

Radio Jamaica Limited

**Unaudited Financial Statements
Quarter Ended 31 December 2010**

Radio Jamaica Limited

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Quarter Ended 31 December 2010

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Directors' interim report to Shareholders

Unaudited Financial Statements

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Radio Jamaica Limited
Interim Report to Stockholders.

The directors are pleased to present the un-audited results of the group for the 3rd quarter ended December 31, 2010.

The results showed after tax profits of \$140M. This was despite the many difficulties in the economic environment, the reduction in new product launches and the downturn in advertising. The Group experienced a 4% reduction in YTD revenues with a 4.4% decline in the current quarter. The better than expected performance was largely due to the team maximizing positives from the latest media surveys, including a focus group survey conducted in the second half of 2010.

The gross profit margin of 70% in the quarter reflects a decline of 4.3% compared with prior year 3rd quarter results, due mainly to revenue reduction; increase salaries related expenses; website development expenses that should increase shareholder value in the medium term six months to a year.

Selling expenses reflected a \$2.8 million or 2.7% reduction over 2009; due to a lower spend on advertising and promotion. Year-to-date selling expenses are also lower.

After tax profits for the 3rd quarter were \$67.7 million, a decline compared to the exceptional December 2009 quarter. The year to date after-tax profits was \$140 million; a decline of 34% from the \$212 million recorded in the previous period. This was due to the impact of several issues, including the May/June state of emergency, increased costs associated with it; standby security provision; alternate power provisions for transmission sites due two weather systems; higher fuel costs associated with these activities and website maintenance and development costs. Those activities for the YTD were partly offset by increased 'other income' from the disposal of a redundant asset property, increased interest income and increased rental income.

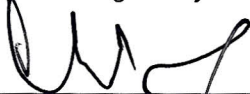
The 9.9% increase in administrative expenses is also due to the salary, professional fees and introduction of websites and internet activities to allow improved streaming capabilities and real time access to our news, sports and other features both locally and abroad. This area of development is expected to yield improved financial results in the medium term.

Operating expenses of \$83 million in the 3rd quarter is consistent with the cost incurred in prior year.

Finance cost in the third quarter were lower than for the corresponding period last year by \$2.8 million or 47.9% as a result of the repayment of two of the loans that existed in prior year.

Cash and short term investments increased by \$161 million due to improved profitability. Shareholders' Equity improved by \$140.06 million since March 31, 2010 to stand at \$1.2 billion. In October 2010, consistent with the dividend policy of the company, an improved dividend was paid to Shareholders.

Approved and signed by:



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

Director



Carl D. Domville

Director

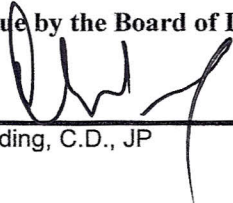
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Consolidated Balance Sheet (Unaudited) Quarter Ended 31 December 2010

	Note	December 2010 \$'000	Audited March 2010 \$'000	December 2009 \$'000
Non-Current Assets				
Fixed assets		716,866	742,121	743,305
Intangible assets	5	41,566	43,718	44,436
Retirement benefit assets		167,211	167,211	123,020
Deferred tax asset		935	67	1,561
Investment securities		10,969	11,822	11,877
Current Assets				
Inventories		72,878	69,642	70,881
Receivables		455,943	379,918	497,926
Taxation recoverable		9,489	5,842	1,139
Cash and short term investments		308,873	240,640	146,983
		847,183	696,042	716,929
Current Liabilities				
Payables		182,948	190,612	150,812
Taxation payable		186,982	122,922	169,470
Bank overdraft		-	5,754	4,293
		369,929	319,288	324,575
Net Current Assets		477,253	376,754	392,354
		1,414,801	1,341,693	1,316,552
Stockholders' Equity				
Share capital	6	467,656	467,656	440,156
Unissued shares	7	-	-	27,500
Retained earnings		754,044	656,882	647,585
		1,221,700	1,124,538	1,115,241
Non-Current Liabilities				
Finance lease obligations		3,961	6,997	6,523
Long term loans		57,092	68,936	72,734
Deferred tax liabilities		114,169	123,343	105,308
Retirement benefit obligations		17,879	17,879	16,746
		1,414,801	1,341,693	1,316,552

Approved for issue by the Board of Directors on 14 February 2011 and signed on its behalf by:


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

Director


Carl D. Domville

Director

Radio Jamaica Limited

**Consolidated Statement of Changes in Equity (Unaudited)
Quarter Ended 31 December 2010**

	Attributable to Stockholders of the Company			Minority Interest	Total
	Share Capital	Unissued Shares	Retained Earnings		
	\$'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	-	-	140,059	-	140,059
Ordinary dividends	-	-	(42,897)	-	(42,897)
Balance at 31 December 2010	467,656	-	754,044	-	1,221,700
Balance at 31 December 2009	440,156	27,500	647,585	-	1,115,241

**Consolidated Cash Flow (Unaudited)
Quarter Ended 31 December 2010**

	2010	2009
	\$'000	\$'000
CASH RESOURCES WERE (USED IN)/PROVIDED BY:		
Operating Activities		
Net profit/(loss)	140,059	212,324
Items not affecting cash resources:	128,568	90,971
	<u>268,627</u>	<u>303,295</u>
Changes in non-cash working capital components:	<u>(76,187)</u>	<u>(97,005)</u>
Cash provided by operations:	192,440	206,290
Investing Activities		
Cash used in investing activities:	(16,048)	(39,119)
Financing Activities		
Net cash used in financing activities:	<u>(102,405)</u>	<u>(34,158)</u>
Increase in cash and cash equivalents	73,987	133,013
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>308,873</u></u>	<u><u>146,983</u></u>

Company Statement of Comprehensive Income (Unaudited)
 Quarter Ended 31 December 2010

Current Quarter 3 Months to 31/12/10	Prior Year Quarter 3 Months to 31/12/09		Year-to-Date Quarter 9 Months to 31/12/10	Prior Year Quarter 9 Months to 31/12/09
\$'000	\$'000		\$'000	\$'000
198,923	203,181	Revenue	552,527	557,748
(57,199)	(46,321)	Direct expenses	(163,388)	(136,766)
141,724	156,861	Gross Profit	389,139	420,982
19,398	30,818	Other income	66,528	51,440
(39,777)	(40,308)	Selling expenses	(111,190)	(107,992)
(44,424)	(42,404)	Administration expenses	(133,208)	(121,286)
(37,562)	(36,484)	Other operating expenses	(118,335)	(100,332)
39,358	68,483	Operating Profit/(Loss)	92,934	142,812
(956)	(2,654)	Finance costs	(4,266)	(8,392)
38,402	65,829	Profit/(Loss) before Taxation	88,669	134,421
(12,436)	(24,472)	Taxation	(18,410)	(47,177)
25,967	41,357	Net Profit/Total Comprehensive Income	70,258	87,244

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Company Balance Sheet (Unaudited) Quarter Ended 31 December 2010

	December 2010 \$'000	March 2010 \$'000	December 2009 \$'000
Non-Current Assets			
Fixed assets	304,314	303,404	303,382
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	10,967	11,822	11,875
Current Assets			
Inventories	22,719	19,285	19,578
Due from subsidiaries	89,646	224,401	249,392
Receivables	72,525	125,339	161,946
Taxation recoverable	6,114	3,325	2,106
Cash and short term investments	307,966	88,682	32,171
	498,970	461,032	465,193
Current Liabilities			
Payables	83,043	82,405	62,578
Taxation payable	60,604	36,943	30,139
Bank overdraft	-	5,754	-
	143,647	125,102	92,717
Net Current Assets	355,323	335,930	372,476
	952,263	932,814	922,586
Equity			
Share capital	467,656	467,656	440,156
Unissued shares	-	-	27,500
Retained earnings	398,796	371,435	360,157
	866,452	839,091	827,813
Non-Current Liabilities			
Finance lease obligations	80	80	2,664
Long term loans	17,747	20,409	37,196
Deferred tax liabilities	54,784	60,034	42,347
Retirement benefit obligations	13,200	13,200	12,566
	952,263	932,814	922,586

Approved for issue by the Board of Directors on 14 February 2011 and signed on its behalf by:


J. A. Lester Spaulding, C.D., JP Director


Carl D. Domville Director

Radio Jamaica Limited

**Company Statement of Changes in Equity (Unaudited)
Quarter Ended 31 December 2010**

	Attributable to Stockholders of the Company			Total
	Share Capital	Unissued Shares	Retained Earnings	
	\$'000	\$'000	\$'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	-	-	70,258	70,258
Ordinary dividends	-	-	(42,897)	(42,897)
Balance at 31 December 2010	467,656	-	398,796	866,452
Balance at 31 December 2009	440,156	27,500	360,157	827,813

Company Cash Flow (Unaudited)
Quarter Ended 31 December 2010

	2010 \$'000	2009 \$'000
Cash Flows from Operating Activities		
Operating Activities		
Net profit	70,258	87,244
Items not affecting cash resources:	16,056	62,150
	<u>86,314</u>	<u>149,394</u>
Changes in non-cash working capital components:	181,315	(55,426)
	<u>181,315</u>	<u>(55,426)</u>
Cash provided by operating activities	267,628	93,968
Investing Activities		
Cash provided by/(used in) investing activities	10,457	(1,579)
Financing Activities		
Net cash used in financing activities	(53,047)	(65,126)
	<u>(53,047)</u>	<u>(65,126)</u>
Increase in cash and cash equivalents	225,038	27,263
Cash and cash equivalents at beginning of year	82,928	4,908
	<u>82,928</u>	<u>4,908</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>307,966</u></u>	<u><u>32,171</u></u>

Segment Report (Unaudited)
Quarter Ended 31 December 2010

	Audio Visual \$'000	Radio and Other \$'000	Sub-total \$'000	Eliminations \$'000	Total \$'000
DECEMBER 2010					
Revenues	932,457	572,309	1,504,766	(15,507)	1,489,259
Operating profit	128,421	90,576	218,997		218,997
Assets	674,228	1,346,283	2,020,511	(235,781)	1,784,730
Liabilities	552,812	245,999	798,811	(235,781)	563,030
Capital expenditure	27,839	23,886	51,725		51,725
Depreciation & amortisation	56,900	24,899	81,798		81,798
Finance costs	7,803	4,292	12,095		12,095
DECEMBER 2009					
Revenues	977,332	580,532	1,557,864	(2,152)	1,555,711
Operating Profit	221,318	149,327	370,645		370,645
Assets	610,541	1,209,721	1,820,262	(179,135)	1,641,127
Liabilities	501,574	203,447	705,021	(179,135)	525,886
Capital expenditure	37,848	11,368	49,216		49,216
Depreciation & amortisation	55,734	25,934	81,668		81,668
Finance costs	10,369	8,402	18,771		18,771

Notes to the financial statements
Quarter Ended 31 December 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.
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>