

Radio Jamaica Limited
Report to stockholders.

The directors present the audited results of the group for the year ended March 31, 2010.

The group recorded pre-tax profits of \$391 million for the year compared to a loss of \$99 million in the previous year.

This performance reflected an improvement over prior year by \$490 million primarily due to a 24% growth in revenue as a result of heightened sponsorships and advertising activity, led by the telecommunications sector and non recurring impairment and special expenditure brought to account last year. Of the overall 24% increase in revenues, 13% was attributable to the telecommunications sector.

Cost of Sales decreased by \$81 million or 12% due to the reduction of production costs and broadcast rights which were incurred in relation to one off events in prior year for the Olympics and World Cup Football Qualifiers. As a result of the absence of these events this year, gross profit margin increased from to 57% to 70%.

Expenses for the year of \$1,048 million, exceeded prior year (*excluding impairment & special expenditure*) by 3% due to increased Distribution expenses less declines in Administration and Operating expenses.

Distribution expenses surpassed prior year by \$92 million or 32% due to increased commissions which naturally occurred as a consequence of higher revenues and collections.

Significant reductions were recorded in the areas of administrative and operating expenses and were due partly to savings realized in staff costs from the redundancy and restructuring exercises undertaken in prior year.

An operating profit of \$413 million was recorded for the year under review, compared to a loss of \$79 million the previous year. Finance costs increased marginally by \$3m or 15% due to additional bank borrowings and insurance premium financed during the year.

The profit after tax amounted to \$222 million compared to a net loss of \$140 million the previous year. As a result of the increase in taxable profits, the current tax charge increased by \$128 million.

Cash and short term investments increased by \$227 million over prior year as a result of efficient treasury management.

Shareholders' Equity of \$1,124 million increased from \$920 million last year, an increase of 22% and is due to the net of profits earned for the financial year and declared dividends amounting to \$18 million.

Also, during the year, unissued shares which were part of the purchase consideration for the acquisition of two cable entities were issued to the minority shareholders in the subsidiaries. In the process, the two cable subsidiaries are now wholly owned by the Group.

Long term loans decreased by \$16 million due primarily to the obligation discharged in relation to the financing of the studio equipment for Television Jamaica Limited. The net effect of the above (shareholders' equity & long term loans) resulted in an increase of \$204M in net worth. The group's earnings per share of 64 cents represents an increase over prior year by \$1.02.