006	172,508,006	143,759,923
SHARE PREMIUM		237,706,718	237,706,718	23,687,788
RETAINED EARNINGS		562,123,104	533,228,880	415,569,900
		<u>972,337,828</u>	<u>943,443,604</u>	<u>583,017,611</u>
FINANCE LEASE OBLIGATIONS		3,604,029	4,340,491	2,243,726
LONG TERM LOAN		91,850,747	97,223,881	206,582,542
DEFERRED TAX LIABILITIES		64,341,850	62,991,798	48,249,343
EMPLOYEE BENEFIT OBLIGATIONS		8,699,000	8,699,000	7,208,000
		<u>1,140,833,453</u>	<u>1,116,698,774</u>	<u>847,301,223</u>

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J.A. LESTER SPAULDING  
CHAIRMAN/MANAGING DIRECTOR

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HECTOR DIETRICH  
DIRECTOR

**Radio Jamaica Limited**  
**Consolidated Statement of Changes in Equity**  
**Period ended 30 June 2005**

	Share Capital	Share Premium	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 April 2004</b>				
- as restated	143,759,923	23,687,788	418,796,219	586,243,930
Restated Net loss			(3,226,319)	(3,226,319)
<b>Balance as at 30 June 2004</b>	<u>143,759,923</u>	<u>23,687,788</u>	<u>415,569,900</u>	<u>583,017,611</u>
<b>Balance at 1 April 2005</b>	172,508,006	237,706,718	533,228,880	943,443,604
Net profit			28,894,224	28,894,224
<b>Balance as at 30 June 2005</b>	<u>172,508,006</u>	<u>237,706,718</u>	<u>562,123,104</u>	<u>972,337,828</u>

**Radio Jamaica Limited**  
**Statement of Consolidated Cash Flows**  
**30 June 2005**

	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>
<b>CASH RESOURCES WERE (USED IN)/PROVIDED BY:</b>		
<b>Operating Activities</b>		
Net Profit/(Loss)	28,894,224	(3,226,319)
Items not affecting cash resources:	<u>9,241,978</u>	<u>10,862,932</u>
	38,136,202	7,636,613
Changes in non-cash working capital components:	<u>(34,653,545)</u>	<u>(47,972,310)</u>
Cash provided by/(used) operations	3,482,657	(40,335,697)
<b>Investing Activities</b>		
Cash used in investing activities	(94,290,416)	(16,838,022)
<b>Financing Activities</b>		
Cash used in financing activities	<u>(6,133,691)</u>	<u>(10,373,349)</u>
(Decrease)/Increase in net cash and cash equivalents	(96,941,450)	(67,547,068)
Net cash and cash equivalents at beginning of year	<u>229,970,954</u>	<u>65,937,391</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><u>133,029,504</u></u>	<u><u>(1,609,677)</u></u>

**RADIO JAMAICA LIMITED**  
**GROUP PROFIT AND LOSS ACCOUNT**  
**FOR THE PERIOD ENDED 30 JUNE 2005 (UNAUDITED)**  
**RECONCILIATION OF STOCKHOLDERS' EQUITY AT 30 JUNE 2004**

	30/06/2004		Restated 30/06/2004
	\$	\$	\$
<b>NET ASSETS EMPLOYED</b>			
FIXED ASSETS (Net)	631,564,409		631,564,409
INVESTMENTS	16,273,028		16,273,028
DEFERRED TAX ASSET	599,636		599,636
PENSION PLAN SURPLUS	70,948,000		70,948,000
<b>CURRENT ASSETS</b>			
STOCK	45,410,963		45,410,963
RECEIVABLES - TRADE	138,181,616		138,181,616
RECEIVABLES - OTHER	4,467,398		4,467,398
TAXATION RECOVERABLE	666,664		666,664
PREPAYMENTS	67,033,622		67,033,622
CASH, BANK DEPOSITS	3,498,338		3,498,338
	<u>259,258,601</u>		<u>259,258,601</u>
<b>CURRENT LIABILITIES</b>			
PAYABLES	79,657,442		79,657,442
TAXATION PAYABLE	0		0
CURRENT PORTION OF FINANCE LEASE OBLIGATIONS	1,811,729		1,811,729
CURRENT PORTION OF LONG TERM LOANS	44,765,265		44,765,265
BANK OVERDRAFT	5,108,015		5,108,015
	<u>131,342,451</u>		<u>131,342,451</u>
<b>NET CURRENT ASSETS</b>	127,916,150		127,916,150
	<u>847,301,223</u>	-	<u>847,301,223</u>
<b>FINANCED BY</b>			
SHARE CAPITAL	143,759,923		143,759,923
SHARE PREMIUM	23,687,788		23,687,788
RETAINED EARNINGS	404,707,233	10,862,667	415,569,900
	<u>572,154,944</u>	10,862,667	<u>583,017,611</u>
FINANCE LEASE OBLIGATIONS	2,243,726		2,243,726
LONG TERM LOAN	206,582,542		206,582,542
DEFERRED TAX LIABILITIES	42,818,010	5,431,333	48,249,343
EMPLOYEE BENEFIT OBLIGATIONS	23,502,000	(16,294,000)	7,208,000
	<u>847,301,223</u>	-	<u>847,301,223</u>

The comparative figures have been restated to correct on overstatement of the retirement benefit obligation in respect of life insurance and the deferred taxation thereon, resulting from an error in certain underlining assumptions used in the valuation of this obligation.