

# Radio Jamaica Limited 2004

## GROUP FINANCIAL RESULTS

### FOR THE NINE MONTHS ENDED DECEMBER 2004 (UNAUDITED)

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The Directors are pleased to present the un-audited results of the Group for the nine months ended 2004 December 31.

Turnover for the Group amounted to \$860 million, an improvement of \$94 million or 12% over the corresponding period last year, with the third quarter reflecting an increase of \$27 million or 10% over the matching quarter of 2003.

Year to Date Gross Profit expressed as a percentage of turnover, decreased by 3% and resulted from the higher cost of sales associated with the acquisition of a number of exclusive and non exclusive premium sport events e.g. World Cup Qualifiers and Olympics, aimed at increasing market share. The costs associated with the premium talent show "Rising Star" and the introduction of first run local shows aimed at brand differentiation, also contributed to the decrease. The Gross profit margin of 71% for the third quarter reflected a 2% increase over the comparative period last year.

Other operating income recorded an increase in excess of 100% over prior year, arising principally from gain realized from the disposal of assets destroyed/damaged by Hurricane Ivan. Earnings from non-traditional revenue generating activities in the radio operations, also contributed to the increase in this category.

Operating profit margin for the third quarter was an encouraging 41% of turnover which was

greater than prior year, despite the increased cost associated with Hurricane Ivan. Operating profit for the YTD, as a percentage of turnover, was 20% compared to 18% last year. The increase of 36% recorded for operating expenses, comprise non-recurring operational costs associated with Hurricane "Ivan", the clustering of seven transmitter sites for Radio 92 FM and FAME 95 FM, together with the costs associated with the amalgamation of our operations.

The Group incurred finance costs of \$21 million for the nine months to-date, compared with finance income of \$10.6 million the previous year, due primarily to the cost of servicing the loan secured to finance the equipping of the new TVJ complex. Additionally, the cost of constructing the complex was funded fully from internal cash flows, thereby reducing the Group's liquidity and its ability to earn interest on excess funds, as was the case the previous year. However, having retired approximately 50% of the debt at the end of December 2004 from the proceeds of the recent rights issue, there will be marked reductions in future finance charge. The remaining debt, which is denominated in Jamaican dollars, is for a further four years at 13%.

The Group closed the period with a net profit after tax of \$127 million, compared to \$117 million the previous year, an increase of \$10.5M or 9%. Earnings per share grew marginally and ended the period at 41.32 cents. The calculation of EPS for current, as well as prior year, took into account the results of the rights issue, resulting in a restatement of prior year EPS.

The Group is appreciative of the continued support and encouragement shown by its shareholders, customers and other stakeholders. With the dedicated service provided by our Directors, Management and Staff, we will continue to enhance our competitive advantage while striving for increased profitability.

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## GROUP PROFIT AND LOSS ACCOUNT

3 months to 12/31/2004 \$	Restated 3 months to 12/31/2003 \$		Notes	9 months to 12/31/2004 \$	Restated 9 months to 12/31/2003 \$
313,521,110	286,188,993	TURNOVER	2	859,988,796	765,853,723
(90,887,779)	88,259,875	COST OF SALES		(294,375,698)	(238,058,234)
<u>222,633,331</u>	<u>197,929,118</u>	GROSS PROFIT		<u>565,613,098</u>	<u>527,797,489</u>
64,419,190	3,763,163	OTHER OPERATING INCOME		76,600,939	10,421,850
(52,788,871)	51,376,446	DISTRIBUTION COSTS		(156,728,329)	(141,777,060)
(64,366,426)	61,662,264	ADMINISTRATIVE EXPENSES		(195,056,180)	(168,996,685)
<u>(41,797,945)</u>	<u>33,722,430</u>	OTHER OPERATING EXPENSES		<u>(121,090,931)</u>	<u>(89,175,827)</u>
128,099,279	54,931,141	OPERATING (LOSS)/PROFIT		169,338,597	138,269,767
<u>(6,143,997)</u>	<u>2,181,745</u>	FINANCE (EXPENSE)/INCOME, NET	3	<u>(21,450,966)</u>	<u>10,638,527</u>
121,955,282	57,112,886	(LOSS)/PROFIT BEFORE TAX		147,887,631	148,908,294
<u>(15,775,463)</u>	<u>5,827,308</u>	TAXATION		<u>(20,316,958)</u>	<u>(31,844,881)</u>
<u>106,179,819</u>	<u>51,285,578</u>	NET (LOSS)/PROFIT		<u>127,570,673</u>	<u>117,063,413</u>
===== Cents	===== Cents			===== Cents	===== Cents
34.39	17.65	EARNINGS PER STOCK UNIT	4	41.32	40.28

### 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)/Income represents Interest Income, Interest expense, not foreign exchange (losses)/gains and gain/(losses) on investments.

4. The calculation of earnings per stock unit Is based on net profit and the ordinary stock units, adjusted for rights Issue, of 308,727,220 (290,602,334 - 2003).

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### RECONCILIATION OF PROFIT AND LOSS AS AT 31 DECEMBER 2003

	Previous 9 months to 12/30/2003 \$	Effect of Transition to IFRS \$	IFRS 9 months to 12/30/2003 \$
TURNOVER	765,853,723		765,853,723
COST OF SALES	(238,056,234)		(238,056,234)
GROSS PROFIT	527,797,489		527,797,489
OTHER OPERATING INCOME	10,421,850		10,421,850
DISTRIBUTION COSTS	(141,777,060)		(141,777,060)
ADMINISTRATIVE EXPENSES	(168,996,685)		(168,996,685)
OTHER OPERATING EXPENSES	(89,175,827)		(89,175,827)
OPERATING PROFIT	138,269,767		138,269,767

FINANCE INCOME	<u>10,638,527</u>		<u>10,638,527</u>
PROFIT BEFORE TAX	148,908,294		148,908,294
TAXATION	<u>(33,459,712)</u>	<u>1,614,831</u>	<u>(31,844,881)</u>
NET PROFIT	<u>115,448,582</u>	<u>1,614,831</u>	<u>117,063,413</u>

The previously reported profits have been adjusted based on amendments to the previous deferred tax calculation.

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## CONSOLIDATED BALANCE SHEET

	<b>December 2004</b>	<b>March 2004</b>	<b>Restated December 2003</b>
<b>NET ASSETS EMPLOYED</b>	<u>                    </u>	<u>                    </u>	<u>                    </u>
FIXED ASSETS (Net)	638,929,839	628,910,326	556,066,527
INVESTMENTS	20,184,659	13,863,273	13,232,575
DEFERRED TAX ASSET	982,338	753,157	2,225,412
PENSION PLAN SURPLUS	70,948,000	70,948,000	59,097,000
<b>CURRENT ASSETS</b>			
STOCK	55,769,471	44,742,982	62,945,297
RECEIVABLES - TRADE	179,586,142	124,801,084	164,629,119
RECEIVABLES - OTHER	41,698,555	5,617,505	8,718,219
TAXATION RECOVERABLE		0	0
PREPAYMENTS	71,136,979	41,429,190	36,759,693
CASH, BANK DEPOSITS	<u>168,552,852</u>	<u>73,412,332</u>	<u>143,210,493</u>

	516,743,999	290,003,093	416,262,821
<b>CURRENT LIABILITIES</b>			
PAYABLES	85,477,677	86,879,683	85,083,357
TAXATION PAYABLE	15,341,414	1,562,147	27,472,522
CURRENT PORTION OF FINANCE LEASE OBLIGATIONS	2,313,840	2,218,056	2,090,423
CURRENT PORTION OF LONG TERM LOANS	21,492,537	44,765,265	45,090,909
DIVIDENDS PAYABLE	18,420	18,420	18,055
BANK OVERDRAFT		7,474,941	0
	<u>124,643,888</u>	<u>142,918,511</u>	<u>159,755,266</u>
<b>NET CURRENT ASSETS</b>	<u>392,100,111</u>	<u>147,084,582</u>	<u>256,507,555</u>
	<u>1,123,144,947</u>	<u>861,559,338</u>	<u>887,129,069</u>
	=====	=====	=====
<b>FINANCED BY</b>			
SHARE CAPITAL	172,508,006	143,759,923	129,385,883
UNISSUED SHARES	0	0	28,000,000
SHARE PREMIUM	239,547,582	23,687,788	0
RETAINED EARNINGS	<u>535,504,225</u>	<u>407,933,552</u>	<u>467,752,340</u>
	<u>947,559,813</u>	<u>575,381,263</u>	<u>625,138,223</u>
FINANCE LEASE OBLIGATIONS	5,723,671	1,019,434	1,992,514
LONG TERM LOAN	102,597,015	217,773,858	223,709,091
DEFERRED TAX LIABILITIES	43,762,448	43,882,783	16,762,241
EMPLOYEE BENEFIT OBLIGATIONS	23,502,000	23,502,000	19,527,000
	<u>1,123,144,947</u>	<u>861,559,338</u>	<u>887,129,069</u>
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J.A. LESTER SPAULDING  
CHAIRMAN/MANAGING DIRECTOR

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KARL LEWIN  
DIRECTOR

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**RECONCILIATION OF BALANCE SHEET AT 31 DECEMBER 2003**

	Previous 12/31/2003 \$	Effect of Transition to IFRS \$	IFRS 12/31/2003 \$
<b>NET ASSETS EMPLOYED</b>			
FIXED ASSETS (Net)	556,066,527		556,066,527
INVESTMENTS	13,232,575		13,232,575
DEFERRED TAX ASSET	2,225,412		2,225,412
PENSION PLAN SURPLUS	59,097,000		59,097,000
<b>CURRENT ASSETS</b>			
STOCK	62,945,297		62,945,297
RECEIVABLES - TRADE	164,629,119		164,629,119
RECEIVABLES - OTHER	8,718,219		8,718,219
PREPAYMENTS	36,759,693		36,759,693
CASH, BANK DEPOSITS	143,210,493		143,210,493
	416,262,821		416,262,821
<b>CURRENT LIABILITIES</b>			
PAYABLES	92,053,929	(6,970,572)	85,083,357
TAXATION PAYABLE	27,472,522		27,472,522
CURRENT PORTION OF FINANCE LEASE OBLIGATIONS	2,090,423		2,090,423
CURRENT PORTION OF LONG TERM LOANS	45,090,909		45,090,909
DIVIDENDS PAYABLE	18,055		18,055
	166,725,838	(6,970,572)	159,755,266
<b>NET CURRENT ASSETS</b>	249,536,983	6,970,572	256,507,555
	880,158,497	6,970,572	887,129,069
<b>FINANCED BY</b>			

SHARE CAPITAL	133,698,095		133,698,095
SHARE PREMIUM	23,687,788		23,687,788
CAPITAL RESERVE	3,494,478	(3,494,478)	0
RETAINED EARNINGS	454,051,605	13,700,735	467,752,340
	<u>614,931,966</u>	<u>10,206,257</u>	<u>625,138,223</u>
FINANCE LEASE OBLIGATIONS	1,992,514		1,992,514
LONG TERM LOAN	223,709,091		223,709,091
DEFERRED TAX LIABILITIES	20,040,926	(3,278,685)	16,762,241
EMPLOYEE BENEFIT OBLIGATIONS	19,484,000	43,000	19,527,000
	<u>880,158,497</u>	<u>6,970,572</u>	<u>887,129,069</u>
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### Consolidated Statement of Changes in Equity

	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	350,688,927	508,074,810
Restated Net profit				117,063,413	117,063,413
<b>Balance as at 31 December 2003</b>	129,385,883	28,000,000	0	467,752,340	625,138,223
<b>Balance at 1 April 2004</b>	143,759,923	0	23,687,788	407,933,552	575,381,263
Rights Issue of Shares	28,748,083		215,859,794		244,607,877
Net profit				127,570,673	127,570,673



<b>Balance as at 31 December 2004</b>	172,508,006	0	239,547,582	535,504,225	947,559,813
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## Statement of Consolidated Cash Flows

	2004 \$	2003 \$
<b>CASH RESOURCES WERE (USED IN)/PROVIDED BY:</b>		
<b>Operating Activities</b>		
Net (Loss)/ Profit	127,570,673	117,063,413
Items not affecting cash resources:	<u>(24,219,904)</u>	<u>12,587,236</u>
	103,350,769	129,650,649
Changes in non-cash working capital components:	<u>(119,223,124)</u>	<u>(43,558,862)</u>
Cash (used)/ provided by operations	(15,872,355)	86,091,787
<b>Investing Activities</b>		
Cash used in investing activities	7,529,489	(308,019,209)
<b>Financing Activities</b>		
Cash used in financing activities	<u>110,958,327</u>	<u>245,019,082</u>
Increase in net cash and cash equivalents	102,615,461	23,091,660
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>168,552,852</u> =====	<u>143,210,493</u> =====

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