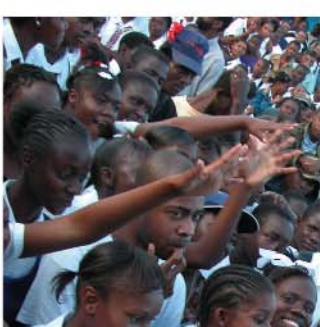


Thanks A Billion



Radio Jamaica Ltd.

RJR
 COMMUNICATIONS GROUP
 Reaching you in every way!



REAL JAMAICAN RADIO

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

e1 e2 **RJR** 94.5 FM!!

INT'L
NEWS

LOCAL
NEWS

SPORTS

TODAYS
NEWS

AM/PM



PUSH EJECT



Consistently
Credible

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, 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.



Television Jamaica



Contents

Mission Statement	i
Directors & Corporate Data	iii
Notice of Meeting	1
Shareholding	2
Directors' Profiles	3
Chairman's Statement	4
Director's Report	7
Operating Overview	
RJR 94 FM	9
News Centre	11
FAME 95 FM	13
RADIO 92 FM	15
Television Jamaica Ltd.	17
Multi-Media Jamaica Ltd.	23
Community Outreach	25
Auditors' Report to the Members	27
Financial Statements	
Consolidated Profit and Loss Account	28
Consolidated Balance Sheet	29
Consolidated Statement of Changes in Equity	30
Statement of Cash Flows	31
Company Balance Sheet	32
Company Statement of Changes in Equity	33
Notes to the Financial Statements	34
Five Year Summary	57
Form of Proxy	58
Notes	59

RADIO JAMAICA LIMITED

(The RJR Communications Group)

Reaching you in every way

BROADCASTING HOUSE

32 Lyndhurst Road, P.O. Box 23

Kingston 5, Jamaica W.I.

Tel: (876) 926 1100-9; Fax: (876) 929 7467

Fax: (876) 929 6862 (News)

(876) 968 4283 (Marketing)

WEBSITES:

radiojamaica.com

televisionjamaica.com

famefm.fm

multimedijamaica.com

radio92fm.com

E-MAIL:

rjrgroup@radiojamaica.com

famefm@famefm.com

admin@radio92fm.com

tvjadmin@televisionjamaica.com

rjrnews@radiojamaica.com

marketing@radiojamaica.com

webmaster@radiojamaica.com

WESTERN BUREAU:

23 Orange Street

Montego Bay, St James

Tel: (876) 952 3214

Fax: (876) 952 8093

Directors And Corporate Data*

DIRECTORS

J.A. Lester Spaulding, C.D., J.P. - Chairman
Hector R. Dietrich - Deputy Chairman
Carl Domville, B.Sc. (Hons), F.C.C.A., F.C.A.
Dorothy LaCroix
Karl L. Lewin, B.Sc., M.B.A.
Holford Plummer
Patricia Robinson, O.D., J.P.
Milton J. Samuda, LL.B.

SECRETARY

Stephen A. Greig, LL.B.

SENIOR MANAGEMENT GROUP

J.A. Lester Spaulding, C.D., J.P. - Managing Director
Stephen A. Greig, LL.B. - Company Secretary / Attorney-at-Law
Gary Allen - Director of Operations - Group
Rupert A. Hartley - Director of Finance & Administration
Lloyd Pusey, B.Sc. (Suma Cum Laude)
- Director of Marketing - Group
Stephen Legister - B. Eng., M.B.A.
- Director of Technology Strategy & Development - Group
Kay Osborne, MBA - General Manager, Television Jamaica Ltd.
Sarah Bayliss - General Manager, Multi-Media Jamaica Limited
Francois St. Juste, B.Sc. (Hons.) - Station Manager FAME 95 FM
Simon Crosskill - Station Manager RADIO 92 FM /
Group Head of Sports

GROUP OFFICERS

Moya Thomas, B.Sc., M.A. - Group Head of News
Carroll A. Lawrence - Group Engineering Manager
Yvonne Anderson, B.Sc. - Group Human Resources Manager
Roxiana Malcolm, B.Sc., F.C.C.A. - Group Financial Controller
Gary Cole, Group Sales Manager
Holford Plummer - Facilities Manager

RADIO OPERATIONS

Henry Stennett - Executive Producer, RJR 94 FM
Donald Topping - Media Services Manager /
Quality Control Manager

TELEVISION OPERATIONS

Denzie Stephenson-Miller - B.A., M.A. Programmes Manager
Claudette Robinson - B.A., Studio Production Manager
Trevor Johnson - Outside Broadcast Production Manager
Michael Sharpe, B.A., M.A. - News Projects Manager
Daniel Tucker - Technical Operations Supervisor
Rowan Wade, B.Sc. - Brand Manager TVJ

AUDITORS

PriceWaterhouseCoopers

BANKERS

National Commercial Bank Jamaica Limited

REGISTERED OFFICE

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

SUBSIDIARIES

TELEVISION JAMAICA LIMITED

Directors

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
Aston Cooke, B.A. (Hons.) - Director

Stephen A. Greig, LL.B. - Company Secretary

MULTI-MEDIA JAMAICA LIMITED

Directors

J.A. Lester Spaulding, C.D., J.P. - Chairman
Stephen A. Greig, LL.B. - Director/Company Secretary
Gary Allen - Director
Rupert A. Hartley - Director
Stephen Legister, B. Eng., M.B.A. - Director
Richard McCreath - Director

REGISTRAR AND TRANSFER AGENTS

Scotia Jamaica Investment Management Limited
Fourth Floor, Scotiacentre Building
Corner Duke & Port Royal Streets
Kingston

* Directors and Corporate Data as at August 31, 2005

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Fifty-seventh Annual General Meeting of Radio Jamaica Limited will be held at the Hilton Kingston Hotel, 77 Knutsford Boulevard, Kingston 5, on Tuesday, November 8, 2005 commencing at 10:00 a.m. for the following purposes:

1. To receive the accounts for the year ended March 31, 2005 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, 2005 together with the reports of the directors and auditors thereon be and are hereby adopted and that a dividend of 5% gross on preference shares together with an additional 2½% participating dividend for the year ended March 31, 2005 be paid to preference shareholders and the interim dividend of ten cents (10¢) on each ordinary stock for the year ended March 31, 2005 paid on August 24, 2005 to shareholders on record at the close of business on August 5, 2005 be declared final and that no further dividend be paid in respect of the year under review. "

2. To elect Directors:
Pursuant to Regulation 98 of the Company's Articles of Association, the retiring directors all of whom are eligible for re-election are:

Mr. Milton Samuda, Mr. Hector Dietrich and Mrs. Dorothy LaCroix.

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

- (i) THAT retiring director Mr. Milton Samuda be and is hereby elected a director of the company.
- (ii) THAT retiring director Mr. Hector Dietrich be and is hereby elected a director of the company.
- (iii) THAT retiring director Mrs. Dorothy LaCroix be and is hereby elected a director of the company.

3. To re-appoint the auditors and to authorize the directors to fix their remuneration.

Pursuant to Section 154 of the Company's Act , 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 31st day of August 2005.

BY ORDER OF THE BOARD



Stephen A. Greig
SECRETARY

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

Shareholders as at March 31, 2005

DIRECTORS		UNITS	TEN LARGEST	
J.A. Lester Spaulding		7,870,350	NCB Jamaica Limited	28,064,400
Holford Plummer		581,172	Ideal Portfolio Services	28,059,082
Karl Lewin	32,270		Grace Kennedy And Company Pension Scheme	24,000,000
	*271,998	304,268	Life of Jamaica Pooled Equity Fund No. 1	15,513,500
Carl Domville		297,607	Jamaica National Building Society	11,474,653
Dorothy LaCroix		180,000	Gleaner Pension Scheme	9,900,000
Hector Dietrich	28,830		Jamaica Cooperative Credit Union League	9,674,833
	*8,430	37,260	Jamaica Teachers Association Ltd.	8,917,651
Milton Samuda		31,150	National Union of Cooperative Societies	8,771,772
Ione Patricia Robinson		15,000	Jamaica Development Bank	8,511,060

SENIOR MANAGEMENT

J.A. Lester Spaulding	7,870,350
Francois St. Juste	350,000
Rupert Hartley	111,945
Gary Allen	Nil
Roxiana Malcolm	Nil
Simon Crosskill	Nil
Kay Osborne	Nil
Sarah Bayliss	Nil
Stephen Greig	Nil

* Indicates shares held by nominee or connected persons

Directors' Profiles



J.A. LESTER SPAULDING, C.D., J.P. - Managing Director (March 1978), Appointed Chairman April 1994

Mr. Spaulding serves as a Board Member of the Caribbean Media Corporation, the National Crime Prevention Fund (CRIMESTOP), Salada Foods Jamaica Limited, PALS Jamaica Limited, Clear Channel Communications Limited and the Gleaner/Voice Group in London.



MILTON J. SAMUDA, LL.B.
Appointed January 1996

Mr. Samuda is an Attorney at Law and a Partner of the law firm Myers, Fletcher & Gordon. He is Chairman of Television Jamaica Limited (TVJ), Chairman of Galaxy Leisure and Tours Limited and is a Director of the Jamaica Conference Board, Berger Paints Jamaica Limited, Jamaica Chamber of Commerce, the Institute of Law and Economics and Movements Dance Company of Jamaica Limited. He is also a Commissioner of the Anti-Dumping and Subsidies Commission.



DOROTHY LACROIX
Appointed December 1991

Mrs. LaCroix retired as Programme Director from Radio Jamaica Limited in 1987. She is President of Soroptimist International of Jamaica (Kingston); President of the Girl Guides Association of Jamaica; Chairman of the Board of the Kingston and St. Andrew Parish Library; Director and Treasurer of the Woman's Club and Foundation Member, Past President of the Kingston Business and Professional Women's Club, member of ACOSTRAD and Life Member of the Jamaica Horticultural Society.



CARL DOMVILLE, B.Sc. (Hons), F.C.C.A., F.C.A.
Appointed June 1990

Mr. Domville is the Group Financial Controller of the Seprod Group of Companies. He serves on the Board of the Jamaica Cooperative Credit Union League, GSB Cooperative Credit Union Limited, Barita Investments Limited and is a Governor of the National Foundation for the Development of Science and Technology. He is also the immediate Past President of the Jamaica Cooperative Credit Union League Limited.



HOLFORD PLUMMER
Appointed October 1989

Mr. Plummer is the Facilities Manager at Radio Jamaica Limited and was formerly Programmes Manager of RJR 94 FM.



HECTOR R. DIETRICH
Appointed June 1980

Mr. Dietrich is the General Manager of the National Union of Co operative Societies Limited, Director of Broadcast and Allied Services Co operative Credit Union Limited, St. Ann Co-operative Credit Union Limited and D&M Accounting Services Limited. He also provides training for directors of Cooperatives and small business operators.



PATRICIA ROBINSON, OD, J.P. Appointed December 1985

Mrs. Robinson is the Executive Director/Company Secretary of the Grace Kennedy Foundation. She 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 and the St. Hugh's High School.



KARL L. LEWIN, MBA, B.Sc.
Appointed July 1992

Mr. Lewin is 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.

Chairman's Statement

THE FIFTY-SEVENTH ANNUAL REPORT OF RADIO JAMAICA LIMITED

The year ended March 31, 2005 was a successful one. We completed the construction, commissioning and opening of state-of-the-art television facilities in the largest single investment ever undertaken by the company.

We customized and re-launched our modernized news and television production centres, improved the output quality of our end product and showcased the enhanced facilities to our current and prospective clients.

In radio, we carried out the clustering of the transmission frequencies of two stations, thereby firmly controlling the 94Mhz (RJR), 95Mhz (FAME) and 92Mhz (Radio 92) frequencies.

On the technical side, we replaced much of the island wide television microwave transmission links with a high quality digital system which has improved the quality and enhanced the delivery of our free to air signal to the entire island. This world-class microwave backbone, as with our studios, has the additional capability of carrying high definition television (HDTV) when transition to digital reception takes place in Jamaica. We will now implement our expansion plans to deliver multiple channels nationally and rent capacity to non television clients, further diversifying our revenue streams.

We recovered well from September's Hurricane Ivan and despite the destruction of three transmission sites, were able to resume transmission before power was restored to the island, thereby minimising the potential loss of advertising revenue. Interim replacement sites were developed pending the rebuilding of our established sites. Our staff and our facilities showed their true mettle



during and after the storm, and delivered exceptional service. Our radio operations delivered non-stop coverage throughout the hurricane and among all the local television stations, TVJ was first back on the air with essential and informative coverage.

SHAREHOLDERS SUPPORT

We received a resounding level of support from both large and small shareholders for our December rights issue. Some 57,496,165 shares were offered at a price of \$4.50 to all shareholders on record as at November 18, 2005 in a 1:5 rights offering to raise \$259 million. Our shareholders supported this issue, applying for 48,184,525 or 84% of the shares on offer. Over 2,000 applications were received for \$217 million with shareholders exercising their rights and participating in the claw-back provision, whereby shareholders had the option to apply for additional shares. Underwriters only obtained \$42M or 16% of the issue.

Chairman's Statement

Shareholders bought into future rather than current financial earnings, signalling their confidence in the company even as it was experiencing reduced earnings due to non recurring charges that included costs incurred in the opening of the new studios and rationalization of our facilities.

The support for the stock continued after the rights issue closed and we saw stock price movement from \$4.50 at the closing of the rights issue to \$6 at the end of the financial year.

STOCK PRICE

At the close of business on 31st March 2005, the Jamaica Stock Exchange Index stood at 111,931 points, an increase of 12% over the 99,630 points recorded at March 31, 2004. The Company's shares at March 31, 2005 trading at \$6.00 represented an effective increase in market capitalization of 30% when adjusted for the rights issue.

INVESTMENTS - Expansion

In April 2005 the company expanded into the UK market through our investment in *Gleaner UK* and its recent acquisition, *The Voice*. This marks the first step in our commitment to expand into overseas markets. The move will be followed by expansion into radio, television and cable with quality productions developed in our new facilities.

It is important to recognize that had it not been for the investment in state-of-the-art production facilities, selling into overseas markets could not have been accomplished since the technical quality of our output from our previous facilities was not marketable in those markets.

The significant investment in our TV facility has served not only to improve local output, but also to bring the quality

The RJR team is focused on delivering world class information and entertainment to our markets here and overseas.

of our television products up to world-class standards.

CARIBBEAN COMMUNICATIONS NETWORK (CCN)

The Company holds 196,875 shares in CCN, a multimedia company that operates a newspaper, television and multimedia entity in Trinidad and Tobago. Shares are listed on the Trinidad & Tobago Stock Exchange and traded at 31st March 2005 at TT\$12.25 compared with TT\$7.21 in 2004.

GOVERNMENT PRACTICES/COMPANY OPERATIONS

Government continues its inconsistent and contradictory application of policy on the media where its action in almost every instance is in contradiction to its articulated policies. The practised policy encourages operations that are not only disadvantageous to the legitimate players, but also defies international treaties and is injurious to the welfare of Jamaican people.

During the year under review, there was continued uncertainty regarding the regulatory framework within which the electronic media would operate. The Government's stated policy of non-involvement in commercial broadcasting was overridden by an involvement in the radio industry, which was itself blurred by attempts to introduce public broadcasting issues within that context.

The situation with regard to television was even more complex, with the Government indicating that it intended to legalize advertising on cable and despite the fact that

Chairman's Statement

the regulations have not been changed, illegal advertising continues without sanction. Both activities have presented challenges and mitigating the consequences of these has consumed an inordinate amount of management's time and effort.

STRUCTURING FOR GROWTH

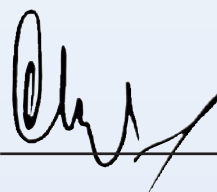
Consistent with our significant investment in our facilities we are concentrating on procuring, hiring and training staff who will be able to create the content that will be attractive to both the local and overseas markets. During the year we continued to build and develop our sound and solid management team, geared towards harnessing the technology, augmenting company financing and strengthening our brands. The team understands the Jamaican psyche and is geared to deliver exceptional programming and effective advertising. Our investments, for the second year, in programming such as Rising Stars and the creation of other local offerings are evidence of this new thrust.

Our approach to selling advertising products across our brands, thereby delivering an effective package for advertisers to maximize reach has seen outstanding success, especially in the last quarter in the year.

The evolution of brands and new product offerings within each brand/station towards redefinition of each as larger than the traditional radio product, is beginning to be evidenced in diversification of the sources of profitability of our radio brands.

The media business is, as you are aware, capital intensive and the benefits of our expansion will occur over time. The investments we have made serve not only to improve the local output of the stations but also to allow us the potential to significantly increase revenues in the international markets, thus enhancing overall profitability of the Company.

The RJR team is focused on delivering world class information and entertainment to our markets here and overseas. I would like to thank all our stakeholders - advertisers, directors, listeners, shareholders and staff for their great support. We look forward to a future that is, to borrow our Rights Issue theme, "loud and clear".



J.A. Lester Sapulding, CD, JP
Chairman

Directors' Report

FOR THE YEAR ENDED MARCH 31, 2005

The directors are pleased to present their report for the year ended March 31, 2005.

The profit of the Group before tax was \$152,632,000

The net profit of the Group after tax was \$114,436,000

The Company posted yet another year of successful results.

Gross revenue grew from \$988 million to top, for the first time the 1 billion dollar mark, registering \$1.1 billion, an increase of 16.26%.

GROUP TURNOVER (\$'000)



Financial Results

	\$'000
Profit before taxation	152,632
Taxation	<u>(38,196)</u>
Net Profit	114,436
Retained earnings at beginning of year	<u>418,795</u>
	533,231

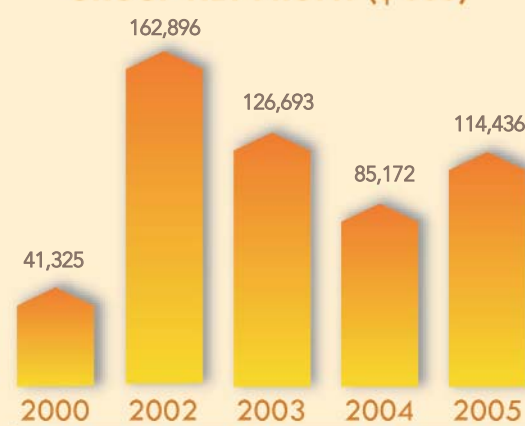
Appropriations

	\$'000
Preference dividend proposed:	
Cumulative (gross)	2
Participating	<u>1</u>
	3
	<u>533,228</u>

For the year ended March 31 2005 the group realized a profit before tax of \$153 million representing an increase of 16% over the preceding year's \$132 million.

After tax profits grew by \$29 million to \$114 million with the results supported by a \$59 million gain on disposal of assets destroyed by Hurricane Ivan. The lower market interest rates that prevailed throughout the financial year, together with reduced liquidity, led to a decline of \$16.4 million in the Group's interest income.

GROUP NET PROFIT (\$'000)



Despite the dilution caused from an increase of 57,496 million shares arising from the rights issue in December 2004, earnings per share grew from 29 cents to 37 cents, an increase of 28%. The EPS for prior year has been restated to recognize the Rights Issue.

EARNINGS PER SHARE (CENTS)



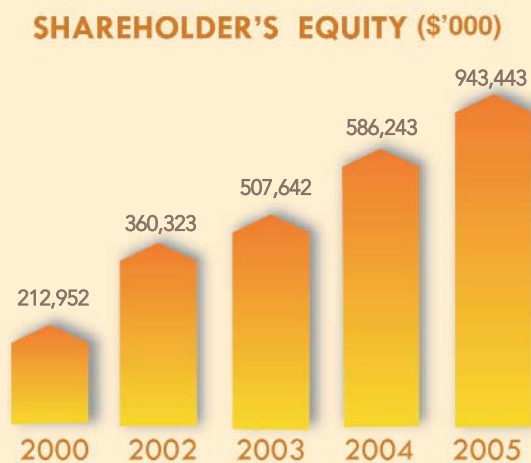
*All charts reflect adjusted financial year end 2001 to 31 March 2002 (15 months)

Directors' Report

In addition to the investment in the overseas market, the company also used proceeds from the rights issue to repay approximately \$120 million of debt, liquidating approximately half of our total debt, retaining only the portion that was borrowed in Jamaican dollars at a 13 percent interest rate. The reduced interest charges will be reflected in lower financial charges in the next financial year.



Arising from the additional share premium of \$214 million created by the rights issue and retention of earnings for this year, shareholders equity grew by 61%.



Total Assets grew by 23% to \$1.26 billion essentially reflecting increased receivables from higher revenues over the previous year and improved cash balances arising from the rights issue.

The Directors recommend that the 10 cent interim dividend paid on August 24, 2005 be declared as final and that no further dividend be paid in respect of the year under review.

The Directors as at March 31, 2005 were as follows:

- Mr. J.A. Lester Spaulding (Chairman)
- Mr. Hector Dietrich (Deputy Chairman)
- Mr. Karl Lewin
- Mr. Carl Domville
- Mr. Milton Samuda
- Mr. Holford Plummer
- Mrs. Dorothy LaCroix
- Mrs. Patricia Robinson

In accordance with Article 98 of the Company's Articles of Association, Messrs. Milton Samuda and Hector Dietrich and Mrs. Dorothy LaCroix will retire by rotation, and being eligible, offer themselves for re-election.

Messrs. PriceWaterhouseCoopers, the present Auditors, will continue in office pursuant to Section 154 of the Companies Act.

The Directors wish to express their appreciation and recognition of the dedicated effort and hard work of the officers and staff of the company and its subsidiaries during the year.

Dated this 31st day of August 2005

For and on behalf of the Board of Directors

Stephen A. Greig
SECRETARY

*All charts reflect adjusted financial year end 2001 to 31 March 2002 (15 months)



RJR remains a warm favourite in the hearts of Jamaicans within the diaspora wishing to keep in touch with home. We supported several major companies who chose our station as their vehicle to reach such markets within the USA, Canada and the Caribbean.

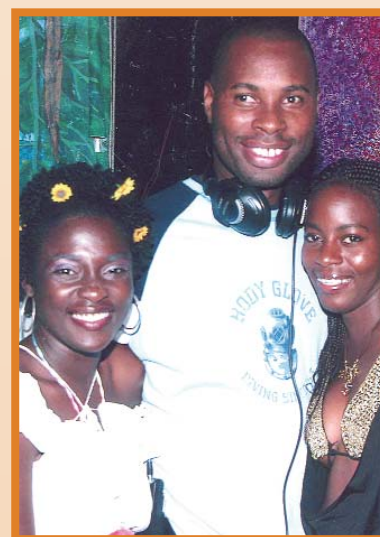
Gary Allen , Director of Operations - Group

RJR 94 FM

The year saw **RJR 94 FM** consolidating its gains as "Real Jamaican Radio", satisfying its listenership with a programming mix that showcased the rich texture of Jamaican life and culture, through a talk radio format driven by the provision of timely information.

The nation's wake up call, **Good Morning Jamaica** with Alan and Dorraine continued to be the flagship programme with their smooth blend of pertinent information and light-hearted humour. **Hotline** continued its dominance of talk radio, continuously breaking new grounds with the issues tackled. Formidable hosts Barbara Gloudon and Keith Smith turned up the heat on topics that came into focus, enthralling listeners on air as well as on numerous locations across the island.

The team behind **RJR 94 FM** continually innovate to create programmes for the enjoyment of its diverse audiences. Equally aware of our heritage we proudly carry the mantle of the station's tradition of being Jamaica's information life line. Our service to the nation continued with our traditional exposure of the Parliamentary Budget debate. Other national events included a broadcast by **Hotline** from the Diaspora Conference held at the Jamaica Conference Centre. **RJR 94 FM** aired several features and tributes to the stalwart trade unionist and former Prime



RJR 94 FM personalities (l-r): Coleen Douglas, Derrick Wilks and Sutania Williams (TVJ Producer) at Carnival 2005 outside broadcast



Hotline's host, Barbera Gloudon interviews Junior Dunn of the Cross Roads Post Office on World Post Day 2004

Minister, Hugh Lawson Shearer, when he died. Our coverage culminated with the broadcast of the State Funeral from the Holy Trinity Cathedral to the National Heroes Park.

When Hurricane Ivan struck Jamaica, the nation turned to **RJR 94 FM** as the reliable source of information. We weathered the storm right alongside our listeners providing a comforting ear while presenting news and information in true RJR style.

After the event we broadcast various programmes focusing on the damage and human suffering caused by the passage of the hurricane as well as the government's plan of action to restore the country. Conscious of the plight of our neighbours who also suffered during Ivan we also conducted live broadcasts from Grand Cayman.

Truly distinct in its programming mix, the RJR crew proved they could jump with the best whilst undertaking a live broadcast at the big Easter event, Carnival 2004, and Jamaican Carnival's Living Legends. The show

featured some of the great Caribbean entertainers including Pluto Shervington, Ken Lazarus, Calypso Rose, Keith Lyn, Ernie Smith, David Rudder and the Mighty Sparrow. The RJR team consisting of Dorraine Samuels, Daniel Thompson and Jeffrey Brown still ready for more excitement roved the parade route providing reports on both Bacchanal and Jamaica Carnival. At the RJR Mas Camp centre more high spirited RJR presenters, Derrick Wilks, Tricia 'Wild Child' Spence along with producer Coleen Douglas whipped up the tempo for our listeners.

RJR 94FM shared the spirit of Christmas with our listeners by launching our '*Christmas in the Yard*' series. '*Choirs in the Yard*' started the festive feelings as six choirs from Manchester and the Corporate Area delighted audiences while eagerly competing to win the trophy.

RJR remains a warm favourite in the hearts of Jamaicans within the diaspora wishing to keep in touch with home. We supported several major companies who chose our station as their vehicle to reach such markets within the USA, Canada and the Caribbean.

The RJR programming content will continue to evolve as we creatively reflect the changing lifestyles of the Jamaican people whom we serve.

Operating Overview



■ THE NEWS & SPORTS CENTRE

A combination of state-of-the-art technology, innovative programming initiatives, new team dynamics and the unveiling of fresh talent, renders the RJR News and Sports Centre poised to make even greater contributions to the Group's thrust to broaden its reach into global markets.

Moya Thomas,
Group Head of News

Simon Crosskill,
Group Head of Sports



During the year 2004-2005 the '**RJR News & Sports Centre**' truly came into being, as the recently merged Radio and TV news reporters united as one team.

We unveiled an impressive new television news set for our flagship programme, **Prime Time News**; and viewers watched a dynamic new presentation format with the familiar Dorraine Samuels introduced as the new co-anchor. The radio programme **Beyond the Headlines** also received a new lease on life by building on the bright and unexposed talent of a new co-presenter, Jodi Brown-Lindo.

The creation of a permanent live link with Montego Bay facilitated features such as the recently introduced **Your Issues Live** - an exciting fully interactive new programme broadcast live from communities island wide.

During the year our coverage of politics distinguished itself across both radio and television. Highlights included coverage of the Vice Presidential vote for the People's National Party and the passing of the baton in the Jamaica Labour Party. We introduced **Floodlight**, a series of programmes examining aspects of the PNP's stewardship as government.

On radio we kept the nation informed during the passage of Hurricane Ivan, with hourly updates which included

segments from reporters and correspondents out in the field; interviews with experts from the Meteorological Service and the Office of Disaster Preparedness; psychologists and citizens in distress.

Television went off air as soon as the public electricity system was shut down even as our team went out to source the most gripping footage possible.

The end product was our highly acclaimed **Surviving Ivan** documentary that superbly recounted the events surrounding the onslaught of the hurricane and won an award for outstanding videography.

Radiojamaica.com was the vehicle through which the **RJR News & Sports Centre** extended its global reach driven by the web content team which seamlessly translated the 'RJR news brand' for online audiences. **Radiojamaica.com** is updated at least twice daily, positioning it as a dependable source for the most current local and regional news.

We made firm steps towards consolidating the gains achieved from the merger resulting in significant cost savings. A combination of state-of-the-art technology, innovative programming initiatives, new team dynamics and the unveiling of fresh talent, positioned the **RJR News and Sports Centre** to make even greater contributions to the Group's thrust to extend its reach into global markets.

Operating Overview

> THE NEWS & SPORTS CENTRE





Magical moment with the Super FAME team

FAME 95 FM

FAME 95 FM blazed across the FM dial propelling its position as the premier entertainment station.

FAME 95 FM continued to strengthen as a firmly established brand reflective of its audiences through a lively programming mix supported by a packed calendar of high profile events and 'FAME endorsed' promotions.

We are passionate about our events as they are our opportunity to connect with our fraternity members and listeners. We staged a record breaking seven Road Parties, twelve Retro Parties, nine Klubbin' events, two Property Parties and one Island Party. Each event had FAME crowds dancing to the best of DJ music and partying with FAME personalities. These non-stop late night events may be exhausting for regular folks, but not for us; we are the seasoned FAME team, always ready to have a good time with our listeners.

FAME 95 FM was also associated with the major musical events of the year including The Air Jamaica Jazz & Blues Festival, Reggae Sumfest, Eastfest and the Kenny Rogers Showcase. We also presented the first of its kind summer series of



“We want to keep our listeners entertained and our events provide a relaxed way to stay in tune with what they want.”

Operating Overview



> FAME 95 FM

Beach Fiestas in June at Fort Clarence Beach. Tents were brimming with vendors selling jewellery, sandals, juices. Massage, tattooing and body piercing services were also available. For the energetic, there were volleyball and football competitions. Such events align with our strategy of continually promoting to and attracting young adults.

The enthusiastic response to the huge international promotion, the Heineken Green Synergy DJ Tours, was overwhelming. The competition rounds were aired live in studio as well as in clubs across the island. The competition winner, DJ Inferno, accepted an internship on the station and became a new announcer/DJ.

The technical work undertaken after Hurricane Ivan considerably strengthened the quality and range of the FAME 95 FM transmission network.

We had a lot of fun shooting our calendar and it must have shown because we dispatched a record number of copies of the FAME 95 FM calendar and secured second place in the national calendar competition. The year 2004 proved to be one of FAME's busiest years, culminating in the final Road Party at Caymanas Park that attracted not only the largest crowd ever for a road party but also the biggest crowd ever for a party in Jamaica.

We want to keep our listeners entertained and our events provide a relaxed way to stay in tune with what they want. Look forward to more dynamic programmes and exciting new features as we actively seek new avenues to grow and keep FAME 95 FM 'BLAZIN'. After all, we have become more than a radio station, we are a brand synonymous with all things entertainment.



FAME Girls strike a pose at another successful FAME Road Party".

Francois, the man in charge of the BLAZIN 95, looks on at his crazy team

Francis



The finish line at the RADIO 92 FM ½ Marathon

RADIO 92 FM

RADIO 92FM surpassed all its major targets through its unique blend of music, sports and lifestyle programmes during the period under review. The live, scintillating coverage of major sporting events was the chief instrument by which the station achieved its objectives.

Cricket provided a great source of entertainment for fans, and has proven to be an exceptional vehicle for the branding and visibility of the station. We are proudly the only Jamaican radio station that has continuously carried local, regional and international cricket over the last six years.

Football also held center stage during the period of review. At the community level, several finals in the Jamaica Football Federation competition were carried live on the station. At the schoolboy level, over thirty matches were carried between the DaCosta Cup and Manning Cup competitions, as well as matches in the Walker Cup and Ben Francis tournaments. And for the first time, we conducted outside broadcasts from the schools that had made it to the finals.

At the club level, **RADIO 92FM** captured the intense rivalry in the Wray & Nephew National Premier League competition (Sept - May). In addition, weekly Roundup features were aired during "**Sports Call**" as well as monthly After Parties at Rae Town on Sundays.

The real zinger in **RADIO 92 FMs** coverage of sporting events was the exclusive coverage of the Reggae Boyz' "Journey to Germany" World Cup campaign. We maintained the spotlight on the competition by broadcasting other matches in the CONCACAF zone as well as provided live coverage of matches in the South American zone, despite the Reggae Boyz' not qualifying.

RADIO 92FM's promotion of the world's greatest sporting event, the XXVIII Olympics, kicked-off in January with daily "**Did You Know**" and , "**Countdown**" features, climaxing with daily, delayed and live commentary from the Olympic village in August when the event took place.

Motor racing continued to be featured with dedicated coverage of all the major meets including the big rally in December. Horse Racing fans were also treated royally with special coverage of the majority of major race days, in addition to coverage on standard race days. "**At the**

Operating Overview

> RADIO 92 FM



A collage of Radio 92 events including Olympic 2004 launch, Kingston City Half Marathon and Valentine Dream Cruise promotion.

"Track", a magazine-type programme, gave interesting snippets of information and provided a platform for listeners to discuss the major issues affecting the racing industry. The Boys & Girls Champs were the highlight of our Track & Field Coverage with a week-long build-up including outside broadcasts from the top schools in both competitions. We also featured prominently on the station netball, tennis, badminton, golf and dominoes.

RADIO 92 FM conducted over 20 outside broadcasts island-wide as part of the group promotion, Cross Country Invasion. We set up many other outside broadcasts including the continuation of the annual Supermarket Promotion, now into its 4th year.

The RADIO 92 FM Kingston City Half Marathon had its inaugural staging in October with a live broadcast. Over two hundred runners (schools, clubs and individuals) participated in this event.

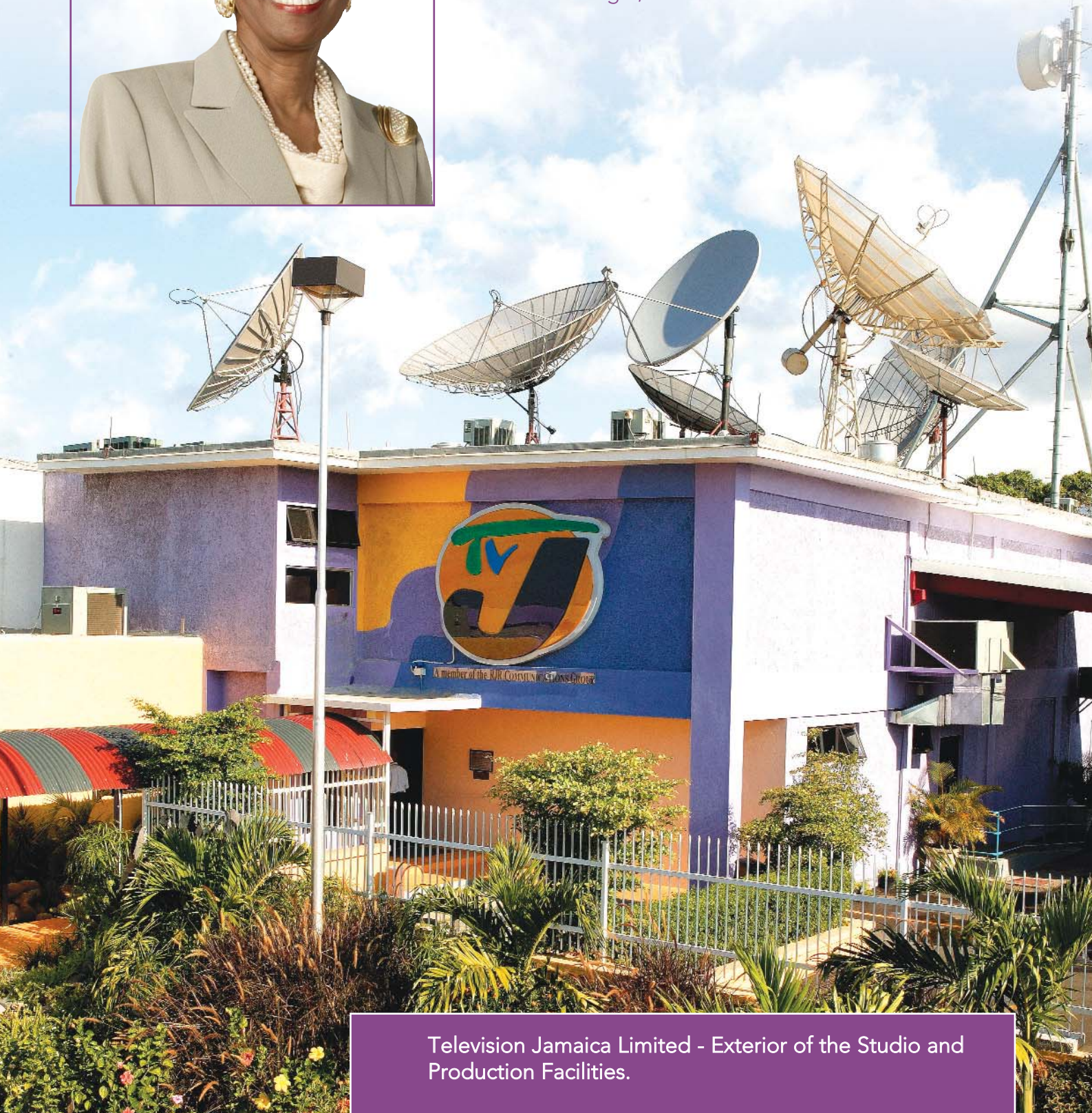
We also introduced a Heath & Fitness Fair that was supported by many sponsors who showcased a wide range of related products and services. It was a tremendous success enjoyed by hundreds of runners, exhibitors and visitors, and provided ideal brand alignment for the 'lifestyle' component of the RADIO 92 FM brand.

Both prime time 'lifestyle' shows, **Jenny Jenny Show** and **Jerry D Live** continued to build a loyal audience and increase market share; alongside our major music shows **Float On**, **Nice & Easy**, **The Don Topping Show**, **Block Party** and **Soundtrack**.



Television Jamaica Limited

Kay M. Osborne
General Manager, TVJ



Television Jamaica Limited - Exterior of the Studio and Production Facilities.

Operating Overview

> TELEVISION JAMAICA LIMITED



The new TVJ Production Control Room



News reporter Kenrick Barnaby giving coverage during Hurricane Ivan

This year Television Jamaica (TVJ) focused on leveraging its significant investment in the new television studio facility. This resulted in cementing the station's leading position within a fiercely competitive environment. TVJ is now poised for global expansion.

Technology

During the year the technical team behind "The Nation's Station" undertook several major projects. The deployment of new technology has been the driving force behind the station's improved output quality, increased coverage, and the strengthened transmission network. Simply put, TVJ now reaches more viewers across the island who have expressed heightened satisfaction at the improved picture quality they now enjoy.

Maintaining consistently high output quality tops the agenda at TVJ. The installation of a new digital microwave transmission system linking Broadcast House in Kingston and our Western Bureau in Montego Bay, St. James, made digital television quality possible. One additional benefit of this system is the facilitation of live broadcasts via the creation of a permanent

"Hurricane Ivan struck a devastating blow in October, but our intrepid team rallied to provide our viewers with outstanding coverage, giving information and providing solace to a nation..."



Operating Overview

> TELEVISION JAMAICA LIMITED



TVJ's Smile Jamaica launch for Olympics 2004 with Neville Bell, Simon Crosskill and Don Anderson, First VP of the Jamaica Olympic Association

24-hour direct link from our Western Bureau to Broadcast House in Kingston.

Live broadcasts add immediacy and character to our station's programming mix. The installation of an audio/video delay system will enable our production team to greatly enhance the quality of such programmes and facilitate greater control over content, including removing unwanted material such as indecent language, indecent exposure and gestures.

Another important project was the regularisation of the microwave frequencies and television channels in compliance with the Spectrum Management Authority. This too facilitated expansion of the television transmission infrastructure.

TVJ Programming

In response to our viewers, this year saw greater differentiation of the station's programming content.

Sports

Sporting activities again took centre stage with TVJ securing many exclusive events' rights including; Boys and

Girls Championships; coverage of the West Indies Cricket Championships, Cricket Tests; One Day International Matches and Home Tours.

We also broadcast live the exciting TVJ Scotia Bank Cricket Jubilee Gala that showcased the cricketers who were selected Jamaica's top 5 in the 75 year history of West Indies Cricket. TVJ broadcast as well the World Cup Football Qualifiers; Berger Paints Netball Competition; Red Stripe Light Beach Football; the Wray & Nephew National Premier League Football, and Horse Racing from Caymanas Park. TVJ also carried the IAAF World Junior Championships.

TVJ's strong tradition of support for athletics climaxed with the airing of the biggest global sporting event, the Olympic Games, where the truly outstanding performances of our athletes made Jamaicans proud. We brought viewers the emotional experience of Veronica Campbell's blistering run and the triumph of her teammates who made the nation's spirits soar with their spell-binding performances.

Current Affairs Programming

In keeping with our identity as "The Nation's Station", TVJ provided viewers with opportunities to engage with topics of national interest. There was live coverage of the Budget Debate and a post-budget analysis programme.

TVJ covered the PNP Vice Presidential elections and the JLP's 61st Annual Conference which saw the leadership of the Party change from the Most Honourable Edward Seaga to Mr. Bruce Golding.

Operating Overview

> TELEVISION JAMAICA LIMITED

Community Programming

During and following Hurricane Ivan, our intrepid team rallied to provide our viewers with outstanding coverage by giving information and providing solace to a nation caught in the grip of a natural disaster.

TVJ supported the RJR Group **Cross Country Invasion** starting with a live outside broadcast of **Smile Jamaica** in Half Way Tree. The Invasion continued with a series of features that focused on specific communities, culminating with a televised awards banquet and concert in Montego Bay. The expansion of the station's outreach in the community was taken to a new level with the introduction of the discussion programme, **Your Issues Live**. With this programme Jamaicans everywhere have an opportunity to discuss community issues and solutions before a nationwide audience.

Commemorative Programming

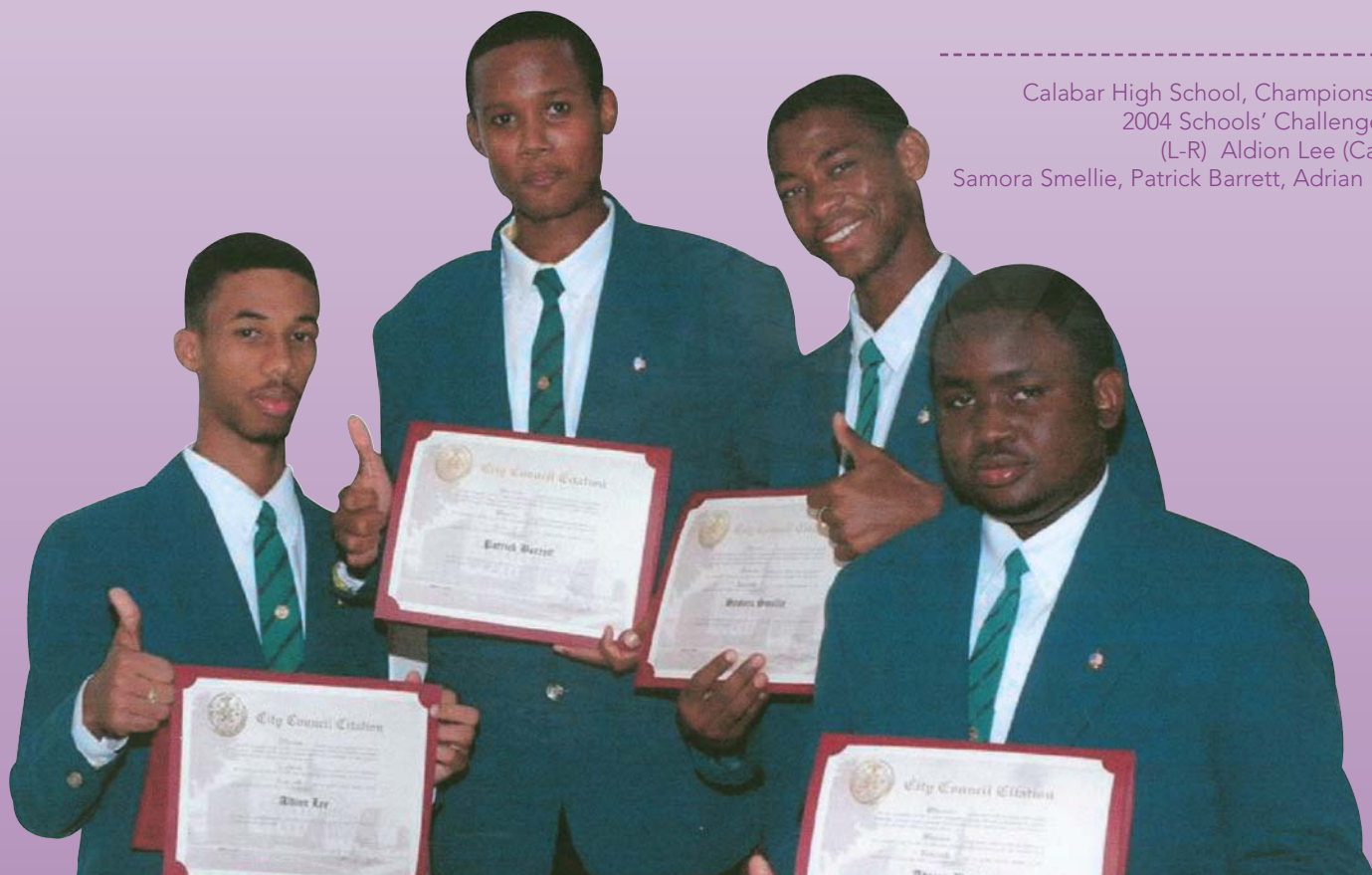
Throughout the year, notable observances were marked

with special programmes. Black History Month was celebrated on **TVJ** with local and international movies, special features and documentaries. **TVJ** presented live coverage of the concert staged in honour of Bob Marley's birthday.

In the true spirit of Carnival, we carried live coverage of the street parade and the staging of The Jamaica Cultural Development Commission (JCDC) Pop Song Finals live. **TVJ** also broadcast live coverage of the state funeral of the former Prime Minister, the Most Honourable Hugh Lawson Shearer.

Educational Programming

TVJ provided much needed support to students preparing for exams through transmission of the CXC Literature movie series, **Booked Out**. Viewers of all ages celebrated thirty-five years of the most popular and hotly contested quiz show in Jamaica, **Schools' Challenge Quiz**. This year sixty-four participating schools created a



Calabar High School, Champions of the 2004 Schools' Challenge Quiz, (L-R) Aldion Lee (Captain), Samora Smellie, Patrick Barrett, Adrian Beadle



Operating Overview

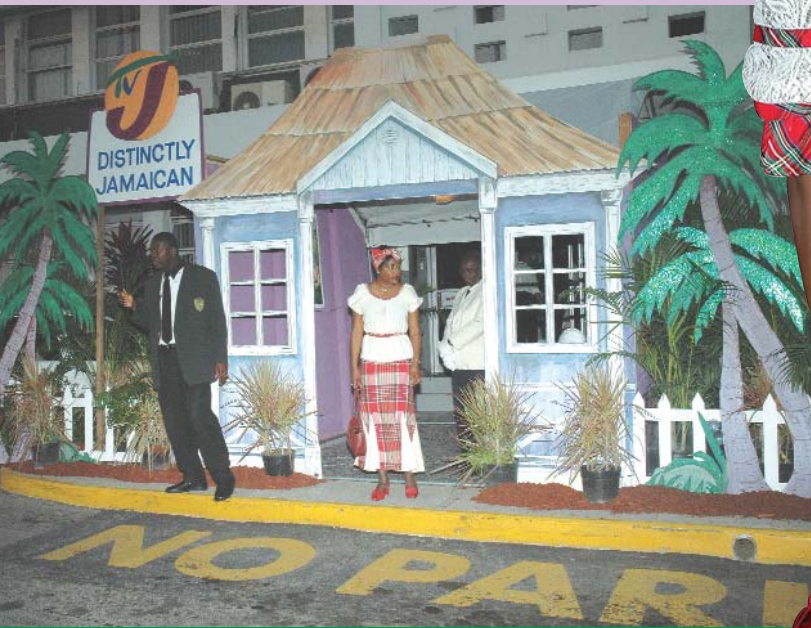
> TELEVISION JAMAICA LIMITED

bigger, more competitive event that was showcased from a brand new set in our state of the art facilities. The electrifying finale captivated the TV audience across Jamaica.

Entertainment & Lifestyle Programming

The phenomenal success of the outstanding reality show **Rising Stars**, Jamaica's hottest talent search, trail-blazed TVJ's entertainment packaging. TVJ made local television history by breaking the record for a non-news audience in local television, capturing more than one million viewers for the series' finale. Reality shows continued to be winners as TVJ delighted viewers with our daring **Big Bold Kisses** promotion. Smile Jamaica's **Wedding in Paradise** endeared viewers as they took the journey with the winning couple and watched their final step, a beautiful dream wedding come true.

TVJ introduced several new programmes under the theme '**Distinctly Jamaican**' to successfully differentiate its programming within the local television arena. Supported with our extensive coverage of national sporting events and current affairs, the station is strategically positioned to successfully compete within global television arenas.



(Top) The Jamaican themed entrance to the TVJ Programmes Launch

(Right) Miss Jamaica World, Tonoya Toyloy and Miss Jamaica Festival Queen, Dr. Marsha Barnett at the TVJ 'Distinctly Jamaican' Programmes launch





Operating Overview

> TELEVISION JAMAICA LIMITED

Junior Schools' Challenge Quiz

Season Finale

SAVANNA-LA-MAR PRIMARY - CHAMPIONS OF TVJ JUNIOR SCHOOLS' CHALLENGE QUIZ '04



Kay Osborne, General Manager of TVJ gives kudos to the champion team, Savanna-La-Mar Primary



It feels good!! Champion team flanked by coaches L-R: Ms. Salome Foster, Georgia Whyte, Heather Clarke, Tavla Campbell, Lamar Campbell (team captain) and Mrs. Marva Davis- Clarke



All together now ... HIP HIP HOORAY SAV-LA-MAR PRIMARY!!!

Congratulations! Savanna-La-Mar Primary





Multi-Media Jamaica Limited providing services at Immaculate Conception High School's graduation.

*"Communicating
Through Technology"*

MULTI-MEDIA JAMAICA LIMITED

Consolidating, repositioning and increasing awareness of our services were the focal strategies of **Multimedia Jamaica Limited (MMJ)** for the year 2004 - 2005. New employees with specialist skills were recruited to strengthen the existing human resources and to form a team committed to achieving growth. The environment of change was reflected in the creation of a new company philosophy, "Communicating through technology".

Radiojamaica.com drives the global brand extension of the **RJR Communications Group** via its internet subscription services. Increasing numbers of visitors across the globe access our stations in 'real time', reaching peak levels during major events. During Hurricane Ivan **radiojamaica.com** received in excess of two (2) million hits.

Television Jamaica Ltd. utilized our New Media Services to develop web sites that added value and created differentiation for both Smile Jamaica's Wedding in Paradise and the Saturday night show, **More Than a Movie**. We also developed acclaimed web sites for the hit show **Rising Stars** and for **Bacchanal Jamaica**.

We opened a DocuCentre in the latter part the year providing creative design, colour copying, and reprographic services. Our first major design project was the RJR Communications Group 2003/2004 Annual Report.

Multi-Media Jamaica conducted an extensive survey of Background Music Service clients resulting in a clear indication that our service retained its market share within an increasingly competitive market.

Message on Hold systems are increasingly being recognised as an essential marketing tool for businesses for all sizes, as was demonstrated by an increasing number of new installations undertaken across the island.

Early this year we invested in upgraded multi-media projector and PA systems to capitalise on increasing demands for functions of varying sizes. Through the development of our new media service, we positioned ourselves as a "one stop business presentation shop", capable of providing clients with a range of services, from presentation design to equipment rentals.

Multi-Media Jamaica Ltd has innovative new services on the horizon for the benefit of our clients that are consistent with our philosophy of "**Communicating through Technology**".

Operating Overview

> MULTI-MEDIA JAMAICA LTD.

Sarah Bayliss

General Manager, Multi-Media Jamaica Ltd.





COMMUNITY OUTREACH

Being active within our communities is more than an established tradition for the group, it is an extension of our vision to 'touch people's lives in many ways'. We continue to develop our long standing relationship with the CAB/RJR Basic School and Golden Age Home, Cluster C, by giving year round support and assistance.

During the year the CAB/RJR Basic School continued to perform well and earned the distinction of being named the leading basic school within the Zone 6 Region of the Early Childhood Education Unit. Enrolment stood at three hundred (300) pupils.

RJR provides or mobilises an array of goods when required by the Golden Age Home for Cluster C and a dedicated team of our staff members frequently visits the senior citizens. The highlight of the year was the Annual Christmas treat, a big festive occasion with lots of merriment and gift giving.

In the aftermath of Hurricane Ivan we donated to the national reconstruction effort by joining with the Office of National Reconstruction (ONR) and together with one other media house, spearheaded a campaign named 'Jamaica after IVAN -


A time to Sew' aimed at strengthening the 'neighbourly spirit' of goodwill across the nation.

In the fight against crime we continued to support 'Crime Stop' via the donation of airtime and management expertise.

The Group also contributes to the PALS project in its attempt to change behaviour in the school population through sustained intervention in both schools and the communities in which adverse and anti-social behaviour is endemic.

The RJR Communications Group has also made significant contributions to a diverse range of other community groups and organisations. We have donated over twelve (12) million dollars of airtime , dispersed across the Group's stations - both radio and television - as well as on our official website radiojamaica.com, in pursuit of supporting charity.

We will continue to provide assistance within our communities as we strive with our fellow citizens towards a better Jamaica.



Gary Allen
Director of Operations

Radio Jamaica Ltd.
Financial Statements for Year Ending
March 31, 2005



PriceWaterhouseCoopers
Scotiabank Centre
Box 372
Kingston Jamaica
Telephone (876) 922 6230
Facsimile (876) 922 7581
www.pwc.com/jm

29 June 2005

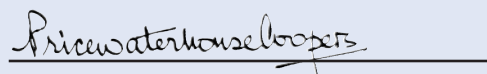
To the Members of
Radio Jamaica Limited

Auditors' Report

We have audited the financial statements set out on pages 28 to 56 and have received all the information and explanations which we considered necessary. These financial statements are the responsibility of the company's management. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, proper accounting records have been kept and the financial statements, which are in agreement therewith, give a true and fair view of the state of affairs of the group and the company as at 31 March 2005 and of the results of operations and cash flows of the group, and changes in equity of the group and the company for the year then ended, so far as concerns the members of the company, in accordance with International Financial Reporting Standards and comply with the provisions of the Jamaican Companies Act.



Chartered Accountants

Kingston, Jamaica

Consolidated Profit And Loss Account

Year ended 31 March 2005

		Restated
		2005
	Note	2004
		\$'000
		\$'000
Revenue		1,148,817
Direct costs		<u>(423,909)</u>
Gross Profit		724,908
Other operating income		71,131
Distribution costs		(216,469)
Administration expenses		(252,506)
Other operating expenses		<u>(155,624)</u>
Operating Profit	4	171,440
Finance (costs)/income, net	6	<u>(18,808)</u>
Profit before Taxation		152,632
Taxation	7	<u>(38,196)</u>
NET PROFIT	8	<u><u>114,436</u></u>
		<u><u>85,172</u></u>
EARNINGS PER ORDINARY STOCK UNIT	10	<u><u>\$0.37</u></u>
		<u><u>\$0.29</u></u>

Consolidated Balance Sheet

31 March 2005

	Note	2005 \$'000	Restated 2004 \$'000
Non-Current Assets			
Fixed assets	11	635,924	628,910
Retirement benefit asset	12	80,253	70,948
Deferred tax asset	13	996	753
Investment securities - Available-for-sale	15	23,571	13,863
Current Assets			
Inventories	17	39,594	44,743
Receivables	19	242,870	184,859
Taxation recoverable		-	4,339
Cash and short term investments	20	231,799	73,412
		514,263	307,353
Current Liabilities			
Payables	21	121,181	146,232
Taxation payable		15,298	5,938
Bank overdraft	20	1,829	7,475
		138,308	159,645
Net Current Assets			
		375,955	147,708
		<u>1,116,699</u>	<u>862,182</u>
Stockholders' Equity			
Share capital	22	172,508	143,760
Share premium	22	237,707	23,688
Retained earnings	8	533,228	418,795
		943,443	586,243
Non-Current Liabilities			
Finance lease obligations	23	4,340	1,641
Long term loans	24	97,224	217,775
Deferred tax liabilities	12	62,993	49,315
Retirement benefit obligations	13	8,699	7,208
		<u>1,116,699</u>	<u>862,182</u>

Approved for issue by the Board of Directors on 29 June 2005 and signed on its behalf by:



J.A. Lester Spaulding

Director



Hector R. Dietrich

Director

Consolidated Statement of Changes In Equity

Year ended 31 March 2005

	Note	Share Capital \$'000	Unissued Shares \$'000	Share Premium \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 April 2003, as restated	28	129,386	28,000	-	359,295	516,681
Net profit, as restated	28	-	-	-	85,172	85,172
Preference dividends		-	-	-	(3)	(3)
Ordinary dividends	9	-	-	-	(16,041)	(16,041)
Issue of shares	22	14,374	(28,000)	23,688	(10,062)	-
Other		-	-	-	434	434
Balance at 31 March 2004, as restated	28	143,760	-	23,688	418,795	586,243
Net profit		-	-	-	114,436	114,436
Preference dividends		-	-	-	(3)	(3)
Issue of shares	22	28,748	-	214,019	-	242,767
Balance at 31 March 2005		172,508	-	237,707	533,228	943,443

Statement of Cash Flows

Year ended 31 March 2005


	2005 \$'000	Restated 2004 \$'000
Cash Flows from Operating Activities		
Net profit	114,436	85,172
Items not affecting cash:		
Depreciation	57,836	34,981
(Gain)/loss on disposal of fixed assets	(58,959)	1,030
Interest income	(9,047)	(25,457)
Interest expense	37,725	37,085
Income tax charge	38,196	47,248
Exchange gain on foreign currency balances	(1,336)	(5,333)
Revaluation of investment securities	(9,660)	(5,829)
	<u>169,191</u>	<u>168,897</u>
Changes in operating assets and liabilities:		
Pension and other retirement benefits	(7,814)	(10,613)
Inventories	5,149	(257)
Receivables	(57,524)	(9,235)
Payables	(3,183)	17,017
	<u>105,819</u>	<u>165,809</u>
Income tax paid	(11,062)	(40,003)
Net cash provided by operating activities	<u>94,757</u>	<u>125,806</u>
Cash Flows from Investing Activities		
Proceeds from disposal of fixed assets -		
Insurance recoveries	58,607	-
Other	2,046	973
Purchase of fixed assets	(60,351)	(394,128)
Short term investments	(88,100)	-
Interest received	8,755	26,428
Net cash used in investing activities	<u>(79,043)</u>	<u>(366,727)</u>
Cash Flows from Financing Activities		
Loans repaid	(143,822)	(7,461)
Loans received	-	248,000
Principal lease payments	(2,175)	(4,802)
Interest paid	(37,725)	(37,085)
Dividends paid	(3)	(16,041)
Issue of shares	242,767	-
Net cash provided by financing activities	<u>59,042</u>	<u>182,611</u>
Increase/(decrease) in cash and cash equivalents	74,756	(58,310)
Exchange gains on cash and cash equivalents	1,177	4,127
Cash and cash equivalents at beginning of year	<u>65,937</u>	<u>120,120</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>141,870</u></u>	<u><u>65,937</u></u>

Company Balance Sheet

31 March 2005

	Note	2005 \$'000	Restated 2004 \$'000
Non-Current Assets			
Fixed assets	11	258,784	264,614
Retirement benefit assets	12	76,762	69,022
Investment in subsidiaries	14	20,052	20,052
Investment securities -			
Available-for-sale	15	23,571	13,863
Long term receivable from subsidiary	16	2,950	2,950
Current Assets			
Inventories	17	13,066	12,872
Due from subsidiaries	18	137,407	50,431
Receivables	19	94,088	72,244
Cash and short term investments	20	226,765	38,256
		471,326	173,803
Current Liabilities			
Payables	21	51,500	56,710
Taxation payable		11,709	5,938
Bank overdraft	20	1,829	2,878
		65,038	65,526
Net Current Assets			
		406,288	108,277
		<u>788,407</u>	<u>478,778</u>
Stockholders' Equity			
Share capital	22	172,508	143,760
Share premium	22	237,707	23,688
Retained earnings	8	344,410	281,640
		754,625	449,088
Non-Current Liabilities			
Finance Lease obligations	23	1,945	1,641
Deferred tax liabilities	13	24,964	22,245
Retirement benefit obligations	12	6,873	5,804
		<u>788,407</u>	<u>478,778</u>

Approved for issue by the Board of Directors on 29 June 2005 and signed on its behalf by:



J.A. Lester Spaulding

Director



Hector R. Dietrich

Director

Company Statements of Changes in Equity

Year Ended 31 March 2005

	Note	Share Capital \$'000	Unissued Shares \$'000	Share Premium \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 April 2003, as restated	28	129,386	28,000	-	272,354	429,740
Net profit, as restated	28	-	-	-	34,958	34,958
Preference dividends		-	-	-	(3)	(3)
Ordinary dividends	9	-	-	-	(16,041)	(16,041)
Issue of shares	22	14,374	(28,000)	23,688	(10,062)	-
Other		-	-	-	434	434
Balance at 31 March 2004, as restated	28	143,760	-	23,688	281,640	449,088
Net profit		-	-	-	62,773	62,773
Preference dividends		-	-	-	(3)	(3)
Issue of shares	22	28,748	-	214,019	-	242,767
Balance at 31 March 2005		172,508	-	237,707	344,410	754,625

Notes to the Financial Statements

31 March 2005

1. Identification and Principal Activities

Radio Jamaica Limited (the company) is incorporated and domiciled in Jamaica, with registered offices at 32 Lyndhurst Road, Kingston 5.

These financial statements present the results of operations and financial position of the company and its wholly owned subsidiaries, Multi-Media Jamaica Limited and Television Jamaica Limited (the group). The subsidiaries are incorporated in Jamaica.

The group's primary activities are the operation of a commercial television station and radio stations.

The company is listed on the Jamaica Stock Exchange.

These financial statements are presented in Jamaican dollars.

2. Summary of Accounting Policies

(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.

The preparation of financial statements in conformity with IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates.

(b) Basis of consolidation

Subsidiaries, which are those entities in which the group has an interest of more than one half of the voting rights or otherwise 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.

(c) 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.

Notes to the Financial Statements

31 March 2005

2. Summary of Accounting Policies (Continued)

(c) Revenue recognition (continued)

Interest income is recognised as it accrues unless collectibility is in doubt.

(d) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated into Jamaican dollars at the exchange rates prevailing at the balance sheet date; that is, in the case of each currency, the Bank of Jamaica weighted average buying and selling rates at that date. Gains or losses arising from fluctuations in exchange rates are reflected in the profit and loss account.

(e) Income taxes

Taxation expense in the profit and loss account 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 the profit and loss account, except where it relates to items charged or credited to equity, in which case, deferred tax is also dealt with in equity.

(f) Fixed assets

Freehold land and buildings are stated at deemed cost less accumulated depreciation. All other fixed assets are carried at historical cost less accumulated depreciation.

Land is not depreciated as it is deemed to have an indefinite life.

Depreciation on all other fixed assets 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	33 $\frac{1}{3}$ %
Furniture, office machinery and rental equipment	10 -15%

Notes to the Financial Statements

31 March 2005

2. Summary of Accounting Policies (Continued)

(f) Fixed assets (continued)

Station equipment -Radio	10 -15%
Station equipment -Television	15 -25%
Computer equipment	33 $\frac{1}{3}$ %
Motor vehicles	20 -25%

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 to the profit and loss account 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.

(g) Investment securities

Investments are classified as available-for-sale securities. Management determines the appropriate classification of investments at the time of purchase.

Available-for-sale securities are those intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates, foreign exchange rates or market prices. They are initially recognised at cost, which includes transaction costs, and are subsequently re-measured at fair value based on quoted bid prices. Unrealised gains and losses arising from changes in fair value of available-for-sale securities are recognised in the profit and loss account.

Unquoted securities are stated at cost as the fair value cannot be reliably measured.

A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the assets' carrying amount and the present value of expected future cash flows discounted at the original effective interest rate. The recoverable amount of a financial asset carried at fair value is the present value of expected future cash flows discounted at the current market interest rate for a similar financial asset.

All purchases and sales of investment securities are recognised at settlement date.

Interest earned while holding securities is reported as interest income.

(h) Retirement benefits

(i) 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.

Notes to the Financial Statements

31 March 2005

2. Summary of Accounting Policies (Continued)

(h) Retirement benefits (continued)

(i) Pension plans (continued)

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 unrecognized actuarial gains/losses and past service cost. Where a pension asset arises, the amount recognised is limited to the net total of any cumulative unrecognized 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 to the profit and loss account 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.

A portion of actuarial gains and losses is recognised in the profit and loss account if the net cumulative unrecognized actuarial gains or losses at the end of the previous reporting period exceeded 10 percent 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 the profit and loss account over the average remaining service lives of the participating employees.

(ii) Other retirement obligations

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 are carried out annually by independent qualified actuaries.

(i) 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.

(j) Inventories

Inventories is stated at the lower of cost and net realisable value, cost being determined as follows:

Spares	-	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.

Notes to the Financial Statements

31 March 2005

2. Summary of Accounting Policies (Continued)

(k) 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.

(l) 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.

(m) 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.

(n) 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 to the profit and loss account 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.

(o) 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 the profit and loss account over the period of the borrowings.

Notes to the Financial Statements

31 March 2005

2. Summary of Accounting Policies (Continued)

(p) Financial instruments

Financial instruments carried on the balance sheet include investment securities, long term receivables, group balances, receivables, cash and bank balances, payables, finance leases, loans and bank overdrafts. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The determination of the fair values of the group's financial instruments are discussed in Note 27.

(q) Dividends

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

(r) Comparative information

Where necessary, comparative figures have been reclassified to conform with changes in the presentation in the current year. In particular, prior year comparatives have been restated to reflect the prior year adjustment detailed in Note 28.

3. Segment Financial Information

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environment. The Directors are of the opinion that there are no significant segments for the group that require disclosure in these financial statements.

4. Operating Profit

The following items have been charged/(credited) in arriving at operating profit:

	2005 \$'000	2004 \$'000
Auditors' remuneration	3,100	3,100
Depreciation	57,836	34,981
Directors' emoluments -		
Directors' fees	72	168
Management remuneration (included in staff costs)	16,992	12,540
(Gain)/loss on disposal of fixed assets	(59,544)	1,030
Repairs and maintenance expense	34,757	29,226
Staff costs (Note 5)	<u>378,425</u>	<u>339,635</u>

Notes to the Financial Statements

31 March 2005

5. Staff Costs

	2005 \$'000	2004 \$'000
Wages and salaries	326,010	298,792
Statutory contributions	34,744	31,093
Pension (Note 12)	(7,016)	(5,769)
Other retirement benefits (Note 12)	1,777	1,416
Other	22,910	14,103
	<u>378,425</u>	<u>339,635</u>

	2005 No.	2004 No.
Number of persons employed by the group at the end of the year:		
Full -time	238	233
Part -time	171	126
	<u>409</u>	<u>359</u>

6. Finance (Costs)/Income

	2005 \$'000	2004 \$'000
Interest income	9,047	25,457
Net foreign exchange gains	210	11,548
Unrealised gain on revaluation of investment securities	9,660	5,829
Interest expense -		
Bank borrowings	(33,428)	(34,573)
Finance leases	(1,112)	(697)
Promissory	(2,200)	(734)
Other	(985)	(1,080)
	<u>(18,808)</u>	<u>5,750</u>

Notes to the Financial Statements

31 March 2005

7. Taxation Expense

- (a) Income tax is computed on the profit for the year adjusted for tax purposes. The charge for taxation comprises income tax at 33 1/3% .

	2005 \$'000	2004 \$'000
Current tax	25,045	13,002
Adjustments to prior year provision	(284)	7,657
Deferred tax (Note 13)	13,435	26,589
	<u>38,196</u>	<u>47,248</u>

- (b) Taxation on profit differs from the theoretical amount that would arise using the basic statutory rate of 33 1/3%.

Reconciliation of applicable tax charge to effective tax charge:

	2005 \$'000	2004 \$'000
Profit before taxation	<u>152,632</u>	<u>132,420</u>
Tax calculated at 33 1/3%	50,878	44,140
Adjusted for the effects of:		
Income not subject to tax	(15,553)	(5,829)
Expenses not deductible for tax purposes	419	469
Adjustments to prior year provision	(284)	7,656
Other	2,736	811
Income tax expense	<u>38,196</u>	<u>47,248</u>

- (c) Subject to agreement with the Taxpayer Audit and Assessment Department, the group incurred tax losses of \$2,757,000 (2004 - \$8,776,000) which are carried forward and available for offset against future taxable profits.

8. Net Profit and Retained Earnings

- (a) The net profit is dealt with in the financial statements as follows:

	2005 \$'000	2004 \$'000
The company	62,773	34,958
The subsidiaries	51,663	50,214
	<u>114,436</u>	<u>85,172</u>

- (b) The retained earnings is dealt with in the financial statements as follows:

	2005 \$'000	2004 \$'000
The company	344,410	281,640
The subsidiaries	188,818	137,155
	<u>533,228</u>	<u>418,795</u>

Notes to the Financial Statements

31 March 2005

9. Dividends

On 22 December 2003, a final dividend in respect of 2003 of \$0.06 per share amounting to a total dividend of \$16,041,000, was approved for payment to stockholders on record as at 13 January 2004.

10. Earnings Per Ordinary Stock Unit

Basic earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue during the year. Earnings per share for 2004 have been restated to reflect the rights issue during the year, and the prior year adjustment (Note 28).

	2005	Restated 2004
Net profit attributable to stockholders \$'000 (net of preference dividends of \$3,000)	114,433	85,169
Weighted average number of ordinary stock units in issue ('000)	308,659	290,499
Basic earnings per ordinary stock unit	<u>\$0.37</u>	<u>\$0.29</u>

11. Fixed Assets

	The Group						Total
	Freehold Land	Freehold Buildings	Improvements to Leasehold Property	Furniture, Fixtures & Equipment	Motor Vehicles	Work in Progress	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Cost -							
1 April 2004	2,810	281,483	-	591,090	29,758	6,402	911,543
Additions	-	2,442	5,576	51,481	6,774	271	66,544
Disposals	-	-	-	(18,474)	(3,725)	-	(22,199)
Transfers	-	-	-	6,402	-	(6,402)	-
31 March 2005	<u>2,810</u>	<u>283,925</u>	<u>5,576</u>	<u>630,499</u>	<u>32,807</u>	<u>271</u>	<u>955,888</u>
Depreciation -							
1 April 2004	-	16,236	-	246,461	19,936	-	282,633
Charge for the year	-	6,862	465	45,677	4,832	-	57,836
Relieved on disposals	-	-	-	(17,531)	(2,974)	-	(20,505)
31 March 2005	<u>-</u>	<u>23,098</u>	<u>465</u>	<u>274,607</u>	<u>21,794</u>	<u>-</u>	<u>319,964</u>
Net Book Value -							
31 March 2005	<u>2,810</u>	<u>260,827</u>	<u>5,111</u>	<u>355,892</u>	<u>11,013</u>	<u>271</u>	<u>635,924</u>
31 March 2004	<u>2,810</u>	<u>265,247</u>	<u>-</u>	<u>344,629</u>	<u>9,822</u>	<u>6,402</u>	<u>628,910</u>

Notes to the Financial Statements

31 March 2005

11. Fixed Assets (Continued)

	The Company					Total \$'000
	Freehold Land \$'000	Freehold Buildings \$'000	Furniture, Fixtures & Equipment \$'000	Motor Vehicles \$'000	Work in Progress \$'000	
	Cost -					
1 April 2004	2,810	238,321	159,893	22,761	1,314	425,099
Additions	-	2,205	10,134	2,394	271	15,004
Disposals	-	-	(3,445)	(1,710)	-	(5,155)
Transfers	-	-	392	-	(1,314)	(922)
31 March 2005	2,810	240,526	166,974	23,445	271	434,026
Depreciation -						
1 April 2004	-	16,146	127,703	16,636	-	160,485
Charge for the year	-	5,783	9,940	3,581	-	19,304
Relieved on disposals	-	-	(3,087)	(1,460)	-	(4,547)
31 March 2005	-	21,929	134,556	18,757	-	175,242
Net Book Value -						
31 March 2005	2,810	218,597	32,418	4,688	271	258,784
31 March 2004	2,810	222,175	32,190	6,125	1,314	264,614

During the year, work in progress of \$922,000 was transferred to its subsidiary, Television Jamaica Limited.

Included in motor vehicles are assets costing approximately \$12,769,000 (2004 - \$6,576,000) which were acquired under finance lease arrangements (Note 23), on which depreciation of \$4,827,000 (2004 - \$2,606,000) has been charged.

Notes to the Financial Statements

31 March 2005

12. Post-employment Benefits

(a) Pension schemes

The group operates a defined benefit pension scheme covering all permanent employees of Radio Jamaica Limited and Multi-Media Jamaica Limited. The scheme is managed by an outside agency under a deposit administration fund contract, and by Trustees. The scheme is funded at 10.03% of pensionable salaries, being 5% by members and 5.03% by the group. Effective 1 April 2004, the company was granted a pension contribution holiday for an initial period of one year.

Television Jamaica Limited operates a defined benefit scheme that is open to all employees. The scheme is managed by an outside agency under a deposit administration fund contract. The scheme was instituted on 1 July 2000 and is being funded at 9% of pensionable salaries, being 5% by members and 4% by the company.

The schemes are valued by independent actuaries. The latest actuarial valuation was done as at 31 December 2004.

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

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Present value of funded obligation	158,210	101,381	149,031	97,384
Fair value of plan assets	(303,526)	(252,738)	(291,446)	(244,624)
	(145,316)	(151,357)	(142,415)	(147,240)
Limitations asset due to uncertainty of future benefits	25,229	21,443	25,229	21,442
Unrecognised actuarial gains	39,834	58,966	40,424	56,776
Asset in the balance sheet	(80,253)	(70,948)	(76,762)	(69,022)

Pension plan assets include the company's ordinary shares with a fair value of \$4,369,000 (2004 - \$2,535,000).

The amounts recognised in the profit and loss account are as follows:

	The Group	
	2005 \$'000	2004 \$'000
Current service cost	36	(80)
Interest cost	14,900	12,956
Expected return on plan assets	(24,210)	(18,886)
Actuarial gains recognised	(1,529)	-
Income not eligible for recognition	3,787	241
Total included in staff costs (Note 5)	(7,016)	(5,769)

Notes to the Financial Statements

31 March 2005

12. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

The actual return on plan assets was \$46,570,000 (2004 - \$51,325,000).

Movement in the asset recognised in the balance sheet:

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
At 1 April	(70,948)	(59,097)	(69,022)	(57,750)
Amounts recognised in profit and loss account	(7,016)	(5,769)	(6,592)	(6,131)
Contributions paid	(2,289)	(6,082)	(1,148)	(5,141)
At 31 March	<u>(80,253)</u>	<u>(70,948)</u>	<u>(76,762)</u>	<u>(69,022)</u>

The principal actuarial assumptions used were as follows:

	The Group & The Company	
	2005	2004
Discount rate	12.5%	15.0%
Expected return on plan assets	9.5%	9.5%
Inflation rate	8.0%	7.75%
Future salary increases	9.0%	9.0%
Future pension increases	2.5%	4.0%
Expected remaining working lives	<u>22.2</u>	<u>22.6</u>

(b) Other post-employment 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.

In addition to the assumptions used for the pension scheme, the main actuarial assumption is a long-term increase in health costs of 10.5% per year (2004 – 12.5%).

The scheme was last valued by independent actuaries as at 31 December 2004.

Notes to the Financial Statements

31 March 2005

12. Post-employment Benefits (Continued)

(b) Other post-employment benefits (continued)

The amounts recognised in the balance sheet are as follows:

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Present value of unfunded obligations	10,599	7,272	8,704	6,098
Unrecognised actuarial gains/(losses)	(1,900)	(64)	(1,831)	(294)
Liabilities in the balance sheet	<u>8,699</u>	<u>7,208</u>	<u>6,873</u>	<u>5,804</u>

The amounts recognised in the profit and loss account are as follows:

	The Group	
	2005 \$'000	2004 \$'000
Current service cost	626	585
Interest cost	1,163	859
Actuarial gains recognised	(12)	-
Income not eligible for recognition	-	(28)
Total included in staff costs (Note 5)	<u>1,777</u>	<u>1,416</u>

Movements in the amounts recognised in the balance sheet:

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Liabilities at beginning of year	7,208	5,970	5,804	4,960
Amounts recognised in the profit and loss account	1,777	1,416	1,355	1,022
Contributions paid	(286)	(178)	(286)	(178)
Liabilities at end of year	<u>8,699</u>	<u>7,208</u>	<u>6,873</u>	<u>5,804</u>

Notes to the Financial Statements

31 March 2005

13. Deferred Taxation

Deferred income taxes are calculated in full on all temporary differences under the liability method using a principal rate of 33 1/3%.

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Deferred income tax assets	996	753	-	-
Deferred income tax liabilities	(62,993)	(49,315)	(24,964)	(22,245)
	<u>(61,997)</u>	<u>(48,562)</u>	<u>(24,964)</u>	<u>(22,245)</u>

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

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Balance as at 1 April	(48,562)	(21,973)	(22,245)	(17,618)
Charged to profit and loss account	(13,435)	(26,589)	(2,719)	(4,627)
Balance as at 31 March	<u>(61,997)</u>	<u>(48,562)</u>	<u>(24,964)</u>	<u>(22,245)</u>

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Deferred income tax assets -				
Accrued vacation	5,912	7,693	4,845	6,525
Finance lease obligation	2,418	1,079	1,265	1,079
Retirement obligations	2,900	2,402	2,291	1,935
Tax losses carried forward	919	2,924	-	-
Unrealised foreign exchange loss	235	-	381	-
	<u>12,384</u>	<u>14,098</u>	<u>8,782</u>	<u>9,539</u>

Deferred income tax liabilities -				
Accelerated tax depreciation	47,399	38,263	7,928	8,324
Interest receivable	231	135	231	74
Retirement benefit asset	26,751	23,649	25,587	23,007
Unrealised foreign exchange gain	-	613	-	379
	<u>74,381</u>	<u>62,660</u>	<u>33,746</u>	<u>31,784</u>

Notes to the Financial Statements

31 March 2005

13. Deferred Taxation (Continued)

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.

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 \$188,818,000 (2004 - \$137,155,000).

The deferred tax charged in the profit and loss account comprises the following temporary differences:

	<u>The Group</u>	
	2005	2004
	\$'000	\$'000
Accelerated tax depreciation	(9,136)	(25,643)
Pension and other post-retirement benefits	(2,604)	(2,251)
Tax losses utilised	(2,005)	2,291
Accrued vacation	(1,781)	502
Finance lease obligation	1,339	(845)
Other	752	(643)
	<u>(13,435)</u>	<u>(26,589)</u>

14. Investment in Subsidiaries

	2005	2004
	\$'000	\$'000
Multi-Media Jamaica Limited	50	50
Television Jamaica Limited	20,002	20,002
	<u>20,052</u>	<u>20,052</u>

15. Investment Securities

	<u>The Group</u>	
	2005	2004
	\$'000	\$'000
Available-for-sale -		
Quoted investment -		
Caribbean Communications Network	23,564	13,856
Unquoted investment -		
Caribbean News Agency	7	7
	<u>23,571</u>	<u>13,863</u>

Notes to the Financial Statements

31 March 2005

16. Long Term Receivable from Subsidiary

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

17. Inventories

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Spares	15,501	15,642	12,551	11,953
Film	19,747	26,206	-	-
Goods in transit	991	685	-	496
Other	3,355	2,210	515	423
	<u>39,594</u>	<u>44,743</u>	<u>13,066</u>	<u>12,872</u>

18. Due from Subsidiaries

	2005 \$'000	2004 \$'000
Multi-Media Jamaica Limited	3,817	4,929
Television Jamaica Limited	133,590	45,492
	<u>137,407</u>	<u>50,431</u>

19. Receivables

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Trade receivables	178,490	151,204	78,440	64,531
Less: Provision for impairment	(11,079)	(17,578)	(1,927)	(4,416)
	<u>167,411</u>	<u>133,626</u>	<u>76,513</u>	<u>60,115</u>
Prepayments	60,740	41,429	2,963	3,286
Other	14,719	9,804	14,612	8,843
	<u>242,870</u>	<u>184,859</u>	<u>94,088</u>	<u>72,244</u>

Notes to the Financial Statements

31 March 2005

20. Cash and Cash Equivalents

(a) Cash and short term investments

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Cash	7,007	4,155	1,973	1,292
Short term bank deposits	136,692	69,257	136,692	36,964
Short term investments – available for sale	88,100	-	88,100	-
	231,799	73,412	226,765	38,256
Bank overdraft	(1,829)	(7,475)	(1,829)	(2,878)
	<u>229,970</u>	<u>65,937</u>	<u>224,936</u>	<u>35,378</u>

(b) Cash and cash equivalents

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Cash	7,007	4,155	1,973	1,292
Short term bank deposits	136,692	69,257	136,692	36,964
	143,699	73,412	138,665	38,256
Bank overdraft	(1,829)	(7,475)	(1,829)	(2,878)
	<u>141,870</u>	<u>65,937</u>	<u>136,836</u>	<u>35,378</u>

Cash is comprised of amounts held in current accounts at an interest rate of 3%.

Investment securities comprise Government of Jamaica securities. The weighted average effective interest rate on these instruments was as follows:

	The Group		The Company	
	2005 %	2004 %	2005 %	2004 %
US dollar	-	9	-	9
Pound sterling	2	-	2	-
Jamaican dollar	12	22	12	25

The average maturities of these investments was under 90 days.

- (c) The company does not have an overdraft facility, however the effective interest rate on account over run during 2004 was 25%.

Notes to the Financial Statements

31 March 2005

21. Payables

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Trade	26,582	30,297	7,692	10,651
Accruals	22,218	21,487	9,422	12,470
Accrued vacation leave	17,737	23,078	14,537	19,575
Current portion of finance lease obligations	2,915	1,596	1,850	1,596
Current portion of long term loans	21,493	44,764	-	-
Statutory deductions	13,185	9,743	10,037	5,997
Other	17,051	15,267	7,962	6,421
	<u>121,181</u>	<u>146,232</u>	<u>51,500</u>	<u>56,710</u>

22. Share Capital

	2005 \$'000	2004 \$'000
Authorised -		
50,000 5% Cumulative participating preference shares of \$2 each	100	100
360,000,000 (2004 - 287,480,827) Ordinary shares of 50 cents each	<u>180,000</u>	<u>143,740</u>
Issued and fully paid -		
10,000 5% Cumulative participating preference shares at \$2 each	20	20
344,976,991 (2004 - 287,480,826) Ordinary shares of 50 cents each	<u>172,488</u>	<u>143,740</u>
	<u>172,508</u>	<u>143,760</u>

- (a) At the Annual General Meeting held on 10 November 2004, the authorised share capital was increased to \$180,100,000 by the creation of 72,519,172 shares of \$0.50 each ranking for dividend, and in all other aspects, pari passu with the existing ordinary shares of the company, and were converted into equivalent stock units.
- (b) On 18 November 2004, the company announced a rights issue of one new share for every five shares held at an exercise price of \$4.50. The last date for taking up the rights offer was 6 December 2004. As a result of this rights offer, 57,496,165 shares were issued, which were then converted to stock units of identical denomination ranking pari passu with previously issued stock units. The quoted market value of the shares on 18 November 2004 was \$4.81. The excess of the amount received over the par value of the shares issued was credited to the share premium account.

Notes to the Financial Statements

31 March 2005

22. Share Capital (Continued)

(c) On 12 June 1997, the company acquired the fixed assets of The Jamaica Broadcasting Corporation (JBC) Radio 2 from the Government of Jamaica (GOJ) for a sum of \$28,000,000. The purchase price was to be satisfied by the issue of 8,624,424 ordinary shares of 50 cents each to JBC, to be issued at a premium of \$2.75 per share, representing 10% of the shareholding of the company at the acquisition date. These shares were issued during 2004. A share premium of \$23,688,000 was created on the issue of these shares.

At an Extraordinary General Meeting held on 21 January 2004, an additional 20,123,656 shares were issued to the GOJ in order to bring their total shareholding to 10% as provided by the sale agreement.

23. 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 11). 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. At 31 March 2005, the group had outstanding obligations under finance leases as follows:

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Year ending 31 March 2005	-	2,160	-	2,160
2006	4,337	1,406	2,532	1,406
2007	3,437	505	1,632	505
2008	1,804	-	657	-
	<u>9,578</u>	<u>4,071</u>	<u>4,821</u>	<u>4,071</u>
Less: Future finance charges	<u>(2,323)</u>	<u>(834)</u>	<u>(1,026)</u>	<u>(834)</u>
Present value of minimum lease payments	7,255	3,237	3,795	3,237
Less: Current portion	<u>(2,915)</u>	<u>(1,596)</u>	<u>(1,850)</u>	<u>(1,596)</u>
	<u>4,340</u>	<u>1,641</u>	<u>1,945</u>	<u>1,641</u>

The effective rate on finance leases during the year was 25% (2004 – 25%).

24. Long Term Loans

	The Group	
	2005 \$'000	2004 \$'000
The Jamaica Broadcasting Corporation (JBC)	22,000	22,000
RBTT Bank Jamaica Limited (RBTT)	96,717	240,539
	<u>118,717</u>	<u>262,539</u>
Less: Current portion	<u>(21,493)</u>	<u>(44,764)</u>
	<u>97,224</u>	<u>217,775</u>

Notes to the Financial Statements

31 March 2005

24. Long Term Loans (Continued)

- (a) The JBC loan represents a promissory note issued to The Jamaica Broadcasting Corporation, on 21 November 2003, and 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) The RBTT loan was obtained to finance the purchase of studio equipment for Television Jamaica Limited. The loans were disbursed in tranches:
- (i) The first tranche of \$120,000,000 represents a Development Bank of Jamaica Limited (DBJ) Sub-Loan and/or the US\$ equivalent by way of Letters of Credit to the overseas suppliers of the equipment. The loan is repayable on a monthly basis, maturing in May 2009 and currently attracts interest of 13%.
- (ii) The second tranche of \$128,000,000 represents a loan from RBTT Bank Jamaica Limited by way of Letter of Credit to overseas suppliers of the equipment. This loan was repaid in December 2004.

The loan is secured by a first mortgage over commercial properties owned by Radio Jamaica Limited.

25. Statement of Cash Flows

The principal non-cash transaction was the acquisition of fixed assets amounting to \$6,193,000 under new finance leases entered into during the year.

26. Financial Risk Management

The group's activities expose it to a variety of financial risks, including the effects of changes in debt market prices, foreign currency exchange rates and interest rates. Management seeks to minimise potential adverse effects on the financial performance of the company by applying procedures to identify, evaluate and manage these risks, based on guidelines set by the Board of Directors.

(a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The group is primarily exposed to such risks arising from its US dollar transactions for purchases, payables and prepayments, and its investments denominated in foreign currencies.

	2005			
	The Group		The Company	
	US\$'000	£'000	US\$'000	£'000
Assets				
Cash	50	1	28	1
Investment securities	-	387	-	387
Receivables	334	-	-	-
	<u>384</u>	<u>388</u>	<u>28</u>	<u>388</u>
Liabilities				
Payables	79	-	-	-
Net Assets	<u>305</u>	<u>388</u>	<u>28</u>	<u>388</u>

Notes to the Financial Statements

31 March 2005

26. Financial Risk Management (Continued)

(a) Currency risk (continued)

	2004			
	The Group		The Company	
	US\$'000	£'000	US\$'000	£'000
Assets				
Cash	54	2	14	2
Receivables	457	33	172	33
Investment securities	351	-	-	-
	<u>862</u>	<u>35</u>	<u>186</u>	<u>35</u>
Liabilities				
Payables	217	-	-	-
	<u>645</u>	<u>35</u>	<u>186</u>	<u>35</u>
Net Assets				

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. At 31 March 2005, the group's operating cash flows are substantially independent of changes in market prices, however, the group has interest-bearing assets as disclosed in Note 20 and interest-bearing liabilities as disclosed in Note 23 and 24.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The group has no significant concentrations of credit risk as the group has a large and diverse customer base, with no significant balances arising from any single economic or business sector, or any single entity or group of entities. The group has policies in place to ensure that sales are made to customers with an appropriate credit history.

(d) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, management aims at maintaining flexibility in funding by keeping committed credit lines available.

(e) Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. The group manages this risk by ensuring, as far as possible, that financial assets and liabilities are matched to mitigate any significant adverse cash flows.

Notes to the Financial Statements

31 March 2005

27. Fair Values of Financial Instruments

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. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. For financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at balance sheet dates. The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates.

The following methods and assumptions have been used in determining the fair value of financial instruments:

- (a) Financial investments classified as available-for-sale are measured at fair value by reference to quoted market prices;
- (b) The fair value of liquid assets and other assets maturing within one year is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities;
- (c) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts.
- (d) For disclosure purposes, the fair value of the fixed rate loan 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 \$17,121,000 (2004 - \$16,921,000) for the loan from JBC (Note 24).

28. Prior Year Adjustment

The comparative figures for the year ended 31 March 2004 have been restated to correct an overstatement of the retirement benefit obligation in respect of life insurance and the deferred taxation thereon, resulting from an error in certain underlying assumptions used in the valuation of this obligation.

The balances carried for retained earnings as at 31 March 2004 were increased by \$10,863,000 and \$9,245,000 for the group and company respectively, representing the net effect of the overstatement by \$13,867,000 for the group and \$11,861,000 for the company, and the related tax effect using the applicable tax rate of 33 $\frac{1}{3}$ %.

The profit for the year ended 31 March 2004 was increased by \$1,824,000 for the group and \$1,337,000 for the company respectively, being the effect of a reduction in the related charge for the year by \$ 2,737,000 for the group and \$2,005,000 for the company and the tax effect thereon using the applicable tax rate of 33 $\frac{1}{3}$ %.

Notes to the Financial Statements

31 March 2005

29. Subsequent Event

On 25 April 2005, Radio Jamaica Limited acquired shares in Gleaner Company (UK) Limited. This investment took the form of 20% of that company's shares purchased for £222,762 plus pre-acquisition and professional fees of £56,000. The terms of the investment also include the participation by Radio Jamaica Limited in loans to the Gleaner Company (UK) Limited, on a pro-rata basis with other shareholders for the acquisition and financing of the reorganisation of The Voice Group Limited, a subsidiary acquired by the Gleaner Company (UK) Limited during 2004. Radio Jamaica Limited has, on that basis, contributed an additional £475,000 to date.

Five Year Summary

	Twelve months to	Fifteen	Twelve months to March 31		
	December 21	months to	2003	2004	2005
	2000	March 31			
	\$000	2002	\$000	\$000	\$000
		\$000			
Turnover	615,431	852,261	893,913	988,135	1,148,817
Profit/(Loss) (before tax)	56,820	77,471	177,248	132,420	152,632
Taxation	15,006	7,091	50,555	47,248	38,196
Exceptional Item	489	(92,516)	-	-	-
Profit (Loss) for the Financial Year	41,325	162,896	126,693	85,172	114,436
Dividends/Capital Distribution	10,352	15,525	-	16,044	3
Net Transfer of Capital Reserve	-	51,746	25,873	9,628	-
Retained (Loss)/Profit for the year	30,973	95,625	100,820	59,500	114,433
Shareholders Funds					
Capital:					
Ordinary	51,747	103,493	129,366	143,740	172,488
Preference	20	20	20	20	20
Share Premium	-	-	-	23,688	237,707
Unissued Shares	28,000	28,000	28,000	-	-
Reserves	133,185	228,810	350,256	418,795	533,228
	212,952	360,323	507,642	586,243	943,443
Long Term Liability	36,797	31,624	60,839	275,939	173,256
Total Funds Employed	249,749	391,947	568,481	862,182	1,116,699
Represented by:					
Fixed Assets & Investments	121,367	135,584	336,408	714,474	740,744
Net Current Assets	128,382	256,363	232,073	147,708	375,955
Net Worth	249,749	391,947	568,481	862,182	1,116,699
Ordinary Shares in Issue (mls) Year end	103.5	207.0	258.7	287.5	345.0
Dividends Per Ordinary Shares	cents 10.0	cents 7.5	cents -	cents 5.6	cents -
Earnings Per Ordinary Shares	19.17	60.93	48.97	29.32	37.07
Shareholders Funds					
Per Ordinary Stock Unit	205.8	174.1	196.2	203.9	273.5
	%	%	%	%	%
Returns on Sales (Operating Profit as a Percentage of Turnover)	9.15	9.09	19.83	13.40	8.15*
Gearing (Net Borrowing as a Percentage of Capital and Reserves)	17.28	8.78	11.98	47.07	18.36
Return on Net Assets (Profit After Tax as a Percentage of Net Assets)	16.55	41.56	22.29	9.88	10.25

*-adjusted for \$59 million gain on disposal of fixed assets

Form Of Proxy

Place \$100.00
Stamp Here

I/We.....of.....being a Member/Members of the above-named Company hereby appoint.....of.....or failing him/herof.....

As my/our proxy to vote for me/us on my/our behalf at the Fifty-seventh Annual General Meeting Meeting of the Company to be held on Tuesday, November 8, 2005 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 2005

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 (i)		
RESOLUTION 2 (ii)		
RESOLUTION 2 (iii)		
RESOLUTION 3		

(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
Scotia Jamaica Investment Management Limited
Fourth Floor, Scotiabank Centre Building
Corner Duke & Port Royal Streets, Kingston



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