PRICEWATERHOUSECOOPERS

Radio Jamaica Limited

Consolidated Financial Statements
31 March 2009

Radio Jamaica Limited
Index
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PRICEWATERHOUSECOOPERS

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Independent Auditors' Report

To the Members of
Radio Jamaica Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Radio Jamaica Limited and its subsidiaries, set out on pages 1 to 41. The consolidated financial statements comprise the consolidated balance sheet as of 31 March 2009 and the consolidated profit and loss account, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the group as of 31 March 2009, and of the financial performance and cash flows of the group for the year then ended, so far as concerns the members of the company, in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

Report on Other Legal and Regulatory Requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Act, in the manner so required.

PricewaterhouseCoopers

Chartered Accountants

17 June 2009
Kingston, Jamaica

Radio Jamaica Limited

Consolidated Profit and Loss Account

Year ended 31 March 2009

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2009 $'000	2008 $'000
Revenue		1,606,553	1,518,681
Direct expenses		(687,470)	(580,283)
Gross Profit		919,083	938,398
Other operating income	5	47,158	31,676
Selling expenses		(285,112)	(278,950)
Administration expenses		(368,365)	(318,377)
Impairment charge	14	(50,913)	-
Other operating expenses		(341,158)	(286,592)
Operating (Loss)/Profit		(79,307)	86,155
Finance costs	8	(19,520)	(20,541)
(Loss)/Profit before Taxation		(98,827)	65,614
Taxation	9	(41,148)	(23,993)
NET (LOSS)/PROFIT		(139,975)	41,621
Attributable to:			
Stockholders of the company		(129,438)	50,505
Minority interest		(10,537)	(8,884)
		(139,975)	41,621
EARNINGS PER ORDINARY STOCK UNIT ATTRIBUTABLE TO STOCKHOLDERS OF THE COMPANY	12	($0.38)	$0.15

Radio Jamaica Limited
Consolidated Balance Sheet
31 March 2009
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2009 $'000	2008 $'000
Non-Current Assets			
Fixed assets	13	770,794	731,401
Intangible assets	14	46,588	127,871
Retirement benefit assets	15	123,020	115,192
Deferred tax asset	16	3,175	36,432
Investment securities	18	11,886	37,612
Current Assets			
Inventories	19	56,836	63,733
Receivables	20	291,730	322,649
Taxation recoverable		4,846	4,784
Cash and short term investments	21	13,970	9,470
		367,382	400,636
Current Liabilities			
Payables	22	191,078	160,641
Taxation payable		10,767	27,029
Bank overdraft	21	-	1,410
		201,845	189,080
Net Current Assets		165,537	211,556
		1,121,000	1,260,064
Stockholders' Equity			
Share capital	23	440,156	440,176
Unissued shares	24	27,500	55,000
Retained earnings		452,860	582,298
		920,516	1,077,474
Minority Interest		-	10,537
		920,516	1,088,011
Non-Current Liabilities			
Finance lease obligations	25	14,622	7,739
Long term loans	26	84,729	60,254
Deferred tax liabilities	16	84,387	89,427
Retirement benefit obligations	15	16,746	14,633
		1,121,000	1,260,064

Approved for issue by the Board of Directors on 17 June 2009 and signed on its behalf by:

J. A. Lester Spaulding	Director	Carl D. Domville	Director

Radio Jamaica Limited

Consolidated Statement of Changes in Equity

Year ended 31 March 2009

(expressed in Jamaican dollars unless otherwise indicated)

	Attributable to Stockholders of the Company			Minority Interest	Total
	Share Capital	Unissued Shares	Retained Earnings		
	$'000	$'000	$'000	$'000	$'000
Balance at 1 April 2007	440,176	55,000	566,185	19,421	1,080,782
Net profit	-	-	50,505	(8,884)	41,621
Preference dividends	-	-	(3)	-	(3)
Ordinary dividends (Note 11)	-	-	(34,389)	-	(34,389)
Balance at 31 March 2008	440,176	55,000	582,298	10,537	1,088,011
Net loss	-	-	(129,438)	(10,537)	(139,975)
Reversal of unissued shares (Note 24)	-	(27,500)	-	-	(27,500)
Redemption of preference shares (Note 23)	(20)	-	-	-	(20)
Balance at 31 March 2009	440,156	27,500	452,860	-	920,516

Radio Jamaica Limited

Consolidated Statement of Cash Flows

Year ended 31 March 2009

(expressed in Jamaican dollars unless otherwise indicated)

	2009 $'000	2008 $'000
Cash Flows from Operating Activities		
Net (loss)/profit	(139,975)	41,621
Items not affecting cash:		
Amortisation and impairment of intangible assets	53,783	2,870
Depreciation	96,167	87,004
Gain on disposal of fixed assets	(1,457)	(3,760)
Loss on disposal of investment securities	1,004	-
Interest income	(1,221)	(6,027)
Dividend income	(1,184)	(1,546)
Interest expense	19,520	20,541
Income tax charge	41,148	23,993
Exchange gain on foreign currency balances	(3,476)	(2,281)
Revaluation of investment securities	(3,746)	8,631
	60,563	171,046
Changes in operating assets and liabilities:		
Pension and other retirement benefits	(5,715)	(9,462)
Inventories	6,897	11,158
Receivables	30,913	(33,067)
Payables	27,628	14,198
	120,286	153,873
Income tax paid	(29,255)	(37,701)
Net cash provided by operating activities	91,031	116,172
Cash Flows from Investing Activities		
Proceeds from disposal of fixed assets	1,792	14,609
Purchase of fixed assets	(118,286)	(104,017)
Proceeds from disposal of investment securities	31,891	-
Interest received	1,227	6,141
Dividends received	1,184	1,546
Net cash used in investing activities	(82,192)	(81,721)
Cash Flows from Financing Activities		
Loan received	61,216	-
Loans repaid	(35,244)	(24,746)
Principal lease repayments	(9,414)	(9,561)
Interest paid	(19,520)	(20,541)
Preference shares redeemed	(20)	-
Dividends paid	-	(34,392)
Net cash used in financing activities	(2,982)	(89,240)
Increase/(decrease) in cash and cash equivalents	5,857	(54,789)
Exchange gains on cash and cash equivalents	53	200
Cash and cash equivalents at beginning of year	8,060	62,649
CASH AND CASH EQUIVALENTS AT END OF YEAR	13,970	8,060

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

Radio Jamaica Limited ("the company") is incorporated and domiciled in Jamaica. The company is listed on the Jamaica Stock Exchange, and has its registered office at 32 Lyndhurst Road, Kingston 5.

These financial statements present the results of operations and financial position of the company and its subsidiaries, which are collectively referred to as "the group".

The group's primary activities are the operation of a 'free-to-air' television station, cable television stations and radio stations.

The company's subsidiaries and their percentage ownership are as follows:

Name of subsidiary	**Percentage ownership**	
	2009	**2008**
Television Jamaica Limited	100	100
Multi-Media Jamaica Limited	100	100
Media Plus Limited, and its subsidiaries –	100	100
Reggae Entertainment Television Limited	65	65
Jamaica News Network Limited	80	80

The subsidiaries are incorporated and domiciled in Jamaica, with the exception of Media Plus Limited, which is incorporated and domiciled in St. Lucia.

2. Summary of Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRSs), and have been prepared under the historical cost convention as modified by the revaluation of certain financial assets.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. Although these estimates are based on managements' best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

Standards, interpretations and amendments to published standards effective in 2009

Certain new standards, amendments and interpretations to existing standards have been published that became effective during the current financial year. The group has assessed the relevance of all such new standards, interpretations and amendments and has effected the following, which are immediately relevant to its operations:

- **IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction** (effective for annual periods beginning on or after 1 January 2008). IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. As this interpretation only clarifies accounting requirements already practiced by the group, there is no effect on the financial statements or accounting policies on adoption.
- **IAS 39 (Amendment) - Financial Instruments: Recognition and Measurement** (effective 1 July 2008). These amendments, issued in October 2008, permit an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) which are held-for-trading out of the fair value through profit or loss category if the entity no longer holds the assets for sale or repurchase in the short term. The amendments also permit an entity to transfer financial assets from the available-for-sale category to the loans and receivables category that would have met the definition of loans and receivables at the date of reclassification, if the entity has the intention and ability to hold these financial assets for the foreseeable future or to maturity. As the group has not reclassified any financial assets, this amendment has no effect on the financial statements or accounting policies on adoption.
- **IFRS 7 (Amendment) - Financial Instruments: Disclosures** (effective 1 July 2008). These amendments require an entity to disclose details of carrying amounts and the fair value of all financial assets that have been reclassified until they are derecognised, together with details of the fair value gains or losses that would have been recognised in the profit and loss or equity if the financial assets had not been reclassified. As the group has not reclassified any financial assets, this amendment has no effect on the financial statements or accounting policies on adoption.

All standards, interpretations and amendments adopted by the group require retrospective application. The 2008 comparative figures have been amended as required, in accordance with the relevant requirements. There was no impact on opening retained earnings at 1 April 2008 from the adoption of any of the above-mentioned standards, interpretations and amendments. There are no other standards, interpretations or amendments that became effective during the year that are relevant to the group.

2. Summary of Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective
At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not yet effective for the group at balance sheet date, and which the group has not early adopted. The group has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

- **IFRS 8, Operating Segments** (effective for annual periods beginning on or after 1 January 2009) IFRS 8 sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. It requires identification of operating segments on the basis of internal reports that are regularly reviewed by, and the amount reported for each operating segment item to be the measure reported to, the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance. IFRS 8 will replace IAS 14 – Segment Reporting. The group will apply IFRS 8 from 1 April 2009. Management is currently assessing the impact of the standard for future disclosures.
- **IAS 1, Presentation of Financial Statements (Revised)** (effective for annual periods beginning on or after 1 January 2009). The main objective in revising IAS 1 was to aggregate information in the financial statements on the basis of shared characteristics. IAS 1 will affect the presentation of owner changes in equity and of comprehensive income. It will not change the recognition, measurement or disclosure of specific transactions and other events required by other IFRSs. IAS 1 will require an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) will be required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income will not be permitted to be presented in the statement of changes in equity. The group will apply IAS 1 (Revised) from 1 April 2009. It is likely that all non-owner changes in equity will be presented in one statement of comprehensive income.
- **IAS 23 (Amendment) - Borrowing costs** (effective for annual periods beginning on or after 1 January 2009). It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The group will apply IAS 23 (Amendment) from 1 April 2009, but it is not expected to impact the group's accounting policies as the group currently capitalises borrowing costs of qualifying assets.
- **IAS 27 (Revised), Consolidated and Separate Financial Statements/IFRS 3 (Revised), Business Combinations** (effective for annual periods beginning on or after 1 July 2009). The revised standards bring amendments to the acquisition accounting model and compulsory adoption of the economic entity approach. IFRS 3 will apply to a broader scope of transactions, and includes changes to the determination of consideration, goodwill and non-controlling interests. The group will apply these revised standards from 1 April 2010.

Radio Jamaica Limited

2. Summary of Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective (continued)

The group has concluded that the following standards, interpretations and amendments to existing standards, which are published but not yet effective are either relevant to its operations but will have no material impact on adoption; or are not relevant to its operations and will therefore have no material impact on adoption; or contain inconsequential clarifications that will have no material impact when they come into effect:

- IAS 16 (Amendment), 'Property, plant and equipment' (and consequential amendment to IAS 7, 'Statement of cash flows')
- IAS 19 (Amendment), 'Employee benefits'
- IAS 20 (Amendment), 'Accounting for government grants and disclosure of government assistance'
- IAS 27 (Amendment), 'Consolidated and separate financial statements'
- IAS 28 (Amendment), 'Investments in associates' (and consequential amendments to IAS 32, 'Financial instruments: Presentation' and IFRS 7, 'Financial instruments: Disclosures')
- IAS 29 (Amendment), 'Financial reporting in hyperinflationary economies'
- IAS 31 (Amendment), 'Interests in joint ventures (and consequential amendments to IAS 32 and IFRS 7)
- IAS 32 Financial Instruments: Presentation/ IAS 1 Presentation of Financial Statements (Amendments) - Puttable Financial Instruments and Obligations Arising on Liquidation
- IAS 36 (Amendment), 'Impairment of assets'
- IAS 38 (Amendment), 'Intangible assets'
- IAS 39 (Amendment), 'Financial instruments: Recognition and measurement' Amendment to IAS 39, 'Eligible hedged items'
- IAS 40 (Amendment), 'Investment property' (and consequential amendments to IAS 16)'
- IAS 41 (Amendment), 'Agriculture'
- IFRS 1 (Amendment), 'First time adoption of IFRS' and IAS 27 (Amendment), 'Consolidated and separate financial statements' – 'Cost of an investment in a subsidiary, jointly controlled entity or associate'.
- IFRS 2 (Amendment), 'Share-based payment'
- IFRS 5 (Amendment), 'Non-current assets held for sale and discontinued operations' (and consequential amendment to IFRS 1, 'First-time adoption')
- IFRIC 13, 'Customer loyalty programmes'
- IFRIC 15, 'Agreements for the construction of real estate'
- IFRIC 16, 'Hedges of a net investment in a foreign operation'
- IFRIC 17, 'Distributions of non-cash assets to owners'
- IFRIC 18, 'Transfers of assets from customers'

2. Summary of Accounting Policies (Continued)

(b) Basis of consolidation

Subsidiaries, which are those entities in which the group has power to govern the financial and operating policies, are consolidated on a line-by-line basis.

Subsidiaries are consolidated from the date on which control is transferred to the group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. Intercompany transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

(c) Foreign currency translation

Items included in the financial statements of each of the group's entities are measured using the currency of primary economic environment in which the entity operates, referred to as the functional currency. The functional currency of each entity is the same as its presentation currency. The consolidated financial statements are presented in Jamaican dollars, which is the company's functional and presentation currency. Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from such transactions and from the translation of foreign currency monetary assets and liabilities at the year end exchange rates are recognised in the profit and loss account.

(d) Revenue recognition

Revenue comprises the sale of airtime, programme material, and the rental of studios and equipment, net of General Consumption Tax. Revenue in respect of airtime and programming is recognised on performance of the underlying service. Rental income is recognised as it accrues.

Interest income is recognised as it accrues unless collectibility is in doubt.

(e) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets

The group classifies its financial assets in the following categories: loans and receivables, available for sale, and at fair value through the profit and loss account. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. At the balance sheet date, trade receivables were classified as loans and receivables; cash and bank balances and quoted investment securities were classified as financial assets at fair value through profit or loss; and unquoted investment securities were classified as available-for-sale.

Financial liabilities

The group's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the balance sheet date, the following items were classified as financial liabilities: bank overdraft, finance lease obligations, long term loans and trade payables.

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Accounting Policies (Continued)

(f) Income taxes

Taxation expense in the profit and loss account comprises current and deferred tax charges.

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The company's liability for current tax is calculated at tax rates that have been enacted at balance sheet date.

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is charged or credited in the profit and loss account, except where it relates to items charged or credited to equity, in which case, deferred tax is also dealt with in equity.

(g) Fixed assets

Freehold land and buildings are stated at deemed cost less subsequent depreciation for buildings. All other fixed assets are carried at historical cost less accumulated depreciation.

Depreciation is calculated on the straight-line basis at rates estimated to write off the cost of the assets over their expected useful lives. Annual rates used are as follows:

Freehold buildings	2.5%
Improvements to leasehold property	2.5%
Furniture, office machinery and rental equipment	10 - 15%
Station equipment - Radio	10 - 15%
Station equipment - Television	6.67 - 25%
Computer equipment	33⅓%
Motor vehicles	20 - 25%

Land is not depreciated as it deemed to have an indefinite life.

Gains and losses on disposal of fixed assets are determined by reference to their carrying amount and are taken into account in determining operating profit.

Repairs and maintenance expenses are charged to the profit and loss account when the expenditure is incurred. The cost of major renovations is included in the carrying amount of the fixed asset when it is probable that future economic benefits is in excess of the originally assessed standard of performance of the existing asset that will flow to the group. Major renovations are depreciated over the remaining useful life of the related asset.

2. Summary of Accounting Policies (Continued)

(h) Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition, and is included in Intangible Assets on the balance sheet. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Brands

Brands acquired in a business combination are recognised at fair value at the acquisition date. Brands have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of brands over their estimated useful lives of 10 to 20 years.

(i) Investment securities

Investment securities are classified as financial assets at fair value through profit or loss, and available for sale. Management determines the classification of investments at initial recognition and re-evaluates such designation at each reporting date.

Investment securities classified as financial assets at fair value through profit or loss and available-for-sale are carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of investments classified as financial assets at fair value through profit or loss are included in the profit and loss account in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the profit and loss account.

The fair values of quoted investments are based on current bid prices. If the market for an investment is not active, the group establishes fair value by using valuation techniques. Where fair values cannot be reliably measured, the group carries the investment at cost.

(j) Retirement benefits

Pension plans

The group operates defined benefit plans, the assets of which are generally held in separate trustee-administered funds. A defined benefit plan is one that defines an amount of benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The asset or liability in respect of defined benefit plans is the difference between present value of the defined benefit obligation at the balance sheet date and the fair value of plan assets, adjusted for unrecognized actuarial gains/losses and past service cost. Where a pension asset arises, the amount recognised is limited to the net total of any cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan. The pension costs are assessed using the Projected Unit Credit Method. Under this method, the cost of providing pensions is charged to the profit and loss account so as to spread the regular cost over the service lives of the employees in accordance with the advice of the actuaries, who carry out a full valuation of the plans every year. The pension obligation is measured at the present value of the estimated future cash outflows using discount estimated rates based on market yields on government securities which have terms to maturity approximating the terms of the related liability.

2. Summary of Accounting Policies (Continued)

(k) Retirement benefits (continued)

Pension plans (continued)

A portion of actuarial gains and losses is recognised in the profit and loss account if the net cumulative unrecognised actuarial gains or losses at the end of the previous reporting period exceeded 10% of the greater of the present value of the gross defined benefit obligation and the fair value of plan assets at that date. Any excess actuarial gains or losses are recognised in the profit and loss account over the average remaining service lives of the participating employees.

Other retirement benefits

The group provides retirement health care and life insurance to its retirees. The entitlement for these benefits is usually based on the employee remaining in services up to retirement age and the completion of a minimum period. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for defined benefit pension plans. Valuations for these are carried out annually by independent qualified actuaries.

(k) Impairment of non-current assets

Fixed assets and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value, cost being determined as follows:

Spares	-	weighted average cost, which approximates actual
Film, other	-	actual cost

Net realisable value is the estimated proceeds of disposal in the ordinary course of business, less applicable expenses.

(m) Trade receivables

Trade receivables are carried at original invoice amount less provision for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers.

(n) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise balances which mature within 90 days of the date of acquisition, including cash and bank balances and investment securities, net of bank overdrafts.

(o) Trade payables

Trade payables are stated at historical cost.

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2009

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Accounting Policies (Continued)

(p) Provisions

Provisions are recognised where the group has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and if a reliable estimate of the amount of the obligation can be made.

(q) Leases

Leases of fixed assets where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term liabilities. The interest element of the finance cost is charged to the profit and loss account over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The fixed asset acquired under a finance lease is depreciated over the shorter of the useful life of the asset or the lease term.

(r) Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings.

(s) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group entity purchases the company's equity (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable transaction costs and income taxes) is included in equity attributable to the company's equity holders.

(t) Dividends

Dividends are recorded as a liability in the financial statements in the period in which they have been approved by shareholders.

(u) Segment reporting

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environment. The Directors are of the opinion that there are no significant segments for the group that require disclosure in these financial statements.

(v) Comparative information

Where necessary, comparative figures have been reclassified to conform with changes in the presentation in the current year.

Radio Jamaica Limited
Notes to the Financial Statements
31 March 2009
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

The group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. There has been no change to the group's exposure to financial risks or the manner in which it manages and measures the risks.

The Board of Directors is ultimately responsible for the establishment and oversight of the group's risk management framework. The Board has established committees/departments for managing and monitoring risks, as follows:

Department of Finance and Administration
The Department of Finance and Administration is responsible for managing the group's assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the group. The department identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The credit department is primarily responsible for managing the group's credit risk. It evaluates, monitors and manages credit risks through the close assessments of potential and present clients.

Finance Committee
The Finance Committee oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group.

The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

3. Financial Risk Management (Continued)

(a) Credit risk

The group takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the group by failing to discharge their contractual obligations. Credit risk is the most important risk for the group's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the group's receivables from customers and investment activities. The group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and to industry segments.

Credit review process

The Department of Finance and Administration has overall responsibility for the ongoing analysis of the ability of customers and other counterparties to meet repayment obligations.

(i) Trade and other receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Finance committee reviews monthly all material direct client accounts with balances over 90 days. The Department of Finance and Administration has established a credit policy under which each customer is analysed individually for creditworthiness prior to the group offering them a credit facility. Credit limits are assigned to each customer and approval is required from the Credit Manager for all direct customer transactions. The group has procedures in place to restrict customer orders if the order will exceed their credit limits. Customers that fail to meet the group's benchmark creditworthiness may transact with the group on a prepayment basis.

Customer credit risk are monitored according to their credit characteristics, such as whether it is an individual or company, geographic location, industry, aging profile, and previous financial difficulties. Trade and other receivables relate mainly to the group's direct customers and advertising agencies.

The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The group addresses impairment assessment in two areas: individually assessed allowances and collectively assessed allowances.

The group's average credit period for airing advertisements is 30 days for direct customers and 60 days for advertising agencies. The group has provided for most receivables over 90 days based on historical experience which dictates that amounts past due beyond 90 days are generally not recoverable. Trade receivables between 60 and 90 days are provided for based on an estimate of amounts that would be irrecoverable, determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries once impaired.

(ii) Investments and deposits

The group limits its exposure to credit risk by maintaining monetary investments and deposits with counterparties that have high credit quality. Accordingly, management does not expect any counterparty to fail to meet its obligations. The Finance committee also performs monthly reviews of the investments and securities held as part of their assessment of the group's credit risk.

(iii) Cash

Cash is held with substantial financial institutions.

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk

The worst case scenario of credit risk exposure at year end was as follows:

	2009	2008
	$'000	$'000
Trade receivables	243,564	250,507
Short term deposits	-	3,349
Cash	13,970	6,121
	257,534	259,977

Trade receivables are receivable from customers in Jamaica. The credit exposure for trade receivables at their carrying amounts, as categorised by the customer sector, is as follows:

	2009	2008
	$'000	$'000
Advertising agencies	134,750	137,172
Direct customers	132,513	135,154
	267,263	272,326
Less: Provision for impairment	(23,699)	(21,819)
	243,564	250,507

Ageing analysis of trade receivables that are past due but not impaired

Trade receivables that are less than three months past due are not considered impaired. As of 31 March 2009, trade receivables amounting to $127,098,000 (2008 – $138,041,000) were past due but not impaired. Trade receivables that are past due relate to a number of independent customers and advertising agencies for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2009	2008
	$'000	$'000
30 – 60 days	93,040	89,171
60 – 90 days	25,781	26,018
Greater than 90 days	8,277	22,852
	127,098	138,041

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Ageing analysis of trade receivables that are impaired

As of 31 March 2009, trade receivables of $23,699,000 (2008 – $21,819,000) were considered impaired. These receivables were fully provided for. The individually impaired receivables mainly relate to direct customers and agencies that are in unexpected difficult economic situations. The creation and release of provision for impaired receivables have been included in administration expenses in the profit and loss account. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The ageing of these receivables is as follows:

	2009	2008
	$'000	$'000
30 – 60 days	-	106
Greater than 90 days	23,699	21,713
	23,699	21,819

The movement on the provision for impairment was as follows:

	2009	2008
	$'000	$'000
At 1 April	21,819	15,697
Provision for receivables impairment	28,027	24,299
Receivables written off during the year as uncollectible	(18,774)	(16,326)
Unused amounts reversed	(7,373)	(1,851)
At 31 March	23,699	21,819

Radio Jamaica Limited
Notes to the Financial Statements
31 March 2009
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk

Liquidity risk is the risk that the group is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process

The group's liquidity management process, as carried out within the group and monitored by the Department of Finance and Administration, includes:

(i) Monitoring future cash flows and liquidity on an ongoing basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required.

(ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

(iii) Maintaining committed lines of credit;

(iv) Optimising cash returns on investment;

Cash flows of financial liabilities

Trade payables are due within one month and bank overdrafts are due at call.

The maturity profile of long term liabilities at year end based on contractual undiscounted payments was as follows:

	Within 1 year $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
		2009		
Finance lease obligations	12,168	18,495	-	30,663
Long term loans	39,326	106,080	7,153	152,559
	51,494	124,575	7,153	183,222
		2008		
Finance lease obligations	9,050	9,557	-	18,607
Long term loans	34,995	75,389	12,046	122,430
	44,045	84,946	12,046	141,037

Assets available to meet all of the liabilities and to cover financial liabilities include cash and short term deposits.

3. Financial Risk Management (Continued)

(c) Market risk

The group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the Department of Finance and Administration which seeks to minimise potential adverse effects on the performance of the group by applying procedures to identify, evaluate and manage this risks, based on guidelines set by the Board of Directors.

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The group takes on exposure to price risk arising from its holdings of quoted equity securities, all of which are exposed to general and specific market movements. The movements in market prices are not expected to have a significant impact on the net results or stockholders' equity as the group does not hold significant equity securities. The group monitors the price movement of financial assets on an ongoing basis.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the pound sterling. Foreign exchange risk arises from commercial transactions such as the purchase of investment securities and station equipment and the recognised assets and liabilities arising there from.

The group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The group further manages this risk by maximising foreign currency earnings and holding foreign currency balances. As the group has no significant foreign currency exposure, currency fluctuations have no material effect on the net results or stockholders' equity.

The group's exposure to currency risk at year end was as follows:

	2009		2008	
	US$'000	**£'000**	**US$'000**	**£'000**
Assets				
Receivables	268	2	668	35
Short term investments	-	-	-	24
Cash	18	-	42	1
	286	2	710	60
Liabilities				
Payables	340	-	303	-
Net (Liabilities)/Assets	(54)	2	407	60

Radio Jamaica Limited

Notes to the Financial Statements
31 March 2009
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk
Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the group to cash flow interest risk, whereas fixed interest rate instruments expose the group to fair value interest risk.

The group earns interest on its short term deposits disclosed in Note 23. As these deposits have a short term to maturity and are constantly reinvested at current market rates, they are not significantly exposed to interest rate risk.

The group incurs interest on its borrowings disclosed in Notes 27 and 28. These borrowings are at fixed rates, and expose the group to fair value interest rate risk. Interest rate fluctuations are not expected to have a material effect on the net results or stockholders' equity.

The group analyses its interest rate exposure arising from borrowings on an ongoing basis, taking into consideration the options of refinancing, renewal of existing positions and alternative financing.

(d) Capital management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders. The Board of Directors monitors the return on capital, which the group defines as net operating income divided by total stockholders' equity, excluding minority interests. The Board of Directors also monitors the level of dividends to ordinary shareholders.

No company within the group is subject to externally imposed capital requirements.

(e) Fair value estimation

The fair value of financial instruments traded in active markets, such as available-for-sale investments, is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The fair values of these financial instruments are determined as follows:

(i) The face value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities include cash and bank balances, short term investments, and trade receivables and payables.

(ii) The carrying values of long term loans, except the loan from the Jamaica Broadcasting Corporation, approximate their fair values, as these loans are carried at amortised cost reflecting their contractual obligations and the interest rates are reflective of current market rates for similar transactions.

(iii) For disclosure purposes, the fair value of the loan from the Jamaica Broadcasting Corporation (Note 26) is estimated by discounting the future contractual cash flows at the current market rate available to the group for similar borrowings. This resulted in a valuation of $20,037,000 (2008 – $18,830,000).

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the company's accounting policies
In the process of applying the group's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty
The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Retirement benefit obligations
The cost of these benefits and the present value of the future obligations depend on a number of factors that are determined by actuaries using a number of assumptions. The assumptions used in determining the net periodic cost or income for retirement benefits include the expected long-term rate of return on the relevant plan assets, the discount rate, and, in the case of health benefits, the expected rate of increase in health costs. Any changes in these assumptions will impact the net periodic cost or income recorded for retirement benefits and may affect planned funding of the pension plan. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns.

The group determines the appropriate discount rate at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligations. In determining the appropriate discount rate, the group considered interest rate of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have terms to maturity approximating the terms of the related obligations. The expected rate of increase of health costs has been determined by comparing the historical relationship of the actual health cost increases with the rate of inflation. Other key assumptions for the retirement benefits are based on current market conditions.

The principal actuarial assumptions used in valuing retirement benefits are disclosed in Note 15.

Estimated impairment of goodwill
The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2(h). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations, which require the use of estimates. The key assumptions used for value-in-use calculations are disclosed in Note 14.

An impairment charge of $50,913,000 arose during the year in respect of certain subsidiaries, resulting in their carrying amount being written down to their recoverable amount.

Radio Jamaica Limited

Notes to the Financial Statements
31 March 2009
(expressed in Jamaican dollars unless otherwise indicated)

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

(b) Key sources of estimation uncertainty (continued)

Recognition of deferred tax assets

Deferred tax assets have not been recognised on tax losses carried forward in respect of certain subsidiaries based on management's expectation that the subsidiaries will not generate enough profits to utilise these tax losses carried forward (Note 16). At 31 March 2009, unrecognised deferred tax assets in respect of tax losses carried forward amounted to $62,233,000.

Unissued shares

Under the agreement for acquisition of the certain subsidiaries in 2007, shares would be issued in the future if certain profit and other targets were met. Management had included these unissued shares in the determination of the purchase consideration, as it believed that it was probable that these targets would be met, and had valued these shares at the published share price at acquisition date.

During the year, management reversed the unissued shares in respect of future profit targets against goodwill as it has determined, based on current information and forecasts, that the profit targets will not be met (Note 24). The value of these shares was $13,750,000.

5. Other Operating Income

	2009 $'000	2008 $'000
Interest income	1,221	6,027
Net foreign exchange gains	8,762	9,579
Unrealised gains/(losses) on revaluation of investment securities classified as financial assets at fair value through profit or loss	3,746	(8,631)
Realised losses on disposal of investment securities classified as financial assets at fair value through profit or loss	(1,004)	-
Gain on disposal of fixed assets	1,457	3,760
Rental income	31,792	19,395
Dividend income	1,184	1,546
	47,158	31,676

Radio Jamaica Limited
Notes to the Financial Statements
31 March 2009
(expressed in Jamaican dollars unless otherwise indicated)

6. Expenses by Nature

Total direct, selling, administration and other operating expenses:

	2009 $'000	2008 $'000
Auditors' remuneration	4,876	4,876
Commissions	138,860	191,755
Depreciation	96,167	87,004
Distribution costs	26,988	13,260
Impairment charge (Note 14)	50,913	-
Insurance	56,680	49,012
Programming expenses	125,490	132,921
Publicity	37,883	40,091
Repairs and maintenance	75,608	74,193
Special events	193,648	108,748
Staff costs (Note 7)	589,389	521,125
Utilities	127,390	111,617
Other	209,126	129,600
	1,733,018	1,464,202

7. Staff Costs

	2009 $'000	2008 $'000
Wages and salaries	480,086	455,970
Statutory contributions	49,938	46,086
Pension benefits (Note 15)	(4,478)	(9,301)
Other retirement benefits (Note 15)	2,113	2,874
Redundancy costs	18,360	-
Other	43,370	25,496
	589,389	521,125

Number of persons employed at the end of the year:

	2009 No.	2008 No.
Full – time	216	228
Part – time	232	255
	448	483

8. Finance Costs

	2009 $'000	2008 $'000
Interest expense -		
Bank borrowings	10,076	11,149
Finance leases	4,320	4,051
Promissory note	2,200	2,200
Other	2,924	3,141
	19,520	20,541

9. Taxation Expense

Taxation is computed on the profit or loss for the year adjusted for tax purposes. The charge for taxation comprises income tax at 33⅓%:

	2009 $'000	2008 $'000
Current tax	13,024	33,164
Adjustment to prior year provision	(93)	(291)
	12,931	32,873
Deferred tax (Note 16)	28,217	(8,880)
	41,148	23,993

Taxation on profit or loss for the year differs from the theoretical amount that would arise using the basic statutory rate of 33⅓%. The reconciliation of the applicable tax charge to the effective tax charge is as follows:

	2009 $'000	2008 $'000
(Loss)/profit before taxation	(98,827)	65,614
Tax calculated at 33⅓%	(32,942)	21,871
Adjusted for the effects of:		
Reversal of previously recognised deferred tax on tax losses carried forward	33,216	-
Tax losses for which no deferred income tax asset was recognised	29,017	-
Impairment charge not deductible for tax purposes	16,971	-
Income not subject to tax	(1,643)	(515)
Expenses not deductible for tax purposes	408	3,044
Adjustment to prior year provision	(93)	(291)
Other	(3,786)	(116)
	41,148	23,993

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2009

(expressed in Jamaican dollars unless otherwise indicated)

10. Net (Loss)/Profit and Retained Earnings Attributable to Stockholders of the Company

(a) The net (loss)/profit attributable to stockholders of the company is dealt with in the financial statements as follows:

	2009 $'000	2008 $'000
The company	60,509	1,134
Less: Dividends received from subsidiary	(78,100)	-
	(17,591)	1,134
The subsidiaries	(111,847)	49,371
	(129,438)	50,505

(b) Retained earnings are dealt with in the financial statements as follows:

	2009 $'000	2008 $'000
The company	290,512	230,006
The subsidiaries	162,348	352,292
	452,860	582,298

11. Ordinary Dividends

On 13 August 2007, an interim dividend of $0.10 on each ordinary stock unit held as at 30 August 2007 was declared and paid on 21 September 2007.

12. Earnings per Ordinary Stock Unit

Basic earnings per stock unit is calculated by dividing the net (loss)/profit attributable to stockholders, net of preference dividends of $Nil (2008 – $3,000), by the weighted average number of ordinary stock units in issue during the year.

	2009	2008
Net (loss)/profit attributable to stockholders $'000, net of preference dividends	(129,438)	50,502
Weighted average number of ordinary stock units in issue ('000)	343,913	343,913
Basic earnings per ordinary stock unit	($0.38)	$0.15

There was no significant dilution of earnings per stock unit resulting from the unissued shares (Note 26).

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2009

(expressed in Jamaican dollars unless otherwise indicated)

13. Fixed Assets

	Freehold Land	Freehold Buildings	Improvements to Leasehold Property	Furniture, Fixtures & Equipment	Motor Vehicles	Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
				2009			
Cost -							
1 April 2008	5,622	313,109	7,995	855,317	57,960	11,060	1,251,063
Additions	-	1,323	8,114	19,120	17,771	89,567	135,895
Disposals	-	-	-	(1,776)	(3,709)	-	(5,485)
Transfers	-	1,667	-	27,903	-	(29,570)	-
31 March 2009	5,622	316,099	16,109	900,564	72,022	71,057	1,381,473
Depreciation -							
1 April 2008	-	44,739	567	445,511	28,845	-	519,662
Charge for the year	-	7,595	517	74,657	13,398	-	96,167
Relieved on disposals	-	-	-	(1,441)	(3,709)	-	(5,150)
31 March 2009	-	52,334	1,084	518,727	38,534	-	610,679
Net Book Value -							
31 March 2009	5,622	263,765	15,025	381,837	33,488	71,057	770,794
				2008			
Cost -							
1 April 2007	4,741	306,260	7,830	779,809	53,359	8,250	1,160,249
Additions	-	1,317	165	45,604	6,483	55,605	109,174
Disposals	-	(1,248)	-	(15,230)	(1,882)	-	(18,360)
Transfers	881	6,780	-	45,134	-	(52,795)	-
31 March 2008	5,622	313,109	7,995	855,317	57,960	11,060	1,251,063
Depreciation -							
1 April 2007	-	37,245	371	382,921	19,632	-	440,169
Charge for the year	-	7,541	196	68,172	11,095	-	87,004
Relieved on disposals	-	(47)	-	(5,582)	(1,882)	-	(7,511)
31 March 2008	-	44,739	567	445,511	28,845	-	519,662
Net Book Value -							
31 March 2008	5,622	268,370	7,428	409,806	29,115	11,060	731,401

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2009

(expressed in Jamaican dollars unless otherwise indicated)

13. Fixed Assets (Continued)

Included in motor vehicles are assets costing approximately $54,717,000 (2008 – $38,263,000) which are being acquired under finance lease arrangements (Note 25), on which depreciation of $30,643,000 (2008 – $20,971,000) has been charged.

Included in additions to furniture, fixtures & equipment are capitalised borrowing costs of $4,218,000.

14. Intangible Assets

Intangible assets in the balance sheet were determined as follows:

	Goodwill $'000	Brands $'000	Total $'000
		2009	
Cost	53,726	50,472	104,198
Accumulated amortisation and impairment	(50,913)	(6,697)	(57,910)
Net book value at 31 March 2009	2,813	43,775	46,588
		2008	
Cost	81,226	50,472	131,698
Accumulated amortisation and impairment	-	(3,827)	(3,827)
Net book value at 31 March 2008	81,226	46,645	127,871

The movement in intangible assets was due to the following:

	Goodwill $'000	Brands $'000	Total $'000
Net book value at 31 March 2007	81,226	49,515	130,741
Amortisation charge	-	(2,870)	(2,870)
Net book value at 31 March 2008	81,226	46,645	127,871
Amortisation charge	-	(2,870)	(2,870)
Adjustment to acquisition cost – Reversal of unissued shares (Note 26)	(27,500)	-	(27,500)
Impairment charge	(50,913)	-	(50,913)
Net book value at 31 March 2009	2,813	43,775	46,588

Amortisation charges are included in administration expenses in the profit and loss account.

14. Intangible Assets (Continued)

Impairment charge

Goodwill is allocated to the group's subsidiaries, which gave rise to such goodwill, as follows:

	2009 $'000	2008 $'000
Reggae Entertainment Television Limited	2,813	52,480
Jamaica News Network Limited	-	28,746
	2,813	81,226

Goodwill was deemed to be impaired based on current and projected losses being experienced by the related subsidiaries. The amount of the goodwill impairment is based on the recoverable amount of the related subsidiary or cash generating unit (CGU). The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated growth rate. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

The key assumptions used for value-in-use calculations were as follows:

- Discount rate – 23.64% (2008 – 15.28%);
- Projected revenue growth rates – 20% in year 2, 30% to 40% in year 3, and 10% to 20% thereafter;
- Projected expense growth rate – 10%;
- Foreign exchange rate – J$100:US$1 for year 1, with an annual depreciation of 5%

The discount rate used is pre-tax and reflects specific risks relating to the respective subsidiaries. The rate was derived by adding a risk factor to the year-end Treasury Bill rate. Management projected the revenue and expense growth rates based on past performance and its expectations of market development. The foreign exchange rates used are based on macroeconomic expectations.

The allocation of the goodwill impairment charged to the profit and loss account during the year was as follows:

	$'000
Reggae Entertainment Television Limited	30,967
Jamaica News Network Limited	19,946
	50,913

Consequent on the recognition of impairment, the group reassessed the amortisation/depreciation policies of the affected subsidiaries' other intangible assets and property, plant and equipment, and determined that their useful lives would not be affected. No other class of asset was deemed to be impaired.

Radio Jamaica Limited
Notes to the Financial Statements
31 March 2009
(expressed in Jamaican dollars unless otherwise indicated)

15. Retirement Benefits

	2009 $'000	2008 $'000
Amounts recognised in the balance sheet –		
Pension schemes	123,020	115,192
Other retirement benefits	(16,746)	(14,633)
Amounts recognised in the profit and loss account –		
Pension schemes	4,478	9,301
Other retirement benefits	(2,113)	(2,874)

Pension schemes

The company operates a defined benefit pension scheme covering all permanent employees of Radio Jamaica Limited and Multi-Media Jamaica Limited. The scheme is managed by an outside agency under a management contract, and by Trustees. The scheme is funded at 13.18% of pensionable salaries, being 5% by members and 8.18% by the group. Effective 1 April 2004, the company was granted a pension contribution holiday which ended on 31 December 2007.

Television Jamaica Limited operates a defined benefit scheme that is open to all its employees. The scheme is managed by an outside agency under a management contract, and by Trustees. The scheme was instituted on 1 July 2000 and is being funded at 9% of pensionable salaries, being 5% by members and 4% by Television Jamaica Limited.

The schemes are valued annually by independent actuaries. The latest actuarial valuation was done as at 31 December 2008.

The amounts recognised in the balance sheet were determined as follows:

	2009 $'000	2008 $'000
Fair value of plan assets	430,119	439,663
Present value of funded obligation	(240,660)	(193,937)
	189,459	245,726
Unrecognised past service cost	(887)	(1,188)
Limitation due to uncertainty of future benefits	(56,050)	(41,348)
Unrecognised actuarial gains	(9,502)	(87,998)
Asset in the balance sheet	123,020	115,192

Radio Jamaica Limited
Notes to the Financial Statements
31 March 2009
(expressed in Jamaican dollars unless otherwise indicated)

15. Retirement Benefits (Continued)

Pension schemes (continued)
The amounts recognised in the profit and loss account were determined as follows:

	2009 $'000	2008 $'000
Current service cost	(13,059)	(11,090)
Interest cost	(26,214)	(23,727)
Employee contributions	12,060	10,343
Expected return on plan assets	44,053	39,721
Past service cost	301	314
Actuarial gains recognised	2,039	1,342
Income not eligible for recognition	(14,702)	(7,602)
Total included in staff costs (Note 7)	4,478	9,301

The movement in the fair value of plan assets was as follows:

	2009 $'000	2008 $'000
Balance at start of year	439,663	395,273
Employee contributions	12,060	10,343
Employer contributions	3,350	3,034
Expected return on plan assets	44,053	39,721
Benefits paid	(10,703)	(7,287)
Actuarial losses	(58,304)	(1,421)
Balance at end of year	430,119	439,663

The actual return on plan assets was $16,845,000 (2008 – $38,300,000).

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

Expected employer contributions to the plan for the year ended 31 March 2010 amount to $13,240,000.

Radio Jamaica Limited
Notes to the Financial Statements
31 March 2009
(expressed in Jamaican dollars unless otherwise indicated)

15. Retirement Benefits (Continued)

Pension schemes (continued)
The distribution of plan assets was as follows:

	2009	2008
	%	%
Equities	13	18
Fixed deposits	6	12
Government of Jamaica securities	44	43
Repurchase agreements	20	15
Leases	1	2
Other	16	10
	100	100

Plan assets include the company's ordinary shares with a fair value of $2,447,000 (2008 - $3,146,000).

The movement in the present value of the funded obligation was as follows:

	2009 $'000	2008 $'000
Balance at start of year	(193,937)	(190,277)
Current service cost	(13,059)	(11,090)
Interest cost	(26,214)	(23,727)
Benefits paid	10,703	7,287
Actuarial gains	(18,153)	23,870
	(240,660)	(193,937)

The five-year trend for the fair value of plan assets, the defined benefit obligation, the surplus in the plan, and experience adjustments for plan assets and liabilities is as follows:

	2009	2008	2007	2006	2005
	$'000	$'000	$'000	$'000	$'000
Fair value of plan assets	430,119	439,663	395,273	346,342	303,526
Defined benefit obligation	(240,660)	(193,937)	(190,277)	(162,326)	(158,210)
Surplus	189,459	245,726	204,996	184,016	145,316
Experience adjustments –					
Fair value of plan assets	(58,304)	(3,533)	7,354	7,010	22,360
Defined benefit obligation	(52,058)	(3,695)	(2,255)	(22,292)	28,742

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2009

(expressed in Jamaican dollars unless otherwise indicated)

15. Retirement Benefits (Continued)

Other retirement benefits

In addition to pension benefits, the group offers retiree medical and life insurance benefits that contribute to the health care and life insurance coverage of employees after retirement. The method of accounting and frequency of valuations are similar to those used for defined benefit pension schemes.

The amounts recognised in the balance sheet were determined as follows:

	2009 $'000	2008 $'000
Present value of unfunded obligations	9,710	12,892
Unrecognised past service cost	278	414
Unrecognised actuarial losses	6,758	1,327
Liabilities in the balance sheet	16,746	14,633

The amounts recognised in the profit and loss account were as follows:

	2009 $'000	2008 $'000
Current service cost	488	956
Interest cost	1,772	1,913
Past service cost	(12)	(135)
Actuarial (gains)/losses recognised	(135)	140
Total included in staff costs (Note 7)	2,113	2,874

The movement in the present value of unfunded obligations was as follows:

	2009 $'000	2008 $'000
Balance at start of year	12,892	14,775
Current service cost	986	1,383
Interest cost	1,772	1,913
Benefits paid	(498)	(427)
Actuarial gains on obligation	(5,442)	(4,752)
Balance at end of year	9,710	12,892

Radio Jamaica Limited

Notes to the Financial Statements
31 March 2009
(expressed in Jamaican dollars unless otherwise indicated)

15. Retirement Benefits (Continued)

Other retirement benefits (continued)
The effects of a 1% movement in the assumed medical cost trend rate were as follows:

	Increase $'000	Decrease $'000
Effect on the aggregate of the current service cost and interest cost	683	505
Effect on the defined benefit obligation	1,433	1,142

The five-year trend for the defined benefit obligation and experience adjustments is as follows:

	2009 $'000	2008 $'000	2007 $'000	2006 $'000	2005 $'000
Defined benefit obligation	9,710	12,892	14,775	10,298	10,599
Experience adjustments	(223)	(2,383)	2,110	(2,327)	441

Principal actuarial assumptions used in valuing retirement benefits
The principal actuarial assumptions used were as follows:

	2009	2008
Discount rate	16.00%	13.00%
Expected return on plan assets	11.00%	10.00%
Inflation rate	10.00%	9.25%
Future salary increases	12.00%	9.00%
Future pension increases	10.00%	2.50%
Long term increase in health costs	10.50%	10.50%
Expected remaining working lives (years)	22.5	21.5

Radio Jamaica Limited
Notes to the Financial Statements
31 March 2009
(expressed in Jamaican dollars unless otherwise indicated)

16. Deferred Taxation

Deferred income taxes are calculated in full on all temporary differences under the liability method using a principal rate of 33⅓%.

	2009 $'000	2008 $'000
Deferred income tax assets	3,175	36,432
Deferred income tax liabilities	(84,387)	(89,427)
	(81,212)	(52,995)

The movement on the deferred income tax account is as follows:

	2009 $'000	2008 $'000
Balance as at 1 April	(52,995)	(61,875)
(Charged)/credited to profit and loss account	(28,217)	8,880
Balance as at 31 March	(81,212)	(52,995)

Deferred tax is due to the following temporary differences (prior to appropriate offsetting of balances):

	2009 $'000	2008 $'000
Deferred income tax assets -		
Accrued vacation	7,470	7,654
Finance lease obligation	7,387	4,804
Retirement benefit obligations	5,582	4,878
Tax losses carried forward	21,158	42,045
	41,597	59,381
Deferred income tax liabilities -		
Accelerated tax depreciation	81,772	73,349
Interest receivable	-	2
Retirement benefit asset	41,007	38,266
Unrealised foreign exchange gains	30	759
	122,809	112,376

Radio Jamaica Limited

Notes to the Financial Statements
31 March 2009
(expressed in Jamaican dollars unless otherwise indicated)

16. Deferred Taxation (Continued)

Deferred income tax assets and liabilities (prior to appropriate offsetting of balances) include the following amounts which are expected to be recovered/settled within one year:

	2009 $'000	2008 $'000
Deferred income tax assets	10,132	9,878
Deferred income tax liabilities	30	761

The deferred tax credited in the profit and loss account comprises the following temporary differences:

	2009 $'000	2008 $'000
Accelerated tax depreciation	(8,423)	(10,125)
Pension and other retirement benefits	(2,037)	(3,022)
Tax losses carried forward	(20,887)	22,488
Accrued vacation	(184)	773
Finance lease obligation	2,583	(1,220)
Other	731	(14)
	(28,217)	8,880

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. Subject to agreement with the Taxpayer Audit and Assessment Department, tax losses available for offset against future taxable profits amounted to $250,174,000 (2008 – $126,135,000), and these losses may be carried forward indefinitely.

Deferred income tax assets have not been recognised for tax losses carried forward in respect of certain subsidiaries. These tax losses amounted to $186,699,000 (2008 – $Nil).

Deferred income taxes liabilities have not been provided for withholding and other taxes that would be payable on the undistributed earnings of subsidiaries to the extent that such earnings are permanently reinvested. Such undistributed earnings totalled $272,877,000 (2008 – $302,773,000).

17. Long Term Receivables

	2009 $'000	2008 $'000
GV Media Group Limited	25,038	25,038
Less: Provision for impairment	(25,038)	(25,038)
	-	-

On 25 April 2005, the company acquired 20% of the share capital of Gleaner UK Limited, subsequently named GV Media Group Limited, at a cost of £222,762 plus pre-acquisition costs and professional fees of £56,000. The terms of the investment also included the participation by the company in loans to GV Media Group Limited, on a pro-rata basis with The Gleaner Jamaica Limited, the other shareholder, for the acquisition and financing of the reorganisation of The Voice Group Limited, a subsidiary acquired by GV Media Group Limited during 2004. The company had, on that basis, contributed £769,000 up to 31 March 2007.

Management assessed the investment as at 31 March 2007, and determined that the investment was fully impaired as at that date. This determination was made against the background of the associate making losses and being projected to continue making losses.

In a revised shareholders' deed dated 1 December 2007, the company disposed of its shareholding in GV Media Group Limited. The major effects of the revised deed were as follows:

(a) The Gleaner Jamaica Limited purchased Radio Jamaica Limited's 20% shareholding for £1.00;
(b) Of the additional contribution of £769,000, £590,000 was forgiven and the remaining £179,000 will remain as an unsecured loan ('Layer One Debt') from GV Media Group Limited; and
(c) The Managing Director of Radio Jamaica Limited will continue as a member of the Board of GV Media Group Limited.

The resulting long term receivable of £179,000 is deemed fully impaired and carried at a nil value in the financial statements. No foreign exchange gains have been recognised in respect of this receivable since the date of impairment.

18. Investment Securities

	2009 $'000	2008 $'000
At fair value through profit or loss –		
One Caribbean Media Limited, quoted	11,879	37,605
Available-for-sale –		
Caribbean News Agency, unquoted	7	7
	11,886	37,612

19. Inventories

	2009 $'000	2008 $'000
Spares	27,849	28,516
Film	23,643	25,840
Goods in transit	3,409	6,618
Other	1,935	2,759
	56,836	63,733

20. Receivables

	2009 $'000	2008 $'000
Trade receivables	267,263	272,326
Less: Provision for impairment	(23,699)	(21,819)
	243,564	250,507
Prepayments	18,582	46,232
Other	29,584	25,910
	291,730	322,649

21. Cash and Cash Equivalents

	2009 $'000	2008 $'000
Cash	13,970	6,121
Short term investments	-	3,349
	13,970	9,470
Bank overdraft	-	(1,410)
	13,970	8,060

(a) Cash comprises amounts held in current accounts, which currently attract interest at a rate of 3%.

(b) Short term investments comprise securities purchased under resale agreements and are classified as financial assets at fair value through the profit and loss account. The average maturity of these investments was under 90 days. The weighted average effective interest rate on these instruments was as follows:

	2009 %	2008 %
Pound sterling	-	4.30
Jamaican dollar	-	11.75

(c) The group has unsecured bank overdraft facilities. The effective interest rate on account overrun is 37%.

Radio Jamaica Limited

Notes to the Financial Statements
31 March 2009
(expressed in Jamaican dollars unless otherwise indicated)

22. Payables

	2009 $'000	2008 $'000
Trade	61,056	51,261
Accruals	22,792	14,909
Accrued vacation leave	23,663	22,962
Current portion of finance lease obligations	7,985	6,673
Current portion of long term loans	26,539	25,042
Statutory deductions	17,969	11,303
Other	31,074	28,491
	191,078	160,641

23. Share Capital

Authorised –

50,000 5% Cumulative participating preference shares

378,000,000 Ordinary shares

	2009 $'000	2008 $'000
Issued and fully paid –		
Nil (2007 – 10,000) 5% Cumulative participating preference shares	-	20
351,976,991 Ordinary shares of no par value	445,195	445,195
	445,195	445,215
Treasury shares – 8,064,100 Ordinary shares of no par value	(5,039)	(5,039)
	440,156	440,176

During the year, the company redeemed the cumulative participating preference shares at their original par value of $2, plus accrued interest.

The treasury shares are held by the RJR Employee Share Scheme. The scheme is inactive, there having been no transactions for several years. There are no outstanding share options arising from the provisions of this scheme.

Radio Jamaica Limited

Notes to the Financial Statements
31 March 2009
(expressed in Jamaican dollars unless otherwise indicated)

24. Unissued Shares

Under the agreement for acquisition of the subsidiaries in 2007, 11,000,000 shares would have been issued to the vendors if certain profit and other targets of the acquired subsidiaries were met. Management recognised these unissued shares in the determination of the purchase consideration for the acquisition, as it believed that it was probable that these targets would have been met, and had valued these shares at the published share price at acquisition date of $5.00 per share.

During the year, 2,750,000 shares were written back as the subsidiaries did not achieve certain profit targets, and a further 2,750,000 were written back as the subsidiaries are not expected to meet future profit targets. The remaining 5,500,000 shares are due to be issued to the vendors on the agreed date of 1 December 2009.

The unissued shares were reversed against goodwill as follows:

	$'000
Reggae Entertainment Television Limited	18,700
Jamaica News Network Limited	8,800
	27,500

25. Finance Lease Obligations

The group entered into finance lease arrangements with the Staff Pension Scheme of Radio Jamaica Limited for the acquisition of motor vehicles (Note 13). The group's obligations under these leases have been recorded at amounts equal to the value of future lease payments using interest rates implicit in the leases. The effective interest rate on the leases was 25% (2008 – 25%). The amounts recognised in the balance sheet were determined as follows:

	2009	**2008**
	$'000	**$'000**
Outstanding obligations under finance leases	30,663	18,607
Less: Future finance charges	(8,056)	(4,195)
Present value of minimum lease payments	22,607	14,412
Less: Current portion	(7,985)	(6,673)
	14,622	7,739

Radio Jamaica Limited

Notes to the Financial Statements
31 March 2009
(expressed in Jamaican dollars unless otherwise indicated)

26. Long Term Loans

	2009 $'000	2008 $'000
(a) The Jamaica Broadcasting Corporation	22,000	22,000
(b) RBTT Bank Jamaica Limited	10,746	32,239
(c) RBTT Bank Jamaica Limited	27,508	31,057
(d) RBTT Bank Jamaica Limited	51,014	-
	111,268	85,296
Current portion	(26,539)	(25,042)
	84,729	60,254

(a) This represents a promissory note issued to The Jamaica Broadcasting Corporation on 21 November 2003, which will mature on 30 April 2013. The note attracts interest at a rate of 10% per annum computed from the date of the note to the date of maturity, such interest to be paid semi-annually.

(b) This loan was obtained to finance the purchase of studio equipment for Television Jamaica Limited, and represents the balance owing on amounts drawn down from a Development Bank of Jamaica Limited Sub-Loan facility. The loan is repayable on a monthly basis, maturing in May 2009 and attracts interest at 13%. It is secured by a first mortgage over commercial properties owned by the company.

(c) This loan was obtained to finance the acquisition of Reggae Entertainment Television Limited and Jamaica News Network Limited in 2007. The loan is repayable on a monthly basis, maturing in December 2016 and attracts interest at 16.5%. It is secured by a second mortgage over commercial properties owned by the company.

(d) This loan was obtained to finance the purchase of an outside broadcast unit and other equipment for Television Jamaica Limited, and represents the balance owing on amounts drawn down from a Development Bank of Jamaica Limited Sub-Loan facility. The loan is repayable on a monthly basis, maturing in April 2013 and attracts interest at 13%. It is secured by a first mortgage over commercial properties owned by the company.

27. Statement of Cash Flows

The principal non-cash transaction for the year ended 31 March 2009 was the acquisition of fixed assets amounting to $17,609,000 (2008 – $5,157,000) under finance lease arrangements entered into during the year.

Radio Jamaica Limited

28. Related Party Transactions

(a) During the year, the group purchased fixed assets valuing $205,000 (2008 – $487,000) and stationery and computer spares valuing $1,335,000 (2008 – $896,000) from an entity owned by one of the company's directors. There were no amounts owing at year end in respect of these transactions. These items were purchased on similar terms and conditions as those purchased by unconnected parties.

(b) Included in payables is $2,638,000 (2008 – $2,638,000) owing by a subsidiary to a shareholder of the company. This shareholder is also an employee of the subsidiary. The amount is interest-free and there are no fixed repayment terms.

(c) Key management compensation for the group was as follows:

	2009 $'000	2008 $'000
Wages and salaries	49,760	43,886
Statutory contributions	2,891	2,687
Other	1,176	1,176
	53,827	47,749

	2009 $'000	2008 $'000
Directors' emoluments –		
Fees	1,204	1,179
Management remuneration (included in staff costs)	24,594	26,953

29. Contingencies

The company and its subsidiaries are subject to various claims, disputes and legal proceedings, in the normal course of business. Provision is made for such matters when, in the opinion of management and its legal counsel, it is probable that a payment will be made by the group, and the amount can be reasonably estimated. In respect of claims asserted against the group which have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the group which is immaterial to both financial position and results of operations.

30. Capital Commitments

At 31 March 2009, management approved capital expenditure of US$86,000 for the acquisition of computer software for the group.