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GRUPO RADIO CENTRO SA DE CV

Form 6-K

October 24, 2006

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 October, 2006

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- .)

GRUPO RADIO CENTRO REPORTS RESULTS FOR THIRD QUARTER AND  
FIRST NINE MONTHS OF 2006

MEXICO CITY, Oct. 23 /PRNewswire-FirstCall/ -- Grupo Radio Centro, S.A. de C.V. (NYSE: RC) (BMV: RCENTRO-A) (the "Company"), one of Mexico's leading radio broadcasting companies, announced today its results of operations for the third quarter and nine months ended September 30, 2006. All figures were prepared in accordance with the Financial Information Standards issued by the Mexican Board for Research and Development of Financial Standards and have been restated in constant Pesos as of September 30, 2006.

Third Quarter Results

Broadcasting revenue for the third quarter of 2006 was Ps. 182,073,000, representing an increase of 8.3% compared to the Ps. 168,170,000 reported for the same period of 2005. This increase was mainly attributable to higher advertising expenditures by the Company's clients, which purchased more airtime compared to the same period of 2005.

The Company's broadcasting expenses (excluding depreciation, amortization and corporate, general and administrative expenses) for the third quarter of

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2006 were Ps. 116,835,000, representing an increase of 15.0% compared to the Ps. 101,577,000 reported for the same period of 2005. This increase was primarily due to increases in the third quarter of 2006 in (i) the allowance for doubtful accounts, (ii) expenses related to the increase in broadcasting revenue, such as commissions paid to the Company's sales force and outside agents and (iii) expenses related to additional advertising and marketing campaigns conducted by the Company during the third quarter of 2006.

For the third quarter of 2006, the Company reported broadcasting income (i.e., broadcasting revenue minus broadcasting expenses, excluding depreciation, amortization and corporate, general and administrative expenses) of Ps. 65,238,000, a decrease of 2.0% compared to the Ps. 66,593,000 reported for the same period of 2005. This decrease was mainly attributable to the increase in broadcasting expenses, which offset the increase in broadcasting revenue.

Depreciation and amortization for the third quarter of 2006 amounted to Ps. 9,047,000, representing a slight increase compared to the Ps. 8,904,000 reported for the same period of 2005.

For the third quarter of 2006, the Company's corporate, general and administrative expenses were Ps. 3,271,000, an increase of 2.6% compared to the Ps. 3,187,000 reported for the same period of 2005.

The Company reported operating income of Ps. 52,920,000 for the third quarter of 2006 compared to the Ps. 54,502,000 reported for the same period of 2005. This decrease was mainly attributable to the increase in broadcasting expenses in the third quarter of 2006.

The comprehensive financing cost for the third quarter of 2006 was Ps. 355,000 compared to the Ps. 4,429,000 recorded for the same period of 2005. This decrease is principally the result of the reduction in interest expense for the third quarter of 2006 compared to the same period of 2005, which resulted from (i) the Company no longer recording interest related to the contingent liability recorded by the Company in 2003 and (ii) the Company no longer recording interest on bank debt after paying off all of its bank debt on May 17, 2006.

During the third quarter of 2006, other expenses, net, totaled Ps. 17,731,000, a 23.0% increase compared to the Ps. 14,418,000 reported in the same period of 2005. This increase was mainly attributable to higher expenses related to the Company's corporate governance compliance and higher legal expenses during the third quarter of 2006 compared to the same period of 2005.

The Company reported income before extraordinary item and provisions for income tax and employee profit sharing of Ps. 34,834,000 for the third quarter of 2006, which represents a decrease of 2.3% compared to Ps. 35,655,000 reported during the same period of 2005.

In the third quarter of 2006, the Company recorded extraordinary income of Ps. 3,016,000 as a result of the inflation adjustment in the third quarter of 2006 to the extraordinary income that was recorded in June 2006 in connection with the reversal of the provision for the contingent liability.

For the third quarter of 2006, the Company reported income before provisions for income tax and employee profit sharing of Ps. 37,850,000 compared to the Ps. 35,655,000 reported for the same period of 2005. The Company recorded provisions for income tax and employee profit sharing for the third quarter of 2006 of Ps. 8,415,000 compared to the Ps. 7,923,000 recorded for the same period of 2005.

As a result of the foregoing, the Company's net income for the third

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quarter of 2006 totaled Ps. 29,435,000, compared to the Ps. 27,732,000 reported for same period of 2005.

### Nine Months Results

For the nine months ended September 30, 2006, broadcasting revenue was Ps. 593,550,000, a 40.3% increase compared to the Ps. 422,964,000 reported for the same period of 2005. This increase was mainly attributable to the increase in advertising expenditures by political parties in connection with the presidential and congressional elections that took place on July 2, 2006 as well as higher advertising expenditures by the Company's clients compared to the same period of 2005.

The Company's broadcasting expenses (excluding depreciation, amortization and corporate, general and administrative expenses) reported for the nine months ended September 30, 2006 were Ps. 340,076,000, a 15.0% increase compared to the Ps. 295,705,000 reported for the same period of 2005. This increase was primarily due to increases during 2006 in (i) the allowance for doubtful accounts, (ii) sales commissions paid to the Company's sales force, outside agents and affiliated stations in connection with increased sales of airtime and (iii) expenses related to additional advertising and marketing campaigns conducted by the Company during 2006.

Broadcasting income (i.e., broadcasting revenue minus broadcasting expenses, excluding depreciation, amortization and corporate, general and administrative expenses) for the nine months ended September 30, 2006, was Ps. 253,474,000, an increase of 99.2% compared to the Ps. 127,259,000 reported for the same period of 2005. This increase was mainly attributable to the increase in broadcasting revenue, which more than offset the increase in broadcasting expenses.

Depreciation and amortization for the nine months ended September 30, 2006 totaled Ps. 26,742,000, a decrease of 7.1% compared to the Ps. 28,795,000 reported for the same period of 2005. This decrease was mainly attributable to the Company no longer recording in the second quarter of 2006 the depreciation of a part of the Company vehicles whose useful lives ended in the second quarter of 2006.

The Company's corporate, general and administrative expenses for the nine months ended September 30, 2006 were Ps. 9,498,000, an increase of 0.3% compared to the Ps. 9,474,000 reported for the same period of 2005.

As a result of the foregoing, the Company reported operating income of Ps. 217,234,000 for the nine months ended September 30, 2006, which more than doubled the Ps. 88,990,000 of operating income reported for the same period of 2005.

The Company's comprehensive cost of financing for the nine months ended September 30, 2006 was Ps. 7,762,000, a decrease of 6.9% compared to the Ps. 8,337,000 recorded for the same period of 2005. This decrease reflects the decrease in interest expense during 2006 compared to the same period of 2005, which resulted from (i) the cancellation of interest recorded through June 2006 on the provision for the contingent liability recorded by the Company in 2003 and (ii) the Company no longer recording interest on bank debt after paying off all of its bank debt on May 17, 2006.

Other expenses, net for the nine months ended September 30, 2006 were Ps. 41,008,000, a 14.1% increase compared to the Ps. 35,942,000 reported for the same period of 2005. This increase was mainly attributable to higher expenses related to the Company's corporate governance compliance and higher legal expenses during 2006 compared to 2005.

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For the nine months ended September 30, 2006, the Company reported income before extraordinary item and provisions for income tax and employee profit sharing of Ps. 168,464,000, a substantial increase from the Ps. 44,711,000 reported for the same period of 2005.

For the nine months ended September 30, 2006, the Company recorded extraordinary income of Ps. 249,214,000, which resulted from the reversal of the Ps. 260,050,000 provision for the contingent liability recorded by the Company in 2003 less accumulated foreign exchange loss and interest recorded by the Company in 2006 in relation to the provision. The Company reversed the provision for the contingent liability after a Mexican court set aside and refused to enforce in Mexico the arbitration award issued against the Company in an arbitration proceeding.

For the nine months ended September 30, 2006, the Company reported income before provisions for income tax and employee profit sharing of Ps. 417,678,000 compared to the Ps. 44,711,000 reported for the same period of 2005. During the nine months ended September 30, 2006, the Company recorded provisions for income tax and employee profit sharing of Ps. 45,867,000 compared to the Ps. 13,695,000 reported for the same period in 2005. This increase was primarily due to the increase in taxable income during the first nine months of 2006 compared to the same period of 2005.

As a result of the foregoing, the Company had net income of Ps. 371,811,000 for the nine months ended September 30, 2006 compared to net income of Ps. 31,016,000 for the same period of 2005.

### Other Matters

During the third quarter the Company paid out Ps. 120 million in cash in the form of a capital dividend to its shareholders in two installments: the first in August and the second in October. This was the result of a return of capital of the Company.

### 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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CONSOLIDATED UNAUDITED STATEMENTS OF INCOME for the three-month  
and nine-month periods ended September 30, 2006 and  
2005 expressed in Mexican Pesos ("Ps.") with purchasing power as of  
September 30, 2006  
(figures in thousands of Ps. and U.S. dollars ("U.S. \$") (1),  
except per Share and per ADS amounts)

	3rd Quarter		Acc	
	2006		2005	
	U.S.\$ (1)	Ps.	Ps.	U.S.\$ (1)
Broadcasting revenue (2)	16,529	182,073	168,170	53,885
Broadcasting expenses, excluding depreciation, amortization and corporate expenses	10,607	116,835	101,577	30,873
Broadcasting income	5,922	65,238	66,593	23,012
Depreciation and amortization	821	9,047	8,904	2,428
Corporate, general and administrative expenses	297	3,271	3,187	862
Operating income	4,804	52,920	54,502	19,722
Comprehensive financing gain (cost):				
Interest expense	(21)	(228)	(7,839)	(856)
Interest income (2)	13	146	1,296	58
Gain (loss) on foreign currency exchange, net	1	7	(53)	4
Gain (loss) on net monetary position	(25)	(280)	2,167	90
	(32)	(355)	(4,429)	(704)
Other expenses, net	(1,610)	(17,731)	(14,418)	(3,723)
Income (loss) before extraordinary item and provisions:	3,162	34,834	35,655	15,295
Extraordinary item	274	3,016	0	22,625
Income (loss) before provisions	3,436	37,850	35,655	37,920
Provisions for income tax & employee profit sharing	764	8,415	7,923	4,164
Net income (loss)	2,672	29,435	27,732	33,756
Net income (loss) applicable to:				
Majority interest	2,674	29,456	27,738	33,750
Minority interest	(2)	(21)	(6)	6
	2,672	29,435	27,732	33,756

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Net income (loss) per Series A Share (3)	0.227
Net income (loss) per ADS (3)	2.043
Weighted average common shares outstanding (000's) (3)	162,520

- (1) Peso amounts have been translated into U.S. dollars, solely for the convenience of the reader, at the rate of Ps. 11.0152 per U.S. dollar, the noon buying rate for Mexican pesos on September 30, 2006.
- (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 third quarter of 2006 and 2005 was Ps. 1,171,000 and Ps. 463,000, respectively. Interest earned and treated as broadcasting revenue for the nine months ended September 30, 2006 and 2005 was Ps. 2,943,000 and Ps. 1,598,000, 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

GRUPO RADIO CENTRO, S.A. DE C.V.  
CONSOLIDATED UNAUDITED BALANCE SHEETS  
as of September 30, 2006 and 2005

in Mexican Pesos ("Ps.") with purchasing power as of September 30, 2006 (figures in thousands of Ps. and U.S. dollars ("U.S. \$")(1), except per Share and per ADS amounts)

	September 30,		
	2006		2005
	U.S. \$(1)	Ps.	Ps.
<b>ASSETS</b>			
Current assets:			
Cash and temporary investments	10,091	111,157	146,328
Accounts receivable:			
Broadcasting, net	20,144	221,893	167,515
Other	924	10,178	5,577
Income taxes recoverable	0	0	0
	21,068	232,071	173,092
Prepaid expenses	919	10,125	10,435
Total current assets	32,078	353,353	329,855

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Property and equipment, net	42,053	463,221	490,358
Deferred charges, net	960	10,571	12,637
Excess of cost over book value of net assests of subsidiaries, net	71,150	783,734	775,838
Other assets	292	3,220	3,337
Total assets	146,533	1,614,099	1,612,025
LIABILITIES			
Current:			
Notes payable	0	0	58,668
Advances from customers	7,981	87,915	79,360
Suppliers and other accounts payable	4,161	45,836	47,386
Taxes payable	7,783	85,733	27,129
Reduction in Fixed Capital Stock Payable	4,548	50,097	0
Contingent liability	0	0	253,238
Total current liabilities	24,473	269,581	465,781
Long-Term:			
Notes payable	0	0	88,002
Reserve for labor liabilities	4,989	54,958	41,551
Deferred taxes	1,777	19,573	29,451
Total liabilities	31,239	344,112	624,785
SHAREHOLDERS' EQUITY			
Capital stock	96,845	1,066,765	1,189,604
Cumulative (deficit) earnings	23,393	257,681	(149,600)
Reserve for repurchase of shares	3,713	40,900	42,402
Cumulative effect of deferred income taxes	(9,128)	(100,549)	(100,549)
Effects from labor liabilities	(23)	(258)	0
Surplus on restatement of capital	436	4,808	4,808
Minority interest	58	640	575
Total shareholders' equity	115,294	1,269,987	987,240
Total liabilities and stockholders' equity	146,533	1,614,099	1,612,025

(1) Peso amounts have been translated into U.S. dollars, solely for the convenience of the reader, at the rate of Ps. 11.0152 per U.S. dollar, the noon buying rate for Mexican pesos on September 30, 2006.

IR Contacts:

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

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/Web site: <http://www.radiocentro.com.mx> /

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: October 23, 2006

By: /s/ Pedro Beltran Nasr  
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Name: Pedro Beltran Nasr  
Title: Chief Financial Officer