

PULSE INVESTMENTS LIMITED

Balance Sheet
September 30, 2006

	<u>Notes</u>	<u>30/9/06</u>	<u>30/6/06</u>	<u>30/9/05</u>	<u>30/6/05</u>
Current assets					
Bank Balances		10,206	9,148	564,808	773,624
Trade and other receivables		25,476,394	39,842,482	28,501,645	32,157,777
Advertising entitlements and					
Unexpired sponsorships in kind		342,455,812	263,843,929	174,071,621	131,616,363
Due from related parties		<u>23,576,005</u>	<u>23,465,071</u>	<u>22,041,127</u>	<u>21,457,294</u>
		<u>391,518,417</u>	<u>327,160,630</u>	<u>225,179,201</u>	<u>186,005,058</u>
Current liabilities					
Bank overdraft		4,586,384	10,214,538	5,299,379	5,020,425
Accounts payable and accrued charges		13,008,559	15,803,300	8,636,129	10,069,635
Due to related parties		39,545,894	36,538,421	26,821,969	24,508,528
Current portion of long-term liabilities		<u>14,273,867</u>	<u>13,185,196</u>	-	-
		<u>71,414,704</u>	<u>75,741,455</u>	<u>40,757,477</u>	<u>39,598,588</u>
Net current assets		<u>320,103,713</u>	<u>251,419,175</u>	<u>184,421,724</u>	<u>146,406,470</u>
Non-current assets					
Intangible assets		96,650,000	97,960,000	103,140,000	103,200,000
Property, plant & equipment		<u>338,434,236</u>	<u>338,597,162</u>	<u>333,161,282</u>	<u>333,204,876</u>
		<u>435,084,236</u>	<u>436,557,162</u>	<u>436,301,282</u>	<u>436,404,876</u>
		<u>755,187,949</u>	<u>687,976,337</u>	<u>620,723,006</u>	<u>582,811,346</u>
Financed by:					
Stockholders' equity					
Share capital		25,367,036	25,367,036	12,683,518	12,683,518
Share premium		373,188,302	373,188,302	373,188,302	373,188,302
Capital reserve		2,636,853	2,636,853	4,502,049	4,502,049
Retained earnings		<u>331,813,189</u>	<u>264,601,577</u>	<u>197,649,139</u>	<u>159,737,479</u>
		733,005,380	665,793,768	588,023,008	550,111,346
Non-current liabilities					
Long-term loans		1,682,581	1,682,581	12,200,000	12,200,000
Preference shares					
Shares		891,304	891,304	511,222	511,222
Share premium		<u>19,608,684</u>	<u>19,608,684</u>	<u>19,988,776</u>	<u>19,988,776</u>
		<u>755,187,949</u>	<u>687,085,033</u>	<u>620,723,006</u>	<u>582,811,346</u>

The financial statements on pages 2 to 8 were approved by the Board of Directors on November 13, 2006 and signed on its behalf by:

Director

Director

PULSE INVESTMENTS LIMITED

Income Statement

Quarter ended September 30, 2006

	<u>Notes</u>	<u>30/9/06</u>	<u>30/6/06</u>	<u>30/9/05</u>	<u>30/6/05</u>
Operating revenue		108,156,607	449,011,478	60,205,307	221,158,089
Operating expenses		<u>(40,087,512)</u>	<u>(325,189,000)</u>	<u>(22,103,846)</u>	<u>(158,093,037)</u>
Operating profit		68,069,095	123,822,478	38,101,461	63,065,052
Other income		<u>39,000</u>	<u>1,522,170</u>	<u>175,897</u>	<u>274,114</u>
Profit before net finance costs		68,108,095	125,344,648	38,277,358	63,339,166
Net finance costs		<u>(896,483)</u>	<u>(7,797,032)</u>	<u>(365,697)</u>	<u>(334,538)</u>
Net profit attributable to members		67,211,612	117,547,616	37,911,661	63,004,628
Basic earnings per stock unit	8	<u>0.26</u>	<u>0.88</u>	<u>0.29</u>	<u>1.62</u>
Fully diluted earnings per stock unit	8	<u>0.25</u>	<u>0.85</u>	<u>0.28</u>	<u>1.60</u>

The attached notes form an integral part of these financial statements.

PULSE INVESTMENTS LIMITED

Statement of Changes in Stockholders' Equity
Quarter ended September 30, 2006

	Share <u>Capital</u> (Note 10)	Share <u>premium</u> (Note 11)	Advance in respect of <u>rights issue</u>	Capital <u>reserve</u> (Note 12)	Retained <u>earnings</u>	<u>Total</u>
Balance at June 30, 2005	3,154,977	16,042,291	9,070,558	-	88,056,665	116,324,481
Issue of shares	9,134,169	337,134,797	-	-	-	386,268,966
Surplus arising on restructuring	-	-	-	4,502,049	-	4,502,049
Net profit attributable to members	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,004,628</u>	<u>63,004,628</u>
Balance as at June 30, 2005 as previously reported	12,891,146	393,177,078	9,070,558	4,502,049	151,061,293	570,100,124
Prior year adjustment	394,372	-	(9,070,558)	-	8,676,186	-
Preference shares Shown as a liability (note 11)	<u>-</u>	<u>(19,988,776)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,988,776)</u>
Balance as at June 30, 2005, as restated	12,683,518	373,188,302	-	4,502,049	159,737,479	550,111,348
Bonus share issue	12,683,518	-	-	-	(12,683,518)	-
Adjustment to correct surplus on restructuring	-	-	-	(1,865,196)	-	(1,865,196)
Net profit attributable to members	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,547,616</u>	<u>117,547,616</u>
Balance as at June 30, 2006	<u>25,367,036</u>	<u>373,188,302</u>	<u>-</u>	<u>2,636,853</u>	<u>264,601,577</u>	<u>665,793,768</u>

PULSE INVESTMENTS LIMITED

Statement of Cash Flows

Quarter ended September 30, 2006

	<u>30/9/06</u>	<u>30/6/06</u>	<u>30/9/05</u>	<u>30/6/05</u>
Cash flows from operating activities				
Net profit attributable to members	67,211,612	117,547,616	37,911,660	63,004,628
Adjustments to reconcile net profit attributable to members to net cash provided/(used) by operating activities:				
Depreciation	1,078,355	4,313,420	47,994	191,978
Amortization of patents and trademarks	1,310,000	5,240,000	60,000	240,000
Gain on disposal of property, plant & equipment		(896,657)		
Interest expense	<u>674,689</u>	<u>4,233,417</u>	<u>312,438</u>	<u>184,230</u>
Operating profit before changes in working capital	70,274,656	130,437,796	38,332,082	63,620,836
(Increase)/decrease in current assets:				
Trade and other receivables	14,366,088	(7,684,705)	3,656,132	(4,953,336)
Due from related company	(110,934)	(2,007,777)	(583,833)	(8,153,695)
Unexpired sponsorships in kind	(78,611,883)	(132,227,566)	(42,455,258)	(62,365,163)
Increase/(decrease) in current liabilities:				
Accounts payable and accrued charges	(2,794,741)	5,111,071	(1,433,506)	2,642,270
Due to related party	<u>3,007,473</u>	<u>12,029,893</u>	<u>2,313,441</u>	<u>5,733,764</u>
Cash provided/(used) by operating activities	6,130,659	5,58,172	(170,942)	(3,475,324)
Interest paid	<u>(674,689)</u>	<u>(3,610,823)</u>	<u>(312,438)</u>	<u>(184,230)</u>
	5,455,970	2,047,889	(483,380)	(3,659,554)
Cash flows from investing activities:				
Acquisition of property, plant & equipment	(915,427)	(10,501,549)	(4,400)	(237,281)
Proceeds from disposal of property, plant & equipment	<u>-</u>	<u>1,692,500</u>	<u>-</u>	<u>-</u>
Net cash used in investing activities	<u>(915,427)</u>	<u>(8,809,049)</u>	<u>(4,400)</u>	<u>(237,281)</u>
Cash Flows from financing activities				
Bank overdraft	(5,628,154)	5,194,113	278,954	4,477,002
Long-term loans received	1,500,000	3,000,000	-	-
Long-term loans repaid	<u>(411,331)</u>	<u>(2,197,429)</u>	<u>-</u>	<u>-</u>
Net cash provided by financing activities	<u>(4,539,485)</u>	<u>5,996,684</u>	<u>278,954</u>	<u>4,477,002</u>
Net (decrease)/ increase in cash and cash equivalents	1,058	(764,476)	(208,826)	580,167
Cash and cash equivalents at beginning of period	9,148	773,624	773,624	193,457
Cash and cash equivalents at end of period	10,206	<u>9,148</u>	564,798	773,624

The attached notes form an integral part of these financial statements .

PULSE INVESTMENTS LIMITED

Notes to the Financial Statements

Quarter ended September 30, 2006

1. The company

The company was incorporated in Jamaica under the Companies Act on August 6, 1993 and is domiciled in Jamaica. It commenced trading on November 1, 1993.

The principal activities of the company are model agency representation, multi-media production, marketing, show promotion and sub-letting of leasehold properties. The registered office of the company is located at 38a Trafalgar Road, Kingston 10, Jamaica.

On June 30, 2005 Pulse Investments Limited (PIL) entered into an agreement with Pulse Entertainment Group Limited (PEGL), a related company, to acquire certain assets and liabilities in PEGL in exchange for shares in PIL.

2. Statement of compliance, basis of preparation and significant accounting policies

(a) Statement of compliance:

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board (IASB), and comply with the provisions of the Companies Act.

These financial statements have been prepared using the same accounting policies and methods of computation as compared with the audited financial statements for the year ended June 30, 2006.

3. Revenue recognition:

Revenue is recognized in the income statement on the accrual basis, except for sponsorship in kind which is recorded as income, at estimated market value, when activities to be performed by the company in return for the sponsorships or advertising entitlement have been substantially completed.

No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due.

4. Government grants:

An unconditional government grant relating to event promotion is recognized in the income statement as operating income when the grant is received. Grants that compensate the company for expenses incurred are recognized as revenue in the income statement on a systematic basis in the same period in which the expenses are incurred.

5. Advertising entitlements and unexpired sponsorship in kind

Unexpired sponsorship represents in kind services which have not been utilized and are recorded at estimated market value. The unexpired portion is carried forward and written off in the following year.

	<u>30/9/06</u>	<u>30/6/06</u>	<u>30/9/05</u>	<u>30/6/05</u>
Opening balance	263,843,929	131,616,363	131,616,363	69,251,200
Sponsorships received	103,641,513	518,170,104	56,532,072	38,429,727
Amount recognized in income	<u>(25,029,876)</u>	<u>(385,942,538)</u>	<u>(14,076,814)</u>	<u>(176,064,564)</u>
	342,455,812	263,843,929	174,071,621	131,616,363

PULSE INVESTMENTS LIMITED

Notes to the Financial Statements

Quarter ended September 30, 2006

6. Bank overdraft

The bank overdraft is secured by a bill of sale over a motor vehicle owned by a director and an unlimited personal guarantee from that director.

7. Operating revenue

Operating revenue comprises income from television entitlements, market sponsorships, model agency representation, government grants, income from subletting of leasehold properties and ticket sales.

8.. Earnings per stock unit

Basic and fully diluted earnings per share are calculated based on the net profit for the period attributable to members of \$67,211,211 (2005: 37,911,660) and the number of shares of 253,670,362 (2005: 126,835,181) and 262,583,405 (2005: 131,947,219) ordinary and ordinary cumulative convertible redeemable preference shares in is sue, respectively.

PULSE INVESTMENTS LIMITED
DIRECTORS SHAREHOLDINGS

NAMES	SHAREHOLDING	CONNECTED PARTY
DIRECTORS		
KINGSLEY COOPER	199,760,681	PULSE LTD. 1,248,126
HILARY PHILLIPS	17,804,436	
WAYNE CAMPBELL	NIL	
JEFFREY COBHAM	4,341,830	
ELEANOR BROWN	NIL	
	221,906,947	1,248,126

PULSE INVESTMENTS LIMITED
TOP 10 SHAREHOLDERS AT 31 OCTOBER 2006

		Issued Ordinary shares
		253,670,362
SHAREHOLDERS	SHAREHOLDINGS	%
KINGSLEY COOPER	199,760,681	78.748
NATIONAL INVESTMENT BANK OF JAMAICA	14,962,684	5.898
HILARY PHILLIPS	17,804,436	7.019
JEFFREY COBHAM	4,341,830	1.712
JAMAICA PRODUCTION FUND LIMITED	3,375,000	1.330
ROMAE GORDON	1,526,260	0.602
DB&G MERCHANT BANK LIMITED	1,296,758	0.511
PULSE LIMITED	1,248,126	0.492
LOIS LAKE-SHERWOOD	1,085,714	0.428
PAN CARIBBEAN (PRINCIPAL TRADING A/C)	995,400	0.392
	246,396,889	97.133

NO. OF SHAREHOLDERS AT 31/10/06

JCS D	13
MAIN REGISTER	138
TOTAL	151