

RADIO JAMAICA LIMITED

RJR

COMMUNICATIONS GROUP

Reaching you in every way!

62ND ANNUAL REPORT
2009-2010



BUILDING ON OUR
STRENGTHS

Mission Statement

To be the most trusted broadcast medium by having a commitment to truth, accuracy and fairness

To inform, educate and entertain audiences with credible, balanced and innovative programming supported by nationwide coverage, and a skilled and motivated workforce

To further provide advertisers with quality service and a cost-effective medium, thus enhancing our competitive advantage and ensuring profitability.



BROADCASTING HOUSE

32 Lyndhurst Road, | P.O. Box 23, Kingston 5, Jamaica | Telephone: (876)926-1100-9
Fax: (876) 929-7467 | Fax: (876) 929 6862 (News) | (876) 968 4283 (Marketing)

WEBSITES

rjrgroup.com | rjrnewsonline.com | rjr94fm.com | fame95fm.com | radiohitz92fm.com
televisionjamaica.com | multimediajamaica.com | jamaicanewsnetwork.com
reggaetelevision.com

EMAIL

contact@rjrnewsonline.com | advertising@rjrnewsonline.com

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Directors and Corporate Data

DIRECTORS

Chairman

J.A. Lester Spaulding, C.D., J.P. – Chairman

Executive

Gary Allen, J.P. – Managing Director

Non-Executive

Carl Domville, B.Sc. (Hons), F.C.C.A., F.C.A.

Karl L. Lewin, B.Sc., M.B.A.

Holford Plummer

Patricia Robinson, O.D, J.P.

Milton J. Samuda, LL.B.

Ian Neita, B.Sc., M.B.A.

Glenworth Francis, B.Sc., E.M.B.A.

SECRETARY

Stephen Greig, LL.B.

SENIOR MANAGEMENT GROUP

Gary Allen, J.P. – Managing Director

Stephen Greig, LL.B. – Company Secretary/Attorney-at-Law

Gary Cole – Director of Marketing

Andrea Wilson-Messam, F.C.C.A., F.C.A. – Director of Finance

Kay M. Osborne, B. Phil. Comm. (Summa cum laude), M.B.A. International Business
– General Manager, Television Jamaica and TVJ Sports Network.

Francois St. Juste, B.Sc. (Hons.) – General Manager, Radio Services

Maurice Miller, B.Sc., M.Sc, Dip. B.A. - General Manager - Information and
Multimedia Technologies

Yvonne Wilks, Dip. Cam, B.A. (Hons) – General Manager, Corporate and Public
Relations

GROUP OFFICERS

Carroll Lawrence – Group Engineering Manager

Marcha Christie. Dip. Bus. Admin., A.C.C.A., – Group Financial Controller

Milton Walker, B.A. – Group Head of News & Sports

Tanya Smith, B.Sc, Dip. Insurance, M.B.A. (HRM) - Group Human Resource and
Administration

TELEVISION OPERATIONS

Trevor Johnson, E.M.B.A. – General Manager Cable & Outside Broadcast Production Manager
Claudette Robinson, B.A. – Studio Production Manager
Denzie Stephenson-Miller, B.A., M.A. – Programmes Manager

SUBSIDIARIES

Television Jamaica Limited

Milton Samuda, LL.B. – Chairman
Karl Lewin, B.Sc., M.B.A. – Deputy Chairman
J.A. Lester Spaulding, C.D., J.P. – Director
Patricia Robinson, O.D., J.P. – Director
Gary Allen, J.P. – Director
Stephen Greig, LL.B. – Company Secretary

Multi-Media Jamaica Limited

Gary Allen, J.P. – Chairman
J.A. Lester Spaulding, C.D., J.P. – Director
Richard McCreath – Director
Rupert Hartley – Director
Andrea Wilson-Messam - F.C.C.A., F.C.A. – Director of Finance
Carlette DeLeon (Appointed April 28, 2010)
Stephen Greig, LL.B. – Director/
Company Secretary

AUDITORS

PricewaterhouseCoopers

REGISTRAR AND TRANSFER AGENTS

Jamaica Central Securities Depository
40 Harbour Street, Kingston

BANKERS

First Global Bank
National Commercial
Bank Jamaica Limited
RBTT Bank Jamaica

Reggae Entertainment Television Limited

Ian Neita, B.Sc., M.B.A. – Chairman
J.A. Lester Spaulding, C.D., J.P. – Director
Gary Allen, J.P. – Director
Dennis Howard, Dip. Mas. Comm., B.A. Hons. (Appointed June 1, 2010)
Sonia Gill, A.A.A., B.A, LL.B, M.Phil (Appointed June 1, 2010)
Kay M. Osborne, B. Phil. Comm. (Summa cum laude), M.B.A. International Business - Director (Appointed June 1, 2010)
Stephen Greig, LL.B. – Company Secretary

Jamaica News Network Limited

Ian Neita, B. Sc., M.B.A. - Chairman
Gary Allen, J.P. – Director
J.A. Lester Spaulding, C.D., J.P. – Director
Dennis Howard, Dip. Mas. Comm., B.A. Hons. (Appointed June 1, 2010)
Sonia Gill, A.A.A., B.A, LL.B, M.Phil (Appointed June 1, 2010)
Kay M. Osborne, B. Phil. Comm. (Summa cum laude), M.B.A. International Business - Director (Appointed June 1, 2010)
Stephen Greig, LL.B. – Company Secretary

REGISTERED OFFICE

Broadcasting House
32 Lyndhurst Road
Kingston 5, Jamaica W.I.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Sixty-Second Annual General Meeting of Radio Jamaica Limited will be held at the Wyndham Kingston Hotel, 77 Knutsford Boulevard, Kingston 5, on Wednesday, October 20, 2010 commencing at 10:00 a.m. for the following purposes:

1. To receive the Accounts for the year ended March 31, 2010 and the reports of the Directors and Auditors thereon.

To consider and (if thought fit) pass the following Resolution:

"THAT the Audited Accounts for the year ended March 31, 2010 together with the Reports of the Directors and Auditors thereon be and are hereby adopted and that the interim dividend of 5 cents (5¢) on each ordinary stock paid on November 19, 2009 to shareholders on record at the close of business on November 11, 2009 be declared final and that no further dividend be paid in respect of the year under review."

2. To elect Directors:

(a) Pursuant to Article 90 of the Company's Articles of Incorporation, the retiring Directors all of whom are eligible for re-election are:

Patricia Robinson, Karl Lewin and Holford Plummer

To consider and (if thought fit) pass the following Resolutions:

(i) "THAT retiring director Patricia Robinson be and is hereby elected a director of the company".

(ii) "THAT retiring director Karl Lewin be and is hereby elected a director of the company".

(iii) "THAT retiring director Holford Plummer be and is hereby elected a director of the company".

3. Pursuant to Article 98 of the Company's Articles of Incorporation, the retiring Directors all of whom are eligible for re-election are:

J.A. Lester Spaulding, Glenworth Francis and Milton Samuda

To consider and (if thought fit) pass the following Resolutions:

(i) "THAT retiring director J.A. Lester Spaulding be and is hereby elected a director of the company".

(ii) "THAT retiring director Glenworth Francis be and is hereby elected a director of the company".

(iii) "THAT retiring director Milton Samuda be and is hereby elected a director of the company".

4. To re-appoint the Auditors and to authorize the Directors to fix their remuneration.

To consider and (if thought fit) pass the following Resolution:

"THAT Messrs PricewaterhouseCoopers having agreed to continue in office as Auditors, the Directors be and are hereby authorized to agree to their remuneration in respect of the period ending with the conclusion of the next Annual General Meeting."

A member entitled to attend and vote at this meeting may appoint another person as his proxy to attend and vote instead of him and such proxy need not be a member of the company. An appropriate form of proxy is enclosed.

Dated this 25th day of August 2010

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'Stephen Greig', written over a circular stamp or seal.

Stephen Greig, LL.B.
SECRETARY

Broadcasting House
32 Lyndhurst Road
Kingston 5,
JAMAICA, W.I.

REAL JAMAICAN RADIO

POWER
ON/
STAND-BY

Would you believe it,
if you heard it any
where else?...

01 02

RJR 94.5 FM!!

INT'L
NEWS

LOCAL
NEWS

SPORTS

TODAY'S
NEWS

AM/PM

OPEN/
CLOSE

DISC

A PUSH EJECT



TRUTH • ACCURACY • SERVICE

Shareholders as at March 31, 2010

TEN LARGEST

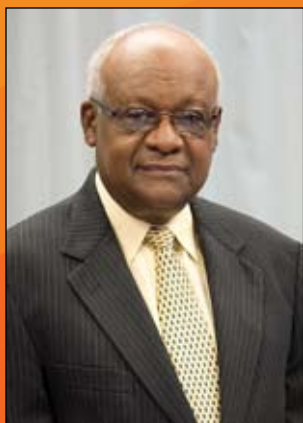
		<u>No. of Units</u>
1.	PAM/JPS Employees Superannuation Fund	29,863,401
2.	NCB Jamaica Limited	28,064,400
3.	Ideal Portfolio Services	28,022,945
4.	Grace Kennedy & Co. Ltd. Pension Scheme	26,757,994
5.	Trading Account – Pooled Equity Fund No. 1	19,465,023
6.	Jamaica Co-operative Credit Union League	13,674,833
7.	Gleaner Pension Scheme	9,900,000
8.	King Alarm Systems	9,322,401
9.	Hopeton Caven (Trade Union Congress)	8,403,994
10.	Jamaica Development Bank	8,140,213

DIRECTORS

1.	J.A. Lester Spaulding	7,870,350
2.	Carl Domville	317,607
3.	Karl Lewin	38,893
	* Connected party	<u>271,998</u>
4.	Holford Plummer	310,891
5.	Ione Patricia Robinson	300,000
6.	Milton Samuda	20,398
7.	Ian Neita	31,150
8.	Glenworth Francis	Nil
9.	Gary Allen	3,000
		5,000

SENIOR MANAGEMENT

1.	Gary Allen	5,000
2.	Gary Cole	Nil
3.	Stephen Greig	Nil
4.	Francois St. Juste	350,000
5.	Yvonne Wilks	354,742
6.	Kay M. Osborne	Nil
7.	Andrea Messam	Nil



**J.A. Lester Spaulding, C.D., J.P. –
Chairman**



**Gary Allen, J.P.
Managing Director**



**Carl Domville, B.Sc. (Hons.),
F.C.C.A., F.C.A**



Karl L. Lewin, B.Sc., M.B.A.



Holford Plummer



Patricia Robinson, O.D., J.P.



Milton J. Samuda, LL. B.



Ian Neita, B.Sc., M.B.A



Glenworth Francis, B.Sc., E.M.B.A.

Radio Jamaica Limited Director's Profiles

J.A. LESTER SPAULDING, C.D., J.P.

(Appointed Director since 1978, Chairman, 1994) Mr. Spaulding serves as a director on four subsidiary boards in the Group, as a board member of Caribbean Media Corporation, Caribbean News Agency (CANA), National Crime Prevention Fund (CRIMESTOP), PALS Jamaica Limited, Guardsman Communications Limited, Private Security Regulations Authority (PSRA), Caribbean Community of Retired Persons, JN Money Services Limited and GV Media Group in London. He is 1st Vice president of St. Andrew Justice of the Peace and Lay Magistrates Association, Chairman of the Board of Directors of Scottish Masonic Association.

GARY ALLEN, J.P. Deputy Managing Director (Appointed June 2006) Managing Director (October 1, 2008). Mr. Allen is a career journalist and media manager with experience in local, regional and international media. He has served RJR as a journalist for six years and now in a management capacity for six years. At the regional level he served the Caribbean Broadcasting Union, (CBU), the Caribbean News Agency, (CANA) and the Caribbean Media Corporation (CMC). At CMC he rose to the position of Chief Operating Officer, profitably managing many media projects such as the Olympic Games in Australia and Greece. He is a graduate of the Caribbean Institute of Media and Communications (CARIMAC) at the UWI, is the current chairman of the Media Association Jamaica Limited and also Chairman of the Jamaica Debates Commission. He is also a director of the CBU.

CARL DOMVILLE, B.Sc. (Hons.), F.C.C.A., F.C.A.

(Appointed June 1990) Mr. Domville is the Chief Operating Officer and Group Treasurer of the Seprod Group of Companies. He serves on the Board of Directors of Barita Investments Limited, Golden Grove Sugar Co. Ltd., United Way of Jamaica and is a Trustee of the Superannuation Fund for Employees of Seprod Ltd. and Approved Organizations.

KARL LEWIN, B.Sc. M.B.A., (Appointed July 1992) Mr. Lewin is the Managing Director of Barita Unit Trust Management Company Limited. He is also a member of the Board of Directors of Barita Portfolio Services Limited and Barita Investments Limited.

HOLFORD PLUMMER (Appointed October 1989). Mr. Plummer retired from Radio Jamaica in January 2006 after 50 years of service. During his tenure Mr. Plummer served as Programmes Manager for RJR 94FM and Facilities Manager.

PATRICIA ROBINSON, O.D., J.P. (Appointed December 1985) Mrs. Robinson is a Director of the Grace and Staff Community Development Foundation, United Way of Jamaica and the Luis Fred Kennedy Environmental Foundation. She is also a member of the Board of Governors of the G. C. Foster College of Physical Education, Vice Chairman of St. Hugh's High School and Titchfield High School.

MILTON SAMUDA, LL.B. (Appointed January 1996) Mr. Samuda is an Attorney-at-Law and Managing Partner of the law firm Samuda & Johnson. He is Chairman of Television Jamaica Limited (TVJ), President of the Jamaica Chamber of Commerce, Chairman of the Institute of Law and Economics, Chairman of Sabina Park Holdings Limited, Deputy Chairman of the Technology Innovation Centre of UTECH, a Director of Berger Paints Jamaica Limited, the Jamaica Tourist Board, the Jamaica Intellectual Property Office, a member of the Competent Authority of the UK-Jamaica Co-Production Film Treaty, the Government's International Finance Centre Advisory Committee and of the Advisory Board of the Spanish Jamaica Foundation and is that Foundation's Secretary. He is Chairman of the Wolmer's Trust and a member of the Board of Management of the Wolmer's Trust Schools.

IAN NEITA, B.Sc., M.B.A. (Appointed April 2006) Mr. Neita is the Executive Director of the Tourism Enhancement Fund. He serves as Chairman for Jamaica News Network (JNN) as well as RE-TV. He is a Director of Paymaster Limited and is a member of the Board of Management of the Wolmer's Trust Schools.

GLENWORTH FRANCIS, E.M.B.A., B.Sc.

(Appointed April 2006) Mr. Francis is the General Manager of the Jamaica Co-operative Credit Union League. He serves as Chairman of the Board of J.E.T.S. Limited, operator of the Multi Link debit card network and on the Board of Credit Union Fund Management Company Ltd.

Chairman's Statement



RJR recorded outstanding financial success in 2010. In so doing, the company kept pace with leading progressive private sector companies that, refusing to respond to the US economic meltdown of 2008 by contracting, aggressively pursued expansion through development of new products. The company benefitted through increased advertising activity from the new products that were launched, as well as from the initiatives in the telecoms industry.

We are pleased to report that restructuring measures which the company took at the end of 2009 poised it to take advantage of fast-moving opportunities in 2010. Our stronger group provided the most strategic and advantageous one-stop shop for advertisers, as they fought to retain and gain market share. The company's own powerful market position and its superior brand diversity served as advantages within a stressed economy, marked by consumers' decreased discretionary income.

The strengthened corporate governance practices continue, with the Board-appointed Audit Committee discharging its duties effectively last

year. Meeting quarterly, committee members Carl Domville, Karl Lewin, Glenworth Francis and auditors Ernst & Young examined systems, policies and operations and received management feedback on audit issues. The decisions they took strengthened the company's operations.

Quality and timeliness of information on financial results and key performance drivers that the company provided to stakeholders are at the heart of the strategic oversight, which our board of directors gave. In a small and competitive market, to employ such a strategy necessitates a balancing act between the need to keep shareholders materially informed both qualitatively and quantitatively, while exercising caution in disclosing observations and trends that may reveal future goals, and thereby impact the results of privately owned competitors, who are themselves under no obligation to reveal anything about their operations, not least of which, historical data. RJR, in its own operations, placed great emphasis on transparently reporting on past performance, the strength of its market positioning, and appointment of managers with responsibility for delivery of results within the requirements of good governance practices, and in furtherance of shareholder value.

RJR welcomes the Government's desire to make meaningful changes in our economic environment, as evidenced by the February 2010 Jamaican dollar exchange debt swap programme, as well as successful completion of an IMF agreement. These set the stage for a more stable economic environment that will facilitate growth.

However, the electronic media industry appears to be headed for regulatory turbulence, as Government has stated its intention to impact fundamental formats of most current commercial licencees, by mandating changes in its use of airtime allotments. This must be resisted as commercial viability could be at stake.

A handwritten signature in black ink, appearing to read 'J. A. Lester Spaulding'.

J. A. Lester Spaulding, C.D, J.P

Managing Director's Statement



Last year saw a successful response to the challenging economic environment and some positive market activities helping the company to record pre-tax profit of \$390.9M and a net profit of \$221.6M. The company started the year having just completed a re-structuring exercise which was neither easy nor pleasant, but was necessary.

Those decisions helped reduce pre-tax expenses by \$128.2M in the previous year. Our staff and managers who also agreed to forego salary increases, are fully appreciated for the sacrifice made at that difficult time.

During the period, strong programming led to positive audience share results for radio and dominant results for television. When combined with solid selling and promotional strategies, the group was most attractive to advertisers. Hence, when the boom came in the telecommunications sector, strong revenues were secured, leading to income growth by \$389.2M.

These activities were underpinned by strategically important decisions, including the changing of our commercial traffic and accounting systems and the implementation of customer service training and project efficiency approaches.

Prudent treasury management by our finance team has ensured a solid base from which to approach several ongoing challenges and those on the horizon. With the country moving towards a mandatory digital standard, there are imminent investment decisions for the company. Additionally, with the government moving towards regulatory fees, licensing charges, spectrum usage fees and other charges on media, the company must prepare for a more hostile operating environment.

The impact of the increased transportation, energy, electricity, insurance, training and staff costs is a threat the company currently faces. So while we have seen a return to profitability for our radio and multimedia services, the position is fragile and must be supported by continuous management review and changes, especially in our cable division where there are additional challenge. Our medium term plan is, therefore, not only based on what happens in Jamaica, but also globally.

Last year the management received support and encouragement from stakeholders including our Boards, staff members, clients, service providers, advertising agencies and shareholders. On behalf of the management team I thank them all and commit to continued diligence to improve shareholder and stakeholder value in the future.

A handwritten signature in black ink, appearing to read 'G Allen'.

Gary Allen, J.P.

Senior Management Group



GARY ALLEN
MANAGING DIRECTOR



ANDREA WILSON-MESSAM
DIRECTOR OF FINANCE



GARY COLE
DIRECTOR OF MARKETING



KAY M. OSBORNE
GENERAL MANAGER,
TELEVISION JAMAICA AND
TELEVISION JAMAICA SPORTS
NETWORK.



FRANCOIS ST JUSTE
GENERAL MANAGER
RADIO SERVICES



YVONNE WILKS
GENERAL MANAGER
CORPORATE AND PUBLIC
RELATIONS



MAURICE MILLER
GENERAL MANAGER
INFORMATION & MULTIMEDIA
TECHNOLOGIES



STEPHEN GREIG
COMPANY SECRETARY/
ATTORNEY-AT-LAW



CARROLL LAWRENCE
GROUP ENGINEERING
MANAGER



MARCHA CHRISTIE
GROUP FINANCIAL
CONTROLLER



MILTON WALKER
GROUP HEAD OF NEWS &
SPORTS



TANYA SMITH
GROUP HUMAN RESOURCE &
ADMINISTRATION MANAGER

Directors' Report

The Sixty-Second Annual Report of Radio Jamaica Limited.

The Directors are pleased to present their report for the financial year ended 2010 March 31.

Financial Results

	\$'000
Profit /(Loss) before Taxation	390,966
Taxation	<u>(169,345)</u>
Net Profit/(Loss)	221,621
Retained earnings at beginning of the year	452,860
Retained earnings at the end of the year	656,882

The Directors as at March 31, 2010 were as follows:

J.A. Lester Spaulding, C.D., J.P. – Chairman
Gary Allen, J.P.
Carl Domville, B.Sc. (Hons.), F.C.C.A., F.C.A.
Karl L. Lewin, B.Sc., M.B.A.
Holford Plummer

Patricia Robinson, O.D., J.P.
Milton J. Samuda, LL. B.
Ian Neita, B.Sc., M.B.A.
Glenworth Francis, B.Sc., E.M.B.A.

In accordance with Article 90 of the Company's Articles of Incorporation, Mrs. Patricia Robinson, Mr. Karl Lewin and Mr. Holford Plummer having attained the age of 70 years since the last Annual General Meeting will retire but are eligible for re-election up to but not exceeding the age of 75 years or until the next Annual General Meeting, and offer themselves for re-election.

In accordance with Article 98 of the Company's Articles of Incorporation, Messrs. J.A. Lester Spaulding, Glenworth Francis and Milton Samuda will retire by rotation and being eligible offer themselves for re-election.

The company auditors, PricewaterhouseCoopers have indicated a willingness to continue in office pursuant with the provisions of Section 153 of the Companies Act.

The Directors wish to place on record their appreciation and recognition of the dedicated efforts and hard work given by the officers and staff of the company and its subsidiaries.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS



J.A. Lester Spaulding C.D., J.P.
Chairman

Management Discussion & Analysis

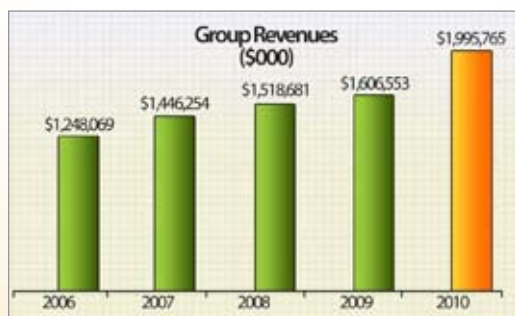
Radio Jamaica Limited produced commendable results during the financial year ended March 31, 2010 amidst an economic climate that was marked by the negative effects of a global recession. Without compromising its standards, efficiencies and product delivery, the group took steps and was successful in curtailing costs in most of the major categories of expenses. The net effect of the cost containment and the windfall revenues from the telecommunications sector afforded the group the results it enjoyed during the year.

FINANCIAL HIGHLIGHTS

For the year in review the revenue for the year was \$2.0 billion, up 24.2% on the previous year's \$1.61 billion. This was due to heightened sponsorships and advertising activity, led by the telecommunications sector, which accounted for 13% of the 24.2% increase in revenues during the year.

Direct Expenses for the financial year under review of \$606.1 million fell by \$81.4 million or 11.8% over prior year. This was due mainly to the reduction in production costs and broadcast rights incurred in prior year for the Olympics and the World Cup Football Qualifiers, as well as deliberate cost containment strategies.

As a result of the foregoing the gross profit margin increased from 57.2% in 2009 to 69.6% in 2010.



The group recorded pre-tax profits of \$391 million during the financial year and this compares positively with the pre-tax loss of \$99 million for the previous year. Major components of the \$490 million turnaround were due to the non-recurrence of the impairment charge of \$51 million related to the cable entities (JNN & RETV), non-recurrence of the one-off special expenditure (restructuring & redundancy payments)

of \$40 million and the 24.2% improvement in revenue of \$389.2 million.

Selling, Administration, Other Operating Expenses and Finance Costs amounted to \$1,048 million for the year. This reflected an increase of 3.3% over the previous year and is indicative of the success of the management in containing operating expenses during the year, as well as the savings realised in the staff costs from the redundancy and restructuring exercises undertaken in prior year.

Management Discussion & Analysis

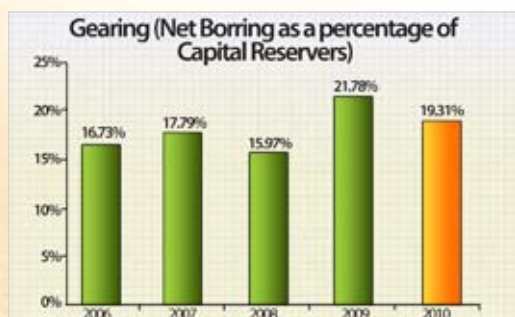
The profit after tax amounted to \$221.6 million compared with a net loss of \$140.0 million in the previous year. As a result of the increase in taxable profits, the current tax charge increased by \$128.2 million over the previous year.



Shareholders' Equity of \$1,124.5 million grew significantly by \$204.0 million or 22% over the \$920.5 million of the previous year. This increase was due mainly to the net profits earned during the financial year.



Long term loans fell by \$15.8 million due primarily to the repayment of long term loans based on the contracts repayment terms. This had a positive impact on the gearing of the group which showed a reduction from 21.78% of Capital Reserves at March 2009 to 19.31% at March 2010.



BUSINESS SEGMENTS

The Company's business segments are based on the reports reviewed by the Company's Board of Directors that are used in making strategic business decisions. The group is organised in two main business segments based on its business activities. Operating results for each segment are used to measure performance, as management deems that information to be the most relevant in evaluating segments relative to other

entities that operate within these industries. The designated segments are:-

Management Discussion & Analysis

1. Audio Visual, comprising the operations of the group's free-to-air television station and its cable stations; and
2. Radio and other, comprising the operations of the group's radio stations.

STOCK PRICE

At the close of business on 31 March 2010, the JSE All Jamaican Composite Index stood at 82,387.46 up by 21,041 points or 34.3% over the prior year 61,346 points. The Company's shares at March 2010 traded at \$3.15, up from the \$3.00 at March 2009, an increase of 5%



INVESTMENTS

One Caribbean Media Limited (OCM), formerly, Caribbean Communications Network (CCN). The Company currently holds 48,254 shares in OCM with fair value of \$11.8 million at March 31, 2010. OCM is a multi media company which operates in Trinidad & Tobago and Barbados. Shares of the OCM are listed on the Trinidad & Tobago Stock Exchange and traded at TT\$17.50 on March 31, 2010. For the year 2009, OCM achieved profit attributable to shareholders of TT\$74.7 million, marginally higher than the preceding year's TT\$89.8 million.



Television Jamaica Limited

Television Jamaica (TVJ) maintained its number one rank among television stations with 57.1% share which is more than 20% greater than its nearest rival. More than 900,000 viewers tune into TVJ's Prime Time News each night, with more than 1,000,000 viewers watching Prime Time News on Wednesdays and Thursdays each week (MRS, 2009)¹. The station's team of skilled, talented managers and staff members who are committed to broadcasting accurate, credible newscasts and entertaining, informative local programmes of high quality was mainly responsible for the station's continuing success.

In December TVJ launched an extended version of Prime Time News (90 minutes including commercial time) with a new Entertainment Prime segment and a Missing Children feature. Early in the New Year, TVJ unveiled a new, modern look of the daily Prime Time News and Sports presentation. The news and sports packaging includes a new TVJ montage, new music and new pages for each news segment. The original news set has been updated with new colors, a new backdrop and a modernized TVJ logo on the front of the set. Feedback from viewers on the changes has been overwhelmingly positive. Viewers say that the changes reflect high quality and sophistication without being over the heads of average Jamaicans.

During the period, the station served the nation well with coverage of important national events, including live broadcasts

of the Ceremonial Opening of Parliament, the Governor General Sir Patrick Allen's throne speech, Prime Minister, the Hon. Bruce Golding's and Minister of Finance, the Hon. Audley Shaw's addresses to Parliament, the Canadian Prime Minister Stephen Joseph Harper's address to Parliament, the Budget Debates, Budget Debate Discussion and the 5th Summit of the Americas Opening Ceremony, including the live broadcast of American President Barack Obama's address.

TVJ also broadcast live the RJR Sportsman and Sportswoman Awards at which Usain Bolt and Brigitte Foster-Hylton were the winners, and provided live coverage of the official funeral services for Rex Nettleford, the Special Sitting of Parliament for and the NDTC tribute to Mr. Nettleford, and of the official funeral for Lady Gladys Bustamante, and the Anglican Church Service on the occasion of the visit of the Archbishop of Canterbury. TVJ also produced and broadcast **What a Perfect Night for a Wake**, featuring nine night rituals for the late playwright, Trevor Rhone.

TVJ's world class reportage of sporting events included the August, 2009 coverage of the IAAF Championships in Berlin that scored big with both viewers and advertisers. The comprehensive coverage included a new set, new broadcast themes, promos, montages, a panel of expert analysts, live reportage from Berlin, via Skype, and live coverage of Jamaica's athletics hero, Usain Bolt's triumphant return to Jamaica after the

¹. All Media Survey 2009, Market Research. Services



Television Jamaica Limited

Championships. TVJ also contracted large sized television screens in key locations- Half Way Tree, Portmore, Ocho Rios and Montego Bay to provide commuters with access to the station's outstanding broadcasts. In addition, TVJ produced and broadcast the IAAF World Championships 2009 highlights, titled, **Defending the Glory**, and produced and marketed a Berlin, World Championships, **Pursuit of Gold** DVD that was well received.

New, popular programmes that the station broadcast during the period include **CS311**, a Crime Stop initiative that features Jamaica's most wanted criminals, **Hidden Treasures**, a lifestyle series that features lesser known, Jamaican beauty spots, the popular **Susan Show**, **Shaggy and Friends** concert and **A Graders**, a half hour weekly programme that helps high school students prepare for GSAT English and Math. Other local programmes that were especially popular include **The Ity and Fancy Cat Show**, **Guinness Sound of Greatness**, (an islandwide sound systems clash competition), **Heineken Green Synergy**, **World Reggae Dance Competition** and the **Red Stripe Live** concert.

TVJ's popular **Smile Jamaica** show got further into the current affairs discussion business and each day broadcasts a segment on such issues as Hurricane Preparedness, GSAT preparation, Immigration policy on CARICOM, Domestic Tourism, Cuban Light Bulbs, Jamaica's Economy, Buy Jamaican, Criminal Justice, Employment options, Get Fit Jamaica and Extradition.

As part of TVJ's corporate responsibility initiative, the station developed a major anti-crime public service announcement campaign, titled, **Jamaica, We're All at Risk, ACT NOW**, which has been well received. The campaign informs viewers on how to reduce the potential of becoming crime victims and encourages citizens to support the police and civil society's crime fighting activities.

In the summer, TVJ acquired a new, state of the art, digital outside broadcast truck that is wired for 10 digital cameras. The unit is used for major outside broadcast events, including sporting events such as TVJ's exclusive coverage of the JAAA's International Invitational meet and the JAAA's Junior and Senior Championships. The truck is also used for popular entertainment shows, **Magnum Kings and Queens of the Dancehall**, **Digicel Deal or No Deal**, **Red Label Dancin' Dynamites**, and **Digicel Rising Stars**.



Schools Challenge Quiz 2009 finale presentation to the winning team, St. Jago: From left, Gary Allen, Managing Director RJR Group, Frank Weise, St. Jago High coach, Rexandrew Wright - St. Jago High team captain, Shawn Henry - St. Jago High coach, Team members, Jahvane Reid, Kemar S. McKenzie and Kemar McKenzie.



Television Jamaica Limited



TVJ Junior Schools Challenge Quiz guest speaker, Brigitte Foster-Hylton addresses the audience.



TVJ All Together Sing 2009 finale studio audience pay rapt attention.



TVJ All Together Sing judge, Micheal Sean Harris and entertainer Allaine perform with members of the Hydel, deCarteret and Black River choirs at the competition's grand finale



General Manager, Television Jamaica and Television Jamaica Sports Network., Kay M. Osborne and All Together Sing 2009 winning choir soloist embrace.



TVJ All Together Sing 2009 host Sanique and jubilant choir finalists, Hydel, deCarteret and Black River High School choirs.

Photo number 2: TVJ All Together Sing 2009 finale studio audience pay rapt attention



RJR 94 FM

The Mother Ship pressed through its 59th year of Real Jamaican Radio with a purpose: the delivery of the highest quality news and information on offer. This has been coupled with public service, public outreach, public interaction and a place Jamaican radio listener's call home.

Home is where you can have a good morning with Allan and Paula, a sip of coffee with Dorraine, get on the Hotline with Barbara, Orville and Dickie, join the Ruption with Miss Kitty and Nyron, kick back with our show stoppers Tazhna and Fiona and fall in love with Heather. Dance the weekend away with Tony, Troy, Ju Ju Royal, Bruce Lee, Daniel and Karma then Sunday morning coming down on Derrick, the long bench chat with Jerry, staying in contact with Ralston under the country skies with Roger.

Roving reporters from west to east and back again, Jamaica is always on show. Listeners will remember that it was RJR 94 that kept the nation informed with regular live broadcasts of parliament that were crucial to understanding the state of the nation; in-depth coverage of hijacks and horrifying overruns; stepped out with broadcasts to every nook and cranny of Jamaica with the Cross Country invasion. The station went into the schools with the Radiocation series. It stayed with the schools for the Schools Debate, Spelling Bee Championships and the Back To School Bazaar. It got the whole family together for the huge Family Affair and Fun Day. It transitioned across the world to touch Jamaicans in Miami and London, while weekly having the pulse of the Diaspora

in the New York Tri-State area. Back home there were the fun times of Bacchanal Carnival and the Road Block Rave series. The sad milestones of Jamaica's history were marked respectfully by full coverage at the funerals of Lady Bustamante and Professor Rex Nettleford. Then it was the RJR listeners who stepped up to be the heroes giving back to our children with the very successful **1000 Wishes, 1000 Smiles** Christmas Drive and again with a helping hand for our neighbours with the Haitian Relief Fund and Collection.

No other station boasts this array of Jamaican Spirit, Jamaican Pride and Jamaican Celebration.



"Jamaican Morning hosts Alan Magnus and Paula-Anne Porter share a light moment during an outside broadcast"



RJR 94's Fluffy Diva, Miss Kitty, hangs with these children during a break from Ruption.



HITZ 92FM

The Hitz 92FM story is one of the most exciting and encouraging on the radio landscape this past year. Finding its feet, Hitz 92FM has concretized its base and become the fastest growing station, now challenging for the prized major places. Listeners have found the combination niche of Reggae and Sports to be far reaching to a broad demographic with numerous branches that are now bearing fruit. The financial turnaround has now put the station above water with the next natural step being contributing the profit margins of the Group.

Through selective programming of Sports the station has let go of the dead weight of unsustainable sports coverage while focusing on the high public appeal and sponsor interest. This does cut down on blank sports coverage and unfortunately leaves out some minor sporting events that the market cannot carry at this time. The music programs have grown more interactive and inclusive. This has led to stronger listener loyalty and the development of signature products that offer another revenue stream.

The demand for the station has led to more promotions on the road and on the air. Tying sports and entertainment has led to successful **Street Dances** in Browns Town and Highgate, bar hops and sports club alliances. This was also highlighted during the RJR Cross Country Series with thousands coming out to see the Hitz Squad up close and personal.

Sports coverage was of the highest standard with commentary teams

that are the envy of the region. Live broadcasts included the **Boys and Girls Championships**, the **Penn Relays**, **West Indies vs England**, **Sri Lanka and Bangladesh**, **Reggae Boyz** at home, **JAAA Invitational Meet**, **World Championships**, **Sunshine Girls Netball Series** and the **RJR Sports Foundation Awards**.

The station was invited to cover the **International Reggae Day** celebrations, **JCDC Festival** competitions and highlighted the Jamaican experience of Black History Month. Right before our very ears, the country is witnessing the brilliant sunrise of another star of the electronic universe and it's Hitz 92 FM!



DJ Raff and Izahbing rocking out at HITZ Nuh Behaviour, Brown's Town Street Dance



The reggae HITZSQUAD taking radio to the next level!



FAME 95 FM

FAME 95FM has perennially shown that it is singularly the most enduring popular culture media icon in Jamaican Radio. Dubbed the Entertainment Capital, FAME 95FM is the vehicle that transports entertainment, the refreshing reservoir of recreational activity, a lifestyle of smiles and cheers and the deliverer of events, merchandising and social networking.

FAME 95FM continues to be the high water mark of crisp broadcasting standards, trend setting music and discussion that carries its listeners on the wild ride of technological growth and change.

The impact of the station's activities was felt by the listeners through the FAME Events that included **FAME Road Party Series, FAME Property Party Series, FAME Beach Party Series**, local international attractions including **Jamaica Jazz Festival, Reggae Sumfest, Shaggy Foundation, Usain Bolt Party, Asafa Powell At The Tracks** and **Bacchanal Carnival** where FAME 95FM was the main media partner. There, it had its own costume band and its own Carnival truck – to date, still the only radio station to do both in the history of carnival in Jamaica. On the international scene, FAME 95FM was invited to cover the **St. Lucia Jazz Festival** and the **Barbados Crop Over Festival**. FAME once again hosted the **Heineken Green Synergy DJ Competition** for season 6. Cross promoting within the Group saw the collaboration with cable's **RE School Tour**. Cross media promotion continues with the quarterly publication of the FAME FratChat Magazine and the weekly column, the FAME Factor in the

Observer newspaper.

The fun and frolic of the station is however backed by a solid business approach that leaves the station again being one of the most successful in the industry.

The fire rages and FAME FM continues to Blaze the trail in multifaceted Entertainment Radio.



FAME 95FM is the 'Official Station of many National Events including Bacchanal Carnival (above) The FAME 95FM Carnival Truck gets ready to hit the road for Bacchanal Carnival 2010.



The FAME 95FM Team at another successful FAME Road Party! (From L-R) Mixmaster Marvin, Deidra James, Francois St. Juste, Janice Young, DJ Inferno, Claudette Powell, Michael Cuffe Jr. and Racquel Jones!



News and Sports

The RJR News Centre shone with its coverage of the American Airlines crash in December 2009. When it broke the story and provided valuable coverage on both radio and television throughout the night and into the following days. The reportage was innovative and received kudos for the much talked-about aerial footage of the crash site that was seen all over the world.

The news department continues to raise the bar for news coverage with its treatment of the Haiti Earthquake. RJR News was the first Jamaican/Caribbean newsroom to send a reporter to cover the catastrophe to the Caricom partner the day after the quake. TVJ was also the first Jamaican television station to get footage of the devastation in the capital, Port au Prince. The News Centre followed up by sending a two-man crew to Haiti for an entire week to cover the crisis. The crew worked under extremely difficult and challenging circumstances, often sleeping under rough conditions and surviving on meager rations and a limited supply of water.

The newsroom led the way in covering the news item about the September 2009 request by the United States to extradite Christopher “Dudus” Coke. The aggressive reporting of the issue led to threats being leveled against the station and adoption of unprecedented security measures to ensure the safety of the staff.

In the last year the newsroom increased its Access to Information requests which led to the breaking of major stories, including the cost of the Finsac Enquiry and the new BOJ governor’s salary arrangements.

The latest media surveys show news audiences growing across the RJR brands. On Television the Centre maintained its number one position as the News leader and on radio it remained the dominant force for news.

In December 2009 the RJR News Centre started its weekly News Forum. Each week it has a guest from various sectors of society to discuss the issues in their fields. Among the important figures that have attended are the Chief of the Defense Staff, the head of the Jamaica Fire Brigade and the head of the Passport Immigration and Citizenship Agency. The forum has become an important agenda-setting event on the Jamaican news calendar, while at the same time providing vital content for the radio and television weekend bulletins. It’s also an important collaborative event with the sister station, Jamaica News Network (JNN). The entire forum is recorded and aired on JNN. During the financial year TVJ News dramatically increased its cooperation with its sister station JNN.

In December 2009 the department introduced more content for the main newscast on television. The Centre extended **Prime Time News** by half an hour to accommodate more news stories and introduced two new segments, **Entertainment Prime** and a **Missing Persons** feature. The measures were warmly received by viewers and facilitated increased opportunities for advertisers. Three new bulletins were added to RJR 94FM on Saturday to boost its presence in the market.



News and Sports

SPORTS

The Sports Centre followed up the nation's sterling efforts in Beijing and the equally superb effort in the German capital Berlin at the IAAF World Championships on TVJ. The competitor was outpaced with the use of video phone chat technology which facilitated live reports from Berlin. The centre continues to be pioneers in the use of the technology to improve the broadcast and enhance the viewer experience. The live and exclusive interview with MVP coach Steven Francis was a major coup which capped the coverage of the championships. The Sports Department also produced another collector's item – the Berlin World Championship commemorative DVD.

Prime Time Sports broke the story about the five athletes who tested positive for a banned substance at the National Trials in June 2009. Four of them were later slapped with three month bans and one was cleared. This was the major story before the World Championships in Berlin and became a huge international story. The Centre further distinguished itself with the reportage of the decision by the MVP athletes not to attend the JAAA's pre-championship camp in Germany. TVJ Sports also broke the story of the Jamaican skier Errol Kerr qualifying for the Winter Olympics held in Vancouver, Canada.

The owners of the Premier League opted not to renew their longstanding contract with the Television Jamaica in 2009. The station had made a considerable investment in building the league and was disappointed with the decision.

In September Hitz 92FM resumed its popular Sports discussion programme **Sports Grille**. The programme is one of the most listened to sports programme on radio, hosted mainly by the controversial and thought-provoking team of Patrick Anderson, Oral Tracy, and Earl Bailey.

Hitz 92FM continued with live coverage of the Gibson Relays, Boys and Girls Championships, the National Championships and the Jamaica International Invitational Track Meet. The coverage of track and field is widely acknowledged, with many persons listening to the radio coverage while watching the television images. The same could be said for the coverage of School Boy Manning and Dacosta Cup competitions, where the station remains the preferred choice for listeners. Horse Racing continued to be covered live on Hitz 92FM every Saturday. The National Championships and the Jamaica International Invitational Meet for television were also covered.

In 2009 the centre concluded its coverage of the Golden League global track meets and the World Athletic Finals in Greece. These will be replaced by the **Diamond League** for which the station has secured the exclusive rights to broadcast. The **West Indies home series cricket** contests and the **KSAFA football competition** will also be aired on TVJ-SN.



Multi-Media Jamaica Ltd.

Multi-Media Jamaica Limited (MMJ) is a subsidiary of the Radio Jamaica Limited that provides new enhanced technologies and business solutions. Multi-Media Jamaica suite of services includes new media, interactive, audio visual rental and background music, as well as new media technologies that can enhance business. Its customers include other companies in the RJR Communications Group as well as external customers.

New Media Services (Internet and Streaming Services)

Through Live Internet Streaming 24 hours per day, the service guarantees customers favourite radio and television programmes wherever worldwide they travel. Through the station's website radiojamaica.com customers can choose their station of choice, select the 'live' feature, follow the quick registration process and in no time are tuned in to the addictive vibes of Jamaica's best radio and television stations. MMJ goes further; the RJR Group's E-News keeps subscribers email alive with news updates as events unfold daily, and is the most comprehensive news source in Jamaica.

Interactive Services

Interactivity is a key element of global communications and marketing strategies. MMJ also utilizes the newest technologies by offering a full range of creative solutions from video productions, interactive DVD's and CD's, to websites and live webcasts.

Audio Visual Equipment Rental & Support

MMJ's inventory of multi-media projectors and projection screens, plasma screens, PA systems and supporting equipment is one

of the largest and most trusted sources in the island and is complemented by a knowledgeable and courteous team of multi-media technicians.

Graphic Design

Creativity from concept through design is offered by highly trained and talented Graphic Artists. Fliers, Brochures, Advertisements, Advertorials, Magazines, Annual Reports, Business Cards and anything that requires creative genius are produced.

Background Music

Multi-Media Jamaica Limited provides commercial-free background music to major institutions: banks, insurance companies, restaurants, factories and a host of other businesses. Soothing, calming music has been proven to enhance productivity in the workplace.

This year, MMJ is hoping to capitalize on new opportunities to expand and enhance its services through the adoption and adaptation of cutting edge New Media technologies.





Engineering

Despite the many challenges created by the global financial crisis and the massive negative impact on the company's technical operations, the Engineering Department managed to structure the delivery of its key support functions to ensure that these were modulated with a high degree of reliability and efficiency.

The structured maintenance programme adopted by the Department coupled with a cost controlled programme, were able to ensure that the company's thirty two transmitter sites, as well as its radio and television studio operations, received the highest quality technical expertise required for its corporate dominance on the broadcasting landscape.

Notwithstanding the challenges mentioned, two major equipment purchases were made during the period under consideration.

(1) Shot Over – Portland

At this site the old Channel 8 Thales television transmitter was replaced with a 1 Kw screen saver unit. This decision was driven by the non-availability of major components necessary to effect repairs.

(2) Huntley - Manchester

A major lightning strike resulted in extensive damage to the standby generator. In order to maintain the excellent service delivery record, a new 200 Kw unit was purchased and installed at the site.

The Engineering Department stands poised to continue its support for technical improvements in operations and transmission and to build on the existing strengths of experience and superior technical knowledge.



A part of the transmission system at Broadcast House, 32 Lyndhurst Road.



Cable Division

The Environment

The media landscape is extremely dynamic and as such RETV, JNN & TVJ are constantly evolving to compete in a challenging global economic climate. The mandate is to deliver creative and cost-effective content to sponsors and viewers, while providing the best in information and entertainment.

JNN

JNN is the news and information platform that delivers credible, reliable and in-depth news content to its viewers daily. The company has expanded its news offering with the addition of frequent news updates throughout the day. This makes it the leading provider of news content in Jamaica with over 13 hours of news daily, spanning a range of areas in our economy. JNN introduced some new programmes which include, **The Editors' Forum, Newsmaker, The People's Business** and a dramatic series called **Paradise**.

News and programme exchange was initiated through a series of partnerships with several Caribbean stations from Trinidad, Barbados and Grenada. This opened up the possibility for JNN to further differentiate its content delivery by providing a range of appealing content to the Caribbean Diaspora.



Jamaica's only all-news cable channel, giving you more News, more details from even more angles.

RE-TV

RE-TV is the Caribbean's favourite cable channel for authentic reggae entertainment and information. This cable channel delivers content daily to viewers in eleven territories in the Caribbean and North America. The brand is known for popular programmes which include the award-winning **Review, All Artistes All the Time, In the Streets, Dining with Celebrities, Top Dozen** and **Di Show**. We continue to forge local, regional and international association with cable operators and promoters to improve and widen the scope of unusual and interesting content.



Entertainer Chino captivated students on the 2010 RE School Tour season.



Cable Division

The RE-TV brand was associated with and provided coverage for diverse parties weekly. These include, **Mellow Vibes Party, Solstice Party** and **Twisted Spiritz Party**. Other association with high profile events included:-

- Coverage of the **2009 BET Awards**
- Coverage and broadcast of the **Michael Jackson Gone Too Soon** feature including an interview with Michael Jackson's father, and fans in Hollywood, USA
- Coverage of **Dominica Creole World Music Festival**
- Sole cable partner for the annual Miss Jamaica World pageant

RE-TV won the top television honour in the **Youth View Awards** for best entertainment show on television.

TVJ-SN

Earlier this year, a new five year strategic plan was developed for TVJ Sports Network. The plan includes the production and broadcast of compelling content, live and delayed, discussion and analyses that will be available on TVJ-SN exclusively. The first phase of the strategic plan is being executed during 2010, with the remaining phases to be rolled out over the next four years. The overarching goal is to become Jamaica's premiere sports broadcaster.

During the past year, TVJ-SN's programmes portfolio included the broadcast of big events in major sports, football, netball, cricket, horse racing, athletics, and in niche sports, such as, go-kart, auto racing, lawn tennis, volleyball, squash and pool.

Programmes that were broadcast included the **IAAF's Golden League in Athletics** in which Jamaica's Asafa Powell competed, **KASAFA Football, Olympics Highlights, Berlin World Championships Highlights, World Cup Football, 20/20 Cricket, Jackie Bell K.O Football competition, U-19 Cricket, African Nations Football, Story of the World Cup, Dover Racing, Show Jumping** and the **Carifta Games**.

Programmes that discussed and analyzed important aspects of various sports included **Hooligans**, an analysis of hooliganism and football, **Buying the Game**, which discussed corruption related to bids of various cities to host the Olympic Games, and similar features were also highlights of the station's programming.



Oral Hunter, one of the TVJ-SN's broadcast technicians managing the station.



Human Resource Development & Administration

To attract, retain and develop are the grounding principles of the Human Resource Department. The period under review saw the Human Resource Department being instrumental in facilitating the manpower needs of the organization by ensuring that only hires with the requisite knowledge, skills and attitudes joined the Group.

The start of the financial year saw the department being expanded to include Administration. The complement of the department grew with the addition of three maintenance staff with responsibility for the entire facility of Broadcast House.

STAFF COMPLEMENT

The full complement for the Group currently is 440 which comprise 223 full-time and 217 freelance staff members.

TRAINING & DEVELOPMENT

A strategic imperative of the Group is to achieve 100% computer literacy for all employees. To this end the Human Resource Department partnered with HEART Enterprise-based Training (EBT) to train and certify all employees in Information Technology. Other training undertaken included Leadership in senior and Line Management, Customer Service and Team Building.

The department also saw the establishment of the Information Technology Lab geared at providing an additional portal and learning area for staff members. This area not only provides access to the Internet but also serves as a classroom for tutorials.

EMPLOYEE ENGAGEMENT

To ensure the retention and engagement of the company's most valuable resource, a number of interventions were undertaken which included scholarships (staff and children), promotions, job extensions and transfers.

STAFF WELFARE

The department facilitated several sessions during the monthly staff meetings to improve staff welfare which included presentations on nutrition, personal finances and estate preparation. Additionally, the Heart Foundation provided health screening to staff. Under the Group's Education Assistance Programme, seven (7) children of staff members received financial awards for secondary education, while fourteen (14) received awards for primary education.

SPORTS CLUB

The recently elected Sports Club Committee sought straight away to increase interest among staff and associate members by hosting several themed parties. The Club was also involved in the Group's Cross Country Invasion which saw the company's teams in netball, cricket, football and domino visiting communities island wide and assisting in the organization of the sports day activities.

To effect unity and camaraderie among staff the Club organized pool and domino tournaments. Oral Tracey and Kenesha Phipps won the pool tournament and Ronald Wallace and Nyron Lewinson won the domino tournament.

The Club also hosted other clubs and associations namely (CVM, Courts, Singer).

ADMINISTRATION (FACILITY)

The period saw the department providing support in ensuring that all spaces owned by the Group were used to meet its objectives. To this end, therefore, all activities undertaken were executed with linkages to have an immaculate surrounding. This included routine checks of all buildings and related structures (preventative maintenance).

The Front Parking lot was resurfaced and repainted, while significant landscaping and tree planting were also undertaken.



Daniel Thompson hosting Catch Ah Fyah accompanied by Tazhna Williams, Producer.



RJR Cross Country 2010 football team



RJR Cross Country tent - Courtney Walsh Park Kingston



RJR Cross Country 2010 netball team

Community Outreach

The RJR Communications Group has a strong commitment to serve, this is substantiated by its support for various organizations and institutions in the joint quest to improve the social and moral standing of people of all walks of life.

Some of the company's major beneficiaries were supported, mostly through promotion and donated airtime which were valued at just over \$20M. Beneficiaries included the PSOJ Crime Stop, PALS (Peace and Love in Schools), United Way, Heart Foundation, Jamaica Cancer Society, as well as a long list of community-based and government agencies such as the Child Development Agency, the JCDC and Police Civilian Oversight Authority.

The company continued to place special emphasis on the needs of the young and the elderly and championed its own Community Outreach programmes, namely the Golden Age Home, Cluster C in East Central Kingston, and the Citizens' Advise Bureau Basic School, located at 29 Beechwood Avenue, Kingston 5, which is in close proximity to the RJR headquarters, Broadcast House.

The Golden Age Home which caters to the elderly and indigent, celebrated its 25th anniversary in the current year. It has had the full support of the RJR Communications Group over these many years. RJR was recognized at the 25th anniversary banquet for its commitment and service and for being the first sponsor of one of the eight Clusters of the Golden Age Home, meeting some of the needs of the 67 residents of Cluster C. The Golden

Age Home is the largest facility of its kind in the Caribbean. A blissfully calm complex providing a safe and clean environment for senior citizens in the parishes of Kingston and St. Andrew, the facility is home to some 403 residents.

As is the custom over the years several treats were held for the residents of Cluster C throughout the year, including the usually well anticipated Easter Treat where, with the support of sponsors, the company was able to provide bun and cheese. A special "Day of Care" was also staged and with the kind assistance of Leonora's School of Beauty and contestants from the JCDC/TVJ National Festival Queen Competition, provided grooming services for the residents. These activities are complimented by a Christmas Treat, as well as other events including sightseeing trips, visits to the theatre. The company also provided the residents with much needed items, such as linen, towels, non-perishable food items, personal items and toiletries.

Current administrator, Retd. Major Frank McCaulsky and Cluster C Supervisor, Mrs. Yvonne Thomas stated that they are always happy to see the RJR Communications Group staff and their volunteers, whom the administrators believe care for and are appreciative of them. Throughout the year, Mrs. Norma Brown-Bell, the Group's Community Outreach Officer and her team of volunteers visit the Cluster to share with residents.

The RJR Communications Group reaches out to the over 280 students, aged

3-6years at the CAB/RJR Basic School, acknowledged as being perhaps the best Early Childhood Education facility in the Zone 6 area.

The students continue to excel in all their activities, internal and external. The school has three houses. One of these, Spaulding House, was named after the RJR Group Chairman and was the run-away winner of the schools' inter-quiz competition held in March, 2009.

The untiring efforts of the staff headed by Principal, Mr. Nigel Francis, and the guidance and direction of Board Chair, Mrs. Norma Brown-Bell seem all set to take the RJR Communications Group's Outreach programme and commitment to the next level.

The RJR Communications Group demonstrated its caring spirit by harnessing the warmth and resources of the Jamaican people in the aftermath of the February 12, 2010 devastating earthquake in Haiti. The rallying cry resulted in solicited cash donations totaling \$18M, from people of all walks of life, including the Group's

initial contribution of \$250,000 and over 20 truckloads of food and clothing that were sent to the relief of our Caribbean neighbours.

The RJR Communications Group's commitment to nation building, through its community and outreach programmes, has been long and distinguished and is well appreciated because, as the beneficiaries echo "WE CARE".



Francois St. Juste, (far right), General Manager, Radio and Diana Buchanan, Sales Executive (yellow blouse) are busy serving up meals for the residents of Cluster C Golden Age Home Christmas Treat.



Tameka Coke, Administrative Assistant, dutifully assists in feeding a resident in Cluster C, at the Golden Age Home Christmas Treat.



Trumpeter extraordinaire, Dwight Richards gets resident participation at the RJR Communications Group Christmas Treat at the National residence in Vinyard Town, while nurse and caregiver smile with delight.



Real Jamaican Radio **60 Years of Excellence** Frequencies: 94.1, 94.3, 94.5, 94.7, 94.9

60 years of broadcasting not only shows prestige but also points to consistency, commitment and excellence. RJR 94 FM has had far more than a half century of being in the home, hearts and minds of listeners. The family station and social conscience will continue to carry out its mandate to be the most trusted, credible and consistent media communication company.

November 17, 1939 saw the beginning of official radio broadcast in Jamaica and indirectly, the subsequent birth of Radio Jamaica. On that day Governor Sir. Arthur Richards made the first such broadcast over station VP5PZ. Radio Pioneer, John F. Grinan then acceded to Sir Richards' request to hand over station VP5PZ to hand over the station to the government.

Station VP5PZ later became ZQI, with the government assuming full responsibility for it. With financial constraints and expensive operations, the government decided that it could no longer absorb the cost of the station. On July 9, 1950, Jamaica Broadcasting Company took over station ZQI's operations and the new commercial station took on the name "Radio Jamaica". The company then started its rediffusion service in 1951 and this led to yet another change. Radio Jamaica became known as RJR which, at the time, was an abbreviation for Radio Jamaica and Rediffusion – representing the two business interests of the company.

August 1951 saw another milestone for RJR, when the station moved from its original Seaview Avenue location to what was then described as "the modern air conditioned and excellently equipped studio premises" at 32 Lyndhurst Road." Another monumental move happened in 1953 when frequency modulated transmitters were installed at Coleyville and Tinson Pen, making Radio Jamaica the first station in the British Commonwealth to broadcast regular scheduled programmes on the FM band.

Rediffusion was a wired speaker service that carried RJR's programmes to subscribers throughout the daily nineteen and a quarter hours of radio broadcasting. It continued throughout the night after radio "signed off" at midnight with recorded uninterrupted music. The advent of transmitter radios caused a decline in the demand for the rediffusion service and so it was discontinued in 1968. To fulfill other demands, the Jamaica Broadcasting Company took on other ventures such as their "reditune background music service" for hotels and offices. There is no denying the impact that RJR made on Jamaica. The nation went from being a visually informed one that relied



Real Jamaican Radio **60 Years of Excellence** Frequencies: 94.1, 94.3, 94.5, 94.7, 94.9

heavily on print, to an aurally-informed one.

RJR was entrusted to cover the entire island with radio broadcasting. Wireless receiving sets were set up in about 200 designated listening posts throughout the island. So people gathered at schools, police stations and village stores to get a taste of “Real Jamaican Radio.” In granting the license to Radio Jamaica, it was also stipulated that it should become a commercial radio station, so, use of radio time would attract a cost to advertisers. RJR developed into the nation’s primary source of communication through programmed music, regular newscasts, drama, discussions, concerts and other forms of entertainment. When the government decided to operate its own public broadcasting station that would assume the name Jamaica Broadcasting Corporation. Radio Jamaica was formally changed to Radio Jamaica Limited.

RJR 94 FM continues its campaign to please it’s audience. It is a sixty year practice turned perfection, of leading the marketplace with the most credible and listened to news and sports information on Jamaican radio. Via streaming on www.rjrnewsonline.com and other international synergies, the station keeps audiences attuned to global events.

The station boasts the leading morning programme, the leading talk programme, entertainment programmes and social conscience programming. In this our sixtieth year, RJR promises to continue to be there in times of national self-actualization and redefinition, through natural and man-made disasters and moments of collective national pride. In all major instances of development, we pledge to continue to provide balanced, unbiased information that is trustworthy and appropriate at all times.



Cele Years



94.1

94.3

94.5

94.7

94.9

brating 60 of Excellence

1950-2010



Truth • Accuracy • Service

RADIO JAMAICA LIMITED
Financial Statements
31 March 2010



Radio Jamaica Limited

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Independent Auditors' Report

To the Members of
Radio Jamaica Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Radio Jamaica Limited and its subsidiaries, set out on pages 45 to 92. The financial statements comprise the consolidated and company balance sheets as of 31 March 2010 and the consolidated and company statements of comprehensive income, consolidated and company statements of changes in equity and consolidated and company statements of cash flows 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.

M.G. Rochester P.W. Pearson E.A. Crawford D.v. Brown J.w. Lee C.DW. Maxwell P.E. Williams
G.L. Lewars L.A. McKnight LE. Augier A.K. Jain B.L. Scott B.J. Denning GA Reece



Members of Radio Jamaica Limited
Independent Auditors' Report
Page 2

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the group and the company as of 31 March 2010, and of the financial performance and cash flows of the group and the company for the year then ended 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.

A stylized, handwritten signature of the firm's name, 'PricewaterhouseCoopers', in dark ink. The signature is fluid and cursive, with a long horizontal line extending from the end of the word 'Coopers'.

Chartered Accountants
23 June 2010
Kingston, Jamaica

Radio Jamaica Limited

Consolidated Statement of Comprehensive Income

Year ended 31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010 \$'000	2009 \$'000
Revenue		1,995,765	1,606,553
Direct expenses		(606,068)	(687,470)
Gross Profit		1,389,697	919,083
Other operating income	5	48,897	47,158
Selling expenses		(377,460)	(285,112)
Administration expenses		(334,933)	(368,365)
Impairment charge	14	-	(50,913)
Other operating expenses		(312,825)	(341,158)
Operating Profit/(Loss)		413,376	(79,307)
Finance costs	8	(22,410)	(19,520)
Profit/(Loss) before Taxation		390,966	(98,827)
Taxation	9	(169,345)	(41,148)
Net Profit/(Loss)		221,621	(139,975)
Other Comprehensive Income		-	-
Total Comprehensive Income		221,621	(139,975)
Attributable to:			
Stockholders of the company		221,621	(129,438)
Minority interest		-	(10,537)
		221,621	(139,975)
Earnings per Ordinary Stock Unit Attributable to Stockholders of the Company	12	\$0.64	(\$0.38)

Radio Jamaica Limited

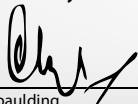
Consolidated Balance Sheet

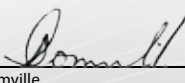
Year ended 31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010 \$'000	2009 \$'000
Non-Current Assets			
Fixed assets	13	742,121	770,794
Intangible assets	14	43,718	46,588
Retirement benefit assets	15	167,211	123,020
Deferred tax asset	16	67	3,175
Investment securities	19	11,822	11,886
Current Assets			
Inventories	20	69,642	56,836
Receivables	22	379,918	291,730
Taxation recoverable		5,842	4,846
Cash and short term investments	23	240,640	13,970
		696,042	367,382
Current Liabilities			
Payables	24	190,612	191,078
Taxation payable		122,922	10,767
Bank overdraft	23	5,754	-
		319,288	201,845
Net Current Assets		376,754	165,537
		1,341,693	1,121,000
Stockholders' Equity			
Share capital	25	467,656	440,156
Unissued shares	26	-	27,500
Retained earnings		656,882	452,860
		1,124,538	920,516
Non-Current Liabilities			
Finance lease obligations	27	6,997	14,622
Long term loans	28	68,936	84,729
Deferred tax liabilities	16	123,343	84,387
Retirement benefit obligations	15	17,879	16,746
		1,341,693	1,121,000

Approved for issue by the Board of Directors on 23 June 2010 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 2010

(expressed in Jamaican dollars unless otherwise indicated)

		Share Capital \$'000	Unissued Shares \$'000	Retained Earnings \$'000	Total \$'000
Note					
	Balance at 1 April 2008	440,176	55,000	230,006	725,182
	Total comprehensive income –				
	Net profit	-	-	60,506	60,506
	Reversal of unissued shares	-	(27,500)	-	(27,500)
	Redemption of preference shares	(20)	-	-	(20)
	Balance at 31 March 2009	440,156	27,500	290,512	758,168
	Total comprehensive income –				
	Net profit	-	-	98,522	98,522
	Issue of unissued shares	27,500	(27,500)	-	-
	Ordinary dividends	-	-	(17,599)	(17,599)
	Balance at 31 March 2010	467,656	-	371,435	839,091

Radio Jamaica Limited

Consolidated Statement of Cash Flows

Year ended 31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

	2010 \$'000	2009 \$'000
Cash Flows from Operating Activities		
Net profit/(loss)	221,621	(139,975)
Items not affecting cash:		
Amortisation and impairment of intangible assets	2,870	53,783
Depreciation	106,674	96,167
Gain on disposal of fixed assets	(9,410)	(1,457)
Loss on disposal of investment securities	-	1,004
Interest income	(12,695)	(1,221)
Dividend income	(413)	(1,184)
Interest expense	22,410	19,520
Income tax charge	169,345	41,148
Exchange loss/(gain) on foreign currency balances	656	(3,476)
Revaluation of investment securities	64	(3,746)
	501,122	60,563
Changes in operating assets and liabilities:		
Pension and other retirement benefits	(43,058)	(5,715)
Inventories	(12,806)	6,897
Receivables	(87,258)	30,913
Payables	6,177	27,628
	364,177	120,286
Income tax paid	(16,122)	(29,255)
Net cash provided by operating activities	348,055	91,031
Cash Flows from Investing Activities		
Proceeds from disposal of fixed assets	16,055	1,792
Purchase of fixed assets	(84,646)	(118,286)
Proceeds from disposal of investment securities	-	31,891
Interest received	11,765	1,227
Dividends received	413	1,184
Net cash used in investing activities	(56,413)	(82,192)
Cash Flows from Financing Activities		
Loan received	30,000	61,216
Loans repaid	(51,539)	(35,244)
Principal lease repayments	(8,522)	(9,414)
Interest paid	(22,410)	(19,520)
Preference shares redeemed	-	(20)
Dividends paid	(17,599)	-
Net cash used in financing activities	(70,070)	(2,982)
Increase in cash and cash equivalents	221,572	5,857
Exchange (losses)/gains on cash and cash equivalents	(656)	53
Cash and cash equivalents at beginning of year	13,970	8,060
CASH AND CASH EQUIVALENTS AT END OF YEAR	234,886	13,970

Radio Jamaica Limited

Company Statement of Comprehensive Income

Year ended 31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010 \$'000	2009 \$'000
Revenue		722,613	589,612
Direct expenses		(191,096)	(188,953)
Gross Profit		531,517	400,659
Other operating income	5	56,016	131,239
Selling expenses		(155,615)	(134,435)
Administration expenses		(116,074)	(171,050)
Other operating expenses		(136,623)	(164,939)
Operating Profit		179,221	61,474
Finance costs	8	(10,688)	(8,698)
Profit before Taxation		168,533	52,776
Taxation	9	(70,011)	7,730
Net Profit		98,522	60,506
Other Comprehensive Income		-	-
Total Comprehensive Income		98,522	60,506

Radio Jamaica Limited

Company Balance Sheet

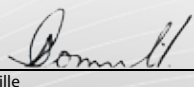
31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010 \$'000	2009 \$'000
Non-Current Assets			
Fixed assets	13	303,404	313,949
Retirement benefit asset	15	157,195	110,390
Investment in subsidiaries	17	121,513	121,513
Long term receivables	18	2,950	2,950
Investment securities	19	11,822	11,886
Current Assets			
Inventories	20	19,285	20,554
Due from subsidiaries	21	224,401	194,078
Receivables	22	125,339	97,055
Taxation recoverable		3,325	4,656
Cash and short term investments	23	88,682	4,908
		461,032	321,251
Current Liabilities			
Payables	24	82,405	58,246
Taxation payable		36,943	-
Bank overdraft	23	5,754	-
		125,102	58,246
Net Current Assets		335,930	263,005
		932,814	823,693
Equity			
Share capital	25	467,656	440,156
Unissued shares	26	-	27,500
Retained earnings		371,435	290,512
		839,091	758,168
Non-Current Liabilities			
Finance lease obligations	27	80	1,915
Long term loans	28	20,409	23,959
Deferred tax liabilities	16	60,034	27,085
Retirement benefit obligations	15	13,200	12,566
		932,814	823,693

Approved for issue by the Board of Directors on 23 June 2010 and signed on its behalf by:


J. A. Lester Spaulding Director


Carl D. Domville Director

Radio Jamaica Limited

Company Statement of Changes in Equity

Year ended 31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

		Share Capital \$'000	Unissued Shares \$'000	Retained Earnings \$'000	Total \$'000
	Note				
Balance at 1 April 2008		440,176	55,000	230,006	725,182
Total comprehensive income –					
Net profit		-	-	60,506	60,506
Reversal of unissued shares	26	-	(27,500)	-	(27,500)
Redemption of preference shares		(20)	-	-	(20)
Balance at 31 March 2009		440,156	27,500	290,512	758,168
Total comprehensive income –					
Net profit		-	-	98,522	98,522
Issue of unissued shares	26	27,500	(27,500)	-	-
Ordinary dividends	11	-	-	(17,599)	(17,599)
Balance at 31 March 2010		467,656	-	371,435	839,091

Radio Jamaica Limited

Company Statement of Cash Flows

Year ended 31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

	2010 \$'000	2009 \$'000
Cash Flows from Operating Activities		
Net profit	98,522	60,506
Items not affecting cash:		
Depreciation	31,847	33,584
Gain on disposal of fixed assets	(12,865)	(1,322)
Loss on disposal of investment securities	-	1,004
Interest income	(5,251)	(486)
Dividend income	(413)	(79,284)
Interest expense	10,688	8,698
Income tax	70,011	(7,730)
Exchange loss/(gain) on foreign currency balances	524	(3,476)
Revaluation of investment securities	64	(3,746)
	<u>193,127</u>	<u>7,748</u>
Changes in operating assets and liabilities:		
Pension and other retirement benefits	(46,171)	(2,967)
Inventories	1,269	2,716
Due from subsidiaries	(29,233)	(16,515)
Receivables	(27,954)	11,903
Payables	<u>20,698</u>	<u>(9,709)</u>
	111,736	(6,824)
Income tax paid	<u>1,212</u>	<u>(118)</u>
Net cash provided by/(used in) operating activities	<u>112,948</u>	<u>(6,942)</u>
Cash Flows from Investing Activities		
Proceeds from disposal of fixed assets	12,959	1,403
Purchase of fixed assets	(22,486)	(8,796)
Proceeds from disposal of investment securities	-	31,891
Interest received	4,921	492
Dividends received	<u>413</u>	<u>1,184</u>
Net cash (used in)/provided by investing activities	<u>(4,193)</u>	<u>26,174</u>
Cash Flows from Financing Activities		
Loan received	30,000	-
Loans repaid	(28,550)	(3,549)
Principal lease repayments	(3,374)	(5,644)
Interest paid	(10,688)	(8,698)
Preference shares redeemed	-	(20)
Dividends paid	<u>(17,599)</u>	<u>-</u>
Net cash used in financing activities	<u>(30,211)</u>	<u>(17,911)</u>
Increase in cash and cash equivalents	78,544	1,321
Exchange (losses)/gains on cash and cash equivalents	(524)	53
Cash and cash equivalents at beginning of year	<u>4,908</u>	<u>3,534</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>82,928</u></u>	<u><u>4,908</u></u>

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2010

(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	
	2010	2009
Television Jamaica Limited	100	100
Multi-Media Jamaica Limited	100	100
Media Plus Limited, and its subsidiaries –	100	100
Reggae Entertainment Television Limited	100	65
Jamaica News Network Limited	100	80

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

During the year, Media Plus Limited acquired the minority interest shareholdings of Reggae Entertainment Television Limited and Jamaica News Network Limited for nil consideration. In exchange for their shareholdings, the minority shareholders are no longer liable for any debts, obligations, or required capital injections in the subsidiaries. As the minority interest was carried at nil, there was no gain or loss on the transaction recorded in the financial statements.

2. Summary of Accounting Policies

The principal accounting policies applied in the preparation of these 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 financial statements, are disclosed in Note 4.

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards effective in 2010

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:

- **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 has replaced IAS 14 – Segment Reporting. The group has applied IFRS 8 from 1 April 2009 and has presented the required disclosures in Note 29.
- **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 affects the presentation of owner changes in equity and of comprehensive income. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other IFRSs. IAS 1 requires 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) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). In applying IAS 1 (Revised), the group has presented all non-owner changes in equity in one statement of comprehensive income.
- **IAS 23 (Amendment) - Borrowing costs** (effective for annual periods beginning on or after 1 January 2009). This amendment 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. This amendment has not impacted the group's accounting policies as the group previously capitalised 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. There has been no impact from adoption in these financial statements.
- **IFRS 7 (Amendment) - Financial instruments: Disclosure** (effective for annual periods beginning on or after 1 January 2009). This amendment requires enhanced disclosures about fair value measurement and liquidity risk. In 2009, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The expanded disclosure requirements have been included in Note 3(e).

All standards, interpretations and amendments adopted by the group require retrospective application. The 2009 comparative figures have been amended as required, in accordance with the relevant requirements. There was no impact on opening retained earnings at 1 April 2009 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 immediately relevant to the group.

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Accounting Policies (Continued)

(b) 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 9, Financial Instruments** (effective for annual periods beginning on or after 1 January 2013). This standard specifies how an entity should classify and measure financial assets, including some hybrid contracts. They require all financial assets to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset; initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs; and subsequently measured at amortised cost or fair value. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. They apply a consistent approach to classifying financial assets and replace the four categories of financial assets in IAS 39, each of which had its own classification criteria. They also result in one impairment method, replacing the two impairment methods in IAS 39 that arise from the different classification categories. The group is still assessing the potential impact of IFRS 9 and whether it should adopt the standard prior to the effective date to take advantage of the transitional arrangements which vary depending on the date of initial adoption.
- **IFRS 2 (Amendment) - Group cash-settled and share-based payment transactions** (effective for annual periods beginning on or after 1 January 2010). In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and treasury share transactions', the amendments expand on guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The group will apply the amendment from 1 April 2010, but it is not expected to have a material impact on the financial statements.
- **IFRIC 17, Distribution of non-cash assets to owners** (effective for annual periods beginning on or after 1 July 2009). This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The group will apply IFRIC 17 from 1 April 2010, but it is not expected to have a material impact on the financial statements.

The group has concluded that all other 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.

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Accounting Policies (Continued)

(c) 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.

Investments in subsidiaries are stated in the company's financial statements at cost.

(d) 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 arriving at net profit or loss.

(e) 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.

(f) 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 profit or loss. 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.

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Accounting Policies (Continued)

(g) Income taxes

Taxation expense in the statement of comprehensive income 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 arriving at net profit or loss, except where it relates to items charged or credited to equity, in which case, deferred tax is also dealt with in equity.

(h) 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	10 - 33 1/3%
Motor vehicles	10 - 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 in arriving at net profit or loss 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.

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Accounting Policies (Continued)

(i) 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.

(j) 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 determination of profit or loss 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 profit or loss.

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.

(k) 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 unrecognised actuarial gains and 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 in arriving at profit or loss 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.

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Accounting Policies (Continued)

(k) Retirement benefits (continued)

Pension plans (continued)

A portion of actuarial gains and losses is recognised in arriving at profit or loss 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 arriving at profit or loss 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 benefits are carried out annually by independent qualified actuaries.

(l) 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.

(m) 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.

(n) 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.

(o) 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.

(p) Trade payables

Trade payables are stated at historical cost.

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Accounting Policies (Continued)

(q) 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.

(r) 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 in arriving at profit or loss 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.

(s) 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 arriving at profit or loss over the period of the borrowings.

(t) 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.

(u) Dividends

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

(v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the company's Board of Directors.

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2010

(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.

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

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.

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

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:

	The Group		The Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Trade receivables	305,101	243,564	104,208	85,309
Short term deposits	234,070	-	86,393	-
Cash	6,570	13,970	2,289	4,908
	<u>545,741</u>	<u>257,534</u>	<u>192,890</u>	<u>90,217</u>

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:

	The Group		The Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Advertising agencies	200,165	134,750	70,295	48,557
Direct customers	127,081	132,513	36,446	42,587
	<u>327,246</u>	<u>267,263</u>	<u>106,741</u>	<u>91,144</u>
Less: Provision for impairment	(22,145)	(23,699)	(2,533)	(5,835)
	<u>305,101</u>	<u>243,564</u>	<u>104,208</u>	<u>85,309</u>

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 2010, trade receivables relating to the group and the company amounting to \$173,118,000 (2009 – \$127,098,000) and \$64,272,000 (2009 – \$42,715,000) respectively 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:

	The Group		The Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
30 – 60 days	96,497	93,040	27,180	33,856
60 – 90 days	29,637	25,781	15,746	7,142
Greater than 90 days	46,984	8,277	21,346	1,717
	<u>173,118</u>	<u>127,098</u>	<u>64,272</u>	<u>42,715</u>

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Ageing analysis of trade receivables that are impaired

As of 31 March 2010, trade receivables of \$22,145,000 (2009 – \$23,699,000) for the group and \$2,533,000 (2009 – \$5,835,000) for the company 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:

	The Group		The Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Greater than 90 days	22,145	23,699	2,533	5,835

The movement on the provision for impairment was as follows:

	The Group		The Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
At 1 April	23,699	21,819	5,835	7,458
Provision for receivables impairment	18,879	28,027	2,244	7,719
Receivables written off during the year as uncollectible	(7,180)	(18,774)	(1,184)	(5,837)
Unused amounts reversed	(13,253)	(7,373)	(4,362)	(3,505)
At 31 March	22,145	23,699	2,533	5,835

Radio Jamaica Limited

Notes to the Financial Statements

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(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:

	The Group		
	Within 1 year \$'000	1 to 5 Years \$'000	Over 5 Years \$'000
	Total \$'000		
	2010		
Finance lease obligations	9,561	8,317	-
Long term loans	31,097	87,239	-
	40,658	95,556	-
	2009		
Finance lease obligations	12,168	18,495	-
Long term loans	39,326	106,080	7,153
	51,494	124,575	7,153

Radio Jamaica Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Cash flows of financial liabilities (continued)

	The Company			
	Within 1 year \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Total \$'000
	2010			
Finance lease obligations	1,899	103	-	2,002
Long term loans	12,338	30,240	-	42,578
	14,237	30,343	-	44,580
	2009			
Finance lease obligations	4,030	2,205	-	6,235
Long term loans	7,821	30,323	7,153	45,297
	11,851	32,528	7,153	51,532

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

(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.

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

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:

	2010		2009	
	US\$'000	£'000	US\$'000	£'000
Assets				
Receivables	490	2	268	2
Short term investments	632	23	-	-
Cash	20	1	18	-
	1,142	26	286	2
Liabilities				
Payables	221	-	340	-
Net Assets/(Liabilities)	921	26	(54)	2

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.

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(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

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial instruments that, subsequent to initial recognition, are measured at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets is the current bid price. At 31 March 2010, these instruments are quoted investment securities (Note 19), which are grouped in Level 1.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The fair value of financial instruments not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. At 31 March 2010, there were no such instruments.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. At 31 March 2010, there were no such instruments.

The following methods and assumptions have been used in determining fair values:

- (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 28) 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 \$20,442,000 (2009 – \$20,037,000).

Radio Jamaica Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

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.

Intangible assets arising from the acquisition of subsidiaries

The fair market value of the intangible assets arising from the group's acquisition of subsidiaries (Note 14) was determined by professional valuers. On the instructions of management, the valuers have used the excess of earnings method to determine fair market value. The approach used was deemed by management to be most appropriate to value the respective intangible assets. The excess of earnings method utilises discounted cash flow techniques. The cash flows discounted are derived by applying certain growth rates that management has determined are reasonable and deem to be best estimates, considering all known information about the markets and industries in which the acquired entities operate at the time of acquisition.

The intangibles acquired have been deemed to be finite life intangibles. Their estimated useful lives have been determined by management, based on their best estimate of the time period over which the group will benefit from the assets acquired. Management has estimated that the useful life of the intangibles will be between 10 and 20 years.

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2010

(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 2010, unrecognised deferred tax assets in respect of tax losses carried forward amounted to \$40,131,000 (2009 – \$62,223,000).

5. Other Operating Income

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Interest income	12,695	1,221	5,251	486
Net foreign exchange gains	877	8,762	499	4,872
Unrealised (losses)/gains on revaluation of investment securities classified as financial assets at fair value through profit or loss	(64)	3,746	(64)	3,746
Realised losses on disposal of investment securities classified as financial assets at fair value through profit or loss	-	(1,004)	-	(1,004)
Gain on disposal of fixed assets	9,410	1,457	12,865	1,322
Rental income	25,566	31,792	37,052	42,533
Dividend from subsidiary	-	-	-	78,100
Other dividend income	413	1,184	413	1,184
	<u>48,897</u>	<u>47,158</u>	<u>56,016</u>	<u>131,239</u>

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

6. Expenses by Nature

Total direct, selling, administration and other operating expenses:

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Auditors' remuneration	5,364	4,876	2,646	2,405
Commissions	223,379	138,860	79,901	52,677
Depreciation	106,674	96,167	31,847	33,584
Distribution costs	31,642	26,988	-	-
Impairment charge (Note 14)	-	50,913	-	-
Insurance	57,001	56,680	30,999	32,955
Programming expenses	150,517	125,490	21,766	25,595
Publicity	29,222	37,883	17,409	27,634
Repairs and maintenance	65,271	75,608	31,281	37,779
Special events	102,109	193,648	-	-
Staff costs (Note 7)	531,771	589,389	238,044	300,447
Utilities	123,032	127,390	68,147	79,150
Other	205,304	209,126	77,368	67,151
	<u>1,631,286</u>	<u>1,733,018</u>	<u>599,408</u>	<u>659,377</u>

7. Staff Costs

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Wages and salaries	482,765	480,086	232,447	237,208
Statutory contributions	47,512	49,938	25,590	28,773
Pension benefits (Note 15)	(30,748)	(4,478)	(37,869)	(4,274)
Other retirement benefits (Note 15)	1,132	2,113	633	1,427
Redundancy costs	300	18,360	68	9,454
Other	30,810	43,370	17,175	27,859
	<u>531,771</u>	<u>589,389</u>	<u>238,044</u>	<u>300,447</u>

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

8. Finance Costs

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Interest expense –				
Bank borrowings	12,384	10,076	7,752	5,273
Finance leases	3,969	4,320	859	1,698
Promissory note	2,200	2,200	-	-
Other	3,857	2,924	2,077	1,727
	<u>22,410</u>	<u>19,520</u>	<u>10,688</u>	<u>8,698</u>

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 33½%:

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Current tax	127,316	13,024	37,062	-
Adjustment to prior year provision	(35)	(93)	-	-
	<u>127,281</u>	<u>12,931</u>	<u>37,062</u>	<u>-</u>
Deferred tax (Note 16)	42,064	28,217	32,949	7,730
	<u>169,345</u>	<u>41,148</u>	<u>70,011</u>	<u>7,730</u>

The tax on the group and the company's profit was derived as follows:

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Profit/(loss) before taxation	390,966	(98,827)	168,533	52,776
Adjusted for:				
Capital allowances	(120,646)	(112,179)	(29,164)	(30,539)
Depreciation and amortisation	109,544	99,037	31,847	33,584
Dividends received from subsidiary	-	78,100	-	-
Fair value adjustments on investments	64	(3,746)	64	(3,746)
Finance leases	(8,520)	(8,342)	(3,374)	(5,644)
Gain on disposal of fixed assets	(9,410)	(1,457)	(12,865)	(1,322)
Impairment	-	50,913	-	-
Losses in subsidiaries not recognised	60,949	87,051	-	-
Movement in retirement benefits	(43,058)	(5,715)	(46,171)	(2,967)
Other	2,059	(3,455)	2,316	(465)
Statutory income	<u>381,948</u>	<u>81,380</u>	<u>111,186</u>	<u>41,677</u>
Utilisation of tax losses carried forward	-	(16,641)	-	(16,010)
Income at 0%	-	(25,667)	-	(25,667)
	<u>381,948</u>	<u>39,072</u>	<u>111,186</u>	<u>-</u>
Current tax at 33½%	<u>127,316</u>	<u>13,024</u>	<u>37,062</u>	<u>-</u>

Radio Jamaica Limited

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

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

	2010 \$'000	2009 \$'000
The company	98,522	60,506
Less: Dividends received from subsidiary	-	(78,100)
	98,522	(17,594)
The subsidiaries	123,099	(111,844)
	221,621	(129,438)

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

	2010 \$'000	2009 \$'000
The company	371,435	290,512
The subsidiaries	285,447	162,348
	656,882	452,860

11. Ordinary Dividends

On 28 October 2009, an interim dividend of \$0.05 on each ordinary stock unit held as at 11 November 2009 was declared and paid on 19 November 2009.

12. Earnings per Ordinary Stock Unit

Basic earnings per stock unit is calculated by dividing the net profit/(loss) attributable to stockholders by the weighted average number of ordinary stock units in issue during the year.

	2010	2009
Net profit/(loss) attributable to stockholders \$'000	221,621	(129,438)
Weighted average number of ordinary stock units in issue ('000)	345,288	343,913
Basic earnings per ordinary stock unit	\$0.64	(\$0.38)

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

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13. Fixed Assets

	The Group					
	Freehold Land	Freehold Buildings	Improvements to Leasehold Property	Furniture, Fixtures & Equipment	Motor Vehicles	Work in Progress
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2010						
Cost -						
1 April 2009	5,622	316,099	16,109	900,564	72,022	71,057
Additions	-	5,825	792	46,427	-	31,602
Disposals	(28)	(249)	-	(529)	(14,985)	-
Transfers	-	-	-	68,455	22,813	(91,268)
31 March 2010	5,594	321,675	16,901	1,014,917	79,850	11,391
Depreciation -						
1 April 2009	-	52,334	1,084	518,727	38,534	-
Charge for the year	-	7,705	1,928	82,643	14,398	-
Relieved on disposals	-	(249)	-	(462)	(8,435)	-
31 March 2010	-	59,790	3,012	600,908	44,497	-
Net Book Value -						
31 March 2010	5,594	261,885	13,889	414,009	35,353	11,391
2009						
Cost -						
1 April 2008	5,622	313,109	7,995	855,317	57,960	11,060
Additions	-	1,323	8,114	19,120	17,771	89,567
Disposals	-	-	-	(1,776)	(3,709)	-
Transfers	-	1,667	-	27,903	-	(29,570)
31 March 2009	5,622	316,099	16,109	900,564	72,022	71,057
Depreciation -						
1 April 2008	-	44,739	567	445,511	28,845	-
Charge for the year	-	7,595	517	74,657	13,398	-
Relieved on disposals	-	-	-	(1,441)	(3,709)	-
31 March 2009	-	52,334	1,084	518,727	38,534	-
Net Book Value -						
31 March 2009	5,622	263,765	15,025	381,837	33,488	71,057

Radio Jamaica Limited

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13. Fixed Assets (Continued)

	The Company					
	Freehold Land	Freehold Buildings	Furniture, Fixtures & Equipment	Motor Vehicles	Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	2010					
Cost -						
1 April 2009	5,621	263,979	277,195	31,361	109	578,265
Additions	-	5,824	12,421	-	4,241	22,486
Disposals	(27)	(249)	(529)	(1,700)	-	(2,505)
Transfer to subsidiary	-	-	(1,090)	-	-	(1,090)
Other transfers	-	-	40	-	(40)	-
31 March 2010	5,594	269,554	288,037	29,661	4,310	597,156
Depreciation -						
1 April 2009	-	46,184	194,358	23,774	-	264,316
Charge for the year	-	6,401	20,397	5,049	-	31,847
Relieved on disposals	-	(249)	(462)	(1,700)	-	(2,411)
31 March 2010	-	52,336	214,293	27,123	-	293,752
Net Book Value -						
31 March 2010	5,594	217,218	73,744	2,538	4,310	303,404
	2009					
Cost -						
1 April 2008	5,621	260,990	267,690	34,412	5,208	573,921
Additions	-	1,322	5,040	-	2,434	8,796
Disposals	-	-	(1,401)	(3,051)	-	(4,452)
Transfers	-	1,667	5,866	-	(7,533)	-
31 March 2009	5,621	263,979	277,195	31,361	109	578,265
Depreciation -						
1 April 2008	-	39,864	175,324	19,915	-	235,103
Charge for the year	-	6,320	20,354	6,910	-	33,584
Relieved on disposals	-	-	(1,320)	(3,051)	-	(4,371)
31 March 2009	-	46,184	194,358	23,774	-	264,316
Net Book Value -						
31 March 2009	5,621	217,795	82,837	7,587	109	313,949

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13. Fixed Assets (Continued)

Included in motor vehicles are assets costing approximately \$50,526,000 for the group and \$27,980,000 for the company (2009 – \$54,717,000 and \$29,671,000, respectively) which are being acquired under finance lease arrangements (Note 27), on which depreciation of \$36,669,000 for the group and \$25,716,000 for the company (2009 – \$30,643,000 and \$22,788,000, respectively) has been charged.

Included in additions to furniture, fixtures & equipment for the group are capitalised borrowing costs of \$1,682,000 (2009 – \$4,218,000).

14. Intangible Assets

Intangible assets in the balance sheet were determined as follows:

	Goodwill \$'000	Brands \$'000	Total \$'000
2010			
Cost	53,726	50,472	104,198
Accumulated amortisation and impairment	(50,913)	(9,567)	(60,480)
Net book value at 31 March 2010	2,813	40,905	43,718
2009			
Cost	53,726	50,472	104,198
Accumulated amortisation and impairment	(50,913)	(6,697)	(57,610)
Net book value at 31 March 2009	2,813	43,775	46,588

The movement in intangible assets was due to the following:

	Goodwill \$'000	Brands \$'000	Total \$'000
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 charge	-	(2,870)	(2,870)
Net book value at 31 March 2010	2,813	40,905	43,718

The goodwill balance of \$2,813,000 at 31 March 2009 and 2010 is allocated to the Reggae Entertainment Television Limited.

Amortisation charges are included in administration expenses in arriving at net profit or loss.

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14. Intangible Assets (Continued)

Impairment charge – prior year

At 31 March 2009, 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 – 12.49% (2009 – 23.64%);
- 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 in arriving at net profit or loss during the prior year was as follows:

	\$'000
Reggae Entertainment Television Limited	30,967
Jamaica News Network Limited	19,946
	<u>50,913</u>

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.

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15. Retirement Benefits

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Amounts recognised in the balance sheet –				
Pension schemes	167,211	123,020	157,195	110,390
Other retirement benefits	(17,879)	(16,746)	(13,200)	(12,566)
Amounts recognised in arriving at profit or loss –				
Pension schemes	30,748	4,478	37,869	4,274
Other retirement benefits	(1,132)	(2,113)	(633)	(1,427)

Pension schemes

The company operates a defined benefit pension scheme covering all permanent employees of Radio Jamaica Limited, Multi-Media Jamaica Limited and, effective 1 January 2008, Television Jamaica Limited. Television Jamaica Limited previously operated a defined benefit scheme that was open to all its employees. During the year, this scheme was merged with the company's scheme.

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.

The scheme is valued annually by independent actuaries. The latest actuarial valuation was done as at 31 December 2009.

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

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Fair value of plan assets	485,232	430,119	438,855	396,421
Present value of funded obligation	(344,865)	(240,660)	(305,659)	(212,132)
	140,367	189,459	133,196	184,289
Unrecognised past service cost	(488)	(887)	(762)	(887)
Limitation due to uncertainty of future benefits	(1,245)	(56,050)	(1,245)	(56,050)
Unrecognised actuarial losses/(gains)	28,577	(9,502)	26,006	(16,962)
Asset in the balance sheet	167,211	123,020	157,195	110,390

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15. Retirement Benefits (Continued)

Pension schemes (continued)

The amounts recognised in arriving at profit or loss were determined as follows:

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Current service cost	(20,482)	(13,059)	(13,828)	(9,425)
Interest cost	(39,700)	(26,214)	(33,907)	(23,638)
Employee contributions	11,575	12,060	7,355	8,512
Expected return on plan assets	44,987	44,053	41,012	41,225
Past service cost	(20,244)	301	(17,568)	263
Actuarial gains recognised	(193)	2,039	-	2,039
Change in limitation due to uncertainty of future benefits	54,805	(14,702)	54,805	(14,702)
Total included in staff costs (Note 7)	30,748	4,478	37,869	4,274

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

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Balance at start of year	430,119	439,663	396,421	412,527
Employee contributions	11,575	12,060	7,355	8,512
Employer contributions	13,443	3,350	8,936	121
Expected return on plan assets	44,987	44,053	41,012	41,225
Benefits paid	(67,309)	(10,703)	(63,463)	9,191
Actuarial gains/(losses)	52,417	(58,304)	48,594	(56,773)
Balance at end of year	485,232	430,119	438,855	396,421

The actual return on plan assets was \$97,404,000 (2009 – \$16,845,000) for the group and \$89,606,000 (2009 – \$15,548,000) for the company.

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 2011 amount to \$12,607,000 for the group and \$8,394,000 for the company.

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15. Retirement Benefits (Continued)

Pension schemes (continued)

The distribution of plan assets was as follows:

	The Group		The Company	
	2010	2009	2010	2009
	%	%	%	%
Equities	13	13	14	14
Government of Jamaica securities	54	44	53	43
Repurchase agreements	20	20	20	19
Other	13	23	13	24
	100	100	100	100

Plan assets include the company's ordinary shares with a fair value of \$1,756,000 (2009 - \$2,447,000).

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

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Balance at start of year	(240,660)	(193,937)	(212,132)	(176,999)
Current service cost	(20,482)	(13,059)	(13,828)	(9,425)
Interest cost	(39,700)	(26,214)	(33,907)	(23,638)
Past service cost	(20,643)	-	(17,693)	-
Benefits paid	67,309	10,703	63,463	9,191
Actuarial gains	(90,689)	(18,153)	(91,562)	(11,261)
	<u>(344,865)</u>	<u>(240,660)</u>	<u>(305,659)</u>	<u>(212,132)</u>

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15. Retirement Benefits (Continued)

Pension schemes (continued)

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:

	The Group				
	2010	2009	2008	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000
Fair value of plan assets	485,232	430,119	439,663	395,273	346,342
Defined benefit obligation	(344,865)	(240,660)	(193,937)	(190,277)	(162,326)
Surplus	140,367	189,459	245,726	204,996	184,016
Experience adjustments –					
Fair value of plan assets	52,417	(58,304)	(3,533)	7,354	7,010
Defined benefit obligation	88,502	(52,058)	(3,695)	(2,255)	(22,292)

	The Company				
	2010	2009	2008	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000
Fair value of plan assets	438,855	396,421	412,527	375,239	330,386
Defined benefit obligation	(305,659)	(212,132)	(176,999)	(175,280)	(151,090)
Surplus	133,196	184,289	235,528	199,959	179,296
Experience adjustments –					
Fair value of plan assets	48,594	(56,773)	(2,061)	7,423	6,646
Defined benefit obligation	89,106	(51,721)	(4,553)	(2,897)	(21,686)

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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:

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Present value of unfunded obligations	16,981	9,710	12,763	7,488
Unrecognised past service cost	209	278	209	291
Unrecognised actuarial losses	689	6,758	228	4,787
Liabilities in the balance sheet	17,879	16,746	13,200	12,566

The amounts recognised in arriving at net profit or loss were as follows:

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Current service cost	(131)	488	(298)	202
Interest cost	1,590	1,772	1,203	1,316
Past service cost	(69)	(12)	(82)	(83)
Actuarial gains recognised	(258)	(135)	(190)	(8)
Total included in staff costs (Note 7)	1,132	2,113	633	1,427

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

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Balance at start of year	9,710	12,892	7,488	9,702
Current service cost	590	986	358	635
Interest cost	1,590	1,772	1,203	1,316
Benefits paid	(721)	(498)	(656)	(433)
Actuarial gains on obligation	5,812	(5,442)	4,370	(3,732)
Balance at end of year	16,981	9,710	12,763	7,488

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15. Retirement Benefits (Continued)

Other retirement benefits (continued)

The effects of a 1% movement in the assumed medical cost trend rate were as follows:

	The Group		The Company	
	Increase \$'000	Decrease \$'000	Increase \$'000	Decrease \$'000
Effect on the aggregate of the current service cost and interest cost	401	(311)	279	(217)
Effect on the defined benefit obligation	-	(3,803)	-	(2,700)

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

	The Group				
	2010 \$'000	2009 \$'000	2008 \$'000	2007 \$'000	2006 \$'000
Defined benefit obligation	16,981	9,710	12,892	14,775	10,298
Experience adjustments	3,612	(223)	(2,383)	2,110	(2,327)

	The Company				
	2010 \$'000	2009 \$'000	2008 \$'000	2007 \$'000	2006 \$'000
Defined benefit obligation	12,763	7,488	9,702	11,628	8,290
Experience adjustments	2,825	108	(2,000)	1,969	(1,836)

Principal actuarial assumptions used in valuing retirement benefits

The principal actuarial assumptions used were as follows:

	The Group & The Company	
	2010	2009
Discount rate	16.0%	16.0%
Expected return on plan assets	11.0%	11.0%
Inflation rate	10.0%	10.0%
Future salary increases	12.0%	12.0%
Future pension increases	10.0%	10.0%
Long term increase in health costs	11.5%	10.5%
Expected remaining working lives (years)	22.1	22.5

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16. Deferred Taxation

Deferred income taxes are calculated in full on all temporary differences under the liability method using a principal rate of 33½%.

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Deferred income tax assets	67	3,175	-	-
Deferred income tax liabilities	(123,343)	(84,387)	(60,034)	(27,085)
	<u>(123,276)</u>	<u>(81,212)</u>	<u>(60,034)</u>	<u>(27,085)</u>

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

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Balance as at 1 April	(81,212)	(52,995)	(27,085)	(34,815)
(Charged)/credited in arriving at profit or loss	(42,064)	(28,217)	(32,949)	7,730
Balance as at 31 March	<u>(123,276)</u>	<u>(81,212)</u>	<u>(60,034)</u>	<u>(27,085)</u>

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

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Deferred income tax assets -				
Accrued vacation	8,430	7,470	5,493	4,692
Finance lease obligation	4,695	7,387	570	1,695
Retirement benefit obligations	5,960	5,582	4,400	4,189
Tax losses carried forward	515	21,158	-	17,484
	<u>19,600</u>	<u>41,597</u>	<u>10,463</u>	<u>28,060</u>
Deferred income tax liabilities -				
Accelerated tax depreciation	86,624	81,772	17,850	18,267
Interest receivable	310	-	110	-
Retirement benefit asset	55,737	41,007	52,398	36,797
Unrealised foreign exchange gains	205	30	139	81
	<u>142,876</u>	<u>122,809</u>	<u>70,497</u>	<u>55,145</u>

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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:

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Deferred income tax assets		10,132		5,749
Deferred income tax liabilities	515	30	249	81

The deferred tax (charged)/credited in arriving at profit or loss comprises the following temporary differences:

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Accelerated tax depreciation	(4,852)	(8,423)	417	(1,522)
Pension and other retirement benefits	(14,352)	(2,037)	(15,390)	(1,121)
Tax losses carried forward	(20,643)	(20,887)	(17,484)	11,661
Accrued vacation	960	(184)	801	(47)
Finance lease obligation	(2,692)	2,583	(1,125)	(1,882)
Other	(485)	731	(168)	641
	(42,064)	(28,217)	(32,949)	7,730

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 \$121,938,000 (2009 – \$250,174,000) for the group and \$Nil (2009 – \$52,451,000) for the company, 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 \$120,394,000 (2009 – \$186,699,000).

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 \$463,792,000 (2009 – \$272,877,000).

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

17. Investment in Subsidiaries

	2010 \$'000	2009 \$'000
Multimedia Jamaica Limited	50	50
Television Jamaica Limited	20,002	20,002
Media Plus Limited –		
Reggae Entertainment Television Limited	68,994	68,994
Jamaica News Network Limited	32,467	32,467
	<u>121,513</u>	<u>121,513</u>

18. Long Term Receivables

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
GV Media Group Limited	25,038	25,038	25,038	25,038
Less: Provision for impairment	(25,038)	(25,038)	(25,038)	(25,038)
	-	-	-	-
Subsidiary	-	-	2,950	2,950
	<u>-</u>	<u>-</u>	<u>2,950</u>	<u>2,950</u>

GV Media Group Limited

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:

- The Gleaner Jamaica Limited purchased Radio Jamaica Limited's 20% shareholding for £1.00;
- 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
- 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.

Subsidiary

This represents the amount receivable in respect of the background music equipment transferred by the company to Multi-Media Jamaica Limited.

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

19. Investment Securities

	The Group & The Company	
	2010 \$'000	2009 \$'000
At fair value through profit or loss –		
One Caribbean Media Limited, quoted	11,815	11,879
Available-for-sale –		
Caribbean News Agency, unquoted	7	7
	<u>11,822</u>	<u>11,886</u>

20. Inventories

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Spares	29,273	27,849	17,880	19,680
Film	34,252	23,643	-	-
Goods in transit	2,364	3,409	516	524
Other	3,753	1,935	889	350
	<u>69,642</u>	<u>56,836</u>	<u>19,285</u>	<u>20,554</u>

21. Due from Subsidiaries

	2010 \$'000	2009 \$'000
Multi-Media Jamaica Limited	10,841	16,378
Television Jamaica Limited	(22,611)	26,384
Reggae Entertainment Television Limited	90,540	59,074
Jamaica News Network Limited	145,631	92,242
	<u>224,401</u>	<u>194,078</u>

22. Receivables

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Trade receivables	327,246	267,263	106,741	91,144
Less: Provision for impairment	(22,145)	(23,699)	(2,533)	(5,835)
	<u>305,101</u>	<u>243,564</u>	<u>104,208</u>	<u>85,309</u>
Prepayments	46,092	18,582	2,077	958
Other	28,725	29,584	19,054	10,788
	<u>379,918</u>	<u>291,730</u>	<u>125,339</u>	<u>97,055</u>

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

23. Cash and Cash Equivalents

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Cash	6,570	13,970	2,289	4,908
Short term investments	234,070	-	86,393	-
	240,640	13,970	88,682	4,908
Bank overdraft	(5,754)	-	(5,754)	-
	234,886	13,970	82,928	4,908

- (a) Cash comprises amounts held in current accounts, which currently attract interest at a rate of 1%.
- (b) Short term investments comprise securities purchased under resale agreements and are classified as financial assets at fair value through profit or loss. The average maturity of these investments was under 90 days. The weighted average effective interest rate on these instruments was as follows:

	The Group		The Company	
	2010 %	2009 %	2010 %	2009 %
United States dollar	4.11	-	4.28	-
Pound sterling	3.36	-	3.36	-
Jamaican dollar	13.06	-	13.36	-

- (c) The group has unsecured bank overdraft facilities. The effective interest rate on account overrun is 47.75%.

24. Payables

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Trade	41,575	61,056	12,297	6,048
Accrued vacation leave	25,290	23,663	16,479	14,078
Other accruals	36,760	22,792	13,883	10,328
Current portion of finance lease obligations	7,088	7,985	1,632	3,171
Current portion of long term loans	20,793	26,539	8,549	3,549
Statutory deductions	17,162	17,969	8,750	11,491
Other	41,944	31,074	20,815	9,581
	190,612	191,078	82,405	58,246

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

25. Share Capital

Authorised –

50,000 5% Cumulative participating preference shares

378,000,000 Ordinary shares

	2010 \$'000	2009 \$'000
Issued and fully paid –		
357,476,991 (2009 – 351,976,991) Ordinary shares of no par value	472,695	445,195
Treasury shares – 8,064,100 Ordinary shares of no par value	(5,039)	(5,039)
	<u>467,656</u>	<u>440,156</u>

During the year, the company issued shares to the previous minority shareholders of Reggae Entertainment Television Limited and Jamaica News Network Limited as described in Note 26.

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.

26. Unissued Shares

Under the agreement for acquisition of Reggae Entertainment Television Limited and Jamaica News Network Limited 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 prior 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 were issued to the vendors during the year in accordance with the stipulations of the agreement, based on the passage of time (three years).

The unissued shares were reversed against goodwill in the prior year as follows:

	\$'000
Reggae Entertainment Television Limited	18,700
Jamaica News Network Limited	8,800
	<u>27,500</u>

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

27. 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% (2009 – 25%). The amounts recognised in the balance sheet were determined as follows:

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Outstanding obligations under finance leases	17,878	30,663	2,002	6,235
Less: Future finance charges	(3,793)	(8,056)	(290)	(1,149)
Present value of minimum lease payments	14,085	22,607	1,712	5,086
Less: Current portion	(7,088)	(7,985)	(1,632)	(3,171)
	6,997	14,622	80	1,915

28. Long Term Loans

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
(a) The Jamaica Broadcasting Corporation	22,000	22,000	-	-
(b) RBTT Bank Jamaica Limited	-	10,746	-	-
(c) RBTT Bank Jamaica Limited	23,958	27,508	23,958	27,508
(d) RBTT Bank Jamaica Limited	38,771	51,014	-	-
(e) RBTT Bank Jamaica Limited	5,000	-	5,000	-
	89,729	111,268	28,958	27,508
Less: Current portion	(20,793)	(26,539)	(8,549)	(3,549)
	68,936	84,729	20,409	23,959

- (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 repayable on a monthly basis, matured in September 2009 and attracted interest at 13%. It was secured by a first mortgage over commercial properties owned by the company.
- (c) This 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 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.
- (e) This loan is repayable on a monthly basis, maturing in May 2010 and attracts interest at 21.25%. It is secured by a second mortgage over commercial properties owned by the company.

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

29. Segment Reporting

Management has determined the group's operating segments based on the reports reviewed by the company's Board of Directors that are used to make strategic decisions. The group is organised and managed in two main business segments based on its business activities. Operating results for each segment are used to measure performance, as management deems that information to be the most relevant in evaluating segments relative to other entities that operate within these industries.

The designated segments are:

- (a) Audio visual, comprising the operations of the group's free-to-air television station and its cable stations; and
- (b) Radio and other, comprising the operations of the group's radio stations.

The group's operations are primarily located in Jamaica. Transactions between segments are done under terms similar to that with third parties.

	Audio Visual	Radio and Other	Sub-total	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2010					
Revenues	1,248,463	749,501	1,997,964	(2,199)	1,995,765
Operating profit	226,455	186,921	413,376	-	413,376
Assets	829,906	1,044,635	1,874,541	(213,560)	1,660,981
Liabilities	543,977	206,026	750,003	(213,560)	536,443
Capital expenditure	59,679	24,967	84,646	-	84,646
Depreciation & amortisation	75,396	34,148	109,544	-	109,544
Finance costs	11,708	10,702	22,410	-	22,410
2009					
Revenues	987,875	621,055	1,608,930	(2,377)	1,606,553
Operating loss	(90,909)	(15,585)	(106,494)	-	(106,494)
Assets	701,849	797,181	1,499,030	(176,185)	1,322,845
Liabilities	444,441	134,073	578,514	(176,185)	402,329
Capital expenditure	125,735	10,160	135,895	-	135,895
Depreciation & amortisation	63,103	35,934	99,037	-	99,037
Impairment charge	50,913	-	50,913	-	50,913
Finance costs	10,810	8,710	19,520	-	19,520

The reconciliation of operating loss for 2009 to the statement of comprehensive income is as follows:

	\$'000
As presented in the segment disclosure	(106,494)
Dividends received by the radio and other segment from the audio visual segment	78,100
Impairment charge in relation to the audio visual segment	(50,913)
Operating loss for 2009 per the statement of comprehensive income	(79,307)

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

30. Statement of Cash Flows

The principal non-cash transactions were the acquisition of fixed assets amounting to \$17,609,000 for the group under finance lease arrangements entered into during the prior year, as well as the acquisition of minority shareholdings in subsidiaries at nil consideration.

31. Related Party Transactions and Balances

- (a) During the year, the group purchased fixed assets valuing \$4,000 (2009 – \$205,000) and stationery and computer spares valuing \$1,125,000 (2009 – \$1,335,000) 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 for the group is \$Nil (2009 – \$2,638,000) owing by a subsidiary to a shareholder of the company. This shareholder was also an employee of the subsidiary. The amount was interest-free and there were no fixed repayment terms.
- (c) Key management compensation for the group was as follows:

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Wages and salaries	44,029	49,760	36,587	38,298
Statutory contributions	2,686	2,891	2,228	2,163
Other	955	1,176	955	2,783
	<u>47,670</u>	<u>53,827</u>	<u>39,770</u>	<u>43,244</u>

	The Group		The Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Directors' emoluments –				
Fees	1,194	1,204	728	728
Management remuneration (included in staff costs)	16,573	24,594	16,573	22,524

32. 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.

Five Year Summary

	2006 \$000	Restated 2007 \$000	Restated 2008 \$000	2009 \$000	2010 \$000
Turnover	1,248,069	1,446,254	1,518,681	1,606,553	1,995,765
Profit/(Loss) (before tax)	125,726	103,860	65,614	(98,827)	390,966
Taxation	(32,682)	(46,323)	(23,993)	(41,148)	(169,345)
Exceptional Item	-	(89,905) ¹	-	-	-
Profit (Loss) for the Financial Year	93,044	(32,368)	41,621	(139,975)	221,621
Dividends/Capital Distribution	34,501	3	34,392	-	17,599
Net Transfer of Capital Reserve	-	-	-	-	-
Retained (Loss)/Profit for the year	58,543	(32,371)	7,229	(139,975)	204,022
Shareholders Funds					
Capital:					
Ordinary	172,488	440,156	440,156	440,156	467,656
Preference	20	20	20	-	-
Share Premium	237,707	-	-	-	-
Unissued Shares	-	55,000	55,000	27,500	-
Reserves	587,382	566,185	582,298	452,860	656,882
Minority Interest	997,597	1,061,361	1,077,474	920,516	1,124,538
Long Term Liability	-	19,421	10,537	-	-
	166,867	188,785	172,053	200,484	217,155
Total Funds Employed	1,164,464	1,269,567	1,260,064	1,121,000	1,341,693
Represented by:					
Fixed Assets & Investments	900,925	1,017,650	1,048,508	955,463	964,939
Net Current Assets	263,539	251,917	211,556	165,537	376,754
Net Worth	1,164,464	1,269,567	1,260,064	1,121,000	1,341,693
Ordinary Shares in Issue (mls) Year end	345.0	352.0	352.0	352.0	357.5
	cents	cents	cents	cents	cents
Dividends Per Ordinary Shares	10.0	0.0	9.8	-	5.0
Earnings Per Ordinary Shares	26.97	(8.00)	15.00	(38.00)	64.00
Shareholders Funds					
Per Ordinary Stock Unit	289.2	301.5	306.1	261.5	314.6
	%	%	%	%	%
Returns on Sales (Profit before tax as a Percentage of Turnover)	10.07	7.18	4.32	(6.15)	19.59
Gearing (Net Borrowing as a Percentage of Capital and Reserves)	16.73	17.79	15.97	21.78	19.31
Return on Net Assets (Profit After Tax as a Percentage of Net Assets)	7.99	(2.55)	3.30	(12.49)	16.52

*1 - adjusted for \$89.9M impairment of investment in associate

NOTES

FORM OF PROXY

Place
\$100
Stamp
Here

I/We

of
being a Member/Members of the above-named Company hereby appoint

.....of.....

or failing him/her.....of.....

As my/our proxy to vote for me/us on my/our behalf at the Sixty-Second Annual General Meeting Meeting of the Company to be held on **Wednesday, October 20, 2010 at 10:00 a.m.** and at any adjournment thereof.

I/We desire this form to be used for/against the resolutions as indicated below.

Signed this day of 2010

Signature:

Unless otherwise directed the proxy will vote, as he thinks fit. Please indicate by inserting an "X" in the spaces below how you wish your votes to be cast. If no indication is given your Proxy will vote for or against each resolution or abstain, as he thinks fit.

RESOLUTIONS	FOR	AGAINST
RESOLUTION 1		
RESOLUTION 2		
RESOLUTION 3		
RESOLUTION 4		

(For text of Resolutions please refer to Notice of Meeting)

NOTES:

1. An instrument appointing a proxy, shall, unless the contrary is stated thereon be valid as well for any adjournment of the meeting as for the meeting to which it relates and need not be witnessed.
2. If the appointer is a corporation, this form must be under its common seal or under the hand of an officer or attorney duly authorized in writing.
3. In the case of joint holders, the vote of the senior will be accepted to the exclusion of the votes of others, seniority being determined by the order in which the names appear on the register.
4. To be valid, this form must be received by the Registrar of the Company at the address given below not less than 48 hours before the time fixed for holding the meeting or adjourned meeting.
5. The proxy form should bear stamp duty of One Hundred dollars (\$100.00) which may be in the form of adhesive stamp duly cancelled by the person signing the proxy form.

REGISTRAR AND TRANSFER AGENTS
Jamaica Central Securities Depository
40 Harbour Street, Kingston



<http://www.rjrnewsonline.com>

<http://www.rjrgroup.com>



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