

Radio Jamaica Limited

Unaudited Financial Statements
Quarter Ended 30 September 2010

Radio Jamaica Limited
Interim Report to Stockholders.

The directors present the un-audited results of the group for the 2nd quarter ended September 30, 2010.

After tax profits of \$72 million for the period as was anticipated, was 33% below the same period in 2009 considering the exceptional results in 2009.

The impact of the general downturn in the economy, the state of emergency, delays and cancellations occasioned by bad weather conditions and salary increases, had a negative impact on the 2nd quarter results when compared to 2009. The after tax profit for the three months to September 2009 was \$42.9 million compared to \$45.9 million for the prior year period. This included Other income of \$36.3 million which resulted from the disposal of a redundant asset property, interest income and rental income. The gross profit margin of 62% in the quarter reflects an 8% reduction over prior year 2nd quarter performance, mainly due to revenue reduction, salaries related increases, higher World Cup Football radio rights and higher website, streaming, consulting, investment and restructuring activities.

Selling expenses reflected a \$4 million or 4% reduction over 2009, due to a lower spend on advertising and promotion. Year-to-date selling expenses are also lower.

The 3% increase in administrative expenses is also due to the salary, professional fees and internet activities mentioned earlier.

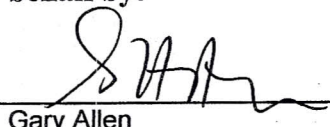
Operating expenses of \$89.2 million in the 2nd quarter represents an increase of \$7.4 million (9%) over the same prior year period significantly due to increased electricity expense.

Finance cost in the second quarter were lower than for the corresponding period last year, by \$2 million or 33% as a result of the full repayment of two of the loans that existed in prior year.

Cash and short term investments increased by \$196 million, due to improved prior year profitability. Shareholders' Equity improved by \$72.3 million since March 31, 2010 to stand at \$1.197 billion. Long term loans decreased by \$1.2 million.

The Group's Earnings Per Share (EPS) for the second quarter were \$0.12 compared to \$0.13 for the second quarter last year. EPS at the end of last six months was \$0.20 compared to \$0.31 last year.

Approved for issue by the Board of Directors on 15 November 2010 and signed on its behalf by:



Gary Allen

Director



Carl D. Domville

Director

Radio Jamaica Limited

Index

Quarter Ended 30 September 2010

Page

Directors' interim report to Shareholders

Unaudited Financial Statements

Consolidated statement of comprehensive income	1
Consolidated balance sheet	2
Consolidated statement of changes in equity	3
Consolidated statement of cash flows	4
Company statement of comprehensive income	5
Company balance sheet	6
Company statement of changes in equity	7
Company statement of cash flows	8

Radio Jamaica Limited

Page 1

Consolidated Statement of Comprehensive Income (Unaudited) Quarter Ended 30 September 2010

Current Quarter 3 Months to 30/09/10 \$'000	Prior Year Quarter 3 Months to 30/09/09 \$'000	Note	Year-to-Date 6 Months to 30/09/10 \$'000	Prior Year-to-date 6 Months to 30/09/09 \$'000
480,788	503,356	2	952,678	994,386
(181,171)	(153,388)		(335,130)	(299,964)
299,617	349,969		617,548	694,422
36,342	8,893	3	50,269	19,735
(87,061)	(91,150)		(170,215)	(172,501)
(99,636)	(96,930)		(203,733)	(182,401)
(89,173)	(81,794)		(181,081)	(161,767)
60,089	88,987		112,789	197,489
(4,498)	(6,720)		(9,039)	(12,903)
55,591	82,268		103,750	184,586
(12,681)	(36,363)		(31,388)	(75,894)
42,910	45,905		72,362	108,692
42,910	45,905		72,362	108,692
\$0.12	\$0.13	4	\$0.20	\$0.31

Radio Jamaica Limited

Page 2

Consolidated Balance Sheet (Unaudited) Quarter Ended 30 September 2010

	Note	September 2010 \$'000	Audited March 2010 \$'000	September 2009 \$'000
Non-Current Assets				
Fixed assets		703,415	742,121	740,963
Intangible assets	5	42,283	43,718	45,153
Retirement benefit assets		167,211	167,211	123,020
Deferred tax asset		535	67	64
Investment securities		11,391	11,822	11,858
Current Assets				
Inventories		64,630	69,642	52,830
Receivables		472,844	379,918	393,835
Taxation recoverable		7,605	5,842	1,139
Cash and short term investments		277,781	240,640	81,241
		822,859	696,042	529,045
Current Liabilities				
Payables		198,229	190,612	180,862
Taxation payable		153,914	122,922	54,883
Bank overdraft		-	5,754	-
		352,143	319,288	235,745
Net Current Assets				
		470,716	376,754	293,300
		1,395,550	1,341,693	1,214,359
Stockholders' Equity				
Share capital	6	467,656	467,656	440,156
Unissued shares	7	-	-	27,500
Retained earnings		729,244	656,882	561,552
		1,196,900	1,124,538	1,029,207
Non-Current Liabilities				
Finance lease obligations		4,077	6,997	14,297
Long term loans		61,040	68,936	51,996
Deferred tax liabilities		115,655	123,343	102,112
Retirement benefit obligations		17,879	17,879	16,746
		1,395,550	1,341,693	1,214,359

Approved for issue by the Board of Directors on 15 November 2010 and signed on its behalf by:


Gary Allen

Director


Carl D. Domville

Director

Radio Jamaica Limited

Page 3

Consolidated Statement of Changes in Equity (Unaudited)
Quarter Ended 30 September 2010

	Attributable to Stockholders of the Company			Minority Interest	Total
	Share Capital	Unissued Shares	Retained Earnings		
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2008	440,176	55,000	582,298	10,537	1,088,011
Total comprehensive income –					
Net loss	-	-	(129,438)	(10,537)	(139,975)
Reversal of unissued shares	-	(27,500)	-	-	(27,500)
Redemption of preference shares	(20)	-	-	-	(20)
Balance at 31 March 2009	440,156	27,500	452,860	-	920,516
Total comprehensive income –					
Net profit	-	-	221,621	-	221,621
Issue of unissued shares	27,500	(27,500)	-	-	-
Ordinary dividends	-	-	(17,599)	-	(17,599)
Balance at 31 March 2010	467,656	-	656,882	-	1,124,538
Total comprehensive income –					
Net profit	-	-	72,362	-	72,362
Balance at 30 September 2010	467,656	-	729,244	-	1,196,900
 Balance at 30 September 2009	 440,156	 27,500	 561,552	 -	 1,029,207

Consolidated Cash Flow (Unaudited)
Quarter Ended 30 September 2010

	2010 \$'000	2009 \$'000
CASH RESOURCES WERE (USED IN)/PROVIDED BY:		
Operating Activities		
Net profit/(loss)	72,362	108,692
Items not affecting cash resources:	66,281	84,188
	<u>138,643</u>	<u>192,880</u>
Changes in non-cash working capital components:	(63,171)	(72,150)
Cash provided by operations:	<u>75,472</u>	<u>120,730</u>
Investing Activities		
Cash used in investing activities:	19,308	(32,060)
Financing Activities		
Cash (used in)/provided by financing activities:	<u>(51,885)</u>	<u>(21,399)</u>
Change in cash and cash equivalents	42,895	67,271
Net cash and cash equivalents at beginning of year	<u>234,886</u>	<u>13,970</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>277,781</u></u>	<u><u>81,241</u></u>

Page 5

Current Quarter 3 Months to 30/09/10	Prior Year Quarter 3 Months to 30/09/09	Note	Year-to-Date Quarter 6 Months to 30/09/10	Prior Year Quarter 6 Months to 30/09/09
\$'000	\$'000		\$'000	\$'000
174,592	180,244		353,604	354,567
(58,676)	(45,415)		(106,189)	(90,446)
115,916	134,829		247,415	264,121
38,296	11,116	5	47,130	20,622
(35,538)	(34,555)		(71,413)	(67,684)
(42,259)	(40,196)		(88,783)	(78,882)
(38,401)	(32,282)		(80,772)	(63,848)
38,014	38,911		53,576	74,330
(1,602)	(3,237)	8	(3,310)	(5,738)
36,412	35,675		50,266	68,592
(1,894)	(12,516)	9	(5,975)	(22,705)
34,518	23,159		44,292	45,887


Radio Jamaica Limited

Page 6

Company Balance Sheet (Unaudited) Quarter Ended 30 September 2010

	September 2010 \$'000	March 2010 \$'000	September 2009 \$'000
Non-Current Assets			
Fixed assets	295,779	303,404	303,210
Retirement benefit asset	157,195	157,195	110,390
Investment in subsidiaries	121,513	121,513	121,513
Long term receivables	2,950	2,950	2,950
Investment securities	11,389	11,822	11,856
Current Assets			
Inventories	21,997	19,285	20,922
Due from subsidiaries	50,682	224,401	229,955
Receivables	190,708	125,339	124,270
Taxation recoverable	4,595	3,325	2,472
Cash and short term investments	248,595	88,682	42,188
	516,577	461,032	419,807
Current Liabilities			
Payables	87,154	82,405	79,217
Taxation payable	47,516	36,943	4,494
Bank overdraft	-	5,754	-
	134,670	125,102	83,711
Net Current Assets	381,906	335,930	336,096
	970,733	932,814	886,016
Equity			
Share capital	467,656	467,656	440,156
Unissued shares	-	-	27,500
Retained earnings	415,727	371,435	336,399
	883,383	839,091	804,055
Non-Current Liabilities			
Finance lease obligations	80	80	1,915
Long term loans	18,634	20,409	23,959
Deferred tax liabilities	55,436	60,034	43,520
Retirement benefit obligations	13,200	13,200	12,566
	970,733	932,814	886,016

Approved for issue by the Board of Directors on 15 November 2010 and signed on its behalf by:


Gary Allen Director


Carl D. Domville Director

Radio Jamaica Limited

Page 7

Company Statement of Changes in Equity (Unaudited) Quarter Ended 30 September 2010

	Attributable to Stockholders of the Company			Total
	Share Capital \$'000	Unissued Shares \$'000	Retained Earnings \$'000	\$'000
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
Total comprehensive income –				
Net profit	-	-	44,292	44,292
Balance at 30 September 2010	467,656	-	415,727	883,383
Balance at 30 September 2009	440,156	27,500	336,399	804,055

Radio Jamaica Limited

Page 8

**Company Cash Flow (Unaudited)
Quarter Ended 30 September 2010**

	2010 \$'000	2009 \$'000
Cash Flows from Operating Activities		
Operating Activities		
Net profit	44,292	45,887
Items not affecting cash resources:	(1,405)	32,116
	<u>42,887</u>	<u>78,003</u>
Changes in non-cash working capital components:	108,677	(15,670)
	<u>151,564</u>	<u>62,333</u>
Cash provided by operating activities	151,564	62,333
Investing Activities		
Cash used in investing activities	21,912	(5,640)
Financing Activities		
Net cash used in financing activities	<u>(7,808)</u>	<u>(19,413)</u>
Increase in cash and cash equivalents	165,668	37,280
Cash and cash equivalents at beginning of year	<u>82,928</u>	<u>4,908</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>248,596</u></u>	<u><u>42,188</u></u>

Segment Report (Unaudited)
Quarter Ended 30 September 2010

	Audio Visual \$'000	Radio and Other \$'000	Sub-total \$'000	Eliminations \$'000	Total \$'000
SEPTEMBER 2010					
Revenues	592,835	366,788	959,622	(6,944)	952,678
Operating profit	60,100	52,689	112,789		112,789
Assets	228,150	818,105	1,046,255	(2,848)	1,043,407
Liabilities	306,090	247,551	553,642	(2,848)	550,794
Capital expenditure	6,384	7,921	14,305		14,305
Depreciation & amortisation	37,920	16,526	54,446		54,446
Finance costs	5,703	3,336	9,039		9,039
SEPTEMBER 2009					
Revenues	627,116	367,833	994,949	(563)	994,386
Operating Profit	118,672	78,817	197,489		197,489
Assets	189,008	790,403	979,411	(797)	978,614
Liabilities	242,061	179,633	421,694	(797)	420,896
Capital expenditure	16,043	5,627	21,669		21,669
Depreciation & amortisation	35,407	17,529	52,935		52,935
Finance costs	7,159	5,745	12,903		12,903

Notes to the financial statements
Quarter Ended 30 September 2010

NOTES

1. The accounting policies followed in the interim financial statements are consistent with the most recent annual financial statements. Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year, especially in relation to the requirements of IFRS.
2. Revenue comprises the sale of airtime, web services, programme material and the rental of studios and equipment, net of General Consumption Tax.
3. Other income represents interest income, net foreign exchange (losses)/gains, profit on sale of fixed assets, net unrealized losses/gains on revaluation of investment securities classified at fair value through profit and loss and rental income
4. The calculation of earnings per stock unit is based on net profit and 357,476,991 ordinary stock units in issue.
5. This figure is inclusive of Goodwill and Brand values.
6. Share capital includes treasury share that are held by the RJR Employee 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.
7. 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 is 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 2009, \$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 in 2010 as the subsidiaries were not expected to meet future profits targets.

The remaining 5,500,000 shares were issued to the vendors during prior 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 2009 as follows:

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