

**Radio Jamaica Limited**  
**Annual Report to Stockholders**

The directors are pleased to present the audited results of the Group for the year ended March 31, 2007.

The Group recorded turnover of \$1.5 billion, an increase of 16% over the previous year. Direct programming costs (principally rights fees in relation to World Cup Football and World Cup Cricket) however, grew by \$100 million or 21%, which resulted in gross profit of \$876 million, an improvement of 13% over prior year.

The decrease of \$20 million noted for other operating income resulted from a decline in interest income earned as excess cash generated from operations was used for investment purposes. Additionally, a significant gain on the revaluation of investment securities had been recorded in the prior year's accounts.

Despite the increase in gross profit (13%), operating profit decreased from \$157 million to \$142 million (down 10%) and was attributed to administrative and general expenses of \$762 million, compared to \$668 million the previous year; an increase of 14%. The increase of 40% in Administrative expenses reflected certain fixed costs which, while not directly linked to revenue generation, were incurred as part of corporate risk management. Notwithstanding the overall increase in expenses, the Group realized a 10% operating profit margin, which is 2% below the level achieved the previous year.

Profit before taxation amounted to \$14 million, which reflected a decline of \$112 million, compared to \$126 million earned the previous year, with pre-tax margin having contracted by 9%. This resulted directly from the impairment charge and the Group's share of loss in the associate. The Board of Directors after assessing the investment in GV Media Group Limited has decided to impair the investment in full which has resulted in a one-time charge against the Profit & Loss Account in March 2007. This determination was made against the background of the losses incurred during the past two years and projections of continuing losses before recovery can be achieved. The associate also projects cash flow deficiencies which would restrict its ability to repay additional contributions made by the company. The impairment of the investment in the associate will have no impact on the company's cash resources and will not affect the future profitability of the company.

The results of the group also include expected negative results of the two subsidiaries, Reggae Entertainment Television (RETV) (65%) and Jamaica News Network (JNN) (80%) which was acquired in December 2006. In order to maximize tax benefits these companies were purchased through, Media Plus Limited, a wholly owned subsidiary of Radio Jamaica Limited. These acquisitions represent another major expansion major phase of the Group's ongoing development of commercial activities geared towards overseas revenue and sustained profitability.

Consequent on these developments, the Group recorded after tax loss of \$32 million for the year, compared to the profit of \$93 million earned the previous year.