

Radio Jamaica Limited

Unaudited Financial Statements
Quarter Ended 30 September 2011

Radio Jamaica Limited

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Quarter Ended 30 September 2011

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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 present the un-audited results of the group for the 2nd Quarter ended September 30, 2011.

After tax profits for the Group's second quarter were \$23.6M, better than the \$7.6M profit recorded for the previous quarter which ended June 2011. However, due to very soft advertising market conditions, the 2nd quarter's result were 45% lower when compared to \$42.9M profit for the similar quarter last year. Of note, prior year's profit was impacted by a profit of \$22.5M from the sale of a redundant property asset, however, in the quarter under review there was no comparable asset sold.

Year-to-date after tax profits were \$31.2M compared to \$72.36M for the corresponding period last year. Broadcast Rights charges significantly increased. However, while sponsorship revenues increased they were eliminated by a significant decline in spot advertising revenues.

Revenues for the quarter ended September 2011 of \$496.7M increased over prior year by \$15.9M or 3% primarily due to local and international sponsorship of the IAAF World Championship 2011. However, year-to-date revenues were less than prior year by \$33.6M or 7% mainly due to reduction in spot sales particularly from the telecommunications sector. The Group's websites have shown exponential growth in visits and have provided a new revenue stream for the group, with prospects for significant monetization in the future.

The direct expenses for the quarter of \$211.5M increased by \$30M or 17%, mainly due to; one-off costs specifically associated with the profitable World Championship 2011 project, fast growing and revenue developing websites requiring higher maintenance costs as well as the impact of a 4% increase in salary-related costs.

Other income generated \$15M for the quarter compared to \$36M in prior year resulting in a shortfall of \$21M. As previously indicated prior year's other income was enhanced by the profit on the sale of a redundant asset.

Selling expenses for the quarter and year-to-date are below prior year by \$8.4M and \$17.3M respectively reflecting lower commissions payable due to a restructure of sales commissions and changes in the revenue mix.

Administrative expenses for the 2nd quarter were lower than prior year by \$1.8M or 2% due to savings realized from a re-negotiation of some contracts and licence fees.

The reduction of \$4.2M or 5% in operating expenses for the 2nd quarter when compared with prior year was mainly to renegotiated rates for satellite and service contracts and a reduction in the replacement of spare parts.

Finance costs of \$2.8M fell by \$1.7M or 37% due to improved premium financings rates, renegotiation of interest rates on existing loans and pay-out of leases and loans at non-competitive interest rates.

Shareholders' equity of \$1.2B was increased by \$31.2M since March 31, 2011. Long term loans and leases reduced by \$31.37M or 57% over the past six months to September 30, 2011.

The Group's Earnings Per Share (EPS) for the second quarter were 7cents and 9cents for the year-to-date.

Approved for issue by the board of Directors on November 15, 2011 and signed on its behalf by:



Gary Allen

Director



Carl D. Domville

Director

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Consolidated Balance Sheet (Unaudited)
Quarter Ended 30 September 2011

		September	Audited	September
	Note	2011 \$'000	March 2011 \$'000	2010 \$'000
Non-Current Assets				
Fixed assets		670,845	702,985	703,415
Intangible assets	5	39,413	40,848	42,283
Retirement benefit assets		175,554	175,554	167,211
Deferred tax asset		692	550	535
Investment securities		7,787	9,291	11,391
Current Assets				
Inventories		67,071	61,629	64,630
Receivables		442,717	338,886	472,844
Taxation recoverable		9,610	5,415	7,605
Cash and short term investments		234,408	334,313	277,781
		753,806	740,243	822,859
Current Liabilities				
Payables		175,597	191,510	198,229
Taxation payable		64,500	59,142	153,914
Bank overdraft		-	3,320	-
		240,096	253,972	352,143
Net Current Assets		513,710	486,271	470,716
		1,408,001	1,415,499	1,395,550
Stockholders' Equity				
Share capital	6	467,656	467,656	467,656
Retained earnings		779,367	748,126	729,244
		1,247,023	1,215,782	1,196,900
Non-Current Liabilities				
Finance lease obligations		-	1,470	4,077
Long term loans		23,247	53,144	61,040
Deferred tax liabilities		117,033	124,405	115,655
Retirement benefit obligations		20,698	20,698	17,879
		1,408,001	1,415,499	1,395,550

Approved for issue by the Board of Directors on 15 November 2011 and signed on its behalf by:



Carl D. Domville

Director



Gary Allen

Director

Radio Jamaica Limited

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

	Attributable to Stockholders of the Company			Total
	Share Capital \$'000	Unissued Shares \$'000	Retained Earnings \$'000	\$'000
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			132,828	132,828
Ordinary dividends			(41,584)	(41,584)
Balance at 31 March 2011	467,656	-	748,126	1,215,782
Total comprehensive income –				
Net profit			31,241	31,241
Balance at 30 September 2011	467,656	-	779,367	1,247,023
 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

Consolidated Cash Flow (Unaudited)
Quarter Ended 30 September 2011

	September 2011 \$'000	September 2010 \$'000
CASH RESOURCES WERE (USED IN)/PROVIDED BY:		
Operating Activities		
Net profit/(loss)	31,241	72,362
Items not affecting cash resources	95,012	66,281
	<u>126,253</u>	<u>138,643</u>
Changes in non-cash working capital components	(151,453)	(63,171)
Cash (used in)/provided by operations	<u>(25,199)</u>	<u>75,472</u>
Investing Activities		
Cash (used in)/provided by investing activities	(33,551)	19,308
Financing Activities		
Cash used in financing activities	<u>(37,834)</u>	<u>(51,885)</u>
Change in cash and cash equivalents	(96,585)	42,895
Net cash and cash equivalents at beginning of year	<u>330,993</u>	<u>234,886</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>234,408</u></u>	<u><u>277,781</u></u>

Consolidated Cash Flow (Unaudited)

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


Current Quarter 3 Months to 30/09/11	Prior Year Quarter 3 Months to 30/09/10		Year-to-Date Quarter 6 Months to 30/09/11	Prior Year Quarter 6 Months to 30/09/10
\$'000	\$'000		\$'000	\$'000
155,706	174,592	Revenue	321,953	353,604
(55,092)	(58,676)	Direct expenses	(112,904)	(106,189)
100,614	115,916	Gross Profit	209,049	247,415
18,102	38,296	Other income	43,963	47,130
(30,705)	(35,538)	Selling expenses	(63,938)	(71,413)
(39,187)	(42,259)	Administration expenses	(87,937)	(88,783)
(42,630)	(38,401)	Other operating expenses	(80,026)	(80,772)
6,194	38,014	Operating Profit/(Loss)	21,111	53,576
(908)	(1,602)	Finance costs	(2,055)	(3,310)
5,285	36,412	Profit/(Loss) before Taxation	19,056	50,266
(589)	(1,894)	Taxation	(5,342)	(5,974)
4,697	34,518	Net Profit/Total Comprehensive Income	13,714	44,292

Company Balance Sheet (Unaudited)
Quarter Ended 30 September 2011

	September 2011 \$'000	Audited March 2011 \$'000	September 2010 \$'000
Non-Current Assets			
Fixed assets	291,260	298,339	295,779
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	7,787	9,291	11,389
Current Assets			
Inventories	19,620	17,923	21,997
Due from subsidiaries	62,296	9,819	50,682
Receivables	167,258	120,139	190,708
Taxation recoverable	7,718	4,286	4,595
Cash and short term investments	232,394	328,376	248,595
	489,288	480,543	516,577
Current Liabilities			
Payables	75,890	83,732	87,154
Taxation payable	19,860	17,789	47,516
Bank overdraft	-	2,328	-
	95,750	103,849	134,670
Net Current Assets	393,538	376,694	381,907
	980,283	972,023	970,733
Equity			
Share capital	467,656	467,656	467,656
Retained earnings	424,471	410,757	415,727
	892,127	878,413	883,383
Non-Current Liabilities			
Finance lease obligations	-	-	80
Long term loans	15,085	16,860	18,634
Deferred tax liabilities	58,122	61,802	55,436
Retirement benefit obligations	14,948	14,948	13,200
	980,283	972,023	970,733

Approved for issue by the Board of Directors on 15 November 2011 and signed on its behalf by:


 Carl D. Domville Director


 Gary Allen Director

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

	Attributable to Stockholders of the Company			Total
	Share Capital	Unissued Shares	Retained Earnings	
	\$'000	\$'000	\$'000	\$'000
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			80,906	80,906
Ordinary dividends			(41,584)	(41,584)
Balance at 31 March 2011	467,656	-	410,757	878,413
Total comprehensive income –				
Net profit			13,714	13,714
Balance at 30 September 2011	467,656	-	424,471	892,127
 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

Company Cash Flow (Unaudited)
Quarter Ended 30 September 2011

	September 2011 \$'000	September 2010 \$'000
Cash Flows from Operating Activities		
Operating Activities		
Net profit	13,714	44,292
Items not affecting cash resources	3,429	(1,405)
	<u>17,144</u>	<u>42,887</u>
Changes in non-cash working capital components	(119,593)	108,677
Cash (used in)/provided by operating activities	<u>(102,450)</u>	<u>151,563</u>
Investing Activities		
Cash provided by investing activities	14,199	21,912
Financing Activities		
Net cash used in financing activities	<u>(5,403)</u>	<u>(7,808)</u>
(Decrease)/Increase in cash and cash equivalents	(93,654)	165,667
Cash and cash equivalents at beginning of year	<u>326,048</u>	<u>82,928</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>232,394</u></u>	<u><u>248,595</u></u>

Segment Report (Unaudited)
Quarter Ended 30 September 2011

	Audio Visual \$'000	Radio and Other \$'000	Sub-total \$'000	Eliminations \$'000	Total \$'000
SEPTEMBER 2011					
Revenues	581,152	357,954	939,106	(20,066)	919,040
Operating profit	31,067	26,282	57,349		57,349
Assets	648,700	1,179,011	1,827,711	(179,614)	1,648,098
Liabilities	207,911	372,776	580,688	(179,614)	401,074
Capital expenditure	14,704	9,863	24,567		24,567
Depreciation & amortisation	39,800	18,341	58,141		58,141
Finance costs	4,128	2,066	6,193		6,193
SEPTEMBER 2010					
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	(215,557)	763,854
Liabilities	242,061	179,633	421,694	(215,557)	206,137
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 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, web fees 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.