

PULSE INVESTMENTS LIMITED

FINANCIAL STATEMENTS

NINE MONTHS ENDED MARCH 31, 2007

PULSE INVESTMENTS LIMITED

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NINE MONTHS ENDED MARCH 31, 2007

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PULSE INVESTMENTS LIMITED

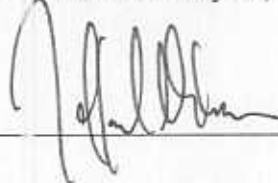
Balance Sheet
March 31, 2007

	Notes	31/3/07	31/12/06	Audited 30/6/06	31/3/06
Current assets					
Bank Balances		1,147,299	81,643	9,148	491,796
Trade and other receivables		25,092,508	24,503,472	39,842,482	26,077,073
Advertising entitlements and Unexpired sponsorships in kind		427,855,812	392,455,812	263,843,929	230,712,567
Due from related parties		<u>38,995,811</u>	<u>28,510,162</u>	<u>23,465,071</u>	<u>23,462,853</u>
		<u>493,091,430</u>	<u>445,551,089</u>	<u>327,160,630</u>	<u>258,245,510</u>
Current liabilities					
Bank overdraft		2,853,255	7,725,275	10,214,538	8,936,946
Accounts payable and accrued charges		21,320,867	11,605,407	15,803,300	8,014,419
Due to related parties		45,467,344	42,459,871	36,538,421	24,325,509
Current portion of long-term liabilities		<u>21,955,113</u>	<u>19,705,113</u>	<u>13,183,196</u>	-
		<u>91,596,579</u>	<u>81,495,666</u>	<u>75,741,455</u>	<u>41,276,874</u>
Net current assets		<u>401,494,851</u>	<u>364,055,423</u>	<u>251,419,175</u>	<u>216,968,636</u>
Non-current assets					
Intangible assets		94,030,000	95,340,000	97,960,000	103,020,000
Property, plant & equipment		<u>336,617,760</u>	<u>337,547,766</u>	<u>338,597,162</u>	<u>341,443,242</u>
		<u>430,647,760</u>	<u>432,887,766</u>	<u>436,557,162</u>	<u>444,463,242</u>
		<u>832,142,611</u>	<u>796,943,189</u>	<u>687,976,337</u>	<u>661,431,878</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>408,767,851</u>	<u>375,916,194</u>	<u>264,601,577</u>	<u>237,387,588</u>
		809,960,042	774,760,620	665,793,768	627,761,457
Non-current liabilities					
Long-term loans		1,682,581	1,682,581	1,682,581	13,170,423
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>832,142,611</u>	<u>796,943,189</u>	<u>687,976,337</u>	<u>661,431,878</u>

The financial statements on pages 2 to 8 were approved by the Board of Directors on May 11, 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

Nine Months ended March 31, 2007

	<u>Notes</u>	3 Mths. ended <u>31/3/07</u>	3 Mths. ended <u>31/3/06</u>	9 Mths. ended <u>31/3/07</u>	9 Mths. ended <u>31/3/06</u>
Operating revenue		87,576,488	69,213,068	253,803,954	180,440,555
Operating expenses		<u>(51,581,435)</u>	<u>(41,248,011)</u>	<u>(107,740,564)</u>	<u>(80,311,933)</u>
Operating profit		35,995,053	27,965,057	146,063,390	100,128,622
Other income		<u>-</u>	<u>123,879</u>	<u>39,000</u>	<u>2,020,525</u>
Profit before net finance costs		35,995,053	28,088,936	146,102,390	102,149,147
Net finance costs		<u>(746,631)</u>	<u>(771,883)</u>	<u>(1,936,116)</u>	<u>(2,000,260)</u>
Net profit attributable to members		35,248,422	27,317,073	144,166,274	100,148,887
Basic earnings per stock unit	8	<u>0.14</u>	<u>0.21</u>	<u>0.57</u>	<u>0.78</u>
Fully diluted earnings per stock unit	8	<u>0.13</u>	<u>0.21</u>	<u>0.55</u>	<u>0.76</u>

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

PULSE INVESTMENTS LIMITED

Statement of Changes in Stockholders' Equity
 Nine months ended March 31, 2007

	Share Capital	Share Premium	Advance in respect of rights issue	Capital reserve	Retained earnings	Total
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	-	-	-	-	63,004,628	63,004,628
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)	-	(19,988,776)	-	-	-	(19,988,776)
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	-	-	-	-	117,547,616	117,547,616
Balance as at June 30, 2006	25,367,036	373,188,302	-	2,636,853	264,601,577	665,793,768
Net profit for the period	-	-	-	-	144,166,274	144,166,274
Balance as at March 31, 2007	25,367,036	373,188,302	-	2,636,853	408,767,851	809,960,042

PULSE INVESTMENTS LIMITED

Statement of Cash Flows

Nine months ended March 31, 2007

	3 Mths ended <u>31/3/07</u>	3 Mths. ended <u>31/3/06</u>	9 Mths. ended <u>31/3/07</u>	9 Mths. ended <u>31/3/06</u>
Cash flows from operating activities				
Net profit attributable to members	35,248,422	27,317,071	144,166,274	100,148,886
Adjustments to reconcile net profit attributable to members to net cash provided/(used) by operating activities:				
Depreciation	1,078,355	59,994	3,235,065	155,982
Amortization of patents and trademarks	1,310,000	60,000	3,930,000	180,000
Gain on disposal of property, plant & equipment				
Interest expense	<u>240,295</u>		<u>950,206</u>	<u>550,546</u>
Operating profit before changes in working capital	<u>37,877,072</u>	<u>27,437,065</u>	<u>152,281,545</u>	<u>101,035,414</u>
(Increase)/decrease in current assets:				
Trade and other receivables	(589,036)	53,242	14,749,974	6,080,704
Due from related company	(10,485,549)		(15,530,740)	(2,005,559)
Unexpired sponsorships in kind	(35,400,000)	(22,800,000)	(164,011,883)	(99,096,204)
Increase/(decrease) in current liabilities:				
Accounts payable and accrued charges	9,715,460	(744,910)	5,517,567	(2,055,216)
Due to related party	<u>3,007,473</u>	<u>(2,496,460)</u>	<u>8,928,923</u>	<u>1,965,883</u>
Cash provided/(used) by operating activities	<u>4,125,420</u>	<u>1,448,937</u>	<u>1,935,386</u>	<u>5,925,022</u>
Interest paid	<u>(240,295)</u>		<u>(950,206)</u>	<u>(550,546)</u>
	<u>3,885,025</u>	<u>1,448,939</u>	<u>985,180</u>	<u>5,374,476</u>
Cash flows from investing activities:				
Acquisition of property, plant & equipment	(148,349)	(8,270,169)	(1,674,563)	(8,394,374)
Proceeds from disposal of property, plant & equipment	-	-	-	-
Net cash used in investing activities	<u>(148,349)</u>	<u>(8,270,169)</u>	<u>(1,674,563)</u>	<u>(8,394,374)</u>
Cash Flows from financing activities				
Bank overdraft	(4,872,020)	4,652,830	(7,361,283)	(3,916,521)
Loans received	2,250,000	1,920,423	12,850,000	970,423
Loans repaid	<u>(49,000)</u>		<u>(3,661,183)</u>	<u>0</u>
Net cash provided by financing activities	<u>(2,671,020)</u>	<u>6,969,197</u>	<u>1,925,534</u>	<u>(2,946,098)</u>
Net (decrease)/ increase in cash and cash equivalents	<u>1,065,656</u>	<u>(247,979)</u>	<u>1,138,151</u>	<u>(281,825)</u>
Cash and cash equivalents at beginning of period	81,643	739,775	9,148	773,624
Cash and cash equivalents at end of period	<u>1,147,299</u>	<u>491,796</u>	<u>1,147,299</u>	<u>491,796</u>

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

PULSE INVESTMENTS LIMITED

Notes to the Financial Statements

Nine months ended March 31, 2007

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>31/3/07</u>	<u>30/6/06</u>	<u>31/3/06</u>	<u>30/6/05</u>
Opening balance	263,843,929	131,616,363	131,616,363	69,251,200
Sponsorships received	218,641,513	513,170,104	158,296,204	38,429,727
Amount recognized in income	<u>(54,629,630)</u>	<u>(385,942,538)</u>	<u>(59,200,000)</u>	<u>(176,064,564)</u>
	427,855,812	263,843,929	230,712,567	131,616,363

PULSE INVESTMENTS LIMITED

Notes to the Financial Statements

Nine months ended March 31, 2007

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 quarter ended March 31, 2007 attributable to members of \$35,248,422 (2006: \$27,317,073), and for the nine month period ended March 31, 2007 of \$144,166,274 (2006: \$100,148,887). The number of ordinary and ordinary cumulative convertible redeemable preference shares in issue respectively were 253,670,362 (2006: 126,835,181) and 262,583,405 (2006: 131,947,219).