

Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

GRUPO RADIO CENTRO SA DE CV

Form 20-F

June 29, 2005

As filed with the Securities and Exchange Commission on June 29, 2005.

=====

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 20-F

[ ] REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g)  
OF THE SECURITIES EXCHANGE ACT OF 1934

OR

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT

For the fiscal year ended December 31, 2004

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

for the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 1-12090

-----

GRUPO RADIO CENTRO, S.A. DE C.V.  
(Exact name of registrant as specified in its charter)

RADIO CENTER GROUP  
(Translation of registrant's name into English)

UNITED MEXICAN STATES  
(Jurisdiction of incorporation or organization)

-----

Constituyentes 1154 (7(degree) Piso)  
Col. Lomas Altas  
C.P. 11950, Mexico, D.F., Mexico  
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

TITLE OF EACH CLASS:	NAME OF EACH EXCHANGE ON WHICH
Series A Shares, without par value ("Series A Shares")	New York Stock Exchange
Ordinary Participation Certificates ("CPOs"), each CPO representing one Series A Share	New York Stock Exchange
American Depositary Shares ("ADSs"), each representing nine CPOs	New York Stock Exchange

\*Not for trading, but only in connection with the registration of American  
Depositary Shares, pursuant to the requirements of the Securities and Exchange  
Commission.

Securities registered or to be registered pursuant to  
Section 12(g) of the Act: None

Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 162,552,561 Series A Shares

Indicate by check mark whether the Registrant (1) has filed all reports required to be file by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

[X] Yes [ ] No

Indicate by check mark which financial statement item the Registrant has elected to follow:

[ ] Item 17 [X] Item 18

=====

TABLE OF CONTENTS

PART I.....
Item 1. Identity of Directors, Senior Management and Advisers.....
Item 2. Offer Statistics and Expected Timetable.....
Item 3. Key Information.....
Item 4. Information on the Company.....
Item 5. Operating and Financial Review and Prospects.....
Item 6. Directors, Senior Management and Employees.....
Item 7. Major Shareholders and Related Party Transactions.....
Item 8. Financial Information.....
Item 9. The Offer and Listing.....
Item 10. Additional Information.....
Item 11. Quantitative and Qualitative Disclosures About Market Risk.....
Item 12. Description of Securities Other than Equity Securities.....
PART II.....
Item 13. Defaults, Dividend Arrearages and Delinquencies.....
Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds..

Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

Item 15. Controls and Procedures.....

Item 16A. Audit Committee Financial Expert.....

Item 16B. Code of Ethics.....

Item 16C. Principal Accountant Fees and Services.....

Item 16D. Exemptions from the Listing Standards for Audit Committees.....

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.....

PART III.....

Item 17. Financial Statements.....

Item 18. Financial Statements.....

Item 19. Exhibits.....

INTRODUCTION

Grupo Radio Centro is a corporation organized under the laws of the United Mexican States. As used in this Annual Report and except as the context otherwise requires, the terms "Grupo Radio Centro" and "the Company" refer to Grupo Radio Centro, S.A. de C.V. and its consolidated subsidiaries.

PRESENTATION OF FINANCIAL INFORMATION

In this Annual Report references to "pesos" or "Ps." are to the lawful currency of the United Mexican States ("Mexico"). References herein to "U.S. dollars" or "\$" are to United States dollars.

The Company publishes its financial statements in pesos. Pursuant to generally accepted accounting principles in Mexico ("Mexican GAAP"), financial data for all periods in the financial statements included in Item 18 (the "Consolidated Financial Statements") and, unless otherwise indicated, throughout this Annual Report, have been restated in constant pesos (having the same purchasing power for each period indicated taking into account inflation) as of December 31, 2004.

This Annual Report contains translations of certain peso amounts into U.S. dollars at specified rates solely for the convenience of the reader. These translations should not be construed as representations that the peso amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated. Unless otherwise indicated, such U.S. dollar amounts have been translated from pesos at an exchange rate of Ps. 11.15 to \$1.00, the noon buying rate for pesos at December 31, 2004 as published by the Federal Reserve Bank of New York. The peso/U.S. dollar exchange rate has experienced periods of volatility and, accordingly, the translation to U.S. dollars at the December 31, 2004 exchange rate may not accurately represent the financial condition of the Company in U.S. dollar terms as of a subsequent date. On June 23, 2005, the noon buying rate for pesos was Ps. 10.79 to \$1.00. See Item 3, "Key Information--Exchange Rate Information," for information regarding exchange rates since January 1, 2000.

The term "billion" as used in this Annual Report means one thousand million.

# Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

## FORWARD-LOOKING STATEMENTS

This Annual Report contains words, such as "believe," "expect" and "anticipate" and similar expressions that identify forward-looking statements that reflect the Company's views about future events and financial performance. Actual results could differ materially from those projected in such forward-looking statements as a result of various factors that may be beyond the Company's control, including, but not limited to, effects on the Company from competition with its broadcasting and other operations, material changes in the performance or popularity of key radio stations or broadcast programs, significant developments in the Mexican economic or political situation or changes in the Company's regulatory environment. Accordingly, readers are cautioned not to place undue reliance on these forward-looking statements. In any event, these statements speak only as of their dates, and the Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

## PART I

### ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

### ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

### ITEM 3. KEY INFORMATION

## SELECTED FINANCIAL DATA

The following table presents selected consolidated financial information of the Company and its subsidiaries for each of the periods indicated. This information, to the extent applicable, should be read in conjunction with, and is qualified in its entirety by reference to, the Consolidated Financial Statements, including the notes thereto, included elsewhere in this Annual Report. Grupo Radio Centro's financial statements are prepared in accordance with Mexican GAAP, which differ in certain respects from generally accepted accounting principles in the United States ("U.S. GAAP"). Note 26 to the Consolidated Financial Statements provides a description of the principal differences between Mexican GAAP and U.S. GAAP as they relate to Grupo Radio Centro and a reconciliation to U.S. GAAP of operating income, net income and shareholders' equity.

Grupo Radio Centro's financial statements were prepared giving effect to Bulletin B-10 and Bulletin B-12 issued by the Mexican Institute of Public Accountants. Generally, Bulletin B-10 is designed to provide for the recognition of certain effects of inflation by requiring Grupo Radio Centro to restate non-monetary assets and liabilities using the Mexican Consumer Price Index (the "INPC"), to restate the components of shareholders' equity using the INPC, to restate its fixed assets using the INPC and to record gains or losses in purchasing power from holding monetary assets or liabilities. Bulletin B-12 requires that the statement of changes in financial position reconcile changes from the restated historical balance sheet for the prior year to the current balance sheet. Pursuant to Mexican GAAP, the selected consolidated financial information set forth below, and all data in the related Consolidated Financial Statements, have been restated in constant pesos at December 31, 2004. The effect of the inflation accounting principles described above has not been reversed in the reconciliation to U.S. GAAP. See Note 26 to the Consolidated

Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

Financial Statements.

2

	YEAR ENDED DECEMBER 31,					
	2004 (1)	2004	2003			
	(in thousands, except per-ADS data)					
<b>OPERATING DATA:</b>						
<b>Mexican GAAP:</b>						
Broadcasting Revenue .....	\$ 49,454	Ps. 551,608	Ps. 867,913	Ps.		
Broadcasting Expenses, Excluding Depreciation and Amortization .....	34,654	386,528	519,216			
Broadcasting Income .....	14,800	165,080	348,697			
Depreciation and Amortization .....	8,775	97,873	119,291			
Corporate, General and Administrative Expenses .....	1,871	20,872	63,307			
Operating Income(3) .....	4,154	46,335	166,099			
Comprehensive Financing Expense .....	1,628	18,177	34,606			
Other (Expense), Net .....	(4,188)	(46,715)	(69,407)			
Extraordinary Item(3) .....	0	0	358,390			
Net Income (Loss) (4) .....	(3,431)	(38,284)	(258,554)			
Minority Interest .....	0	(5)	5			
Net Income (Loss) per ADS(4) (5) .....	(0.19)	(2.12)	(14.30)			
Common Shares Outstanding(5) .....	162,560	162,560	162,722			
<b>U.S. GAAP:</b>						
Broadcasting Revenue .....	\$ 49,454	Ps. 551,608	Ps. 867,913	Ps.		
Operating Income (Loss) (2) (3) .....	4,963	55,357	(338,026)			
Net Income (Loss) (2) (4) .....	1,808	20,164	(335,322)			
Net Income (Loss) per ADS(2) (4) (5) ...	0.10	1.12	(18.55)			
Dividends per ADS(6) .....	0	0	3.31			
Common Shares Outstanding(5) .....	162,560	162,560	162,722			
<b>BALANCE SHEET DATA:</b>						
<b>Mexican GAAP:</b>						
Working Capital .....	\$ (16,036)	Ps. (178,870)	Ps. (133,277)	Ps.		
Property and Equipment, Net .....	43,836	488,950	494,283			
Excess Cost over Fair Value of Assets of Subsidiaries .....	65,926	735,341	801,646			
Total Assets .....	133,125	1,484,866	1,633,966			
Long Term Debt Excluding Current Portion .....	10,152	113,237	178,672			
Total Debt .....	15,228	169,855	238,229			
Shareholders' Equity(7) .....	81,164	905,295	944,318			
<b>U.S. GAAP:</b>						
Total Assets(2) .....	\$ 136,465	Ps. 1,522,120	Ps. 1,631,665	Ps.		
Shareholders' Equity(2) .....	84,456	942,021	922,586			

YEAR ENDED DECEMBER 31,

2001 2000

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

(in thousands, except  
per-ADS data)

### OPERATING DATA:

#### Mexican GAAP:

Broadcasting Revenue .....	Ps.	820,443	Ps.	1,094,647
Broadcasting Expenses, Excluding Depreciation and Amortization .....		530,481		488,336
		-----		-----
Broadcasting Income .....		289,962		606,311
Depreciation and Amortization .....		128,539		123,189
Corporate, General and Administrative Expenses .....		55,119		79,632
		-----		-----
Operating Income(3) .....		106,304		403,490
Comprehensive Financing Expense .....		13,251		34,908
Other (Expense), Net .....		(79,938)		(67,032)
Extraordinary Item(3) .....		0		0
Net Income (Loss) (4) .....		19,429		269,150
Minority Interest .....		18		236
Net Income (Loss) per ADS(4) (5) .....		1.06		14.20
Common Shares Outstanding(5) .....		163,918		170,512

#### U.S. GAAP:

Broadcasting Revenue .....	Ps.	820,443	Ps.	1,094,647
Operating Income (Loss) (2) (3) .....		188,609		484,211
Net Income (Loss) (2) (4) .....		101,937		349,885
Net Income (Loss) per ADS(2) (4) (5) ...		5.59		18.46
Dividends per ADS(6) .....		7.28		2.63
Common Shares Outstanding(5) .....		163,918		170,512

### BALANCE SHEET DATA:

#### Mexican GAAP:

Working Capital .....	Ps.	(52,487)	Ps.	169,960
Property and Equipment, Net .....		554,532		567,125
Excess Cost over Fair Value of Assets of Subsidiaries .....		965,128		931,019
Total Assets .....		2,030,554		2,076,692
Long Term Debt Excluding Current Portion .....		246,634		323,500
Total Debt .....		435,793		404,376
Shareholders' Equity(7) .....		1,266,508		1,384,537

#### U.S. GAAP:

Total Assets(2) .....	Ps.	2,089,181	Ps.	2,132,095
Shareholders' Equity(2) .....		1,324,623		1,439,437

- 
- (1) Peso amounts have been translated into U.S. dollars solely for the convenience of the reader at the rate of Ps. 11.15 per U.S. dollar, the noon buying rate for pesos on December 31, 2004, as published by the Federal Reserve Bank of New York. See "--Exchange Rate Information."
  - (2) Pursuant to Statement of Financial Accounting Standard No. 142 (SFAS 142) under U.S. GAAP, amortization of goodwill ceased as of January 1, 2002. For purposes of presentation and comparison, SFAS 142 was applied to the financial data for the years ended 2001 and 2000. The operating loss under U.S. GAAP for the year ended December 31, 2003 includes a goodwill impairment charge of Ps. 160.4 million determined under SFAS 142. There was no impairment charge required under SFAS 142 for the year ended December 31, 2004. See Note 26 to the Consolidated Financial Statements.
  - (3) Extraordinary item reflects a provision of Ps. 358.4 million for the

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

contingent liability related to the Infored arbitration proceeding. Unlike treatment under Mexican GAAP, for purposes of U.S. GAAP, such provision is charged against operating income. See Notes 10 and 26 to the Consolidated Financial Statements.

- (4) In accordance with Mexican GAAP, net income does not give effect to minority interest. In contrast, net income under U.S. GAAP does give effect to minority interest. See Note 26 to the Consolidated Financial Statements.
- (5) Amounts shown are the weighted average number of Series A Shares outstanding, which was used for purposes of computing net income per ADS under both Mexican and U.S. GAAP.
- (6) The Company's dividend payment in any particular year relates to the immediately preceding fiscal year. The Company did not pay any dividends in 2002 with respect to 2001 or in 2004 with respect to 2003.
- (7) In December 2000, the Company reduced its capital by Ps. 343.0 million (nominal amount) through a payment to its shareholders of that amount.

3

### EXCHANGE RATE INFORMATION

Mexico has a free market for foreign exchange, and the Mexican government allows the peso to float freely against the U.S. dollar. The peso was relatively stable in 2000 and 2001, but declined significantly in 2002 and continued to decline through 2003. In 2004 and in 2005 to date, the peso has appreciated slightly. There can be no assurance that the government will maintain its current policies with regard to the peso or that the peso will continue to appreciate or not depreciate significantly again in the future.

The following table sets forth, for the periods indicated, the high, low, average and period-end exchange rate for the purchase of U.S. dollars, expressed in pesos per U.S. dollar.

PERIOD	EXCHANGE RATE (1)			
	HIGH	LOW	AVERAGE (2)	PERIOD END
YEAR ENDED DECEMBER 31,				
2000 .....	10.09	9.18	9.47	9.62
2001 .....	9.97	8.95	9.33	9.16
2002 .....	10.43	9.00	9.75	10.43
2003 .....	11.41	10.11	10.85	11.24
2004 .....	11.64	10.81	11.31	11.15
MONTH ENDED 2004:				
November .....	11.53	11.24		
December .....	11.33	11.11		
MONTH ENDED 2005:				
January .....	11.41	11.17		
February .....	11.21	11.04		
March .....	11.33	10.98		
April .....	11.23	11.04		
May .....	11.03	10.88		
June (through June 23, 2005) .....	10.88	10.76		

-----

- (1) Source: Noon buying rate for pesos reported by the Federal Reserve Bank of New York.
- (2) Average of month-end rates.

On June 23, 2005, the noon buying rate was Ps. 10.79 to \$1.00.

Fluctuations in the exchange rate between the peso and the U.S. dollar will affect the U.S. dollar equivalent of the peso price of Series A Shares on the Bolsa Mexicana de Valores, S.A. de C.V. (the "Mexican Stock Exchange") and the price of ADSs on the New York Stock Exchange ("NYSE"). The Company pays cash dividends in pesos, and exchange rate fluctuations will affect the U.S. dollar amounts received by holders of ADSs upon conversion by Citibank N.A., as depositary for the ADSs (the "Depositary"), of cash dividends on the Series A Shares underlying the CPOs represented by the ADSs.

4

## RISK FACTORS

### RISKS RELATING TO OUR OPERATIONS

If we fail to prevail in our challenge in the Mexican courts to the damage award granted in the arbitration proceedings with Infored and Mr. Gutierrez Vivo, our financial condition would be materially and adversely affected

In 2002, Infored, S.A. de C.V. ("Infored"), the producer of the news program Monitor, and Jose Gutierrez Vivo, the principal anchor of Monitor, initiated an arbitration proceeding against us, seeking rescission of contract and damages. On March 1, 2004, an arbitration panel of the International Chamber of Commerce (the "ICC") notified us of the ICC panel's decision to rescind the contract and to award Infored and Mr. Gutierrez Vivo together a total of \$21.1 million, which represents the amount we would be required to pay after taking into account the amounts prepaid by us under the contract. We challenged the validity of this decision in the Mexican courts, and Civil Judge 63 of the Federal District Superior Court of Justice set aside the arbitration award in November of 2004. Infored and Mr. Gutierrez have initiated an amparo proceeding to contest Civil Judge 63's ruling. An amparo is a type of proceeding used to challenge the legality of a decision under Mexican law. We commenced a separate amparo proceeding to contest the order that we pay the costs and expenses of the proceedings. The amparo proceedings have been consolidated before District Judge 6 of Civil Matters, and briefs and evidence were accepted from the parties until May 12, 2005. We do not currently know when District Judge 6 will issue a decision on the case. See Item 8, "Financial Information--Other Financial Information--Legal and Arbitration Proceedings."

If District Judge 6 overturns the ruling of Civil Judge 63, Infored and Mr. Gutierrez would likely prevail in the proceeding they commenced in front of Civil Judge 31 of the Federal District Superior Court of Justice to execute and enforce the arbitration award, which is currently suspended in accordance with Mexican law pending the resolution of the arbitration award's validity by District Judge 6. If this occurs, it is likely that we will not have sufficient financial resources to pay the award unless we are able to obtain additional financing, in which case we expect to pursue various potential sources of funds to cover our obligations with respect to such award, including medium-term or long-term financing up to \$21.1 million. No assurance can be given that such funds will be obtained. Failure by us to prevail in our challenge to the damage award would materially and adversely affect our financial condition.

If we do not comply with the financial covenants in our loan agreement, the



## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

lender under that agreement could accelerate the maturity of the loan

We have indebtedness with an outstanding principal amount of Ps. 141.5 million at June 16, 2005 under a loan agreement with Scotiabank Inverlat, S.A. This loan agreement contains covenants requiring us to maintain certain quarterly and year-end financial ratios. If we breach any of these covenants, the amount then outstanding under the loan agreement could be accelerated by the lender. In the past, including for the first quarter of 2005, we have obtained from the lender waivers of our failure to comply with these covenants. We have also amended the loan agreements in the past to modify the financial ratios for certain periods, including for the third and fourth quarters of 2004 and for the year ending December 31, 2005, to avoid possible breaches for these periods. There can be no assurance that we will be able to comply with these covenants in the future or that, if we fail to comply, we will be able to obtain waivers of such noncompliance or additional amendments. See Item 5, "Operating and Financial Review and Prospects--Liquidity and Capital Resources--Indebtedness--Scotiabank Inverlat Loan Agreement."

5

Increased competition or a decline in popularity of any of our radio formats could reduce our audience share and result in a loss of revenue

Radio broadcasting in Mexico is highly competitive, and programming popularity, an important factor in advertising sales, is readily susceptible to change. Our average Mexico City audience share has decreased during recent years, including a decline from 33.6% in 2000 to 32.0% in 2003, but increased in 2004 to 34.7%. See Item 4, "Information on the Company--Business Overview--Competition." There can be no assurance that increased competition within, or a decline in the popularity of, a given format segment will not decrease our aggregate audience share in the future. In addition, we face strong competition from both television and various print media for advertising revenues. If we are unable to respond to an increase in competition or a decline in the popularity of any of our radio formats, our revenue and profitability could suffer material adverse consequences.

If we lose one or more of our key customers, we could lose a significant amount of our revenue

Our two largest individual customers in 2004, 2003 and 2002 were Gigante, S.A. de C.V. ("Gigante") and Comercial Mexicana, S.A. de C.V. ("Comercial Mexicana"). In 2004, 2003 and 2002, Gigante accounted for 5.6%, 3.5% and 5.3%, respectively, of our total broadcasting revenue, while Comercial Mexicana accounted for 4.9%, 3.6% and 5.5%, respectively, of our total broadcasting revenue. The companies comprising Grupo Carso, collectively, and Grupo Gigante, S.A. de C.V. ("Grupo Gigante"), collectively, are key customers. In 2004 and 2002, the companies comprising Grupo Gigante collectively accounted for 7.0% and 7.3%, respectively, of our total broadcasting revenue, while in 2003, the companies comprising Grupo Carso collectively accounted for 5.2% of our total broadcasting revenue. We cannot assure you that Gigante and Comercial Mexicana or the companies comprising Grupo Carso or Grupo Gigante will continue to purchase advertising from us at current levels. The loss of our relationship with any one of our principal customers could have a material adverse effect on our results of operations. See Item 4, "Information on the Company--Business Overview--Broadcasting Operations--Sale of Air Time and Marketing."

A decrease in advertising expenditures by political campaigns could substantially reduce our revenue

Our business is significantly affected by the advertising expenditures of political parties during election campaigns in Mexico. While our revenue has

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

increased significantly during the congressional elections that occur every three years (including in 2003), our revenue has increased even more significantly during presidential elections, which occur every six years (coinciding with congressional elections), including in 2000. In 2002, 2003 and 2004, advertising by political parties accounted for 6.1%, 21.1% and 0.06% of total broadcasting revenue, respectively. A decrease in advertising expenditures by political campaigns during an election year could have a material adverse impact on our results of operations. See Item 4, "Information on the Company--Business Overview--Broadcasting Operations--Sale of Air Time and Marketing," and Item 5, "Operating and Financial Review and Prospects--Seasonality of Sales."

The seasonal nature of our business affects our revenue

Our business is seasonal. Our revenue from advertising sales, which we recognize when the advertising is aired, is generally highest in the fourth quarter because of the high level of advertising during the holiday season. Accordingly, our results of operations depend disproportionately on revenue recognized in the fourth quarter, and a low level of fourth quarter advertising revenue could have a material adverse effect on our results of operations for the year. See Item 4, "Information on the Company--Business Overview--Broadcasting Operations--Sale of Air Time and Marketing" and Item 5, "Operating and Financial Review and Prospects--Seasonality of Sales."

6

The Mexican Federal Competition Commission may prohibit us from making any further investments in radio operations in Mexico

We, like all Mexican radio licensees, are subject to regulation by several Mexican governmental agencies. As a result of such regulation, radio licenses are subject to review and possible revocation, and licensees are prohibited from transferring or assigning their radio broadcasting licenses without prior governmental approval of both the transfer and its terms. As a result of the increase in our share of the Mexico City radio market following completion of the acquisition of Radiodifusion RED in 1996, we are required by the Mexican Comision Federal de Competencia (the "Federal Competition Commission") to seek its prior approval in connection with any future investments in radio operations in Mexico, including, without limitation, purchases and leases of radio stations, interests in other radio concerns or transmission sites, irrespective of the size of such investments or their related audience share. To the best of our knowledge, other Mexican radio broadcasting companies are not generally subject to this requirement. No assurance can be given that we will be permitted by the Federal Competition Commission to make any particular investment should we desire to do so. See Item 4, "Information on the Company--Regulatory Framework--Regulation of Radio Broadcasting by Mexico--Other."

If the Mexican government does not renew our broadcasting licenses, our business could be harmed

To broadcast commercial radio in Mexico, a broadcaster must have a license from the Secretaria de Comunicaciones y Transportes (the Secretary of Communication and Transportation or "SCT"). Because the SCT generally grants renewals to licensees that have substantially complied with applicable law, we expect that our future renewal applications will be granted. However, if we would be unable to renew these licenses in the future, our business could be significantly harmed.

Our investments in non-radio businesses may not be successful due to our limited experience outside the radio broadcasting industry

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

In addition to our ownership and operation of radio stations and the radio network, Organizacion Impulsora de Radio, we may invest from time to time in other media or communications businesses. Our experience in these businesses may be limited, and there can be no assurance that any such business venture would succeed.

### RISKS RELATING TO OUR PRINCIPAL SHAREHOLDERS AND CAPITAL STRUCTURE

Holders of ADSs are not entitled to attend shareholders meetings and have no voting rights

Holders of the CPOs, and therefore holders of the ADSs, have no voting rights with respect to the underlying Series A Shares. Pursuant to the trust agreement under which the CPOs are issued, the trustee for the CPOs will vote the Series A Shares held in the trust in the same manner as the majority of the Series A Shares that are not held in the trust and that are voted at the relevant shareholders meeting. Holders of the CPOs are not entitled to attend or to address our shareholders meetings. See Item 10, "Additional Information--Bylaws--Voting Rights" and "Additional Information--Bylaws--Limitations Affecting Non-Mexican Holders--Voting Rights."

Certain members of the Aguirre family effectively control our management and the decisions of the shareholders, and their interests may differ from those of other shareholders

Certain members of the Aguirre family have the power to elect a majority of our directors and control our management because they own a substantial majority of the outstanding Series A Shares not held in the form of CPOs.

7

These Aguirre family members have established two Mexican trusts, which they control, that together hold 84,020,646 Series A Shares, or 51.6% of all outstanding Series A Shares as of June 23, 2005. Some of these Aguirre family members own Series A Shares and/or ADSs in addition to the Series A Shares held by the Mexican trusts. See Item 7, "Major Shareholders and Related Party Transactions--Major Shareholders" and Item 10, "Additional Information--Bylaws--Voting Rights" and "Additional Information--Bylaws--Limitations Affecting Non-Mexican Holders--Voting Rights."

Our bylaws include provisions that could delay or prevent a takeover and thus deprive you of a premium over the market price of the ADSs or otherwise adversely affect the market price of the ADSs

The bylaws include certain provisions that could delay, defer or prevent a third party from acquiring us, despite the possible benefit to our shareholders. These provisions include restrictions on the acquisition, without the approval of the Board of Directors, of shares or other securities of the Company representing 30% or more of our capital stock and restrictions on agreements and other arrangements, without the approval of the Board of Directors, for the exercise of voting rights in respect of shares representing 30% or more of the Company's capital stock. These provisions may deprive you of a premium over the market price of the ADSs or otherwise adversely affect the market price of the ADSs. See Item 10, "Additional Information--Bylaws--Other Provisions--Anti-Takeover Provisions."

Future sales of Series A Shares by the controlling shareholders may affect future market prices of the Series A Shares, CPOs and ADSs

Actions by members of the Aguirre family, directly or through the two

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

Mexican trusts through which they hold their Series A Shares, with respect to the disposition of their Series A Shares, may adversely affect the trading price of the Series A Shares or the CPOs on the Mexican Stock Exchange and the price of the ADSs on the NYSE. There are no contractual restrictions on the rights of members of the Aguirre family to sell ADSs, CPOs or Series A Shares.

You may not be able to participate in any future preemptive rights offering and, as a result, your equity interest in us may be diluted

Under Mexican law, if we issue new shares for cash as a part of a capital increase, we must generally grant our shareholders the right to purchase a sufficient number of shares to maintain their existing ownership percentage. Rights to purchase shares in these circumstances are known as preemptive rights. We may not legally be permitted to allow holders of ADSs in the United States to exercise any preemptive rights in any future capital increases unless (i) we file a registration statement with the U.S. Securities and Exchange Commission (the "SEC") with respect to that future issuance of shares or (ii) the offering qualifies for an exemption from the registration requirements of the U.S. Securities Act of 1933 (the "Securities Act"). At the time of any future capital increase, we will evaluate the costs and potential liabilities associated with filing a registration statement with the SEC, the benefits of preemptive rights to holders of ADSs in the United States and any other factors that we consider important in determining whether to file a registration statement.

There can be no assurance that we will file a registration statement with the SEC to allow holders of ADSs in the United States to participate in a preemptive rights offering. In addition, under current Mexican law, sales by the Depositary of preemptive rights and distribution of the proceeds from such sales to the ADS holders are not possible. As a result, the equity interest of ADS holders in us would be diluted proportionately. See Item 10, "Additional Information--Bylaws--Preemptive Rights."

8

### RISKS RELATING TO MEXICO

Economic developments in Mexico may adversely affect our business

Our financial condition and results of operations are generally affected by the strength of the Mexican economy, as the demand for advertising, revenue from which is the principal source of our earnings, generally declines during periods of economic difficulty.

In 2003 and 2004, Mexico's gross domestic product, or GDP, grew by 1.3% and 4.4%, respectively, and inflation was 3.98% and 5.19%, respectively. In 2005, according to preliminary estimates of the Mexican government, GDP is expected to grow by 3.7% and inflation is expected to be 4.0%. If the Mexican economy contracts or if inflation and interest rates increase significantly, our business, financial condition and results of operations could suffer material adverse consequences.

Economic conditions in Mexico are heavily influenced by the condition of the U.S. economy due to various factors, including commercial trade pursuant to the North American Free Trade Agreement (NAFTA), U.S. investment in Mexico and emigration from Mexico to the United States. Events and conditions affecting the U.S. economy may adversely affect our business, results of operations, prospects and financial condition.

In addition, in the past, economic crises in Asia, Russia, Brazil and other emerging markets have adversely affected the Mexican economy and could do so again.

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

High levels of inflation and high interest rates in Mexico could adversely affect our financial condition and results of operations

Mexico has experienced high levels of inflation and high domestic interest rates. The annual rate of inflation, as measured by changes in the National Consumer Price Index, was 5.19% for 2004. Inflation for the first quarter of 2005 was 0.79%. If inflation in Mexico does not remain within the government's projections, we might not be able to raise our broadcast advertising rates to keep pace with inflation. More generally, the adverse effects of high inflation on the Mexican economy might result in lower demand for broadcast advertising.

Interest rates on 28-day Mexican treasury bills, or Cetes, averaged 6.82% during 2004. On June 21, 2005, the 28-day Cetes rate was 9.62%. High interest rates in Mexico could adversely affect our financing costs.

Political events in Mexico could affect Mexican economic policy and our operations

Mexican political events may significantly affect our operations and the performance of Mexican securities, including our securities. In the Mexican national elections held in July 2000, Vicente Fox of the opposition Partido Accion Nacional (National Action Party or PAN) won the presidency. His victory ended more than 70 years of presidential rule by the Partido Revolucionario Institucional (the Institutional Revolutionary Party or PRI). Neither the PRI nor the PAN currently has a majority in the Congress or Senate. The lack of a majority party in the legislature and the lack of alignment between the legislature and the President has resulted in deadlock and prevented the timely implementation of economic reforms. Continued delays could have a material adverse effect on the Mexican economy and on our business.

9

Depreciation of the peso relative to the U.S. dollar could adversely affect our financial condition and results of operations

The value of the peso has been subject to significant fluctuations with respect to the U.S. dollar in the past and may be subject to significant fluctuations in the future. In 2004, the peso appreciated against the U.S. dollar by year-end by 0.8%, but the average value of the peso against the U.S. dollar during 2004 was 4.24% lower than in 2003. In 2003, the peso depreciated against the U.S. dollar at year-end by 7.77%, and the average value of the peso against the U.S. dollar during 2003 was 11.28% lower than in 2002. In 2002, the peso depreciated against the U.S. dollar at year-end by approximately 13.9%, and the average value of the peso against the U.S. dollar during 2002 was 4.5% lower than in 2001. No assurance can be given that the peso will not depreciate in value relative to the U.S. dollar in the future.

Fluctuations in the exchange rate between the peso and the U.S. dollar will affect the U.S. dollar value of an investment in our equity securities and of dividend and other distribution payments on those securities. See "--Exchange Rate Information."

On March 1, 2004, as a result of the Infored Arbitration Proceeding, the Company was ordered to pay \$21.1 million in damages. The Company challenged the validity of this decision in the Mexican courts. In November of 2004, Civil Judge 63 of the Federal District Superior Court of Justice set aside the arbitration award, but the parties have contested this decision in an amparo proceeding. There can be no assurance that Civil Judge 63's ruling will be upheld in this amparo proceeding. Any award that we are ultimately obligated to

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

pay as a result of the Infored Arbitration Proceeding would be payable in U.S. dollars.

A small portion of our operating costs is also payable in U.S. dollars. Although at December 31, 2004, we had no U.S. dollar-denominated indebtedness, we may in the future incur non-peso-denominated indebtedness. Declines in the value of the peso relative to other currencies increase our obligations payable in U.S. dollars, increase our operating costs, increase our interest costs in pesos relative to any U.S. dollar-denominated indebtedness, result in foreign exchange losses and could adversely affect our ability to meet our U.S. dollar-denominated obligations. Additionally, since substantially all our revenue is denominated in pesos, increased costs resulting from a decline in the value of the peso relative to the U.S. dollar will not be offset by any exchange-related increase in revenue. See Item 11, "Quantitative and Qualitative Disclosures About Market Risk."

Severe devaluation or depreciation of the peso may also result in disruption of the international foreign exchange markets and may limit our ability to transfer or to convert pesos into U.S. dollars and other currencies for the purpose of making timely payments of our obligations or our operating costs payable in U.S. dollars.

Developments in other emerging market countries may affect prices of the ADSs

The market value of securities of Mexican companies is, to varying degrees, affected by economic and market conditions in other emerging market countries. Although economic conditions in such countries may differ significantly from economic conditions in Mexico, investors' reactions to developments in any of these other countries may have an adverse effect on the market value of securities of Mexican issuers. In late October 1997, prices of both Mexican debt securities and Mexican equity securities dropped substantially, precipitated by a sharp drop in value of Asian markets. Similarly, in the second half of 1998, prices of Mexican securities were adversely affected by the economic crises in Russia and Brazil. There can be no assurance that the market value of our securities would not be adversely affected by events elsewhere, especially in emerging market countries.

10

### ITEM 4. INFORMATION ON THE COMPANY

#### THE COMPANY

##### ORGANIZATION

Grupo Radio Centro is a corporation (sociedad anonima de capital variable) organized under the laws of Mexico. Grupo Radio Centro is a holding company that operates through its subsidiaries.

Grupo Radio Centro's principal executive offices are located at Constituyentes 1154 (7(degree) Piso), Col. Lomas Altas, C.P. 11950, Mexico, D.F., Mexico. The telephone number of Grupo Radio Centro at this location is (525) 55-728-4800.

##### HISTORY

Grupo Radio Centro is a family-controlled radio broadcasting company with roots in Mexican radio broadcasting dating back over 50 years. Francisco Aguirre J., the founder of Grupo Radio Centro, initiated his radio broadcasting activities in 1946. In 1952, he founded Organizacion Radio Centro ("ORC"), the

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

sole owner and operator of two radio stations, Radio Centro and Radio Exitos. In 1965, the Company formed Organizacion Impulsora de Radio ("OIR"), to provide national sales representation to affiliated radio stations outside Mexico City. It was incorporated as Tecnica de Desarrollo Publicitario, S.A. de C.V. on June 8, 1971, and renamed Grupo Radio Centro, S.A. de C.V. on July 14, 1992. The bylaws of the Company provide for its existence until 2070. In 1973, Grupo Radio Centro expanded its broadcasting activities by establishing three new FM radio stations, thus consolidating its position as the market leader in Mexico City radio broadcasting. In 1983, Grupo Radio Centro began broadcasting outside Mexico and in 1986 created Cadena Radio Centro ("CRC") to provide programming and network sales representation to affiliated radio stations serving primarily the rapidly growing Spanish-speaking population of the United States. The Company sold CRC in August 1994.

In 1989, the Aguirre family began a comprehensive process of corporate reorganization designed to consolidate Grupo Radio Centro's radio operations under the common ownership of the Company and the family's non-radio-related operations under the common ownership of another company controlled by the Aguirre family outside Grupo Radio Centro. The purpose of the reorganization was to permit Grupo Radio Centro to focus on radio-related operations and to acquire the balance of shares of its radio broadcasting subsidiaries that were owned directly or indirectly by members of the Aguirre family outside Grupo Radio Centro. As a result of the reorganization, the Company acquired substantially all of the shares of its radio broadcasting subsidiaries with the last transfer of shares occurring in March 1993. In the third quarter of 1993, the Company completed an initial public offering of its ADSs and CPOs, listing such securities on the NYSE and the Mexican Stock Exchange, respectively. The Company completed a subsequent public offering of ADSs and CPOs during the third quarter of 1996. On June 30, 2003, all CPOs held by holders that qualified as Mexican investors, as defined in the Company's bylaws (see Item 10, "Additional Information--Bylaws--Limitations Affecting Non-Mexican Holders--Share Ownership"), were exchanged for Series A Shares held in the CPO Trust (see Item 9, "The Offer and Listing"). In connection with the Amended CPO Trust, the Series A Shares commenced trading on the Mexican Stock Exchange under the symbol "RCENTRO.A" on June 30, 2003. The Series A Share listing is deemed to include the CPOs, such that the Series A Share trading line will reflect trading of both Series A Shares and CPOs.

11

### CAPITAL EXPENDITURES AND DIVESTITURES

#### Capital Expenditures

Capital expenditures in 2004, 2003 and 2002 were Ps. 20.7 million, Ps. 19.7 million and Ps. 35.1 million, respectively. In 2004, 2003 and 2002 capital expenditures were financed from working capital.

In 2004, the Company spent approximately \$1 million to update its main computer and digital storage system. The Company also purchased company automobiles and motorcycles for the news program La Red.

The balance of the Company's capital expenditures in the 2002-2004 period were primarily for broadcasting equipment.

#### Capital Divestitures

The Company's capital divestitures from 2002 to 2004 amounted to Ps. 7.9 million in 2004, reflecting the sale of used Company automobiles and used computer equipment, Ps. 20.5 million in 2003, reflecting primarily the sale of used company automobiles, and Ps. 26.3 million in 2002, reflecting primarily the

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

sale of real estate (see Notes 1 and 11 to the Consolidated Financial Statements).

### BUSINESS OVERVIEW

Grupo Radio Centro is a leading radio-broadcasting company in Mexico and for over 30 years has been the leading radio broadcaster, in terms of audience share, in Mexico City, the most populous city in North America. Grupo Radio Centro's principal activities are the production and broadcasting of musical and entertainment programs, news and special event programs. The Company's revenue is derived primarily from the sale of commercial air time to advertising agencies and businesses. The Company's Mexico City average audience share for the year ended December 31, 2004 was 34.7%, more than twice that of the next most popular radio-broadcasting company in Mexico City for the same period. See "--Broadcasting Operations" and "--Competition."

Grupo Radio Centro currently owns eight AM and five FM radio stations, and manages and operates an additional FM station. Of the 14 radio stations it owns or operates, Grupo Radio Centro operates five AM and six FM stations in Mexico City. The remaining three AM radio stations, including one in Mexico City, are currently managed and operated by third parties pursuant to operating agreements.

The Company manages the 11 radio stations it operates in Mexico City as a portfolio, combining in-depth market research and programming innovation with continuous investment in state-of-the-art technology and human resources to produce high-quality, popular programs that target substantially all of the demographic segments of the Mexico City radio audience sought by advertisers. For the year ended December 31, 2004, Grupo Radio Centro's radio stations ranked as five of the top ten FM radio stations out of a total of 29 FM stations and three of the top ten AM stations out of a total of 34 AM stations. The Company's station portfolio includes one or more of the leading stations, in terms of audience share, in most of the major station format categories (such as Juvenil--Youth Oriented and News/Talk Show) in Mexico City. See "--Business Strategy."

In addition to its radio-broadcasting activities, the Company, under the trade name Organizacion Impulsora de Radio, acts as the national sales representative for, and provides programming to, a network of affiliates in Mexico. At December 31, 2004, the Company had 106 affiliates in 74 cities throughout Mexico.

12

### BUSINESS STRATEGY

The Company's strategy is to optimize cash flow from operations through maintaining its leading market position, offering advertisers top-ranked stations in almost every major station format, and continuing its focus on operating efficiency and cost control.

#### Maintenance of Leading Market Position

The Company is focused on maintaining its current position as the leading radio broadcaster in Mexico City, offering advertisers top-ranked stations in almost all of the major station formats, including Spanish Language--Contemporary Music, Spanish Language--Classics, English Language--Music, English Language--Contemporary Music, English Language--Classic Rock, Juvenil--Youth Oriented, Gruperia--Diverse Musical Genres and News/Talk Show. By maintaining a strong presence in the major station formats, management believes that the Company will maximize its share of total radio advertising



Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

expenditures. Management bases such belief on the following rationale: (i) a broadcaster's revenue is correlated with its ability to maximize the number of listeners within an advertiser's given demographic parameters and (ii) the Company's stations currently cover almost all of the demographic segments of the radio audience sought by advertisers. In addition, by managing its stations as a portfolio and offering a broad range of advertising packages, the Company believes that it differentiates itself from its smaller competitors, who cannot offer as comprehensive coverage of the Mexican radio audience. The Company is able to offer advertisers exposure to listening audiences targeted to correspond with the demographic profiles they seek, and is able to provide advertisers with their choice of either focused or broad audience exposure across a comprehensive range of income classes and age segments.

In order to maximize the audience share of its portfolio of stations, the Company recognizes the need to be responsive to the requirements of its listeners and advertisers, tailoring its stations to the changing circumstances of the market. The Company seeks to manage its station portfolio by (i) balancing the mix of its station formats to correspond to the needs of the overall market and (ii) being proactive in the management of each individual station format and adjusting to the evolution of its particular market segment.

OIR Network Strategy

As a complement to its radio-broadcasting activities, Grupo Radio Centro operates, and continues its efforts to expand, its OIR radio network. The Company simultaneously transmits its news program La Red from 5:45 a.m. to 10:00 a.m. to the 20 largest commercial markets in Mexico outside the Mexico City metropolitan area. While increasing programming and service revenue, the operation of OIR also facilitates the Company's overall marketing efforts, offering advertisers access to radio stations on a nationwide basis. See "--OIR Network."

BROADCASTING OPERATIONS

Radio Stations

Except as noted, the following table sets forth certain information about the Mexico City radio stations operated by Grupo Radio Centro as of December 31, 2004:

STATION	FREQUENCY	POWER (WATTS)	STATION FORMAT	INRA (1) 2004 TOTAL MARKET RANK (3)	INRA (1) 2004 TOTAL AUDIENCE SHARE (4)	IN 2 B RA
XEQR-FM.....	107.3 mhz	100,000	Grupera--Diverse Musical Genres	1	9.1%	
XEJP-FM.....	93.7 mhz	100,000	Spanish Language--Contemporary Music	4	4.9%	
XERC-FM.....	97.7 mhz	100,000	Juvenil--Youth Oriented	2	6.5%	
XHFO-FM(6).....	92.1 mhz	150,000	English Language--Classic Rock	9	3.4%	
XHFAJ-FM.....	91.3 mhz	100,000	English Language--Contemporary Music	5	4.2%	

Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

XHRED-FM.....	88.1 mhz	100,000	News / English Language--Music	35	0.8%
XERED-AM.....	1110 khz	100,000	News / Talk Show	24	1.3%
XERC-AM.....	790 khz	50,000	News	47	0.3%
XEQR-AM.....	1030 khz	50,000	Spanish Language--Talk Show / Contemporary Music	19	2.0%
XEJP-AM.....	1150 khz	50,000	Spanish Language Classics	18	2.1%
XEN-AM.....	690 khz	100,000	News / Talk Show	48	0.3%

STATION	ARBITRON (2)	
	2004 BAND RANK (5)	TARGET DEMOGRAPHIC SEGMENTS
XEQR-FM.....	1	13-44 years
XEJP-FM.....	3	18-44 years
XERC-FM.....	2	8-34 years
XHFO-FM (6).....	8	18-44 years
XHFAJ-FM.....	9	13-24 years
XHRED-FM.....	18	25+ years
XERED-AM.....	10	25+ years
XERC-AM.....	13	25+ years
XEQR-AM.....	1	25+ years
XEJP-AM.....	3	35+ years
XEN-AM.....	22	25+ years

- 
- (1) Source: International Research Associates Mexicana, S.A. de C.V. ("INRA").
  - (2) Source: Arbitron Inc.
  - (3) Total market rank is determined based on each station's annual average share of the total radio audience.
  - (4) Total audience share represents each station's annual average share of the total radio audience.
  - (5) Band rank is determined based on each station's annual average share of the radio audience within its broadcasting frequency band (i.e., either AM or FM).
  - (6) XHFO-FM is operated by Grupo Radio Centro pursuant to an operating agreement that will terminate on January 2, 2009.

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

XHFO-FM is operated by Grupo Radio Centro pursuant to an operating agreement that will terminate on January 2, 2009. For the year ended December 31, 2004, XHFO-FM accounted for approximately 11.06% of Grupo Radio Centro's broadcasting revenue.

### Programming

The Company currently produces all of the programming for the stations it owns or operates. Prior to March 3, 2004, however, the Monitor news program and Red Vial, a Mexico City traffic report, were produced by Infored (see Item 8, "Financial Information--Other Financial Information--Legal and Arbitration Proceedings"). The news program that replaced Monitor and the traffic report that replaced Red Vial are produced by the Company. In addition, the Company provides programming to its network of affiliates.

Programming produced by the Company includes playing recorded music, coverage of live music events (such as concerts), special musical programs and news and talk show programs. For example, through its Noticentro news division, the Company produces daily news programs consisting of three-minute updates and ten-minute summaries of local, national and international news that are broadcast through Formato 21, the Company's 24-hour, all-news station, and a majority of its other stations in Mexico City.

Grupo Radio Centro's programming strategy is to tailor the format of each of its stations to attract targeted demographic segments of the radio audience sought by advertisers. To ensure that its programming remains responsive to shifting demographic trends and audience tastes, Grupo Radio Centro uses its internal research division (which conducts daily door-to-door interviews throughout Mexico City) as well as commercially available data to assess the listening habits and tastes of the Mexico City population. In 2004, Grupo Radio Centro conducted approximately 450,000 interviews. Grupo Radio Centro believes that no competitor has developed an internal research capability as extensive as its own.

### Production and Transmission of Programming

Grupo Radio Centro has 18 production studios in which musical material, advertisements, informational messages and promotional spots are recorded on digital audio tape ("DAT"). During 2004, the Digital Recording System was updated for advertisements and music. In addition, Grupo Radio Centro maintains 13 on-air studios, each of which is linked to Grupo Radio Centro's automated programming computer network via optical fiber. In most cases, Grupo Radio Centro has maintained a consistent design for both production and on-air studios to provide a familiar work environment for employees and to reduce the risk of error. Grupo Radio Centro's primary studio operations are substantially all digital and utilize state-of-the-art computer networks for the recording, scheduling and playing of all news, music, promotional and advertising material. Currently, the Company has a single network with a velocity measured in Gigabytes installed in both on-air studios and production studios, totaling 30 workstations.

The Digital Recording System records the audio of music, news and promotional and advertising material on hard disks from a storage system thereby transferring the audio directly to each workstation and then to an audio console. This programming feed is then processed and sent to one of several transmitter sites via VHF digital or analog studio transmitter links or via digital linear high-speed E1 links. Each signal is periodically monitored for quality.

In July 2004, Grupo Radio Centro's news division installed and began operating a "News Room" system that enables news writers to provide radio

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

announcers with information by creating a text crawl that runs across a flat-panel screen while the announcers are on air. The system is used primarily by Formato 21, although it also provides information to news centers in other radio stations. This upgrade has reduced considerably the amount of paper consumed during news programs.

15

Over the next two years, the Company plans to replace six analog mixer consoles with digital mixer consoles. The replacements are to occur at radio stations XEJP-AM, XERC-AM (two consoles) and at one studio and two transmitter cabins used by OIR.

Each station has a main transmitter with back-up support. All AM transmitters incorporate solid-state design. Each transmitter site has a diesel generator with automatic transfer that allows rapid switchover to back-up power in the event of power outages. In addition, the main FM transmitter facility is equipped with an uninterruptible power supply to prevent the loss of air time during a cutover to back-up power. Grupo Radio Centro uses sophisticated multiplexing networks for transmission, which allows five of its AM stations to operate at three sites, each site using one antenna system. Similarly, five FM stations are multiplexed into a common eight-bay panel antenna situated on Cerro del Chiquihuite, which Grupo Radio Centro believes is ideally located at 540 meters above the average terrain level in Mexico City. A sixth FM station operated by the Company transmits from the World Trade Center in Mexico City.

Currently all AM and FM radio broadcast signals in Mexico are analog. There are various efforts underway around the world to develop, test and implement digital audio broadcasting ("DAB"). If implemented, DAB would largely eliminate fading, static and other interference that adversely affects the listening experience. Various DAB proposals have focused upon either the United States "in-band" broadcasting model (using existing allocations of AM or FM spectrum) or the European "out-of-band" broadcasting model. The Camara Nacional de la Industria de Radio y Television (the Mexican Trade Association for Broadcasters or "CIRT"), of which the Company is a member, is in the process of analyzing such proposals. The Company is an active participant in CIRT's efforts to obtain favorable regulation of DAB when, and if, such technology is implemented in Mexico. CIRT has created a task force with the Secretaria de Comunicaciones y Transportes (the Secretary of Communication and Transportation or "SCT") in order to introduce DAB in Mexico in the future.

In March 2000, the SCT issued an order reserving a certain band of radio frequency (the "L" band) for research and development of digital audio broadcasting. In October 2000, the SCT issued an order amending all existing AM and FM band radio licenses to allow licensees to engage in DAB using technologies to be approved in the future by the SCT. There can be no assurance, however, as to whether or when DAB will be introduced.

In October 2003, the SCT granted the Company permission to install in its Cerro del Chiquihuite plant, a digital radio system named DAB Eureka 147 which simultaneously transmits the programming of the radio stations Radio Red-FM, Stereo Joya, Alfa Radio, Stereo 97.7 and La Z. The Company also installed a digital transmitter system through which the Company broadcasts the programming of the radio station Alfa Radio. The results of such tests will be provided to the SCT. In addition, the Company plans to continue testing "IBOC-AM", an in-band on-channel AM system for transmitting digital information over existing stations.

In 2003, Grupo Radio Centro completed a project to increase the power of several radio stations--XERED-AM, XEJP-AM and XEN-AM, from 50 to 100 kilowatts, 20 to 50 kilowatts and 50 to 100 kilowatts, respectively. The objective of this

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

effort is to improve the stations' presence, coverage and quality of reception in Mexico City's metropolitan area. Definitive authorization from the SCT was granted in April 2004.

16

### Investment in Technology

Grupo Radio Centro consistently has invested in state-of-the-art equipment, the development and deployment of new operating systems and the training of its engineering and operating personnel. Grupo Radio Centro believes these investments enable it to produce high quality programming with few scheduling or on-air errors and to broadcast a superior signal to listeners' radios. In addition, Grupo Radio Centro's computer system allows it to maintain a certifiable log of advertising and to generate real-time affidavits certifying that advertisements have been aired when and as requested, thereby reducing its clients' monitoring costs and enhancing client goodwill. Grupo Radio Centro believes that its state-of-the-art equipment and engineering staff give it a competitive edge in Mexico City radio broadcasting.

### Sale of Air Time and Marketing

Commercial air time for Grupo Radio Centro's radio stations is sold both to advertising agencies and directly to businesses. The top ten customers in each of 2004, 2003 and 2002 accounted for approximately 33.1%, 33.4% and 31.4%, respectively, of total broadcasting revenue of the Company. Our two largest individual customers in 2004, 2003 and 2002 were Gigante, S.A. de C.V. ("Gigante") and Comercial Mexicana, S.A. de C.V. ("Comercial Mexicana"). In 2004, 2003 and 2002, Gigante accounted for 5.6%, 3.5% and 5.3%, respectively, of our total broadcasting revenue, while Comercial Mexicana accounted for 4.9%, 3.6% and 5.5%, respectively, of our total broadcasting revenue. The companies comprising Grupo Carso, collectively, and Grupo Gigante, S.A. de C.V. ("Grupo Gigante"), collectively, are key customers. In 2004 and 2002, the companies comprising Grupo Gigante collectively accounted for 7.0% and 7.3%, respectively, of our total broadcasting revenue, while in 2003, the companies comprising Grupo Carso collectively accounted for 5.2% of our total broadcasting revenue.

In addition to the Company's corporate clients, Instituto Federal Electoral, a public organization responsible for organizing presidential and congressional elections, accounted for none of our total broadcasting revenue in 2004, a decrease from 8.1% in 2003. The two largest Mexican political parties, the PRI and the PAN, together accounted for none of the Company's total broadcasting revenue in 2004, compared to 8.5% in 2003, reflecting the significant campaign advertising expenditures associated with the triennial congressional elections held in 2003. In 2002, the two political parties accounted for 1.3% of broadcasting revenue.

Sales of commercial air time vary throughout the year and are generally highest in the fourth quarter of the year and lowest in the first quarter of the year. See Item 5, "Operating and Financial Review and Prospects--Seasonality of Sales."

At December 31, 2004, the Company had a sales force of 27 individuals, of which 12 marketed primarily to advertising agencies and major customer accounts and 15 marketed to small and mid-sized accounts.

Grupo Radio Centro establishes its advertising rates by considering the cost per thousand listeners as a reference to ensure that its rates are competitive. The Company offers package discounts to its clients who purchase air time on multiple stations, offering the largest discounts to clients who purchase air time on all of its stations. Higher rates apply to clients who

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

purchase commercial air time for "special events," such as live concerts and special news features.

In addition, the Company sells commercial air time in advance under a plan pursuant to which advertisers who deposit cash with Grupo Radio Centro in an amount equal to their advertising commitment for an agreed period are guaranteed the rate in effect at the time of the purchase for the agreed period, and are granted bonus advertising time in addition to the time purchased.

17

The Company invests cash deposited pursuant to advance sales, and includes interest generated on such investments in broadcasting revenue. In 2004, revenue recognized under advance-sale arrangements, including related interest income, accounted for approximately 36.2% of total broadcasting revenue, as compared to 43.8% for 2003 and 41.4% for 2002. See Note 15 to the Consolidated Financial Statements.

The effect of such advance sales is to substitute the increased interest income earned on the advance sale payments for a portion of the operating income foregone because of the reduced effective rate on the advertising time subject to the advance-sale arrangements. The Company believes that such advance sales are advantageous to Grupo Radio Centro because the interest income generated by the proceeds of such advance sales offsets in part the effective reduction in advertising rates associated with such sales, and because the bonus advertising time granted to purchasers is "dead time" (i.e., time that would not otherwise be sold). The Company also believes that its advance-sales plan attracts advertisers who would not otherwise purchase advertising time because of the benefits of guaranteed rates and bonus time. However, any decrease in the inflation rate for 2005 may reduce the attractiveness of these plans for such advertisers.

### OIR NETWORK

Grupo Radio Centro, under the trade name OIR, provides national sales representation, programming and broadcast-related services to a network of affiliates. At December 31, 2004, Grupo Radio Centro had 106 affiliates located in 74 cities throughout Mexico. During the last three years, broadcasting revenue from OIR-related activities was 2.8% to 1.4% of total broadcasting revenue. In 2004, approximately 2.8% of the Company's revenue was attributable to its work through OIR, and no single affiliate represented more than 12.9% of total OIR-related revenue.

At December 31, 2004, 16 of the Company's OIR-related affiliates were owned or controlled by shareholders of the Company. Except as disclosed elsewhere (see Item 7, "Major Shareholders and Related Party Transactions--Related Party Transactions" and Note 6 to the Consolidated Financial Statements), all commercial relations between such shareholder-owned or shareholder-controlled stations and Grupo Radio Centro are on an arm's-length basis.

Outside Mexico City, virtually all national radio advertising (i.e., advertising aimed at a national audience) is sold through networks of affiliated radio stations. Pursuant to its standard affiliate agreement, terminable at will by either party on 60 days notice, OIR agrees to purchase commercial air time from affiliated stations, compensating such stations for their air time with a percentage of the revenue obtained on the resale of commercial air time to national advertisers. The affiliates agree to broadcast certain programs at specified times with advertising spots of specified duration. Compensation paid to affiliates varies depending on the size of the affiliate's market.

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

OIR transmits special event programs, including national advertising, directly to certain affiliates via satellite. As of December 31, 2004, 56 affiliates were able to receive such programs via satellite from Mexico City and the remaining affiliates received recorded programming on conventional or DAT cassettes.

### COMPETITION

Radio broadcasting in Mexico is highly competitive, and programming popularity, an important factor in advertising sales, is readily susceptible to change. As of December 31, 2004, there were 56 commercial radio stations in Mexico City (30 AM and 26 FM stations) and seven not-for-profit, public-service stations (consisting of four AM and three FM). These constitute all of the currently available radio broadcast channels within Mexico City's AM and FM frequency spectrum.

18

Set out below is a table showing the number of stations in Mexico City operated by Grupo Radio Centro and each of its six main competitors at June 23, 2005, and a chart depicting the audience share of each, including the audience share of the stations owned by RED until 1994 and by the Company thereafter.

#### OPERATION OF MEXICO CITY STATIONS BY GRUPO RADIO CENTRO AND ITS PRINCIPAL COMPETITORS (1)

	AM STATIONS	FM STATIONS	TOTAL
	-----	-----	-----
Grupo Radio Centro (GRC).....	5	6	11
Grupo ACIR (ACIR) (2).....	3	4	7
Nucleo Radio Mil (NRM).....	3	3	6
Radiopolis (TVR) (3).....	3	3	6
Organizacion Radio Formula (ORF)....	3	2	5
Grupo Imagen(4).....	0	2	2
Multivision Radio (MVS) (5).....	0	2	2
	-----	-----	-----
Total.....	17	22	39

- 
- (1) Source: Grupo Radio Centro.
  - (2) In September 2000, Grupo Televisa S.A. de C.V. offered to acquire a 50.05% interest in Grupo ACIR. As of May 2001, the Federal Competition Commission had rejected the proposed acquisition and a subsequent appeal of that rejection by Grupo Televisa. Grupo Televisa has appealed the rejection in the Mexican courts, which have not decided the matter.
  - (3) A subsidiary of Grupo Televisa.
  - (4) Formerly part of MVS.
  - (5) Formerly known as Frecuencia Modulada Mexicana.

19

#### MEXICO CITY RADIO AUDIENCE SHARE (1970-2004) (1)

[CHART APPEARS HERE]

- 
- (1) Source: INRA.
  - (2) In 1995, the Company began operating the three stations owned by Radio Programas de Mexico. Accordingly, the Company's audience share includes the audience share of these three stations beginning in 1995. In 1996, the

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

Company acquired these stations.

- (3) In 1994, NRM no longer owned XECO-AM and XEUR-AM, and in 1995, NRM purchased XHMM-FM.
- (4) In 1995, the three stations owned by Grupo Artsa were acquired by Grupo Acir.
- (5) Includes average audience share of stations owned by Grupo Imagen until Grupo Imagen's separation from MVS in December 1999.

Beginning in 2002, the Company's average Mexico City audience share began gradually increasing, rising from 31.2% in 2002 to 32.0% in 2003 and then to 34.7% in 2004. Prior to that time, the Company experienced a gradual decline, which was mainly attributable to increased competition from other radio stations that adopted formats similar to the Company's most successful formats, including Juvenil--Youth Oriented, Grupera--Diverse Musical Genres and News/Talk Show.

Although the Company believes that its balanced portfolio of station formats following the RED acquisition reduces the impact of a decline in audience share of any one format segment or station (for example, the Company's most popular station, which was the top-ranked station in Mexico City for the year ended December 31, 2004, represented only 9.1% of the total radio audience), there can be no assurance that competition within, or a decline in the popularity of, a given format segment will not decrease the Company's aggregate audience share in the future. In addition, the Company faces strong competition from both television and various print media for advertising revenue.

20

### OIR Network Competition

As with radio broadcasting, the Mexican radio-network market is highly competitive. As of December 31, 2004, there were 30 radio networks serving 725 AM radio stations and 423 FM radio stations outside Mexico City. The Company believes that the popularity of its programming, its long-standing experience in the Mexican radio broadcasting market and the quality of its broadcast-related services enable the Company's affiliates that are serviced by OIR to compete effectively.

### SIGNIFICANT SUBSIDIARIES

The following table sets forth the Company's significant subsidiaries at December 31, 2004:

NAME OF THE COMPANY	JURISDICTION OF ESTABLISHMENT	PERCENTAGE OF OWNERSHIP AND VOTING INTEREST	DESCRIPTION
XEQR, S.A. de C.V.	Mexico	99.9%	Radio Station
XERC, S.A. de C.V.	Mexico	99.9%	Radio Station
XEEST, S.A. de C.V.	Mexico	99.9%	Radio Station
XEQR-FM, S.A. de C.V.	Mexico	99.9%	Radio Station
XERC-FM, S.A. de C.V.	Mexico	99.9%	Radio Station
XEJP-FM, S.A. de C.V.	Mexico	99.9%	Radio Station



## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

XEDKR-AM, S.A. de C.V.	Mexico	99.2%	Radio Station
Radio Red, S.A. de C.V.	Mexico	99.9%	Radio Station
Radio Red-FM, S.A. de C.V.	Mexico	99.9%	Radio Station
Radio Sistema Mexicano, S.A.	Mexico	99.9%	Radio Station
Estacion Alfa, S.A. de C.V.	Mexico	99.9%	Radio Station
Emisora 1150, S.A. de C.V.	Mexico	99.9%	Radio Station
Grupo Radio Centro, S.A. de C.V.	Mexico	99.9%	Marketing Company
Radio Centro Publicidad, S.A. de C.V.	Mexico	99.9%	Marketing Company
GRC Publicidad, S.A. de C.V.	Mexico	99.9%	Marketing Company
GRC Medios, S.A. de C.V.	Mexico	99.9%	Marketing Company
Promotora Tecnica de Servicios Profesionales, S.A. de C.V.	Mexico	99.9%	Service Company

21

Publicidad y Promociones Internacionales, S.A. de C.V.	Mexico	99.9%	Service Company
Promo Red, S.A. de C.V.	Mexico	99.9%	Service Company
Universal de Muebles e Inmuebles, S.A. de C.V.	Mexico	99.8%	Real Estate Company
Inmobiliaria Radio Centro, S.A. de C.V.	Mexico	99.9%	Real Estate Company
Desarrollos Empresariales, S.A. de C.V.	Mexico	99.9%	Sub-holding Company
Radiodifusion Red, S.A. de C.V.	Mexico	99.9%	Sub-holding Company
Enlaces Troncales, S.A. de C.V.	Mexico	99.9%	Sub-holding Company

### PROPERTY AND EQUIPMENT

All of Grupo Radio Centro's tangible assets are located in Mexico. At December 31, 2004, the net book value of all property and equipment was approximately Ps. 488.9 million (\$43.8 million).

Grupo Radio Centro's principal executive offices and studios are located in Mexico City and are owned by Grupo Radio Centro. In 1992 Grupo Radio Centro purchased the Constituyentes building, a modern, 102,000 square foot building of which, at December 31, 2004, the Company occupied approximately 81,000 square feet with the remainder available for leasing to third parties. In March 1994, Grupo Radio Centro moved its principal offices and broadcasting operations

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

(excluding transmitter antennae and related equipment) into the Constituyentes building. Grupo Radio Centro also owns the transmitter sites and antenna sites used by most of its Mexico City radio stations, including related back-up facilities. In addition, Grupo Radio Centro currently leases satellite-transmission facilities in Mexico City from the Mexican government. As a result of a 1993 change in applicable Mexican law, Grupo Radio Centro purchased and received authorization from Telecomunicaciones de Mexico, a state-owned entity, to operate its own up-link equipment. This up-link equipment has been operational since the end of 1994. Grupo Radio Centro continues to own the building in which its administrative offices and studios were located immediately prior to its move into the Constituyentes building. Grupo Radio Centro also owns the land in Mexico City on which the transmission facilities of XERED-AM are located.

Grupo Radio Centro believes that its facilities are adequate for its present needs and are suitable for their intended purpose.

### REGULATORY FRAMEWORK

The business of Grupo Radio Centro is subject to regulation and oversight by the SCT. The SCT is part of the executive branch of the Mexican federal government. Regulation and oversight are governed by the Ley Federal de Radio y Television (the "Federal Radio and Television Law"), the Ley Federal de Telecomunicaciones (the "Federal Telecommunications Law"), the regulations issued pursuant to these laws and the licenses granted by the SCT.

22

#### Regulation of Radio Broadcasting by Mexico

Licenses. Under the Federal Radio and Television Law, owners and operators of radio stations in Mexico must obtain a license from the Mexican government through the SCT to broadcast over a specified channel. Applications are submitted to the SCT and, after a formal review process of all competing applications and an objection period by third parties, a license is granted to an applicant with a specific term of up to 30 years. The SCT may terminate or revoke the license at any time upon the occurrence of, among others, the following events: failure to construct broadcasting facilities within a specified time period; changes in the location of the broadcasting facilities or changes in the frequency assigned without prior governmental authorization; failure to broadcast for more than 60 days without reasonable justification; and any violation of any of the other terms of the license. Under Mexican law, in the event of revocation of the license for certain specified reasons, Grupo Radio Centro would forfeit its transmission and antenna facilities with respect to the license. In the event of early termination of the license for other causes, the Mexican government would have a right of first refusal to purchase all these assets at a price fixed by an independent appraiser. In addition, in the event that the SCT terminates or revokes a license, the licensee may not obtain a new license for five years and, in some cases, may be forbidden from obtaining a new license. Under current law governing the regulation of the licensing and use of the respective AM and FM frequency spectrums, no additional licenses may be granted for the Mexico City market.

The licensee has rights to renew the license for periods of up to 30 years (with most terms for renewal currently being up to 12 years) under a non-competitive renewal process. Renewals are generally granted to licensees that have substantially complied with the applicable law. The licenses for nine of Grupo Radio Centro's radio stations were to expire in 2004, but were renewed and are now set to expire in 2016. The licenses for XEDKR-AM (in Guadalajara) and XESTN-AM (in Monterrey) will expire in October 2015 and November 2015, respectively. In addition, the license for XHRED-FM is set to expire in 2007,

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

and the license for XEJP-FM is set to expire in 2012.

The licenses contain restrictions on the transfer of shares of the licensee, including the following: the transfer must be to a qualifying Mexican person; the transfer cannot result in a concentration of radio broadcasting holdings that may be contrary to the public interest; and the transfer cannot result in a gain to the seller. All such transfers are subject to prior notice to the SCT. In addition, any transfer of the license is subject to the prior approval of the SCT. A license may only be assigned if it has been in effect for more than three years and the licensee has complied with all of its obligations under the license.

Supervision of Operations. The SCT conducts regular inspections of the operations of the radio stations, and the companies or persons to which licenses have been granted must file annual technical, statistical, financial and legal reports with the SCT.

Under Mexican law, radio programming is not subject to judicial or administrative censorship, except that programming is subject to various regulations, including prohibitions on foul language and programming that is contrary to the general principles of right conduct, national security or public order.

Radio programming is required to promote Mexico's cultural, social and ideological identity, and each licensee is required to make available each day up to 30 minutes of cultural or educational programming, or programming regarding family counseling or other social matters. The programming to be used to fulfill this requirement is provided to the broadcaster by the Mexican government.

23

Each licensee is required, during political campaigns, to provide a limited amount of broadcast time free of charge to all registered political parties.

Networks. There are no Mexican regulations governing the ownership and operation of a radio broadcasting network, such as OIR's network, separate from the regulations applicable to operating a radio station.

Restrictions on Advertising. Mexican law regulates the type and contents of advertising that may be broadcast on radio. In addition, licensees are prohibited from broadcasting advertisements that are misleading. The advertisements of certain products and services are subject to restrictions or require government approval prior to their broadcast. Moreover, the Mexican government must approve any advertisement of lotteries or raffles, or any advertisement that promotes bonuses to consumers for purchasing products or services.

Mexican law also regulates the amount of advertising that may be broadcast in any day. Under Mexican regulations, no more than 40% of broadcast time may be used for advertisements, divided proportionately among broadcasting hours. Generally, radio stations can have up to 12 two-minute breaks for advertisements per hour. Grupo Radio Centro, from time to time, has obtained waivers from the Mexican government with respect to these regulations.

The Company sets its minimum advertising rates and registers such rates with the SCT. No advertising may be sold at rates lower than those so registered. There are no restrictions on maximum rates that may be charged.

Broadcast Tax. Since 1969, all radio stations in Mexico have been

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

subject to a tax payable by granting the Mexican government the right to use a portion of broadcast time. Historically, the Mexican government was entitled to use up to 12.5% of all daily radio broadcast time. Beginning on October 10, 2002, radio stations must satisfy this tax by providing the Mexican government 35 minutes of broadcasting time between the hours of 6:00 a.m. and midnight, in spots lasting between 20 to 30 seconds. The use of this time is not cumulative and any time not used by the Mexican government in any day is forfeited. The time must be distributed on a proportional and equitable basis throughout the relevant programming period. The programming of public service announcements provided by the Mexican government is prohibited from competing with the licensee's programming and, if it is made to promote the consumption of products or services, must be limited to general promotions of Mexico's goods and services.

Other. In June 1993, the Ley Federal de Competencia Economica (Federal Economic Competition Law), a law to promote fair competition and to prevent monopolistic practices, became effective, and regulations thereunder were published in March 1998. As a result of the increase in Grupo Radio Centro's share of the Mexico City radio market following completion of the RED acquisition, the Company is required by the Federal Competition Commission to seek its prior approval in connection with any future acquisitions of radio stations in Mexico, including, without limitation, purchases or leases of radio stations, interests in other radio concerns or transmission sites, irrespective of the size of such investments or their related audience share, a requirement to which, to the best knowledge of the Company, other Mexican broadcasting companies are not subject generally. Although the Company received Federal Competition Commission approval of its acquisition of XEN-AM in July 2001 (see Note 23 to the Consolidated Financial Statements) because the Company sold two of its AM stations in 2000, no assurance can be given that the Company will be permitted by the Federal Competition Commission to make any additional investments should it desire to do so.

24

The Federal Telecommunications Law became effective in Mexico on June 8, 1995. Although this law does not affect the transmission of radio signals of the type transmitted by the Company's radio stations, it does cover the transmission of radio signals at certain frequencies at which the Company may wish to transmit in the future. Among other requirements, this new law provides that licenses for the transmission of radio signals at certain frequencies be granted pursuant to a competitive bidding procedure.

There is a general prohibition on the ownership of radio broadcasting companies by non-Mexicans and Mexican corporations that allow foreign ownership of their voting securities. The adoption of the North American Free Trade Agreement has not changed these Mexican regulations.

### Intellectual Property

Mexico. Grupo Radio Centro (directly or through its subsidiaries) has registered or filed for registration with the Instituto Mexicano de la Propiedad Industrial (the Mexican Institute of Industrial Property) of the Secretaria de Economia (the "Ministry of Economy") the following service marks (and their corresponding design, where indicated): "Radio Red," "Joya," "El Fonografo del Recuerdo," "Variedades," "Stereo Joya," "NotiCentro" (and design), "Sensacion" (and design), "Universal" (and design), "Stereo 97.7," "Alegria," "Centro," "Formato 21," "Hoy," "OIR," "Palco Deportivo" and "To2." In addition, Grupo Radio Centro (directly or through its subsidiaries) has registered or filed for registration the following commercial slogans: "CRC Radiodifusion Internacional," "Grupo Radio Centro Radiodifusion de Mexico al Mundo," "ORC Radiodifusion Valle de Mexico," "OIR Radiodifusion Nacional," "Radio Centro, la

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

Estacion de la Gran Familia Mexicana" and "SER, Servicios Especializados de Radiodifusion." Grupo Radio Centro also obtained the following service marks in connection with the acquisition of RED: "Radio Programas de Mexico," "RPM," "ALFA 91.3," "BANG," "UNIRED," "SERVIRED" and "AUTORED."

United States. Grupo Radio Centro has registered on the principal register of the United States Patent and Trademark Office (the "USPTO") the following service marks: "Radio Exitos," "Radio Centro," "En Concierto," "Reinas de la Popularidad," "Frente a Frente . . . Fuera Mascaras," "Radio Sensacion," "Radio Variedades" and "Cadena Radio Centro CRC." Grupo Radio Centro has also registered on the principal register of the USPTO a sound mark consisting of a series of musical notes and the words "Radio Variedades."

### ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion should be read in conjunction with the Consolidated Financial Statements and the Notes thereto included elsewhere in this Annual Report. Grupo Radio Centro's Consolidated Financial Statements have been prepared in accordance with Mexican GAAP, which differ in certain respects from U.S. GAAP. Note 26 to the Consolidated Financial Statements provides a description of the principal differences between Mexican GAAP and U.S. GAAP, as they relate to Grupo Radio Centro, and a reconciliation to U.S. GAAP of operating income, net income and shareholders' equity.

Among other things, Mexican GAAP requires that financial statements recognize certain effects of inflation. In accordance with these requirements, the Company has restated non-monetary assets and liabilities using the INPC, restated the components of shareholders' equity using the INPC, recorded gains or losses in purchasing power from holding monetary assets or liabilities and restated financial data for all periods in the Consolidated Financial Statements, and throughout this Annual Report, in constant pesos as of December 31, 2004. See Item 3, "Key Information--Selected Financial Data."

25

### GENERAL

Grupo Radio Centro's operating performance is dependent on a number of factors, including its ability to produce popular radio programs that attract the demographic segments of the radio audience sought by advertisers, its share of the total radio audience, the relative advertising cost efficiency of radio compared to other media, competition, the strength of its radio signals and the quality of its sound, the rate of growth of the local and national economies and government regulation and policies. Grupo Radio Centro's revenue is generated mainly from the sale of commercial air time. The primary operating expenses involved in owning and operating radio stations are employee salaries, programming expenses, promotion and advertising expenses and depreciation and amortization.

### SEASONALITY OF SALES

Grupo Radio Centro's revenue varies throughout the year. Sales of commercial air time, Grupo Radio Centro's primary source of revenue, are generally highest in the fourth quarter of the year and lowest in the first quarter of the year. Nonetheless, Grupo Radio Centro historically has had sufficient cash flow from operations to meet its operating needs in all four calendar quarters. In 2003, there was a departure from this general pattern in that the revenue from the sale of commercial air time was highest in the second quarter, instead of the fourth quarter, of the year because of increased advertising expenditures related to congressional political campaigns, and lowest in the third quarter of the year. The general pattern held in 2004, as

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

revenue from the sale of commercial air time was highest in the fourth quarter.

Advertising expenditures by political campaigns represent an important part of the Company's total broadcasting revenue. While the Company's revenue increases significantly during the congressional elections that occur every three years (including in 2003), an even more significant increase in revenue results from presidential elections, which occur every six years (coinciding with congressional elections), including in 2000. Advertising by political parties constituted 6.1% of total broadcasting revenue in 2002, mainly due to the elections in the State of Mexico, which occurred in the first quarter of 2003. In 2003, in connection with congressional elections that took place in July 2003, advertising by political parties increased to 21.1%. However, in 2004, a year in which no elections occurred, advertising by political parties constituted only 0.06% of total broadcasting revenue. See Item 4, "Information on the Company--Business Overview--Broadcasting Operations--Sale of Air Time and Marketing."

The following table sets forth the Company's broadcasting revenue and broadcasting income (excluding depreciation and amortization) on a quarterly basis, in each case as a percentage of its respective total, for 2004, 2003 and 2002.

	BROADCASTING REVENUE			BROADCASTING INCOME (LOSS), EXCLUDING DEPRECIATION AND AMORTIZATION		
	2004	2003	2002	2004	2003	2002
First Quarter ....	21.1%	22.8%	16.6%	2.5%	23.2%	(0.3)%
Second Quarter ...	21.1	31.0	24.8	17.0	37.6	19.7
Third Quarter ....	24.2	21.3	20.9	23.4	14.5	10.3
Fourth Quarter ...	33.6	24.9	37.7	57.1	24.7	70.3
Total .....	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

26

### ECONOMIC CONDITIONS IN MEXICO

Grupo Radio Centro's financial condition and results of operations are generally affected by the strength of the Mexican economy, as demand for advertising, revenue from which is the principal source of the Company's earnings, generally declines during periods of economic difficulty. The annual rate of inflation in Mexico, as measured by changes in the National Consumer Price Index, was 5.19% for 2004. Inflation for the first quarter of 2005 was 0.79%. The adverse effects of high inflation on the Mexican economy might result in lower demand for broadcast advertising.

### COST-CONTROL MEASURES

An important element of the Company's operating strategy is cost control. In 2002, personnel expenses decreased 6.7% mainly as a result of decreased sales commissions paid to sales personnel in connection with decreased sales. The Company also ceased the operations of its Internet portal company, To2. In 2004 and 2003, personnel expenses decreased 4.9% and 1.9%, respectively, mainly as a result of a reduction in personnel. The change in personnel in 2003 resulted in severance payments of Ps. 4.1, which are included in other expenses

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

(net). The Company made no severance payments in 2004. See Note 22 to the Consolidated Financial Statements.

### LOSS CONTINGENCY

As a result of the damages awarded in the arbitration proceeding with Infored and Mr. Gutierrez Vivo, we have recorded a provision for this contingent liability in the amount of \$21.1 million. For the year ended December 31, 2004, we also recorded Ps. 6.4 million in interest relating to this provision. We have challenged the validity of the arbitration award in Mexican courts. Although Civil Judge 63 of the Federal District Superior Court of Justice set aside the award, the parties have contested this ruling in an amparo proceeding, and thus there can be no assurance that we ultimately will prevail in our challenge to the arbitration award (see Item 8, "Financial Information--Other Financial Information--Legal and Arbitration Proceedings").

### RECENT ACCOUNTING PRONOUNCEMENTS

In March of 2003, the Instituto Mexicano de Contadores Publicos (the "IMCP") issued Bulletin C-15 "Deterioro en el Valor de los Activos de Larga Duracion y su Disposicion" (Impairment of the Value of Long-Lived Assets and their Disposal) ("C-15"), which must be applied to financial statements for periods beginning January 1, 2004. C-15 sets forth, among other things, new rules for the calculation and recognition of impairment losses, including any subsequent reversals. C-15 establishes the criteria used to determine whether impairment of a long-lived asset in use, either tangible or intangible (including goodwill), has occurred. To calculate impairment loss, it is necessary to determine the asset's recovery value, recovery value being defined as the greater of the net sales price of a cash-generating unit of the asset and the asset's use value, which is the present value of estimated future cash flows. In accordance with C-15, the Company conducted impairment analysis for the year ended December 31, 2004 of its Ps. 1.2 billion of long-lived assets, including goodwill, and this analysis resulted in no impairment.

In March of 2004, the IMCP issued Bulletin B-7 "Adquisiciones de Negocios" (Business Acquisitions) ("B-7"), which must be applied to financial statements for periods beginning January 1, 2005. B-7 establishes that the purchase price method is the only permissible method to account for business combinations, including acquisitions, investment in the shares of an associated entity and combinations accomplished by transferring cash, assets, debt issuances or shares. The goodwill of an acquired entity is no longer amortized; rather it is subject to impairment testing, in accordance with Bulletin C-15, on at least an annual basis. B-7 requires that goodwill still being amortized on its effective date cease amortization and be subject to impairment testing. As a result of the adoption of B-7, the Company's Ps. 735.3 million of goodwill as of December 31, 2004 will, for periods beginning January 1, 2005, be subject to annual impairment testing instead of amortization.

27

### CRITICAL ACCOUNTING POLICIES

#### Impairment Testing

In light of the recent accounting changes described above, the Company is now required to test for impairment of its long-lived assets in use, including goodwill and other intangible assets, at least on an annual basis. To calculate impairment loss of long-lived assets in use, it is necessary to determine the asset's recovery value, recovery value being defined as the greater of the net sales price of a cash-generating unit of the asset and the asset's use value, which is the present value of estimated future cash flows.

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

The determination of the underlying assumptions related to the recoverability of long-lived assets, including goodwill and other intangible assets, is subjective and requires the exercise of considerable judgment. Any changes in key assumptions about the Company's business and prospects, or changes in market conditions, could result in an impairment charge.

### 2004 VS. 2003 RESULTS OF OPERATIONS

For the year ended December 31, 2004, broadcasting revenue was Ps. 551.6 million, a 36.4% decrease compared to Ps. 867.9 million reported for 2003. This decrease was mainly attributable to a decline in political party advertising expenditures following the July 2003 congressional elections, as well as the termination of a former news program at the end of the first quarter of 2004.

The Company's broadcasting expenses (excluding depreciation, amortization and corporate, general and administrative expenses) for 2004 were Ps. 386.5 million, a 25.6% decrease compared to Ps. 519.2 million reported for the year ended December 31, 2003. This decrease was primarily attributable to lower production costs for news programming, which a third party produced for the Company until the end of the first quarter of 2004.

Broadcasting income (i.e., broadcasting revenue minus broadcasting expenses, excluding depreciation, amortization and corporate, general and administrative expenses) for 2004 was Ps. 165.1 million, representing a decrease of 52.7% from the Ps. 348.7 million reported for the year ended December 31, 2003. This decrease was primarily attributable to the decrease in broadcasting revenue resulting from the decrease in political advertising in 2004 compared to 2003.

The Company's gross margin (broadcasting income divided by broadcasting revenues) for 2004 was 29.6%, a decrease of 25.5% compared to the gross margin of 40.2% for 2003. This decrease was mainly attributable to the decrease in broadcasting revenue from 2003 to 2004, which was greater than the decrease in broadcasting expenses from 2003 to 2004, the decreases in broadcasting revenue and broadcasting expenses being due to the reasons described above.

Depreciation and amortization for 2004 was Ps. 97.9 million, a decrease of 18.0% compared to Ps. 119.3 million reported for the year ended December 31, 2003. This decrease was mainly due to the write-off of goodwill in connection with a Company subsidiary during 2003.

The Company's corporate, general and administrative expenses for 2004 were Ps. 20.9 million, a decrease of 66.9% compared to Ps. 63.3 million reported for 2003. This decrease occurred primarily because the Company paid lower fees during 2004 to a third party after it ceased producing news programs for the Company.

For 2004, the Company reported operating income of Ps. 46.3 million compared to operating income of Ps. 166.1 million reported for 2003. The substantial decline in political advertising during 2004 contributed to this 72.1% decrease.

The Company's comprehensive financing cost for 2004 was Ps. 18.2 million, a decrease of 47.5% from the comprehensive financing cost of Ps. 34.6 million reported for 2003. This result was primarily attributable to (i) a gain in net monetary position of Ps. 15.5 million for 2004 compared to a loss of Ps. 0.3 million for 2003 due to higher net monetary liabilities for 2004 and (ii) a decrease in foreign currency exchange loss, net, which fell to Ps. 2.5 million for 2004 from Ps. 6.8 million for 2003. The factors leading to the decrease in



## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

the Company's comprehensive financing cost were partially offset by an increase in interest expense for 2004.

Other expenses, net, for the year ended December 31, 2004 were Ps. 46.7 million, a 32.7% decrease compared to Ps. 69.4 million reported for 2003. This decrease is attributable to (i) the recognition of income in 2004 following the reappraisal of certain real estate assets of the Company, (ii) severance payments made during the first quarter of 2003 in connection with personnel reductions and (iii) lower expenses in 2004 due to the termination of operations in 2003 of certain Internet-related subsidiaries of the Company.

The Company reported a loss before extraordinary item and provisions for income tax and employee profit sharing for 2004 of Ps. 18.6 million, in contrast to income of Ps. 62.1 million reported for 2003.

The Company reported a loss before provisions for income tax and employee profit sharing of Ps. 18.6 million for 2004, compared to a loss before provisions for income tax and employee profit sharing of Ps. 296.3 million for 2003. The larger loss before provisions for income tax and employee profit sharing for 2003 was due to the provision for the contingent liability that resulted from the damages award in the arbitration proceeding with Infored and Mr. Gutierrez Vivo.

For 2004, the Company recorded provisions for income tax and employee profit sharing of Ps. 19.7 million, compared to a reduction in provision for income tax and employee profit sharing of Ps. 37.8 million for 2003.

As a result of the foregoing, the Company had a net loss of Ps. 38.3 million for the year ended December 31, 2004, compared to net loss of Ps. 258.6 million for 2003.

### 2003 VS. 2002 RESULTS OF OPERATIONS

For the year ended December 31, 2003, broadcasting revenue was Ps. 867.9 million, representing a 11.7% increase compared to Ps. 776.7 million reported for the same period of 2002. This increase was mainly attributable to higher advertising expenditures from political parties in connection with the congressional elections that took place in July 2003.

The Company's broadcasting expenses (excluding depreciation, amortization and corporate, general and administrative expenses) for the year ended December 31, 2003, were Ps. 519.2 million, a 2.9% increase compared to Ps. 504.5 million reported for the same period of 2002, principally as a result of fees paid in connection with new programming for one of the Company's radio stations.

Broadcasting income (broadcasting revenue minus broadcasting expenses, excluding depreciation, amortization and corporate, general and administrative expenses) for the year ended December 31, 2003 was Ps. 348.7 million, an increase of 28.1% compared to broadcasting income of Ps. 272.2 million reported for the same period of 2002. This increase was mainly attributable to higher broadcasting revenue.

The Company's gross margin (broadcasting income divided by broadcasting revenues) for 2003 was 40.2%, an increase of 14.6% compared to the gross margin of 35.0% for 2002. This increase was mainly attributable to the increase in broadcasting revenue from 2002 to 2003, which was greater than the increase in broadcasting expenses from 2002 to 2003, the increases in broadcasting revenue and broadcasting expenses being due to the reasons described above.

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

Depreciation and amortization expenses for the year ended December 31, 2003 were Ps. 119.3 million, representing an increase of 1.0% compared to Ps. 118.2 million reported for the same period of 2002.

The Company's corporate, general and administrative expenses during 2003 were Ps. 63.3 million, an increase of 28.3% compared to Ps. 49.3 million reported for the same period of 2002. This increase was mainly due to higher executive compensation and higher revenue-based fees paid to Infored in connection with the production of the radio news program Monitor during 2003.

As a result of the foregoing, the Company's operating income for the year ended December 31, 2003 was Ps. 166.1 million, an increase of 58.7% compared to operating income of Ps. 104.7 million reported for the same period of 2002.

The Company's comprehensive financing cost decreased from Ps. 56.0 million during 2002 to Ps. 34.6 million reported for 2003. This favorable change of 38.2% is mainly attributable to a decrease in the foreign exchange loss, net, from Ps. 46.0 million for 2002 to Ps. 6.8 million for 2003, resulting from the Company's conversion of its U.S. dollar-denominated bank loans to Mexican peso-denominated bank loans during the fourth quarter of 2002. The improvement in foreign exchange loss, net, was partially offset by a loss on monetary position of Ps. 0.3 million in 2003 compared to a gain on monetary position of Ps. 9.5 million in 2002, as well as an increase in interest expense resulting from higher interest rates in 2003.

Other expenses, net, were Ps. 69.4 million in 2003, representing an increase of 25.7% compared to Ps. 55.2 million reported for 2002. This increase is mainly due to the sale of certain non-broadcasting assets at a gain during 2002 compared to the sale of certain non-broadcasting assets at a loss during 2003, combined with an increase in expenses related to the arbitration proceeding with Infored.

For the year ended December 31, 2003, the Company reported income before extraordinary items and provisions for income tax and employee profit sharing of Ps. 62.1 million compared to a loss before extraordinary items and provisions for income tax and employee profit sharing of Ps. 6.5 million reported for 2002.

As a result of the provision for the contingent liability under Mexican GAAP resulting from the damages award granted in the arbitration proceeding with Infored and Mr. Gutierrez Vivo, the Company reported an extraordinary item charge in the amount of Ps. 358.4 million for 2003, resulting in a loss before provisions for income tax and employee profit sharing of Ps. 296.3 million for 2003 compared to a loss before provisions for income tax and employee profit sharing of Ps. 6.5 million reported for 2002.

The Company recorded an income tax and employee profit sharing credit of Ps. 37.8 million for 2003 compared to Ps. 8.9 million for 2002.

As a result of the foregoing factors, the Company recorded a net loss for 2003 of Ps. 258.5 million compared to a net gain of Ps. 2.4 million reported for 2002.

### LIQUIDITY AND CAPITAL RESOURCES

The Company's primary source of liquidity is cash flow from operations. The Company's operating activities provided Ps. 24.1 million in 2004, Ps. 233.3 million in 2003 and Ps. 42.3 million in 2002. Cash flow from operations

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

historically has been sufficient to cover the Company's working capital needs. Nevertheless, at December 31, 2004 and 2003, the Company had a working capital deficit of Ps. 178.9 million and Ps. 133.3 million, respectively, due to the recorded provision for the contingent liability in connection with the arbitration proceeding with Infored and Mr. Gutierrez Vivo.

As a result of the damages awarded in the Infored arbitration proceeding, we have recorded a provision for this contingent liability in the amount of \$21.1 million. Although Civil Judge 63 of the Federal District Superior Court of Justice set aside the arbitration award in November of 2004, this ruling has been challenged in an amparo proceeding. Should Civil Judge 63's decision be overturned in this amparo proceeding, Infored and Mr. Gutierrez Vivo would likely prevail in the recognition and execution proceeding they brought in another court. If this occurs, it is likely that the Company will not have sufficient financial resources to pay the arbitration award, in which case the Company expects to pursue various potential sources of funds, including medium-term or long-term financing up to \$21.1 million. No assurance can be given that such funds will be obtained.

The Company expects to be able to meet its additional working capital needs in 2005 with cash flow from its operations.

Grupo Radio Centro invests its cash balances generally in short-term peso instruments, including overnight and time deposits, repurchase agreements, certificates of deposit and commercial paper of certain Mexican issuers.

### Indebtedness

Scotiabank Inverlat Loan Agreement. On October 30, 2000, the Company obtained a five-year, \$35 million loan from Banco Inverlat, S.A. (now Scotiabank Inverlat, S.A.), with interest payable quarterly, at an annual rate equal to the 90-day London Interbank Offered Rate (LIBOR) plus 3.25%, and principal payable bi-annually. The Company used the proceeds of the loan to fund a capital reduction in the amount of Ps. 391.6 million (Ps. 343 million, nominal amount), resulting in a payment of that amount to shareholders. Several amendments to the loan agreement have modified the annual interest rate (now 10.3%), the maturity of the loan (now October 31, 2007) and the denomination of the principal amount outstanding (now pesos), in addition to other terms, as described below. English translations of all of these amendments and the original agreement are filed as exhibits to this Form 20-F.

On December 3, 2003, the Company and Scotiabank Inverlat signed an amendment to the Scotiabank Inverlat loan agreement to increase the principal amount outstanding of the loan by Ps. 50 million, to extend the loan's maturity to October 31, 2007 and to fix the annual interest rate of the consolidated loan at 10.3%, subject to the Company's compliance with several conditions, including a certain ratio of total liabilities to EBITDA (earnings before interest, taxes, depreciation and amortization), as defined in the amendment to the loan agreement. Failure to comply with such ratio will result in incremental quarterly adjustments to the annual interest rate up to a maximum interest rate of 11.55%. Currently, no quarterly adjustments are in effect, and thus the current annual interest rate of the loan is 10.3%. The proceeds of the additional loan described above were used to pay in full the outstanding principal of a short-term loan with BBVA Bancomer, S.A.

The Scotiabank Inverlat loan agreement, as amended, contains covenants requiring the Company to maintain certain financial ratios and to comply with other financial conditions that, among other things, limit the Company's ability to incur additional indebtedness, pay dividends, pledge its assets and enter into transactions with affiliates. If the Company breaches any of these covenants, the amount then outstanding under the loan agreement could be accelerated by the lender or the interest rate could be increased. On several

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

previous occasions, the Company was not in compliance with certain of these covenants, and the Company obtained waivers from Scotiabank Inverlat of its non-compliance.

31

In addition, Scotiabank Inverlat agreed to amend several financial covenants in the loan agreement to increase temporarily the ratios permitted. As a condition of these waivers and amendments, the Company agreed, among other things, to convert a portion of the amount then outstanding under the loan agreement from U.S. dollars into Mexican pesos; to pay interest at a set rate or at a fixed or variable percentage above the Mexican Interbank Equilibrium Interest Rate (Tasa de Interes Interbancaria de Equilibrio or TIIE) on all or a portion of the loan upon the occurrence of certain events; and not to pay any dividends for so long as the Company is not in compliance, and for a certain period thereafter, with any of the financial covenants in the loan agreement as amended. See Note 14 to the Consolidated Financial Statements.

On March 31, 2005, the Company obtained a waiver from Scotiabank Inverlat of its non-compliance with the covenants of the loan agreement requiring the Company to maintain a certain ratio of total liabilities to EBITDA. In addition, the Company and Scotiabank Inverlat signed an amendment to the Scotiabank Inverlat loan agreement on May 6, 2005 to increase the ratio of total liabilities to EBITDA for all periods of the year ending December 31, 2005.

At December 31, 2004, the Company's total indebtedness was Ps. 169.8 million, all of which was related to the Scotiabank Inverlat loan described above. The Company's short-term indebtedness was Ps. 56.6 million relating to the current portion of the Scotiabank Inverlat loan, while the Company's long-term indebtedness was Ps. 113.2 million relating to the non-current portion of the Scotiabank Inverlat loan. The Company's total indebtedness is Ps. 141.5 million at June 16, 2005, all of which is related to the Scotiabank Inverlat loan described above.

The Company has not entered into any arrangements for the purpose of hedging interest rate or currency risk.

During 2004, the Company's principal use of funds, other than operating purposes and capital expenditures, was the payment of indebtedness totaling Ps 68.3 million. In 2004, the Company repurchased on the open market 115,000 Series A Shares at an aggregate cost of Ps. 692,544. During 2003, the Company's principal use of funds, other than for operating purposes and capital expenditures, was the payment of indebtedness totaling Ps. 135.1 million and the payment of dividends totaling Ps. 59.3 (Ps. 55.0 million, nominal amount). In 2003, the Company repurchased on the open market 57,000 shares of the Company at an aggregate cost of Ps. 389,203 (Ps. 360,000 nominal amount). During 2002, the Company's principal use of funds, other than for operating purposes and capital expenditures, was for the payment of indebtedness totaling Ps. 62.4 million. In 2002, the Company repurchased from the public market 1,230,400 shares at an aggregate cost of Ps. 5.2 million (Ps. 4.6 million, nominal amount), representing approximately 0.7% of outstanding capital stock. Grupo Radio Centro may from time to time repurchase its outstanding equity securities if market conditions and other relevant considerations make such repurchases appropriate.

32

### OFF-BALANCE SHEET ARRANGEMENTS

In 2004, the Company had no off-balance sheet arrangements that have or,

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

in the opinion of the Company, are reasonably likely to have a current or future effect on the Company's financial condition.

### CONTRACTUAL OBLIGATIONS

In the table below we set forth our long-term debt obligations as of December 31, 2004, and the period in which these obligations come due. We have no capital lease obligations, operating leases, irrevocable purchase obligations or other long-term obligations.

	PAYMENTS DUE BY PERIOD				
	(in thousands)				
	(as of December 31, 2004)				
	TOTAL	LESS THAN 1 YEAR	1-3 YEARS	3-5 YEARS	MORE THAN 5 YEARS
Contractual Obligations					
Long-Term Debt Obligations.....	Ps. 169,855	Ps. 56,618	Ps. 113,237	Ps. 0	Ps. 0
Total.....	Ps. 169,855	Ps. 56,618	Ps. 113,237	Ps. 0	Ps. 0

### U.S. GAAP RECONCILIATION

Net income (loss) under U.S. GAAP for 2004, 2003 and 2002 was Ps. 20.2 million, Ps. (335.3 million) and Ps. 80.2 million, respectively. The difference between net income under U.S. GAAP and Mexican GAAP was primarily attributable in all three periods to the amortization of goodwill with respect companies purchased from related parties. Under current Mexican GAAP, goodwill is amortized using a straight-line method based on an asset's estimated useful life. In July 2001, the Financial Accounting Statements Board issued Statement of Financial Accounting Standard No. 142, "Goodwill and Other Intangible Assets." As a result of SFAS 142, amortization of goodwill under U.S. GAAP ceased as of January 1, 2002, and U.S. GAAP requires testing goodwill for impairment at least once a year. The Company was required to adopt this standard for the year ending December 31, 2002 on its consolidated financial statements under U.S. GAAP. In accordance with the requirements of SFAS 142, the Company performed an analysis for impairment of its goodwill as of December 31, 2002, December 31, 2003 and December 31, 2004. For the years ending December 31, 2004 and 2002, no impairment adjustment was necessary. For the year ending December 31, 2003, a goodwill impairment adjustment under U.S. GAAP was necessary in the amount of Ps. 160.4 million (\$13.6 million) relating to the rescission of the December 23, 1998 program services agreement between the Company and Infored and Mr. Gutierrez Vivo, whereby Infored and Mr. Gutierrez Vivo agreed to provide the Company with original news programs and special-event productions for radio until 2015 (the "Infored Agreement"), and the associated decline in anticipated advertising revenues.

Operating income (loss) under U.S. GAAP for the years ended December 31, 2004, 2003 and 2002 was Ps. 55.3 million, Ps. (338.0 million) and Ps. 127.2 million, respectively. The principal differences between operating income (loss) under Mexican GAAP and U.S. GAAP for these periods are that (1) goodwill, including goodwill arising from entities under common control, that is amortized under Mexican GAAP is not amortized under U.S. GAAP and (2) certain expenses, net of the Company that are classified as non-operating charges under Mexican GAAP are charged against operations under U.S. GAAP. In addition, for the year ended December 31, 2003, the Company's extraordinary item relating to the provision for the contingent arbitration losses is classified as a non-operating charge to earnings under Mexican GAAP, whereas for U.S. GAAP reporting purposes

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

this represents an operating charge against the Company's earnings.

33

Shareholders' equity under U.S. GAAP at December 31, 2004, December 31, 2003 and December 31, 2002 was approximately Ps. 0.9 billion, Ps. 0.9 billion and Ps. 1.3 billion, respectively. In 2004, 2003 and 2002, the difference between shareholders' equity under U.S. GAAP and Mexican GAAP was mainly due to the treatment of amortization of goodwill with respect to companies purchased from related parties and the prohibition against amortization of goodwill under U.S. GAAP as of January 1, 2002. As of January 1, 2005, Mexican GAAP treats amortization of goodwill with respect to companies purchased from related parties similarly to U.S. GAAP and likewise prohibits amortization of goodwill. (see "--Recent Accounting Pronouncements").

For a further discussion of the differences between Mexican GAAP and U.S. GAAP as they relate to Grupo Radio Centro, see Note 26 to the Consolidated Financial Statements. Pursuant to Mexican GAAP, Grupo Radio Centro's financial statements recognize certain effects of inflation in accordance with Bulletin B-10 and Bulletin B-12; these effects have not been reversed in the reconciliation to U.S. GAAP. Due to the Company's adoption of Bulletin D-4 in 1999, the Company's financial statements for 2004, 2003 and 2002 include an expanded recognition of deferred taxes under Mexican GAAP that more closely parallels U.S. GAAP. Accordingly, there were no differences related to deferred taxes that had to be reconciled between Mexican and U.S. GAAP for purposes of the Consolidated Financial Statements (see Note 26 to the Consolidated Financial Statements).

### ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

#### DIRECTORS

Management of the business of the Company is vested in the Board of Directors. The bylaws provide that the Board of Directors shall consist of a minimum of seven and a maximum of twenty directors and an equal number of their respective alternate directors. Each director and alternate director is elected by the Company's shareholders by simple majority vote at the annual ordinary general meeting for a term of one year. Alternate directors are authorized to serve on the Board of Directors in place of directors who are unable to attend meetings or otherwise participate in the activities of the Board of Directors. Directors and alternate directors may be Mexican or foreign, but both the majority of directors and the majority of alternate directors must be Mexican.

Of the total number of directors, and their respective alternate directors, at least 25% must be independent directors. Independent directors may not be individuals related to the Company, such as, among others, employees or officers of the Company, shareholders with directive power over officers of the Company, important clients, suppliers, debtors or creditors of the Company, or their respective shareholders, directors or employees. Alternate directors only serve in place of their respective regular directors and, in the case of alternate directors of independent directors, must also meet the requirements for independent directors.

The Board of Directors currently consists of twelve members. Alejandro Sepulveda de la Fuente is the Secretary to the Board of Directors. The current members of the Board of Directors were elected at the annual shareholders meeting on April 22, 2005. Their names, positions, ages and information on their principal business activities outside Grupo Radio Centro are listed below. In addition to the "other directorships" listed below, two Aguirre members of the Board of Directors, Francisco Aguirre and Maria Adriana Aguirre, sit on the boards of directors of various radio stations in Mexico.

Francisco Aguirre G. (Chairman)	Age: Years as director: Principal occupation: Other directorships:	63 5 Private Investor Chairman of the board of Mexico, S.A. de C.V.
Maria Esther Aguirre G. (First Vice President)	Age: Years as director: Principal occupation:	65 5 Private Investor
Maria Adriana Aguirre G. (Second Vice President)	Age: Years as director: Principal occupation:	58 5 Private Investor
Ana Maria Aguirre G.	Age: Years as director: Principal occupation: Other directorships:	60 34 Private Investor Director of Avon Cosmetic
Carlos Aguirre G.	Age: Years as director: Principal occupation:	50 5 General Director of Grupo
Rafael Aguirre G.	Age: Years as director: Principal occupation: Other directorships:	47 12 Private Investor Director of the Quintana HSBC Mexico, S.A. (forme Internacional, S.A.); Di Yucatan Peninsula branch Nacional de Mexico, S.A.
Jose Manuel Aguirre G.	Age: Years as director: Principal occupation:	42 5 Real Estate Investor
Pedro Beltran N.	Age: Years as director: Principal occupation:	61 3 Finance and Administrativ Chief Financial Officer Centro
Gustavo Gabriel Llamas Monjardin	Age: Years as director: Principal occupation:	42 0 Public Accountant
Luis Alfonso Cervantes Muniz	Age: Years as director: Principal occupation:	49 0 Attorney

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

Thomas Harold Raymond Moffet	Age:	63
	Years as director:	5
	Principal occupation:	President of Amsterdam Pa Securities, LLC (a financial firm)
Luis de la Fuente Baca	Age:	59
	Years as director:	5
	Principal occupation:	Financial Advisor

Ms. Maria Esther G. de Aguirre is the Honorary Chairperson for life of the Board of Directors of the Company and also is the mother of Francisco Aguirre G., Maria Adriana Aguirre G., Maria Esther Aguirre G., Ana Maria Aguirre G., Carlos Aguirre G., Rafael Aguirre G. and Jose Manuel Aguirre G.

The bylaws require that any of the following transactions be previously approved by the Board of Directors: (i) transactions entered into between the Company and/or its subsidiaries and any related party of the Company and/or its subsidiaries outside the ordinary course of business; (ii) the purchase or sale of 10% or more of the Company's and/or its subsidiaries' assets; (iii) the granting of a guarantee resulting in a potential liability exceeding 30% of the Company's and/or its subsidiaries' assets; and (iv) any transaction, other than the transactions described above, involving an amount in excess of one percent of the Company's and/or its subsidiaries' assets.

The bylaws provide that the Board of Directors shall meet at least once every three months and that either the Chairman of the Board of Directors, the Secretary, at least 25% of the members of the Board of Directors or any statutory auditor of the Company shall be entitled to call for a meeting of the Board.

The bylaws provide that holders of Series A Shares representing 10% of the capital stock of the Company shall be entitled to appoint one regular member of the Board of Directors and such member's alternate.

The bylaws also provide that the Board of Directors shall present to the shareholders at the annual shareholders meeting the reports of the Audit Committee. The bylaws of the Company were amended on April 22, 2005 to provide that, independently and without prejudice to the exercise of the powers granted to the Board of Directors pursuant to Mexican law, particularly the Mexican Securities Market Law and other applicable regulations, the Board of Directors shall be entitled to grant or delegate in favor of the Audit Committee those powers that it deems necessary or convenient to comply with the legal and regulatory provisions applicable to the Company, as well as to determine the rules pursuant to which the Audit Committee shall exercise such powers, including the right to revoke or modify them.

### Executive Committee

The Company's bylaws provide that at an ordinary general meeting, the shareholders may elect, by simple majority vote, an Executive Committee of five to seven members from among the Company's directors or alternate directors elected or designated at such shareholders meeting. The bylaws of the Company provide that the Executive Committee, with certain exceptions, is vested with all powers of the Board of Directors. Alternate Executive Committee members are authorized to serve on the Executive Committee in place of members who are unable to attend meetings or otherwise participate in the activities of the Executive Committee.



## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

The current members of the Executive Committee are Jose Manuel Aguirre G. (president), Carlos Aguirre G. (vice president), Ana Maria Aguirre G., Maria Esther Aguirre G., Maria Adriana Aguirre G., Rafael Aguirre G. and Francisco Aguirre G.

### Audit Committee

The Audit Committee currently consists of three regular members of the Board of Directors appointed to the Audit Committee by the shareholders at the annual shareholders meeting. All of the members of the Audit Committee must be independent directors as defined under applicable laws and regulations.

The Audit Committee makes non-binding recommendations to the Board of Directors with respect to certain transactions, including any transactions entered into by the Company and/or its subsidiaries with related parties, any purchase or sale of more than 10% of the Company's and/or its subsidiaries' assets, any guarantee for an amount exceeding 30% of the Company's and/or its subsidiaries' assets and transactions involving more than 1% of the Company's and/or its subsidiaries' assets. Under the amended bylaws, as described above, the Board of Directors has delegated to the Audit Committee, among other powers, the power to hire or remove the external auditor and approve any permitted non-audit services to be rendered by the external auditors, and to hire independent advisors as it may deem necessary in order to carry out its duties in accordance with applicable laws and regulations, independently and without prejudice to the powers of the Board of Directors pursuant to Mexican legislation. The Audit Committee must prepare an annual report on its activities for presentation to the shareholders at the annual shareholders meeting and to the Board of Directors. For a meeting of the Audit Committee to be valid, the majority of its members must be present and the Audit Committee must adopt its resolutions by majority vote. The Company's statutory auditor must attend all meetings of the Audit Committee but is not entitled to vote at such meetings. There can be no assurance that recommendations of the Audit Committee will ensure that any arrangements with related parties are on an arm's-length basis.

Currently, the Audit Committee consists of three members: Thomas Harold Raymond Moffet, Gustavo Gabriel Llamas Monjardin and Luis de la Fuente Baca, as committee chairman. As required by our bylaws and Mexican law, all members are independent members as defined under Mexican Securities Market Law and Rule 10A-3 under the Securities Exchange Act of 1934, as amended.

### Statutory Auditors

The Company's bylaws provide for one or more statutory auditors to be elected at the ordinary general meeting of shareholders and, if determined at such meeting, their respective alternates. Additionally, the bylaws provide that holders of shares, with or without voting rights, representing 10% of the capital stock of the Company shall be entitled to appoint one statutory auditor, and such statutory auditor may not be removed until all other statutory auditors are removed. Under Mexican law, the duties of statutory auditors include, among other things, the examination of the operations, books, records and any other documents of a company and the presentation of a report of such examination at the annual ordinary general meeting of shareholders. The statutory auditors are required to attend all meetings of the Board of Directors, Executive Committee, Audit Committee and shareholders of the Company.

The Company currently has one statutory auditor, Sergio Hernandez Gonzalez, and one alternate statutory auditor, Patricio Montiel F.

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

### EXECUTIVE OFFICERS

The executive officers of Grupo Radio Centro are as follows:

Carlos Aguirre G. General Director	Years as officer: 26 Years of service: 31
Pedro Beltran N. Finance and Administrative Director and Chief Financial Officer	Years as officer: 19 Years of service: 19
Arturo Yanez F. Internal Auditor	Years as officer: 21 Years of service: 21
Sergio Gonzalez L. Operations Director	Years as officer: 21 Years of service: 21
Luis Cepero A. Audio Engineering Director	Years as officer: 22 Years of service: 44
Eduardo Stevens A. Transmission Engineering Director	Years as officer: 15 Years of service: 25
Gonzalo Yanez V. Marketing Director	Years as officer: 5 Years of service: 8
Rodolfo Nava C. Audit and Information Manager	Years as officer: 5 Years of service: 19
Alvaro Fajardo de la Mora General Counsel	Years as officer: 20 Years of service: 20
Luis Miguel Carrasco N. Commercial Director	Years as officer: 7 Years of service: 12

### COMPENSATION

For the year ended December 31, 2004, the aggregate compensation for the executive officers of the Company paid or accrued in that year for services in all capacities was Ps. 17.6 million, of which approximately Ps. 570,000 was paid in the form of bonus awards. These bonus awards were determined based on various factors, including quarterly financial results and station ratings and rankings.

The total of payments to Executive Committee members for attendance at Executive Committee meetings during 2004 was Ps. 17.8 million. The total of payments to directors for attendance at Board of Director meetings during 2004 was Ps. 268,620.

### BOARD PRACTICES

None of the directors have entered into a service contract with the Company that provides for benefits upon termination of employment.

### EMPLOYEES

At December 31, 2004, Grupo Radio Centro employed a total of 395 full-time employees, fewer than half of whom are members of the Sindicato de Trabajadores de la Industria de Radio y Television, Similares y Conexos de la Republica Mexicana (the Radio and Telecommunications Workers Union or the

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

"Union"). At each of December 31, 2003 and December 31, 2002, the Company employed a total of 394 full-time employees. Grupo Radio Centro also employs a varying number of temporary employees. During 2004, the Company employed an average of 84 temporary employees.

Negotiations with Union employees are conducted at the industry level pursuant to a national contract (the "Contrato Ley") that is administered by the Union and that provides for general employment terms applicable to all Union employees, although particular enterprises within the radio broadcasting industry may negotiate separate contractual arrangements with the Union in the event exceptions from the Contrato Ley are desired. All of Grupo Radio Centro's current contractual relations with Union employees are pursuant to the stated terms of the Contrato Ley. The current Contrato Ley will expire on January 31, 2006; however, salary increases are implemented annually. On February 1, 2005, the Company and the Union agreed to a 4.7% increase in salaries. Relations between Grupo Radio Centro, its workers and the Union have historically been good; there have been no material disputes between any of the radio broadcasting subsidiaries of Grupo Radio Centro and any of their employees since the founding of Grupo Radio Centro.

### SHARE OWNERSHIP

As of June 1, 2005, the Aguirre members of the Board of Directors had beneficial ownership, primarily through the two Mexican trusts through which they hold their Series A Shares, of 85,861,276 Series A Shares of the Company, representing 52.8% of the outstanding Series A Shares. See Item 7, "Major Shareholders and Related Party Transactions--Major Shareholders."

None of the Company's other directors or officers is the beneficial owner of more than 1% of the Company's outstanding capital stock.

### SIGNIFICANT DIFFERENCES BETWEEN NEW YORK STOCK EXCHANGE CORPORATE GOVERNANCE STANDARDS AND OUR CORPORATE GOVERNANCE PRACTICES

Pursuant to Section 303A.11 of the Listed Company Manual of the New York Stock Exchange (NYSE), we are required to provide a summary of the significant ways in which our corporate governance practices differ from those required for U.S. companies under the NYSE listing standards. We are a Mexican corporation with shares listed on the Mexican Stock Exchange (Bolsa Mexicana de Valores S.A. de C.V.). Our corporate governance practices are governed by our bylaws, the Mexican Securities Market Law (Ley del Mercado de Valores) and the regulations issued by the Mexican National Banking and Securities Commission (Comision Nacional Bancaria y de Valores) (the "CNBV"). We also generally comply on a voluntary basis with the Mexican Code of Best Corporate Practices (Codigo de Mejores Practicas Corporativas) as indicated below, which was created in January 2001 by a group of Mexican business leaders and was endorsed by the Mexican Banking and Securities Commission. On an annual basis, we file a report with the Mexican Banking and Securities Commission and the Mexican Stock Exchange regarding our compliance with the Mexican Code of Best Corporate Practices.

39

The table below discloses the significant differences between our corporate governance practices and the NYSE standards.

NYSE STANDARDS	OUR CORPORATE GOVERNANCE PRACTICES
Director Independence. Majority of board of directors must be independent. "Controlled companies," which would include our company if it	Pursuant to the Mexican Securities Market Law and our bylaws, our shareholders are required to appoint a board of directors of between seven

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

were a U.S. issuer, are exempt from this requirement. A controlled company is one in which more than 50% of the voting power is held by an individual, group or another company, rather than the public. Section 303A.01

A director is not independent if such director is:

(i) a person who the board determines has a material direct or indirect relationship with the company, its parent or a consolidated subsidiary;

(ii) an employee (or has been within the last three years), or whose immediate family member is (or has been within the last three years) an executive officer, of the company, its parent or a consolidated subsidiary, other than former employment as interim chairman, CEO or other executive officer;

and 20 members, of whom at least 25% must be independent. Our board of directors is not required to make a determination as to the independence of our directors.

Under Article 14 Bis of the Mexican Securities Market Law and our bylaws, a director is not independent if such director is:

(i) an employee or officer of the company (one-year cooling off period);

(ii) a shareholder that, without being an employee or officer of the company, has influence or authority over the company's officers;

40

### NYSE STANDARDS

(iii) a person who receives, or whose immediate family member receives, during any twelve-month period within the last three years, more than \$100,000 in direct compensation from the company, its parent or a consolidated subsidiary, other than: director and committee fees or deferred compensation for prior services only; compensation for service as interim chairman, CEO or other executive officer; or compensation received by an immediate family member for service as a non-executive employee;

(iv) a current partner or employee (or former partner or employee within the last three years who personally worked on the company's audit during that time), or whose immediate family member is a current partner or current employee who participates in the firm's audit, assurance or tax compliance (but not tax planning)

### OUR CORPORATE GOVERNANCE PRACTICES

(iii) a consultant, or partner or employee of a consultant, to the company or its affiliates, where the income from the company represents 10% or more of the overall income of such consultant;

(iv) an important client, supplier, debtor or creditor (or a partner, director or employee thereof). A client and supplier is considered important where its sales to or purchases from the company represent more than 10% of the client's or supplier's total sales or purchases. A debtor or creditor is considered important

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

practice (or former partner or employee within the last three years who personally worked on the company's audit during that time), of a firm serving as the internal or external auditor of the company, its parent or a consolidated subsidiary;

(v) an executive officer (or has been within the last three years), or whose immediate family member is (or has been within the last three years) an executive officer, of another company whose compensation committee includes (or included) an executive officer of the listed company, its parent or a consolidated subsidiary; or

whenever the relevant financing represents more than 15% of the company's assets or of the debtor's or creditor's assets;

(v) an employee of a fund, association or civil company that receives contributions from the company that represent more than 15% of the total contributions received;

41

### NYSE STANDARDS

(vi) a current employee of a company, or whose immediate family member is a current executive officer of a company, that has made payments to, or received payments from, the listed company, its parent or a consolidated subsidiary for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues (contributions to tax exempt organizations are not deemed "payments," but contributions made to any tax exempt organization in which any independent director serves as an executive officer must be disclosed in the company's proxy (or, if no proxy is filed, its Form 10-K / annual report) if, within the preceding three years, contributions in any single fiscal year exceeded the greater of \$1 million or 2% of such tax exempt organization's consolidated gross revenues)).

"Immediate family member" includes a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law and anyone (other than domestic employees) who shares the person's home.

### OUR CORPORATE GOVERNANCE PRACTICES

(vi) a CEO or other high ranking officer of another company in which the issuer's CEO or other high ranking officer is a member of the board of directors; or

(vii) a "family member" related to any of the persons mentioned above in (i) through (vi). "Family member" includes a person's spouse, concubine or other relative of up to three degrees of consanguinity or affinity, in the

Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

Individuals who are no longer immediate family members due to legal separation, divorce or death (or incapacity) are excluded. Section 303A.02(b)

case of (i) and (ii) above, and a spouse, concubine or other relative of up to one degree of consanguinity or affinity in the case of (iii) through (vi) above.

Executive Sessions. Non-management directors must meet regularly without management in executive sessions over which a non-management director must preside. The name of the non-management director presiding at all such sessions (or the procedure by which one is selected for each session) must be disclosed in the company's proxy (or, if no proxy is filed, its Form 10-K / annual report). Independent directors should meet alone in an executive session at least once a year. Section 303A.03

There is no similar requirement under our bylaws or applicable Mexican law.

Audit committee. Audit committee satisfying the independence and other requirements of Rule 10A-3 under the Securities Exchange Act of 1934 ("Rule 10A-3") and the more stringent requirements under the NYSE standards is required. Sections 30 3A.06, 303A.07

We will be required to comply with Rule 10A-3 under the Securities Exchange Act of 1934 by July 31, 2005. The members of our audit committee are not required to satisfy the NYSE independence and other audit committee standards that are not prescribed by Rule 10A-3.

42

NYSE STANDARDS

OUR CORPORATE GOVERNANCE PRACTICES

-----

Our audit committee complies with the requirements of the Mexican Securities Market Law and has the following attributes:

We have a three-member audit committee, composed of regular members of the board of directors and appointed by the shareholders at the ordinary general shareholders meeting.

Under our bylaws, all of the members of our audit committee must be independent directors. All members of our audit committee are independent as such term is defined under the Mexican Securities Market Law and Rule 10A-3.

Our audit committee operates pursuant to the Mexican Securities Market Law, the regulations issued by the CNBV and our bylaws.

Pursuant to our bylaws and Mexican law, our audit committee submits an annual report regarding its activities to our board of directors, which in

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

turn presents the report to our shareholders at the ordinary general shareholders meeting.

Nominating/corporate governance committee. Nominating/corporate governance committee of independent directors is required. The committee must have a charter specifying the purpose, duties and annual evaluation procedures of the committee. "Controlled companies," which would include our company if it were a U.S. issuer, are exempt from these requirements. Section 303A.04

We are not required to have a nominating/corporate governance committee. The Mexican Code of Best Corporate Practices does not expressly recommend forming such a committee, but rather recommends that the Evaluation and Compensation Committee recommend the procedures to nominate the Chief Executive Officer and other high-ranking officers to the Board of Directors.

Compensation committee. Compensation committee of independent directors is required, which must approve CEO compensation and offer recommendations to the board concerning non-CEO executive officer compensation. The committee must have a charter specifying the purpose, duties and evaluation procedures of the committee. "Controlled companies," which would include our company if it were a U.S. issuer, are exempt from this requirement. Section 303A.05

The Code of Best Corporate Practices recommends, but does not require, that we have an Evaluation and Compensation Committee. Our bylaws require that our directors' compensation be determined by the shareholders at the ordinary general shareholders meeting.

43

### NYSE STANDARDS

-----  
Equity compensation plans. Equity compensation plans, and material amendments thereto, require shareholder approval, subject to limited exemptions. Section 303A.08

Code of Ethics. Corporate governance guidelines and a code of business conduct and ethics are required, with disclosure of any waiver for directors or executive officers. Sections 303A.01, 303A.10

Certifications. CEO must (1) certify annually that unaware of any violation of the NYSE corporate governance listing standards and (2) notify the NYSE in writing after any executive officer becomes aware of any material non-compliance with NYSE corporate governance standards. An annual

### OUR CORPORATE GOVERNANCE PRACTICES

-----  
Shareholder approval is not required under Mexican law or our bylaws for the adoption and amendment of an equity compensation plan. Currently, we do not have an equity compensation plan.

We have adopted a code of ethics applicable to our chief executive officer, chief financial officer and principal accounting officer or persons performing similar functions. We are required by Item 16B of Form 20-F to disclose any waivers granted to such persons. A copy of our code of ethics is available on our website at [www.radiocentro.com.mx](http://www.radiocentro.com.mx).

Mexican securities regulations require us to submit to the CNBV a report and certification of our Chairman and Secretary regarding the degree of our compliance with the provisions of the Mexican Code of Best Corporate Practices.

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

Written Affirmation (as well as interim Written Affirmations in certain circumstances) must be executed and submitted to the NYSE in the form it prescribes. Section 303A.12

Our CEO is not required to certify annually that he is unaware of any violation of the NYSE corporate governance listing standards. Currently, our CEO does not submit such an annual certification.

### ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

#### MAJOR SHAREHOLDERS

The Company was incorporated as Tecnica de Desarrollo Publicitario, S.A. de C.V. on June 8, 1971, with its principal shareholders being members of the Aguirre family. The Company has undergone several changes in nominal ownership, but ultimate control has always resided with the Aguirre family.

On June 3, 1998, all of the Series A Shares and CPOs owned by the Aguirre family, which were held in a trust established by the Aguirre family in 1992 (the "Old Controlling Trust"), were divided into two trusts (the Old Controlling Trust and the "New Controlling Trust" and, together, the "Controlling Trusts"). Prior to the division, 50% of the Series A Shares and CPOs of the Company held by the Old Controlling Trust was held for the benefit of Maria Esther G. de Aguirre, with the remainder divided equally among her children. Simultaneously with the division, Maria Esther G. de Aguirre acquired a 50% interest in each of the Controlling Trusts and transferred those interests to her children in equal parts, but reserved her rights to vote and receive dividends in respect of the Series A Shares and CPOs previously held for her benefit (the "reserved rights").

44

On May 25, 1999, four members of the Aguirre family made a gift of their interest in the Company's Series A Shares and CPOs held by the Controlling Trusts to Maria Esther G. de Aguirre. On the same date, the Aguirre family amended the terms of the Controlling Trusts to transfer, on such date, the reserved rights held by Maria Esther G. de Aguirre to her children in equal parts and to transfer, upon the occurrence of certain events, the trust interests gifted to her by her four children to her seven other children--Maria Esther Aguirre G., Francisco Aguirre G., Maria Adriana Aguirre G., Ana Maria Aguirre G., Carlos Aguirre G., Rafael Aguirre G. and Jose Manuel Aguirre G.

On April 5, 2000, Maria Esther G. de Aguirre made a gift of her approximate 36% interest in the Controlling Trusts to her seven children holding interests in such trusts. Following this gift and an amendment of the terms of the Controlling Trusts to remove Maria Esther G. de Aguirre as grantor and beneficiary, those seven children owned, in equal parts, 100% of the interests in the Controlling Trusts. Under the terms of the Controlling Trusts, the Series A Shares held by each trust are ordinarily voted as directed by a majority of the beneficiaries of the trust.

The following table sets forth certain information regarding the beneficial ownership of Series A Shares by beneficial holders of more than 5% of the outstanding Series A Shares as of June 1, 2005. All CPOs previously held by the Controlling Trusts were converted to Series A Shares in 2003.

NAME OF PERSON OR GROUP	SERIES A SHARES BENEFICIALLY OWNED	PERCENTAGE OF SERIES A SHARES (1)



## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

Old Controlling Trust.....	11,669,527	7.2%
New Controlling Trust.....	72,351,119	44.5%
Maria Esther Aguirre Gomez.....	84,527,780 (2) (3)	51.9%
Francisco de Jesus Aguirre Gomez.....	84,020,646 (2)	51.6%
Maria Adriana Aguirre Gomez.....	84,020,646 (2)	51.6%
Ana Maria Aguirre Gomez.....	84,644,606 (2) (4)	52.0%
Carlos de Jesus Aguirre Gomez.....	84,535,413 (2) (5)	52.0%
Rafael Felipe de Jesus Aguirre Gomez.....	84,215,415 (2) (6)	51.8%
Jose Manuel Aguirre Gomez.....	84,020,646 (2)	51.6%

- 
- (1) Percentages are based on 162,724,561 Series A Shares issued and outstanding as of June 23, 2005.
  - (2) All Series A Shares beneficially owned by the Old Trust and the New Trust (the "Family Shares") are held for the benefit of the Aguirre Family and are deemed to be beneficially owned by each member of the Aguirre Family, each of whom is deemed to share power to vote or dispose, or direct the vote or disposition of, the Family Shares as a member of each of the Technical Committees.
  - (3) Includes 402,374 Series A Shares and 11,640 ADSs beneficially owned by Maria Esther Aguirre Gomez, in addition to the Family Shares.
  - (4) Includes 519,200 Series A Shares and 11,640 ADSs beneficially owned by Ana Maria Aguirre Gomez, in addition to the Family Shares.
  - (5) Includes 249,267 Series A Shares and 29,500 ADSs beneficially owned by Carlos de Jesus Aguirre Gomez, in addition to the Family Shares.
  - (6) Includes 21,641 ADSs beneficially owned by Rafael Felipe de Jesus Aguirre Gomez, in addition to the Family Shares.

The voting rights of the holders of Series A Shares not held in the form of CPOs or ADSs are identical.

45

The bylaws of the Company prohibit the ownership of Series A Shares by persons who do not qualify as Mexican investors. See Item 10, "Additional Information--Bylaws--Limitations Affecting Non-Mexican Holders--Share Ownership." At June 10, 2005, to the best knowledge of the Company, approximately 34.9% of the outstanding Series A Shares were represented by ADSs. It is not practical for the Company to determine the number of U.S. holders of CPOs or ADSs, the portion of each class of securities held in Mexico or the number of record holders in Mexico.

### RELATED PARTY TRANSACTIONS

#### Family Control of OIR Network Affiliates

In addition to their participation in the Company, members of the Aguirre family owned or controlled 16 of the 106 affiliates in the network serviced by OIR at December 31, 2004. Affiliated stations owned or controlled by members of the Aguirre family accounted for approximately 18.9%, 18.9% and 25.6% of OIR revenue (or 0.5%, 0.5% and 0.3% of Grupo Radio Centro's total broadcasting revenue) for the fiscal years ended December 31, 2004, 2003 and 2002, respectively. Grupo Radio Centro has provided administrative and other

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

services to such family-owned stations in the OIR network and under certain circumstances has provided commercial air time to related parties, on terms that are more favorable than those provided to unrelated parties. The Company does not believe that such transactions have been material.

### Service Contract

On January 5, 2000, Grupo Radio Centro entered into a contract with an entity owned by Francisco Aguirre Gomez, chairman of the Board of Directors of the Company, for an indefinite term pursuant to which this entity is compensated for consulting services and the sale of air time provided to the Company by Mr. Aguirre. The Company incurred expenses under this contract totaling Ps. 12.7 million, Ps. 10.5 million and Ps. 8.3 million in 2004, 2003 and 2002, respectively. See Note 6 to the Consolidated Financial Statements.

### Sale of Goods and Services

The Company makes available to employees, including key management personnel, and directors and directors' family members goods and services obtained by the Company in barter transactions. These goods and services are offered to executive officers and directors at discounts that are comparable to the discounts offered to the Company's employees. The Company received a total of Ps. 1.0 million and Ps. 3.7 in 2004 and 2003, respectively, from executive officers and directors and their families in connection with these transactions. See Note 6 to the Consolidated Financial Statements.

### Attention to Aguirre Family Matters

Carlos Aguirre G., the General Director, and to a lesser extent, Pedro Beltran, the Chief Financial Officer, Arturo Yanez, the Internal Auditor, and Alvaro Fajardo, the General Counsel, have spent a portion of their time on Aguirre family matters for which Grupo Radio Centro has not been separately compensated.

### Loans to Executive Officers

From January 1, 2004 until a recent date, the Company extended credit to eight of its executive officers in compensatory transactions that are customary in Mexico. The maximum aggregate amount outstanding during this period was Ps. 0.9 million, and the loans ranged from non-interest bearing loans to loans with an annual rate of interest of 12.0%. These loans have been repaid in full.

46

For further information regarding transactions between Grupo Radio Centro and related parties, see Note 6 to the Consolidated Financial Statements.

## ITEM 8. FINANCIAL INFORMATION

### CONSOLIDATED FINANCIAL STATEMENTS

See Item 18, "Financial Statements" and pages F-1 through F-44.

### OTHER FINANCIAL INFORMATION

#### Legal and Arbitration Proceedings

Through a series of transactions effected in 1995 and early 1996, the Company acquired five radio stations owned by RED as well as the exclusive radio broadcasting rights to Monitor, a news and talk radio program. On December 23, 1998, the Company entered into the Infored Agreement with Infored and Mr.

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

Gutierrez Vivo, the principal anchor of Monitor, to provide the Company with original news programs and special-event productions for radio until 2015. The Infored Agreement provided that Mr. Gutierrez Vivo would continue as Monitor's host until at least the end of 2003.

In May 2002, however, Mr. Gutierrez Vivo and Infored initiated an arbitration proceeding pursuant to which they sought rescission of the Infored Agreement and damages. On March 1, 2004, the International Chamber of Commerce (the "ICC") notified the Company that, by majority vote of two of the three arbitrators, the ICC panel held that the Company was in breach of its contract with Infored and Mr. Gutierrez Vivo. As a result, the contract was rescinded and Infored and Mr. Gutierrez Vivo together were awarded a total of \$21.1 million in damages, which represents the amount the Company would be required to pay after taking into account prepayments made by the Company. The Company challenged the validity of this decision in the Mexican courts, and, in November of 2004, Civil Judge 63 of the Federal District Superior Court of Justice set aside the arbitration award. The decision of Civil Judge 63 is currently being contested in an amparo proceeding before District Judge 6 of Civil Matters. If District Judge 6 overturns Civil Judge 63's decision, Infored and Mr. Gutierrez Vivo would likely prevail in the recognition and execution proceeding they brought in front of Civil Judge 31 of the Federal District Superior Court of Justice. If this occurs, it is likely that the Company will not have sufficient financial resources to pay the arbitration award unless it is able to obtain additional financing.

In March 2004, the Company replaced its Infored-produced programming, including Monitor, with similar programming that the Company produces.

In addition, the Company and its subsidiary Desarrollos Empresariales, S.A. de C.V., along with four minority shareholders, have filed two lawsuits against Mr. Gutierrez Vivo and Maria Ivonne Gutierrez Vivo before Civil Judge 11 of the Federal District Superior Court of Justice. The lawsuits seek rescission of the stock purchase agreement entered into as an "accessory contract" to the Infored Agreement. One case pertains to the shares of the licensee of the radio station formerly known as XEJP-AM (now XENET-AM), while the other case pertains to the shares of the licensee of the radio station formerly known as XEFAJ-AM (now XEINFO-AM). Both proceedings are in the evidence submission stage.

The Company is involved in a variety of labor claims initiated by former employees between 2000 and 2004 seeking an aggregate amount of approximately Ps. 47.8 million. The Company believes these claims to be without merit and is defending its interests in these matters vigorously.

47

As of June 23, 2005, other than proceedings related to labor claims and proceedings related to the arbitration with Infored described above, neither the Company nor any of its subsidiaries is engaged in any material litigation or arbitration, and no material litigation or claim is known to the Company to be pending or threatened against the Company or any of its subsidiaries.

### Dividend Policy

The table below sets forth each of the dividends paid by the Company during the period 2000-2004, together with per-Series A Share (in nominal pesos and U.S. dollars) and per-ADS amounts translated into U.S. dollars at the exchange rate in effect on each of the respective payment dates.

FISCAL YEAR

DIVIDEND PER

Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

DATE DIVIDEND PAID	WITH RESPECT TO WHICH DIVIDEND PAID (1)	AGGREGATE AMOUNT OF DIVIDEND PAID (Nominal Pesos)	SERIES A SHARE (Nominal Pesos) (2)	DIVIDEND PER SERIES A SHARE (U.S.dollars) (2)
March 3, 2000 .....	1999	42,700,000	0.24	0.02
March 9, 2001 .....	2000	115,000,000	0.70	0.07
August 22, 2003 ....	2002	55,000,000	0.34	0.03

- 
- (1) The Company paid no dividends with respect to 2001 and 2003.
  - (2) Per Series A Share and ADS amounts calculated based on weighted average number of shares outstanding during the year in which the dividend was paid.
  - (3) Nominal peso amounts have been translated to U.S. dollar amounts at the noon buying rate for pesos on the date of payment of the dividend, as published by the Federal Reserve Bank of New York.

The amount of future dividends will depend upon Grupo Radio Centro's operating results, financial condition and capital requirements and upon general business conditions. The declaration, amount and payment of dividends are determined by a majority vote of the holders of the Series A Shares, generally upon the recommendation of the Company's Board of Directors. At the annual shareholders meeting of April 22, 2005, no dividend was declared with respect to 2004. Depending on the Company's financial position and compliance with the covenants in its loan agreement with Scotiabank Inverlat, the Company may declare dividends in the future. See Item 10, "Additional Information--Bylaws--Dividends."

ITEM 9. THE OFFER AND LISTING

Since July 1, 1993, the CPOs and the ADSs have been listed on the Mexican Stock Exchange and the NYSE, respectively. The ADSs have been issued by the Depositary. Each ADS represents nine CPOs. Each CPO represents a financial interest in one Series A Share.

The CPOs were originally issued by Nacional Financiera, S.N.C., Institucion de Banca de Desarrollo, Direccion Fiduciaria ("Nafin") as trustee for the trust (the "CPO Trust") created by the trust agreement, dated May 24, 1993, as amended, among the Old Controlling Trust and the Company, as grantors, and Nafin as CPO trustee. At a general meeting of the Company's shareholders on April 25, 2003 and a general meeting of the CPO holders on May 19, 2003, the shareholders and CPO holders approved several amendments to the CPO Trust. On June 27, 2003, the parties to the CPO Trust agreement entered into an amended and restated CPO Trust agreement (the "Amended CPO Trust Agreement"), reflecting those amendments, including the following:

48

- . Nafin was replaced as the CPO trustee by GE Capital Bank, S.A., Institucion de Banca Multiple, GE Capital Grupo Financiero, Division Fiduciaria, as successor trustee for the CPO Trust (the "CPO Trust").
- . The term of the CPO Trust was extended 20 years until June 29, 2023 (which term may be further extended).
- . On June 30, 2003, all CPOs held by holders that qualified as Mexican investors, as defined in the Company's bylaws (see Item 10, "Additional Information--Bylaws--Limitations Affecting Non-Mexican Holders"), were exchanged for Series A Shares held in the CPO Trust. As of June 30,

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

2003, qualifying Mexican investors held Series A Shares and no longer held CPOs. Non-Mexican holders of CPOs as of June 30, 2003 continued to hold CPOs and, as holders of CPOs, are not entitled to withdraw the Series A Shares held in the CPO Trust.

In connection with the Amended CPO Trust, the Series A Shares commenced trading on the Mexican Stock Exchange under the symbol "RCENTRO.A" on June 30, 2003. The Series A Share listing is deemed to include the CPOs, such that the Series A Share trading line will reflect trading of both Series A Shares and CPOs.

Holders of CPOs are able to sell their CPOs (i) to a non-Mexican investor, in which event the non-Mexican investor would receive such CPOs, or (ii) to a Mexican investor, in which event the Mexican investor would receive the Series A Shares underlying such CPOs, directly or by keeping them deposited at an account at Indeval, maintained by such investor or by an authorized institution. Indeval or S.D. Indeval, S.A. de C.V., Institucion para el Deposito de Valores is a privately-owned securities depository that acts as a clearinghouse for Mexican Stock Exchange transactions.

The 2003 amendments to the CPO Trust did not affect the rights or interests of holders of ADSSs.

### PRICE HISTORY

The following table sets forth, for the periods indicated, the reported high and low sale prices for the Series A Shares and the CPOs on the Mexican Stock Exchange (on a nominal basis) and the reported high and low sale prices for the ADSSs on the NYSE.

	MEXICAN STOCK EXCHANGE		NEW YORK STOCK EXCHANGE	
	AMOUNTS PER SERIES A SHARE AND PER CPO (in nominal pesos)		AMOUNTS PER ADS (in U.S. dollars)	
	HIGH	LOW	HIGH	LOW
2000 .....	15.00	6.90	14.50	5.75
2001 .....	9.00	5.30	8.25	5.20
2002 .....	6.30	2.25	6.24	1.76
2003				
First Quarter .....	3.00	2.40	2.52	1.61
Second Quarter .....	6.65	3.00	5.75	2.40
Third Quarter .....	8.41	5.95	7.45	4.95
Fourth Quarter .....	8.50	7.16	7.00	5.86

MEXICAN STOCK EXCHANGE		NEW YORK STOCK EXCHANGE	
AMOUNTS PER SERIES A SHARE AND PER CPO		AMOUNTS PER ADS	

Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

	(in nominal pesos)		(in U.S. dollars)	
	HIGH	LOW	HIGH	LOW
2004				
First Quarter .....	8.45	5.70	7.14	4.63
Second Quarter .....	7.50	5.30	5.98	4.05
Third Quarter .....	7.70	7.10	6.36	5.12
Fourth Quarter .....	8.48	7.50	6.87	6.11
2005				
First Quarter .....	9.92	8.20	7.75	6.77
MOST RECENT SIX MONTHS				
December 2004 .....	8.24	7.90	6.87	6.50
January 2005 .....	8.20	8.20	7.60	6.77
February 2005 .....	8.20	8.20	7.70	7.20
March 2005 .....	9.92	8.20	7.75	7.50
April 2005 .....	9.30	9.30	7.50	6.45
May 2005 .....	9.30	8.08	7.14	6.50
June 2005 (through June 23) ..	8.65	8.65	7.39	6.95

TRADING ON THE MEXICAN STOCK EXCHANGE

The Mexican Stock Exchange, located in Mexico City, is the only stock exchange in Mexico. Founded in 1907, it is organized as a corporation whose shares are held by brokerage firms that are exclusively authorized to trade on the Exchange. Trading on the Mexican Stock Exchange takes place through the Sentra, an automated system; the Exchange's opening and closing times are fixed so that the Exchange's trading day coincides with the trading day of the NYSE. The Mexican Stock Exchange operates a system of automatic suspension of trading in shares of a particular issuer as a means of controlling excessive price volatility, but under current regulations this system does not apply to securities, such as the CPOs, that are directly or indirectly (for example, through ADSs) quoted on a stock exchange (including, for these purposes, the NYSE) outside Mexico.

Settlement is effected two business days after a share transaction on the Mexican Stock Exchange. Deferred settlement, even by mutual agreement, is not permitted without the approval of the CNBV. Most securities traded on the Mexican Stock Exchange, including those of Grupo Radio Centro, are on deposit with Indeval.

ITEM 10. ADDITIONAL INFORMATION

BYLAWS

Set forth below is certain information concerning the Company's capital stock and a brief summary of certain significant provisions of the Company's bylaws and Mexican law. This description does not purport to be complete and is qualified by reference to the bylaws of the Company, which have been filed as an exhibit to this Annual Report, and Mexican law. For a description of the Company's bylaws relating to the Board of Directors, Executive Committee and statutory auditors, see Item 6, "Directors, Senior Management and Employees."

The bylaws of the Company were amended on April 22, 2005 to provide, among other things, that all the members of the Audit Committee must be

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

independent and that the Board of Directors is entitled to grant to the Audit Committee any powers that it deems necessary or appropriate.

### ORGANIZATION, REGISTER AND PURPOSE

The Company was incorporated on June 8, 1971, as a Mexican limited liability stock company (sociedad anonima de capital variable) in accordance with Chapter V of the Ley General de Sociedades Mercantiles (the "Mexican Companies Law"). It was registered in the Public Registry of Commerce of Mexico City on August 28, 1992 under number 20694.

The capital stock of the Company consists of Series A Shares. In addition to Series A Shares, the bylaws permit the issuance, upon the approval of the CNBV, of special series of shares with limited or no voting rights. Additionally, the bylaws permit the Company to issue and sell debt securities (certificados bursatiles).

### VOTING RIGHTS

Each Series A Share entitles the holder thereof to one vote at any meeting of the shareholders of the Company. Holders of CPOs are not entitled to exercise the voting rights corresponding to the Series A Shares held in the CPO Trust. Such voting rights are exercisable only by the CPO Trustee, which is required to vote all such Series A Shares in the same manner as the holders of a majority of the Series A Shares that are not held in the CPO Trust and that are voted at a shareholders meeting. See "---Limitations Affecting Non-Mexican Holders--Voting Rights."

### SHAREHOLDERS MEETINGS

General shareholders meetings may be ordinary meetings or extraordinary meetings. Extraordinary general meetings are those called to consider certain matters specified in Article 182 of the Mexican Companies Law and the Company's bylaws, including, principally, amendments of the bylaws, liquidation, and merger and transformation from one form of company to another. In addition, the Company's bylaws require an extraordinary general meeting to consider the removal of the Company's capital stock from listing on the Mexican Stock Exchange or any foreign stock exchange. General meetings called to consider all other matters are ordinary meetings, which are held at least once each year.

An ordinary general meeting of the holders of Series A Shares must be held at least once each year to consider the approval of the financial statements of the Company and certain of its subsidiaries for the preceding fiscal year, to elect directors for holders of Series A Shares (all of whom are elected annually for terms of one year), statutory auditors and members of the Executive Committee, to determine the allocation of the profits or losses of the preceding year and to consider approval of the report on the Company's repurchase and sale of shares and the report on the actions of the Audit Committee.

The quorum for an ordinary general meeting of the Series A Shares in first call is 50% of such shares, and action may be taken by a majority of the Series A Shares present. If a quorum is not available, a second meeting may be called at which action may be taken by a majority of the Series A Shares present, regardless of the number of such shares. The quorum for an extraordinary general meeting is 75% of the Series A Shares. If a quorum is not available, a second meeting may be called, provided that at least 50% of the Series A Shares entitled to vote are present. Actions at an extraordinary general meeting may be taken by a 50% vote of all outstanding Series A Shares on first and successive calls.

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

Shareholders meetings may be called by the Board of Directors, the statutory auditors or a court. The Board of Directors or the statutory auditors may be required to call a meeting of the shareholders by the holders of 33% of the Series A Shares. Additionally, holders of shares, with full or limited voting rights, representing 10% of the capital stock of the Company may require the Board of Directors or the statutory auditors to call shareholders meetings and, in the event that such holders do not have sufficient information on the matters to be voted on, request postponements of shareholders meetings. Notice of meetings must be published in the Diario Oficial de la Federacion or a newspaper of general circulation in Mexico City at least 15 days prior to the meeting. In order to attend a meeting, shareholders must deposit their Series A Shares with the Company's Secretary at its office in Mexico City or any appointed registrar, or submit certificates evidencing a deposit with Indeval. If entitled to attend the meeting, a shareholder may be represented by proxy. The directors and statutory auditors of the Company may not act as proxies. Holders of the Company's shares, with full or limited voting rights, representing 20% of the capital stock of the Company have the right to seek judicial remedies to block any actions taken by the shareholders with respect to which such holders have the right to vote. Holders of CPOs and ADSs representing CPOs are not entitled to call shareholders meetings or seek judicial remedies to block actions taken by the shareholders.

### DIVIDENDS

At the annual ordinary general meeting of holders of Series A Shares, the Board of Directors submits the financial statements of the Company for the previous fiscal year, together with a report thereon by the Board, to the holders of Series A Shares for approval. The holders of Series A Shares, once they have approved the financial statements, determine the allocation of the Company's net profits for the preceding year. They are required by law to allocate at least 5% of such net profits to a legal reserve, which is not thereafter available for distribution except as a stock dividend, until the amount of the legal reserve equals 20% of the Company's historical capital stock (before effect of restatement). See Note 19 to the Consolidated Financial Statements. Thereafter, the shareholders may determine and allocate a certain percentage of net profits to any special reserve, including a reserve for open-market purchases of the Company's Series A Shares. The remainder of net profits is available for distribution. All Series A Shares outstanding and fully paid at the time a dividend or other distribution is declared are entitled to share equally in such dividend or other distribution. Series A Shares that are only partially paid participate in dividends or other distributions in the same proportion that such Series A Shares have been paid at the time of the dividends or other distributions.

### LIQUIDATION

Upon liquidation of the Company, one or more liquidators may be appointed to wind up its affairs. All fully paid and outstanding Series A Shares will be entitled to participate equally in any distribution upon liquidation. Series A Shares that are only partially paid participate in such distribution upon liquidation in the proportion that they have been paid at the time of liquidation.

### PREEMPTIVE RIGHTS

Except as described below, in the event of a capital increase, a holder of existing Series A Shares has a preferential right to subscribe for a sufficient number of Series A Shares to maintain the holder's existing proportionate holdings of Series A Shares. Shareholders will not have preemptive rights to subscribe for Series A Shares issued (i) in connection with mergers,



(ii) on the conversion of convertible debentures or (iii) for placement in a public offering, if an extraordinary general shareholders meeting called for such purpose approved such issuance and waived preemptive rights in connection therewith in accordance with the procedures specified in the Company's bylaws. Preemptive rights must be exercised within 15 days following the publication of notice of the capital increase in the Diario Oficial de la

52

Federacion. Under Mexican law, preemptive rights cannot be waived in advance and cannot be represented by an instrument that is negotiable separately from the corresponding share. Holders of CPOs or ADSs that are U.S. persons or located in the United States will be unable to participate in the exercise of such preemptive rights absent registration of the preemptive rights offering under the Securities Act, which the Company is not obligated to do.

#### VARIABLE CAPITAL

Under the Company's bylaws and Mexican law, the Company's capital stock must consist of fixed capital and may have, in addition, variable capital. Shares of the Company's fixed capital stock are called Class I shares and shares of the Company's variable capital stock are called Class II shares. The fixed portion of the Company's capital stock may only be increased or decreased by resolution of an extraordinary general meeting of shareholders, whereas the variable portion of the Company's capital stock may be increased or decreased by resolution of an ordinary or extraordinary general meeting of shareholders. Increases and decreases in the variable portion of the capital stock must be recorded in the Company's book of capital variations.

Currently, the Company's outstanding capital stock consists only of fixed capital. In the event the Company should have any outstanding variable capital, its outstanding shares will not be specifically assigned to the fixed or variable portion.

#### LIMITATIONS AFFECTING NON-MEXICAN HOLDERS

##### Share Ownership

Ownership by non-Mexican investors of shares of Mexican enterprises is regulated by the 1993 Ley de Inversion Extranjera (the "Foreign Investment Law"), as amended, and the 1998 Reglamento de la Ley de Inversion Extranjera y del Registro Nacional de Inversiones Extranjeras (the "Foreign Investment Regulations") thereunder. The Ministry of Economy and the Comision Nacional de Inversiones Extranjeras (the "Foreign Investment Commission") are responsible for the administration of the Foreign Investment Law and the Foreign Investment Regulations.

The Foreign Investment Law reserves certain economic activities exclusively for the state and reserves certain other activities (such as radio broadcasting) exclusively for Mexican individuals or Mexican corporations the bylaws of which contain a prohibition on ownership by non-Mexicans of the corporation's voting securities. However, the Foreign Investment Law allows foreign investors to own non-voting securities, such as the CPOs, of companies subject to foreign investment restrictions.

In addition to the limitations established by the Foreign Investment Law, the Federal Radio and Television Law and the licenses granted by the SCT provide restrictions on ownership by non-Mexicans of shares of Mexican enterprises holding licenses for radio, such as those held by Grupo Radio Centro.

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

In order to comply with these restrictions, the Company's bylaws limit ownership of Series A Shares to qualifying Mexican investors. The Company, however, has received approval from the Foreign Investments Commission to have up to 73.5% of its capital stock represented by CPOs issued by the CPO Trust. The CPOs do not have any restrictions on non-Mexican ownership, except that foreign governments or their agencies may not own them. The foregoing restriction does not prevent foreign state-owned enterprises organized as separate entities with their own assets to own CPOs. Pursuant to the Amended CPO Trust Agreement, the CPOs may be owned only by holders that do not qualify as Mexican investors as defined in the Company's bylaws. A holder that acquires CPOs in violation of the restrictions on Mexican ownership will have none of the rights of a CPO holder with respect to those CPOs.

53

The Series A Shares may be owned only by holders that qualify as Mexican investors as defined in the Company's bylaws. A holder that acquires Series A Shares in violation of the restrictions on non-Mexican ownership will have none of the rights of a shareholder with respect to those Series A Shares.

The Foreign Investment Law and Foreign Investment Regulations also require that the Company register any foreign owner of its shares, or the depositary with respect to ADSs or global depositary shares representing its shares or ordinary participation certificates representing such shares, with the Registro Nacional de Inversiones Extranjeras (National Registry of Foreign Investment). A foreign owner of Series A Shares that has not been registered is not entitled to vote such Series A Shares or to receive dividends with respect to such Series A Shares. The Direccion General de Inversion Extranjera (General Directorate of Foreign Investment) has informed Grupo Radio Centro that it is not required to register any foreign owner of CPOs.

### Voting Rights

Each Series A Share entitles the holder thereof to one vote at any meeting of the shareholders of the Company. Holders of CPOs (and holders of ADSs representing CPOs) are not entitled to exercise voting rights with respect to the Series A Shares underlying such CPOs. Pursuant to the terms of the Amended CPO Trust Agreement, the CPO Trustee votes the Series A Shares held in the CPO Trust in the same manner as holders of a majority of the Series A Shares not held in the CPO Trust and voted at the relevant shareholders meeting. The Controlling Trusts hold a substantial majority of the Series A Shares not held in the form of CPOs. As a result, the Controlling Trusts and, indirectly, members of the Aguirre family have the power to elect a majority of the directors of, and control, the Company. Additionally, holders of CPOs or ADSs are not entitled to attend or to address the Company's shareholders meetings.

### Rights of Appraisal

Whenever the shareholders approve a change of corporate purpose, change of nationality or restructuring from one type of corporate form to another, any shareholder who has voted against such change or restructuring has the right to withdraw from the Company and receive the amount calculated as specified in Mexican law attributable to its shares, provided such shareholder exercises its right to withdraw during the 15-day period following the meeting at which such change was approved. Because the CPO Trustee is required to vote the Shares held in the CPO Trust in the same manner as the holders of a majority of the Series A Shares that are not held in the CPO Trust and that are voted at the shareholders meeting, under no circumstances will the Series A Shares underlying the CPOs be voted against any such change and therefore appraisal rights will not be available to holders of CPOs or ADSs.

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

### Termination of the CPO Trust

The Amended CPO Trust Agreement and the CPOs issued under the public deed evidencing the issuance of CPOs pursuant to the Amended CPO Trust Agreement (which deed is registered with the Public Registry of Commerce of the Federal District of Mexico) are scheduled to expire 20 years after the date of execution of the Amended CPO Trust Agreement. The CPO Trust may be extended by the CPO Trustee upon receipt six months prior to termination of written notice from the CPO Technical Committee (as defined below). If no such notice is received, the CPO Trustee will commence the procedure for the termination of the Amended CPO Trust Agreement. At the time of such termination, the CPO Trustee will proceed to sell the Series A Shares held in the CPO Trust and distribute the proceeds of such sale to the holders of the CPOs on a pro rata basis in accordance with the number of CPOs owned by each holder. Notwithstanding the foregoing, the Amended CPO Trust Agreement cannot be terminated if any dividends or other distributions previously received by the CPO Trustee remain unpaid to the CPO holders.

54

Upon the expiration of the Amended CPO Trust Agreement, subject to obtaining the applicable authorizations from the Mexican government, the CPO Trustee and any CPO holder may execute a new trust agreement with the same terms as the Amended CPO Trust Agreement. There can be no assurance that a new trust agreement will be executed.

### Administration of the CPO Trust

Pursuant to the terms of the Amended CPO Trust Agreement, the CPO Trust will continue to be administered by the CPO Trustee under the direction of a technical committee. The technical committee of the CPO Trust (the "CPO Technical Committee") consists of four members and their respective alternates. Each of the following appoints one member: the Mexican National Foreign Investment Commission, the Mexican Stock Exchange, the Mexican Association of Securities Brokerage Firms, and the common representative of the CPO holders (HSBC, S.A., Institucion de Banca Multiple, Grupo Financiero HSBC). Actions taken by the CPO Technical Committee are required to be approved by a majority of the members present at any meeting of such committee at which at least the majority of the members are present.

### OTHER PROVISIONS

#### Redemption

The Series A Shares are subject to redemption in connection with either (i) a reduction of share capital or (ii) a redemption with retained earnings, which, in either case, must be approved by the Company's shareholders at an extraordinary shareholders meeting. The Series A Shares subject to any such redemption would be selected by the Company by lot or, in the case of redemption with retained earnings, by purchasing Series A Shares by means of a tender offer conducted on the Mexican Stock Exchange, in accordance with the Mexican Companies Law.

#### Purchase by the Company of its Shares

The Company generally may not repurchase its shares, subject to certain exceptions. First, the Company may repurchase shares for cancellation with distributable earnings pursuant to a decision of an extraordinary general meeting of shareholders. Second, pursuant to judicial adjudication, the Company may acquire the shares of a shareholder in satisfaction of a debt owed by such shareholder to the Company. The Company must sell any shares acquired pursuant to judicial adjudication within three months; otherwise, the Company's capital

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

stock will be reduced and such shares will be cancelled. Third, in accordance with its bylaws, the Company is permitted to repurchase its own shares on the Mexican Stock Exchange under certain circumstances with funds from a special reserve created for such purpose. Shares repurchased by the Company may be held by the Company only for a stated period of time. If, at the expiration of such period, the shares have not been sold to investors, the capital stock must be reduced proportionally. The maximum amount that may be authorized by the shareholders to be spent by the Company for the repurchase of shares (see "--Shareholders Meetings" above) may not exceed the sum of net income for the prior year plus retained earnings.

55

### Purchase of Shares by Subsidiaries of the Company

Subsidiaries or other entities controlled by the Company may not purchase, directly or indirectly, shares of the Company, or shares of companies that are majority shareholders of the Company or of subsidiaries of the Company.

### Withdrawal Rights

In the event the Company should have any outstanding variable capital, the outstanding variable portion of the Company's capital stock may be fully or partially withdrawn by the shareholders. The minimum fixed portion of the Company's capital stock (the "Minimum Capital") specified in the Company's corporate charter cannot be withdrawn. A shareholder who wishes to effect a total or partial withdrawal of its Series A Shares must notify the Company in an authenticated written notice to that effect. If notice of withdrawal is received prior to the last quarter of the fiscal year, the withdrawal becomes effective at the end of the fiscal year in which the notice is given. Otherwise, the withdrawal becomes effective at the end of the following fiscal year.

Reimbursement of withdrawn Series A Shares is made at the lower of (i) 95% of the average Series A Share price quoted on the Mexican Stock Exchange, taking into account the trading volume during the 30 days prior to the date on which the withdrawal becomes effective for a period up to six months; and (ii) the book value per share as calculated from the Company's financial statements (as approved at the annual ordinary general meeting of shareholders) for the fiscal year immediately preceding that in which withdrawal becomes effective. In the event that the period in which the shares were traded is less than 30 days, the actual number of days in which the shares were traded will be taken into account. If the shares are not traded during such period, the book value of the shares will be used. Any such amount to be paid by the Company becomes due on the day following the annual ordinary general meeting of shareholders referred to in clause (ii) above.

Because the Minimum Capital cannot be withdrawn, requests for withdrawals are satisfied only to the extent of the available variable capital and in the order in which they are received; requests which are received simultaneously are fulfilled pro rata to the extent of the available variable capital. Currently, all Series A Shares of the Company constitute Minimum Capital.

### Conflict of Interest

A shareholder that votes on a business transaction in which its interest conflicts with that of the Company may be liable for damages, but only if the transaction would not have been approved without its vote.

### Actions Against Directors

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

Actions for civil liabilities against directors may be initiated by resolution passed at a general ordinary shareholders meeting. In the event the shareholders decide to bring such action, the directors against whom such action is to be brought immediately cease to be directors. Shareholders representing not less than 33% of the outstanding Series A Shares may directly bring such action against directors, provided that (i) such shareholders did not vote in favor of abstaining from such action at a relevant shareholders meeting and (ii) the claim covers all damages allegedly suffered by the Company and not only by such shareholders. Shareholders representing 15% of capital stock of the Company have the right to directly bring actions for civil liabilities against directors, statutory auditors and members of the Audit Committee in their capacity as such. Any recovery of damages with respect to actions for civil liabilities against directors will be for the benefit of the Company and not for the shareholders bringing such actions.

56

### Obligations of Majority Shareholders

In compliance with CNBV regulations, the Company's bylaws include a provision whereby the shareholders holding the majority of the voting shares or having the power to control decisions in the general shareholders meeting or appoint the majority of the Board of Directors (the "Controlling Shareholders") will be required to make a public offer to purchase all outstanding shares in case the Company requests cancellation of the registration of its securities with the Registro Nacional de Valores (National Registry of Securities and or "RNV") or such registry is cancelled by the CNBV. If the Controlling Shareholders make such a purchase offer but do not acquire 100% of the shares of the Company's capital stock, then, prior to cancellation of the registration of its securities from the RNV, the Company shall place in trust for a minimum of six months an amount of funds necessary to acquire the remaining shares at the purchase offer price.

According to the bylaws of the Company, the price of the offer must be at least the higher of (i) the average trading price during the previous 30 days on which the shares may have been quoted for a period up to six months prior to the effective date of the offer, or (ii) the book value of the shares in accordance with the most recent quarterly report submitted to the CNBV and to the Mexican Stock Exchange.

The trade value in the Mexican Stock Exchange shall be the average price for the volume of operations that have been carried out during the last 30 days in which the shares of the issuer have been traded, prior to the date of the offer during a period that cannot exceed six months. In the event that the period in which the shares were traded is less than 30 days, the actual number of days in which the shares were traded will be taken into account. If the shares are not traded within such period of time, the book value of the shares will be used.

The Board of Directors of the Company must provide its opinion regarding the price of the public offer within the five business days prior to the commencement of the offer, taking into account the interests of the minority shareholders and the opinion of the Audit Committee. In case that the Board has a conflict of interest, it shall present an opinion issued by an independent expert appointed by the Audit Committee.

In the event that the Controlling Shareholders obtain the consent of the shareholders representing 95% of the capital stock of the Company by means of resolution adopted at a shareholders meeting, and the price offered for the shares is less than 300,000 investment units (as defined under Mexican law), it will not be necessary that the Controlling Shareholders carry out a public offer

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

in the understanding that in order to the request of cancellation, the Company shall place in trust for a minimum of six months an amount of funds necessary to acquire the remaining shares at the same price of the offer.

Finally, the bylaws provide that the Controlling Shareholders may request authorization from the CNBV to use a different basis for the determination of the price provided that the Board of Directors presents a recommendation to establish a different price, after taking into account the opinion of the Audit Committee, together with the report of an independent expert confirming that the price is consistent with article 16 of the Securities Market Law.

### Duration

The Company's existence under the bylaws continues until 2070.

57

### Anti-Takeover Provisions

The bylaws contain certain provisions intended to delay or prevent a takeover of the Company by any person or persons. The bylaws require the approval of two-thirds of the members of the Board of Directors for (i) the acquisition by any person or related persons, through one or more consecutive transactions of any nature, of shares or other securities with full voting rights representing 30% or more of the capital stock of the Company and (ii) the entering into by any person or persons of any agreement or arrangement for the exercise of voting rights in respect of 30% or more of the capital stock of the Company.

Any acquisition of shares or other securities of the Company which has not been approved by the Board of Directors as required will not be recorded in the stock registry book of the Company, will not be acknowledged by the Company and will not entitle the acquiring person to vote or exercise any other rights in respect of the acquired shares or securities. Similarly, any person entering into any voting agreement or arrangement which has not been approved by the Board of Directors as required will not be entitled to exercise the relevant voting rights whether in the general shareholders meeting or the Board of Directors meetings. In the event of either an acquisition of shares or securities of the Company or the entering into of a voting agreement or arrangement without the required approval of the Board of Directors, the Board of Directors will have the right to take certain actions including requiring the acquirer of shares to sell such shares through a public offering, requiring such acquirer to acquire all or part of the remaining shares of the Company, the rescission of the acquisition of shares and the termination of such voting agreement or arrangement.

To the extent that the Board of Directors has the right to approve any acquisition of shares or other securities or any agreement for the exercise of voting rights, the Board of Directors shall decide to approve such transaction based on the following factors: (i) the nationality, moral and financial status and other characteristics of the contemplated acquirer, (ii) the potential advantages and disadvantages of the contemplated acquirer's participation in the Company and (iii) the contemplated acquirer's experience in the radio broadcasting industry.

The Chairman and the Secretary of the Board of Directors must be notified, within five days, of any acquisition of shares or other securities or the entering into of any voting agreements or arrangements involving 5% or more of the capital stock of the Company.

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

### MATERIAL CONTRACTS

The Company entered into a \$35 million loan agreement with Banco Inverlat, S.A. (now Scotiabank Inverlat, S.A.) on October 30, 2000 and amended the agreement on April 17, 2001. On December 10, 2002, the Company amended the loan agreement and converted 100% of the indebtedness from U.S. dollars to Mexican pesos. On December 3, 2003, the Company amended the loan agreement to increase the principal amount outstanding of the underlying loan by Ps. 50 million, to extend the loan's maturity to October 31, 2007 and to fix the annual interest rate of the consolidated loan at 10.3%, which is contingent upon the Company's compliance with a certain ratio of total liabilities to EBITDA as defined in the amendment to the loan agreement. Failure to comply with such ratio will result in incremental adjustments quarterly to the annual interest rate as set forth in the amendment up to a maximum interest rate of 11.55%. The consolidated loan has an aggregate principal amount of Ps. 141.5 million at June 16, 2005. See Item 5, "Operating and Financial Review and Prospects--Liquidity and Capital Resources--Indebtedness--Scotiabank Inverlat Loan Agreement."

58

On September 7, 2004, the Company entered into an agreement to extend the term of the Operating Agreement, dated as of December 14, 1998, between the Company and Comercializadora Siete, S.A. de C.V., under which the Company operates the radio station XHFO-FM. The agreement is scheduled to terminate on January 2, 2009. See Note 8 to the Consolidated Financial Statements.

Other than the foregoing, the only material contracts entered into by the Company in the two-year period prior to this filing have been entered into in the ordinary course of business.

### EXCHANGE CONTROLS

Mexico has had a free market for foreign exchange since 1991, and the government has allowed the peso to float freely against the U.S. dollar since December 1994. There can be no assurance that the government will maintain its current foreign exchange policies. See Item 3, "Key Information--Exchange Rate Information."

### TAXATION

The following summary contains a description of the principal U.S. federal income and Mexican federal tax consequences of the purchase, ownership and disposition of CPOs or ADSs by a holder that is a citizen or resident of the United States or a U.S. domestic corporation or that otherwise will be subject to U.S. federal income tax on a net income basis in respect of the CPOs or ADSs (a "U.S. holder"), but it does not purport to be a comprehensive description of all of the tax considerations that may be relevant to an investment in CPOs or ADSs. In particular, this summary deals only with U.S. holders that will hold CPOs or ADSs as capital assets and does not address the tax treatment of U.S. holders that are subject to special tax rules or that own or are treated as owning 10% or more of the voting shares (including CPOs) of the Company. This summary also includes a limited description of certain U.S. tax consequences with respect to non-U.S. holders.

The summary is based upon tax laws of the United States and Mexico as in effect on the date of this Annual Report, which are subject to change. Holders of CPOs or ADSs should consult their own tax advisers as to the U.S., Mexican or other tax consequences of the purchase, ownership and disposition of CPOs or ADSs, including, in particular, the effect of any foreign, state or local tax law.

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

In general, for U.S. federal tax purposes, and for purposes of the Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and the Protocols thereto (the "Tax Treaty") between the United States and Mexico, entered into force on January 1, 1994, holders of CPOs or ADSs will be treated as the beneficial owners of the Series A Shares represented by those CPOs or ADSs.

### TAXATION OF DIVIDENDS

#### Mexican Tax Considerations

During 2005, there will be no Mexican income or withholding tax levied on holders of the CPOs or ADSs who are non-residents of Mexico for tax purposes (as described below) on dividends paid, either in cash or in any other form, by the Company.

For purposes of Mexican taxation, an individual is considered to be a resident of Mexico if he or she has established a home in Mexico. However, if such individual has a home in a foreign country as well, he or she will be considered a resident of Mexico if his or her center of vital interests is located in Mexico. A Mexican citizen is presumed to be a resident of Mexico for tax purposes unless such person can demonstrate otherwise. A legal entity is considered to be a resident of Mexico if it has been incorporated under the laws of Mexico or if its principal administrative office is located in Mexico.

59

#### U.S. Tax Considerations

The gross amount of any dividends paid with respect to the Series A Shares represented by CPOs or ADSs, to the extent paid out of the Company's current or accumulated earnings and profits, as determined for U.S. tax purposes, generally will be includible in the gross income of a U.S. holder as ordinary income on the day on which the dividends are received by the CPO Trustee and will not be eligible for the dividends received deduction allowed to corporations under the Internal Revenue Code of 1986, as amended. Dividends, which will be paid in pesos, will be includible in the income of a U.S. holder in a U.S. dollar amount calculated in general by reference to the exchange rate in effect on the day they are received by the CPO Trustee. U.S. holders should consult their own tax advisors regarding the treatment of foreign currency gain or loss, if any, on any pesos received that are converted into U.S. dollars on a date subsequent to the date of receipt by the CPO Trustee.

Subject to certain exceptions for short-term and hedged positions, the U.S. dollar amount of dividends received by an individual prior to January 1, 2009 with respect to the ADSs will be subject to taxation at a maximum rate of 15% if the dividends are "qualified dividends." Dividends paid on the ADSs will be treated as qualified dividends if (i) the ADSs are readily tradable on an established securities market in the United States and (ii) the Company was not, in the year prior to the year in which the dividend was paid, and is not, in the year in which the dividend is paid, (a) a passive foreign investment company ("PFIC") or (b) for dividends paid prior to 2005 tax year, a foreign personal holding company ("FPHC") or foreign investment company ("FIC"). The ADSs are listed on the New York Stock Exchange, and will qualify as readily tradable on an established securities market in the United States so long as they are so listed. Based on the Company's audited financial statements and relevant market and shareholder data, the Company believes that it was not treated as a PFIC, FPHC or FIC for U.S. federal income tax purposes with respect to its 2004 taxable year. In addition, based on the Company's audited financial statements and its current expectations regarding the value and nature of its assets, the



## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

sources and nature of its income, and relevant market and shareholder data, the Company does not anticipate becoming a PFIC for its 2005 taxable year. The U.S. Treasury has announced its intention to promulgate rules pursuant to which holders of ADSs or common stock and intermediaries through whom such securities are held will be permitted to rely on certifications from issuers to establish that dividends are treated as qualified dividends. Because such procedures have not yet been issued, it is not clear whether the Company will be able to comply with them. Holders of ADSs or CPOs should consult their own tax advisers regarding the availability of the reduced dividend tax rate in the light of their own particular circumstances.

A holder of CPOs or ADSs that is, with respect to the United States, a foreign corporation or nonresident alien individual (a "non-U.S. holder") generally will not be subject to U.S. federal income or withholding tax on dividends received on CPOs or ADSs, unless such income is effectively connected with the conduct by the non-U.S. holder of a trade or business in the United States.

### TAXATION OF CAPITAL GAINS

#### Mexican Tax Considerations

Gains on the sale or other disposition of ADSs by holders who are non-residents of Mexico for tax purposes, will generally not be subject to Mexican income or withholding tax. Deposits of CPOs in exchange for ADSs and withdrawals of CPOs in exchange for ADSs will not give rise to any Mexican tax or transfer duties.

60

Income generated on the sale of CPOs during 2005 by individuals or legal entities who are non-residents of Mexico for tax purposes through the Mexican Stock Exchange or any other stock exchange or securities market in Mexico that is recognized by the Mexican Ministry of Finance, are generally exempt from Mexican taxes. However, sales effected through a public offering must comply with certain restrictions set forth in the Mexican Income Tax Law in order to benefit from this exemption.

Notwithstanding the Mexican taxes on capital gains that could apply in certain cases (as described above), capital gains realized on the disposition of CPOs by a U.S. holder who is eligible for tax benefits under the Tax Treaty generally will not be subject to Mexican tax, unless such gains are attributable to a permanent establishment of such U.S. holder in Mexico or if the U.S. holder owned, directly or indirectly, 25% or more of the issuer's capital stock within the 12-month period preceding such sale or other disposition.

Exemption under the Tax Treaty requires that the U.S. holder appoints a legal representative in Mexico for income tax purposes prior to the sale and provides such a representative with a U.S. tax residence certificate issued by the U.S. Internal Revenue Service. Additionally, the U.S. holder must file a notice with the Mexican tax authorities within 30 days after the appointment has been made.

Gains on sales or other dispositions of CPOs made in circumstances other than those described above, generally would be subject to Mexican tax, regardless of the nationality or residence of the transferor.

#### U.S. Tax Considerations

Gain or loss realized by a U.S. holder on the sale or other disposition of CPOs or ADSs will be subject to U.S. federal income taxation as capital gain

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

or loss in an amount equal to the difference between the amount realized on the disposition and such U.S. holder's tax basis in the ADSs or the CPOs. Gain, if any, realized by a U.S. holder on the sale or other disposition of CPOs or ADSs generally will be treated as U.S. source income for U.S. foreign tax credit purposes. Consequently, if a Mexican withholding tax is imposed on the sale or disposition of CPOs or ADSs, a U.S. holder that does not receive significant foreign source income from other sources may not be able to derive effective U.S. foreign tax credit benefits in respect of these Mexican taxes. U.S. holders should consult their own tax advisors regarding the application of the foreign tax credit rules to their investment in, and disposition of, CPOs or ADSs.

Gain or loss realized by a U.S. holder on such sale, redemption or other disposition generally will be long-term capital gain or loss if, at the time of disposition, the CPOs or ADSs have been held for more than one year. The net amount of long-term capital gain recognized by an individual holder is taxed at a reduced rate.

Deposits and withdrawals of CPOs by U.S. holders in exchange for ADSs will not result in the realization of gain or loss for U.S. federal income tax purposes. Such an exchanging U.S. holder will have a tax basis in the securities received equal to the basis such holder had in the exchanged securities. A U.S. holder's holding period for securities received in such an exchange will include the holding period such U.S. holder had in the securities prior to such exchange.

A non-U.S. holder of CPOs or ADSs will not be subject to U.S. federal income or withholding tax on gain realized on the sale of CPOs or ADSs, unless (i) such gain is effectively connected with the conduct by the non-U.S. holder of a trade or business in the United States or (ii) in the case of gain realized by an individual non-U.S. holder, the non-U.S. holder is present in the United States for 183 days or more in the taxable year of the sale and certain other conditions are met.

61

### OTHER MEXICAN TAXES

There are no inheritance, gift, succession or value added taxes applicable to the ownership, transfer, exchange or disposition of CPOs or ADSs by holders that are non-residents of Mexico for tax purposes. There are no Mexican stamp, issue, registration or similar taxes or duties payable by holders of CPOs or ADSs.

Unless it can be proved that the services were not utilized in Mexico, commissions paid in brokerage transactions for the sale of CPOs on the Mexican Stock Exchange are subject to a value added tax rate of 15%.

### U.S. BACKUP WITHHOLDING TAX AND INFORMATION REPORTING REQUIREMENTS

In general, information reporting requirements will apply to payments by a paying agent within the United States to a non-corporate (or other non-exempt) U.S. holder of dividends in respect of the CPOs or ADSs or the proceeds received on the sale or other disposition of the CPOs or ADSs, and a backup withholding tax may apply to such amounts if the U.S. holder fails to provide an accurate taxpayer identification number to the paying agent. Amounts withheld as backup withholding tax will be creditable against the U.S. holder's U.S. federal income tax liability, provided that the required information is furnished to the U.S. Internal Revenue Service.

DOCUMENTS ON DISPLAY

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

Grupo Radio Centro is subject to the information requirements of the Securities Exchange Act of 1934, as amended. In accordance with these requirements, Grupo Radio Centro files reports, including annual reports on Form 20-F, and other information with the SEC. These materials, including this Annual Report, and the exhibits thereto, may be inspected and copied at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20459. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. Any materials filed by Grupo Radio Centro may also be read and copied at the SEC's regional office at Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. As a foreign private issuer, Grupo Radio Centro has been required to make filings with the SEC by electronic means since November 2002. Any filings the Company makes electronically will be available to the public over the Internet at the SEC's web site at <http://www.sec.gov> and Grupo Radio Centro's website at [www.radiocentro.com.mx](http://www.radiocentro.com.mx). (This URL is intended to be an inactive textual reference only. It is not intended to be an active hyperlink to our web site. The information on our web site, which might be accessible through a hyperlink resulting from this URL, is not and shall not be deemed to be, incorporated into this Annual Report.)

62

### Item 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk from changes in currency exchange rates.

#### FOREIGN CURRENCY EXCHANGE RISK

The Company's principal foreign currency exchange risk involves changes in the value of the peso relative to the U.S. dollar. Provided below is a summary of the Company's net foreign currency exposure. For the year ended December 31, 2004, the U.S. dollar-denominated assets represented bank deposits. The U.S. dollar-denominated contingent liabilities in 2004 represented a potential obligation in connection with the arbitration proceeding with Infored described under Item 4, "Business Overview--Broadcasting Operations--Production of Programming by Infored." See Notes 4, 10 and 14 to the Consolidated Financial Statements.

		AT DECEMBER 31, 2004 (in thousands)
U.S. dollar-denominated assets.....	\$	11
U.S. dollar-denominated contingent liabilities.....		(21,471)
Net liability position including contingent liabilities....	\$	(21,460)

Decreases in the value of the peso relative to the U.S. dollar will increase the cost in pesos of the Company's foreign currency-denominated costs and expenses and of any obligation of the Company with respect to any foreign currency-denominated liabilities. A depreciation of the peso relative to the U.S. dollar also will result in foreign exchange losses, as the peso value of the Company's foreign currency-denominated contingent liability would increase. The Company generally does not hedge or enter into derivative transactions with respect to its foreign currency exposure.

Although the Company had no foreign-currency denominated indebtedness at

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

December 31, 2004, the Company's total foreign currency-denominated contingent liabilities at such date amounted to \$21.8 million in connection with the Infored Arbitration Award. See Item 8, "Financial Information--Other Financial Information--Legal and Arbitration Proceedings" and Note 10 to the Consolidated Financial Statements. Additionally, a small portion of the Company's operating expenses are payable in U.S. dollars.

A hypothetical and unfavorable 10% change in the currency exchange rate would result in total additional operating expenses of approximately Ps. 3.1 million in 2004. A hypothetical and unfavorable 10% change in the currency exchange rate on December 31, 2004 would have resulted in an estimated foreign exchange loss of approximately Ps. 23.9 million for 2004, reflecting the increased value in pesos of the Company's net foreign currency-denominated liability position including contingent liabilities.

### Item 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

63

## PART II

### Item 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

### Item 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

#### MATERIAL MODIFICATIONS TO SECURITY HOLDERS' RIGHTS

None.

#### USE OF PROCEEDS

Not applicable.

### Item 15. CONTROLS AND PROCEDURES

We carried out an evaluation under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2004. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, our chief executive officer and chief financial officer concluded that the disclosure controls and procedures, as of December 31, 2004, were effective to provide reasonable assurance that information required to be disclosed in the reports we file and submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported as and when required. There has been no change in our internal control over financial reporting during 2004 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

### Item 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Luis de la Fuente Baca

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

qualifies as an "audit committee financial expert" within the meaning of this Item 16A.

### Item 16B. CODE OF ETHICS

We have adopted a code of ethics, as defined in Item 16B of Form 20-F under the Securities Exchange Act of 1934, as amended. Our code of ethics applies to our chief executive officer, chief financial officer and principal accounting officer or persons performing similar functions. Our code of ethics is available on our website at [www.radiocentro.com.mx](http://www.radiocentro.com.mx). If we amend the provisions of our code of ethics that apply to our chief executive officer, chief financial officer, principal accounting officer or persons performing similar functions, or if we grant any waiver of such provisions, we will disclose such amendment or waiver on our website at the same address.

64

### Item 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

#### AUDIT FEES

The following table sets forth the fees billed to us by our independent registered public accounting firm, BDO Hernandez, Marron y Cia., SC, for the fiscal years ended December 31, 2003 and 2004:

	YEAR ENDED DECEMBER 31,	
	2003	2004
	(in thousands)	
Audit fees.....	Ps. 1,746	Ps. 2,067
Audit-related fees.....	0	0
Tax fees.....	0	0
Other fees.....	0	0
	-----	-----
Total fees.....	Ps. 1,746	Ps. 2,067

Audit fees in the above table are the aggregate fees billed in connection with the audit of our annual financial statements and the review of our interim financial statements and statutory and regulatory audits.

#### AUDIT COMMITTEE APPROVAL POLICIES AND PROCEDURES

Our audit committee has not established pre-approval policies and procedures for the engagement of our independent auditors for services. Our audit committee expressly approves on a case-by-case basis any engagement of our independent auditors for audit and non-audit services provided to our subsidiaries or to us.

During 2004, no services were provided to our Company by our independent registered public accounting firm pursuant to the de minimis exception to the pre-approval requirement provided by paragraph (c) (7) (i) (C) of Rule 2-01 of Regulation S-X.

### Item 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

65

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

### Item 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Period	(a) Total # of Shares (or Units) Purchased (a)	(b) Average Price Paid per Share (or Units)	(c) Total # of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Max Dol Sha May Und Pro
Month # 1 (Jan. 1, 2004-Jan. 31, 2004)	--	--	--	
Month # 2 (Feb. 1, 2004-Feb. 29, 2004)	--	--	--	
Month # 3 (Mar. 1, 2004-Mar. 31, 2004)	110,000 Series A Shares	Ps. 6.14	--	
Month # 4 (Apr. 1, 2004-Apr. 30, 2004)	5,000 Series A Shares	Ps. 5.98	--	
Month # 5 (May 1, 2004-May 31, 2004)	--	--	--	
Month # 6 (Jun. 1, 2004-Jun. 30, 2004)	--	--	--	
Month # 7 (Jul. 1, 2004-Jul. 31, 2004)	--	--	--	
Month # 8 (Aug. 1, 2004-Aug. 31, 2004)	900 Series A Shares	Ps. 7.60	--	
Month # 9 (Sept. 1, 2004-Sept. 30, 2004)	99,000 Series A Shares	Ps. 7.62	--	
Month # 10 (Oct. 1, 2004-Oct. 31, 2004)	27,000 Series A Shares	Ps. 8.48	--	
Month # 11 (Nov. 1, 2004-Nov. 30, 2004)	90,200 Series A Shares	Ps. 8.08	--	
Month # 12 (Dec. 1, 2004-Dec. 31, 2004)	25,500 Series A Shares	Ps. 8.24	--	
<b>Total</b>	<b>357,600</b> Series A Shares	<b>Ps. 7.37</b>	<b>--</b>	

(a) All of the Series A Shares purchased by the Company during 2004 were purchased in open-market transactions on the Mexican Stock Exchange. None of these purchases were made pursuant to a publicly announced share repurchase plan or program.

### PART III

#### ITEM 17. FINANCIAL STATEMENTS

Not applicable.

#### ITEM 18. FINANCIAL STATEMENTS

See pages F-1 through F-44, incorporated by reference herein.

Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

ITEM 19. EXHIBITS

Documents filed as exhibits to this annual report:

(a) LIST OF FINANCIAL STATEMENTS

Consolidated Financial Statements of Grupo Radio Centro, S.A. de C.V. for the Years Ended December 31, 2004, 2003 and 2002

Report of independent auditors.....

Consolidated balance sheets as of December 31, 2004 and 2003.....

Consolidated statements of operations for the years ended December 31, 2004, 2003 and 2002...

Consolidated statements of changes in shareholders' equity for the years ended December 31, 2004, 2003 and 2002.....

Consolidated statements of changes in financial position for the years ended December 31, 2004, 2003 and 2002.....

Notes to the consolidated financial statements as of and for the years ended December 31, 2004 and 2002.....

All other supplemental schedules relating to the Company are omitted because they are not required or because the required information, where material, is contained in the Consolidated Financial Statements or Notes thereto.

(b) LIST OF EXHIBITS

Charter (Escritura Constitutiva), together with an English translation(a).....

Amended and Restated Bylaws of Grupo Radio Centro, S.A. de C.V., dated April 22, 2005, filed as a translation(h).....

Deposit Agreement, dated June 30, 1993, among Grupo Radio Centro, S.A. de C.V., Citibank N.A. and from time to time of American Depositary Receipts issued thereunder, including the form of American Depositary Receipt(d).....

Amended and Restated Controlling Trust Agreement, No. F/23020-1, dated April 24, 1992, with amendments dated September 2, 1992, May 18, 1993 and September 14, 1993, between certain members of the family and Bancomer, S.A., as trustee, together with an English translation (b).....

Amended and Restated CPO Trust Agreement, dated as of June 27, 2003, between GE Capital Bank S.A. Institucion de Banca Multiple, GE Capital Grupo Financiero, as CPO Trustee, and Grupo Radio Centro S.A. de C.V., filed as an English translation(h).....

Trust Agreement, dated June 3, 1998, among certain principal shareholders of Grupo Radio Centro, S.A. de C.V., together with an English translation(c).....

Amended and Restated Public Deed, dated as of June 27, 2003 (the "Amended and Restated CPO Deed") together with an English translation(h).....

Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

Modifying Agreement, dated December 14, 1998, between Grupo Radio Centro, S.A. de C.V. and Comercio Siete, S.A. de C.V., modifying Service Agreement, dated October 2, 1995 with respect to XHFO- together with an English translation(e).....

Modifying Agreement, dated June 29, 2001, between Grupo Radio Centro, S.A. de C.V. and Comerciali Siete, S.A. de C.V., modifying Service Agreement, dated October 2, 1995, with respect to XHFO together with an English translation(g).....

Modifying Agreement, dated September 7, 2004, between Grupo Radio Centro, S.A. de C.V. and Comercio Siete, S.A. de C.V., modifying Service Agreement, dated October 2, 1995 with respect to XHFO- as an English translation.....

Programming Services Agreement, dated December 23, 1998, among Grupo Radio Centro, S.A. de C.V., and Jose Gutierrez Vivo, together with an English translation(e).....

Loan Agreement, dated October 30, 2000, between Grupo Radio Centro, S.A. de C.V. and Banco Inverlat (the "Loan Agreement"), together with an English translation(f).....

Letter Agreement, dated April 17, 2001, between Grupo Radio Centro, S.A. de C.V. and Scotiabank I S.A. (formerly Banco Inverlat, S.A.), amending Loan Agreement, together with an English trans

Waiver and Amendment Letter, dated June 19, 2002, executed by Scotiabank Inverlat and Grupo Radio S.A. de C.V. in connection with the Loan Agreement (g).....

Amendment, dated December 10, 2002, to the Loan Agreement, filed as an English translation(h)....

Amendment, dated December 3, 2003, to the Loan Agreement, filed as an English translation(i)....

Amendment, dated as of June 29, 2004, to the Loan Agreement, filed as an English translation(i)..

Waiver Letter, dated March 31, 2005, executed by Scotiabank Inverlat, S.A. in connection with the Agreement, filed as an English translation.....

Amendment, dated as of May 6, 2005, to the Loan Agreement, filed as an English translation.....

List of Subsidiaries of the Company(h).....

Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.....

Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.....

Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.....

-----

- (a) Incorporated by reference to the Company's Registration Statement on Form F-1 (Reg. No. 333-63878) filed on June 4, 1993.
- (b) Incorporated by reference to the Company's Annual Report on Form 20-F (Commission File No. 001-12090) filed on December 31, 1993.
- (c) Incorporated by reference to the Company's Annual Report on Form 20-F (Commission File No. 001-12090) filed on June 30, 1998.
- (d) Incorporated by reference to the Company's Registration Statement on Form F-6 (Reg. No. 333-8224) filed on January 16, 1998.
- (e) Incorporated by reference to the Company's Annual Report on Form 20-F (Commission File No. 001-12090) filed on June 30, 1999.



68

(f) Incorporated by reference to the Company's Annual Report on Form 20-F (Commission File No. 001-12090) filed on May 9, 2001.

(g) Incorporated by reference to the Company's Annual Report on Form 20-F (Commission File No. 001-12090) filed on June 24, 2002.

(h) Incorporated by reference to the Company's Annual Report on Form 20-F (Commission File No. 001-12090) filed on June 30, 2003.

(i) Incorporated by reference to the Company's Annual Report on Form 20-F (Commission File No. 001-12090) filed on July 1, 2004, as amended by amendment filed on July 2, 2004.

69

SIGNATURE

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant certifies that it meets all the requirements for filing on Form 20-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: June 29, 2005

GRUPO RADIO CENTRO, S.A. de C.V.

By: /s/ Pedro Beltran Nasr

-----  
Pedro Beltran Nasr  
Chief Financial Officer

GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002

TOGETHER WITH

AUDITORS' REPORT

GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

PAGE

Report of independent auditors

-----  
F-1 and F-2

Consolidated Financial Statements:

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

Consolidated Balance Sheets as of December 31, 2004 and 2003	F-3
Consolidated Statements of Operations for the years ended December 31, 2004, 2003 and 2002	F-4
Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2004, 2003, and 2002	F-5
Consolidated Statements of Changes in Financial Position for the years ended December 31, 2004, 2003, and 2002	F-6
Notes to the Consolidated Financial Statements	F-7 to F-44

### REPORT OF INDEPENDENT AUDITORS

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF  
GRUPO RADIO CENTRO, S.A. DE C.V.

We have audited the accompanying consolidated balance sheets of Grupo Radio Centro, S.A. de C.V. and subsidiaries (as defined in Note 1 to the consolidated financial statements) as of December 31, 2004 and 2003, and the related consolidated statements of operations, changes in shareholders' equity and changes in financial position for each of the years in the three year period ended December 31, 2004. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Mexico and the standards of the Public Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. 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 audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Grupo Radio Centro, S.A. de C.V. and subsidiaries at December 31, 2004 and 2003, and the consolidated results of their operations, the changes in their shareholders' equity and the changes in their financial position for each of the years in the three year period ended December 31, 2004, in conformity with accounting principles generally accepted in Mexico.

F-1

Accounting principles generally accepted in Mexico vary in certain significant respects from accounting principles generally accepted in the United States of America. The application of the latter would have affected the results from operations for each of the years in the three year period ended December 31, 2004, and the shareholders' equity and changes in financial position as of December 31, 2004 and 2003, to the extent summarized in Note 26 to the

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

accompanying consolidated financial statements.

These consolidated financial statements have been translated into English solely for the convenience of readers of this language.

HERNANDEZ, MARRON Y CIA., S.C.

/s/ Bernardo Soto Penafiel

-----  
BERNARDO SOTO PENAFIEL, CPA  
PARTNER

MEXICO CITY  
FEBRUARY 14, 2005

F-2

### GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2004 AND 2003

(Unless otherwise specified, all amounts bearing the symbol "Ps" are expressed in thousands of constant Mexican pesos with purchasing power as of December 31, 2004.

Amounts bearing the symbol "US\$" are expressed in thousands of American dollars).

		2004		2004		2003
		(Note 2)				
<b>ASSETS</b>						
<b>CURRENT:</b>						
Cash and temporary investments (Note 5)	US\$	1,946	Ps	21,710	Ps	72,241
Accounts receivable:						
Broadcasting, net of allowance for doubtful accounts of Ps 7,411 for 2004 and Ps 7,796 for 2003		15,291		170,555		227,456
Other receivables (Note 7)		424		4,726		4,151
Income taxes recoverable		1,393		15,538		-
		17,108		190,819		231,607
Guarantee deposits (Note 8)		52		576		7,274
Others prepaid expenses		1,112		12,399		9,972
		20,218		225,504		321,094
<b>NON CURRENT:</b>						
Accounts receivable for Broadcasting						
Long-Term		2,183		24,347		-
Property and equipment, net (Notes 11)		43,836		488,950		494,283
Deferred charges, net (Note 12)		673		7,504		13,034
Excess cost over net book value of net						

Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

assets of subsidiaries, net (Note 13)	65,926	735,341	801,646
Guarantee deposits (Note 8)	-	-	606
Other assets	289	3,220	3,303
	-----	-----	-----
	US\$ 133,125	Ps 1,484,866	Ps 1,633,966
	=====	=====	=====
LIABILITIES			
CURRENT:			
Notes payable (Note 14)	US\$ 5,076	Ps 56,618	Ps 59,557
Advances from customers (Note 15)	4,751	52,990	62,754
Suppliers and other accounts payable (Note 16)	2,908	32,436	56,267
Taxes payable (Note 17)	1,722	19,209	27,403
Contingent liability (Note 10)	21,797	243,121	248,390
	-----	-----	-----
Total current liabilities	36,254	404,374	454,371
LONG-TERM:			
Notes payable (Note 14)	10,152	113,237	178,672
Reserve for labor liabilities (Note 18)	2,268	25,296	27,818
Deferred taxes (Note 20)	3,287	36,664	28,787
	-----	-----	-----
Total liabilities	51,961	579,571	689,648
	-----	-----	-----
SHAREHOLDERS' EQUITY (Note 19):			
Capital stock	101,028	1,126,862	1,127,478
Cumulative deficit	(15,328)	(170,974)	(132,695)
Reserve for repurchase of shares	3,570	39,822	39,922
Surplus on restatement of capital	409	4,557	4,557
Cumulative effect on prior years of initial recognition of deferred income taxes (Note 20)	(8,544)	(95,300)	(95,300)
Effects of labor liabilities	(18)	(200)	(177)
	-----	-----	-----
Majority shareholders' equity	81,117	904,767	943,785
Minority interest	47	528	533
	-----	-----	-----
Total shareholders' equity	81,164	905,295	944,318
	-----	-----	-----
	US\$ 133,125	Ps 1,484,866	Ps 1,633,966
	=====	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

F-3

GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS  
FOR THE YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002

(Unless otherwise specified, all amounts bearing the symbol "Ps" are expressed in thousands of constant Mexican pesos with purchasing power as of

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

December 31, 2004.

Amounts bearing the symbol "US\$" are expressed in thousands of American dollars).

	2004	2004	2003
	----- (Note 2)	-----	-----
BROADCASTING REVENUES	US\$ 49,454	Ps 551,608	Ps 867,913
Broadcasting expenses, excluding depreciation and amortization	34,654	386,528	519,216
	-----	-----	-----
Broadcasting income	14,800	165,080	348,697
Depreciation and amortization	8,775	97,873	119,291
General and administrative corporate expenses (Note 21)	1,871	20,872	63,307
	-----	-----	-----
Operating income	4,154	46,335	166,099
	-----	-----	-----
COMPREHENSIVE COST OF FINANCING			
Interest expense	2,838	31,678	28,505
Interest income	(50)	(559)	(1,023)
Loss on foreign currency exchange, net (Note 4)	227	2,533	6,798
(Gain) loss on net monetary position	(1,387)	(15,475)	326
	-----	-----	-----
	1,628	18,177	34,606
	-----	-----	-----
Other expenses, net (Note 22)	4,188	46,715	69,407
	-----	-----	-----
(Loss) income before extraordinary item and provisions	(1,662)	(18,557)	62,086
Extraordinary item (Note 10)	-	-	358,390
	-----	-----	-----
Loss before provisions	(1,662)	(18,557)	(296,304)
Benefit (provision) for income taxes and employee profit sharing (Note 20)	(1,769)	(19,727)	37,750
	-----	-----	-----
Net (loss) income	US\$ (3,431)	(38,284)	Ps (258,554)
	=====	=====	=====
NET (LOSS) INCOME APPLICABLE TO:			
Majority interest	US\$ (3,431)	Ps (38,279)	Ps (258,559)
Minority interest	-	(5)	5
	-----	-----	-----
	US\$ (3,431)	(38,284)	Ps (258,554)
	=====	=====	=====
NET (LOSS) INCOME PER SHARE	US\$ (0.021)	(0.235)	Ps (1.589)

Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

The accompanying notes are an integral part of these consolidated financial statements.

F-4

GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
 FOR THE YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002

(Unless otherwise specified, all amounts bearing the symbol "Ps" are expressed in thousands of constant Mexican pesos with purchasing power as of December 31, 2004.

Amounts bearing the symbol "US\$" are expressed in thousands of American dollars.)

	CAPITAL STOCK	RETAINED EARNINGS (DEFICIT)	RESERVE FOR REPURCHASE OF SHARES	SURPLUS RESTATE OF CAP
	-----	-----	-----	-----
Balances as of December 31, 2001 (Note 19)	Ps 1,135,007	Ps 182,852	Ps 37,991	Ps
Repurchase of shares	(7,212)	-	2,004	
Recognition of Subsidiaries' deferred income taxes	-	-	-	
Net income for the year	-	2,389	-	
Minority interest	-	(15)	-	
	-----	-----	-----	-----
Balances as of December 31, 2002 (Note 19)	1,127,795	185,226	39,995	
Repurchase of shares	(317)	-	(73)	
Effect of additional liability from labor liabilities	-	-	-	
Dividends paid	-	(59,362)	-	
Net loss for the year	-	(258,554)	-	
Minority interest	-	(5)	-	
	-----	-----	-----	-----
Balances as of December 31, 2003 (Note 19)	1,127,478	(132,695)	39,922	
Repurchase of shares	(616)	-	(100)	
Effect of additional liability from labor liabilities	-	-	-	
Net loss for the year	-	(38,284)	-	
Minority interest	-	5	-	
	-----	-----	-----	-----
Balances as of December 31, 2004 (Note 19)	Ps 1,126,862	Ps (170,974)	Ps 39,822	Ps
	=====	=====	=====	=====

Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

	EFFECTS OF LABOR LIABILITIES		MINORITY INTEREST		TOTAL	COMPREHENSIVE INCOME (LOSS)
	-----	-----	-----	-----	-----	-----
Balances as of December 31, 2001 (Note 19)	Ps	-	Ps	513	Ps 1,266,508	Ps
Repurchase of shares		-		-	(5,208)	
Recognition of Subsidiaries' deferred income taxes		-		-	(888)	
Net income for the year		-		-	2,389	
Minority interest		-		15	-	
Balances as of December 31, 2002 (Note 19)		-		528	1,262,801	Ps
Repurchase of shares		-		-	(390)	
Effect of additional liability from labor liabilities		(177)		-	(177)	
Dividends paid		-		-	(59,362)	
Net loss for the year		-		-	(258,554)	(258,554)
Minority interest		-		5	-	
Balances as of December 31, 2003 (Note 19)		(177)		533	944,318	Ps (258,554)
Repurchase of shares		-		-	(716)	
Effect of additional liability from labor liabilities		(23)		-	(23)	
Net loss for the year		-		-	(38,284)	(38,284)
Minority interest		-		(5)	-	
Balances as of December 31, 2004 (Note 19)	Ps	(200)	Ps	528	Ps 905,295	Ps (38,284)

The accompanying notes are an integral part of these consolidated financial statements.

F-5

GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002

(Unless otherwise specified, all amounts bearing the symbol "Ps" are expressed in thousands of constant Mexican pesos with purchasing power as of December 31, 2004.

Amounts bearing the symbol "US\$" are expressed in thousands of American dollars.)

	2004	2004	2003
	-----	-----	-----
OPERATING ACTIVITIES:			
Net (loss) income for the year	US\$ (3,431)	Ps (38,284)	Ps (258,554)

Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

Increases (decreases) to income not affecting resources:			
Depreciation and amortization	2,830	31,568	35,649
Amortization of goodwill	5,945	66,305	83,642
Deferred income taxes	706	7,877	(59,566)
Labor liabilities (Note 18)	473	5,275	5,572
Advance payments	-	-	124,318
Reduction in book value of buildings held for sale (Note 11)	(705)	(7,852)	1,480
	-----	-----	-----
	5,818	64,889	(67,459)
Net change in accounts receivable, accounts payable and other	(3,656)	(40,781)	300,768
	-----	-----	-----
Resources provided by operating activities	2,162	24,108	233,309
	-----	-----	-----
FINANCING ACTIVITIES:			
Repurchase of shares	(64)	(716)	(390)
Repayments of bank loans	(6,130)	(68,374)	(135,138)
Dividends paid	-	-	(59,362)
	-----	-----	-----
Resources used in financing activities	(6,194)	(69,090)	(194,890)
	-----	-----	-----
INVESTING ACTIVITIES:			
Excluding the recognition of the effects of inflation:			
Equipment	(1,153)	(12,852)	(9,178)
Buildings held for sale	-	-	-
Guarantee deposits	654	7,303	-
	-----	-----	-----
Resources used in investing activities	(499)	(5,549)	(9,178)
	-----	-----	-----
(Decrease) increase in cash and temporary investments	(4,531)	(50,531)	29,241
Cash and temporary investments at beginning of year	6,477	72,241	43,000
	-----	-----	-----
Cash and temporary investments at end of year	US\$ 1,946	Ps 21,710	Ps 72,241
	=====	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

F-6

GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 AS OF DECEMBER 31, 2004, 2003 AND 2002

(Unless otherwise specified, all amounts bearing the symbol "Ps" are expressed in thousands of constant Mexican pesos with purchasing power as of December 31, 2004. Amounts bearing the symbol "US\$" are expressed in thousands of American dollars).



## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

### NOTE 1 LINE OF BUSINESS AND COMPOSITION OF THE COMPANIES

Grupo Radio Centro, S.A. de C.V. ("Grupo Radio Centro" or "the Company") was incorporated on June 8, 1971. Grupo Radio Centro is a Mexican commercial broadcasting Company whose principal line of business is the production and radio broadcasting of musical programs, news, interviews and special events. Its revenues are derived primarily from the sale of commercial airtime to advertising agencies and businesses. The Company also operates a radio network in Mexico.

Grupo Radio Centro owns approximately 99.9% of most of its subsidiaries, which comprise the following Companies:

COMPANIES	NOTES	2004	2003	2002
RADIO STATIONS:				
XEQR, S.A. de C.V.		X	X	X
XERC, S.A. de C.V.		X	X	X
XEEST, S.A. de C.V.	(a)	X	X	X
XEQR-FM, S.A. de C.V.		X	X	X
XERC-FM, S.A. de C.V.		X	X	X
XEJP-FM, S.A. de C.V.		X	X	X
XEDKR-AM, S.A. de C.V.		X	X	X
XESTN-AM	(b)	X	X	X
Radio Red, S.A. de C.V.		X	X	X
Radio Red-FM, S.A. de C.V.		X	X	X
Estacion Alfa, S.A. de C.V.		X	X	X
Emisora 1150, S.A. de C.V. (formerly XECMQ)		X	X	X
Radio Sistema Mexicano, S.A.	(c)	X	X	X
MARKETING COMPANIES:				
Grupo Radio Centro, S.A. de C.V.		X	X	X
Radio Centro Publicidad, S.A. de C.V.		X	X	X
GRC Publicidad, S.A. de C.V.		X	X	X
GRC Medios, S.A. de C.V.	(d)	X	X	X

F-7

### GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2004, 2003 AND 2002

COMPANIES	NOTES	2004	2003	2002
SERVICE COMPANIES:				
Promotora Tecnica de Servicios Profesionales, S.A. de C.V.		X	X	X
Publicidad y Promociones Internacionales, S.A. de C.V.		X	X	X
Promo Red, S.A. de C.V.		X	X	X

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

### REAL ESTATE COMPANIES:

Universal de Muebles e Inmuebles, S.A. de C.V.	(e)	X	X	X
Inmobiliaria Radio Centro, S.A. de C.V.	(e)	X	X	X

### SUB-HOLDING COMPANIES:

Desarrollos Empresariales, S.A. de C.V.		X	X	X
Radiodifusion Red, S.A. de C.V.		X	X	X
Enlaces Troncales, S.A. de C.V.	(f)	X	X	X

### NON-OPERATING COMPANIES:

Musica, Musica, Musica, S.A. de C.V.		X	X	X
Promotora de Exitos, S.A. de C.V.		X	X	X
Producciones Artisticas Internacionales, S.A. de C.V.	(g)	X	X	X

### INTERNET COMPANIES:

To2 Mexico, S.A. de C.V.	(h)	X	X	X
--------------------------	-----	---	---	---

---

### NOTES:

- (a) Radio station managed and operated by Comercializadora Siete de Mexico, S.A. de C.V.
- (b) Radio station acquired by Radio Red, S.A. de C.V. on September 6, 2000 to operate in Monterrey, Nuevo Leon.
- (c) Subsidiary as of December 31, 2001 (see Note 23).
- (d) Subsidiary as of April 2, 2001 (see Note 24).
- (e) On July 8, 2000, Grupo Radio Centro established Trust N(degree) 151548, with Banco Internacional, S.A., as trustee, to act as the real estate administrator for Universal de Muebles e Inmuebles, S.A. de C.V. and Inmobiliaria Radio Centro, S.A. de C.V., which acted as trust settlor and beneficiary. On September 30, 2002 the Trust was terminated and consequently the real estate is administered by the above-mentioned real estate companies.

F-8

GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2004, 2003 AND 2002

- (f) Includes Palco Deportivo.Com, S.A. de C.V. and related companies, all of which were merged into this subsidiary on October 1, 2001 (see Note 24).
- (g) The subsidiary was incorporated as a result of the merger between Grupo Radio Centro (the merging company) and Centraltena (the merged company).
- (h) Subsidiary as of February 16, 2001 (see Note 24).

The Company's radio-station operations include the production and broadcasting of musical programs, news, interviews, special events and advertising in Mexico City's metropolitan area. They are based on limited-term

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

concessions, subject to renewal, granted by Mexico's Ministry of Communications and Transportation ("SCT"). One of the station concessions granted to the Company expired in October 2003 and one in November 2003. Nine expired in July 2004, one will expire in December 2007 and one in December 2012.

In November 2002, renewal applications for the two concessions that expired in 2003, and in May and June 2003, renewal applications for the nine concessions that expired in 2004, were submitted to the Ministry of Communication and Transportation (Secretaria de Comunicaciones y Transportes). Renewals of all these concessions were authorized in October and November 2004.

The Company's marketing companies are responsible for the programming and sale of commercial airtime for broadcast by the Company's radio stations in Mexico City's metropolitan area and, beginning in 1995, in the rest of Mexico.

The Company's service companies provide commercial, technical and administrative personnel to the companies comprising Grupo Radio Centro.

The Company's real estate companies own the land and buildings where the transmission facilities of the Company's radio stations and its commercial companies are located, including the building where the head offices and studios of Grupo Radio Centro and its subsidiaries are located.

The Company's non-operating companies were incorporated for the purpose of developing new investment projects and are not currently active.

The Internet companies were acquired to explore the Company's opportunities to distribute its content through the Internet. On October 1, 2002 the Internet companies To2 Mexico and Palco Deportivo ceased operations with third parties. Since that date, the Company has only maintained operations with affiliated companies.

F-9

### GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2004, 2003 AND 2002

In October 2001, the Company restructured itself to decrease the number of holding companies and simplify management. This restructuring resulted in transfers of shares and mergers among subsidiaries of the Company as follows:

\* Desarrollos Empresariales, S.A. de C.V. acquired from Grupo Radio Centro, S.A. de C.V. 99.99% of the shares of Radiodifusion Red, S.A. de C.V. and is the surviving entity following mergers with each of the following subsidiaries:

- . Mensajes Digitales, S.A. de C.V.
- . Industrias Telecentro, S.A. de C.V.

\* Enlaces Troncales, S.A. de C.V. acquired 99.99% of the shares of Promo Red, S.A. de C.V. from Radiodifusion Red, S.A. de C.V. and is the surviving entity following mergers with each of the following subsidiaries (see Note 13):

- . Palco Deportivo.Com, S.A. de C.V.
- . Palco Shop, S.A. de C.V.
- . Palco Deportivo Multimedia, S.A. de C.V.
- . Palco Deportivo Mexico, S.A. de C.V.

\* Promo Red, S.A. de C.V. is the surviving entity following a merger with Servicios Corporativos Palco, S.A. de C.V. (see Note 13).

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

\* Radio Centro Publicidad, S.A. de C.V. is the surviving entity following mergers with the following subsidiaries:

- . Publicidad Mega, S.A. de C.V.
- . Organizacion Impulsora de Radio, S.A. de C.V.
- . Compania de Servicios Publicitarios, S.A. de C.V.

\* GRC Medios, S.A. de C.V. is the surviving entity following a merger with Expertopolis, S.A. de C.V. (acquired in June 2001).

### NOTE 2 BASIS OF CONSOLIDATION AND PRESENTATION

The accompanying consolidated financial statements include the accounts of Grupo Radio Centro and its subsidiaries, listed in Note 1, as of December 31, 2004 and 2003, and the statements of operations, changes in shareholders' equity and changes in financial position for the years ended December 31, 2004, 2003 and 2002. All intercompany balances and transactions have been eliminated in consolidation.

F-10

### GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2004, 2003 AND 2002

#### CONVENIENCE TRANSLATIONS:

The US dollar amounts (denoted by the symbol "US\$") shown in the 2004 financial statements have been included solely for the convenience of the reader and were translated at the rate of Ps 11.154/US\$ 1.00, the noon buying rate of Mexican pesos on December 31, 2004, as published by the Federal Reserve Bank of New York. Such translation should not be construed as a representation that the Mexican peso amounts have been or could be converted into US dollars at this or any other rate.

### NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant accounting policies followed by Grupo Radio Centro in the preparation of its consolidated financial statements, are summarized below:

#### a. RECOGNITION OF THE EFFECTS OF INFLATION:

- The consolidated financial statements have been prepared in accordance with the guidelines set out in Bulletin B-10, "Recognition of the Effects of Inflation on Financial Information," and its amendments, issued by the Mexican Institute of Public Accountants. Therefore, the consolidated financial statements for the years ended December 31, 2004, 2003 and 2002, are expressed in constant Mexican pesos with purchasing power as of December 31, 2004, as determined by applying factors derived from the National Consumer Price Index ("NCPI") published by the Banco de Mexico.

	2004	2003	2002
	-----	-----	-----
Restatement factor using Mexican Inflation	1.0519	1.0398	1.057

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

- Capital stock, retained earnings (deficit), reserve for repurchase of shares and cumulative effect on prior years of recognition of deferred income tax include their restatement effects, determined by applying factors derived from the NCPI from the date of their contribution or generation of earnings (loss). These restatements reflect the reserves required to maintain shareholders' equity accounts at constant levels.

F-11

### GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2004, 2003 AND 2002

- Surplus on restatement of capital represents the accumulated gain from holding non-monetary assets. This gain represents the difference between the value of non-monetary assets, recorded at acquisition cost as compared to the value of the assets as restated using factors derived from the NCPI.
- Comprehensive cost of financing consists of interest income and expense, net foreign-exchange gains or losses and the gain or loss on net monetary position.
- (Gain) loss on net monetary position represents the effects of inflation, as measured by the NCPI, on the net monetary assets and liabilities held during the year.

b. TEMPORARY INVESTMENTS:

Temporary investments are stated at cost, plus interest earned, which does not exceed market value.

c. PROPERTY AND EQUIPMENT:

The Company recognizes the effects of inflation through adjustments in general price levels by applying factors derived from the NCPI. Related depreciation is calculated based on estimated useful lives of assets both for acquisition costs and restatement increases.

During 2004, the Company recognized a gain relating to buildings held for sale and amounting to Ps 7,852, and during 2003 and 2002, impairment losses relating to buildings held for sale and amounting to Ps 1,480 and Ps 1,845, respectively, were recognized in other expenses in the accompanying statements of operations (see Note 22).

d. EXCESS COST OVER NET BOOK VALUE OF NET ASSETS OF SUBSIDIARIES:

Goodwill can be amortized over a period no greater than 20 years from the date of acquisition. Amortization is calculated on the straight-line method.

e. INCOME TAX ("IT"), BUSINESS ASSETS TAX ("BAT"), EMPLOYEES STATUTORY PROFIT-SHARING ("ESPS") AND DEFERRED INCOME TAXES:

Provisions for IT, BAT and ESPS are recognized in the period incurred, and the effects of deferred IT and ESPS are recognized in accordance with Bulletin D-4, "Accounting Treatment of Income Tax, Business Assets Tax and Employees Statutory Profit Sharing" ("Bulletin D-4"). Bulletin D-4 requires deferred IT to be determined by applying the statutory income tax rate to the temporary differences between the book value and tax value of assets and liabilities, when applicable

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

and subject to a recoverability analysis, tax loss carryforwards as well as other recoverable taxes and tax credits.

F-12

### GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2004, 2003 AND 2002

Bulletin D-4 also requires the determination of the effect of deferred ESPS that results from temporary differences that are of a non-recurring nature arising from the reconciliation of the net income of the period and the taxable income of the period. For the year 2004, the Company did not have any non-recurring temporary differences, and the effect recognized in 2003 was written off in the income statement.

Income taxes are computed based on the consolidated return basis and employee profit sharing is computed on a separate return basis for each entity in the consolidated group. The effect of a statutory income tax rate change is recognized in the income statement of the period in which the rate change officially occurs (see Note 20).

f. ADVANCES FROM CUSTOMERS:

Advances from customers are recognized as income when the corresponding airtime is transmitted.

g. EMPLOYEE BENEFITS:

The costs related to benefits to which employees are entitled as a result of seniority premiums and pension plans in the case of union personnel, or by law or by Company grant, are recognized in the results of operations on the basis of the present value of the benefits determined under actuarial estimates, as services are rendered. The amortization of unrecognized prior service cost, changes in assumptions and adjustments based on experience that have not been recognized, is based on the employee's estimated active service life. Other benefits to which employees may be entitled, principally severance benefits and vacations, are recognized as an expense in the year in which they are paid.

The Company has established a pension plan for union personnel. The Company has recorded a reserve for the estimated accrued seniority premiums and pension benefits, the amount of which was determined through actuarial estimates (see Note 18).

F-13

### GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2004, 2003 AND 2002

Other indemnities or compensation based on length of service, to which, under the terms of Mexico's current Federal Labor Law, employees may be entitled in the event of dismissal or death are charged to income in the year in which they become payable.

h. EARNINGS (LOSS) PER SHARE:

Net income (loss) per share is computed on the basis of the weighted

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

average number of shares outstanding for the years ended December 31, 2004, 2003 and 2002.

i. TRANSACTIONS IN FOREIGN CURRENCIES:

Transactions in foreign currencies are recorded at the buying rate published by the Banco de Mexico (Central Bank), which rate is comparable to the Federal Reserve Bank of New York, on the dates on which they are entered into and/or settled. Assets and liabilities in foreign currencies are stated in Mexican pesos at the year-end closing rates of exchange. Exchange differences are recorded directly in results of operations.

j. RECOGNITION OF BROADCASTING INCOME:

Income is recognized when the corresponding airtime is broadcast.

k. BARTER TRANSACTIONS:

Grupo Radio Centro exchanges advertising time for products and services. Broadcasting revenue and the related airtime cost in connection with the barter of advertising time are recognized when the advertising is aired, and the cost of the goods and services received in such a barter transaction are recognized when the goods and services are used. The Company estimates that the value of these operations does not exceed market value.

l. USE OF ESTIMATES:

The preparation of financial statements requires management to make estimates and assumptions that affect the recorded amounts of assets and liabilities at the date of the financial statements and the recognized amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

F-14

GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2004, 2003 AND 2002

m. CONCENTRATION OF CREDIT RISK

Broadcasting Revenue:

The Company's principal source of revenue is generated from radio broadcasting of advertising and promotions for its customers. Although the Company has several large customer accounts, none comprised more than 10% of the Company's total broadcasting revenue in 2004, 2003 and 2002.

n. REPURCHASE OF SHARES:

In accordance with Mexico's current Stock Market Law, the Company has created a capital reserve from retained earnings, called "Reserve for Repurchase of Shares", to be used to support trading of its shares. Shares repurchased by the Company are treated as treasury shares. Should these shares not be offered anew to the investing public within one year, these shares must be canceled, thus resulting in a reduction of common stock.

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

o. COMPREHENSIVE INCOME:

The Company follows the practice of recognizing "Comprehensive Income" per the guidelines of Bulletin B-4, issued by the Mexican Institute of Public Accountants, which sets out disclosure and presentation rules concerning comprehensive income and its components.

The total comprehensive income presented in the statement of changes in shareholders' equity, results from the performance of the Company for the period ended December 31, 2004 and is included on the balance sheet as part of shareholders' equity, pursuant to generally accepted accounting principles in Mexico as net income (loss) plus deferred income tax and any additional liability for retirement payments.

p. IMPAIRMENT OF LONG-LIVED ASSETS:

The Company tests goodwill and other long-lived assets for impairment when events or changes indicate that the recorded book value of these assets might not be recovered from the future cash flows they generate. To test for impairment, the Company compares the book value of goodwill and other long-lived assets with their expected future cash flows, which are not discounted to present value. If the cash flows of an asset are greater than or equal to the asset's book value, there is no impairment charge. However, if these cash flows are less than the asset's book value, the asset is considered impaired. To determine the amount of impairment, which the Company recognizes in its results for the year, the Company calculates the difference between (i) the asset's cash flows, discounted to present value, which the Company estimates the asset could generate in the future, and (ii) the asset's book value.

The Company's impairment analysis reflected no impairment of its goodwill and other long-lived assets at December 31, 2004.

F-15

GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2004, 2003 AND 2002

NOTE 4 POSITION IN FOREIGN CURRENCIES

The consolidated balance sheets as of December 31, 2004 and 2003, include the following assets and liabilities in thousands of US dollars, valued at the closing year-end foreign exchange rates of Ps 11.2648/US\$ 1.00 and Ps 11.236/US\$ 1.00, respectively:

	2004	2003
	-----	-----
Cash and marketable securities	US\$ 11	US\$ 601
Liabilities	(21,471)	(21,016)
	-----	-----
Net liabilities	US\$ (21,460)	US\$ (20,415)
	=====	=====

The liabilities as of December 31, 2004 and 2003 include contingent liabilities, including US \$ 21,016, related to the Infored and Mr. Gutierrez arbitration process (see Note 10).

At February 4, 2005, the foreign-exchange rate was Ps 11.1683/US\$



## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

1.00. The net book value of the Company's property and equipment denominated in foreign currencies as of December 31, 2004 and 2003 was as follows:

	2004		2003
	-----		-----
Transmission equipment	US\$ 2,436		US\$ 1,776
Studio equipment	2,213		1,171
Helicopters	1,175		1,175
Other	769		402
	-----		-----
Net assets in US dollars	US\$ 6,593		US\$ 4,524
	=====		=====

F-16

GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 AS OF DECEMBER 31, 2004, 2003 AND 2002

NOTE 5 CASH AND TEMPORARY INVESTMENTS

At December 31, 2004 and 2003, cash and temporary investments consisted of the following:

	2004		2003
	-----		-----
Cash	Ps 3,596		Ps 1,484
Short-term investments, mainly at fixed interest rates	18,114		70,757
	-----		-----
	Ps 21,710		Ps 72,241
	=====		=====

Temporary investments as of December 31, 2004 and 2003 consisted primarily of deposits at fixed interest rates and with maturities of less than 90 days. Grupo Radio Centro invests its temporary excess cash in such deposits.

NOTE 6 RELATED PARTIES

In the normal course of business, the Company purchases and sells broadcast time or programming services to various other companies that are related through common ownership. These purchases and sales are recorded at rates not materially different from those charged to non-related entities for these types of services.

The Company may also purchase assets or services from these related parties. Grupo Radio Centro believes that the costs of such assets or services do not exceed the prices that could be obtained from non-related entities.

The Company also provides certain services to affiliated companies on terms that are more favorable than those available to non-related companies. The Company does not believe that any such service arrangements with related parties are material.

The Company also engages in various leasing or lending activities with such related parties. The Company believes that the terms of such leasing or lending arrangements do not significantly differ from the terms which could be obtained from or charged to non-related companies.

Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

F-17

GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 AS OF DECEMBER 31, 2004, 2003 AND 2002

During the years ended December 31, 2004, 2003 and 2002, the Company conducted the following transactions with related parties:

	2004	2003	2002
	-----	-----	-----
INCOME:			
Sale of airtime and services rendered	Ps 116	Ps 185	Ps 203
Sale of equipment	1,606	464	198
Building rent	290	290	289
Recovery of expenses	-	-	333
Other	-	178	206
Sale of goods to Shareholders	1,317	3,854	3,047
EXPENSES:			
Purchase of airtime and services received	(1,787)	(2,013)	(2,308)
Fees paid (1)	(12,699)	(10,536)	(8,290)

(1) On January 5, 2000 the Company entered into a contract with an entity owned by Francisco Aguirre Gomez, the president and a shareholder of the Company. This entity provides promotional services to the Company. As of December 31, 2004, 2003 and 2002, the Company incurred expenses for such services under this contract totaling Ps 12,699 (historical amount), Ps 10,536 (Ps 10,016 historical amount) and Ps 8,290 (Ps 7,580 historical amount) respectively.

During the years ended 2004, 2003 and 2002, the shareholders made personal use of goods and services that the Company acquired from barter operations for which they paid Ps 1,026, Ps 3,664 and Ps 2,897, respectively (see (1) in Note 7).

NOTE 7 OTHER RECEIVABLES

At December 31, 2004 and 2003, the balances in other receivables consisted of the following:

	2004	2003
	-----	-----
Officers and employees	Ps 3,240	Ps 3,003
Other (1)	1,486	1,148
	-----	-----
	Ps 4,726	Ps 4,151
	=====	=====

(1) At December 31, 2004 and 2003, the amounts include Ps 842 and Ps 165, respectively, for receivables from shareholders.

F-18

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

### GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2004, 2003 AND 2002

#### NOTE 8 SERVICE AGREEMENTS

In order to manage the operations of XHFO-FM, S.A. de C.V. (the "Station"), Desarrollos Empresariales, S.A. de C.V. ("DESA"), a wholly-owned subsidiary of the Company entered into a Service Agreement on October 2, 1995 (the "Agreement") with the Station and with Comercializadora Siete de Mexico, S.A. de C.V. ("Comercializadora"). Under the terms of the Agreement, DESA was granted the right to sell the airtime of the Station in exchange for providing operating and administrative services to Comercializadora and the Station.

On December 14, 1998, the Company entered into a Modifying Agreement (the "First Modifying Agreement") renewing and modifying the Agreement with Comercializadora and the Station. On December 30, 1998, a rights-ceding contract was signed in which the Company replaced DESA, in order to continue the operation of the Station by the Company beginning January 3, 1999 and for a term of 24 months with an option in favor of the Company to extend the term 12 more months. On December 15, 2000, the parties renewed the First Modifying Agreement, and the First Modifying Agreement expired on December 31, 2001.

On June 29, 2001, the parties entered into a second Modifying Agreement (the "Second Modifying Agreement") renewing and modifying the First Modifying Agreement, which was effective January 3, 2002 for a term of 36 months, which expired on January 2, 2005. Under this agreement, the Company was entitled to a monthly fee equal to Ps 166 plus US\$ 207 from the total revenues generated by the Station for providing operating and administrative services. On July 17, 2001, the Company made a deposit of US\$ 2,250 to guarantee its compliance with this agreement, which deposit was to be refunded in monthly installments over the 36-month term beginning January 3, 2002.

On September 7, 2004, the parties entered into a third Modifying Agreement renewing and modifying the Second Modifying Agreement, effective January 3, 2005 for a term of 48 months that expires on January 2, 2009. Under this agreement, the Company is entitled to a monthly fee equal to US\$ 284 from the total revenues generated by the Station for providing operating and administrative services. The deposit made by the Company in the original Contract was reimbursed to the Company in 2005. This third Modifying Agreement does not require any deposit.

F-19

### GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2004, 2003 AND 2002

#### NOTE 9 ACQUISITION OF RADIODIFUSION RED

Through a series of transactions effected in May 1995 and January 1996, the Company acquired from Corporacion Medcom, S.A. de C.V. all of the outstanding capital stock of Radiodifusion Red. The purchase price consisted of US\$ 23,000 (Ps 146,308 historical amount) paid in May 1995 and a fixed payment of Ps 241,610 (historical amount) and a contingent payment of Ps 80,500 (historical amount) paid in January 1996. The contingent payment was subject to the attainment by the radio stations owned by Radiodifusion Red of certain audience-share targets for each of the following five years.

For the years ended December 31, 1998, 1997 and 1996, the

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

audience-share targets were reached. Therefore, the Company was not entitled to any refund of the contingent payment for those years. In December 1998, in connection with the Company's programming-services agreement with Infored, S.A. de C.V., ("Infored") and Jose Gutierrez Vivo ("Mr. Gutierrez") (see Note 10), the Company surrendered its rights to any refund of the remaining contingent payments for 2000 and 1999. The aggregate amount of Ps 80,500 corresponding to the contingent payments was capitalized as part of the purchase price and included in goodwill.

On September 30, 2001, the Company sold its shares of Radiodifusion Red to DESA, a subsidiary of the Company. This sale resulted in a loss for tax purposes of Ps 175,626 (Ps 159,805 historical amount) (see Note 20).

### NOTE 10 INFORED PRODUCTION CONTRACT

On December 23, 1998, in order to continue collaborating in the production of radio shows and to establish two new joint ventures, the Company signed a new contract (the "Production Contract" or the "Infored Agreement") with Infored, the producer at that time of the Monitor news and talk-show, and Mr. Gutierrez, Monitor's host at that time, to provide the Company with exclusive production services for news and special-event radio shows until June 30, 2015. The Company committed to air these programs on XERED-AM and XHRED-FM and affiliated radio stations.

The Production Contract, in addition to requiring the Company to continue paying Infored for the cost of producing its shows, required the Company to pay Infored an aggregate amount of approximately US\$ 15,400. Of this amount, US\$ 4,400 and Ps 4,593 (Ps 4,003 historical amount) was paid upon signing the Production Contract, US\$ 4,000 was paid on January 31, 1999, and US\$ 7,000 was paid in eleven equal monthly payments starting February 28, 1999. The aggregate amount of these advance payments is being amortized monthly in equal amounts through June 2015. In addition, the Company paid Infored monthly production fees based on the revenues derived from Monitor and the amount of budgeted expenses, which generally reflected increases due to Mexico's inflation rate, to cover Infored's radio programming operations. Between 2002 and 2004, the Company covered these services on the basis of the last payment made in 2001.

F-20

### GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2004, 2003 AND 2002

The Company also transferred to Mr. Gutierrez two AM radio stations, XEFAJ-AM, S.A. de C.V. and Emisora 1320, S.A. de C.V., at book value. The Company continues rendering maintenance and transmission engineering services, and leasing a broadcasting building, for these stations under separate agreements.

On May 7, 2002, Mr. Gutierrez and Infored notified the Company that they were initiating an arbitration proceeding pursuant to which they sought the rescission of the Production Contract entered into on December 23, 1998 (see Note 9) and damages, as well as payment of expenses and costs of the litigation.

On March 1, 2004 the International Chamber of Commerce ("ICC") notified the Company that a final decision had been made in the arbitration proceeding initiated in 2002 by Infored and Mr. Gutierrez. By a majority vote of two of the three arbitrators, the ICC panel held that the Company had breached the agreement with Infored and Mr. Gutierrez. As a result, the agreement has been rescinded and Infored and Mr. Gutierrez together have been awarded Ps

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

248,390 (US\$ 21,797) in damages, which represents the amount the Company would be required to pay after taking into account the amounts prepaid by the Company under the contract. Although the Company has appealed, a contingent liability was recorded at December 31, 2003 and the prepayment, which at December 31, 2003 was Ps 110,000 (Ps 104,572 historical amount), was written off. The total amount of the award was at Ps 358,390, which is presented in the consolidated statement of operations as an extraordinary item.

The Company has discontinued news programming produced by Infored and hosted by Mr. Gutierrez and now produces its news programming on its own.

On August 6, 2004, the Company challenged the effectiveness of this decision before the Mexican courts and brought a proceeding to nullify the arbitration award. On November 10, 2004, a Mexican judge declared the arbitration decision nullified. Mr. Gutierrez and Infored, S.A. de C.V., have initiated an amparo proceeding to contest this ruling. An amparo is a type of proceeding used to challenge the legality of a decision under Mexican law. The Company has not paid any portion of this award; the final resolution of the case is still pending.

F-21

### GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2004, 2003 AND 2002

#### NOTE 11 PROPERTY AND EQUIPMENT

At December 31, 2004 and 2003, the balances in property and equipment consisted of the following:

	2004	2003	DEPRECIATION (annual rate)
	-----	-----	-----
Buildings	Ps 308,057	Ps 308,057	2.22%
Transmission equipment	121,241	119,737	11.87%
Studio equipment	125,153	120,257	15.94%
Office furniture and equipment	43,960	43,607	16.48%
Computer equipment	63,544	61,603	32.22%
Transportation equipment	35,214	34,497	28.30%
Helicopters	32,389	32,389	18.18%
Leasehold improvements	11,708	11,675	5.00%
	-----	-----	
	741,266	731,822	
Less- Accumulated depreciation	(422,905)	(400,638)	
	-----	-----	
	318,361	331,184	
Land	133,854	133,854	
Buildings held for sale, net	36,031	29,024	
Equipment in transit	704	221	
	-----	-----	
	Ps 488,950	Ps 494,283	
	=====	=====	

During 2004 and 2003, Inmobiliaria Radio Centro, S.A. de C.V. (see Note 1e) rented to Maxcom part of the building in which the main executive offices and studios of the Company are located. Rental income for 2004, 2003 and

Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

2002 amounted to Ps 233, Ps 231 and Ps 229, respectively.

During the years ended December 31, 2004, 2003 and 2002, the Company reviewed the realizable values of those buildings held for sale, and determined that an increase was required in their book values for 2004 in the amount of Ps 7,852, and for the years 2003 and 2002 a reduction was required in the amounts of Ps 1,480 and Ps 1,845, respectively. These amounts have been recognized in other expenses, net in the accompanying statements of operations (see Note 22).

On September 10, 2002, the Company sold some of its obsolete fixed assets for US\$ 2,275, resulting in a gain on sale of Ps 9,508.

F-22

GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 AS OF DECEMBER 31, 2004, 2003 AND 2002

NOTE 12 DEFERRED CHARGES

At December 31, 2004 and 2003, deferred charges consisted of the following:

	2004	2003
	-----	-----
Installation expenses	Ps 8,670	Ps 9,337
Licenses and patents	3,191	1,077
Systems development projects	-	5,888
	-----	-----
	11,861	16,302
Less -- Accumulated amortization	(4,539)	(10,653)
	-----	-----
	7,332	5,649
Labor liabilities (see Note 18):		
Intangible assets	182	7,385
	-----	-----
	Ps 7,504	Ps 13,034
	=====	=====

NOTE 13 EXCESS COST OVER NET BOOK VALUE OF NET ASSETS OF SUBSIDIARIES

The Company purchased 33% and 67% of the outstanding shares of Radiodifusion Red on May 12, 1995 and January 9, 1996, respectively. On September 30, 2001, Grupo Radio Centro sold these shares to DESA, one of its subsidiaries. As a result of these purchases and sales, the Company recorded excess cost over book value of net assets (or goodwill) amounting to Ps 446,795 (Ps 146,308 historical amount) and Ps 782,469 (Ps 313,101), respectively (see Note 9), which is to be amortized over a period of 20 years beginning on the date of acquisition.

On February 16, 2001, the Company acquired To2 Mexico, S.A. de C.V. and recorded goodwill in the amount of Ps 17,184 (see Notes 1 and 24), which was amortized over two years from the date of acquisition.

On December 31, 2001, the Company acquired Radio Sistema Mexicano, S.A. de C.V. and recorded goodwill in the amount of Ps 52,654 (see Notes 1 and 23), which is being amortized over 20 years from the date of acquisition.

On March 14, 2001, the Company acquired Palco Deportivo.Com, S.A. de

Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

C.V., Palco Shop, S.A. de C.V., Palco Deportivo Multimedia, S.A. de C.V. and Palco Deportivo Mexico, S.A. de C.V. On October 1, 2001, these companies were merged with Enlaces Troncales, S.A. de C.V. On March 14, 2001, the Company acquired Servicios Corporativos Palco, S.A. de C.V., which was merged with Promo Red, S.A. de C.V. on October 2, 2001 (see Notes 1 and 24). As a result of these acquisitions the Company recorded goodwill in an aggregate amount of Ps 46,375 (Ps 38,715 historical amount), which is being amortized over 20 years from the date of acquisition.

F-23

GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 AS OF DECEMBER 31, 2004, 2003 AND 2002

At December 31, 2004 and 2003, the Company had total goodwill of Ps 735,341 and Ps 801,646, respectively, which, except as otherwise noted above, is being amortized over 20 years from the date of acquisition of the relevant subsidiary.

NOTE 14 NOTES PAYABLE

At December 31, 2004 and 2003, notes payable consisted of the following:

	2004	2003
	-----	-----
SHORT-TERM:		
Scotiabank Inverlat, S.A.	Ps 56,618	Ps 59,557
LONG-TERM:		
Scotiabank Inverlat, S.A.	113,237	178,672
	-----	-----
	Ps 169,855	Ps 238,229
	=====	=====

The short-term and long-term notes payable represent payment obligations under a loan agreement and related promissory note initially in the amount of US\$ 35,000, dated October 31, 2000.

The loan agreement contains covenants requiring the Company to maintain certain financial ratios and to comply with other financial conditions that, among other things, limit the Company's ability to incur additional indebtedness, pay dividends, pledge or sell its assets and enter into certain transactions with affiliates except those necessary in the normal course of its operations. Scotiabank Inverlat agreed to amend the financial covenant requiring that Company maintain a certain ratio of total liabilities to EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) to increase the ratio permitted from the second quarter of 2002 through March 31, 2003. As a condition to the granting of the waiver and the amendment, the Company agreed to convert US\$ 13,600 of the amount outstanding under the loan agreement from U.S. dollars into Mexican pesos, to pay interest equal to the Mexican Interbank Equilibrium Interest Rate (Tasa de Interes Interbancaria de Equilibrio or TIIE) plus 2.00% on the converted portion of the loan and to not pay any dividends for so long as the Company is not in compliance with any of the financial covenants in the loan agreement as amended.

F-24

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

### GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2004, 2003 AND 2002

On December 10, 2002 the loan agreement was amended to convert the denomination of the remaining US\$ 23,300 of the outstanding balance from U.S. dollars to Mexican pesos at a variable interest rate of TIIE + 2.00% to 3.25%, depending on certain financial ratios. Principal payments are due semi-annually beginning April 30, 2003 and interest payments are due quarterly.

On July 17, 2003, the loan agreement was further amended to extend the term of payment from October 31, 2005 to October 31, 2007.

On December 3, 2003, a new amendment to the loan agreement was signed, establishing an increase of Ps 50,000 (historical amount) in the principal amount of the loan, an interest rate which is fixed between 10.30% and 11.55% depending on the financial indicator of total liabilities to EBITDA, the payment of principal every six months beginning April 30, 2004 and maturing on October 31, 2007 and the payment of interest quarterly.

On March 31, 2004, as a result of recognizing a provision for the contingent liability due to the International Chamber of Commerce's award of damages in the arbitration proceeding brought by Infored and Mr. Gutierrez, the Company was not in compliance with the financial covenant to maintain a certain ratio of total liabilities to EBITDA and total liabilities to total shareholders' equity. The Company informed the bank of this situation and requested a waiver of its non-compliance with certain of these financial ratios (see Note 10). On June 15, 2004, the Company obtained a waiver from Scotiabank Inverlat solely and exclusively for non-compliance with the financial covenant to maintain a certain ratio of total liabilities to total shareholders' equity reflected in the audited financial statements for 2003 and the internal financial statements as of March 2004 as well as the maximum total liabilities to EBITDA for the internal financial statements as of March 2004.

On June 29, 2004, the Company reached an agreement with Scotiabank Inverlat in which the bank temporarily amended through December 31, 2004, the financial ratios with which the Company had been in noncompliance, subject to the condition that the Company refrain from paying any dividends.

On March 31, 2005, the Company obtained a waiver from Scotiabank Inverlat of its non-compliance with the covenants of the loan agreement requiring the Company to maintain a certain ratio of total liabilities to EBITDA. In addition, the Company and Scotiabank Inverlat signed an amendment to the Scotiabank Inverlat loan agreement on May 6, 2005 to increase the ratio of total liabilities to EBITDA for all periods of the year ending December 31, 2005.

F-25

### GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2004, 2003 AND 2002

#### NOTE 15 ADVANCES FROM CUSTOMERS

Advances from customers amounted to Ps 52,990 and Ps 62,754 as of December 31, 2004 and 2003, respectively, representing deposits from customers for future advertising. These advances are recognized as income when the corresponding air time is broadcast. For tax purposes, income is recognized when the advances are received.



Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

NOTE 16 SUPPLIERS AND OTHER ACCOUNTS PAYABLE

At December 31, 2004 and 2003, suppliers and other accounts payable consisted of the following:

	2004		2003
	-----		-----
Media and service suppliers	Ps 19,466	Ps	45,154
Salaries and fees payable	8,252		6,844
Interest	2,965		1,909
Employee profit sharing	294		568
Other	1,459		1,792
	-----		-----
	Ps 32,436	Ps	56,267
	=====		=====

NOTE 17 INCOME TAXES AND OTHER TAXES PAYABLE

At December 31, 2004 and 2003, income tax and other taxes payable were comprised of the following:

	2004		2003
	-----		-----
Taxes on wages and salaries	Ps 4,942	Ps	5,305
Value-added tax	13,431		20,441
Income tax withheld from third parties	836		1,657
	-----		-----
	Ps 19,209	Ps	27,403
	=====		=====

NOTE 18 SENIORITY PREMIUMS AND PENSIONS

The Company maintains a reserve to cover seniority premiums and pension plan liabilities. This reserve was determined through actuarial studies using the projected unitary cost method, in accordance with Bulletin D-3, issued by the Mexican Institute of Public Accountants.

F-26

GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 AS OF DECEMBER 31, 2004, 2003 AND 2002

The actuarial calculations as of December 31, 2004 and 2003, are summarized below:

2004		
-----		
SENIORITY PREMIUM	PENSION PLAN	TOTAL
-----	-----	-----

CHANGES IN PROJECTED-BENEFIT LIABILITIES  
 Projected-benefit liabilities at the

Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

beginning of the year	Ps	28,260	Ps	1,446	Ps	29,706
Service cost		1,698		84		1,782
Interest cost		901		57		958
Actuarial gain		(5,229)		(124)		(5,353)
Benefits paid		(485)		(30)		(515)
		-----		-----		-----
Projected-benefit liabilities at the end of the year	Ps	25,145	Ps	1,433	Ps	26,578
		=====		=====		=====
Assets of the plan	Ps	0	Ps	0	Ps	0
		=====		=====		=====
Benefit liabilities	Ps	(25,145)	Ps	(1,433)	Ps	(26,578)
Unrecognized net actuarial loss		0		0		0
Unrecognized prior service costs		1,214		334		1,548
		-----		-----		-----
Net assets (liabilities) projected	Ps	(23,931)	Ps	(1,099)	Ps	(25,030)
		=====		=====		=====
Accrued benefit obligation	Ps	23,958	Ps	1,305	Ps	25,263
		=====		=====		=====
Additional liability (seniority premiums)	Ps	-	Ps	206	Ps	206
		=====		=====		=====
Intangible assets (see Note 12)	Ps	-	Ps	182	Ps	182
		=====		=====		=====
Total labor liabilities	Ps	23,991	Ps	1,305	Ps	25,296
		=====		=====		=====

WEIGHTED-AVERAGE ASSUMPTIONS AT DECEMBER 31,

	2004	
	-----	-----
	SENIORITY PREMIUM	PENSION PLAN
	-----	-----
Discount rate (real rates)	4.00%	4.00%
Increase in compensation rates (real rates)	1.00%	1.00%
Amortization period of the transition liability (years)	-	-

F-27

GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 AS OF DECEMBER 31, 2004, 2003 AND 2002

COMPONENTS OF NET COST OF BENEFITS FOR THE YEAR

	2004		
	-----	-----	-----
	SENIORITY PREMIUM	PENSION PLAN	TOTAL

Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

Service cost	Ps	1,698	Ps	84	Ps	1,782
Interest cost		901		57		958
Amortization of prior service cost		2,508		27		2,535
Net cost for the year	Ps	5,107	Ps	168	Ps	5,275

NOTE 19 SHAREHOLDERS' EQUITY

The shareholders of the Company approved the following changes in the Company's capital structure during 2004 and 2003:

DURING 2004:

Repurchased from the public market of 357,600 shares, representing 0.002% of outstanding shares for, Ps 716, as follows:

MONTH	SHARES REPURCHASED	SHARES SOLD	NET AMOUNT
March	110,000	-	\$ 700
April	5,000	-	31
August	900	-	7
September	99,000	-	767
October	27,000	99,900	(577)
November	90,200	117,200	(207)
December	25,500	25,500	(5)
Total	357,600	242,600	\$ 716

F-28

GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2004, 2003 AND 2002

DURING 2003:

- Payment of dividends totaling Ps 59,362 (Ps 55,000 historical amount).
- Repurchase from the public market of 57,000 shares, representing 0.03% of outstanding shares for, Ps 390 (Ps 360 historical amount).

After the aforementioned changes, as of December 31, 2004, the capital stock of the Company was comprised of 247,414,768 authorized common shares, representing the minimum fixed capital with no withdrawal rights, of which 162,552,561 shares were outstanding and fully paid for and 84,862,207 shares were treasury shares. Shares of stock may be owned only by Mexican investors. Capital stock is represented by shares with no par value and valued as follows:

NUMBER OF  
SHARES

Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

Total authorized capital stock		247,414,768
Treasury shares		(84,862,207)
		-----
Total outstanding capital stock		162,552,561
		=====
Fixed capital stock, subscribed to and paid for	Ps	840,229
Increase from restatement to express in constant Mexican pesos with purchasing power as of December 31, 2004		286,633
		-----
	Ps	1,126,862
		=====

The changes in the number of outstanding shares as of the years ended December 31, 2003 and 2004, were as follows:

	2004	2003
	-----	-----
Shares outstanding at the beginning of the year	162,667,561	162,724,561
	=====	=====
Shares outstanding at the end of the year	162,552,561	162,667,561
	=====	=====
Capital stock at the end of the year, expressed in constant Mexican pesos with purchasing power as of December 31, 2004	Ps 1,126,862	Ps 1,127,478
	=====	=====

F-29

GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 AS OF DECEMBER 31, 2004, 2003 AND 2002

Net income for the year is subject to a legal requirement that 5% thereof be transferred to a legal reserve each year until the reserve equals 20% of the capital stock. The legal reserve included as part of retained earnings as of December 31, 2004 and 2003, was Ps 24,375.

If earnings for which no corporate tax has been paid are distributed, the Company must pay corporate tax on such earnings upon the distribution of the dividends (see discussion of CUFIN and CUFINRE in Note 20). In accordance with Mexico's Income Tax Law, the statutory income tax rate was 34% for 2003, was 33% for 2004 and will be 30% for 2005. The statutory income tax rate will then decrease from 30% to 28% in the following two years such that it will be 29% for 2006 and 28% for 2007 and subsequent years.

NOTE 20 INCOME TAXES

Taxable income differs from accounting income due both to (i) permanent differences, principal among which are the treatment of non-deductible expenses (primarily for goodwill) and the reflection in the income statement of the effects of inflation and (ii) timing differences affecting accounting and taxable income in different periods.

A reconciliation of the statutory rate to the effective income tax

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

rate for the years ending December 31, 2004 and 2003 is as follows:

	2004	2003
Statutory tax rate	(33.0)%	(34.0)%
Recognition of the effects of inflation	8.09%	1.1%
Difference between the annual inflation adjustment and the effects on net monetary position	80.1%	20.2%
Nondeductible expenses (primarily goodwill)	40.41%	15.8%
Utilization of tax loss carry forwards	(31.6)%	(17.0)%
Tax on assets	27.66%	1.2%
	-----	-----
Effective income tax rate	91.66%	(12.7)%
	=====	=====

F-30

GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 AS OF DECEMBER 31, 2004, 2003 AND 2002

Provisions (benefit) for income tax and employee profit sharing for the years ending December 31, 2004 and 2003 were as follows:

	2004	2003
Current income tax payable	Ps 12,291	Ps 68,289
Tax on assets	5,129	3,682
Utilization of tax loss carryforwards	(5,860)	(50,618)
Deferred income tax (benefit)	5,451	(58,668)
	-----	-----
Total income tax (benefit)	17,011	(37,315)
	-----	-----
Current employee profit sharing	290	463
Deferred employee profit sharing	2,426	(898)
	-----	-----
Total employee profit sharing	2,716	(435)
	-----	-----
Total	Ps 19,727	Ps (37,750)
	=====	=====

Beginning in 1999, determination of the consolidated income tax for the Mexican companies took into account a maximum of 60% of the taxable income or loss of each of the subsidiaries. In addition, commencing in 1999, the taxable income of those subsidiaries that have tax loss carryforwards generated before 1999 have been included in proportion to the Company's equity ownership of such subsidiaries at the end of the period.

From 2002, in determining of the consolidated income tax for Mexican companies, 60% of the taxable income from the controlling Company must be taken into account unless the subsidiary has taxable income, in which case 100% will have to be considered for the utilization of tax loss carryforwards accrued before 2001.

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

The current income tax liability corresponds to the tax on 40% of the taxable income of the subsidiaries that is not subject to consolidation for income tax purposes and is excluded from any operating loss carryforward benefits available at the consolidated level.

In accordance with Mexico's Income Tax Law, until December 31, 2004 the income tax rate was 34% for 2003, 33% for 2004 and will be 30% for 2005. The income tax rate will then decrease from 30% to 28% for the next two years, such that it will be 29% for 2006 and 28% for 2007 and subsequent years.

Grupo Radio Centro elected early to adopt the provisions of Bulletin D-4, issued by the Mexican Institute of Public Accountants, which requires recognizing the income tax effects of the differences in bases of assets and liabilities between financial accounting and accounting for tax reporting purposes.

F-31

### GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2004, 2003 AND 2002

Beginning December 31, 1998, Grupo Radio Centro has recognized the effects of deferred taxes for certain timing differences expected to reverse over a definite period of time. The Company's early adoption of Bulletin D-4 gave rise to the recognition of an additional net deferred tax expense of Ps 3,190 for the year ended December 31, 1999. The cumulative effect of adopting Bulletin D-4 for years prior to December 31, 1998 resulted in the recognition of additional deferred tax liabilities of Ps 94,265 (Ps 72,577 historical amount), which is presented as a separate component in shareholders' equity. The effect of deferred income tax from companies acquired subsequently was Ps (1,035), and the cumulative effect as of December 31, 2004 stands at Ps (95,300).

The balance of deferred taxes as of December 31, 2004 and 2003, consists of the following components:

	2004	2003
	-----	-----
Effect of income tax:		
Property and equipment	Ps (77,822)	Ps (80,889)
Tax on Assets	5,129	-
Advances from customers	15,898	20,709
Labor liabilities	7,441	13,376
Tax loss carryforwards	17,177	17,610
Other	(1,985)	407
	-----	-----
	(34,162)	(28,787)
Less: Allowance for tax loss carryforwards	(2,502)	-
	-----	-----
Net deferred tax liability	Ps (36,664)	Ps (28,787)
	=====	=====

In accordance with Mexico's Income Tax Law, tax loss carryforwards are subject to restatement for inflation and may be used to offset taxable income over the ten years following their generation. The Company is authorized to consolidate for tax purposes its subsidiary companies. As of December 31, 2004 the Company and its subsidiaries have consolidated 60% of their tax loss carryforwards, in accordance with current Mexican Income Tax Law, as follows:

FISCAL

Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

YEAR INCURRED	AMOUNT	EXPIRATION YEAR
2001	Ps 38,149	2011
2002	201	2012
	-----	
	Ps 38,350	
	=====	

F-32

GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 AS OF DECEMBER 31, 2004, 2003 AND 2002

As of December 31, 2004, the Company and its subsidiaries have not consolidated 40% of their tax loss carryforwards and have not consolidated the tax loss carryforwards of the non-consolidated subsidiary, Radio Sistema Mexicano, S.A. de C.V. As of December 31, 2004, the restated cumulative tax loss carryforwards were as follows:

FISCAL YEAR INCURRED	AMOUNT	EXPIRATION YEAR
1995	Ps 5,694	2005
1996	1,846	2006
1998	2,186	2008
1999	284	2009
2000	549	2010
2001	336	2011
2003	307	2013
2004	7,706	2014
	-----	
	Ps 18,908	
	=====	

In accordance with Mexico's Income Tax Law, if, in any given year, the Company pays an amount of tax on assets in excess of the amount of income tax payable, this excess may be used to offset income taxes payable in excess of tax on assets payable in any of the ten years following such year. As of December 31, 2004, the excess of tax on assets paid over income taxes payable was as follows:

FISCAL YEAR INCURRED	AMOUNT	EXPIRATION YEAR
1995	Ps 3,071	2005
1996	1,683	2006
1997	527	2007
2004	5,129	2010
	-----	
	Ps 10,410	
	=====	

F-33

GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

# Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

AS OF DECEMBER 31, 2004, 2003 AND 2002

During 2004 and 2003, the Company utilized Ps 17,757 and Ps 148,876 (Ps 110,099 historical amount), respectively, of tax loss carryforwards on a consolidated basis resulting from the period ended December 31, 2001.

During 2002, the Company utilized Ps 76,604 (historical amount) of tax loss carryforwards from GRC Medios, S.A. de C.V. and Ps 99 (historical amount) from Radio Sistema Mexicano, S.A. de C.V.

The net fiscal profit account for tax purposes (the "CUFIN") represents the amount of accumulated earnings that may be distributed without additional corporate tax charge to the Company. As of December 31, 2004, this account amounted to Ps 235,884.

The reinvested net fiscal profit account for tax purposes (the "CUFINRE") represents the amount of accumulated earnings that, when distributed, will be subject to the payment of additional income tax by the Company (at rates of approximately 5% multiplied by a factor of 1.5385 on amounts earned beginning in 2000 and 3% multiplied by a factor of 1.5385 on amounts earned in 1999), until such time as the total additional income tax equals 35% of the taxable earnings corresponding to the year of generation. As of December 31, 2003 this account amounted to Ps 0.

As of December 31, 2004, capital stock, restated for tax purposes, which constituted the capital contributions account, amounted to Ps 1,149,278.

## NOTE 21 PROVISIONS FOR SENIOR MANAGEMENT BONUSES

The Company has a policy of awarding bonuses to its senior executives based on, among other factors, the results of the Company's annual operations and individual performance. For the year ended December 31, 2003, provisions for senior management bonuses were Ps 6,306 and were recorded in general corporate and administrative expenses. For the years ended December 31, 2004 and 2002, no provisions for senior management bonuses were approved.

F-34

## GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2004, 2003 AND 2002

## NOTE 22 OTHER EXPENSES, NET

The components of other expenses, net, during the years ended December 31, 2004, 2003 and 2002 were as follows:

		2004		2003	
		-----		-----	-----
INCOME:					
Other	Ps	562	Ps	1,458	Ps
Increase in book value of buildings held for sale (see Note 11)		7,852		-	
Sale of surplus broadcasting supplies and recovery of expenses		4,468		187	
Leasing and maintenance of properties		297		290	
Sale of equipment		-		-	
		-----		-----	-----



Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

Total other income		13,179	1,935	
		-----	-----	-----
EXPENSES:				
Fees to Executive Committee		(18,215)	(17,899)	
Maintenance and leasing costs		(9,924)	(11,559)	
Arbitration costs	(c)	(18,536)	(10,858)	
Compliance with securities regulations and corporate restructuring expenses		(6,737)	(9,871)	
Other		(4,675)	(4,593)	
Losses incurred by affiliated start-up Internet companies	(a)	-	(4,522)	
Indemnities to employees	(b)	-	(4,122)	
Write-off of tax credits		-	(3,055)	
Loss on sale of equipment		(1,807)	(1,807)	
Internet subscription		-	(1,576)	
Reduction in book value of buildings held for sale (see Note 11)		-	(1,480)	
Donation		-	-	
		-----	-----	-----
Total other expenses		(59,894)	(71,342)	
		-----	-----	-----
Net other expenses		Ps (46,715)	Ps (69,407)	Ps
		=====	=====	=====

NOTES:

- (a) During 2001, the Company acquired To2 Mexico, S.A. de C.V., a company owning the Internet website www.to2.com, and Palco Deportivo.Com, S.A. de C.V., a company owning the Internet website www.palcodeportivo.com (see Note 24). In 2003 and 2002, these companies and certain related companies owned by the Company incurred losses of Ps 4,522 and Ps 17,990, respectively.
- (b) In recent years the Company restructured and downsized its administrative and operating departments, with a consequent reduction in personnel. This resulted in severance payments, which were charged to other expenses.
- (c) In 2004, 2003 and 2002, the Company paid legal fees for arbitration commenced by Infored and Mr. Gutierrez in May 2002.

F-35

GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 AS OF DECEMBER 31, 2004, 2003 AND 2002

NOTE 23 XEN-AM AGREEMENT

On March 1, 2001, the Company entered into two agreements in contemplation of its acquisition of Radio Sistema Mexicano, S.A. ("RSM"), the owner of the concession for the radio station XEN-AM.

Pursuant to an operating agreement entered into with La Telera Post, S.A. de C.V., the Company agreed to manage and operate XEN-AM. To guarantee the performance of its obligations under the operating agreement, the Company paid to Teresa Guadalupe Vale Castilla and Javier Vale Castilla, on behalf of La Telera Post, a deposit of US\$ 3,500, from which a monthly fee of US\$ 80 was deducted and paid to La Telera Post.

Pursuant to a stock purchase agreement entered into with Teresa

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

Guadalupe Vale Castilla, Javier Vale Castilla and Juan Antonio Hernandez Venegas (together, the "Sellers"), the Company agreed to purchase, through its subsidiary Desarrollos Empresariales, S.A. de C.V., all of the capital stock of RSM on December 31, 2001, subject to the approvals of the Mexican Ministry of Communication and Transport and the Federal Competition Commission, for a purchase price of approximately US\$ 3,400. To guarantee its performance under the stock purchase agreement, the Company agreed to make monthly deposits of US\$ 167 up to the closing date, which amounts would be applied to the purchase price.

The agreements provided that, on the closing date, the Company would use approximately US\$ 1,630 of the deposit under the operating agreement to pay La Telera Post primarily in connection with the termination of a marketing services contract between La Telera Post and RSM (US\$ 1,100) and facilitation of the transaction (US\$ 530), and would pay the remaining balance of the deposit, together with US\$ 500 in cash, to the Sellers in satisfaction of the balance of the purchase price after application of the deposits under the stock purchase agreement.

On July 12, 2001, the Federal Competition Commission approved the purchase of RSM by the Company, and on December 31, 2001, the parties consummated the transaction. Upon consummation of the transaction, the Company credited US\$1,630 of the deposit under the operating agreement to La Telera Post as described above. As of December 31, 2001, Ps 11,873 remained due to the Sellers, including the remaining deposits under the purchase agreement to be credited against the purchase price and US\$ 500 in cash to be paid in satisfaction of the balance of the purchase price, which was paid in 2002.

F-36

### GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2004, 2003 AND 2002

#### NOTE 24 INVESTMENTS IN PALCO DEPORTIVO AND TO2 MEXICO

##### PALCO DEPORTIVO

On March 14, 2001, the Company acquired Palco Deportivo.Com, S.A. de C.V. (which was merged with Enlaces Troncales, S.A. de C.V. on September 30, 2001, a company providing sports-related content for radio, television, various print media and its own Internet portal (see Note 1)). In connection with this acquisition, the Company paid a purchase price of US\$ 4,000 and assumed liabilities of US\$ 700.

Also on March 14, 2001, in connection with its purchase of Palco Deportivo.Com, the Company acquired Servicios Corporativos Palco, S.A. de C.V. (which was merged with Promo Red, S.A. de C.V. on September 30, 2001 (see Note 1)) and assumed an exclusive employment contract with Alfredo Dominguez Muro providing that he will continue to be host of Palco Deportivo radio programming through 2015.

##### TO2 MEXICO

On February 16, 2001, the Company purchased from Polom, S.A. de C.V. 100% of the shares of To2 Mexico, S.A. de C.V., an Internet portal company and owner of the website www.to2.com. In connection with this acquisition, the Company paid a purchase price of US\$ 900 and assumed liabilities owing to various Mexican and foreign companies in an aggregate amount of up to US\$ 1,250.

This acquisition generated tax loss carryforwards that were used to

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

offset future taxable income of the Company on its consolidated tax return.

### NOTE 25 CONTINGENCY

As of December 31, 2004, the Company is involved in legal proceedings relating to labor claims initiated between 2000 and 2004. In the event there was a ruling against the Company, the Company's approximate liability would be Ps 47,785. The Company has not recorded a provision for these claims, as the Company's management believes that these cases will be resolved in favor of the Company.

F-37

### GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2004, 2003 AND 2002

### NOTE 26 SIGNIFICANT DIFFERENCES BETWEEN MEXICAN AND US GAAP

The financial statements of the Company are presented on the basis of accounting principles generally accepted in Mexico ("Mexican GAAP").

Except for inflation accounting, Mexican GAAP are, in general terms, similar to generally accepted accounting principles in the United States ("US GAAP"). However, there are other areas in which Mexican GAAP differ from the requirements of US GAAP.

The major differences between Mexican and US GAAP are as follows:

#### RECOGNITION OF THE EFFECTS OF INFLATION ON FINANCIAL INFORMATION:

The provisions of Bulletin B-10 and its amendments relating to the recognition of the effects of inflation on financial information have no counterpart under US GAAP. However, as Mexican GAAP includes the effects of inflation in the primary financial statements, the US Securities and Exchange Commission does not require the reversal of the restatement of the financial statements recognizing the effects of inflation.

#### DEFERRED INCOME TAXES:

In 1999, the Company elected to adopt early the provisions of Bulletin D-4, issued by the Mexican Institute of Public Accountants, which requires recognizing the income tax effects of the differences in bases of assets and liabilities for financial accounting and accounting for tax reporting purposes, similar to US GAAP.

As under US GAAP, the Company recognized deferred taxes in prior years for Mexican GAAP purposes for certain timing differences, such as advances from customers and certain prepaid expenses, expected to reverse over a definite period of time (see Note 20).

As a result of the Company's early adoption of Bulletin D-4 in 1999, there were no differences related to deferred taxes that had to be reconciled between Mexican and US GAAP for financial statement purposes for the years ended December 31, 2004 and 2003, except for the balance sheet classification of deferred taxes, under US GAAP, as current and non-current.

F-38

### GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2004, 2003 AND 2002

Mexican GAAP requires that all deferred taxes be classified as long-term on the balance sheet; however, under US GAAP, balances of deferred taxes are classified as either current or non-current, based on the classification of the related asset or liability for financial reporting. An analysis of the balance of deferred taxes in accordance with US GAAP, as of December 31, 2004 and 2003, is as follows:

	2004		2004		2003		2003
	-----		-----		-----		-----
Current deferred tax:							
Advances from customers	US\$ 1,425	Ps	15,898	US\$	1,842	Ps	20,709
Other reserves	(178)		(1,985)		36		407
	-----		-----		-----		-----
Net current deferred asset	1,247		13,913		1,878		21,116
Non-current deferred tax							
Tax loss carryforwards less allowance	1,316		14,675		1,567		17,610
Tax on assets recoverable	460		5,129		-		-
Prepaid expenses and labor liabilities	667		7,441		1,190		13,376
Property and equipment, net	(6,977)		(77,822)		(7,196)		(80,889)
	-----		-----		-----		-----
Net non-current deferred tax liability	US\$ (3,287)	Ps	(36,664)	US\$	(2,561)	Ps	(28,787)
	=====		=====		=====		=====

#### STATEMENT OF CHANGES IN FINANCIAL POSITION:

Under Mexican GAAP, the Company presents statements of changes in financial position in constant Mexican pesos. This presentation identifies the generation and application of resources resulting in differences between beginning and ending financial statement balances in constant Mexican pesos.

The changes in the consolidated financial statement balances included in this statement constitute cash-flow activity stated in constant Mexican pesos (including monetary gains, which are considered cash gains in the financial statements presented in constant Mexican pesos).

F-39

### GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2004, 2003 AND 2002

In accordance with Mexican GAAP, the reduction in current and long-term debt due to restatement in constant Mexican pesos is presented as a resource applied to financing activities, and the gain from monetary position is presented as a component of operating activities. SFAS No. 95, "Statement of Cash Flows," under US GAAP, however, does not provide guidance with respect to inflation-adjusted financial statements. If the gain from net monetary position were treated as a component of financing activities for US GAAP purposes, funds

Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

provided by operating and financing activities would be as follows:

	2004		2004		2003		2002
	-----		-----		-----		-----
Operating activities:							
Resources provided by operations, per Mexican GAAP	US\$ 2,162	Ps	24,108	Ps	233,309	Ps	42,301
Less -- gain on monetary position on current and long-term debt	(1,101)		(12,279)		(11,671)		(22,514)
	-----		-----		-----		-----
Resources provided by operations, per US GAAP	US\$ 1,061	Ps	11,829	Ps	221,638	Ps	19,787
	=====		=====		=====		=====
Financing activities:							
Resources applied to financing activities, per Mexican GAAP	US\$ (6,194)	Ps	(69,090)	Ps	(194,890)	Ps	(67,597)
Plus -- gain on monetary position on current and long-term debt	1,101		12,279		11,671		22,514
	-----		-----		-----		-----
Resources applied to financing activities, per US GAAP	US\$ (5,093)	Ps	(56,811)	Ps	(183,219)	Ps	(45,083)
	=====		=====		=====		=====
Supplemental cash-flow information:							
Interest paid	US\$ 1,795	Ps	20,022	Ps	29,658	Ps	20,958
	=====		=====		=====		=====
Taxes paid	US\$ 2,593	Ps	28,910	Ps	17,847	Ps	12,913
	=====		=====		=====		=====

PERSONNEL COMPENSATION AND SENIORITY PREMIUMS:

Under Mexican GAAP, vacation expense is recognized when taken rather than in the period it is earned by the employee, as is required under US GAAP.

The Company is required under the Mexican Labor Law to pay seniority premiums to certain employees upon termination of employment. Beginning in 2000, the Company established a pension plan for unionized personnel. The Company determines its liabilities with respect to such benefits based upon actuarial studies, which is similar to the US GAAP criteria of SFAS 87, "Employee Accounting for Pensions".

MINORITY INTEREST:

Under Mexican GAAP, the minority interest in subsidiaries must be included as a component of shareholders' equity. In accordance with US GAAP, minority interest in subsidiaries is generally shown below liabilities on the balance sheet.

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

### GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2004, 2003 AND 2002

#### GOODWILL:

Under Mexican and US GAAP, the excess of cost over net fair value of the net assets in subsidiaries acquired is recognized as an intangible asset ("goodwill"). Under US GAAP, however, goodwill arising from entities under common control is not recognizable. In addition, under US GAAP, effective January 1, 2002, goodwill is no longer amortized but instead is tested for impairment at least annually. For Mexican GAAP purposes, goodwill is amortized based on the estimated useful lives of the assets calculated on the straight-line method. It also establishes, among other things, new principles for the calculation and recognition of impairment losses for long-lived assets and including any subsequent reversals of such impairment losses.

Under U.S. GAAP, in accordance with the requirements of FAS 142, the Company performed an analysis for impairment of its goodwill as of December 31, 2004 and 2003. There was no impairment at December 31, 2004; at December 31, 2003, there was an impairment charge of Ps 160,405. There was no impairment charge required under Mexican GAAP.

#### OTHER EXPENSES, NET:

Under Mexican GAAP, certain net expenses are classified as non-operating on the Company's statement of income. Under US GAAP, some of these net expenses are classified as operating expenses.

In addition, for the year ended December 31, 2003, the Company's extraordinary item relating to the provisions for contingent arbitration losses in an amount of Ps 358,390 is classified as a non-operating charge to earnings under Mexican GAAP whereas for U.S. GAAP reporting purposes, this represents an operating charge against the Company's earnings.

#### CONVENIENCE STATEMENTS:

The 2004 US dollar amounts (denoted by the symbol "US\$") shown in the financial statements have been included solely for the convenience of the reader and were translated at the rate of Ps 11.154/US\$ 1.00, the noon buying rate of Mexican pesos on December 31, 2004, as published by the Federal Reserve Bank of New York. Such translation should not be construed as a representation that the Mexican peso amounts have been or could be converted into US dollars at this or any other rate.

F-41

### GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2004, 2003 AND 2002

The following is a summary of the estimated adjustments to net income (loss) and shareholders' equity that would have been required had the Company applied US GAAP instead of Mexican GAAP:

	2004	2004	2003	2002
	-----	-----	-----	-----
Net (loss) income, as recorded				

Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

under Mexican GAAP	US\$	(3,432)	Ps	(38,284)	Ps	(258,554)	Ps	2,389
US GAAP adjustments:								
Amortization of goodwill								
arising from entities under								
common control		149		1,666		1,666		1,666
Amortization of goodwill		5,795		64,639		81,976		76,130
Goodwill impairment		-		-		(160,405)		-
Increase in book value of								
buildings held for sale								
(Note 11)		(704)		(7,852)		-		-
Minority interest		-		(5)		(5)		(15)
		-----		-----		-----		-----
Net income (loss) under US								
GAAP	US\$	1,808	Ps	20,164	Ps	(335,322)	Ps	80,170
		=====		=====		=====		=====
Net income (loss) per share								
(basic and diluted) under US								
GAAP	US\$	0.01	Ps	0.12	Ps	(2.06)	Ps	0.49
		=====		=====		=====		=====
Average common shares								
outstanding (000's)		162,560		162,560		162,722		163,235
		=====		=====		=====		=====
Shareholders' equity under								
Mexican GAAP	US\$	81,163	Ps	905,295	Ps	944,318	Ps	1,262,801
		-----		-----		-----		-----
US GAAP adjustments:								
Goodwill arising from								
entities under common								
control		(1,545)		(17,234)		(18,900)		(20,566)
Amortization of goodwill		19,970		222,745		158,106		76,130
Goodwill impairment		(14,381)		(160,405)		(160,405)		-
Increase in book value of								
buildings held for sale								
(Note 11)		(704)		(7,852)		-		-
Minority interest		(47)		(528)		(533)		(528)
		-----		-----		-----		-----
		3,293		36,726		(21,732)		55,036
		-----		-----		-----		-----
Shareholders' equity under								
US GAAP	US\$	84,456	Ps	942,021	Ps	922,586	Ps	1,317,837
		=====		=====		=====		=====

F-42

GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2004, 2003 AND 2002

In the income statement, employee profit sharing is classified as a component of the tax provisions and certain net expenses are classified as non-operating under Mexican GAAP. Under US GAAP, these items should be included or excluded as operating expenses, as applicable. The following is a reconciliation of operating income:

	2004	2004	2003	2002
	-----	-----	-----	-----

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

Operating income under Mexican GAAP	US\$	4,154	Ps	46,335	Ps	166,099	Ps	104,680
Amortization of goodwill arising from entities under common control		149		1,666		1,666		1,666
Other expenses, net		(4,188)		(46,715)		(69,407)		(55,212)
Provisions for contingent arbitration losses		-		-		(358,390)		-
Amortization of other goodwill		5,795		64,639		81,976		76,128
Goodwill impairment		-		-		(160,405)		-
Increase in book value of buildings held for sale (Note 11)		(704)		(7,852)		-		-
Employee profit sharing		(243)		(2,716)		435		(93)
		-----		-----		-----		-----
Operating income (loss) under US GAAP	US\$	4,963	Ps	55,357	Ps	(338,026)	Ps	127,169
		=====		=====		=====		=====

The basic net (loss) income per common share is computed by dividing the net income (loss) available to common shareholders by the weighted average number of common shares outstanding.

Diluted net (loss) income per common share is computed by dividing the net (loss) income available to common shareholders, adjusted on an "as if" converted basis, by the weighted average number of common shares outstanding plus potential dilutive securities.

For the years ended December 31, 2004, 2003 and 2002, there were no outstanding potential dilutive securities of the Company.

#### EFFECT OF RECENTLY ISSUED ACCOUNTING STANDARDS:

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 153, "Exchanges of Non-monetary Assets - an amendment of APB Opinion No. 29" (SFAS 153). SFAS 153 was also a result of the FASB's project to converge U.S. accounting standards to International Accounting Standards. The guidance in APB Opinion No. 29, "Accounting for Non-monetary Transactions," includes certain exceptions to the principle that exchanges of non-monetary assets should be measured based on the fair value of the assets exchanged. SFAS 153 eliminates the exception for similar productive assets and replaces it with a general exception for exchanges of non-monetary assets that do not have commercial substance. SFAS 153 defines a non-monetary exchange as having commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS 153 will be effective for fiscal periods beginning after June 15, 2005. The Company does not expect SFAS 153 to have a material impact on its consolidated financial position, results of operations or cash flows.

F-43

GRUPO RADIO CENTRO, S.A. DE C.V. AND SUBSIDIARIES  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 AS OF DECEMBER 31, 2004, 2003 AND 2002

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 123 (Revised 2004), "Share-Based Payment" (SFAS 123R), which is a revision of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123). SFAS 123R supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees," and amends Statement of Financial



## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

Accounting Standards No. 95, "Statement of Cash Flows" (SFAS 95). Generally, the approach in SFAS 123R is similar to the approach described in SFAS 123. However, SFAS 123R requires all share-based payments to employees, including grants of stock options, to be recognized in the income statement based on their fair values. The Company expects to adopt SFAS 123R effective July 1, 2005, as required. SFAS 123R permits public companies to adopt its requirements using one of two methods: (1) a "modified prospective" method, in which compensation cost is recognized beginning with the effective date (a) based on the requirements of SFAS 123R for all share-based payments granted after the effective date and (b) based on the requirements of SFAS 123 for all awards granted to employees prior to the effective date of SFAS 123R that remain unvested on the effective date; or (2) A "modified retrospective" method which includes the requirements of the modified prospective method described above, but also permits entities to restate based on the amounts previously recognized under SFAS 123 for purposes of pro forma disclosures either (a) all prior periods presented or (b) prior interim periods of the year of adoption. As the Company has not utilized, and does not expect to utilize, equity-based methods of employee compensation, the adoption of this statement is not expected to have an impact on the Company's financial condition or results of operations.

F-44

### EXHIBIT INDEX

Exhibit Number	Description of Exhibit
1.1	Charter (Escritura Constitutiva), together with an English translation (incorporated by reference to our Registration Statement on Form F-1 (Reg. No. 333-63878) filed on June 4, 1993).
1.2	Amended and Restated Bylaws of Grupo Radio Centro, S.A. de C.V., dated April 22, 2005, filed as an English translation.
2.1	Deposit Agreement, dated June 30, 1993, among Grupo Radio Centro, S.A. de C.V., Citibank N.A. and holders from time to time of American Depositary Receipts issued thereunder, including the form of American Depositary Receipt (incorporated by reference to our Registration Statement on Form F-6 (Reg. No. 333-8224) filed on January 16, 1998).
3.1	Amended and Restated Controlling Trust Agreement, No. F/23020-1, dated April 24, 1992, with amendments dated September 2, 1992, May 18, 1993 and September 14, 1993, between certain members of the Aguirre family and Bancomer, S.A., as trustee, together with an English translation (incorporated by reference to our Annual Report on Form 20-F (Commission File No. 001-12090) filed on December 31, 1993).
3.2	Amended and Restated CPO Trust Agreement, dated as of June 27, 2003, between GE Capital Bank S.A., Institucion de Banca Multiple, GE Capital Grupo Financiero, as CPO Trustee, and Grupo Radio Centro, S.A. de C.V., filed as an English translation (incorporated by reference to our Annual Report on Form 20-F (Commission File No. 001-12090) filed on June 30, 2003).
3.3	Trust Agreement, dated June 3, 1998, among certain principal shareholders of Grupo Radio Centro, S.A. de C.V., together with an English translation (incorporated by reference to our Annual Report on Form 20-F (Commission File No. 001-12090) filed on June

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

30, 1998).

- 4.1 Amended and Restated Public Deed, dated as of June 27, 2003 (the "Amended and Restated CPO Deed"), filed as an English translation (incorporated by reference to our Annual Report on Form 20-F (Commission File No. 001-12090) filed on June 30, 2003).
- 4.2 Modifying Agreement, dated December 14, 1998, between Grupo Radio Centro, S.A. de C.V. and Comercializadora Siete, S.A. de C.V., modifying Service Agreement, dated October 2, 1995 with respect to XHFO-FM, together with an English translation (incorporated by reference to our Annual Report on Form 20-F (Commission File No. 001-12090) filed on June 30, 1999).
- 4.3 Modifying Agreement, dated June 29, 2001, between Grupo Radio Centro, S.A. de C.V. and Comercializadora Siete, S.A. de C.V., modifying Service Agreement, dated October 2, 1995, with respect to XHFO-FM, together with an English translation (incorporated by reference to our Annual Report on Form 20-F (Commission File No. 001-12090) filed on June 24, 2002).
- 4.4 Modifying Agreement, dated September 7, 2004, between Grupo Radio Centro, S.A. de C.V. and Comercializadora Siete, S.A. de C.V., modifying Service Agreement, dated October 2, 1995, with respect to XHFO-FM, filed as an English translation.

### EXHIBIT INDEX (continued)

Exhibit Number	Description of Exhibit
4.5	Programming Services Agreement, dated December 23, 1998, among Grupo Radio Centro, S.A. de C.V., Infored and Jose Gutierrez Vivo, together with an English translation (incorporated by reference to our Annual Report on Form 20-F (Commission File No. 001-12090) filed on June 30, 1999) (incorporated by reference to our Annual Report on Form 20-F (Commission File No. 001-12090) filed on June 30, 2003).
4.6	Loan Agreement, dated October 30, 2000, between Grupo Radio Centro, S.A. de C.V. and Banco Inverlat, S.A., (the "Loan Agreement") together with an English translation (incorporated by reference to our Annual Report on Form 20-F (Commission File No. 001-12090) filed on May 9, 2001).
4.7	Letter Agreement, dated April 17, 2001, between Grupo Radio Centro, S.A. de C.V. and Scotiabank Inverlat, S.A. (formerly Banco Inverlat, S.A.), amending Loan Agreement, together with an English translation (incorporated by reference to our Annual Report on Form 20-F (Commission File No. 001-12090) filed on May 9, 2001).
4.8	Waiver and Amendment Letter, dated June 19, 2002, executed by Scotiabank Inverlat and Grupo Radio Centro, S.A. de C.V. in connection with the Loan Agreement (incorporated by reference to our Annual Report on Form 20-F (Commission File No. 001-12090) filed on June 24, 2002).
4.9	Amendment, dated December 10, 2002, to the Loan Agreement, filed as an English translation.

## Edgar Filing: GRUPO RADIO CENTRO SA DE CV - Form 20-F

- 4.10 Amendment, dated December 3, 2003, to the Loan Agreement, filed as an English translation.
- 4.11 Amendment, dated as of June 29, 2004, to the Loan Agreement, filed as an English translation.
- 4.12 Waiver Letter, dated March 31, 2005, executed by Scotiabank Inverlat, S.A. in connection with the Loan Agreement, filed as an English translation.
- 4.13 Amendment, dated as of May 6, 2005, to the Loan Agreement, filed as an English translation.
- 8.1 List of Subsidiaries of the Company (incorporated by reference to our Annual Report on Form 20-F (Commission File No. 001-12090) filed on June 30, 2003).
- 12.1 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 12.2 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 13.1 Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.