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GRUPO RADIO CENTRO SA DE CV

Form 6-K

February 28, 2006

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CONFORMED

Securities and Exchange Commission  
Washington, D.C. 20549

FORM 6-K

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

For the month of February, 2006

Commission File Number 1-12090

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

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

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

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

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

(Check One) Yes  No

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

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SIGNATURES

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

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

Date: February 27, 2006

By: /s/ Pedro Beltran Nasr

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Name: Pedro Beltran Nasr  
Title: Chief Financial Officer

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### GRUPO RADIO CENTRO REPORTS FOURTH QUARTER AND YEAR-END RESULTS FOR THE PERIOD ENDED DECEMBER 31, 2005

MEXICO CITY, Feb. 27 /PRNewswire-FirstCall/ -- Grupo Radio Centro, S.A. de C.V. (NYSE: RC) (BMV: RCENTRO-A) (the "Company"), Mexico's leading radio broadcasting company, announced today its operating results for the fourth quarter and year ended December 31, 2005. All figures were prepared in accordance with generally accepted accounting principles in Mexico and have been restated in constant pesos as of December 31, 2005.

#### Fourth Quarter Results

Broadcasting revenue for the fourth quarter of 2005 totaled Ps. 182,938,000, representing a decrease of 3.5% compared to the Ps. 189,511,000 reported for the same period of 2004. This decrease was mainly attributable to the sale of less airtime during the fourth quarter of 2005 compared to the same period of 2004.

The Company's broadcasting expenses (excluding depreciation, amortization and corporate, general and administrative expenses) for the fourth quarter of 2005 were Ps. 103,257,000, representing an increase of 11.6% compared to the Ps. 92,490,000 reported for the same period of 2004. This increase was mainly attributable to production expenses for promotional events during the fourth quarter of 2005, an increase in the allowance for doubtful accounts and an increase of a reserve to cover severance payments to the Company's terminated employees in accordance with Bulletin D-3 "Labor Obligations".

For the fourth quarter of 2005, the Company reported broadcasting income (i.e., broadcasting revenue minus broadcasting expenses, excluding depreciation, amortization and corporate, general and administrative expenses) of Ps. 79,681,000, a 17.9% decrease compared to broadcasting income of Ps. 97,021,000 achieved during the same period of 2004. This decrease was due primarily to the decrease in broadcasting revenue and the increase in broadcasting expenses described above.

Depreciation and amortization for the fourth quarter of 2005 amounted to Ps. 9,220,000, a 66.6% decrease compared to the Ps. 27,598,000 reported for the same period of 2004. This decrease was due to the fact that the Company did not amortize goodwill in the fourth quarter of 2005 compared to the same period in 2004 as a result of the implementation of a new accounting principle in Mexico (Bulletin B-7 "Business Acquisitions"). Bulletin B-7 provides that, as of January 1, 2005, the Company no longer amortizes goodwill of an acquired entity, but instead tests goodwill for impairment at least once a year.

For the fourth quarter of 2005, the Company's corporate, general and administrative expenses were Ps. 8,315,000, an increase of 20.3% compared to the Ps. 6,910,000 reported for the same period of 2004. This increase was primarily due to higher sales commissions paid during the fourth quarter of 2005.

The Company reported operating income of Ps. 62,146,000 for the fourth quarter of 2005 compared to operating income of Ps. 62,513,000 reported for the same period of 2004. This decrease was primarily due to the decrease in broadcasting revenue in the fourth quarter of 2005.

The Company's comprehensive financing cost for the fourth quarter of 2005 was Ps. 5,180,000 compared to comprehensive financing income of Ps. 90,000 reported for the same period of 2004. This unfavorable change was primarily attributable to (i) a lower gain on net monetary position (Ps. 964,000 for the fourth quarter of 2005 compared to Ps. 8,749,000 for the same period of 2004), which resulted from lower inflation and a slight decrease in net monetary liabilities during the fourth quarter of 2005 compared to the same period of 2004, and (ii) a decrease in foreign currency exchange gain, net, to Ps. 1,726,000 for the fourth quarter of 2005 from Ps. 3,052,000 for the same period

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of 2004, which resulted from greater appreciation of the Peso against the U.S. Dollar in the fourth quarter of 2004 compared to the same period of 2005. These two factors were partially offset by lower interest expense reported for the fourth quarter of 2005 compared for the same period of 2004, which was due primarily to (i) the fact that the Company recorded less interest relating to a contingent liability provision in the fourth quarter of 2005 compared to the same period of 2004 and (ii) a decrease in the Company's total bank debt from the fourth quarter of 2004 to the fourth quarter of 2005.

For the fourth quarter of 2005, other expenses, net, were Ps. 13,932,000, an increase of 33.6% compared to the Ps. 10,426,000 reported for the same period of 2004. This increase was mainly attributable to the fact that the Company recognized, in the fourth quarter of 2004, income from the reappraisal of certain real estate assets of the Company.

For the fourth quarter of 2005, the Company reported income before provisions for income tax and employee profit sharing of Ps. 43,034,000 compared to income before provisions for income tax and employee profit sharing of Ps. 52,177,000 reported for the same period of 2004.

The Company recorded provisions for income tax and employee profit sharing for the fourth quarter of 2005 of Ps. 8,039,000 compared to provisions for income tax and employee profit sharing of Ps. 20,179,000 for the same period of 2004. This 60.2% decrease was primarily due to the the application of tax loss carryforwards in the fourth quarter of 2005.

As a result of the foregoing, the Company's net income for the fourth quarter of 2005 was Ps. 34,995,000, a 9.4% increase compared to net income of Ps. 31,998,000 reported for same period of 2004.

### Twelve-Month Results

For the year ended December 31, 2005, broadcasting revenue was Ps. 591,124,000, a 3.7% increase compared to the Ps. 569,992,000 reported for 2004. This increase was mainly attributable to higher advertising expenditures by the Company's clients, which purchased more airtime during the year ended December 31, 2005 compared to 2004.

The Company's broadcasting expenses (excluding depreciation, amortization and corporate, general and administrative expenses) for the year ended December 31, 2005 were Ps. 385,120,000, a 3.6% decrease compared to the Ps. 399,410,000 reported for 2004. This reduction in broadcasting expenses was primarily attributable to (i) lower news programming production costs, which resulted from the termination of news programming produced for the Company by a third party at the end of the first quarter of 2004, and (ii) lower costs for the production of news programs produced by the Company during the year ended December 31, 2005 compared to 2004. These two factors were partially offset by an increase in the allowance for doubtful accounts and an increase in a reserve covering severance payments to the Company's terminated employees in accordance with Bulletin D-3 "Labor Obligations".

Broadcasting income (i.e., broadcasting revenue minus broadcasting expenses, excluding depreciation, amortization and corporate, general and administrative expenses) for the year ended December 31, 2005 was Ps. 206,004,000, representing an increase of 20.8% compared to the Ps. 170,582,000 reported for the same period of 2004. This increase was attributable mainly to the increase in broadcasting revenue and the decrease in broadcasting expenses described above.

For the year ended December 31, 2005, depreciation and amortization was Ps. 37,009,000, a decrease of 63.4% compared to the Ps. 101,135,000 reported for

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2004. This decrease was due to the fact that the Company did not amortize goodwill in 2005 compared to 2004 as a result of the implementation of a new accounting principle in Mexico (Bulletin B-7 "Business Acquisitions"). Bulletin B-7 provides that, as of January 1, 2005, the Company no longer amortizes goodwill of an acquired entity, but instead tests goodwill for impairment at least once a year.

The Company's corporate, general and administrative expenses for the year ended December 31, 2005 totalled Ps. 20,968,000, a slight decrease compared to the Ps. 22,120,000 reported for the same period of 2004.

As a result of the foregoing, the Company reported operating income of Ps. 148,027,000 for 2005, an increase of 212.8% compared to operating income of Ps. 47,327,000 reported for 2004.

The Company's comprehensive financing cost for the year ended December 31, 2005 was Ps. 13,226,000, a decrease of 29.6% compared to a comprehensive financing cost of Ps. 18,781,000 for 2004. This favorable change is mainly attributable to a loss on foreign currency exchange, net of Ps. 2,617,000 reported for 2004 compared to a gain on foreign currency exchange, net of Ps. 10,514,000 for 2005, which resulted from the appreciation of the Peso against the U.S. Dollar in 2005. The effect of this difference was partially offset by a gain on net monetary position of Ps. 6,239,000 for the year ended December 31, 2005 compared to a gain on net monetary position of Ps. 15,992,000 for 2004, which resulted primarily from (i) a lower rate of inflation for 2005 compared to the rate of inflation for 2004 and (ii) lower net monetary liabilities in 2005 compared to net monetary liabilities in 2004.

Other expenses, net for the year ended December 31, 2005 were Ps. 48,618,000, a 1.9% increase compared to Ps. 47,721,000 reported for 2004 due primarily to higher consultant fees paid during the year ended December 31, 2005 compared to those paid during 2004.

For the year ended December 31, 2005, the Company reported income before provisions for income tax and employee profit sharing of Ps. 86,183,000 compared to a loss before provisions for income tax and employee profit sharing of Ps. 19,175,000 for 2004.

During 2005, the Company recorded provisions for income tax and employee profit sharing of Ps. 21,256,000 compared to provisions for income tax and employee profit sharing of Ps. 20,385,000 for 2004. This increase was primarily due to the increase in taxable income for the year ended December 31, 2005 compared to 2004, which offset the effect of the Company's application of tax loss carryforwards.

As a result of the foregoing, the Company reported net income of Ps. 64,927,000 for the year ended December 31, 2005 compared to a net loss of Ps. 39,560,000 for the same period of 2004.

### Other Matters:

From December 31, 2004 to December 31, 2005, the Company's total bank debt decreased from Ps. 175.5 million to Ps. 113.2 million as a result of scheduled payments.

### Company Description:

Grupo Radio Centro owns and/or operates 14 radio stations. Of these 14 radio stations, Grupo Radio Centro operates 11 in Mexico City. The Company's principal activities are the production and broadcasting of musical and entertainment

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programs, talk shows, news and special events programs. Revenue is primarily derived from the sale of commercial airtime. In addition to the Organizacion Radio Centro radio stations, the Company also operates Grupo RED radio stations and Organizacion Impulsora de Radio (OIR), a radio network that acts as the national sales representative for, and provides programming to, Grupo Radio Centro-affiliated radio stations.

### Note on Forward Looking Statements:

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

GRUPO RADIO CENTRO, S.A. DE C.V.  
 CONSOLIDATED AUDITED BALANCE SHEETS  
 as of December 31, 2005 and 2004,  
 in Mexican Pesos ("Ps.") with purchasing power as of  
 December 31, 2005, (figures in thousands of Ps. and U.S. dollars  
 ("U.S. \$") (1), except per Share and per ADS amounts)

	December 31,		
	----- 2005		----- 2004
	----- U.S. \$(1)	----- Ps.	----- Ps.
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and temporary investments	8,200	87,147	22,434
<b>Accounts receivable:</b>			
Broadcasting, net	18,064	191,987	176,239
Other	494	5,256	4,884
Income tax recoverable	1,089	11,569	16,056
	19,647	208,812	197,179
Guarantee deposit	0	0	595
Prepaid expenses	978	10,390	12,812
Total current assets	28,825	306,349	233,020
Long-term accounts receivable	0	0	25,158
Property and equipment, net	44,730	475,396	505,245
Deferred charges, net	1,084	11,516	7,754
Excess of cost over book value of subsidiaries	72,224	767,597	759,848
Other assets	303	3,220	3,327
Total assets	147,166	1,564,078	1,534,352
<b>LIABILITIES</b>			
<b>Current:</b>			

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Notes payable	5,327	56,618	58,505
Advances from customers	5,439	57,810	54,756
Other accounts payable and accrued expenses	3,112	33,073	33,517
Taxes payable	2,461	26,151	19,849
Contingent liability	23,165	246,198	251,223
Total current liabilities	39,504	419,850	417,850
Long-Term:			
Deferred income tax	3,868	41,110	37,886
Notes payable	5,327	56,618	117,011
Reserve for labor obligations	4,203	44,673	26,139
Total liabilities	52,902	562,251	598,886
STOCKHOLDERS' EQUITY			
Capital stock	109,647	1,165,327	1,164,417
Retained (deficit) earnings	(10,511)	(111,715)	(176,672)
Provision for repurchase of shares	3,921	41,675	41,149
Accumulated effect of deferred income tax	(9,266)	(98,476)	(98,476)
Effect from labor obligations	(24)	(253)	(207)
Surplus on restatement of capital	443	4,709	4,709
Minority interest	54	560	546
Total stockholders' equity	94,264	1,001,827	935,466
Total liabilities and stockholders' equity	147,166	1,564,078	1,534,352

(1) Peso amounts have been translated into U.S. dollars, solely for the convenience of the reader, at the rate of Ps. 10.628 per U.S. dollar, the noon buying rate for Mexican pesos on December 30, 2005, as published by the Federal Reserve Bank of New York.

GRUPO RADIO CENTRO, S.A. DE C.V.  
CONSOLIDATED AUDITED STATEMENTS OF INCOME  
for the three-month and twelve-month periods ended  
December 31, 2005 and 2004, expressed in Mexican Pesos ("Ps.")  
with purchasing power as of December 31, 2005,  
(figures in thousands of Ps. and U.S. dollars ("U.S. \$") (1),  
except per Share and per ADS amounts)

	4th Quarter			Accumulate	
	2005		2004	2005	
	U.S.\$ (1)	Ps.	Ps.	U.S.\$ (1)	---
Broadcasting revenue (2)	17,213	182,938	189,511	55,619	5
Broadcasting expenses, excluding depreciation, amortization and corporate expenses	9,716	103,257	92,490	36,236	3
Broadcasting income	7,497	79,681	97,021	19,383	2

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Depreciation and amortization	868	9,220	27,598	3,482
Corporate, general and administrative expenses	782	8,315	6,910	1,973
Operating income	5,847	62,146	62,513	13,928
Comprehensive financing (cost):				
Interest expense	(665)	(7,072)	(11,861)	(2,889)
Interest income (2)	(75)	(798)	150	68
Gain (loss) on foreign currency exchange, net	162	1,726	3,052	989
Gain (loss) on net monetary position	91	964	8,749	587
	(487)	(5,180)	90	(1,245)
Other expenses, net	(1,311)	(13,932)	(10,426)	(4,575)
Income (loss) before provisions	4,049	43,034	52,177	8,108
Provisions for income tax & employee profit sharing	756	8,039	20,179	2,000
Net income (loss)	3,293	34,995	31,998	6,108
Net income (loss) applicable to:				
Majority interest	3,293	34,998	31,983	6,107
Minority interest	0	(3)	15	1
	3,293	34,995	31,998	6,108
Net income (loss) per Series A Share (3)				0.038
Net income (loss) per ADS (3)				0.338
Weighted average common shares outstanding (000's) (3)				

- (1) Peso amounts have been translated into U.S. dollars, solely for the convenience of the reader, at the rate of Ps. 10.628 per U.S. dollar, the noon buying rate for Mexican pesos on December 30, 2005, as published by the Federal Reserve Bank of New York.
- (2) Broadcasting revenue for a particular period includes (as a reclassification of interest income) interest earned on funds received by the Company pursuant to advance sales of commercial air time to the extent that the underlying funds were earned by the Company during the period in question. Advances from advertisers are recognized as broadcasting revenue only when the corresponding commercial air time has been transmitted. Interest earned and treated as broadcasting revenue for the fourth quarter of 2005 and 2004 was Ps. 2,527,000 and Ps. 982,000, respectively. Interest earned and treated as broadcasting revenue for the years ended December 31, 2005 and 2004, was Ps. 4,069,000 and Ps. 2,909,000, respectively.
- (3) Earnings per share calculations are made for the last twelve months as of the date of the income statement, as required by the Mexican Stock Exchange.

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/CONTACT: IR, Pedro Beltran or Alfredo Azpeitia, both of Grupo Radio Centro, S.A. de C.V., +011-5255-5728-4800, ext. 7018; or Maria Barona or Peter Majeski, both of i-advize Corporate Communications, Inc., +1-212-406-3690, or [grc@i-advize.com.mx](mailto:grc@i-advize.com.mx), for Grupo Radio Centro/

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

(RC)