

PULSE INVESTMENTS LIMITED

Balance Sheet
December 31, 2006

	<u>Notes</u>	<u>31/12/06</u>	<u>30/9/06</u>	<u>Audited 30/6/06</u>	<u>31/12/05</u>
Current assets					
Bank Balances		81,643	10,206	9,148	739,775
Trade and other receivables		24,503,472	25,476,394	39,842,482	26,130,315
Advertising entitlements and Unexpired sponsorships in kind		392,455,812	342,455,812	263,843,929	207,912,567
Due from related parties		<u>28,510,162</u>	<u>23,576,005</u>	<u>23,465,071</u>	<u>23,462,853</u>
		<u>445,551,089</u>	<u>391,518,417</u>	<u>327,160,630</u>	<u>258,245,510</u>
Current liabilities					
Bank overdraft		7,725,275	4,586,384	10,214,538	4,284,116
Accounts payable and accrued charges		11,605,407	13,008,559	15,803,300	8,749,629
Due to related parties		42,459,871	39,545,894	36,538,421	26,821,969
Current portion of long-term liabilities		<u>19,705,113</u>	<u>14,273,867</u>	<u>13,183,196</u>	-
		<u>81,495,666</u>	<u>71,414,704</u>	<u>75,741,455</u>	<u>39,855,714</u>
Net current assets		<u>364,055,423</u>	<u>320,103,713</u>	<u>251,419,175</u>	<u>218,389,796</u>
Non-current assets					
Intangible assets		95,340,000	96,650,000	97,960,000	103,080,000
Property, plant & equipment		<u>337,547,766</u>	<u>338,434,236</u>	<u>338,597,162</u>	<u>333,233,068</u>
		<u>432,887,766</u>	<u>435,084,236</u>	<u>436,557,162</u>	<u>436,313,068</u>
		<u>796,943,189</u>	<u>755,187,949</u>	<u>687,976,337</u>	<u>654,702,864</u>
Financed by:					
Stockholders' equity					
Share capital		25,367,036	25,367,036	25,267,036	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	2,636,853	4,502,049
Retained earnings		<u>375,916,194</u>	<u>331,813,189</u>	<u>264,601,577</u>	<u>232,578,997</u>
		<u>774,760,620</u>	<u>733,005,380</u>	<u>665,793,768</u>	<u>622,952,866</u>
Non-current liabilities					
Long-term loans		1,682,581	1,682,581	1,682,581	11,250,000
Preference shares					
Shares		891,304	891,304	891,304	511,222
Share premium		<u>19,608,684</u>	<u>19,608,684</u>	<u>19,608,684</u>	<u>19,988,776</u>
		<u>796,943,189</u>	<u>755,187,949</u>	<u>687,976,337</u>	<u>654,702,864</u>

The financial statements on pages 2 to 8 were approved by the Board of Directors on February 13, 2007 and signed on its behalf by:

Director

Director

The accompanying notes form an integral part of the financial statements

PULSE INVESTMENTS LIMITED

Income Statement

Six Months ended December 31, 2006

	<u>Notes</u>	3 Mths. ended <u>31/12/06</u>	3 Mths. ended <u>31/12/05</u>	6 Mths ended <u>31/12/06</u>	6 Mths. ended <u>31/12/05</u>
Operating revenue		58,070,859	51,022,162	166,227,466	111,227,469
Operating expenses		<u>(16,061,617)</u>	<u>(16,950,373)</u>	<u>(56,159,129)</u>	<u>(39,054,220)</u>
Operating profit		42,009,242	34,071,789	110,068,337	72,173,249
Other income		<u>39,000</u>	<u>1,720,749</u>	<u>39,000</u>	<u>1,896,646</u>
Profit before net finance costs		42,048,242	35,792,538	110,107,337	74,069,895
Net finance costs		<u>(293,002)</u>	<u>(862,680)</u>	<u>(1,189,485)</u>	<u>(1,228,377)</u>
Net profit attributable to members		41,755,240	34,929,858	108,917,852	72,841,518
Basic earnings per stock unit	8	<u>0.16</u>	<u>0.28</u>	<u>0.43</u>	<u>0.57</u>
Fully diluted earnings per stock unit	8	<u>0.16</u>	<u>0.26</u>	<u>0.41</u>	<u>0.55</u>

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

PULSE INVESTMENTS LIMITED

Statement of Changes in Stockholders' Equity
Six months ended December 31, 2006

	<u>Share Capital</u>	<u>Share premium</u>	<u>Advance in respect of rights issue</u>	<u>Capital reserve</u>	<u>Retained 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

Six months ended December 31, 2006

	3 Mths ended <u>31/12/06</u>	3 Mths. ended <u>31/12/05</u>	6 Mths. ended <u>31/12/06</u>	6 Mths. ended <u>31/12/05</u>
Cash flows from operating activities				
Net profit attributable to members	41,755,240	34,929,858	108,917,852	72,841,518
Adjustments to reconcile net profit attributable to members to net cash provided/(used) by operating activities:				
Depreciation	1,078,355	59,994	2,156,710	155,982
Amortization of patents and trademarks	1,310,000	60,000	2,620,000	180,000
Gain on disposal of property, plant & equipment				
Interest expense	<u>35,222</u>		<u>709,911</u>	<u>354,185</u>
Operating profit before changes in working capital	44,178,817	35,049,852	114,404,473	72,823,315
(Increase)/decrease in current assets:				
Trade and other receivables	972,922	53,242	15,339,010	6,027,462
Due from related company	(4,934,157)		(5,045,091)	(152,825)
Unexpired sponsorships in kind	(50,000,000)	(22,800,000)	(128,611,883)	(76,296,204)
Increase/(decrease) in current liabilities:				
Accounts payable and accrued charges	(1,403,152)	(744,910)	(4,197,893)	(1,320,006)
Due to related party	<u>2,913,977</u>	<u>(2,496,460)</u>	<u>5,921,450</u>	<u>2,742,124</u>
Cash provided/(used)by operating activities	(8,271,593)	9,061,724	(2,189,934)	3,756,158
Interest paid	<u>(35,222)</u>		<u>(709,911)</u>	<u>(354,185)</u>
	(8,306,815)	9,061,724	(2,899,845)	3,401,973
Cash flows from investing activities:				
Acquisition of property, plant & equipment	(605,369)	(8,270,169)	(1,526,214)	(8,394,374)
Proceeds from disposal of property, plant & equipment	<u>-</u>			<u>-</u>
Net cash used in investing activities	<u>(605,369)</u>	(8,270,169)	(1,526,214)	(8,394,374)
Cash Flows from financing activities				
Bank overdraft	3,138,891	643,588	(2,489,263)	4,938,124
Loans received	9,100,000		10,600,000	970,423
Loans repaid	<u>(3,255,270)</u>		<u>(3,612,183)</u>	<u>(950,000)</u>
Net cash provided by financing activities	<u>8,983,621</u>	<u>643,588</u>	<u>4,498,554</u>	4,958,547
Net (decrease)/ increase in cash and cash equivalents	71,437	147,967	72,495	(33,854)
Cash and cash equivalents at beginning of period	10,206	564,808	9,148	773,624
Cash and cash equivalents at end of period	81,643	739,775	81,643	739,775

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

PULSE INVESTMENTS LIMITED

Notes to the Financial Statements

Six months ended December 31, 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>31/12/06</u>	<u>30/9/06</u>	<u>30/6/06</u>	<u>31/12/05</u>
Opening balance	342,455,812	263,843,929	131,616,363	69,251,200
Sponsorships received	50,000,000	103,641,513	518,170,104	38,429,727
Amount recognized in income	-----	(25,029,876)	(383,942,538)	(176,064,564)
	392,455,812	342,455,812	263,843,929	131,616,363

PULSE INVESTMENTS LIMITED

Notes to the Financial Statements

Six months ended December 31, 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 \$41,755,240 (2005: 34,929,858) 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 issue, respectively.