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GRUPO RADIO CENTRO SA DE CV

Form 6-K

July 21, 2005

Securities and Exchange Commission  
Washington, D.C. 20549

FORM 6-K

Report of Foreign Issuer  
Pursuant To Rule 13a-16 or 15d-16  
of The Securities Exchange Act of 1934

For the month of July, 2005

Commission File Number 1-12090

GRUPO RADIO CENTRO, S.A. de C.V.  
(Translation of Registrant's name into English)

Constituyentes 1154, Piso 7  
Col. Lomas Altas, Mexico D.F. 11954  
(Address of principal office)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

(Check One) Form 20-F  Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

(Check One) Yes  No

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b). 82-\_\_\_\_.)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Grupo Radio Centro, S.A. de C.V.  
(Registrant)

Date: July 21, 2005

By: /s/ Pedro Beltran Nasr

Name: Pedro Beltran Nasr  
Title: Chief Financial Officer

GRUPO RADIO CENTRO REPORTS SECOND QUARTER AND FIRST HALF 2005 RESULTS

MEXICO CITY, July 20 /PRNewswire/ -- Grupo Radio Centro, S.A. de C.V. (NYSE: RC; BMV: RCENTRO-A) (the "Company"), Mexico's leading radio broadcasting

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company, announced today its results of operations for the second quarter and first half ended June 30, 2005. All figures were prepared in accordance with generally accepted accounting principles in Mexico and have been restated in constant pesos as of June 30, 2005.

### Second Quarter Results

For the second quarter of 2005, broadcasting revenue was Ps. 140,645,000, representing an increase of 14.9% compared to Ps. 122,431,000 reported for the same period of 2004. This increase was mainly attributable to higher advertising expenditures by the Company's principal clients during the second quarter of 2005 compared to the same period of 2004.

The Company's broadcasting expenses (excluding depreciation, amortization and corporate, general and administrative expenses) during the second quarter of 2005 were Ps. 99,900,000, representing an increase of 7.4% compared to Ps. 93,009,000 reported for the same period of 2004. This increase was mainly attributable to higher costs of new programming (including news programs) produced for the Company as well as an increase in expenses for publicity and promotions of the Company during the second quarter of 2005 compared to the same period of 2004 due to efforts to promote the new programming.

For the second quarter ended June 30, 2005, the Company reported broadcasting income (i.e., broadcasting revenue minus broadcasting expenses, excluding depreciation, amortization and corporate, general and administrative expenses) of Ps. 40,745,000, representing an increase of 38.5% compared to broadcasting income of Ps. 29,422,000 reported for the same period in 2004. This increase was mainly attributable to the increase in broadcasting revenue described above.

Depreciation and amortization for the second quarter of 2005 amounted to Ps. 9,550,000, a 60.8% decrease compared to Ps. 24,382,000 reported for the same period of 2004. This decrease was due to the implementation of a new accounting principle in Mexico (Bulletin B-7 "Adquisicion de Negocios"). As a result, the Company no longer amortizes goodwill as of January 1, 2005, but instead tests goodwill for impairment at least once a year.

For the second quarter of 2005, the Company's corporate, general and administrative expenses were Ps. 3,766,000, compared to Ps. 4,944,000 reported for the same period of 2004. This 23.8% decrease was, primarily because the Company no longer records the compensation of an executive officer in corporate, general and administrative expenses, but rather records it in costs of personnel, which is included in broadcasting expenses.

The Company reported operating income of Ps. 27,429,000 for the second quarter of 2005 compared to operating income of Ps. 96,000 reported for the same period of 2004. The significant increase in operating income resulted primarily from (i) higher advertising expenditures by the Company's principal clients during the second quarter of 2005 compared to the same period of 2004 and (ii) the implementation of a new accounting principle that eliminates amortization of goodwill.

The Company's comprehensive financing gain for the second quarter of 2005 was Ps. 2,355,000 compared to a comprehensive financing cost of Ps. 15,220,000 reported for the same period of 2004. This favorable change was primarily attributable to (1) a gain on foreign currency exchange, net of Ps. 9,469,000 for the second quarter of 2005 compared to a loss on foreign currency exchange, net of Ps. 7,382,000 for the same period in 2004, resulting from the appreciation of the Peso against the U.S. Dollar and (2) a gain on net monetary position of Ps. 1,195,000 for the second quarter of 2005 compared to a gain on net monetary position of Ps. 307,000 reported in the same period of 2004, due to

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an increase in net monetary liabilities for the second quarter of 2005 as compared to the same period of 2004.

During the second quarter of 2005, other expenses, net, were Ps. 11,836,000, a slight decrease compared to Ps. 11,942,000 reported for the same period in 2004. This decrease was mainly attributable to lower legal expenses in the second quarter of 2005 compared to the same period of 2004.

For the second quarter of 2005, the Company reported income before provisions for income tax and employee profit sharing of Ps. 17,948,000, compared to a loss before provisions for income tax and employee profit sharing of Ps. 27,066,000 reported for the same period of 2004.

The Company recorded a provision for income tax and employee profit sharing for the second quarter of 2005 of Ps. 5,552,000 compared to a reduction in provisions for income tax and employee profit sharing of Ps. 2,864,000 for the same period of 2004.

As a result of the foregoing, the Company's net income for the second quarter 2005 was Ps. 12,396,000, compared to a net loss of Ps. 24,202,000 reported for same period of 2004.

### First Half Results

For the six months ended June 30, 2005, broadcasting revenue was Ps. 247,036,000, a 1.2% increase compared to Ps. 244,051,000 reported for the same period of 2004. This increase was mainly attributable to higher advertising expenditures by the Company's principal clients during 2005.

The Company's broadcasting expenses (excluding depreciation, amortization and corporate, general and administrative expenses) reported for the first half of 2005 were Ps. 186,263,000, a 11.5% decrease compared to Ps. 210,389,000 reported for the first half of 2004. This decrease in broadcasting expenses was primarily attributable to lower costs from the production of news programming, which a third party produced for the Company until the end of the first quarter of 2004, which decrease more than offset the second quarter 2005 increase in other broadcasting expenses.

Broadcasting income (i.e., broadcasting revenue minus broadcasting expenses, excluding depreciation, amortization and corporate, general and administrative expenses) was Ps. 60,773,000, representing an increase of 80.5% compared to Ps. 33,662,000 reported for the first half of 2004. This increase was mainly attributable to the decrease in broadcasting expenses described above.

Depreciation and amortization was Ps. 19,285,000, a decrease of 60.4% compared to Ps. 48,749,000 reported for the first half of 2004. This decrease was due to the implementation of a new accounting principle in Mexico (Bulletin B-7 "Adquisicion de Negocios"). As a result, the Company no longer amortizes goodwill as of January 1, 2005, but instead tests goodwill for impairment at least once a year.

The Company's corporate, general and administrative expenses during the first half of 2005 were Ps. 8,050,000, a decrease of 36.0% compared to Ps. 12,585,000 reported for the same period of 2004. This decrease was mainly due to lower fees paid by the Company to a third party, which ceased production of news services for the Company at the end of the first quarter of 2004, and to a lesser extent the recording of executive compensation in the second quarter of 2005 as compared to the same period of 2004.

As a result of the foregoing, the Company reported operating income of Ps.

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33,438,000 for the first half of 2005, compared to an operating loss of Ps. 27,672,000 reported for the same period of 2004.

The Company's comprehensive financing cost for the first half of 2005 was Ps. 3,789,000, a decrease of 79.8% compared to a comprehensive financing cost of Ps. 18,787,000 for the first half of 2004. This favorable change is mainly attributable to a gain on foreign currency exchange, net of Ps. 8,880,000 reported for the first half of 2005 compared to a loss on foreign currency exchange, net of Ps. 5,650,000 for the first half of 2004, which resulted from the appreciation of the Peso against the U.S. Dollar.

Other expenses, net, for the first half of 2005 were Ps. 20,869,000, a 7.8% decrease compared to Ps. 22,626,000 reported for the same period of 2004. This decrease is mainly attributable to lower legal expenses during the first half of 2005, compared to the same period of 2004.

For the first half of 2005, the Company reported income before provisions for income tax and employee profit sharing of Ps. 8,780,000, compared to a loss before provisions for income tax and employee profit sharing of Ps. 69,085,000 reported for the same period in 2004. During the first half of 2005, the Company recorded a provision for income tax and employee profit sharing of Ps. 5,596,000 compared to a reduction in provisions for income tax and employee profit sharing of Ps. 2,864,000 for the same period in 2004.

As a result of the foregoing, the Company had net income of Ps. 3,184,000 for the first half of 2005 compared to a net loss of Ps. 66,221,000 for the same period of 2004.

### Other Matters:

From June 30, 2004 to June 30, 2005, the Company's total bank debt decreased from Ps. 207.3 million to Ps. 141.5 million as a result of scheduled payments.

### Company Description:

Grupo Radio Centro owns and/or operates 14 radio stations. Of these 14 radio stations, Grupo Radio Centro operates 11 in Mexico City. The Company's principal activities are the production and broadcasting of musical and entertainment programs, talk shows, news and special events programs. Revenue is primarily derived from the sale of commercial airtime. In addition to the Organizacion Radio Centro radio stations, the Company also operates Grupo RED radio stations and Organizacion Impulsora de Radio (OIR), a radio network that acts as the national sales representative for, and provides programming to, Grupo Radio Centro-affiliated radio stations.

### Note on Forward Looking Statements:

This release may contain projections or other forward-looking statements related to Grupo Radio Centro that involve risks and uncertainties. Readers are cautioned that these statements are only predictions and may differ materially from actual future results or events. Readers are referred to the documents filed by Grupo Radio Centro with the United States Securities and Exchange Commission, specifically the most recent filing on Form 20-F, which identifies important risk factors that could cause actual results to differ from those contained in the forward-looking statements. All forward-looking statements are based on information available to Grupo Radio Centro on the date hereof, and Grupo Radio Centro assumes no obligation to update such statements.

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as of June 30, 2005 and 2004  
in Mexican Pesos ("Ps.") with purchasing power as of June 30, 2005  
(figures in thousands of Ps. and U.S. dollars ("U.S. \$") (1), except per Share  
and per ADS amounts)

|  | June 30,   |           |           |
|--|------------|-----------|-----------|
|  | 2005       |           | 2004      |
|  | U.S. \$(1) | Ps.       | Ps.       |
| <b>ASSETS</b>                                  |            |           |           |
| Current assets:                                |            |           |           |
| Cash and temporary investments                 | 6,908      | 74,901    | 27,001    |
| Accounts receivable:                           |            |           |           |
| Broadcasting, net                              | 14,090     | 152,772   | 150,321   |
| Other  | 515        | 5,569     | 8,890     |
| Income tax recoverable                         | 315        | 3,420     | 13,051    |
|  | 14,920     | 161,761   | 172,262   |
| Guarantee deposit                              | 0          | 0         | 4,220     |
| Prepaid expenses                               | 1,228      | 13,319    | 9,234     |
| Total current assets                           | 23,056     | 249,981   | 212,717   |
| Property and equipment, net                    | 44,002     | 477,108   | 493,710   |
| Deferred charges, net                          | 1,167      | 12,656    | 15,134    |
| Excess of cost over book value of subsidiaries | 68,535     | 743,111   | 777,290   |
| Other assets                                   | 297        | 3,220     | 3,305     |
| Total assets                                   | 137,057    | 1,486,076 | 1,502,156 |
| <b>LIABILITIES</b>                             |            |           |           |
| Current:                                       |            |           |           |
| Notes payable                                  | 5,222      | 56,618    | 59,227    |
| Advances from customers                        | 4,703      | 50,997    | 42,302    |
| Other accounts payable and accrued expenses    | 3,793      | 41,129    | 44,939    |
| Taxes payable                                  | 1,914      | 20,754    | 14,192    |
| Contingent liability                           | 22,208     | 240,793   | 250,877   |
| Total current liabilities                      | 37,840     | 410,291   | 411,537   |
| Long-Term:                                     |            |           |           |
| Deferred income tax                            | 3,394      | 36,800    | 19,990    |
| Notes payable                                  | 7,833      | 84,927    | 148,070   |
| Reserve for labor obligations                  | 3,193      | 34,617    | 30,342    |
| Total liabilities                              | 52,260     | 566,635   | 609,939   |
| <b>STOCKHOLDERS' EQUITY</b>                    |            |           |           |
| Capital stock                                  | 105,105    | 1,139,635 | 1,138,745 |
| Retained (deficit) earnings                    | (15,662)   | (169,819) | (195,585) |
| Provision for repurchase of shares             | 3,760      | 40,768    | 40,229    |
| Accumulated effect of deferred income tax      | (8,882)    | (96,306)  | (96,306)  |
| Surplus on restatement of                      |            |           |           |

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|  |         |           |           |
|--|---------|-----------|-----------|
| capital                                    | 425     | 4,605     | 4,605     |
| Minority interest                          | 51      | 558       | 529       |
| Total stockholders' equity                 | 84,797  | 919,441   | 892,217   |
| Total liabilities and stockholders' equity | 137,057 | 1,486,076 | 1,502,156 |

(1) Peso amounts have been translated into U.S. dollars, solely for the convenience of the reader, at the rate of Ps. 10.8428 per U.S. dollar, the noon buying rate for Mexican pesos on June 30, 2005.

GRUPO RADIO CENTRO, S.A. DE C.V.  
CONSOLIDATED NOT AUDITED STATEMENTS OF INCOME  
for the three-month and six-month periods ended June 30, 2005 and 2004  
expressed in Mexican Pesos ("Ps.") with purchasing power as of June 30, 2005  
(figures in thousands of Ps. and U.S. dollars ("U.S. \$") (1), except per Share  
and per ADS amounts)

|  | 2nd Quarter |          |          | Accumulated 6 |       |
|--|-------------|----------|----------|---------------|-------|
|  | 2005        |          | 2004     | 2005          |       |
|  | U.S.\$ (1)  | Ps.      | Ps.      | U.S.\$ (1)    | Ps.   |
| Broadcasting revenue (2)   | 12,971      | 140,645  | 122,431  | 22,783        | 247,0 |
| Broadcasting expenses, excluding depreciation, amortization and corporate expenses | 9,213       | 99,900   | 93,009   | 17,178        | 186,2 |
| Broadcasting income  | 3,758       | 40,745   | 29,422   | 5,605         | 60,7  |
| Depreciation and amortization  | 881         | 9,550    | 24,382   | 1,779         | 19,2  |
| Corporate general and administrative expenses                                      | 347         | 3,766    | 4,944    | 742           | 8,0   |
| Operating (loss) income  | 2,530       | 27,429   | 96       | 3,084         | 33,4  |
| Comprehensive financing income (cost):   |             |          |          |               |       |
| Interest expense   | (738)       | (7,999)  | (8,245)  | (1,487)       | (16,1 |
| Interest income (2)  | (29)        | (310)    | 100      | 25            | 2     |
| Gain (loss) on foreign currency exchange, net                                      | 873         | 9,469    | (7,382)  | 819           | 8,8   |
| Gain (loss) on net monetary position   | 110         | 1,195    | 307      | 295           | 3,1   |
|  | 216         | 2,355    | (15,220) | (348)         | (3,7  |
| Other expenses, net  | (1,092)     | (11,836) | (11,942) | (1,925)       | (20,8 |
| Income (loss) before provisions:   | 1,654       | 17,948   | (27,066) | 811           | 8,7   |
| Provisions for income tax & employee profit sharing                                | 512         | 5,552    | (2,864)  | 516           | 5,5   |
| Net income (loss)  | 1,142       | 12,396   | (24,202) | 295           | 3,1   |

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|                                |       |        |          |       |       |
|--------------------------------|-------|--------|----------|-------|-------|
| Net income (loss)              |       |        |          |       |       |
| applicable to:                 |       |        |          |       |       |
| Majority interest              | 1,140 | 12,378 | (24,203) | 293   | 3,1   |
| Minority interest              | 2     | 18     | 1        | 2     |       |
|                                | 1,142 | 12,396 | (24,202) | 295   | 3,1   |
| <br>                           |       |        |          |       |       |
| Net (loss) income per          |       |        |          |       |       |
| Series A Share (3)             |       |        |          | 0.017 | 0.1   |
| Net (loss) income per ADS (3)  |       |        |          | 0.153 | 1.7   |
| Weighted average common shares |       |        |          |       |       |
| outstanding (000's) (3)        |       |        |          |       | 162,5 |

- (1) Peso amounts have been translated into U.S. dollars, solely for the convenience of the reader, at the rate of Ps. 10.8428 per U.S. dollar, the noon buying rate for Mexican pesos on June 30, 2005.
  
- (2) Broadcasting revenue for a particular period includes (as a reclassification of interest income) interest earned on funds received by the Company pursuant to advance sales of commercial air time to the extent that the underlying funds were earned by the Company during the period in question. Advances from advertisers are recognized as broadcasting revenue only when the corresponding commercial air time has been transmitted. Interest earned and treated as broadcasting revenue for the second quarter of 2005 and 2004 was Ps. 995,000 and Ps. 811,000, respectively. Interest earned and treated as broadcasting revenue for the six months ended June 30, 2005 and 2004 was Ps. 1,101,000 and Ps. 1,385,000, respectively.
  
- (3) Earnings per share calculations are made for the last twelve months as of the date of the income statement, as required by the Mexican Stock Exchange.

SOURCE Grupo Radio Centro, S.A. de C.V.

-0- 07/20/2005

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