

RADIO JAMAICA LIMITED
Interim Report To Our Stockholders

The Directors are pleased to present the un-audited results of the Group for the six months ended 2005 September 30.

The turnover amounted to \$601 million for the period, 52% of which was recorded in the second quarter. This represented an YTD increase of \$55 million or 10% when compared to the corresponding period last year. However, the increase of \$20 million in cost of sales eroded a portion of the revenue growth, thereby restricting gross profit to \$377 million, an increase of \$34M or 10%. Notwithstanding the purchase of expensive local programming to achieve brand differentiation, the Group held its cost of sales ratio to 37% of revenue, the same as last year.

Other operating income grew by \$1.9 million or 16% and is indicative of higher earnings through non-traditional revenue generating activities in the Radio operations.

The Group achieved an operating profit margin of 11% for the six months compared to last year's 8%, which translates to an increase of \$23 million or 57%. The margin for the second quarter was the same (11%) as the YTD, but less than the 13% noted for the corresponding period last year.

Administrative expenses reflected a decrease of \$27 million or 21% in relation to prior year and resulted primarily from non-recurring expenses related to professional fees incurred in connection with feasibility work undertaken regarding expansion projects and statutory fees associated with the increase in TVJ's share capital.

Of the \$36 million increase noted for operating expenses, \$21 million or 58% was incurred in the second quarter. The main contributors were electricity, fuel costs for motor vehicles and major repairs to transmitters. Renewal of service contracts covering the digital studio equipment acquired last year, also accounted for a share of the increase.

Having repaid 50% of its debt stock at the end of December 2004, financed from the proceeds of the rights issue, the Group benefited from a reduction in interest cost which, together with aggressive cash management, contributed to earning \$11.6 million in net finance income. The results for the period include a loss of \$3.8M being minority interest in the results of Gleaner Company (UK) Limited.

The Group earned net profit of \$53.9 million compared to \$21.4 million for the previous year. This equates to earnings per share (EPS) of 15.62 cents, up from 7.36 cents for the same period last year.

Shareholders' Funds of \$963 million grew by \$355 million or 58% over prior year. During the period under review, the Group acquired additional transmitters to improve and upgrade its transmission facilities, which accounted for the increase of \$19 million in fixed assets. The increase of \$24 million reflected in *Prepayments* represents rights fees for exclusive major sporting events such as World Cup Football 2006.

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

3 months to 30/09/2005	3 months to 30/09/2004	Notes	6 months to 30/09/2005	6 months to 30/09/2004
\$	\$		\$	\$
310,233,228	290,807,714	TURNOVER	601,438,867	546,467,686
(113,491,097)	(110,722,000)	COST OF SALES	(223,843,049)	(203,487,922)
196,742,131	180,085,714	GROSS PROFIT	377,595,818	342,979,764
6,463,814	6,657,844	OTHER OPERATING INCOME	14,077,149	12,181,737
(54,706,126)	(49,226,932)	DISTRIBUTION COSTS	(107,823,718)	(103,939,459)
(53,784,464)	(58,991,667)	ADMINISTRATIVE EXPENSES	(103,209,369)	(130,689,746)
(61,464,439)	(40,128,022)	OTHER OPERATING EXPENSES	(116,046,769)	(79,292,984)
33,250,916	38,396,937	OPERATING PROFIT	64,593,111	41,239,312
995,193	(8,327,033)	FINANCE INCOME/(EXPENSE), NET	11,611,809	(15,306,972)
34,246,109	30,069,904	PROFIT/(LOSS) BEFORE TAX	76,204,920	25,932,340
(1,648,590)	-	SHARE OF LOSS OF ASSOCIATE	(3,805,946)	-
32,597,519	30,069,904		72,398,974	25,932,340
(7,593,871)	(5,452,747)	TAXATION	(18,501,102)	(4,541,495)
25,003,648	24,617,157	NET PROFIT/(LOSS)	53,897,872	21,390,845
Cents	Cents		Cents	Cents
7.25	8.47	EARNINGS PER STOCK UNIT	15.62	7.36

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	(3,805,946)
	<u>84,903,186</u>

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

NET ASSETS EMPLOYED	Notes	September 2005	March 2005	Restated September 2004
FIXED ASSETS (Net)		639,712,334	635,923,694	620,725,754
INVESTMENTS		33,604,442	23,571,155	19,373,248
INVESTMENT IN ASSOCIATE	5	84,903,186	-	-
DEFERRED TAX ASSET		1,491,392	995,747	276,681
PENSION PLAN SURPLUS		80,253,000	80,253,000	70,948,000
CURRENT ASSETS				
STOCK		46,061,010	39,593,912	58,929,364
RECEIVABLES - TRADE		170,905,335	164,175,785	160,242,211
RECEIVABLES - OTHER		12,394,114	11,373,811	4,805,767
PREPAYMENTS		92,211,449	59,069,289	67,892,828
CASH, BANK DEPOSITS		101,939,345	231,800,165	34,294,118
		<u>423,511,253</u>	<u>506,012,962</u>	<u>326,164,288</u>
CURRENT LIABILITIES				
PAYABLES		80,089,703	88,522,339	91,339,845
TAXATION PAYABLE		26,859,861	15,298,387	7,058,020
CURRENT PORTION OF FINANCE LEASE OBLIGATIONS		5,164,703	2,915,309	1,865,061
CURRENT PORTION OF LONG TERM LOANS		21,492,537	21,492,537	68,254,087
BANK OVERDRAFT		-	1,829,211	4,039,030
		<u>133,606,803</u>	<u>130,057,784</u>	<u>172,556,044</u>
NET CURRENT ASSETS		289,904,450	375,955,178	153,608,244
		<u>1,129,868,804</u>	<u>1,116,698,774</u>	<u>864,931,927</u>
FINANCED BY				
SHARE CAPITAL		172,508,006	172,508,006	143,759,923
SHARE PREMIUM		237,706,718	237,706,718	23,687,788
RETAINED EARNINGS		552,629,053	533,228,880	440,187,064
		<u>962,843,777</u>	<u>943,443,604</u>	<u>607,634,775</u>
FINANCE LEASE OBLIGATIONS		8,986,283	4,340,491	1,666,046
LONG TERM LOAN		86,477,612	97,223,881	204,791,497
DEFERRED TAX LIABILITIES		62,862,133	62,991,798	43,631,610
EMPLOYEE BENEFIT OBLIGATIONS		8,699,000	8,699,000	7,208,000
		<u>1,129,868,804</u>	<u>1,116,698,774</u>	<u>864,931,927</u>

J.A. LESTER SPAULDING
CHAIRMAN/MANAGING DIRECTOR

HECTOR DIETRICH
DIRECTOR

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

	Share Capital	Share Premium	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2004				
- as restated	143,759,923	23,687,788	418,796,219	586,243,930
Restated Net loss			21,390,845	21,390,845
Balance as at 30 September 2004	<u>143,759,923</u>	<u>23,687,788</u>	<u>440,187,064</u>	<u>607,634,775</u>
Balance at 1 April 2005	172,508,006	237,706,718	533,228,880	943,443,604
Net profit			53,897,872	53,897,872
Dividends paid			(34,497,699)	(34,497,699)
Balance as at 30 September 2005	<u>172,508,006</u>	<u>237,706,718</u>	<u>552,629,053</u>	<u>962,843,777</u>

Radio Jamaica Limited
Statement of Consolidated Cash Flows
30 September 2005

	2005	2004
	\$	\$
CASH RESOURCES WERE (USED IN)/PROVIDED BY:		
Operating Activities		
Net Profit/(Loss)	53,897,872	21,390,845
Items not affecting cash resources:	<u>23,291,020</u>	<u>17,772,817</u>
	77,188,892	39,163,662
Changes in non-cash working capital components:	<u>(44,230,275)</u>	<u>(65,341,793)</u>
Cash provided by/(used) operations	32,958,617	(26,178,131)
Investing Activities		
Cash used in investing activities	(122,641,443)	(20,304,250)
Financing Activities		
Cash used in financing activities	<u>(38,348,783)</u>	<u>10,800,078</u>
(Decrease)/Increase in net cash and cash equivalents	(128,031,609)	(35,682,303)
Net cash and cash equivalents at beginning of year	<u>229,970,954</u>	<u>65,937,391</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>101,939,345</u></u>	<u><u>30,255,088</u></u>

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

	30/09/2004		Restated 30/09/2004
	\$	\$	\$
NET ASSETS EMPLOYED			
FIXED ASSETS (Net)	620,725,754		620,725,754
INVESTMENTS	19,373,248		19,373,248
DEFERRED TAX ASSET	276,681		276,681
PENSION PLAN SURPLUS	70,948,000		70,948,000
CURRENT ASSETS			
STOCK	58,929,364		58,929,364
RECEIVABLES - TRADE	160,242,211		160,242,211
RECEIVABLES - OTHER	4,805,767		4,805,767
PREPAYMENTS	67,892,828		67,892,828
CASH, BANK DEPOSITS	34,294,118		34,294,118
	<u>326,164,288</u>		<u>326,164,288</u>
CURRENT LIABILITIES			
PAYABLES	91,339,845		91,339,845
TAXATION PAYABLE	7,058,020		7,058,020
CURRENT PORTION OF FINANCE LEASE OBLIGATIONS	1,865,061		1,865,061
CURRENT PORTION OF LONG TERM LOANS	68,254,087		68,254,087
BANK OVERDRAFT	4,039,030		4,039,030
	<u>172,556,044</u>		<u>172,556,044</u>
NET CURRENT ASSETS	153,608,244		153,608,244
	<u>864,931,927</u>	-	<u>864,931,927</u>
FINANCED BY			
SHARE CAPITAL	143,759,923		143,759,923
SHARE PREMIUM	23,687,788		23,687,788
RETAINED EARNINGS	429,324,397	10,862,667	440,187,064
	<u>596,772,108</u>	<u>10,862,667</u>	<u>607,634,775</u>
FINANCE LEASE OBLIGATIONS	1,666,046		1,666,046
LONG TERM LOAN	204,791,497		204,791,497
DEFERRED TAX LIABILITIES	38,200,277	5,431,333	43,631,610
EMPLOYEE BENEFIT OBLIGATIONS	23,502,000	(16,294,000)	7,208,000
	<u>864,931,927</u>	-	<u>864,931,927</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.