

**Radio Jamaica Limited**

**Unaudited Financial Statements  
Quarter Ended 30 June 2011**

# Radio Jamaica Limited

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Quarter Ended 30 June 2011

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## Radio Jamaica Limited

### Interim Report to Stockholders

The directors present the un-audited results of the group for its first quarter ended June 30, 2011 which showed a dramatic decline in revenues including the telecommunications sector and significant escalation in petrol and electricity costs resulting in after-tax profits of \$7.6 million, compared to \$29.4 million for the same period last year. In addition the shifting of advertising funds from local cable, comparative reduction in new products launched and a reduction in major sporting activities this year compared to last year's exacerbated the reduction in Revenues. While the Company remains committed to offering cost-effective products and services whilst providing credible, balanced and innovative programming to the nation we are advanced in re-shaping and re-orienting operations to reduce expenses and stimulate activities through television, radio, internet and new media services to maintain competitive advantage while improving profitability. Revenues for first quarter ended June 2011 were \$422 million compared with \$477 million for the corresponding period last year. The management continues to emphasise the premium nature of its Television Jamaica Limited brand with 70% of the local television audience and the diverse and collective reach of its radio brands working with new media and cable offerings.

The gross profit margin of 58.9% reflects a reduction of 8.8% when compared to prior year mainly due to higher website maintenance cost, higher local broadcast rights and talent fees associated with sporting events, production cost for new programmes and a 4% increase in payroll cost.

Other Income generated \$27 million compared with \$9 million in prior year. This was due to foreign exchange gains, increased FAME road parties and receipts for damages from a legal settlement. Selling expenses of \$74 million reduced by \$8.8 million or -10.6% as a result of lower commissions due from reduced revenues.

Administrative expenses increased by \$0.8 million or 0.8% as a result of increase in depreciation charges for new capital acquisition which were cushioned by renegotiated reductions in insurance cost .

The reduction of \$13.9 million or -15% in operating expenses compared with prior year was mainly due to better renegotiated rates for satellite fees and service contracts in cable and a reduction in replacements of parts.

Finance Cost of \$3.4 million was lower than prior year by \$1.16 million or -25.6% as a result of improved insurance premium arrangements and some loans that existed in prior year being fully repaid.

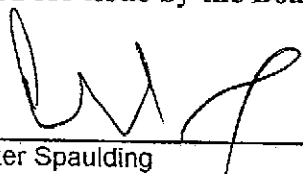
The profit after tax amounted to \$7.6 million compared to a profit after tax of \$29.4 million the previous year, resulted from the reduction in taxable profits and a reduction of the current quarter's tax charge.

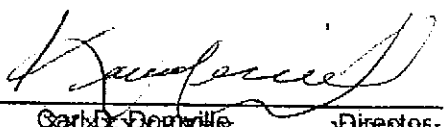
Shareholders' Equity of \$1.223 billion increased by \$7.6million from \$1.216 billion at March 31, 2011.

Long term loans decreased by \$3.9 million due primarily to the discharge of financial obligations during the period.

The group's earnings per share for the first quarter were \$0.02 compared with \$0.08 for the first quarter in 2010.

**Approved for issue by the Board of Directors on 9th August 2011 and signed on its behalf**  
by:

  
\_\_\_\_\_  
J. A. Lester Spaulding Director

  
\_\_\_\_\_  
~~Carl D. Donville~~ Director  
Karl Lewin Director

**Consolidated Statement of Comprehensive Income (Unaudited)**  
**Quarter Ended 30 June 2011**

<b>Current Quarter</b> <b>3 Months to</b> <b>30/06/11</b> <b>\$'000</b>	<b>Prior Year Quarter</b> <b>3 Months to</b> <b>30/06/10</b> <b>\$'000</b>		<b>Note</b>	<b>Year to Date</b> <b>3 Months to</b> <b>30/06/11</b> <b>\$'000</b>	<b>Year to Date History</b> <b>3 Months to</b> <b>30/06/10</b> <b>\$'000</b>
422,349	476,845	<b>Revenue</b>	2	422,349	476,845
(173,777)	(153,959)	Direct expenses		(173,777)	(153,959)
<b>248,572</b>	<b>322,886</b>	<b>Gross Profit</b>		<b>248,572</b>	<b>322,886</b>
27,310	8,972	Other operating income	3	27,310	8,972
(74,308)	(83,154)	Selling expenses		(74,308)	(83,154)
(104,946)	(104,097)	Administration expenses		(104,946)	(104,097)
(77,992)	(91,907)	Other operating expenses		(77,992)	(91,907)
<b>18,636</b>	<b>52,700</b>	<b>Operating Profit/(Loss)</b>		<b>18,636</b>	<b>52,700</b>
(3,379)	(4,541)	Finance costs		(3,379)	(4,541)
<b>15,256</b>	<b>48,159</b>	<b>Profit/(Loss) before Taxation</b>		<b>15,256</b>	<b>48,159</b>
(7,650)	(18,707)	Taxation		(7,650)	(18,707)
<b>7,606</b>	<b>29,452</b>	<b>Net Profit/(Loss)</b>		<b>7,606</b>	<b>29,452</b>
		<b>Attributable to:</b>			
<b>7,606</b>	<b>29,452</b>	Stockholders of the company		<b>7,606</b>	<b>29,452</b>
		<b>Earnings per Ordinary Stock Unit</b>			
<b>\$0.02</b>	<b>\$0.08</b>	<b>Attributable to Stockholders of the Company</b>	4	<b>\$0.02</b>	<b>\$0.08</b>

**Consolidated Balance Sheet (Unaudited)**  
**Quarter Ended 30 June 2011**

	Note	June 2011 \$'000	March 2011 \$'000	June 2010 \$'000
<b>Non-Current Assets</b>				
Fixed assets		679,926	702,985	723,480
Intangible assets	5	40,131	40,848	43,001
Retirement benefit assets		175,554	175,554	167,211
Deferred tax asset		555	550	181
Investment securities		7,243	9,291	11,372
<b>Current Assets</b>				
Inventories		62,083	61,629	69,390
Receivables		450,612	338,886	416,853
Taxation recoverable		6,450	5,415	7,233
Cash and short term investments		256,730	334,313	258,458
		775,875	740,243	751,934
<b>Current Liabilities</b>				
Payables		205,835	191,510	188,566
Taxation payable		60,883	59,142	142,438
Bank overdraft		-	3,320	-
		266,718	253,972	331,004
<b>Net Current Assets</b>		<u>509,157</u>	<u>486,271</u>	<u>420,930</u>
		<u>1,412,565</u>	<u>1,415,499</u>	<u>1,366,174</u>
<b>Stockholders' Equity</b>				
Share capital	6	467,656	467,656	467,656
Unissued shares		-	-	-
Retained earnings		755,732	748,126	686,334
		1,223,388	1,215,782	1,153,990
<b>Non-Current Liabilities</b>				
Finance lease obligations		0	1,470	6,997
Long term loans		49,195	53,144	68,936
Deferred tax liabilities		119,284	124,405	118,372
Retirement benefit obligations		20,698	20,698	17,879
		<u>1,412,565</u>	<u>1,415,499</u>	<u>1,366,174</u>

Approved for issue by the Board of Directors on 9th August 2011 and signed on its behalf by:

J. A. Lester Spaulding

Director

~~Carl R. Bonville~~  
Karl Lewin

~~Director~~  
Director

Consolidated Statement of Changes in Equity (Unaudited)  
Quarter Ended 30 June 2011

	Attributable to Stockholders of the Company			Minority Interest \$'000	Total \$'000
	Share Capital \$'000	Unissued Shares \$'000	Retained Earnings \$'000		
<b>Balance at 31 March 2009</b>	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)
<b>Balance at 31 March 2010</b>	467,656	-	656,882	-	1,124,538
Total comprehensive income –					
Net profit	-	-	132,828	-	132,828
Ordinary dividends			(41,584)		(41,584)
<b>Balance at 31 March 2011</b>	467,656	-	748,126	-	1,215,782
Total comprehensive income –					
Net profit			7,606		7,606
<b>Balance at 30 June 2011</b>	467,656	-	755,732	-	1,223,388
<b>Balance at 31 March 2010</b>	467,656	-	656,882	-	1,124,538
Total comprehensive income –					
Net profit	-	-	29,452	-	29,452
<b>Balance at 30 June 2010</b>	467,656	-	686,334	-	1,153,990

**Consolidated Cash Flow (Unaudited)**  
**Quarter Ended 30 June 2011**

	<b>2011</b> <b>\$'000</b>	<b>2010</b> <b>\$'000</b>
<b>CASH RESOURCES WERE (USED IN)/PROVIDED BY:</b>		
<b>Operating Activities</b>		
Net profit	7,606	29,452
Items not affecting cash resources:	<u>37,588</u>	<u>47,124</u>
	45,194	76,576
Changes in non-cash working capital components:	<u>(88,734)</u>	<u>(32,189)</u>
Cash (used in)/provided by operations:	(43,540)	44,387
<b>Investing Activities</b>		
Cash used in investing activities:	(783)	(1,096)
<b>Financing Activities</b>		
Cash used in financing activities:	<u>(29,940)</u>	<u>(19,719)</u>
Change in cash and cash equivalents	(74,263)	23,572
Net cash and cash equivalents at beginning of year	<u>330,993</u>	<u>234,886</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><u>256,730</u></u>	<u><u>258,458</u></u>



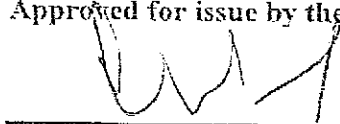
**Company Statement of Comprehensive Income (Unaudited)**  
**Quarter Ended 30 June 2011**

<b>Current Quarter</b>	<b>Prior Year Quarter</b>		<b>Year to Date</b>	<b>Year to Date History</b>
<b>3 Months to</b>	<b>3 Months to</b>		<b>3 Months to</b>	<b>3 Months to</b>
<b>30/06/11</b>	<b>30/06/10</b>		<b>30/06/11</b>	<b>30/06/10</b>
<b>\$'000</b>	<b>\$'000</b>		<b>\$'000</b>	<b>\$'000</b>
166,247	179,012	<b>Revenue</b>	166,247	179,012
(57,813)	(47,513)	Direct expenses	(57,813)	(47,513)
<b>108,434</b>	<b>131,500</b>	<b>Gross Profit</b>	<b>108,434</b>	<b>131,500</b>
25,861	8,834	Other operating income	25,861	8,834
(33,233)	(35,875)	Selling expenses	(33,233)	(35,875)
(48,750)	(46,525)	Administration expenses	(48,750)	(46,525)
(37,395)	(42,371)	Other operating expenses	(37,395)	(42,371)
<b>14,917</b>	<b>15,562</b>	<b>Operating Profit/(Loss)</b>	<b>14,917</b>	<b>15,562</b>
(1,146)	(1,708)	Finance costs	(1,146)	(1,708)
<b>13,770</b>	<b>13,854</b>	<b>Profit before Taxation</b>	<b>13,770</b>	<b>13,854</b>
(4,753)	(4,081)	Taxation	(4,753)	(4,081)
<b>9,017</b>	<b>9,773</b>	<b>Net Profit</b>	<b>9,017</b>	<b>9,773</b>

Company Balance Sheet (Unaudited)  
Quarter Ended 30 June 2011

	June 2011 \$'000	March 2011 \$'000	June 2010 \$'000
<b>Non-Current Assets</b>			
Fixed assets	290,651	298,339	302,192
Retirement benefit asset	163,236	163,236	157,195
Investment in subsidiaries	121,513	121,513	121,513
Long term receivables	2,950	2,950	2,950
Investment securities	7,243	9,291	11,372
<b>Current Assets</b>			
Inventories	17,020	17,923	19,607
Due from subsidiaries	49,195	9,819	31,656
Receivables	195,341	120,139	166,552
Taxation recoverable	5,429	4,286	4,124
Cash and short term investments	259,280	328,376	248,345
	526,265	480,543	470,285
<b>Current Liabilities</b>			
Payables	112,639	83,732	81,895
Taxation payable	20,918	17,789	44,342
Bank overdraft	-	2,328	-
	133,557	103,849	126,237
<b>Net Current Assets</b>	392,708	376,694	344,048
	978,301	972,023	939,269
<b>Equity</b>			
Share capital	467,656	467,656	467,656
Unissued shares	-	-	-
Retained earnings	419,774	410,757	381,208
	887,430	878,413	848,864
<b>Non-Current Liabilities</b>			
Finance lease obligations	0	0	80
Long term loans	15,972	16,860	20,409
Deferred tax liabilities	59,951	61,802	58,716
Retirement benefit obligations	14,948	14,948	13,200
	978,301	972,023	939,269

Approved for issue by the Board of Directors on 9th August 2011 and signed on its behalf by:

  
 J. A. Lester Spaulding

Director

  
~~Karl Lewin~~

Karl Lewin

~~Director~~

Director

Company Statement of Changes in Equity (Unaudited)  
 Quarter Ended 30 June 2011

	Attributable to Stockholders of the Company			Total \$'000
	Share Capital	Unissued Shares	Retained Earnings	
	\$'000	\$'000	\$'000	
<b>Balance at 31 March 2009</b>	<b>440,156</b>	<b>27,500</b>	<b>290,512</b>	<b>758,168</b>
Total comprehensive income –				
Net profit	-	-	98,522	98,522
Issue of unissued shares	27,500	(27,500)	-	-
Ordinary dividends	-	-	(17,599)	(17,599)
<b>Balance at 31 March 2010</b>	<b>467,656</b>	<b>-</b>	<b>371,435</b>	<b>839,091</b>
Total comprehensive income –				
Net profit	-	-	80,906	80,906
Ordinary dividends			(41,584)	(41,584)
<b>Balance at 31 March 2011</b>	<b>467,656</b>	<b>-</b>	<b>410,757</b>	<b>878,413</b>
Total comprehensive income –				
Net profit			9,017	9,017
<b>Balance at 30 June 2011</b>	<b>467,656</b>	<b>-</b>	<b>419,774</b>	<b>887,430</b>
<b>Balance at 31 March 2010</b>	<b>467,656</b>	<b>-</b>	<b>371,435</b>	<b>839,091</b>
Total comprehensive income –				
Net profit	-	-	9,773	9,773
<b>Balance at 30 June 2010</b>	<b>467,656</b>	<b>-</b>	<b>381,208</b>	<b>848,864</b>

**Company Cash Flow (Unaudited)**  
**Quarter Ended 30 June 2011**

	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash Flows from Operating Activities</b>		
<b>Operating Activities</b>		
Net profit	9,017	9,773
Items not affecting cash resources:	<u>11,422</u>	<u>14,853</u>
	20,439	24,626
Changes in non-cash working capital components:	<u>(82,198)</u>	<u>146,352</u>
Cash provided by operating activities	(61,759)	170,979
<b>Investing Activities</b>		
Cash used in investing activities	3,899	(3,962)
<b>Financing Activities</b>		
Net cash used in financing activities	<u>(8,908)</u>	<u>(1,599)</u>
Increase in cash and cash equivalents	(66,768)	165,417
Cash and cash equivalents at beginning of year	<u>326,048</u>	<u>82,928</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u><u>259,280</u></u>	<u><u>248,345</u></u>

**Segment Report (Unaudited)**  
**Quarter Ended 30 June 2011**

	<b>Audio Visual \$'000</b>	<b>Radio and Other \$'000</b>	<b>Sub-total \$'000</b>	<b>Eliminatio ns \$'000</b>	<b>Total \$'000</b>
<b>JUNE 2011</b>					
Revenues	262,364	183,821	446,185	(23,836)	422,349
Operating profit	189	18,447	18,635		18,635
Assets	644,937	1,213,242	1,858,179	(178,896)	1,679,283
Liabilities	222,244	412,547	634,791	(178,896)	455,895
Capital expenditure	4,853	878	5,731		5,731
Depreciation & amortisation	19,625	9,882	29,507		29,507
Finance costs	2,233	1,146	3,379		3,379
<b>JUNE 2010</b>					
Revenues	291,763	186,478	478,241	(1,396)	476,845
Operating Profit	36,880	15,820	52,700		52,700
Assets	775,135	1,136,320	1,911,455	(214,277)	1,697,178
Liabilities	383,330	374,135	757,465	(214,277)	543,188
Capital expenditure	1,841	7,756	9,597		9,597
Depreciation & amortisation	17,734	8,541	26,275		26,275
Finance costs	2,830	1,711	4,541		4,541

**Notes to the financial statements**  
**Quarter Ended 30 June 2011**

NOTES

1. The accounting policies followed in the interim financial statements are consistent with the most recent annual financial statements.
2. Revenue comprises the sale of airtime, programme material and the rental of studios and equipment, net of General Consumption Tax.
3. Other operating 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, road parties and rental income
4. The calculation of earnings per stock unit is based on net profit and 357,467,991 ordinary stock units in issue.
5. This figure is inclusive of Goodwill and Brand values net of amortisation.
6. Share capital includes treasury share that are held by the RJR Employee Scheme. There are no outstanding share options arising from the provisions of this scheme.