

Radio Jamaica Limited

GROUP FINANCIAL RESULTS

FOR THE QUARTER ENDED 30 JUNE 2004 (UNAUDITED)

The Directors present the un-audited results of the Group for the first quarter ended 2004 June 30 amid a great deal of change in the company's operations, principally as we change location of the television operation and extensive changes to the frequency structure of two of our radio brands.

Turnover of \$255.6 million reflects an increase of \$17 million or 7% when compared to the corresponding period last year, and results from lower than anticipated growth in spot advertising revenues in May and June, while benefiting from the revenue earned from the Group's continued emphasis on providing its audience and advertisers with quality local programming and exclusive premium sporting events.

The cost associated with broadcasting these premium sporting events (CONCACAF World Cup 2006 qualifiers, Jamaica World Cup 2006 home qualifiers, Jamaica International Football Friendlies, Argentina and Brazil World Cup 2006 Qualifiers and West Indies cricket tours at home and away) accounts for the 24% increase in Cost of Sales, and results in a decrease of 1% in Gross profit margin.

Other operating income reflects a 23% increase over prior year and is indicative of slightly higher earnings through non-traditional revenue generating activities in Radio.

As reported in the last Quarter of fiscal year ended 2004 March 31, the physical consolidation of the Group's operations into one contiguous facility at Lyndhurst Road

was concluded in February 2004, along with preparatory work involved in handing over the South Odeon Avenue facility to the Government.

As anticipated, the results for the first quarter, include further non-recurring expenses associated with the consolidation exercise; the costs associated with extensive training of staff in the new technology and the launch of the News/ Sports & Production centres.

Concurrent with the above we have also written off the costs associated with antennae and transmitter reconfiguration to accommodate the frequency clustering of our radio brands FAME 95 FM and Radio 92 FM as mandated by the Spectrum Management Authority.

Distribution costs, therefore, increased by 26% over the previous period largely reflecting 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 facility and programming schedule.

Administrative expenses grew by 38% and include depreciation and insurance costs related to the new complex and the digital equipment. Other contributing factors to this increase were the payments of professional and statutory fees regarding expansion feasibility studies and the increase in share capital for Television Jamaica Limited. A modernization of our vacation leave policy limiting the quantum and accumulation thereof, resulted in a buy back of the facility, which further contributed to the increase.

The 60% increase in operating expenses comprise non-recurring engineering costs associated with the clustering of seven sites for Radio 92 FM and FAME 95 FM, together with related extraordinary maintenance costs. The increase also speaks to the Group's investment in additional engineering geared towards enhancing performance in transmission.

The financing of the News/Sports and Production Centres from internal cash flow, together with servicing the loan used to finance the purchase of the digital equipment, have impacted the Group's liquidity and caused interest income to decline by 87% compared to the same quarter last year. The cash which resulted from the \$250m loan, which was held in United States dollars last year, benefited from Foreign exchange gains during the build out of the project which further aggravated the comparison.

The Group closed the period with a net loss of \$3.2 million, compared to a profit, of \$38.9 million the previous year.

With the consolidation process completed, the Group can now operationalize the inherent synergies and also enhance profitability by fully utilizing the technical and production capabilities that the new facility affords.

GROUP PROFIT AND LOSS ACCOUNT

3 months to 30/06/2004 \$	3 months to 30/06/2003 \$		Notes	3 months to 30/06/2004 \$	3 months to 30/06/2003 \$
255,659,972	238,680,524	TURNOVER	2	255,659,972	238,680,524
(92,765,925)	(74,572,483)	COST OF SALES		(92,765,925)	(74,572,483)
<u>162,894,047</u>	<u>164,108,041</u>	GROSS PROFIT		<u>162,894,047</u>	<u>164,108,041</u>
5,523,894	4,491,869	OTHER OPERATING INCOME		5,523,894	4,491,869
(54,712,526)	(43,257,721)	DISTRIBUTION COSTS		54,712,526	43,257,721
(71,698,082)	(51,932,634)	ADMINISTRATIVE EXPENSES		71,698,082	51,932,634
<u>(39,164,966)</u>	<u>(24,479,603)</u>	OTHER OPERATING EXPENSES		<u>(39,164,966)</u>	<u>(24,479,603)</u>
2,842,367	48,929,952	OPERATING (LOSS)/PROFIT		2,842,367	48,929,952
(6,979,938)	7,630,172	FINANCE (EXPENSE)/,NET	3	<u>(6,979,938)</u>	<u>7,630,172</u>
4,137,571	56,560,124	(LOSS)/PROFIT BEFORE TAX		(4,137,571)	56,560,124
911,252	(17,636,484)	TAXATION		911,252	(17,636,484)
<u>(3,226,319)</u>	<u>38,923,640</u>	NET (LOSS)/PROFIT		<u>(3,226,319)</u>	<u>38,923,640</u>
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Cents	Cents			Cents	Cents
(1.12)	13.54	EARNINGS PER STOCK UNIT	4	(1.12)	13.54

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.

2. Turnover represents the sale of airtime, programme material and the rental of studios and equipment.
 3. Finance (cost)/income 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 287,480,826 ordinary stock units in issue.
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CONSOLIDATED BALANCE SHEET

	June 2004	March 2004	Restated June 2003
NET ASSETS EMPLOYED			
FIXED ASSETS (Net)	631,564,409	628,910,326	283,838,579
INVESTMENTS	16,273,028	13,863,273	7,748,748
DEFERRED TAX ASSET	599,636	753,157	630,233
PENSION PLAN SURPLUS	70,948,000	70,948,000	59,097,000
CURRENT ASSETS			
STOCK	45,410,963	44,742,982	42,073,854
RECEIVABLES - TRADE	138,181,616	124,801,084	139,967,987
RECEIVABLES - OTHER	4,467,398	5,617,505	8,673,923
TAXATION RECOVERABLE	666,664	0	0
PREPAYMENTS	67,033,622	41,429,190	25,076,855
CASH, BANK DEPOSITS	3,498,338	73,412,332	393,482,232
	<u>259,258,601</u>	<u>290,003,093</u>	<u>609,274,851</u>
CURRENT LIABILITIES			
PAYABLES	79,639,022	86,879,683	74,191,106

TAXATION PAYABLE	0	1,562,147	29,755,605
CURRENT PORTION OF FINANCE LEASE OBLIGATIONS	1,811,729	2,218,056	3,614,547
CURRENT PORTION OF LONG TERM LOANS	44,765,265	44,765,265	0
DIVIDENDS PAYABLE	18,420	18,420	449,276
BANK OVERDRAFT	5,108,015	7,474,941	0
	<u>131,342,451</u>	<u>142,918,511</u>	<u>108,010,534</u>
NET CURRENT ASSETS	127,916,150	147,084,582	501,264,317
	847,301,223	861,559,338	852,578,877
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FINANCED BY			
SHARE CAPITAL	143,759,923	143,759,923	129,385,883
UNISSUED SHARES	0	0	28,000,000
SHARE PREMIUM	23,687,788	23,687,788	0
CAPITAL RESERVE	3,494,478	3,494,478	3,494,478
RETAINED EARNINGS	<u>401,212,755</u>	<u>404,439,074</u>	<u>385,690,872</u>
	572,154,944	575,381,263	546,571,233
FINANCE LEASE OBLIGATIONS	2,243,726	1,019,434	993,082
LONG TERM LOAN	206,582,542	217,773,858	268,188,611
DEFERRED TAX LIABILITIES	42,818,010	43,882,783	17,298,951
EMPLOYEE BENEFIT OBLIGATIONS	23,502,000	23,502,000	19,527,000
	<u>847,301,223</u>	<u>861,559,338</u>	<u>852,578,877</u>
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J.A. LESTER SPAULDING
CHAIRMAN/MANAGING DIRECTOR

KARL LEWIN
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 2003					
- as restated	129,385,883	28,000,000	0	3,494,478	346,767,232
507,647,593					
Restated Net profit					38,923,640
38,923,640					
Balance as at 30 June 2003	129,385,883	28,000,000	0	3,494,478	385,690,872
546,571,233					
=====					
Balance at 1 April 2004	143,759,923	0	23,687,788	3,494,478	404,439,074
575,381,263					
Net loss					(3,226,319)
(3,226,319)					
Balance as at 30 June 2004	143,759,923	0	23,687,788	3,494,478	401,212,755
572,154,944					
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Statement of Consolidated Cash Flows

CASH RESOURCES WERE (USED IN)/PROVIDED BY:	2004 \$	2003 \$
Operating Activities		
Net (Loss)/ Profit	(3,226,319)	38,923,643
Items not affecting cash resources:	<u>10,862,932</u>	<u>5,846,998</u>
	7,636,613	44,770,641
Changes in non-cash working capital components:	<u>(47,972,310)</u>	<u>5,095,680</u>
Cash (used)/ provided by operations	(40,335,697)	49,866,321
Investing Activities		
Cash used in investing activities	(16,838,022)	(21,435,307)
Financing Activities		
Cash used in financing activities	<u>(10,373,349)</u>	<u>244,932,385</u>
(Decrease)/Increase in net cash and cash equivalents	(67,547,068)	273,363,399
Net cash and cash equivalents at beginning of year	<u>65,937,391</u>	<u>120,118,833</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>(1,609,677)</u>	<u>393,482,232</u>

RECONCILIATION OF PROFIT AND LOSS

	Previous Jamaican GAAP 3 months to 30/06/2003 \$	Effect of Transition to IFRS \$	IFRS 3 months to 30/06/2003 \$
TURNOVER	238,680,524		238,680,524
COST OF SALES	(74,572,483)		(74,572,483)
GROSS PROFIT	164,108,041		164,108,041
OTHER OPERATING INCOME	4,491,869		4,491,869
DISTRIBUTION COSTS	(43,257,721)		(43,257,721)
ADMINISTRATIVE EXPENSES	(51,932,634)		(51,932,634)
OTHER OPERATING EXPENSES	(24,479,603)		(24,479,603)
OPERATING PROFIT	48,929,952		48,929,952
FINANCE INCOME	7,070,948	559,224	7,630,172
PROFIT BEFORE TAX	56,000,900	559,224	56,560,124
TAXATION	(18,421,102)	784,618	(17,636,484)
NET PROFIT	37,579,798	1,343,842	38,923,640

RECONCILIATION OF STOCKHOLDERS' EQUITY AT 30 JUNE 2003

	Previous Jamaican GAAP 30/06/2003 \$	Effect of Transition to IFRS \$	IFRS 30/06/2003 \$
NET ASSETS EMPLOYED			
FIXED ASSETS (Net)	283,838,579		283,838,579
INVESTMENTS	810,840	6,937,908	7,748,748
DEFERRED TAX ASSET		630,233	630,233
PENSION PLAN SURPLUS		59,097,000	59,097,000
CURRENT ASSETS			
STOCK	42,073,854		42,073,854
RECEIVABLES - TRADE	139,967,987		139,967,987
RECEIVABLES - OTHER	8,673,923		8,673,923
PREPAYMENTS	25,076,855		25,076,855
CASH, BANK DEPOSITS	<u>393,482,232</u>		<u>393,482,232</u>
	609,274,851		609,274,851
CURRENT LIABILITIES			
PAYABLES	74,191,106		74,191,106
TAXATION PAYABLE	29,755,605		29,755,605
CURRENT PORTION OF FINANCE LEASE OBLIGATION	3,614,547		3,614,547
DIVIDENDS PAYABLE	<u>449,276</u>		<u>449,276</u>
	108,010,534		108,010,534
NET CURRENT ASSETS			
	<u>501,264,317</u>		<u>501,264,317</u>
	785,913,736	66,665,141	<u>852,578,877</u>
=====			
FINANCED BY			
SHARE CAPITAL	129,385,883		129,385,883
UNISSUED SHARES	28,000,000		28,000,000
CAPITAL RESERVE	3,494,478		3,494,478
RETAINED EARNINGS	<u>355,851,682</u>	29,839,190	<u>385,690,872</u>
	516,732,043	29,839,190	546,571,233

FINANCE LEASE OBLIGATIONS	993,082		993,082
LONG TERM LOAN	268,188,611		268,188,611
DEFERRED TAX LIABILITIES		17,298,951	17,298,951
EMPLOYEE BENEFIT OBLIGATIONS		19,527,000	19,527,000
	<u>785,913,736</u>	<u>66,665,141</u>	<u>852,578,877</u>
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