



Radio Jamaica Ltd.

RJR
COMMUNICATIONS GROUP
Reaching you in every way!

58TH ANNUAL REPORT

2005 / 2006



RJR

COMMUNICATIONS GROUP
Reaching you in every way!

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.



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.
Ian Neita, B.Sc., M.B.A.
Glenworth Francis, B.Sc.
Gary Allen

SECRETARY

Stephen A. Greig, LL.B.

SENIOR MANAGEMENT GROUP

J.A. Lester Spaulding, C.D., J.P. - *Managing Director*
Gary Allen, *Deputy Managing Director*
Stephen A. Greig, LL.B. - *Company Secretary / Attorney-at-Law*
Rupert A. Hartley, *Director of Finance & Administration*
Allan Wright, M.Sc. (Econ) - *Director of Marketing & Commercial Affairs - Group*
Stephen Legister, B. Eng., M.B.A.,
Director of Technology Strategy & Development - Group
Kay Osborne, M.B.A., *General Manager, Television Jamaica Ltd.*
Michael A. Bryce, *General Manager (Acting), Multi-Media Jamaica Ltd.*
Judith Bodley, *Station Manager, RJR 94 FM*
Francois St. Juste, B.Sc. (Hons.) - *Station Manager FAME 95 FM*
Simon Crosskill, *Station Manager HITZ 92 FM / Group Head of Sports*

GROUP OFFICERS

Yvonne Anderson, B.Sc., *Group Human Resources Manager*
Carroll A. Lawrence, *Group Engineering Manager*
Roxiana Malcolm, B.Sc., F.C.C.A., *Group Financial Controller*
Moya Thomas, B.Sc., M.Sc., *Group Head of News*
Donald Topping, *Media Services & Quality Control Manager*

* *Directors and Corporate Data as at August 08, 2006*

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.B.A. - *News Projects Manager*

AUDITORS

PricewaterhouseCoopers

BANKERS

National Commercial Bank Jamaica Limited
RBTT 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, Scotia Centre Building
Corner Duke & Port Royal Streets
Kingston

* Effective November 1, 2006
Jamaica Central Securities Depository
40 Harbour Street,
Kingston.

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RADIO JAMAICA LIMITED

(The RJR Communications Group)

Reaching you in every way

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23 Orange Street

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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Fifty-eighth Annual General Meeting of Radio Jamaica Limited will be held at the Hilton Kingston Hotel, 77 Knutsford Boulevard, Kingston 5, on Tuesday, October 17, 2006 commencing at 10:00 a.m. for the following purposes:

1. To receive the accounts for the year ended March 31, 2006 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, 2006 together with the Reports of the Directors and auditors thereon be and are hereby adopted”

2. To elect Directors:
 - (a) Pursuant to Article 98 of the Company’s Articles of Association, the retiring Directors all of whom are eligible for re-election are:

Mr. Carl Domville, Mrs. Patricia Robinson and Mr. Milton Samuda.

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

- (i) “THAT retiring Director Mr. Carl Domville be and is hereby re-elected a director of the company”.
- (ii) “THAT retiring Director Mrs. Patricia Robinson be and is hereby re-elected a director of the company”.
- (iii) “THAT retiring Director Mr. Milton Samuda be and is hereby re-elected a director of the company”.

- (b) Messrs. Glenworth Francis and Ian Neita were appointed Directors of the Company on April 26, 2006. Mr. Gary Allen was appointed Director of the company on June 28, 2006. Under Article 104 of the Company’s Articles of Association, their appointments expire on the date of this meeting and being eligible, they offer themselves for re-election.

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

- (i) “THAT Director Glenworth Francis, retiring pursuant to Article 106 of the Articles of Association, be and is hereby re-elected.”
- (ii) “THAT Director Ian Neita, retiring pursuant to Article 106 of the Articles of Association, be and is hereby re-elected.”
- (iii) “THAT Director Gary Allen, retiring pursuant to Article 106 of the Articles of Association, be and is hereby re-elected.”

3. To re-appoint the Auditors and to authorize the Directors to fix their remuneration.

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.”

SPECIAL BUSINESS SPECIAL RESOLUTION

4. To amend the Articles and Memorandum of Associations of the Company.

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

“That the Articles of Association of the Company be amended in the manner set out in the table below and that the Articles so amended be adopted as the Articles of Incorporation of the Company in lieu of the Memorandum of Association and Articles of Association of the Company.”

NOTICE OF MEETING

- Articles 1.1**
- (a) With respect to the definition of the term “Year” by deleting the words “Calendar year” and insert the words “Any period of twelve (12) consecutive months”.
 - (b) With respect to the definition of the term “Articles” by deleting the word “Association” and insert the word “Incorporation”.
 - (c) By deleting the following terms and their respective definitions:
 - (i) “A” Shares”;
 - (ii) “B” Shares”;
 - (iii) “C” Shares”;
 - (iv) “A” Director”;
 - (v) “B” Director”;
 - (vi) “C” Director”;
 - (vii) “A” Shareholder”;
 - (viii) “B” Shareholder”;
 - (ix) “C” Shareholder”;
 - (x) “Trustees of the Workers Trust” and
 - (xi) “Workers”.
- Article 2**
- (i) By deleting the last sentence appearing in the definition of the term “Relevant Share Capital” namely:

“As at the date of adoption of these Articles the Relevant Share capital comprises “A” shares, “B” shares or and “C” shares.”
 - (ii) By inserting the word “or” after the semicolon appearing at the end of sub-paragraphs (iv) and (v) respectively.
 - (iii) By deleting the word “where” appearing at the beginning of the clauses (C), (D) and (E) respectively and inserting in its place the word “Where”.
 - (iv) By deleting this clause (F) and re-numbering clause (G) immediately succeeding as clause (F).
- Article 3(A)**
- (i) By deleting the words “including the Trustees of the Workers Trust” appearing in paragraph (ii) (a) (i) of clause (A).
 - (ii) By deleting sub-paragraphs (b) and (c) of clause (A) (ii) and renumbering sub-paragraph (d) immediately succeeding as sub-paragraph (b).
 - (iii) By deleting in its entirety the last sentence in clause (B) commencing with the word “Notwithstanding”.
- Article 6**
- By deleting Article 6 in its entirety and inserting in its place the following new Article:
- “The Company may, to the extent permitted by law give, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the Company or in its holding company and the Company may, to the extent permitted by law, make a loan for any purpose whatsoever on the security of its shares.”*
- Article 7**
- By deleting Article 7 in its entirety and inserting in its place the following new Article:
- “The authorised share capital of the Company at the date of the adoption of these Articles is as follows:”*

NOTICE OF MEETING

- (a) 360,000,000 ordinary shares;
- (b) 50,000 five per cent (5%) Cumulative Participating Preference shares".

Article 8 By inserting in this Article the words italicized and underlined in the Article as shown below:

"Without prejudice to any special rights previously conferred on the holders of any shares or class of shares (which special rights may be varied or abrogated only in the manner provided by the next following Article), any share in the capital of the Company may be issued with such preferred, deferred or other special rights, or such restrictions, whether in regard to dividend, return of capital, voting or otherwise, as the Company may from time to time by ordinary resolution determine, and to any extent permitted for the time being by the provisions of the Act, and subject thereto the Company may issue shares (whether ordinary, preference or otherwise) which are, or at the option of the Company are, liable to be redeemed on such terms and in such manner as the Company before or after the issue thereof may by ordinary resolution determine provided that no redeemable shares may be issued at a time when they are no non-redeemable shares in the capital of the Company."

Article 9.2 By deleting this Article in its entirety and inserting in its place the following new Article:

*"Unless expressly provided by the terms of the issue of that class of shares or by the terms upon which such shares are for the time being held, the rights attached to any class of shares shall not (unless otherwise provided by the terms of issue of such shares) be deemed to be varied by the creation or issue of further shares ranking in any respect *pari passu* with that class."*

Article 11 By deleting this Article in its entirety and inserting in its place the following new Article:

"The directors are authorised (from time to time) to allot un-issued shares:

- (a) *in connection with any issue to holders of ordinary shares pro rata by way of rights (other than to holders with registered addresses outside Jamaica to whom an offer would, in the opinion of the directors be impracticable), or by way of capitalisation of undistributed profits or reserves;*
- (b) *pursuant to the terms of any previously approved employee share ownership plan ("ESOP"), share option scheme or other like scheme or plan established for the benefit of employees (including freelancers designated by the Board) and executives. References to a plan or scheme being "previously approved" means approved in a general meeting by way of an ordinary resolution; or*
- (c) *as consideration in exchange for securities (including other shares) or assets or for services rendered.*

Article 12.1 (i) By deleting the words "Memorandum of Association" appearing in paragraph (c) and inserting in its place the words "Articles or terms of issue".

(ii) By inserting at the end of this Article after the term "new shares" but before the full stop the following words, namely:

"and subject further to the provisions of section 65(1) (d) of the Act."

Article 12.2 By inserting the following sentence at the end of this Article, namely:

NOTICE OF MEETING

"The Company may also:

- (a) extinguish or reduce a liability in respect of an amount unpaid on any shares;*
- (b) reduce its stated capital by an amount that is not represented by realisable assets; or*
- (c) return to its shareholders any of its assets which are in excess of the wants of the Company."*

- Article 14** By deleting the last sentence appearing in this Article and replacing it with the following:

"The commission may be at such rate (whether or not exceeding 10%) as the Board may from time to time determine and may be satisfied in whole or in part by the allotment (if so agreed) of fully or partly paid shares."
- Article 18** By deleting the term *"one-fourth"* and inserting in its place the term *"one-half"*.
- Article 30** By inserting in the second sentence the words italicized and underlined as shown below:

"The Company's lien (if any) on a share shall extend to all dividends and distributions (including bonus shares) payable thereon."
- Article 34** (i) By deleting the number *"74"* and inserting in its place the number *"75"*.

(ii) By inserting the following sentence at the end of this Article:

"Notwithstanding the foregoing, the Directors may, to the extent permitted by applicable law, accept and give effect to transfers effected through the depository system operated by the Jamaica Central Securities Depository Limited ("JCSD")."
- Article 35** By deleting the number *"74"* and inserting in its place the number *"75"*.
- Article 36** By deleting the last sentence of this Article.
- Article 41** By deleting the last sentence of this Article.
- Article 42** By deleting the words *"(with the exception of a "C" Share)"*.
- Article 48** By deleting in its entirety (including the Article heading) this Article and inserting in its place the following:

"PURCHASE OF OWN SHARES"

Subject to the provisions of the Act, the Company may exercise to the fullest extent the powers granted by sections 58, 59 and 70 of the Act or otherwise howsoever enabling it to purchase or otherwise deal in its own shares (including any redeemable shares)".
- Article 49** By deleting in their entirety (including the Article heading) Articles 49.1 to 49.8 (inclusive) and inserting in its place the following:

"Where the shares to be repurchased are listed on a stock exchange, then the repurchase shall be effected by way of tenders to all holders of such shares unless such holders in general meeting shall, by ordinary resolution, resolve otherwise".
- Article 51** By deleting the number *"127"* and inserting in its place the number *"128"*
- Article 68** By deleting the full stop at the end of paragraph (D) of this Article and inserting a

NOTICE OF MEETING

semicolon followed by the word "or" and inserting thereafter the following paragraph numbered (E):

"a trustee of an approved Employee Share Ownership Plan (as defined in section 2 of the Employees Share Ownership Plan Act) in his capacity as a member holding shares conferring a right to vote at such meeting".

Article 74 By inserting at the end of the first sentence before the full stop the words "or for which he holds a proxy"

Article 87 By deleting the first two (2) sentences of this Article and inserting in the last sentence the words italicized and underlined as shown below:

"The provisions hereinbefore contained with respect to general meetings shall apply mutatis mutandis to class meetings and for the avoidance of doubt, a quorum in respect of any such class meeting shall be three members of the class in question present in person or by proxy."

Article 89 By deleting the following words appearing in this Article; namely:

"of which seven (7) are "A" Directors, two (2) are "B" Directors and two (2) are "C" Directors".

Article 90 By deleting in their entirety Articles 90.1 to 90.7 (inclusive) and inserting in their place the following:

"No person shall be appointed a Director of the Company who has attained the age of 70 and a Director shall vacate his office at the next Annual General Meeting after he attains the age of 70 and in respect of such vacation of office no provision contained in these Articles for automatic reappointment of retiring Directors in default of another appointment shall apply but any such vacancy may be filled as a casual vacancy. Provided always that a person may be appointed Director at any age exceeding 70 but not exceeding 75 and a Director may continue in office after attaining any age (not exceeding 75) and shall not be required to retire after attaining the age of 70 aforesaid if his appointment or continuance as a Director is approved by the Company in general meeting for a specified period which does not extend beyond the age of 75 and if no period is specified it shall be conclusively presumed that his appointment was until the next annual general meeting."

Article 93 By deleting the following words appearing in this Article:

"and a "C" Director need not be a Worker."

Article 98 By deleting the following words appearing in this Article; namely:

"inclusive of Directors, if any, who are bound to retire under Article 90.3 "and inserting their place the words "exclusive of Directors, if any, who are bound to retire under Article 90".

Article 99 By deleting the first sentence of this Article.

Article 100 (i) By deleting the following words at the beginning of the first sentence of this Article:

"Subject to the provisions of Articles 90.1 and 90.2," and by capitalizing the word "the" which follows immediately after such words.

(ii) By deleting the following words at the beginning of the last sentence:

"Subject to Article 90.3" and by capitalizing the word "a" which follows immediately after such words.

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- Article 101** By deleting the following words at the beginning of the first sentence:
“Subject to Articles 90.5, 90.6 and 90.7” and by capitalizing the word *“the”* which follows immediately after such words.
- Article 101(A)** By deleting this Article in its entirety.
- Article 102** By deleting the following words appearing in the first sentence:
“unless recommended by the Directors be eligible for election to the office of Director at any general meeting”.
- Article 107.1** (i) By inserting after the words *“the Broadcasting and Re-Diffusion Act”* the following words:
“or any other legislation or regulation”.
- (ii) By deleting in paragraph (C) the number *“149”* and inserting in its place the number *“151”*.
- Article 108** (i) By inserting the word *“or”* after the semicolon appearing at the end of paragraphs (A) to (G) (inclusive).
- (ii) By deleting the words *“either personally or by his Director”* appearing in paragraph (E).
- (iii) By deleting paragraph (F) and inserting in its place the following:
“if he becomes prohibited from being a director by reason of any order made pursuant to sections 180 and 182 of the Act”;
- Article 109** By deleting this Article in its entirety and replacing same with the following:
“The vacancy created by the removal of a Director pursuant to the foregoing provisions of Articles 105 and 108 may be filled as a casual vacancy pursuant to the provisions of Article 104”.
- Article 110** By deleting this Article in its entirety and replacing same with the following:
“If a vacancy created pursuant to Articles 105 and 108 is filled as a casual vacancy pursuant to the provisions of Article 104, the Director so appointed shall retire in accordance with the provisions of Article 104.”
- Article 111** By deleting the following words appearing at the end of the Article; namely:
“PROVIDED that no “C” Director shall be eligible for election as Chairman”.
- Article 112** By deleting the following words appearing at the end of the Article; namely:
““A”, “B” or “C” Directors shall not be eligible for appointment as a Managing Director.”
- Article 116** By deleting the following words *“cable, telex”* and inserting in its place *“facsimile transmission, electronic mail”*
- Article 118** By inserting the following sentence at the end of this Article:

NOTICE OF MEETING

"Each Director, by taking office, hereby consents pursuant to section 141 of the Act, to a Director participating in a meeting of the Directors or a committee meeting by means of telephone or other communicating facilities which allows all participants in the meeting to hear each other and a Director who participates in a meeting by such means shall, for all purposes, be deemed to be in attendance thereat and shall be entitled to vote and be counted in the quorum."

- Article 120** By deleting the number "188" and inserting in its place the number "193"
- Article 121** By inserting after the words "shall not" where it first appears in this Article the words "be present during any proceedings of the Board of Directors" and deleting the word "vote" where it first appears.
- Article 123** By deleting this Article in its entirety and replacing it with the following:
- "The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as the number of Directors is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Directors or Director may act for the purpose of filling up such vacancies up to the quorum or of summoning general meetings of the Company or general meetings of any class of shareholders, but not for any other purpose. If there be no Directors or Director able and willing to act, then any three (3) shareholders may summon a general meeting of the Company for the purpose of appointing Directors".*
- Article 129** By deleting the following words appearing in this Article, namely:
- "and of the Memorandum of Association".*
- Article 132**
- (i) By inserting the following as paragraph (A)
- "To cross-list the Company's shares on any Stock Exchange outside Jamaica;"*
- and re-numbering sequentially the existing paragraphs (A) to (G) as paragraphs (B) to (H) respectively.
- (ii) By deleting the newly numbered paragraph (B) (originally paragraph (A)) and inserting in its place the following:
- "To open a transfer office of the Company in any place outside Jamaica where the Company's shares are traded or in which a Local or Divisional Board or Committee is appointed and to pay the rent and other expenses connected therewith."*
- (iii) By inserting before the full stop in paragraph (C) (originally paragraph (B)) the following words:
- "pursuant to sections 118 and 119 of the Act."*
- (iv) By deleting at the end of paragraph (G) (originally paragraph (F)) the words "and the Memorandum of Association".
- Article 142** By deleting the following words appearing in parenthesis after the words "(the Company)"; "including the Memorandum of Association and the Articles of Association" and inserting in its place the following "including the Articles".
- Article 143** By inserting after the words "except out of the profits of the Company" the following words in parenthesis:
- "(including capital profits and capital reserves)".*
- Article 155** By inserting at the end of the Article before the full stop the words:

NOTICE OF MEETING

“or, if and to the extent permitted by the Act, or a scheme of arrangement, to make capital distributions to its members.”

Article 160 By deleting this Article in its entirety and inserting the following:

“The Directors shall cause to be kept such books of accounts as are necessary to comply with the Act and the rules of any Stock Exchange on which any of the Company’s shares are listed so as to give a true and fair view of the state of the Company’s affairs and to explain its transactions.”

Article 161 By deleting this Article in its entirety and inserting the following:

“The books of account shall be kept at the Office, subject to sub-sections (3) and (4) of section 144 of the Act, or at such other place as the Directors think fit, and shall always be open to the inspection of the Directors or any of them. No shareholder in his capacity as such shall have any right of inspecting any account or book or document of the Company except as conferred by statute (including the Act) or authorised by the Directors or by ordinary resolution of the Company or required by an order of a Court of competent jurisdiction”

Article 162 By deleting this Article in its entirety and inserting the following:

“The Directors shall from time to time in accordance with sections 145 and 147 of the Act cause to be prepared and to be laid before each annual general meeting of the Company a balance sheet showing the position of the Company’s affairs at the end of the preceding financial year, a report by the Directors of the position of the Company and such further accounts (including a profit and loss account) and reports as they may consider necessary or which may be required by the Act or by the rules of the any Stock Exchange on which any of the Company’s shares are listed .”

Article 163 By deleting the words *“the Jamaican”* where it appears and inserting in its place, the words *“a”* and deleting the words *“the”* where it last appears in the Article and inserting in its place the words *“such”*.

Article 165 By deleting the first sentence of this Article and inserting the following new sentence:

“The Company shall at each annual general meeting appoint any Auditor or Auditors to hold office until the conclusion of the next annual general meeting.”

Article 177 By deleting this Article in its entirety and inserting the following:

“To the fullest extent permitted by sections 201, 202 and 203 of the Act, every Director or other officer of the Company or their respective legal representatives shall be entitled to be indemnified out of the assets of the Company against all costs, charges, expenses, awards or damages, losses or liabilities which he may sustain or incur:

- (a) in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Company;*
- (b) in connection with any derivation action;*
- (c) in connection with any application under section 389 of the Act in which relief is granted by the Court.*

The Directors shall be and are hereby authorised to effect and maintain at the costs of the Company such directors and officers liability insurance as they shall deem fit. No Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the honest execution of the duties of his office.”

NOTICE OF MEETING

ORDINARY RESOLUTIONS

5. To increase Share Capital

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

"THAT the authorized capital of the company be increased from 360,000,000 ordinary shares to 378,000,000 ordinary shares by the creation of an additional 18,000,000 ordinary shares each ranking for dividend and in all other aspects pari passu with the existing ordinary shares of the Company"

6. To authorize the issuing of ordinary shares for equity stake

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

THAT notwithstanding Rule 412A of the Rules of the Stock Exchange or any other provision binding on the Company in that regard, and subject to completion of a transaction whereby the Company proposes to acquire 65% of the issued shares in the capital of **Reggae Entertainment Television Limited ("RE TV")** and 80-100% of the issued shares in the capital of **Jamaica National News Network Limited ("JNN")** that the directors be and are hereby authorized to issue in the aggregate up to 18,000,000 fully-paid ordinary shares in the capital of the Company to the aforesaid shareholders in exchange for their shares in **RETV** and **JNN** aforesaid without making an issue to the existing shareholders by way of rights or otherwise."

7. Conversion of Shares into Stock

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

"THAT each of the 18,000,000 ordinary shares created by the Resolution previously passed at this Meeting when issued be converted into stock units and that the Directors be and are hereby authorised to carry said conversion into effect and to secure a supplemental listing of such shares on the Jamaica Stock Exchange."

A member entitled to attend and vote at this meeting may appoint another person as his/her proxy to attend and vote instead of him/her and such proxy need not be a member of the company. An appropriate form of proxy is enclosed.

Dated this 26th day of July 2006.

BY THE ORDER OF THE BOARD



Stephen A. Greig
SECRETARY

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

COMMENTARY ON THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF RADIO JAMAICA LIMITED

1. The amendments which are proposed to the Articles of Association of the Company fall into four (4) categories; namely:
 - (a) amendments to remove redundant provisions which ceased to be operative when the “A”, “B” and “C” shares in the capital of the Company were completely converted into a single class of ordinary shares (herein called “Legacy Amendments”);
 - (b) amendments to remove special provisions which were introduced into the Articles in 1997 in connection with the acquisition of the assets of the Jamaica Broadcasting Corporation (“JBC”) in exchange for shares in the capital of the Company (herein called “the JBC Amendments”);
 - (c) amendments designed to respond to the changes in the law introduced by the Companies Act, 2004 (herein called “Company Law Amendments”); and
 - (d) amendments which do not fall in any of the foregoing categories (herein called “Miscellaneous Amendments”).

Legacy Amendments

2. In 1991 when the shares in the Company were offered to the public, the ordinary share capital was divided into three (3) classes of shares, namely:
 - (a) “A” shares held by trade union and other mass representative organisations;
 - (b) “B” shares held by the Accountant General on behalf of the Government of Jamaica; and
 - (c) “C” shares held by present and past employees.

Government sold its “B” shares to the public by way of an offer for sale. At the time the Articles of Association of the Company included a regime under which the “A” and “C” shares would be automatically converted into “B” shares over an 18-month period. In addition, the Articles also provided for proportionate board representation among the three (3) classes of ordinary shares.

3. With the complete conversion of “A” and “C” shares into “B” shares and the re-designation of the “B” shares as ordinary shares, the entire regime which perpetuated the share classification became redundant and it is now proposed that they be expunged from the Articles. The Articles which are primarily affected by these Legacy Amendments are Articles 1, 2, 3, 7, 11, 36, 41, 42, 48.1, 48.2, 49.1- 49.8, 87, 89, 90.1 - 90.7, 93, 99, 100, 101, 109, 111 and 112. As indicated above, these Articles have ceased to be operative and serve no purpose at the present time.

The JBC Amendments

4. Under an Agreement dated June 12, 1997, the Company acquired the assets of the Jamaica Broadcasting Corporation (“JBC”) from the Government. Part of the consideration for the JBC assets was the issue by the Company of a block of 8,624,424 fully-paid ordinary shares to JBC. Under the Agreement, it was provided that so long as the shares held by JBC amounted to at least 10% of the issued share capital of the Company, then the Government would have the right to appoint a director to the Company’s Board. That right was entrenched in Article 101(A) of the Articles of Association of the Company support by Article 2(B) which included a consequential provision designed to limit Government’s interest to 10% consistent with the Company’s broadcasting licence.
5. Since then, the Government has sold its shares and for that reason Articles 2(B) and 101(A) are redundant.

Company Law Amendments

6. The Companies Act, 2004 introduced a number of substantive changes to Jamaica’s company laws. The

COMMENTARY ON THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF RADIO JAMAICA LIMITED

following amendments are being proposed in response to the new Companies Act.

- (a) Article 6 - To authorize that the Company may give financial assistance to acquire its own shares to the extent permitted by law.
- (b) Article 12.2 - To grant to the Company the power to reduce its share capital.
- (c) Article 34 - To empower the directors to give effect to share transfers effected via the Jamaica Central Securities Depository (JCSD) system.
- (d) Article 48 - To grant to the Company the power to repurchase its own shares.
- (e) Article 49 - To provide that exercise of the power to repurchase its own shares shall be effected by pro-rata tender offer.
- (f) Article 118 - To empower a director to attend board meetings via teleconference or other telecommunication means.
- (g) Article 177 - To grant to the Company the power to indemnify directors to the extent permitted by the Act and to further empower the Directors to effect and maintain Directors and Officers Liability Insurance.

7. Apart from the foregoing substantive amendments, there are a few amendments which will correct cross-references to the old Companies Act (which has been repealed) to refer to the comparative provision in the Companies Act, 2004.

Miscellaneous Amendments

8. The opportunity is also taken to propose a few miscellaneous amendments. These are as follows:

- (a) Article 90 - Introducing an age limit for directors; such limit being 70 unless the shareholders expressly vote for the over-age director to continue in office notwithstanding such director having achieved the retirement age of 70. However there will be an absolute retirement age of 75 which cannot be extended by the shareholders.
- (b) Article 132 - Empowering the directors to cross-list the Company's shares on other stock exchanges and to open a transfer office in any overseas territory in which the Company's shares are traded.

The revised "marked" version of the Articles of Incorporation are available for viewing at the company's website <http://www.radiojamaica.com>. A limited number of printed copies are available upon request from the Company Secretarial Office.

SHAREHOLDERS AS AT MARCH 31, 2006

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
Carl Domville		317,607	Grace Kennedy And Company Pension Scheme	24,000,000
Karl Lewin	38,893		Life of Jamaica Pooled Equity Fund No. 1	15,513,500
	*271,998	310,891	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	National Union of Cooperative Societies	8,679,807
Milton Samuda		31,150	Jamaica Teachers Association Ltd.	8,626,563
Ione Patricia Robinson		20,398	Jamaica Development Bank	8,511,060
SENIOR MANAGEMENT				
J.A. Lester Spaulding		7,870,350		
Francois St. Juste		350,000		
Rupert Hartley		111,945		
Henry Stennett		7,403		
Gary Allen		2000		
Lloyd Pusey		2000		
Roxiana Malcolm		Nil		
Simon Crosskill		Nil		
Kay Osborne		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 Caribbean Media Corporation, Caribbean News Agency (CANA), National Crime Prevention Fund (CRIMESTOP), Salada Foods Jamaica Limited, PALS Jamaica Limited, Clearchannel Communications Limited and the Gleaner/Voice Group in London.



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.



HECTOR R. DIETRICH
(Appointed June 1980)
Mr. Dietrich is the General Manager of 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.



HOLFORD PLUMMER
(Appointed October 1989).
Mr. Plummer retired from Radio Jamaica in January 2006 after 50 years of service. During his tenure Mr. Plummer served as Programme Manager for RJR 94 FM and Facilities Manager.



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.



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.

DIRECTORS' PROFILES



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.



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.



GLENWORTH FRANCIS
B.A., B.Sc. (Appointed April 26, 2006)
Mr. Francis is the General Manager of the Jamaica Co-operative Credit Union League. He is also a member of the Board of Directors of J.E.T.S. Limited, operators of Multilink, Quality Network Co-operative Limited, Credit Union Funds Management Limited, Jamaica Credit Union Pension Fund Limited and Medical Arts Limited.



IAN NEITA
B.Sc., M.B.A. (Appointed April 26, 2006)
Mr. Neita is the Executive Director of the Tourism Enhancement Fund and a member of the Board of Directors of the Tourism Product Development Company (TPDCo.) He is a part time lecturer in Management of Strategic Issues at the University of the West Indies in the Management Studies Department and is a business consultant for two major companies in Jamaica.



GARY ALLEN
(Appointed June 28, 2006)
Gary Allen is a career journalist and media manager with experience working in local regional and international media. He served RJR for six years from the mid-1980s and returned to the Group in 2003. At the regional level he served in the Caribbean Broadcasting Union, Caribbean News Agency and Caribbean Media Corporation, and in that group rose to become Chief Operating Officer, profitably managing many media projects such as Olympic Games in Australia and Greece.

He tutors at CARIMAC, UWI, from which he is a graduate.

CHAIRMAN'S STATEMENT



RJR Communications Group performed creditably in the 12 months ended March 2006. We experienced an 8.7% increase in turnover to \$1.248 billion, a 34.2% increase in our core operating profit to \$125.7 million and a 5.7% increase in our net worth to \$997.6 million. This increase in our core operating profit was not matched by the change in performance of our profits after tax, as these fell from \$114.4 million to \$93.0 million. This was due to the inclusion of \$58.9 million of a non-recurring insurance claim proceeds in our 2005 results due to Hurricane Ivan. Excluding the insurance claim from our 2005 results, our net profits after tax show a 67.5% increase from the prior year.

We have further reduced our gearing to 16.7% from a high of 47% when we financed the construction of our studios. Although our earnings per share have moved from 37.07¢ to 26.97¢ owing both to the decline in net profit and the impact of our rights issue, your board remains very aware of the need to achieve growth and profitability in both market share and earnings, which will ultimately be reflected in share price. RJR's acquisitions and investments have been and will be focused on building shareholder value for the medium and long term.

The year under review also saw our continued investment in G V Media Group in the United Kingdom and One Caribbean Media Limited in Trinidad and Tobago. We financed a further \$14 million in losses from the operations of the former and a \$ 17 million gain from the latter. We remained convinced that tapping into the Jamaican and Caribbean diaspora and an investment in print media remain areas with considerable opportunity, and that the UK is a market that can be profitably developed.

Our financial performance has been within our expectations based on market conditions and our own projections, and we are geared to show increased profits, once our top line rebounds.

Jamaica's economy experienced an inflation rate of 11.4% during the 12 months to March 2006. The Jamaica

Stock Exchange Main All Jamaica Index fell by 29.6%, moving from 121,817 to 85,796 points. Although there were positive economic events during that period most of our advertisers saw flat top and bottom line growth in the period which in turn led to the level of growth in our own turnover and profit.

Our market share matrix improved slightly as our efforts to price Television in accordance with its relative importance, as regard impact, via-a-vis the print media, continued. In comparison with other electronic media we made significant gains, as our most recent survey in 2006 showed that RJR94FM claiming 25% and FAME 95 FM 17% of audience share, improved their standing to be number one and three respectively in the ratings. HITZ 92 FM was re-launched as an all Reggae and Sports format focusing on the elements which are expected to blend into a mix that will have mass appeal.

TVJ in the same survey commands the largest single channel share of the total media market as well as outstrips the local television market by a significant margin. It has also emerged as the overwhelming 'Station of Choice' and outperforms other mass media in each "best for advertising" attribute. Both these results should strengthen the marketing of our brands.

Globally, the pace of technological change in electronic media continues to be rapid. In this regard, our investments in our studio digital transmission link and the technology to support high definition television, have and will stand us in good stead. As the boundaries of news, entertainment, media and technology become less and less clear, your company is well positioned to tap into both the content and the technological advances for future growth and improved profitability.

We achieved a number of positives this year.

- Our Cross Country Invasion received a resounding welcome all across Jamaica. We had island wide support and were pleased that many of our advertisers came to our western city - Montego Bay - to be acknowledged.
- We were truly proud of our athletes at The Commonwealth Games in Australia, where Jamaica shone, bringing home 22 medals including 12 Gold medals. Our country continues to play a disproportionate part in relation to size in producing world champions, and TVJ's exclusive coverage brought this message through to all of Jamaica.
- FAME's listenership and performance have improved, with the brand capturing the hearts, minds and pockets of its FAME fraternity.

CHAIRMAN'S STATEMENT

- The RJR Communications Group now provides more than 30% of the Caribbean television content to the Caribbean Media Corporation (CMC) and is exporting both news and other content to the New York Tri State Area and Florida, and we are far advanced in negotiations for distribution to the United Kingdom.
- We have been able to profitably move television into high-quality local programmes that have had a positive impact on the Jamaican psyche, secured good sponsorship and won the hearts of the viewing public.
- Our brands remain the most powerful combination in the electronic media.
- Our energetic and enthusiastic management team is never afraid to stridently and effectively contribute to the debate that is inherent in running a credible news and entertainment business.

We are pleased with the continued diversity of the local media industry and believe that the Jamaican public will benefit from good and fair competition that sharpens the skills and the product of all the participants in an enlarged market.

We urge the Government to be resolute in its regulation of the cable industry and to establish a level playing field for all participants, especially those who have invested considerable sums in the process.

We continue to demonstrate that despite strong competition which is also at times fostered by less than transparent regulatory practices, the RJR Communications Group is a powerful brand that is able to harness the creativity and commitment of our staff, the avid listenership of the market, and the strong support of our advertisers.

To all our stakeholders, the directors, management and staff, my thanks. We at RJR look forward to the next 12 months where we expect to bring improved opportunities and profitability to the Group.



J.A. Lester Spaulding, C.D., J.P.
Chairman

DIRECTORS' REPORT

THE FIFTY-EIGHTH ANNUAL REPORT OF RADIO JAMAICA LIMITED.

The Directors are pleased to present their report for the financial year ended 2006 March 31.

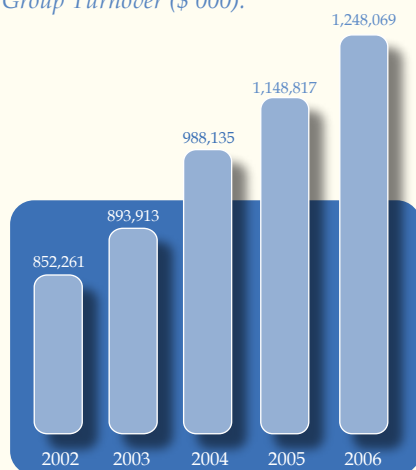
Financial Results

	\$'000	
Profit before taxation	125,726	
Taxation	<u>(32,682)</u>	
Net Profit	93,044	
Retained earnings at beginning of year	<u>533,228</u>	
	<u>626,272</u>	
Appropriations	\$'000	
Preference dividend proposed:		
Cumulative (gross)	2	
Participating	1	
Ordinary dividend	<u>34,498</u>	<u>34,501</u>
		<u>591,771</u>

RESULTS ACHIEVED

During the year under review, gross revenues amounted to \$1,248 million, an increase of \$99.2 million or 8.6% over the previous year.

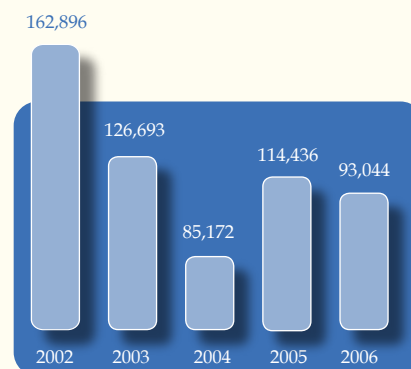
Group Turnover (\$'000).



The Group recorded after tax profit of \$93 million, a decrease of \$21 million or 18% compared with the results of the preceding year, which included a \$59 million gain on disposal of assets by Hurricane Ivan. Finance costs declined by \$20 million, which resulted from the liquidation of 50% of the Group's debt last year from proceeds of the Rights Issue.

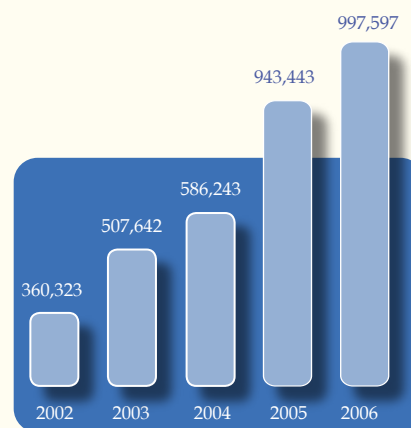
It is important to note that after adjusting for the gain on disposal of assets last year, the Group's net profit increased by 68% for the review period.

Group Net Profit (\$'000)



Shareholders' Equity of \$998 million, increased by \$54 million or 6% and was attributable to the increase in retained earnings.

Shareholders' Equity (\$'000)



STOCK PRICE

At the close of business on 31 March 2006, the JSE All Jamaican Composite Index stood at 85,796 points, a decrease of 29% when compared with the 121,365 recorded at March 2005. The Company's shares at March 2006 traded at \$5.11, down from \$6.00 at March 2005, a decrease of 15% for the twelve month period.

DIRECTORS' REPORT

INVESTMENTS

One Caribbean Media Limited (Formerly, Caribbean Communications Network (CCN))

The Company holds 196,875 shares in OCM, a multi-media company which operates in Trinidad & Tobago and Barbados. Shares of the OCM are listed on the Trinidad & Tobago Stock Exchange and traded at 2006 March 31 at TT\$21.00. For fiscal ended December 31, 2005, CCN recorded after tax profit of TT\$50.8 million, an increase of 40% over the previous year.

On 25 April 2005, the company acquired 20% of the share capital of Gleaner UK Limited, subsequently named GV Media Group Limited, at a cost including pre-acquisition and professional fees of £278,762. The terms of the investment also include the participation by the company in loans to GV Media Group Limited, on a pro-rata basis with the Gleaner Company Limited, the other shareholder, for the acquisition and financing of the reorganisation of The Voice Group Limited, a subsidiary acquired by GV Media Group Limited during 2004. The company has, on that basis, contributed an additional £604,000.

The Group's share of the loss plus changes in foreign exchange rate incurred by GV Media for the period under review amounted to \$18.6 million.

The Directors of Radio Jamaica Ltd. as at March 31, 2006 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. Carl Domville and Milton Samuda and Mrs. Patricia Robinson will retire by rotation, and being eligible, offer themselves for re-election.

Messrs. PricewaterhouseCoopers, the present Auditors, will continue in office pursuant to Section 153 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 26th day of July 2006

By Order of the Board



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

THE RJR COMMUNICATIONS GROUP

Radio Jamaica Ltd. (The RJR Communications Group) owns and operates the brands **RJR 94FM, FAME 95 FM, HITZ 92FM** (formerly known as **Radio 92FM**), **Television Jamaica Ltd.** and **Multi-Media Jamaica Ltd.** Although each brand retains its unique identity, the combined brands create a formidable promotional force for both our company and marketing partners.

The RJR Group, as well as sponsoring events, also organises its own annual calendar of events. Our *Corporate Race Day & Advertisers' Awards* has become an anticipated fixture in Jamaica's social calendar. It is our opportunity to show appreciation to our valued advertisers and clients. This exciting event of fashion and entertainment is hosted by many of the group's leading personalities who add excitement and glamour to the occasion.

The RJR Communications Group picked up the baton from the **Carreras Sports Foundation** and successfully staged the *45th National Sportsman and Sportswoman of the Year Award* in March. At the well supported ceremony, Asafa Powell and Trecia-Kay Smith were crowned Sportsman and Sportswoman of 2005.

In a bold promotional blitz, the second staging of the *RJR Cross Country Invasion* took place in over sixty communities across Jamaica. Each brand participated in outside broadcasts, church services, sports and family fun-days. We also staged road shows featuring top artistes and dancers. *RJR Cross Country Invasion* climaxed with an awards ceremony in Montego Bay to show our appreciation for our clients.

The RJR Group supported many of the major events in Jamaica including *Red Stripe Reggae Sunfest, Bacchanal Jamaica* and *Air Jamaica's Jazz & Blues Festival*. At the *Jazz & Blues Festival* Group Chairman and Managing Director, J. A. Lester Spaulding, made a special presentation to Byron Lee - a replica microphone and a painting of the original RJR Building - for his over 50 years of service to the entertainment industry.

The Group's involvement in these events was co-ordinated by our marketing department. In recognition of our dedicated team, the *Annual Marketing & Sales Awards* were held at Broadcasting House in December. Lloyd Brady was crowned Top Sales Representative (radio) and Jackie Fenton, Top Sales Representative (TV). Outstanding performers in other categories were also recognized.

The RJR Group will continue to be involved in national events and to build our brands. We will continuously provide a cohesive group strategy to leverage the strengths of the company through our brands.



Managing Director, J. A. Lester Spaulding, making a special presentation to Byron Lee for his over 50 years of service to the entertainment industry. Mr. Lee received a replica microphone and a painting of the original RJR Building

COMMUNITY OUTREACH

The RJR Communications Group reached out to a wide range of charities and cause-related initiatives through sponsorship, donations and management expertise.

In support of the nation's efforts for a safer Jamaica, **RJR** provided management expertise and airtime for many of the *Crime Stop Public Service Announcements*. Additionally, our long association with *PALS, (now Peace and Love in Society)*, continued with an energetic level of commitment both by way of airtime and general support.

The Peace and Love theme was also evident in the island-wide *RJR Cross Country Invasion*. At our organised road shows, flyers developed by the Ministry of Health in association with the Violence Prevention Alliance were distributed. Our personalities and associated reggae artistes promoted the message of peace to their fans within the communities.

In a related initiative, the group provided strong support to the **PSOJ/AMCHAM/USAID** project in Grant's Pen, St. Andrew aimed at improving police-citizen relationships in inner-city communities. Each brand donated airtime and MMJ provided audio visual equipment.

THE RJR COMMUNICATIONS GROUP

As part of our continual commitment to youth-related projects, we took the lead role in the inaugural staging of the *St. Andrew Care Centre (SACC) Charity Golf Tournament*. Proceeds were donated to the Care Centre to combat the plight of 'at risk' street children. The tournament was an overwhelming success collectively supported by **RJR**, the **Jamaica Golf Association** and several other private sector companies.

Currently in its 25th year of operation, the **Citizens Advice Bureau/RJR Basic School** recorded a total of 283 enrolments at the beginning of the school year. The high point of our continual involvement with the school this year was the fencing of the school compound at a cost of \$2.4M. **RJR** was instrumental in getting the **CHASE FUND** to provide the financing.

We also continued our long standing support of the **Cluster C** at the Golden Age Home. The annual Christmas Treat for the residents of Cluster C, was extra special this year. Our Chairman/Managing Director, J.A. Lester Spaulding presented a 30-inch gas stove and a lawnmower to the facility. Members of RJR staff sang carols and presented individual Christmas gifts to the residents and staff.

Jamaica AIDS Support, Relay for Life, the Road Safety programme, United Way, Jamaica Red Cross and scores of clubs, NGOs and associations also received public service announcements and other forms of assistance during the period.

The RJR Communications Group donated over \$15 Million in airtime, management expertise and cash over the period attesting to its commitment to being a socially responsible corporate entity.

OPERATIONAL REVIEW

In the period under review the radio stations of the RJR Communications Group, RJR 94FM, FAME 95 FM, HITZ 92FM (formerly Radio 92FM) and the television station, Television Jamaica Ltd. (TVJ) continued to retain leading positions in a fiercely competitive market.

The most recent *All Media Survey*, 2005 compiled by **Market Research Services Limited** highlighted several major achievements for the group. **TVJ** remained the number one television station in the country, owing to several factors including the significant investment made in the development of local TV programming and the strategies deployed by the management team of the station. The study further confirmed that **TVJ's Prime Time News** was consistently viewed by over one million persons each night of the week. This is a momentous accomplishment as it represents the highest audience rating of a television programme in the history of Jamaica.

The radio stations of the Group collectively command the highest listenership with over thirty percent (30%) of the market. This is the largest audience share by any single media group. **RJR 94FM** remained the flagship station with the largest listenership within the group. **RJR 94FM** is also home to several number one programmes on radio among them *Good Morning Jamaica* with Alan Magnus and Dorraine Samuels; *Hotline* the number one day-time talk show and *Beyond the Headlines* the number one drive time talk show.

Our radio and television stations have performed well, given the industry developments since the last media survey in 2002. A fourth television licensee has been added to the TV marketplace as well as five other local cable channels. In radio, six additional radio stations were granted licences, yet **RJR** consistently remains the market leader.

In the year following the damaging effects of Hurricane Ivan, several major projects were undertaken to strengthen our transmission network. At **TVJ** we commissioned four new transmitters into service: Shafton in Westmoreland, Carty Hill in Clarendon, Bamboo in St. Ann and Castle Mount in Portland. Five new transmitters were also installed for our radio operations.

Despite the gains achieved across two major areas - the conservation strategy deployed for company vehicles and the vigilant management of air conditioning usage in our offices - escalating petrol prices had a marked impact on **the Group's** expenditure on energy.

The harmonisation of policies continued across **the Group** resulting in improved efficiencies in many operational areas. Our management team engaged in a strategic planning session last year and set aggressive growth targets for the next five to eight years. This has

directly led to improvements in our budgeting approach, which now has extensive interdepartmental input and identification of resources required to achieve both the budget and strategic objectives. For our staff, internal skills analyses were conducted during the period. As a direct result of the findings many team members took on new areas of responsibilities within existing job roles, and also embraced roles outside of their brand or department. Several staff members at the technical level now work in both television and radio operations, as do many on-air personalities. We all benefit from the creation of a truly integrated media group driven by a satisfied and motivated workforce.

Strides into the new media business avenue of interactive media services were among the points of progress for **Multi-Media Jamaica Limited**. This accompanied an expansion in the multi-media equipment rentals which that extending arm of our **Group's** business undertook during the period under review.

As the competitive environment heightens, our Group will continue to aggressively build on the vision which maintains our position as the industry leader. Creative content development, technological advancements and the diversification into new growth markets are several of the strategies that we have adopted to cement our leading position for the year 2006 - 2007. These will further differentiate us from the existing and emerging competition.



GARY ALLEN

Deputy Managing Director

NEWS AND SPORTS CENTRE - NEWS

Marking the year 2005 – 2006 were several new and sustained projects which cemented the RJR News & Sports Centre’s position as the dominant force on the Jamaican news landscape.

Throughout the year, we provided comprehensive and incisive political coverage. Both radio and television performed creditably as the group shone in its coverage of political issues. The 2005/2006 coverage began with the PNP Annual Conference in September. It continued with the J.L.P Conference in November through to the announcement of the date for the special PNP delegates’ conference. Our coverage culminated in the conference which led to the installation of a new party president and Prime Minister, the Most Honourable Portia Simpson-Miller.

RADIO COVERAGE

Beyond the Headlines (BTH) our evening current affairs programme, became the programme of choice for **BBC Interactive** for the second consecutive year. **BBC Interactive** simultaneously airs discussions on issues of importance to the black and Caribbean diaspora. It allows listeners to call from all across the Caribbean and the U.K.

Globally, listeners commented that *Beyond the Headlines* was engaging and interesting.



Your Issues Live with host Michael Sharpe (right)

TELEVISION COVERAGE

Towards the end of the year, the weekly news review discussion programme *All Angles* was launched in March and is poised to make its mark on the landscape. *Your Issues Live* continued to strengthen and take root as a part of community life in Jamaica. The programme has become a trusted outlet for individuals and communities who wish to air their issues to stimulate change. Moderator Michael Sharpe and his team visited several major towns and community centres throughout the island during the year.

WEB CONTENT

The Web Content Division continued to deploy technology to provide local and regional news, sports and business news, as well as other content to platforms beyond our web site www.radiojamaica.com. Major telecom providers used our content as a source of information to distribute to their customers via their cell phone networks.

NEW PROJECTS

Another development of significance was the official activation of the Special Assignments Unit. The unit was set up to provide in-depth analyses of news stories from diverse perspectives for both radio and television. The team’s first assignments were special features, on radio on the PNP contenders for party leadership as well as a one-hour personality-based special - Political Sketches on TVJ.

The year also saw the News Centre staging in-house *Frankly Speaking* sessions. The primary aim of these sessions was to provide content for radio, television and the internet, as well as to familiarise important stakeholders with our senior management and editorial teams.

THE NEWS TEAM

Training is an essential element of our product strategy and is incorporated by year-round voice training sessions for radio announcers and presenter techniques for television anchors. In addition *A Legal and Access to Public Information seminar* was organised for our team.

With the current mix of innovative new programming, complemented by the stability of existing programmes, the continual drive for high-quality news products and our reputation for credibility, the **News Centre** is poised to consolidate and further expand its leading position for 2006-2007.



MOYA THOMAS

Group Head of News

NEWS AND SPORTS CENTRE - SPORTS

The RJR Sports Team delivered a historic one million viewers during Prime Time News. We routinely produced the most viewed and listened to sports bulletins on RJR 94FM, HITZ 92FM (formerly Radio 92FM), Fame 95 FM and TVJ and provided updated content on www.radiojamaica.com.

RJR INTERNATIONAL SPORTS EXCLUSIVE

The RJR Sports Team secured major exclusive events including: the *IAAF World Track and Field Championship* and the *Commonwealth Games*. At the *Commonwealth Games*, our Jamaican athletes produced their best ever performances at a major event achieving a record 22 medals. The sight and sounds of Asafa Powell and fellow team-mates scorching to the finishing line, lit up the airwaves of TVJ and *HITZ 92FM*. The excitement of the World Cup Football qualifiers was also exclusively captured on TVJ and *HITZ 92FM*.

Interest in Caribbean cricket remains buoyant as dedicated fans watch TVJ and listen to *HITZ 92FM* for live coverage of test and one-day internationals. Many of these series are exclusives, including our coverage of the regional *Carib Beer Competition* captured on *Hitz 92FM*.

RJR LOCAL SPORTS EXCLUSIVES

The RJR Sports team has played a vital role in the development of local football with exclusive coverage of the *National Premier League*. A similar approach has been taken with the *National Basketball Association* and a loyal following of viewers has been built. Coverage was also extended to the national netball and volleyball teams in their quest to qualify for world championship honours.

Our goal remains to produce sports reports benchmarked against those broadcast on major international news networks. We maintain our position as the sports leader within the Jamaican market by adhering to standards of excellence. We will also continually strive to improve the substance, quality and presentation of our product to ensure that we capture all local and international sporting action in a timely, accurate and entertaining manner.



SIMON CROSSKILL

Group Head of Sports



*Premier League Championships 2005 -
Constant Spring (left) vs. Waterhouse (right)*



*Premier League Championships 2005 -
Portmore United (left) vs. Wadadah (right)*

OPERATING OVERVIEW



RJR 94 FM

Top (left - right)

- i) Dorraine Samuels Binger and Alan Magnus, the ever popular hosts of "Good Morning Jamaica" in studio*
- ii) Neville Willoughby in studio*
- iii) Dr. Orville Taylor, one of the hosts of the current affairs talk show "Hotline"*

Bottom (left - right)

- i) Wildchild, Tazhma, Nyron & Fiona*
- ii) Derrick Wilks*
- iii) Judith Bodley (left), Entertainer Wayne Marshall (centre) & Fiona Fennell (right)*

OPERATING OVERVIEW



RJR 94 FM continued its half a century and running tradition of leading the marketplace with the most credible and listened to news and sports information on Jamaican Radio, keeping it global via streaming on www.radiojamaica.com.

Overall RJR 94 FM holds the greatest share of listenership on both weekdays and weekends. This information is contained in the January 2006 commissioned Media Survey done by Marketing Strategy Limited. RJR 94 FM's *Good Morning Jamaica, Hotline, Beyond the Headlines, Palav, Balancing Justice* and *Clinical Expressions* led the way for another year.

During the year we responded to the residents in Western Jamaica whose peculiar needs and experiences were neither being elucidated nor addressed in any tangible way elsewhere in mainstream media. The probative programme - *Western Response*, hosted by well known Cornwall county personalities Shalman Scott and Marline Stephenson-Dalley, did well in the last nine months of the financial year and has gained traction amongst our general audience.

We also celebrated other new and improved programmes on the weekend. However, RJR 94 FM's major strides during the year came in some other areas too. During 2005 -2006 we positioned ourselves for global expansion, we extended our link with the Diaspora community through an extension of the *Hot Link* during *Hotline* on Wednesdays, taking calls from and providing information to Jamaicans and West Indians in the Tri-State area of New York, New Jersey and Connecticut, USA.

During the year we also broadcast from the Bahamas where we worked with international remittance firm Western Union and from the Cayman Islands and St. Maarten where we joined their radio stations in West Indian Day celebrations and other events that conjoined our different Caribbean ethnicities.

Beyond The Headlines continues to reach out to Jamaicans across the globe in segments such as *"Globe Trotting"* and *"One Caribbean"*. *'Beyond Entertainment'* and *'Wired'*, focused on the financially viable Jamaican Entertainment Industry, an industry which has been integral in creating, cementing and maintaining



US television talk show host Jerry Springer (centre) takes time out of his vacation on the north coast to speak with Station Manager of RJR 94 FM Judith Bodley (left). At right is an RJR Producer.



Tricia "Wild Child" Spence hosts RJR 94 FM Road Show February 2006 for the Eastern Region.

OPERATING OVERVIEW

Jamaica's global presence and which expects a boost as the Entertainment Ministry falls within the Tourism Minister's portfolio.

During the year, the **British Broadcasting Corporation**, *BBC Interactive*, also joined us and had 94 FM broadcasting globally the issues surrounding HIV/AIDS from a Caribbean perspective.

The BBC again joined **RJR 94 FM** for a simulcast discussion on the influence of reggae music globally.

The Nation turned to **RJR 94 FM** for full coverage of the campaign that brought forth Jamaica's first female Prime Minister the Most Honourable Portia Simpson-Miller and to say best wishes to the only Prime Minister to serve three consecutive terms, the Most Honourable Percival James Patterson.

For 2006/2007 **RJR 94 FM** will stamp its brand on Cricket World Cup and aid in the return of Jamaica's Reggae Sunsplash.

A Station Manager has been appointed to drive the new growth phase for **RJR 94FM**.

The new manager is experienced media practitioner Judith Bodley who had worked with the station before and is the driving force for an expansion in excellence for **RJR 94 FM** as it serves Jamaicans at home and elsewhere in the world.

The **RJR 94FM** website is being redesigned to be more interactive but will as usual reflect a dynamic station at the fore of a group of companies that dominates others in the diaspora and is recognized globally as the region's media authority, reflecting 56 years of age-defying media strength and prestige. Real Jamaican Radio, the only station which remains "of the people and for the people with a clear voice from the people". **RJR 94FM**.



JUDITH BODLEY

Station Manager, RJR 94FM

OPERATING OVERVIEW



FAME 95 FM

Top (left-right)

- i) A small section of crowd at the annual FAME 95 FM Anniversary Street Dance
- ii) The Boss (Francois) & The Captain (Collin) talk musical strategy at the Street Dance.
- iii) FAME ladies - Geli, Deidra, Sue & CP enjoying another successful Road Party.

Bottom (left-right)

- i) School Rules Producer - Geli -Anne teaching the rules of radio to a Donald Quarrie High student.
- ii) Francois, Tanya Stephens & Paula-Anne pose backstage after Tanya's show stopping performance at the Montego Bay 'Bay Blaster' Road Party.
- iii) Full House Friday's team & guests. From left - Elva, Jerry, Francois, Blacka, Fancy Cat, Iceman, Johnny & Ity.

OPERATING OVERVIEW



FAME 95 FM blazed into its 21st anniversary year maintaining its position as The Entertainment Capital of Jamaica.

FAME 95 FM remains almost ageless, continually evolving to keep the station fresh and to appeal to its youthful or 'young at heart' target audiences. In fact FAME 95 FM positively reflects its only sign of age, experience! The experience gained over the years has strengthened the operations behind the station, ensuring that listeners and fans benefit from more exciting programming, bigger events and entertaining promotions. Our dynamic personalities and DJs create and shape the station. It is for these reasons that all surveys conducted for the period reinforced FAME 95 FM as the leading entertainment station on Jamaican radio.

PROGRAMMING

The School Rules programme continued to support educational and entertaining activities as the FAME team visited schools island-wide. *Uncensored* also took to the streets with even more provocative topics promoting full participation from animated listeners. Significant successful programming developments include *Retroactive Wednesdays* and *Full House Fridays*. *Retroactive Wednesdays* was supported by *Retro* at the *Quad* and has proven to be the appointment of choice for club goers. *Full House Fridays* is a hilarious, high energy programme presented by the usual morning hosts accompanied by any other celebrity, personality or layman who happens to pass by the studio - a sense of humour is mandatory for the survival of guest presenters!

FAME 95 FM ORGANISED EVENTS

FAME 95 FM kick-started the year with a massive street dance to thank the public for their support over the years and the listeners came out in their thousands.



A part of the FAME team at the Breezes Property Party. From left DJ Inferno, Deidra, Simone, Kerrie, Janice & Danae.



Guests at the Breezes Property Party dancing up a storm.

OPERATING OVERVIEW

The **FAME 95 FM Road Parties** have become a fixture on the entertainment calendar attracting many major artists, who show up for cameo spots. A record number of people attended the events held in Mandeville, May Pen, Kingston, Linstead, Negril, Portmore and Montego Bay. There were Property Parties at Breezes Montego Bay and Hedonism III; both were well attended.

The Retroactive Party at the **C & W Golf Academy** was a hit - no doubt riding on the tremendous success of the on-air series - *Retroactive Wednesdays*.

FAME SPONSORED EVENTS

FAME also promoted, co-promoted or sponsored a dazzling array of events. The on-going *Back Yaad Crack Up* series and the *International Comedy Festival* were supported by FAME 95 FM.

The Heineken Green Synergy Promotion that had experienced a tremendous response across the island returned to FAME 95 FM for a 3rd time, for another successful year. FAME 95 FM was the only local radio station invited to St. Lucia to cover the promotion's Caribbean Regional finals amongst 16 nations.

FAME added its flair and presented at the *Red Stripe Reggae Sumfest*. FAME was also very much part of the Heroes Weekend celebrations and was an active participant in the festival of parties that took place.

FAME was the only media partner that covered the *Air Jamaica Jazz & Blues Festival*. By special request from regional authorities we promoted and covered the *Barbados Jazz Festival* and the *St. Lucia Jazz Festival*. *The Jamaica Carnival* was also a big series of events with FAME 95 FM being the lead station in all the major activities including *J'Ouvert*, *Road March*, *Socasize* and many more. FAME 95 FM was again the choice of the infamous **Red Stripe Mound** at Sabina Park to be their vehicle of promotion and entertainment.

FAME MARKETING

FAME continues to expand beyond the traditional boundaries of Radio. The FAME Fraternity grew

from strength to strength including its off shoots -the FratChat magazine and the FratGear clothing line.

FAME 95 FM also cemented cross promotional efforts with the Jamaica Observer and the Star with the FAME Factor weekly inserts and the *School Rules* feature. The huge popularity of the annual FAME Calendar was heightened this year as tens of thousands were distributed across the island in just a couple of days.

There are global happenings on the horizon of FAME, including the re-launching of the simulcasts and expansion of the island parties to new locations. With each anniversary one certainty remains, FAME 95 FM will continue to be the *First Choice in All Things Entertainment* and keep blazin' full of creative fire and innovation.



FRANCOIS ST. JUSTE

Station Manager, FAME 95FM

OPERATING OVERVIEW



HITZ 92 FM

(Formerly Radio 92FM)

Top (left)

(i) The Hitz personalities count down to the launch of HITZ 92 FM

Top (right)

(ii) Jennifer "Jenny Jenny" Small at the turn tables

Bottom (right)

(ii) Keniesha Nooks, Roxanne Samuels and Debbie Nation-Ricketts, part of the dynamic sales team for the station

OPERATING OVERVIEW



Radio 92FM experienced a year of significant change including the re-launching of the station brand to HITZ 92FM and is now set to create sensational waves on Jamaica's media landscape.

The major success as a station was its staging of a Half Marathon in November. The fully-sponsored event received strong corporate and individual support from the athletes, maintaining the station's positioning as the premier sports station. On the tail-end of this success, the station experienced average listenership that was reflected in the survey for the period. A strategic decision was taken to significantly reformat the station to increase revenues and appeal to wider audiences. A new Station Manager, Simon Crosskill (who also retains his position as Group Head of Sports) was appointed to spearhead the change.

HITZ 92 FM – THE REGGAE SPORTS STATION

The renamed station - **HITZ 92 FM** - is now a Jamaican station playing reggae and dancehall music, exclusively supported by local features delivered by young energetic personalities. Existing programmes were re-branded and new ones were embedded in specific time slots.

Blast Off launches the programme roster with the Energizer Buddy, Jenny Jenny who wakes up Jamaica with a bang at 6:00 AM. Denise Hunt (of Rising Star notoriety) and her sidekick, Rodrick Howell deliver a smooth mix of local and international reggae hits between 9am and 1pm in "D'Flex". The show is packed with information-driven features, interviews, giveaways and call-in segments, shaken up with plenty of fun.

Hitz 92 FM has electrifying afternoon programming. The noise increases at 1:00pm with *Thunder*, a dynamic and energetic programme that continues to boom out to listeners until 5:00 pm.

OPERATING OVERVIEW

Appealing to a young audience, the show is hosted by the wild and wacky Scott Wilson. It is a heady mix of the latest reggae and dancehall music, interspersed with zany humour, giveaways, features and guests.

At 5:00 pm it is time for the fastest growing sports programme on radio, the *Sports Grill*. Simon Crosskill, Patrick Anderson, Earl Bailey and Aksai Mansingh report more than news; they make news happen! With probing interviews, they delve to the bottom of the real issues in sports. Today's investigations will be tomorrow's headlines.

When the heat of *Sports Grill* is turned down, *TVJ's Prime Time News* informs the listener. This is followed by music, with the Jugglers mixing the best Jamaican music into the night. Renowned in the music business, presenters Garfield Hamilton, Troy McClean, Dalton Leith,

Kenneth Reid, Mr. Vintage himself Owen Brown and DJ Raf ensure that night - time radio is a 'must listen to' event.

HITZ 92 FM maintains the best live sporting coverage driven by the leading sportscasters in Jamaica. Football, cricket, track and field as well as all other major and minor sports are at home on *HITZ 92 FM*

HITZ 92 FM will forge its niche in the sports and reggae market, leading to increased market share and revenue. Tune into *HITZ 92 FM* and be part of the new wave of Jamaican radio.



SIMON CROSSKILL

Station Manager, HITZ 92FM

OPERATING OVERVIEW



OPERATING OVERVIEW



TELEVISION JAMAICA

Top (left)

(i) Jamaica Dream Wedding Couple - Mr. & Mrs. Rheushaun Frith

Top (right)

(ii) Schools' Challenge Quiz 2006 Champions - Calabar High School

Bottom (right)

(iii) Junior Schools' Challenge Quiz 2006 Champions - Sts. Peter & Paul Prep.

OPERATING OVERVIEW

Television Jamaica



Just Look At Us Now!

As part of the RJR Communications Group's 2005 strategic planning exercise, Television Jamaica (TVJ) crafted a mission statement, identified its core values and developed key goals to be achieved over five years. Despite fierce competition in 2005, TVJ was remarkably successful in achieving its three key goals to (1) grow audience share, (2) improve execution and output quality and (3) develop and broadcast innovative, distinctly Jamaican programmes that differentiate the station from competitors as well as attract large numbers of viewers. Mindful of new opportunities related to New Technology Platforms, TVJ improved and re-launched its web site and embraced partnerships for growth in local and overseas markets. Each staff member contributed to the station's 2005 success and committed to effectively executing his or her role to ensure that the station maintains local dominance and grows in overseas markets.

TVJ IS NUMBER ONE WITH VIEWERS

The 2005 Don Anderson All Media Survey results reconfirmed that TVJ is the nation's station as TVJ retained its number one leadership position. The survey shows that TVJ commands 47.8% audience share with the remaining percentage shared among all other television and cable stations. For the first time, TVJ's *Prime Time News and Sports* programme consistently attracted more than one million viewers each week night. TVJ's *Smile Jamaica, Its Morning Time*, remains the number one morning television show.

TVJ STRENGTHENS ITS MANAGEMENT TEAM

TVJ restructured the production department and strengthened its management by recruiting a team of young, trained professionals to perform critical functions that the station's broadcast output requires. Denzie Stephenson-Miller,



*All Together Sing Champions -
Oberlin High School*



*All Together Sing - 2nd place winners
Cornwall College*

OPERATING OVERVIEW

Programme Manager; Claudette Robinson, Studio Production Manager; Debbie Powell, Art Director and Trevor Johnson, External-Studio (including outside broadcasts) Production Manager, constitute our management team.

DISTINCTLY JAMAICAN PROGRAMMES

During 2005 TVJ launched a slate of innovative, high quality, distinctly Jamaican programmes.

NEWS & CURRENT AFFAIRS

These programmes include the community focused, *Your Issues Live (YIL)* with host Michael Sharpe and his team who traverse the island to facilitate live on-air discussions, seeking solutions about burning issues of concern among community members and leaders. *YIL* attracts hundreds of community members to each event and thousands more who watch exclusively on TVJ. TVJ's new current affairs programme, *All Angles*, is hosted by *RJR's* Dionne Jackson-Miller and consistently earns kudos for panelists' spirited and incisive discussion and analysis of topical issues of national importance. Other new series winners include the riveting prime-time discussion programme, *Religious Hard Talk*.

ENTERTAINMENT

Anthony Miller's *ER2* is a spin off from the award winning entertainment magazine, *Entertainment Report (ER)*. TVJ's new reality hit series, *Makeover Magic* earned a loyal following from large numbers of viewers. TVJ also launched a national dance competition series, *Dancin' Dynamites*, which appeals to the youth audience. *Rising Stars* is by far the most successful television event in the history of television in Jamaica. More than one million viewers tuned in to watch, cheer and vote for their favourite performers.

TVJ SUPPORTS BUSINESSES

In support of the business community, a new initiative included a multi-year partnership with the Jamaica Stock Exchange. TVJ is the exclusive broadcast sponsor for the Regional Conference on Investments and Capital Markets. TVJ also added a regular Business Feature in the popular morning programme, *Smile Jamaica*, that provides opportunities to showcase new products, services and promotions.

TVJ SUPPORTS FAMILIES AND CHILDREN

During 2005, the station broadened its children and youth programme offerings by introducing new, exciting and wholesome youth oriented programmes, such as Jamaica's first national high school choir competition, *All Together Sing!* which proved to be an enormous hit among schools and viewers generally. In addition, TVJ targeted young adults with special programmes such as the popular *Jamaican Dream Wedding* mini series.

As part of its support for children and families, TVJ moved the more adult themed material, such as *The Bold and the Beautiful*, to time slots when more parents are at home to influence their children's television viewing and when children are less likely to be watching television. A staple of the station, youth oriented favourites such as the long running high school competition, *Schools' Challenge Quiz* and the more recent *Junior Schools' Challenge Quiz*, with primary and preparatory school students, continue to gain new audiences. So did the award-winning *Prime Time Kids* news series and the summer, youth produced and presented *Watch 'N Win* programme. TVJ's morning programme, *Smile Jamaica, It's Morning Time*, also presented numerous episodes and features that celebrated and supported our nation's families, children, schools and churches. The station also increased sponsorship of important family-focused projects, such as the Jamaica Library Service's island-wide *National Reading Competition*. TVJ also sponsored and presented, *Booked Out*, a

OPERATING OVERVIEW

special mini series in which the programme's host and students analyze literature books that are part of the CXC curriculum.

TVJ SUPPORTS JAMAICAN HERITAGE

TVJ continues to provide viewers with a rich mix of local, celebratory programmes, including the live coverage of the *Prime Minister's Independence Gala* and the *National Heroes Day Honours & Awards Ceremony*, *Out of Many One People* documentary, plays starring Oliver Samuels, *the Living Legend series* and the *Miss Jamaica Past Festival Queens Concert*. Christmas programming on TVJ was extra special, as the station presented a great mix of local programmes including *Christmas in Emancipation Park* and the long running, *Greetings from around the World*. TVJ also provided viewers with a glimpse of the People's National Party's leadership contenders by broadcasting each contender's presentation at the Political Leadership Forum that was staged by the Mona School of Business, University of the West Indies.

TVJ SUPPORTS LOCAL FILM MAKERS

TVJ recognises the creative talent of local film makers and their critical role in developing quality programming. During 2005, TVJ demonstrated its vigorous support for local television film makers by launching the first annual Documentary Competition. The winner receives US\$10,000 to produce the winning film and gets the opportunity to debut the film on TVJ.

NEW PLATFORMS/NEW OPPORTUNITIES

During 2005, TVJ teamed with sister company, **Multi-Media Jamaica Ltd. (MMJ)** to provide viewer interactivity services that are designed to enhance viewers' engagement with TVJ's programmes and increase viewers' loyalty. *Rising Stars* is a key example whereby tens of thousands of viewers sent text messages or called in to the station to vote for their favourite performers.

CONCLUSION

2005 was a pivotal year for TVJ with the station decisively forging ahead of competitors locally, winning kudos from audiences and advertisers alike for its innovative, high quality offerings, including its growing slate of distinctly Jamaican programmes. In 2006, TVJ will broaden its reach beyond Jamaica. The station will focus on establishing key partnerships to deliver fresh, innovative Jamaican material to diverse audiences outside of Jamaica.



KAY OSBORNE

General Manager, TVJ

OPERATING OVERVIEW



MULTI-MEDIA JAMAICA LTD.

(left) Setup by Multi-Media Jamaica Ltd. for Your Issues Live

(Right) Setup by Multi-Media Jamaica Ltd. for the Immaculate Conception High School Graduation

OPERATING OVERVIEW



For the year 2005 - 2006, **Multi-Media Jamaica Ltd. (MMJ)** was successful in achieving its main objective of increasing the overall operational efficiency of the business. This resulted in growth in the audio-visual department, the strengthening of internet operations and the initiation of interactive projects.

A main factor that contributed to efficiency, was the division of the company into three departments; **Audio-Visual and Background Music, New Media, Web Development and Graphic Design**. Each department had a dedicated 'leader' solely focused on its operations, including the adherence to set guidelines and procedures relevant to its products and services. The marketing activities for the overall business remained centralized for all departments within **MMJ**.

The department with the highest level of growth for the year was the **Audio-Visual and Background Music department**. This was attributed to increased investment in new AV equipment to facilitate larger events such as conferences and small stage shows. The new equipment includes larger screens, additional multimedia projectors and upgrading of existing Public Address systems with the acquisition of small items vital to enabling more complex setups. The most recent additions to the stock, plasma screens, will enable us to also cater to events held outside in daylight hours. An experienced AV professional was also hired to bring knowledge and stability to the technical team.

These investments ultimately resulted in **MMJ** securing new accounts with corporate clients, including major hotels, as well as providing AV facilities for a host of other organisations.

The New Media Department primarily focused on the development and implementation of the group's interactive strategy. Interactivity facilitates dialogue amongst our stations, audiences and advertisers. Through this communication we can develop programmes and commercial initiatives that satisfy both our advertisers' and audiences' needs and encourage loyalty among our audiences. Examples of 'interactivity' are the competitions and polls in which viewers have participated in by sending a SMS (text message) or IVR (voice message).



Complete AV Provider - Our services range from:

- Small meetings to large events*
- PA System rentals*
- Projector & screen rentals*

OPERATING OVERVIEW

Successful interactive promotions have included “*The Twelve Days of Christmas*” promotion across all brands and the **Radio 92 FM** (now **HITZ 92 FM**) hosted “*Easter Scrabble*” Competition. **TVJ’s** reality programme “*Make Over Magic*” and its lifestyle programme “*Island Dreams*” utilised interactivity competitions to gain audience loyalty. All promotions were sponsored and prizes were given to the winners of each competition. These promotions marked the first stages of interactivity for the **RJR Group** with further development being planned in the very near future.

The **New Media Department** also seeks opportunities to distribute primarily news-related content to third parties including all the major telecom companies in Jamaica who utilise it for the purposes of interactivity. We facilitated the news department in disseminating news content to several companies who ‘push’ it to their customer base via their network. At present our news content is available on both SMS (text) and WAP platforms.

Increasing the reach of our Group’s media content via internet technology is the principal focus of the **Web Development Department**. The creation and

maintenance of <http://www.radiojamaica.com>, the group’s flagship website that provides ‘today’s news... today’ is the main example of such efforts.

We have long since acknowledged the value of increasing the global reach of our audiences and as a result, initiated streaming services as far back as nineteen ninety-eight (1998). Within this period we strengthened the technical aspects of our web sites to enhance the visitors’ interaction, as well as upgraded the quality of the streams. The **Graphics Department** has supported all brands within the group, producing a high level of creative output as well as servicing the needs of external clients.

In keeping with Radio Jamaica’s mission of serving the communities in which it operates, it has donated audio visual services as well as created advertising banners on <http://www.radiojamaica.com> for several charities within Jamaica.

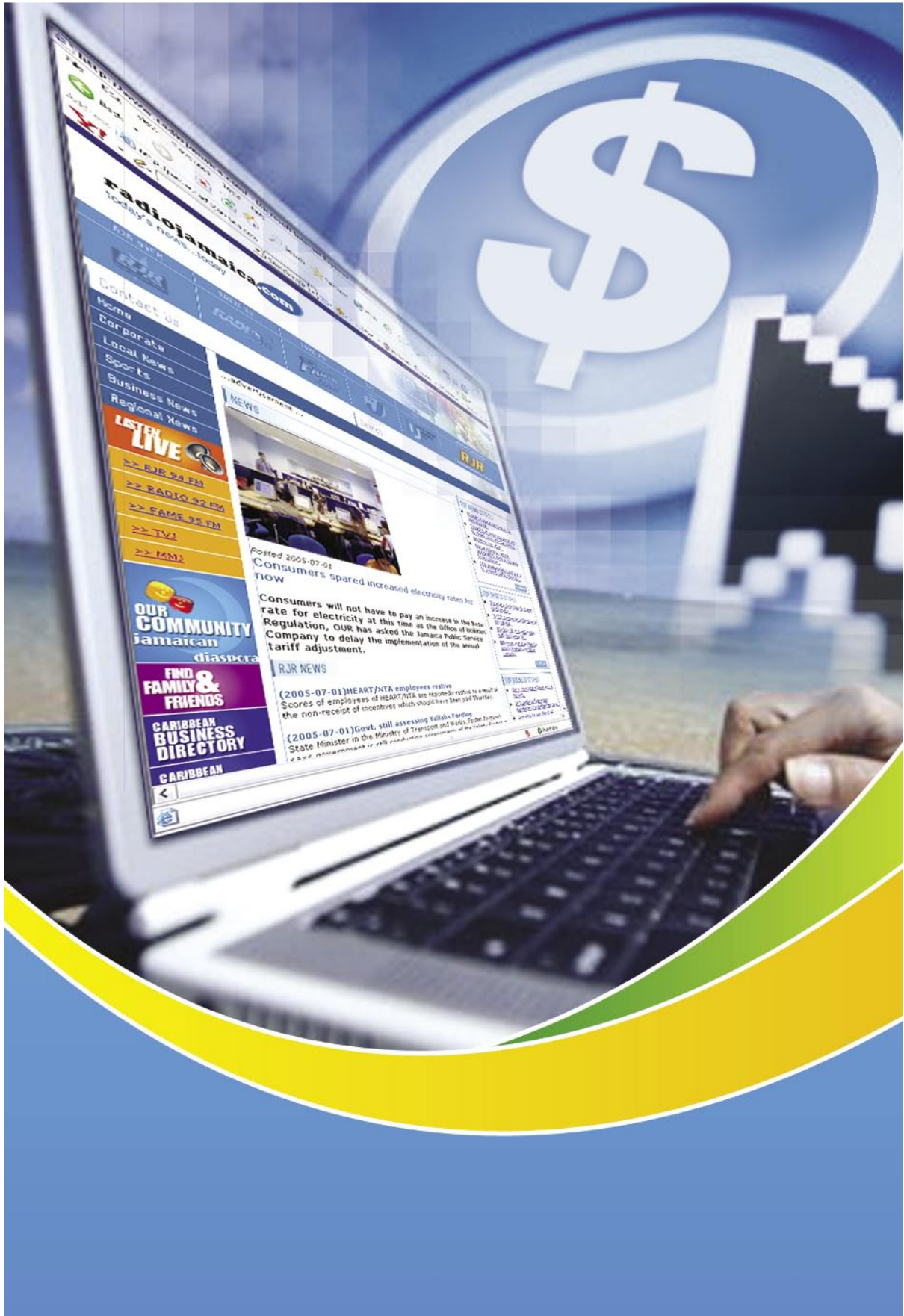
Multi-Media Jamaica Ltd. will continue to expand its existing services as well as maintain its current thrust towards developing services that strengthen the Group’s ability to effectively communicate with our global audiences and to do so profitably.



MICHAEL A. BRYCE

General Manager, MMJ

OPERATING OVERVIEW



RADIO JAMAICA LTD.

FINANCIAL STATEMENTS
31 MARCH 2006

28 June 2006

To the Members of
Radio Jamaica Limited

Auditors' Report

We have audited the accompanying consolidated balance sheet of Radio Jamaica Limited and its subsidiaries ("the group") as at 31 March 2006 and the related consolidated profit and loss account, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and the accompanying balance sheet of Radio Jamaica Limited standing alone as at 31 March 2006. We have received all the information and explanations which we considered necessary. These financial statements set out on pages 44 to 76 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 accompanying financial statements, which are in agreement therewith, give a true and fair view of the financial position of the group and the company as at 31 March 2006, and of the results of operations, changes in equity and cash flows of the group 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 2006

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2006 \$'000	2005 \$'000
Revenue		1,248,069	1,148,817
Direct expenses		<u>(470,709)</u>	<u>(415,498)</u>
Gross Profit		777,360	733,319
Other operating income	5	48,238	90,048
Selling expenses		(239,641)	(216,469)
Administration expenses		(226,386)	(260,606)
Other operating expenses		<u>(202,496)</u>	<u>(155,935)</u>
Operating Profit		157,075	190,357
Finance costs	8	(17,015)	(37,725)
Share of results of associate	17	<u>(14,334)</u>	<u>-</u>
Profit before Taxation		125,726	152,632
Taxation	9	<u>(32,682)</u>	<u>(38,196)</u>
NET PROFIT		<u>93,044</u>	<u>114,436</u>
EARNINGS PER ORDINARY STOCK UNIT	12	<u>\$0.27</u>	<u>\$0.37</u>

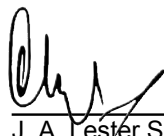
CONSOLIDATED BALANCE SHEET

31 MARCH 2006

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2006 \$'000	2005 \$'000
Non-Current Assets			
Fixed assets	13	683,937	635,924
Retirement benefit assets	14	89,072	80,253
Deferred tax asset	15	2,356	996
Investment in associate	17	84,779	-
Investment securities	18	40,781	23,571
Current Assets			
Inventories	20	36,458	39,594
Receivables	22	310,122	242,870
Taxation recoverable		91	-
Cash and short term investments	23	38,506	231,799
		385,177	514,263
Current Liabilities			
Payables	24	106,916	121,181
Taxation payable		14,722	15,298
Bank overdraft	23	-	1,829
		121,638	138,308
Net Current Assets			
		263,539	375,955
		1,164,464	1,116,699
Stockholders' Equity			
Share capital	25	172,508	172,508
Share premium		237,707	237,707
Retained earnings	10	591,771	533,228
Currency translation adjustment		(4,389)	-
		997,597	943,443
Non-Current Liabilities			
Finance lease obligations	26	7,623	4,340
Long term loans	27	75,731	97,224
Deferred tax liabilities	15	72,738	62,993
Retirement benefit obligations	14	10,775	8,699
		1,164,464	1,116,699

Approved for issue by the Board of Directors on 28 June 2006 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 2006

(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Share Premium	Currency Translation Adjustment	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2004	143,760	23,688	-	418,795	586,243
Net profit	-	-	-	114,436	114,436
Preference dividends	-	-	-	(3)	(3)
Issue of shares	28,748	214,019	-	-	242,767
Balance at 31 March 2005	172,508	237,707	-	533,228	943,443
Net profit	-	-	-	93,044	93,044
Preference dividends	-	-	-	(3)	(3)
Ordinary dividends (Note 11)	-	-	-	(34,498)	(34,498)
Translation loss on investment in associate	-	-	(4,389)	-	(4,389)
Balance at 31 March 2006	172,508	237,707	(4,389)	591,771	997,597

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2006

(expressed in Jamaican dollars unless otherwise indicated)

	2006 \$'000	2005 \$'000
Cash Flows from Operating Activities		
Net profit	93,044	114,436
Items not affecting cash:		
Depreciation	63,134	57,836
Gain on disposal of fixed assets	(1,669)	(58,959)
Interest income	(12,757)	(9,047)
Interest expense	17,015	37,725
Share of results of associate	14,334	-
Income tax charge	32,682	38,196
Exchange gain on foreign currency balances	(2,262)	(1,336)
Revaluation of investment securities	(15,297)	(9,660)
	<u>188,224</u>	<u>169,191</u>
Changes in operating assets and liabilities:		
Pension and other retirement benefits	(6,743)	(7,814)
Inventories	3,136	5,149
Receivables	(67,930)	(57,524)
Payables	(17,206)	(3,183)
	<u>99,481</u>	<u>105,819</u>
Income tax paid	(24,964)	(11,062)
Net cash provided by operating activities	<u>74,517</u>	<u>94,757</u>
Cash Flows from Investing Activities		
Proceeds from disposal of fixed assets -		
Insurance recoveries	-	58,607
Other	1,669	2,046
Purchase of fixed assets	(111,147)	(60,351)
Short term investments	-	(88,100)
Proceeds from sale of investment	88,100	-
Interest received	13,435	8,755
Net cash used in investing activities	<u>(7,943)</u>	<u>(79,043)</u>
Cash Flows from Financing Activities		
Loans repaid	(21,493)	(143,822)
Principal lease, net	6,224	(2,175)
Interest paid	(17,015)	(37,725)
Dividends paid	(34,501)	(3)
Issue of shares	-	242,767
Investment in associate	(103,502)	-
Net cash (used in)/provided by financing activities	<u>(170,287)</u>	<u>59,042</u>
(Decrease)/increase in cash and cash equivalents	(103,713)	74,756
Exchange gains on cash and cash equivalents	349	1,177
Cash and cash equivalents at beginning of year	141,870	65,937
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>38,506</u></u>	<u><u>141,870</u></u>

COMPANY BALANCE SHEET

31 MARCH 2006

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2006 \$'000	2005 \$'000
Non-Current Assets			
Fixed assets	13	285,153	258,784
Retirement benefit asset	14	84,732	76,762
Investment in subsidiaries	16	20,052	20,052
Investment in associate	17	103,502	-
Investment securities	18	40,781	23,571
Long term receivable from subsidiary	19	2,950	2,950
Current Assets			
Inventories	20	17,179	13,066
Due from subsidiaries	21	186,431	137,407
Receivables	22	98,061	94,088
Taxation recoverable		91	-
Cash and short term investments	23	30,949	226,765
		332,711	471,326
Current Liabilities			
Payables	24	46,721	51,500
Taxation payable		-	11,709
Bank overdraft	23	-	1,829
		46,721	65,038
Net Current Assets			
		285,990	406,288
		823,160	788,407
Stockholders' Equity			
Share capital	25	172,508	172,508
Share premium	25	237,707	237,707
Retained earnings	10	369,343	344,410
		779,558	754,625
Non-Current Liabilities			
Finance lease obligations	26	6,587	1,945
Deferred tax liabilities	15	28,667	24,964
Retirement benefit obligations	14	8,348	6,873
		823,160	788,407

Approved for issue by the Board of Directors on 28 June 2006 and signed on its behalf by:



J. A. Lester Spaulding

Director



Hector R. Dietrich

Director

COMPANY STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2006

(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital \$'000	Share Premium \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 April 2004	143,760	23,688	281,640	449,088
Net profit	-	-	62,773	62,773
Preference dividends	-	-	(3)	(3)
Issue of shares (Note 22)	28,748	214,019	-	242,767
Balance at 31 March 2005	172,508	237,707	344,410	754,625
Net profit	-	-	59,434	59,434
Preference dividends	-	-	(3)	(3)
Ordinary dividends (Note 11)	-	-	(34,498)	(34,498)
Balance at 31 March 2006	172,508	237,707	369,343	779,558

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2006

(expressed in Jamaican dollars unless otherwise indicated)

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, and its 20% associate GV Media Group Limited (formerly The Gleaner Company (UK) Limited). The subsidiaries are incorporated and domiciled in Jamaica, while the associate is incorporated and domiciled in the United Kingdom. The company, its subsidiaries and its associate are collectively referred to as "the group".

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

The company is listed on the Jamaica Stock Exchange.

2. Summary of Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(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 as modified by the revaluation of certain financial assets.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. Although these estimates are based on managements' best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

Standards, interpretations and amendments to published standards effective in 2006

Certain new standards, amendments and interpretations to existing standards have been published that became effective during the current financial year. The group has assessed the relevance of all such new standards, interpretations and amendments and has adopted the following, which are relevant to its operations. The 2005 comparative figures have been amended as required, in accordance with the relevant requirements.

IAS 1 (revised 2003)	Presentation of Financial Statements
IAS 2 (revised 2003)	Inventories
IAS 8 (revised 2003)	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10 (revised 2003)	Events after the Balance Sheet Date
IAS 16 (revised 2003)	Property, Plant and Equipment
IAS 24 (revised 2003)	Related Party Disclosures
IAS 27 (revised 2003)	Consolidated and Separate Financial Statements
IAS 28 (revised 2003)	Investments in Associates
IAS 32 (revised 2003)	Financial Instruments: Disclosure and Presentation
IAS 33 (revised 2003)	Earnings per Share
IFRS 5 (issued 2004)	Non-current Assets Held for Sale and Discontinued Operations
IAS 36 (revised 2004)	Impairment of Assets
IAS 38 (revised 2004)	Intangible Assets
IAS 39 (revised 2003/2004)	Financial Instruments: Recognition and Measurement

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2006

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards effective in 2006 (continued)

The adoption of the new standards, amendments and interpretations to existing standards did not result in substantial changes to the group's accounting policies and has not impacted the amounts reported for the current or prior years, but has affected the format and extent of disclosures presented in the accounts.

All changes in the accounting policies have been made in accordance with the transitional provisions in the respective standards. All new standards, amendments and interpretations adopted by the group require retrospective application. There was no impact on opening retained earnings at 1 April 2005 from the adoption of any of the above-mentioned standards.

Standards, interpretations and amendments to published standards that are not yet effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not yet effective for the group at balance sheet date, and which the group has not early adopted. The group has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

- **IAS 19 (Amendment), Employee Benefits** (effective from 1 January 2006). This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses, adoption of this amendment will only impact the format and extent of disclosures presented in the accounts. The group will apply this amendment from annual periods beginning 1 April 2006.
- **IAS 39 (Amendment), The Fair Value Option** (effective from 1 January 2006). This amendment changes the definition of financial instruments classified at fair value through profit or loss and restricts the ability to designate financial instruments as part of this category. The group believes that this amendment should not have a significant impact on the classification of financial instruments, as the group should be able to comply with the amended criteria for the designation of financial instruments at fair value through profit and loss. The group will apply this amendment from annual periods beginning 1 April 2006.
- **IFRS 7, Financial Instruments: Disclosures, and a complementary Amendment to IAS 1, Presentation of Financial Statements - Capital Disclosures** (effective from 1 January 2007). IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The group assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of IAS 1. The Group will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 April 2007.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2006

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Accounting Policies (Continued)

(b) Basis of consolidation

Subsidiaries

Subsidiaries, which are those entities in which the group 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.

Associates

Associates are all entities over which the group has significant influence but not control. Investments in associated companies are accounted for by the equity method of accounting. Under this method, the group's share of post-acquisition profit or losses of the associated companies is recognised in the profit and loss account and its share of post-acquisition movement in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment.

The group's investment in associates includes goodwill on acquisition. When the group's share of losses in an associate equals or exceeds its interest in the associate, the group does not recognise further losses, unless the group has incurred obligations or made payments on behalf of the associates.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Investments in associates are stated in the company's financial statements at cost.

(c) Foreign currency translation

Items included in the financial statements of each of the group's entities are measured using the currency of primary economic environment in which the entity operates, referred to as the functional currency. The functional currency of each entity is the same as its presentation currency. The consolidated financial statements are presented in Jamaican dollars, which is the company's functional and presentation currency. Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from such transactions and from the translation of foreign currency monetary assets and liabilities at the year end exchange rates are recognised in the profit and loss account.

(d) Segment reporting

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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2006

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Accounting Policies (Continued)

(e) 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.

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

(f) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets

The group classifies its financial assets in the following categories: loans and receivables, available for sale, and at fair value through the profit and loss account. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. At the balance sheet date, trade receivables were classified as loans and receivables; cash and bank balances and quoted investment securities were classified as at fair value through profit or loss; and unquoted investment securities were classified as available-for-sale.

Financial liabilities

The company's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the balance sheet date, the following items were classified as financial liabilities: bank overdraft, finance lease obligations, long term loans and trade payables.

(g) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2006

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Accounting Policies (Continued)

(h) Fixed assets

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

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

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

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.

(i) Investment securities

Investment securities are classified as financial asset through profit or loss, and available for sale. Management determines the classification of investments at initial recognition and re-evaluates such designation at each reporting date.

Investment securities classified as at fair value through profit or loss and available-for-sale are carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of investments classified as at fair value through profit or loss are included in the profit and loss account in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the profit and loss account.

The fair values of quoted investments are based on current bid prices. If the market for an investment is not active, the group establishes fair value by using valuation techniques. Where fair values cannot be reliably measured, the group carries the investment at cost.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2006

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Accounting Policies (Continued)

(j) Retirement benefits

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. 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% 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.

Other retirement benefits

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.

(k) 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.

(l) Inventories

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

- Spares - weighted 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 2006

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Accounting Policies (Continued)

(m) 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.

(n) 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.

(o) Trade payables

Trade payables are stated at historical cost.

(p) 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.

(q) 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.

(r) 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.

(s) Dividends

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

(t) Comparative information

Where necessary, comparative figures have been reclassified to conform with changes in the presentation in the current year. In particular, the comparatives have been adjusted or extended to reflect the requirements of new IFRSs, as well as amendments to and interpretations of existing IFRSs.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2006

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management

(a) Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. Management seeks to minimise potential adverse effects on the financial performance of the group by applying procedures to identify, evaluate and manage these risks, based on guidelines set by the Board of Directors.

(i) Market risk

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises from transactions for purchases, recognised assets and liabilities and net investments in foreign operations. Management sets limits on the level of exposure by currency and in total based on guidelines from the Board of Directors.

The table below summarises the group's exposure to currency risk:

	2006		2005	
	US\$'000	£'000	US\$'000	£'000
Assets				
Investment securities	-	43	-	387
Receivables	346	-	334	-
Cash	53	1	50	1
	<u>399</u>	<u>45</u>	<u>384</u>	<u>388</u>
Liabilities				
Payables	119	-	79	-
Net Assets	<u>280</u>	<u>45</u>	<u>305</u>	<u>388</u>

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The group has no significant exposure to such risks.

(ii) 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 of services are made to customers with an appropriate credit history. Cash transactions are limited to high credit quality financial institutions. The group has policies that limit the amount of credit exposure to any one financial institution.

(iii) 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, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, management aims to maintain flexibility in funding by keeping committed credit lines available.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2006

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management

(a) Financial risk factors (continued)

(iv) Cash flow and fair value 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 2006, the group's operating cash flows are substantially independent of changes in market prices, however, the group has interest-earning assets as disclosed in Note 23 and interest-bearing liabilities as disclosed in Note 26 and 27.

(b) Fair value estimation

The fair value of financial instruments traded in active markets, such as available-for-sale investments, is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The fair values of these financial instruments are determined as follows:

- (i) The face value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities include cash and bank balances, short term investments, and trade receivables and payables.
- (ii) The fair value of investments in associate has been estimated as the company's investment plus its share of post acquisition reserves, as there is no active market for the shares held in the associated company.
- (iii) The carrying values of long term loans, except the loan from the Jamaica Broadcasting Corporation, approximate their fair values, as these loans are carried at amortised cost reflecting their contractual obligations and the interest rates are reflective of current market rates for similar transactions.
- (iv) For disclosure purposes, the fair value of the loan from the Jamaica Broadcasting Corporation (Note 27) 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 \$16,288,000 (2005 – \$16,921,000).

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2006

(expressed in Jamaican dollars unless otherwise indicated)

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the company's accounting policies

In the process of applying the group's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Retirement benefit obligations

The cost of these benefits and the present value of the future obligations depend on a number of factors that are determined by actuaries using a number of assumptions. The assumptions used in determining the net periodic cost or income for retirement benefits include the expected long-term rate of return on the relevant plan assets, the discount rate, and, in the case of health benefits, the expected rate of increase in health costs. Any changes in these assumptions will impact the net periodic cost or income recorded for retirement benefits and may affect planned funding of the pension plan. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The group determines the appropriate discount rate at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligations. In determining the appropriate discount rate, the group considered interest rate of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have terms to maturity approximating the terms of the related obligations. The expected rate of increase of health costs has been determined by comparing the historical relationship of the actual health cost increases with the rate of inflation. Other key assumptions for the retirement benefits are based on current market conditions.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2006

(expressed in Jamaican dollars unless otherwise indicated)

5. Other Operating Income

	2006	2005
	\$'000	\$'000
Interest income	12,757	9,047
Net foreign exchange gains	5,178	210
Unrealised gain on revaluation of investment securities classified as at fair value through profit or loss	15,297	9,660
Gain on disposal of fixed assets	1,669	58,959
Rental income	13,337	12,172
	<u>48,238</u>	<u>90,048</u>

6. Expenses by Nature

Total direct, selling, administration and other operating expenses:

	2006	2005
	\$'000	\$'000
Auditors' remuneration	3,488	3,100
Commissions	181,002	171,586
Depreciation	63,134	57,836
Insurance	26,618	14,272
Programming expenses	129,917	115,136
Publicity	33,096	31,471
Repairs and maintenance	40,318	36,309
Special events	80,054	83,291
Staff costs (Note 7)	393,101	378,425
Utilities	83,222	66,080
Other	105,282	91,002
	<u>1,139,232</u>	<u>1,048,508</u>

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2006

(expressed in Jamaican dollars unless otherwise indicated)

7. Staff Costs

	2006 \$'000	2005 \$'000
Wages and salaries	355,296	326,010
Statutory contributions	36,771	34,744
Pension (Note 14)	(7,492)	(7,016)
Other retirement benefits (Note 14)	2,381	1,777
Other	6,145	22,910
	<u>393,101</u>	<u>378,425</u>

Number of persons employed by the group at the end of the year:

	2006 No.	2005 No.
Full - time	238	238
Part - time	183	171
	<u>421</u>	<u>409</u>

8. Finance Costs

	2006 \$'000	2005 \$'000
Interest expense -		
Bank borrowings	11,296	33,428
Finance leases	2,844	1,112
Promissory note	2,200	2,200
Other	675	985
	<u>17,015</u>	<u>37,725</u>

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9. Taxation Expense

Taxation is computed on the profit for the year adjusted for tax purposes. The charge for taxation comprises income tax at 33 $\frac{1}{3}$ %:

	2006	2005
	\$'000	\$'000
Current tax	26,073	25,045
Adjustment to prior year provision	<u>(1,776)</u>	<u>(284)</u>
	24,297	24,761
Deferred tax (Note 15)	<u>8,385</u>	<u>13,425</u>
	<u><u>32,682</u></u>	<u><u>38,196</u></u>

Taxation on profit differs from the theoretical amount that would arise using the basic statutory rate of 33 $\frac{1}{3}$ %. Reconciliation of applicable tax charge to effective tax charge:

	2006	2005
	\$'000	\$'000
Profit before taxation	<u>125,726</u>	<u>152,632</u>
Tax calculated at 33 $\frac{1}{3}$ %	41,909	50,878
Adjusted for the effects of:		
Income not subject to tax	(7,447)	(15,553)
Expenses not deductible for tax purposes	663	419
Adjustment to prior year provision	(1,776)	(284)
Other	<u>(667)</u>	<u>2,736</u>
	<u><u>32,682</u></u>	<u><u>38,196</u></u>

NOTES TO THE FINANCIAL STATEMENTS

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(expressed in Jamaican dollars unless otherwise indicated)

10. Net Profit and Retained Earnings

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

	2006	2005
	\$'000	\$'000
The company	59,434	62,773
The subsidiaries	47,944	51,663
The associate	(14,334)	-
	<u>93,044</u>	<u>114,436</u>

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

	2006	2005
	\$'000	\$'000
The company	369,343	344,410
The subsidiaries	222,428	188,818
	<u>591,771</u>	<u>533,228</u>

11. Ordinary Dividends

On 27 June 2005, an interim dividend of \$0.10 on each ordinary stock units held as at 31 March 2005 was declared to be paid on 24 August 2005. Total dividend payment amounted to \$34,495,000.

12. 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.

	2006	2005
Net profit attributable to stockholders \$'000 (net of preference dividends of \$3,000)	93,041	114,433
Weighted average number of ordinary stock units in issue ('000)	344,977	308,659
Basic earnings per ordinary stock unit	<u>\$0.27</u>	<u>\$0.37</u>

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(expressed in Jamaican dollars unless otherwise indicated)

13. Fixed Assets

	The Group						
	Freehold Land	Freehold Buildings	Improvements to Leasehold Property	Furniture, Fixtures & Equipment	Motor Vehicles	Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	2006						
Cost -							
1 April 2005	2,810	283,925	5,576	630,499	32,807	271	955,888
Additions	-	5,276	419	65,613	10,689	29,150	111,147
Disposals	-	-	-	(137)	(7,539)	-	(7,676)
Transfer	-	-	-	271	-	(271)	-
31 March 2006	2,810	289,201	5,995	696,246	35,957	29,150	1,059,359
Depreciation -							
1 April 2005	-	23,098	465	274,607	21,794	-	319,964
Charge for the year	-	6,929	1,929	49,071	5,205	-	63,134
Relieved on disposals	-	-	-	(137)	(7,539)	-	(7,676)
31 March 2006	-	30,027	2,394	323,541	19,460	-	375,422
Net Book Value -							
31 March 2006	2,810	259,174	3,601	372,705	16,497	29,150	683,937
	2005						
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	2,810	283,925	5,576	630,499	32,807	271	955,888
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	-	23,098	465	274,607	21,794	-	319,964
Net Book Value -							
31 March 2005	2,810	260,827	5,111	355,892	11,013	271	635,924

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(expressed in Jamaican dollars unless otherwise indicated)

13. Fixed Assets (Continued)

	The Company					
	Freehold Land	Freehold Buildings	Furniture, Fixtures & Equipment	Motor Vehicles	Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	2006					
Cost -						
1 April 2005	2,810	240,526	166,974	23,445	271	434,026
Additions	-	2,339	24,338	10,689	10,195	47,561
Disposals	-	-	(137)	(6,719)	-	(6,856)
Transfer	-	-	271	-	(271)	-
31 March 2006	2,810	242,865	191,446	27,415	10,195	474,731
Depreciation -						
1 April 2005	-	21,929	134,556	18,757	-	175,242
Charge for the year	-	5,820	11,879	3,493	-	21,192
Relieved on disposals	-	-	(137)	(6,719)	-	(6,856)
31 March 2006	-	27,749	146,298	15,531	-	189,578
Net Book Value -						
31 March 2006	2,810	215,116	45,148	11,884	10,195	285,153
	2005					
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

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(expressed in Jamaican dollars unless otherwise indicated)

13. Fixed Assets (Continued)

Included in motor vehicles are assets costing approximately \$23,484,000 (2005 - \$12,769,000) which are being acquired under finance lease arrangements (Note 26), on which depreciation of \$11,640,000 (2005 - \$4,827,000) has been charged.

14. Retirement 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.

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 2005.

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

	The Group		The Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Fair value of plan assets	346,342	303,526	330,386	291,446
Present value of funded obligation	(162,326)	(158,210)	(151,090)	(149,031)
	184,016	145,316	179,296	142,415
Limitations asset due to uncertainty of future benefits	(26,344)	(25,229)	(26,344)	(25,229)
Unrecognised actuarial gains	(68,600)	(39,834)	(68,220)	(40,424)
Asset in the balance sheet	89,072	80,253	84,732	76,762

Pension plan assets include the company's ordinary shares with a fair value of \$4,902,000 (2005 - \$4,369,000).

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(expressed in Jamaican dollars unless otherwise indicated)

14. Retirement Benefits (Continued)

(a) Pension schemes (continued)

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

	<u>The Group</u>	
	2006	2005
	\$'000	\$'000
Current service cost	(1,677)	(36)
Interest cost	(20,802)	(14,900)
Expected return on plan assets	30,550	24,210
Actuarial gains recognised	536	1,529
Income not eligible for recognition	(1,115)	(3,787)
Total included in staff costs (Note 7)	<u>7,492</u>	<u>7,016</u>

The actual return on plan assets was \$37,560,000 (2005 - \$46,570,000).

Movement in the asset recognised in the balance sheet:

	<u>The Group</u>		<u>The Company</u>	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
At 1 April	80,253	70,948	76,762	69,022
Amounts recognised in profit and loss account	7,492	7,016	7,857	6,592
Contributions paid	<u>1,327</u>	<u>2,289</u>	<u>113</u>	<u>1,148</u>
At 31 March	<u>89,072</u>	<u>80,253</u>	<u>84,732</u>	<u>76,762</u>

The principal actuarial assumptions used were as follows:

	<u>The Group & The Company</u>	
	2006	2005
Discount rate	12.50%	12.50%
Expected return on plan assets	10.00%	9.50%
Inflation rate	8.25%	8.00%
Future salary increases	9.00%	9.00%
Future pension increases	2.50%	2.50%
Expected remaining working lives (years)	<u>21.1</u>	<u>22.2</u>

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14. Retirement Benefits (Continued)

(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 12.5% per year (2005 – 10.5%).

The scheme was last valued by independent actuaries as at 31 December 2005.

The amounts recognised in the balance sheet are as follows:

	The Group		The Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Present value of unfunded obligations	10,298	10,599	8,290	8,704
Unrecognised actuarial gains/(losses)	477	(1,900)	58	(1,831)
Liabilities in the balance sheet	<u>10,775</u>	<u>8,699</u>	<u>8,348</u>	<u>6,873</u>

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

	The Group	
	2006 \$'000	2005 \$'000
Current service cost	911	626
Interest cost	1,420	1,163
Actuarial gains recognised	50	(12)
Total included in staff costs (Note 7)	<u>2,381</u>	<u>1,777</u>

Movements in the amounts recognised in the balance sheet:

	The Group		The Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Liabilities at beginning of year	8,699	7,208	6,873	5,804
Amounts recognised in the profit and loss account	2,381	1,777	1,776	1,355
Contributions paid	(305)	(286)	(301)	(286)
Liabilities at end of year	<u>10,775</u>	<u>8,699</u>	<u>8,348</u>	<u>6,873</u>

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15. Deferred Taxation

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

	The Group		The Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Deferred income tax assets	2,356	996	-	-
Deferred income tax liabilities	(72,738)	(62,993)	(28,667)	(24,964)
	<u>(70,382)</u>	<u>(61,997)</u>	<u>(28,667)</u>	<u>(24,964)</u>

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

	The Group		The Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Balance as at 1 April	(61,997)	(48,562)	(24,964)	(22,245)
Charged to profit and loss account	(8,385)	(13,434)	(3,703)	(2,719)
Balance as at 31 March	<u>(70,382)</u>	<u>(61,997)</u>	<u>(28,667)</u>	<u>(24,964)</u>

Deferred tax is due to the following temporary differences (prior to appropriate offsetting of balances):

	The Group		The Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Deferred income tax assets -				
Accrued vacation	4,892	5,912	3,780	4,845
Finance lease obligation	4,492	2,418	3,694	1,265
Retirement benefit obligations	3,592	2,900	2,783	2,291
Tax losses carried forward	2,609	919	-	-
Unrealised foreign exchange losses	-	235	-	381
	<u>15,585</u>	<u>12,384</u>	<u>10,257</u>	<u>8,782</u>
Deferred income tax liabilities -				
Accelerated tax depreciation	54,258	47,399	8,946	7,928
Interest receivable	6	231	6	231
Retirement benefit asset	29,691	26,751	28,244	25,587
Unrealised foreign exchange gains	2,012	-	1,728	-
	<u>85,967</u>	<u>74,381</u>	<u>38,924</u>	<u>33,746</u>

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15. Deferred Taxation (Continued)

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

	The Group	
	2006	2005
	\$'000	\$'000
Accelerated tax depreciation	(6,859)	(9,136)
Pension and other post-retirement benefits	(2,248)	(2,604)
Tax losses utilised	1,690	(2,005)
Accrued vacation	(1,019)	(1,781)
Finance lease obligation	2,074	1,339
Other	(2,023)	752
	<u>(8,385)</u>	<u>(13,434)</u>

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. Subject to agreement with the Taxpayer Audit and Assessment Department, tax losses available for offset against future taxable profits amounted to \$7,827,000 (2005 – \$2,757,000), and these losses may be carried forward indefinitely.

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 \$222,427,000 (2005 - \$188,818,000).

16. Investment in Subsidiaries

	2006	2005
	\$'000	\$'000
Multimedia Jamaica Limited	50	50
Television Jamaica Limited	<u>20,002</u>	<u>20,002</u>
	<u>20,052</u>	<u>20,052</u>

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17. Investment in Associate

On 25 April 2005, the company acquired 20% of the share capital of Gleaner UK Limited, subsequently named GV Media Group Limited, at a cost of £222,762 plus pre-acquisition and professional fees of £56,000. The terms of the investment also include the participation by the company in loans to GV Media Group Limited, on a pro-rata basis with Gleaner Jamaica Limited, the other shareholder, for the acquisition and financing of the reorganisation of The Voice Group Limited, a subsidiary acquired by GV Media Group Limited during 2004. The company has, on that basis, contributed an additional £604,000.

The movement in investment in associate was as follows:

	<u>The Group</u>	<u>The Company</u>
	2006	2006
	\$'000	\$'000
Balance at start of year	-	-
Shares purchased (including transaction costs)	32,660	32,660
Additional contributions	70,842	70,842
Share of results	(14,334)	-
Effect of changes in foreign exchange rates	(4,389)	-
Balance at end of year	<u>84,779</u>	<u>103,502</u>

The aggregate amounts of assets and liabilities at balance sheet date, and revenue and results of the associate for the year ended 31 March 2006 are summarised as follows:

	2006
	£'000
Assets	4,459
Liabilities	5,386
Revenue	655
Net Loss	<u>(649)</u>

18. Investment Securities

	<u>The Group & The Company</u>	
	2006	2005
	\$'000	\$'000
At fair value through profit or loss –		
Caribbean Communications Network – quoted	40,774	23,564
Available-for-sale –		
Caribbean News Agency – unquoted	7	7
	<u>40,781</u>	<u>23,571</u>

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19. 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.

20. Inventories

	The Group		The Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Spares	21,768	15,501	15,776	12,551
Film	10,883	19,747	-	-
Goods in transit	859	991	860	-
Other	2,948	3,355	543	515
	<u>36,458</u>	<u>39,594</u>	<u>17,179</u>	<u>13,066</u>

21. Due from Subsidiaries

	2006 \$'000	2005 \$'000
Multi-Media Jamaica Limited	10,456	3,817
Television Jamaica Limited	175,975	133,590
	<u>186,431</u>	<u>137,407</u>

22. Receivables

	The Group		The Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Trade receivables	186,230	178,490	81,148	78,440
Less: Provision for impairment	(14,877)	(11,079)	(2,569)	(1,927)
	171,353	167,411	78,579	76,513
Prepayments	53,159	60,740	7,762	2,963
Other	85,610	14,719	11,720	14,612
	<u>310,122</u>	<u>242,870</u>	<u>98,061</u>	<u>94,088</u>

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23. Cash and Cash Equivalents

(a) Cash and short term investments

	The Group		The Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Cash	14,310	7,007	6,753	1,973
Short term bank deposits	24,196	136,692	24,196	136,692
Short term investments	-	88,100	-	88,100
	38,506	231,799	30,949	226,765
Bank overdraft	-	(1,829)	-	(1,829)
	<u>38,506</u>	<u>229,970</u>	<u>30,949</u>	<u>224,936</u>

(b) Cash and cash equivalents

	The Group		The Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Cash	14,310	7,007	6,753	1,973
Short term bank deposits	24,196	136,692	24,196	136,692
	38,506	143,699	30,949	138,665
Bank overdraft	-	(1,829)	-	(1,829)
	<u>38,506</u>	<u>141,870</u>	<u>30,949</u>	<u>136,836</u>

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

Short term investments comprise Government of Jamaica securities and are classified as at fair value through the profit and loss account. The weighted average effective interest rate on these instruments was as follows:

	The Group		The Company	
	2006 %	2005 %	2006 %	2005 %
Pound sterling	4.75	2.00	4.75	2.00
Jamaican dollar	12.95	12.00	12.95	12.00

The average maturities of these investments was under 90 days.

(d) The company has an unsecured overdraft facility. The effective interest rate on account overrun was 48%.

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	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Trade	23,632	26,582	5,791	7,692
Accruals	19,186	22,218	12,735	9,422
Accrued vacation leave	14,678	17,737	11,340	14,537
Current portion of finance lease obligations	5,856	2,915	4,497	1,850
Current portion of long term loans	21,493	21,493	-	-
Statutory deductions	10,783	13,185	6,895	10,037
Other	11,288	17,051	5,463	7,962
	<u>106,916</u>	<u>121,181</u>	<u>46,721</u>	<u>51,500</u>

25. Share Capital

	2006	2005
	\$'000	\$'000
Authorised -		
50,000 5% Cumulative participating preference shares	100	100
360,000,000 Ordinary shares	<u>180,000</u>	<u>180,000</u>
Issued and fully paid -		
10,000 5% Cumulative participating preference shares	20	20
344,976,991 Ordinary shares	<u>172,488</u>	<u>172,488</u>
	<u>172,508</u>	<u>172,508</u>

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26. 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 13). 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 2006, the group had outstanding obligations under finance leases as follows:

	The Group		The Company	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Year ending 31 March 2006	-	4,337	-	2,532
2007	8,458	3,437	6,653	1,632
2008	6,825	1,804	5,678	657
2009	2,091	-	2,091	-
	17,374	9,578	14,422	4,821
Less: Future finance charges	(3,895)	(2,323)	(3,338)	(1,026)
Present value of minimum lease payments	13,479	7,255	11,084	3,795
Less: Current portion	(5,856)	(2,915)	(4,497)	(1,850)
	7,623	4,340	6,587	1,945

The effective rate on finance leases during the year was 24% (2005 – 25%).

27. Long Term Loans

	The Group	
	2006	2005
	\$'000	\$'000
The Jamaica Broadcasting Corporation (JBC)	22,000	22,000
RBTT Bank Jamaica Limited (RBTT)	75,224	96,717
	97,224	118,717
Less: Current portion	(21,493)	(21,493)
	75,731	97,224

- (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 loan was disbursed in tranches. 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 at 13%.

The loan is secured by a first mortgage over commercial properties owned by the company.

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28. Statement of Cash Flows

The principal non-cash transaction was the acquisition of fixed assets amounting to \$10,647,000 (2005 – \$6,193,000) under new finance leases entered into during the year.

29. Related Party Transactions

(a) During the year, the company purchased fixed assets valuing \$1,439,000 (2005 – \$1,180,000) from an entity owned by one of the company's directors. There were no amounts owing at year end in respect of this transaction. These assets were purchased on similar terms and conditions as those purchased from unconnected parties.

(b) Key management compensation was as follows:

	2006	2005
	\$'000	\$'000
Wages and salaries	24,748	29,115
Statutory contributions	1,504	1,766
Other	1,176	1,176
	<u>27,428</u>	<u>32,057</u>
	2006	2005
	\$'000	\$'000
Directors' emoluments –		
Fees	1,144	1,047
Management remuneration (included in staff costs)	<u>16,127</u>	<u>16,992</u>

FIVE YEAR SUMMARY

CONSOLIDATED PROFIT & LOSS ACCOUNT (expressed in Jamaican dollars unless otherwise indicated)

	Fifteen months to March 31	Twelve months to March 31			
	2002 \$000	2003 \$000	2004 \$000	2005 \$000	2006 \$000
Turnover	852,261	893,913	988,135	1,148,817	1,248,069
Profit before tax	77,471	177,248	132,420	93,672	125,726
Taxation	(7,091)	(50,555)	(47,248)	(38,196)	(32,682)
Exceptional Item	92,516	-	-	58,960	-
Profit for the Financial Year	162,896	126,693	85,172	114,436	93,044
Dividends/Capital Distribution	15,525	-	16,044	3	34,501
Net Transfer of Capital Reserve	51,746	25,873	9,628	-	-
Retained Profit for the year	95,625	100,820	59,500	114,433	58,543
Shareholders Funds					
Capital:					
Ordinary	103,493	129,366	143,740	172,488	172,488
Preference	20	20	20	20	20
Share Premium	-	-	23,688	237,707	237,707
Unissued Shares	28,000	28,000	-	-	-
Reserves	228,810	350,256	418,795	533,228	587,382
	360,323	507,642	586,243	943,443	997,597
Long Term Liabilities	31,624	60,839	275,939	173,256	166,867
Total Funds Employed	391,947	568,481	862,182	1,116,699	1,164,464
Represented by:					
Fixed Assets & Investments	135,584	336,408	714,474	740,744	900,925
Net Current Assets	256,363	232,073	147,708	375,955	263,539
Net Worth	391,947	568,481	862,182	1,116,699	1,164,464
Ordinary Shares in Issue (m) at Year end	207.0	258.7	287.5	345.0	345.0
	cents	cents	cents	cents	cents
Dividends Per Ordinary Stock Unit	7.5	-	5.6	-	10.0
Earnings Per Ordinary Stock Unit	60.93	48.97	29.32	37.07	26.97
Shareholders Funds Per Ordinary Stock Unit	174.1	196.2	203.9	273.5	289.2
	%	%	%	%	%
Return on Sales (Operating Profit as a Percentage of Turnover)	9.09	19.83	13.40	8.15	10.07
Gearing (Net Borrowing as a Percentage of Capital and Reserves)	8.78	11.98	47.07	18.36	16.73
Return on Net Assets (Profit After Tax as a Percentage of Net Assets)	41.56	22.29	9.88	10.25	7.99

FORM OF PROXY

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

As my/our proxy to vote for me/us on my/our behalf at the Fifty-Eighth Annual General Meeting of the Company to be held on Tuesday, October 17, 2006 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 2006

Sig

Unless otherwise directed the proxy will vote, as he/she 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/she thinks fit.

RESOLUTIONS	FOR	AGAINST
RESOLUTION 1		
RESOLUTION 2 (a) (i)		
RESOLUTION 2 (a) (ii)		
RESOLUTION 2 (a) (iii)		
RESOLUTION 2 (b) (i)		
RESOLUTION 2 (b) (ii)		
RESOLUTION 2 (b) (iii)		
RESOLUTION 3		
RESOLUTION 4		
RESOLUTION 5		
RESOLUTION 6		
RESOLUTION 7		

(For text of Resolution 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, Scotia Centre Building
 Corner Duke & Port Royal Streets, Kingston

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