

RADIO JAMAICA LIMITED

Interim Report to Stockholders

The Directors are pleased to present the un-audited results of the Group for the nine months ended 2005 December 31.

The Group recorded turnover of \$959 million, which is \$99 million or 12% more than the corresponding period last year. However, the increase of \$45.5 million in cost of sales restricted gross profit to \$619 million, an increase of \$53.5M or 9%. The purchase of expensive local programmes, as well as, major sporting events necessary to achieve brand differentiation, account for the increase in cost of sales.

The reduction of \$57 million noted for other operating income, resulted from the inclusion in prior year of the gain realized from the disposal of assets occasioned by Hurricane Ivan.

The Group achieved an operating profit margin of 14% for the nine months to-date, compared to last year's 20% (12.8% after adjusting for gain on the disposal of assets). The margin for the third quarter was 18% which is less than the 22% recorded last year, when the latter is adjusted for the gain on disposal of assets.

Distribution expenses for the period reflected an increase of \$20.8 million or 13% over the previous year, due mainly to increased commissions paid on additional revenue earned. Promotional advertising in relation to the launch of new local programmes also contributed to the increase.

Administrative expenses varied positively from last year by \$37 million or 19% and were due largely to non-recurring expenses incurred last year related to professional fees incurred regarding expansion projects, along with costs associated with the increase in TVJ's share capital.

Operating expenses recorded an increase of \$51.5 million or 43% over prior year, 25% of which related to increase in the cost of electricity. The fact that two new transmitter sites were commissioned during the period, also served to impact the electricity charge. Other contributors to the increase were fuel for motor vehicles and major repairs to transmitters.

As anticipated, the Group, having repaid 50% of its debt stock in December 2004 from the proceeds of the rights issue, continues to benefit from a reduction in interest cost when compared to prior year. Aggressive cash management of the Group's liquid assets also contributed to the positive outturn. These gains however, were reduced by \$11 million, being our share of the loss recorded by the Gleaner Company (UK) Limited for the period under review.

The Group earned net profit of \$88.8 million compared to \$127.6 million the previous year, a reduction of \$38.7 million or 30%. However, when the prior year results are adjusted for the gain on disposal of assets, net profit for the period under review showed an improvement of \$21 million or 31% over the previous year.

The increase of \$34 million reflected in *Prepayments*, which forms part of current assets, represents broadcast rights fees for major sporting events such as, World Cup Football 2006 and World Cup Cricket 2007. Also, the \$6 million noted in Reserves on the Group's balance sheet, reflect the unrealized foreign exchange loss associated with the UK overseas investment.

RADIO JAMAICA LIMITED
GROUP PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 2005 (UNAUDITED)

3 months to 31/12/2005	3 months to 31/12/2004		Notes	9 months to 31/12/2005	9 months to 31/12/2004
\$	\$			\$	\$
357,612,817	313,521,110	TURNOVER	2	959,051,684	859,988,796
<u>(116,045,586)</u>	<u>(90,887,779)</u>	COST OF SALES		<u>(339,888,629)</u>	<u>(294,375,698)</u>
241,567,231	222,633,331	GROSS PROFIT		619,163,055	565,613,098
5,064,287	64,419,190	OTHER OPERATING INCOME	3	19,141,417	76,600,939
(69,709,069)	(52,788,871)	DISTRIBUTION COSTS		(177,532,790)	(156,728,329)
(54,881,510)	(64,366,426)	ADMINISTRATIVE EXPENSES		(158,090,886)	(195,056,180)
<u>(56,566,478)</u>	<u>(41,797,945)</u>	OTHER OPERATING EXPENSES		<u>(172,613,227)</u>	<u>(121,090,931)</u>
65,474,461	128,099,279	OPERATING PROFIT		130,067,569	169,338,597
<u>4,967,776</u>	<u>(6,143,997)</u>	FINANCE INCOME/(EXPENSE), NET	4	<u>16,579,586</u>	<u>(21,450,966)</u>
70,442,237	121,955,282	PROFIT/(LOSS) BEFORE TAX		146,647,155	147,887,631
<u>(7,458,476)</u>	<u>-</u>	SHARE OF LOSS OF ASSOCIATE		<u>(11,264,422)</u>	<u>-</u>
62,983,761	121,955,282			135,382,733	147,887,631
<u>(28,052,049)</u>	<u>(15,775,463)</u>	TAXATION		<u>(46,553,151)</u>	<u>(20,316,958)</u>
<u>34,931,712</u>	<u>106,179,819</u>	NET PROFIT/(LOSS)		<u>88,829,582</u>	<u>127,570,673</u>
Cents	Cents			Cents	Cents
10.13	34.39	EARNINGS PER STOCK UNIT	5	25.75	41.32

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.
- Prior year other operating income included \$59 million gain on Insurance claim on assets destroyed by Hurricane Ivan in September 2004.
- 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	88,709,132
Share of results	<u>(11,264,422)</u>
	77,444,710
Exchange Differences	<u>(6,091,509)</u>
	<u>71,353,201</u>

RADIO JAMAICA LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2005 (UNAUDITED)

NET ASSETS EMPLOYED	Notes	December 2005	March 2005	Restated December 2004
FIXED ASSETS (Net)		641,413,623	635,923,694	638,929,839
INVESTMENTS		39,290,848	23,571,155	20,184,659
INVESTMENT IN ASSOCIATE	6	71,353,201	-	-
DEFERRED TAX ASSET		2,153,629	995,747	982,338
PENSION PLAN SURPLUS		80,253,000	80,253,000	70,948,000
CURRENT ASSETS				
STOCK		48,961,260	39,593,912	55,769,471
RECEIVABLES - TRADE		220,639,553	164,175,785	179,586,142
RECEIVABLES - OTHER		15,070,933	11,373,811	41,698,555
PREPAYMENTS		105,202,569	59,069,289	71,136,979
CASH, BANK DEPOSITS		81,655,924	231,800,165	168,552,852
		<u>471,530,239</u>	<u>506,012,962</u>	<u>516,743,999</u>
CURRENT LIABILITIES				
PAYABLES		73,550,025	88,522,339	85,496,097
TAXATION PAYABLE		43,877,047	15,298,387	15,341,414
CURRENT PORTION OF FINANCE LEASE OBLIGATIONS		5,315,456	2,915,309	2,313,840
CURRENT PORTION OF LONG TERM LOANS		21,492,537	21,492,537	21,492,537
BANK OVERDRAFT		1,518,015	1,829,211	0
		<u>145,753,080</u>	<u>130,057,784</u>	<u>124,643,888</u>
NET CURRENT ASSETS		325,777,159	375,955,178	392,100,111
		<u>1,160,241,460</u>	<u>1,116,698,774</u>	<u>1,123,144,947</u>
FINANCED BY				
SHARE CAPITAL		172,508,006	172,508,006	172,508,006
SHARE PREMIUM		237,706,718	237,706,718	239,547,582
RESERVE		(6,091,509)		
RETAINED EARNINGS		587,560,763	533,228,880	546,366,892
		<u>991,683,978</u>	<u>943,443,604</u>	<u>958,422,480</u>
FINANCE LEASE OBLIGATIONS		7,649,995	4,340,491	5,723,671
LONG TERM LOAN		81,104,478	97,223,881	102,597,015
DEFERRED TAX LIABILITIES		71,104,009	62,991,798	49,193,781
EMPLOYEE BENEFIT OBLIGATIONS		8,699,000	8,699,000	7,208,000
		<u>1,160,241,460</u>	<u>1,116,698,774</u>	<u>1,123,144,947</u>

HECTOR DIETRICH
DIRECTOR

KARL LEWIN
DIRECTOR

Radio Jamaica Limited
Consolidated Statement of Changes in Equity
Period ended 31 December 2005

	Share Capital	Share Premium	Reserves	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2004					
- as restated	172,508,006	239,547,582	-	418,796,219	830,851,807
Restated Net loss	-	-	-	127,570,673	127,570,673
Balance as at 31 December 2004	<u>172,508,006</u>	<u>239,547,582</u>	<u>-</u>	<u>546,366,892</u>	<u>958,422,480</u>
Balance at 1 April 2005	172,508,006	237,706,718	-	533,228,880	943,443,604
Net profit	-	-	-	88,829,582	88,829,582
Currency translation differences	-	-	(6,091,509)	-	(6,091,509)
Dividends paid	-	-	-	(34,497,699)	(34,497,699)
Balance as at 31 December 2005	<u>172,508,006</u>	<u>237,706,718</u>	<u>(6,091,509)</u>	<u>587,560,763</u>	<u>991,683,978</u>

Radio Jamaica Limited
Statement of Consolidated Cash Flows
31 December 2005

	2005	2004
	\$	\$
CASH RESOURCES WERE (USED IN)/PROVIDED BY:		
Operating Activities		
Net Profit/(Loss)	88,829,582	127,570,673
Items not affecting cash resources:	<u>48,471,286</u>	<u>(24,219,904)</u>
	137,300,868	103,350,769
Changes in non-cash working capital components:	<u>(102,055,172)</u>	<u>(119,223,124)</u>
Cash provided by/(used) operations	35,245,696	(15,872,355)
Investing Activities		
Cash used in investing activities	(140,171,289)	7,529,489
Financing Activities		
Cash used in financing activities	<u>(44,907,452)</u>	<u>110,958,327</u>
(Decrease)/Increase in net cash and cash equivalents	(149,833,045)	102,615,461
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>80,137,909</u></u>	<u><u>168,552,852</u></u>

RADIO JAMAICA LIMITED
GROUP PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 2005 (UNAUDITED)
RECONCILIATION OF STOCKHOLDERS' EQUITY AT 31 DECEMBER 2004

	31/12/2004		Restated 31/12/2004
	\$	\$	\$
NET ASSETS EMPLOYED			
FIXED ASSETS (Net)	638,929,839		638,929,839
INVESTMENTS	20,184,659		20,184,659
DEFERRED TAX ASSET	982,338		982,338
PENSION PLAN SURPLUS	70,948,000		70,948,000
CURRENT ASSETS			
STOCK	55,769,471		55,769,471
RECEIVABLES - TRADE	179,586,142		179,586,142
RECEIVABLES - OTHER	41,698,555		41,698,555
PREPAYMENTS	71,136,979		71,136,979
CASH, BANK DEPOSITS	168,552,852		168,552,852
	<u>516,743,999</u>		<u>516,743,999</u>
CURRENT LIABILITIES			
PAYABLES	85,496,097		85,496,097
TAXATION PAYABLE	15,341,414		15,341,414
CURRENT PORTION OF FINANCE LEASE OBLIGATIONS	2,313,840		2,313,840
CURRENT PORTION OF LONG TERM LOANS	21,492,537		21,492,537
BANK OVERDRAFT	0		0
	<u>124,643,888</u>		<u>124,643,888</u>
NET CURRENT ASSETS	392,100,111		392,100,111
	<u>1,123,144,947</u>	-	<u>1,123,144,947</u>
FINANCED BY			
SHARE CAPITAL	172,508,006		172,508,006
SHARE PREMIUM	239,547,582		239,547,582
RETAINED EARNINGS	535,504,225	10,862,667	546,366,892
	<u>947,559,813</u>	10,862,667	<u>958,422,480</u>
FINANCE LEASE OBLIGATIONS	5,723,671		5,723,671
LONG TERM LOAN	102,597,015		102,597,015
DEFERRED TAX LIABILITIES	43,762,448	5,431,333	49,193,781
EMPLOYEE BENEFIT OBLIGATIONS	23,502,000	(16,294,000)	7,208,000
	<u>1,123,144,947</u>	-	<u>1,123,144,947</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.