

**Radio Jamaica Limited**  
**Interim Report to Stockholders**  
**Third quarter ended December 31, 2007**

The directors present the un-audited results of the group for the third quarter and nine months ended December 31, 2007.

For the three month period ended December 31, 2007 the Group made pre tax profits of \$90.3 million compared to \$90.5 million for the corresponding period last year. Revenues increased by 11% over prior year due partly to increased sponsorship earned from new and enhanced local programming, as well as revenues earned from the Group's cable entities acquired in December 2006. However, notwithstanding the \$7 million increase in other income, the Group realized a 24% operating profit margin for the quarter which was below the 25% noted for the previous year. This was due to an increase of 16% in expenses.

The \$47 million increase in expenses recorded in the third quarter was driven principally by the \$27 million or 25% increased cost of programming which represented new programmes introduced as well as the effect of inflation. Increased commission on advertising associated with the growth in revenue; operating costs in relation to the two newly acquired cable subsidiaries; higher insurance costs, increased motor vehicle fleet & equipment maintenance expenses along with the significant increases in electricity and fuel costs have also contributed to the increase recorded for third quarter expenses.

Higher finance costs and taxation which grew by \$10 million caused the Group to realize a net profit margin of 14% which compared negatively to the 19% recorded for the third quarter of the previous year.

YTD revenues increased by 11% over prior year, notwithstanding the effect of the Cricket World Cup debacle and the falloff in normal revenue due to election. This when coupled with the 5% increase in cost of sales, resulted in a Gross profit margin of 63%, which is an improvement over the 61% noted for last year. The 5% increase in YTD cost of sales resulted from the offset effect of Direct Programming costs which reflected a reduction due to the full cost of rights for World Cup Football and fifty seven percent of Cricket World Cup being accounted for in prior year, while the current year reflects the remaining forty three percent for Cricket World Cup.

The comparison between current year and prior year is skewed with an increase in the current year due to expenses incurred by the two cable entities acquired in December 2006. Distribution expenses increased by \$32 million or 18% due to commissions, increased staff cost, as well as, costs associated with a customer appreciation event held this year.

Administrative expenses grew by 20% and were impacted by higher Insurance costs, expenses associated with TVJ's 10<sup>th</sup> Anniversary celebration and higher staff costs. The 16% increase noted for operating expenses reflected the increased cost of electricity along with the higher cost of fuel for the Group's transport fleet and standby generators at remote transmitter sites. The increase in operating expenses is also due to the recovery expenses associated with Hurricane Dean. The Group ended the period with an 11% operating profit margin which is below the 12% recorded the previous year.

The YTD increase in Other Income was due to gain on the disposal of assets, increased interest income and foreign exchange gains. This, however, was offset by the reduction in the share price on the Trinidadian stock market of our investment in One Caribbean Media – (OCM) which resulted in a \$8 million loss compared to \$2 million loss the previous year. Finance costs exceeded prior year by \$12 million due to increased debt associated with the cable acquisitions and the upgrading of the Group's motor vehicle fleet. After adjusting for minority interest, the Group made profits of \$72 million attributable to its shareholders, resulting in earnings per share of 20.69 cents, which was below the 21.05 cents recorded for the corresponding period last year.

**RADIO JAMAICA LIMITED**  
**GROUP PROFIT AND LOSS ACCOUNT**  
**FOR THE PERIOD ENDED 31 DECEMBER 2007 (UNAUDITED)**

<b>3 months to 31/12/2007</b>	<b>3 months to 31/12/2006</b>	<b>Notes</b>	<b>9 months to 31/12/2007</b>	<b>9 months to 31/12/2006</b>
<b>\$</b>	<b>\$</b>		<b>\$</b>	<b>\$</b>
422,847,868	379,684,933	TURNOVER	1,180,923,700	1,064,108,338
<u>(135,845,751)</u>	<u>(108,631,303)</u>	COST OF SALES	<u>(432,192,575)</u>	<u>(411,436,821)</u>
287,002,117	271,053,630	GROSS PROFIT	748,731,125	652,671,517
12,781,401	5,504,519	OTHER OPERATING INCOME	22,829,531	16,020,321
(67,627,892)	(59,805,748)	DISTRIBUTION COSTS	(213,646,480)	(180,911,618)
(74,069,989)	(66,225,165)	ADMINISTRATIVE EXPENSES	(241,767,414)	(201,321,655)
<u>(58,497,552)</u>	<u>(57,103,946)</u>	OTHER OPERATING EXPENSES	<u>(188,837,029)</u>	<u>(163,223,325)</u>
99,588,085	93,423,290	OPERATING PROFIT	127,309,733	123,235,240
<u>(9,192,737)</u>	<u>(4,563,093)</u>	FINANCE COSTS	<u>(25,953,493)</u>	<u>(13,441,763)</u>
90,395,348	88,860,197	PROFIT/(LOSS) BEFORE TAX	101,356,240	109,793,477
<u>0</u>	<u>1,691,923</u>	SHARE OF LOSS OF ASSOCIATE	<u>0</u>	<u>(14,361,900)</u>
90,395,348	90,552,120		101,356,240	95,431,577
<u>(27,940,129)</u>	<u>(17,792,020)</u>	TAXATION	<u>(34,266,062)</u>	<u>(21,630,398)</u>
<u>62,455,219</u>	<u>72,760,100</u>	NET (LOSS)/PROFIT	<u>67,090,178</u>	<u>73,801,179</u>
		ATTRIBUTABLE TO:		
66,378,689	73,036,947	Stockholders of the company	72,838,520	74,078,026
<u>(3,923,470)</u>	<u>(276,847)</u>	Minority Interest	<u>(5,748,342)</u>	<u>(276,847)</u>
<u><b>62,455,219</b></u>	<u><b>72,760,100</b></u>		<u><b>67,090,178</b></u>	<u><b>73,801,179</b></u>
<b>Cents</b>	<b>Cents</b>		<b>Cents</b>	<b>Cents</b>
18.86	20.75	<b>EARNINGS PER STOCK UNIT</b>	20.69	21.05

**RADIO JAMAICA LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2007 (UNAUDITED)**

NET ASSETS EMPLOYED	Notes	December 2007	March 2007	December 2006
<b>NON-CURRENT ASSETS</b>				
FIXED ASSETS (Net)		729,883,550	720,078,684	707,922,629
INTANGIBLE ASSETS	5	128,590,025	130,742,518	125,539,061
INVESTMENTS		37,921,580	44,162,173	40,675,403
INVESTMENT IN ASSOCIATE	6	-	-	103,699,143
DEFERRED TAX ASSET		31,015,766	19,810,554	2,598,940
PENSION PLAN SURPLUS		102,857,000	102,857,000	89,072,000
<b>CURRENT ASSETS</b>				
STOCK		86,786,358	74,890,797	63,050,021
RECEIVABLES - TRADE		286,551,842	222,855,370	252,337,389
RECEIVABLES - OTHER		54,645,040	15,987,039	27,897,787
TAXATION RECOVERABLE		2,222,687	1,513,379	0
PREPAYMENTS		53,304,239	46,501,071	66,957,230
CASH, BANK DEPOSITS		20,535,889	62,649,107	37,949,970
		<u>504,046,055</u>	<u>424,396,763</u>	<u>448,192,397</u>
<b>CURRENT LIABILITIES</b>				
PAYABLES		150,965,480	109,422,824	96,611,108
TAXATION PAYABLE		55,778,524	28,586,664	24,709,150
CURRENT PORTION OF FINANCE LEASE OBLIGATIONS		7,751,506	8,476,497	8,673,394
CURRENT PORTION OF LONG TERM LOANS		25,041,944	25,041,944	25,041,944
BANK OVERDRAFT		9,226,235	-	-
		<u>248,763,689</u>	<u>171,527,929</u>	<u>155,035,596</u>
<b>NET CURRENT ASSETS</b>		255,282,366	252,868,834	293,156,801
		<u>1,285,550,286</u>	<u>1,270,519,763</u>	<u>1,362,663,977</u>
<b>FINANCED BY</b>				
SHARE CAPITAL		445,214,724	445,214,724	207,508,006
UNISSUED SHARE CAPITAL	7	55,000,000	55,000,000	55,000,000
SHARE PREMIUM		-	-	237,706,718
CURRENCY TRANSLATION ADJUSTMENT		-	-	9,021,356
RETAINED EARNINGS		599,738,891	562,098,070	665,850,601
		<u>1,099,953,615</u>	<u>1,062,312,794</u>	<u>1,175,086,681</u>
<b>MINORITY INTEREST</b>		<u>13,672,290</u>	<u>19,420,632</u>	<u>2,510,222</u>
		1,113,625,905	1,081,733,426	1,177,596,902
<b>NON-CURRENT LIABILITIES</b>				
FINANCE LEASE OBLIGATIONS		10,138,146	10,340,107	7,382,431
LONG TERM LOAN		66,514,659	85,000,333	92,177,440
DEFERRED TAX LIABILITIES		83,511,575	81,685,897	74,731,203
EMPLOYEE BENEFIT OBLIGATIONS		11,760,000	11,760,000	10,776,000
		<u>1,285,550,286</u>	<u>1,270,519,763</u>	<u>1,362,663,977</u>

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J. A. LESTER SPAULDING  
DIRECTOR

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CARL DOMVILLE  
DIRECTOR

# Radio Jamaica Limited

## Consolidated Statement of Changes in Equity

Period ended 30 December 2007

	Attributable to Stockholders of the Company					Minority Interest	Total
	Share Capital	Share Premium	Unissued Shares	Currency Translation Adjustment	Retained Earnings		
	\$	\$	\$	\$	\$		
<b>Balance at 1 April 2006</b>	172,508,006	-	237,706,718	(4,389,491)	591,772,575	-	997,597,808
Net profit					74,078,026	(276,847)	73,801,179
Purchase of Subsidiaries	35,000,000	55,000,000				2,787,068	92,787,068
Currency translation adjustment				13,410,847			13,410,847
<b>Balance as at 31 December 2006</b>	<u>207,508,006</u>	<u>55,000,000</u>	<u>237,706,718</u>	<u>9,021,356</u>	<u>665,850,601</u>	<u>2,510,222</u>	<u>1,177,596,902</u>
<b>Balance at 1 April 2007</b>	445,214,724	-	55,000,000	-	562,098,070	19,420,632	1,081,733,426
Net profit/(loss)					72,838,520	(5,748,342)	67,090,178
Dividends					(35,197,699)		(35,197,699)
<b>Balance as at 31 December 2007</b>	<u>445,214,724</u>	<u>-</u>	<u>55,000,000</u>	<u>-</u>	<u>599,738,891</u>	<u>13,672,290</u>	<u>1,113,625,905</u>

**Radio Jamaica Limited**  
**Statement of Consolidated Cash Flows**  
**31 December 2007**

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>CASH RESOURCES WERE (USED IN)/PROVIDED BY:</b>		
<b>Operating Activities</b>		
Net (Loss)/Profit	67,090,178	74,078,026
Items not affecting cash resources:	54,795,452	78,830,436
	<u>121,885,630</u>	<u>152,908,462</u>
Changes in non-cash working capital components:	(53,027,992)	(36,539,488)
Cash provided by operations	<u>68,857,638</u>	<u>116,368,973</u>
<b>Investing Activities</b>		
Cash used in investing activities	(65,586,766)	(229,497,885)
<b>Financing Activities</b>		
Cash used in financing activities	<u>(54,610,325)</u>	<u>112,572,363</u>
Increase/(Decrease) in net cash and cash equivalents	(51,339,452)	(556,549)
Net cash and cash equivalents at beginning of year	<u>62,649,107</u>	<u>38,506,519</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><u>11,309,654</u></u>	<u><u>37,949,970</u></u>

## 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 conform 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. Other operating income represents interest income, net foreign exchange (losses)/gains, profit on sale of fixed assets, net unrealized losses/gains on revaluation of investment securities classified at fair value through profit and loss and rental income
4. The calculation of earnings per stock unit is based on net profit and 351,978,991 ordinary stock units in issue. The prior year figure has been adjusted to reflect the 7,000,000 issued as part of the consideration paid in the purchase of Reggae Entertainment Television and Jamaica News Network
5. This figure is inclusive of Goodwill and Brand values.
6. Investment in associate represents 20% of the shares of Gleaner Company (UK) Limited, subsequently named GV Media Group Limited, as well as participation by Radio Jamaica Limited in loans to GV Media Group Limited, on a pro-rata basis with Gleaner Jamaica Limited, the other shareholder, for the acquisition and financing of the The Voice Group Limited and Vee Tee Ay (Media Resources) Limited, subsidiaries of GV Media Group Limited.

Management assessed the investment as at 31 March 2007 and has determined that the investment was fully impaired as at that date. The prior year investment comprises of:

	31/12/2006
	\$
Acquisition	32,886,233
Additional Contribution	90,487,604
Effect of changes in foreign exchange rates	9,021,356
Share of results	<u>(28,696,050)</u>
	<u>103,699,143</u>

7. On December 1, 2006, the company through its subsidiary, Media Plus Limited, acquired 65% of Reggae Entertainment Television (RETV) and 80% of Jamaica News Network (JNN). These companies are involved in the sale of airtime via the cable network.

Unissued Shares represent those shares approved by the shareholders to be issued to the previous owners of RETV and JNN upon their attainment of certain landmarks in a 36 months period.

Media Plus Limited is a wholly owned subsidiary of Radio Jamaica Limited incorporated as an international business company in St. Lucia.