

## **Radio Jamaica Limited**

### **Interim Report to stockholders.**

The directors present the un-audited results of the group for the second quarter and six months ended September 30, 2008.

For the second quarter the Group, impacted by escalating fuel, electricity, transportation and insurance charges and the substantial expenses for World Cup qualifiers and the Olympics, incurred after tax losses of \$45 million. This compared negatively to the \$23 million profit made for the second quarter last year. This negative performance occurred partly due to the \$10.8 million or 3% decrease in revenue, caused by the slow down attributed to Tropical Storm Gustav, the post-Olympics cut back in spending and compares to prior year negatively due to the fact that prior year revenues included political advertising in the period leading up to the general elections.

The \$62 million or 42% increase in cost of sales also contributed to the negative variance of \$72 million noted for gross profits and as indicated before, resulted from the impact of broadcast rights associated with World Cup Football Qualifiers, the Olympics and increased production cost for Rising Stars, for which a portion of the revenues will materialise next quarter. The positive impact of our Olympic coverage and the exclusivity in World Cup Qualifiers, generally lags a few months behind the events themselves.

Distribution expenses reflected a predictable \$1.7 million or 2% increase for the second quarter over prior year, due partly to changes in marketing department structure to deliver medium to long term positive change in that area as the Group moves towards a stronger customer service orientation. For the second quarter Administrative expenses increased by \$7.5 million or 9% due mainly to insurance rate hikes as well as the devaluation of the Jamaican dollar against the US dollar. Also the changes in the senior management structure with the inclusion of an internal director and the General Manager – Cable Division resulted in short-term higher staff costs in this phase of re-structuring.

The \$16 million or 24% increase over prior year in Operating Expenses for the second quarter reflects the continued increased cost of electric power, fuel for transportation and the standby power plants at the broadcast transmission sites, some of which were very active due to the impact of Tropical Storm Gustav. The costs associated with launching RETV and JNN on satellite to achieve full national coverage and take RETV into over ten other Caribbean countries also contributed to the increases noted.

The operating loss of \$52 million for the three months under review compares negatively to the operating profit of \$45 million that was recorded for the comparative period in 2007. The YTD negative variance of \$48.6 million noted for operating loss when compared to prior year is due to the net effect of the \$27 million increase in revenue, the \$60 million increase in direct programming cost, the \$8.9 million increase in other operating income and the \$26.6 million increase in other expenses.

For the second quarter the \$6.5 million increase in finance costs is mainly due to servicing loans secured to finance the acquisition of the cable subsidiaries, the purchase of a new television Outside Broadcast Unit and finance costs associated with the upgrading of the group's motor vehicle fleet.

Taxation for the second quarter reflected a \$36 million positive variance as the group incurred losses before tax of \$67 million compared to a profit of \$36 million for the corresponding period last year.

After adjusting for minority interest, the YTD loss attributable to shareholders represents a negative variance of \$33m which converts to a negative Earnings per Share (EPS) of (7.17) cents down from the positive 2.33 cents noted for prior year.

**RADIO JAMAICA LIMITED**  
**GROUP PROFIT AND LOSS ACCOUNT**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2008 (UNAUDITED)**

<b>3 months to 30/09/2008</b>	<b>3 months to 30/09/2007</b>	<b>Notes</b>	<b>6 months to 30/09/2008</b>	<b>6 months to 30/09/2007</b>
<b>\$</b>	<b>\$</b>		<b>\$</b>	<b>\$</b>
401,544,751	412,396,509	TURNOVER	785,438,528	758,075,832
<u>(207,130,014)</u>	<u>(145,895,678)</u>	COST OF SALES	<u>(356,216,071)</u>	<u>(296,346,818)</u>
194,414,737	266,500,831	GROSS PROFIT	429,222,457	461,729,014
5,411,193	5,226,774	OTHER OPERATING INCOME	19,006,342	10,048,127
(75,440,050)	(73,657,570)	DISTRIBUTION COSTS	(145,576,491)	(146,018,611)
(90,247,249)	(82,740,252)	ADMINISTRATIVE EXPENSES	(166,529,139)	(167,697,418)
<u>(86,483,486)</u>	<u>(70,026,421)</u>	OTHER OPERATING EXPENSES	<u>(157,007,977)</u>	<u>(130,339,464)</u>
(52,344,855)	45,303,362	OPERATING (LOSS)/PROFIT	(20,884,808)	27,721,648
<u>(14,903,429)</u>	<u>(8,349,244)</u>	FINANCE COSTS	<u>(25,430,529)</u>	<u>(16,760,759)</u>
(67,248,284)	36,954,118	(LOSS)/PROFIT BEFORE TAX	(46,315,337)	10,960,889
<u>22,151,501</u>	<u>(13,952,740)</u>	TAXATION	<u>14,760,487</u>	<u>(6,325,933)</u>
<u>(45,096,783)</u>	<u>23,001,378</u>	NET (LOSS)/PROFIT	<u>(31,554,850)</u>	<u>4,634,956</u>
		ATTRIBUTABLE TO:		
(42,393,479)	24,754,028	Stockholders of the company	(25,249,735)	8,212,478
<u>(2,703,304)</u>	<u>(1,752,650)</u>	Minority Interest	<u>(6,305,115)</u>	<u>(3,577,522)</u>
<b><u>(45,096,783)</u></b>	<b><u>23,001,378</u></b>		<b><u>(31,554,850)</u></b>	<b><u>4,634,956</u></b>
<b>Cents</b>	<b>Cents</b>		<b>Cents</b>	<b>Cents</b>
(12.04)	7.03	<b>EARNINGS PER STOCK UNIT</b>	(7.17)	2.33

**RADIO JAMAICA LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2008 (UNAUDITED)**

<b>NET ASSETS EMPLOYED</b>	<b>Notes</b>	<b>September 2008</b>	<b>March 2008</b>	<b>September 2007</b>
<b>NON-CURRENT ASSETS</b>				
FIXED ASSETS (Net)		778,266,785	731,399,268	721,758,082
INTANGIBLE ASSETS	5	112,687,531	127,872,527	129,307,523
INVESTMENTS		9,742,755	37,611,394	37,350,661
DEFERRED TAX ASSET		50,870,060	36,432,991	26,079,741
PENSION PLAN SURPLUS		115,192,000	115,192,000	102,857,000
<b>CURRENT ASSETS</b>				
STOCK		72,107,013	63,732,814	68,543,539
RECEIVABLES - TRADE		270,322,756	250,507,366	208,603,058
RECEIVABLES - OTHER		15,727,038	25,745,521	21,499,707
TAXATION RECOVERABLE		4,899,914	4,782,731	3,164,091
PREPAYMENTS		30,436,676	46,232,408	51,030,652
CASH, BANK DEPOSITS		21,749,436	9,470,387	63,883,891
		<u>415,242,833</u>	<u>400,471,227</u>	<u>416,724,938</u>
<b>CURRENT LIABILITIES</b>				
PAYABLES		161,117,022	128,761,640	137,232,351
TAXATION PAYABLE		14,698,858	27,028,689	30,085,150
CURRENT PORTION OF FINANCE LEASE OBLIGATIONS		7,899,109	6,672,720	9,001,137
CURRENT PORTION OF LONG TERM LOANS		37,285,144	25,041,944	25,041,944
BANK OVERDRAFT		15,886,144	1,410,134.63	5,089,735
		<u>236,886,276</u>	<u>188,915,128</u>	<u>206,450,317</u>
<b>NET CURRENT ASSETS</b>		178,356,557	211,556,099	210,274,621
		<u>1,245,115,688</u>	<u>1,260,064,279</u>	<u>1,227,627,628</u>
<b>FINANCED BY</b>				
SHARE CAPITAL		440,175,449	440,175,449	440,175,449
UNISSUED SHARE CAPITAL	6	41,250,000	55,000,000	55,000,000
RETAINED EARNINGS		557,049,302	582,299,037	539,207,699
		<u>1,038,474,751</u>	<u>1,077,474,486</u>	<u>1,034,383,148</u>
<b>MINORITY INTEREST</b>		4,232,388	10,537,502	15,843,110
		<u>1,042,707,139</u>	<u>1,088,011,988</u>	<u>1,050,226,258</u>
<b>NON-CURRENT LIABILITIES</b>				
FINANCE LEASE OBLIGATIONS		10,330,523	7,739,325	10,056,112
LONG TERM LOAN		91,859,735	60,254,173	72,479,362
DEFERRED TAX LIABILITIES		85,585,291	89,425,792	83,105,896
EMPLOYEE BENEFIT OBLIGATIONS		14,633,000	14,633,000	11,760,000
		<u>1,245,115,688</u>	<u>1,260,064,279</u>	<u>1,227,627,628</u>

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J. A. LESTER SPAUDLING  
DIRECTOR

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CARL DOMVILLE  
DIRECTOR

**Radio Jamaica Limited**  
**Consolidated Statement of Changes in Equity**  
**Period ended 30 September 2008**

	Notes	Attributable to Stockholders of the Company			Minority	Total
		Share Capital	Unissued Shares	Retained Earnings	Interest	
		\$	\$	\$	\$	\$
<b>Balance at 1 April 2007</b>		440,175,449	55,000,000	534,572,742	15,843,110	1,045,591,302
Net profit				4,634,956		4,634,956
<b>Balance as at 30 September 2007</b>		<u>440,175,449</u>	<u>55,000,000</u>	<u>539,207,699</u>		<u>1,050,226,258</u>
<b>Balance at 1 April 2008</b>		440,175,449	55,000,000	582,299,037	10,537,502	1,088,011,988
Contingent Unissued shares reversed	6		(13,750,000)			(13,750,000)
Net profit				(25,249,735)	(6,305,115)	(31,554,850)
<b>Balance as at 30 September 2008</b>		<u>440,175,449</u>	<u>41,250,000</u>	<u>557,049,302</u>	<u>4,232,388</u>	<u>1,042,707,139</u>

**Radio Jamaica Limited**  
**Statement of Consolidated Cash Flows**  
**30 September 2008**

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>CASH RESOURCES WERE (USED IN)/PROVIDED BY:</b>		
<b>Operating Activities</b>		
Net (Loss)/Profit	(31,554,850)	4,634,956
Items not affecting cash resources:	24,244,003	46,197,901
	<u>(7,310,847)</u>	<u>50,832,857</u>
Changes in non-cash working capital components:	17,532,994	37,270,198
Cash provided by operations	<u>10,222,147</u>	<u>88,103,055</u>
<b>Investing Activities</b>		
Cash used in investing activities	(60,085,458)	(44,479,979)
<b>Financing Activities</b>		
Cash provided by / (used in) financing activities	<u>47,666,349</u>	<u>(47,478,025)</u>
Decrease in net cash and cash equivalents	(2,196,963)	(3,854,949)
Net cash and cash equivalents at beginning of year	<u>8,060,252</u>	<u>62,649,107</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><u>5,863,290</u></u>	<u><u>58,794,157</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.
5. This figure is inclusive of Goodwill and Brand values. The Goodwill figure was reduced due to the reduction in Unissued shares (see note 6).
6. 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. Due to the 12 month profit target not been met 2,750,000 shares will not be issued and was therefore reversed against goodwill.

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