

# **Radio Jamaica Limited**

## **Group Financial Results**

**For the half year ended September 30, 2004.**

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Interim Report To Our Stockholders

The Directors are please to present the un-audited results of the Group for the six months ended 2004 September 30.

Turnover of \$546 million reflects an increase of \$66 million or 14% when compared to the corresponding period last year, with most of this increase recorded in the second quarter due mainly to revenue earned from Olympics.

Gross Profit as a percentage of Turnover decreased by 6 % and results from higher costs of sales associated with the acquisition and broadcast of a number of exclusive premium sport events aimed at increasing market share; non exclusive coverage of the Olympics and costs associated with the premium talent show. Rising Star among together with the introduction of first run local shows.

Other operating income reflects a 83% increase over prior year and is indicative of greater earnings through non-traditional revenue generating activities in Radio.

Year To Date Operating profits also as a percentage of Turnover is 8% compared to 17% in the prior year and the decline is due to the non-recurring expenses incurred in the first quarter, and is no longer occurring as the second quarter reflects a 12% increase over the corresponding prior year second quarter.

The 43% increase in operating expenses comprise non-recurring operational costs associated with Hurricane Ivan, clustering of seven sites for Radio 92 FM and FAME 95 FM, together with related extraordinary maintenance costs, to the entire Transmission system.

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 finance income of prior year to now reflect a finance cost associated with debt when compared to the last year.

The Group closed the period with a net profit after tax of \$21 million, compared to a profit of \$65.7 million for the previous year and largely reflects unusual expenses associated with the amalgamation, clustering of frequencies, adjustment to vacation leave policy and Hurricane 'Ivan'.

The company's equipment loss from the hurricane is fully insured and was at the end of the second quarter being quantified and a claim being processed.

As reflected by the encouraging performance of the second quarter the Group is confident that it will continue to show growth in its operations with the continued support of its staff, shareholders and other stakeholders.

## GROUP PROFIT AND LOSS ACCOUNT

### FOR THE PERIOD ENDED 30 SEPTEMBER 2004 (UNAUDITED)

3 months to 30/09/2004 \$ =====	Restated 3 months to 30/09/2003 \$ =====		Notes	6 months to 30/09/2004 \$ =====	Restated 6 months to 30/09/2003 \$ =====
290,807,714	240,984,206	TURNOVER	2	546,467,686	479,664,730

(110,722,000)	(75,223,880)	COST OF SALES	(203,487,922)	(149,796,363)
180,085,714	165,760,326	GROSS PROFIT	342,979,764	329,868,367
6,657,844	2,166,818	OTHER OPERATING INCOME	12,181,737	6,658,687
(49,226,932)	(47,142,894)	DISTRIBUTION COSTS	(103,939,459)	(90,400,615)
(58,991,667)	(55,401,790)	ADMINISTRATIVE EXPENSE	(130,689,746)	(107,334,424)
(40,128,022)	(30,973,790)	OTHER OPERATING EXPENSE	(79,292,984)	(55,453,393)
38,396,937	34,408,670	OPERATING (LOSS)/PROFIT	41,239,312	83,338,622
(8,327,033)	826,611	FINANCE (EXPENSE)/INCOME, NET 3	(15,306,972)	8,456,783
30,069,904	35,235,281	(LOSS)/PROFIT BEFORE	25,932,340	91,795,405
(5,452,747)	(8,381,089)	TAXATION	(4,541,495)	(26,017,573)
24,617,157	26,854,192	NET (LOSS)/PROFIT	21,390,845	65,777,832
=====	=====		=====	=====
Cents	Cents		Cents	Cents
8.56	9.34	EARNINGS PER STOCK UNIT	7.44	22.88

#### NOTES

1. 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)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 not profit and 287,480,826 ordinary stock units in issue.

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#### CONSOLIDATED BALANCE SHEET

**AS AT 30 SEPTEMBER 2004 (UNAUDITED)**

	September 2004	March 2004	Restated September 2003
NET ASSETS EMPLOYED	=====	=====	=====
FIXED ASSETS (Net)	620,725,754	628,910,326	460,080,834
INVESTMENTS	19,373,248	13,863,273	9,604,288
DEFERRED TAX ASSET	276,681	753,157	1,875,556
PENSION PLAN SURPLUS	70,948,000	70,948,000	59,097,000
<b>CURRENT ASSETS</b>			
STOCK	58,929,364	44,742,982	43,376,857
RECEIVABLES - TRADE	160,242,211	124,801,084	129,980,458
RECEIVABLES - OTHER	4,805,767	5,617,505	8,941,703
TAXATION RECOVERABLE		0	0
PREPAYMENTS	67,892,828	41,429,190	24,383,870
CASH, BANK DEPOSITS	34,294,118	73,412,332	249,769,795
	<u>326,164,288</u>	<u>290,003,093</u>	<u>456,452,683</u>
<b>CURRENT LIABILITIES</b>			
PAYABLES	91,321,425	86,879,683	79,071,623
TAXATION PAYABLE	7,058,020	1,562,147	29,248,774
CURRENT PORTION OF FINANCE LEASE OBLIGATIONS	1,865,061	2,218,056	2,662,504
CURRENT PORTION OF LONG TERM LOANS	68,254,087	44,765,265	29,843,510
DIVIDENDS PAYABLE	18,420	18,420	449,276
BANK OVERDRAFT	4,039,030	7,474,941	0
	<u>172,556,044</u>	<u>142,918,511</u>	<u>141,275,687</u>
<b>NET CURRENT ASSETS</b>	153,608,244	147,084,582	315,176,996
	864,931,927	861,559,338	845,834,674
<b>FINANCED BY</b>			
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
RETAINED EARNINGS	<u>429,324,397</u>	<u>407,933,552</u>	<u>416,039,540</u>
	596,772,108	575,381,263	573,425,423
FINANCE LEASE OBLIGATIONS	1,666,046	1,019,434	699,501
LONG TERM LOAN	204,791,497	217,773,858	234,384,556
DEFERRED TAX LIABILITIES	38,200,277	43,882,783	17,798,193
EMPLOYEE BENEFIT OBLIGATIONS	23,502,000	23,502,000	19,527,000
	<u>864,931,927</u>	<u>861,559,338</u>	<u>845,834,674</u>
J.A. LESTER SPAULLDING			
CHAIRMAN/MANAGING DIRECTOR			
HECTOR DIETRICH			
DIRECTOR			

## Consolidated Statement of Changes in Equity

Period ended 30 September 2004

	Share Capital \$'000	Unissued Shares \$'000	Share Premium \$'000	Retained Earnings \$'000	Total \$'000
<b>Balance at 1 April 2003</b>					
- as restated	129,385,883	28,000,000	0	350,261,708	507,647,591
Restated Net profit				65,777,832	65,777,832
<b>Balance as at 30 September 2003</b>	129,385,883	28,000,000	0	416,039,540	573,425,423

	=====				
<b>Balance at 1 April 2004</b>	143,769,923	0	23,687,788	407,933,552	575,381,263
Net profit				21,390,845	21,390,845
<b>Balance as at 30 September 2004</b>	143,759,923	0	23,687,788	429,324,397	596,772,108
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## Statement of Consolidated Cash Flows

30 September 2004

	2004 \$	2003 \$
<b>CASH RESOURCES WERE (USED IN)/PROVIDED BY:</b>		
<b>Operating Activities</b>		
Net (Loss)/ Profit	21,390,845	65,777,833
Items not affecting cash resources:	<u>16,955,467</u>	<u>12,027,357</u>
	38,346,312	77,805,190
Changes in non-cash working capital components:	<u>(65,341,793)</u>	<u>18,579,097</u>
Cash (used)/ provided by operations	(26,995,481)	96,384,287
<b>Investing Activities</b>		
Cash used in investing activities	(19,486,900)	(206,459,542)
<b>Financing Activities</b>		
Cash used in financing activities	<u>10,800,078</u>	<u>239,726,217</u>
(Decrease)/Increase in net cash and cash equivalents	(35,682,303)	129,650,962

Net cash and cash equivalents at beginning of year	<u>65,937,391</u>	<u>120,118,833</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>30,255,088</u>	<u>249,769,795</u>
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## GROUP PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 30 SEPTEMBER 2004 (UNAUDITED)

### RECONCILIATION OF PROFIT AND LOSS AS AT 30 SEPTEMBER 2003

	Previous Jamaican GAAP 6 months to 30/09/2003 \$	Effect of Transition to IFRS 6 months to \$	IFRS 30/09/2003 \$
TURNOVER	479,664,730		479,664,730
COST OF SALES	(149,796,363)		(149,796,363)
GROSS PROFIT	329,868,367		329,868,367
OTHER OPERATING INCOME	6,658,687		6,658,687
DISTRIBUTION COSTS	(90,400,615)		(90,400,615)
ADMINISTRATIVE EXPENSES	(107,334,424)		(107,334,424)
OTHER OPERATING EXPENSES	(55,453,393)		(55,453,393)
OPERATING PROFIT	83,338,622		83,338,622
FINANCE INCOME	6,040,428	2,416,355	8,456,783
PROFIT BEFORE TAX	89,379,050	2,416,355	91,795,405
TAXATION	(27,548,272)	1,530,699	(26,017,573)
NET PROFIT	61,830,778	3,947,054	65,777,832
	=====		=====

**FOR THE PERIOD ENDED 30 SEPTEMBER 2004 (UNAUDITED)**

**RECONCILIATION OF STOCKHOLDERS' EQUITY AT 30 SEPTEMBER 2003**

	Previous Jamaican GAAP 30/09/2003 \$	Effect of Transition to \$	IFRS 30/09/2003 \$
=====			
<b>NET ASSETS EMPLOYED</b>			
FIXED ASSETS (Net)	460,080,834		460,080,834
INVESTMENTS	810,840	8,793,448	9,604,288
DEFERRED TAX ASSET		1,875,556	1,875,556
PENSION PLAN SURPLUS		59,097,000	59,097,000
CURRENT ASSETS			
STOCK	43,376,857		43,376,857
RECEIVABLES - TRADE	129,980,458		129,980,458
RECEIVABLES - OTHER	8,941,703		8,941,703
PREPAYMENTS	24,383,870		24,383,870
CASH, BANK DEPOSITS	249,769,795		249,769,795
	<u>456,452,683</u>		<u>456,452,683</u>
<b>CURRENT LIABILITIES</b>			
PAYABLES	79,071,623		79,071,623
TAXATION PAYABLE	29,248,774		29,248,774
CURRENT PORTION OF FINANCE LEASE OBLIGATION	2,662,504		2,662,504
CURRENT PORTION OF LONG TERM LOANS	29,843,510		29,843,510
DIVIDENDS PAYABLE	449,276		449,276
	<u>141,275,687</u>		<u>141,275,687</u>
<b>NET CURRENT ASSETS</b>	315,176,996		315,176,996



	776,068,670	69,766,004	845,834,674
	=====		
<b>FINANCED BY</b>			
SHARE CAPITAL	129,385,883		129,385,883
UNISSUED SHARES	28,000,000		28,000,000
CAPITAL RESERVE	3,494,478	(3,494,478)	0
RETAINED EARNINGS	380,104,251	35,935,289	416,039,540
	540,984,612	32,440,811	573,425,423
FINANCE LEASE OBLIGATIONS	699,501		699,501
LONG TERM LOAN	234,384,556		234,384,556
DEFERRED TAX LIABILITIES		17,798,193	17,798,193
EMPLOYEE BENEFIT OBLIGATIONS		19,527,000	19,527,000
	776,068,670	69,766,004	845,834,674
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