

**PULSE INVESTMENTS LIMITED**

**FINANCIAL STATEMENTS**

**NINE MONTHS ENDED MARCH 31, 2008**

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**STATEMENT**



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**PULSE INVESTMENTS LIMITED**

Balance Sheet  
March 31, 2008

	<u>Notes</u>	<u>31/3/08</u>	<u>31/12/07</u>	<u>Audited</u> <u>30/6/07</u>	<u>31/3/07</u>
<b>Current assets</b>					
Bank Balances		28,498,909	30,398,173	1,642,923	1,147,299
Trade and other receivables		35,333,913	37,217,728	50,423,729	25,092,508
Advertising entitlements		778,583,806	688,583,806	476,555,876	427,855,812
Unexpired sponsorships in kind		56,984,261	57,641,761	49,698,190	
Due from related parties		-	-	-	<u>38,995,811</u>
		<u>899,400,389</u>	<u>813,341,468</u>	<u>578,320,718</u>	<u>493,091,430</u>
<b>Current liabilities</b>					
Bank overdraft		1,471,995	2,609,386	4,500,608	2,853,255
Accounts payable and accrued charges		18,842,410	10,654,722	13,424,222	21,320,867
Due to related parties		34,865,798	27,863,794	12,505,280	45,467,344
Current portion of long-term liabilities		<u>447,161</u>	<u>447,161</u>	<u>10,795,551</u>	<u>21,955,113</u>
		<u>55,627,364</u>	<u>41,075,063</u>	<u>41,225,661</u>	<u>91,596,579</u>
Net current assets		<u>843,773,025</u>	<u>772,266,405</u>	<u>537,095,057</u>	<u>401,494,851</u>
<b>Non-current assets</b>					
Intangible assets		88,790,000	90,100,000	92,720,000	94,030,000
Property, plant & equipment		333,219,168	334,046,041	335,833,330	336,617,760
		<u>422,009,168</u>	<u>424,146,041</u>	<u>428,553,330</u>	<u>430,647,760</u>
		<u>1,265,782,193</u>	<u>1,196,412,446</u>	<u>965,648,387</u>	<u>832,142,611</u>
<b>Financed by:</b>					
<b>Stockholders' equity</b>					
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	2,636,853
Retained earnings		<u>844,362,718</u>	<u>752,958,641</u>	<u>530,745,053</u>	<u>408,767,851</u>
		1,245,554,909	1,154,150,832	931,937,244	809,960,042
<b>Non-current liabilities</b>					
Long-term loans		20,227,284	21,761,626	13,211,155	1,682,581
Preference shares			891,304	891,304	891,304
Shares			19,608,684	19,608,684	19,608,684
Share premium		<u>0</u>	<u>19,608,684</u>	<u>19,608,684</u>	<u>19,608,684</u>
		<u>1,265,782,193</u>	<u>1,196,412,446</u>	<u>965,648,387</u>	<u>832,142,611</u>

The financial statements on pages 2 to 8 were approved by the Board of Directors on May 14, 2008 and signed on its behalf by:


Director

Director

The accompanying notes form an integral part of the financial statements

**PULSE INVESTMENTS LIMITED**

Statement of Cash Flows

Nine months ended March 31, 2008

	<u>3 Mths. ended</u>	<u>3 Mths. ended</u>	<u>9 Mths. ended</u>	<u>9 Mths. ended</u>
	<u>3/3/08</u>	<u>3/3/07</u>	<u>3/3/08</u>	<u>3/3/07</u>
Cash flows from operating activities	91,404,078	35,248,422	313,617,665	144,166,274
Net profit attributable to members				
Adjustments to reconcile net profit attributable to members to net cash provided/(used) by operating activities:				
Depreciation	1,073,537	1,078,355	3,220,612	3,235,065
Amortization of patents and trademarks	1,310,000	1,310,000	3,930,000	3,930,000
Gain on disposal of property, plant & equipment	<u>52,323</u>	<u>240,295</u>	<u>634,571</u>	<u>950,206</u>
Interest expense	93,839,938	37,877,072	321,402,848	152,281,545
Operating profit before changes in working capital	1,883,815	(589,036)	15,089,816	14,749,974
(Increase)/decrease in current assets:				
Trade and other receivables		(10,485,649)		(15,530,740)
Due from related company	(89,342,500)	(35,400,000)	(309,314,001)	(164,011,883)
Unexpired sponsorships in kind	8,187,688	9,715,460	5,418,188	5,517,567
Accounts payable and accrued charges	<u>7,002,004</u>	<u>3,007,473</u>	<u>(10,340,390)</u>	<u>8,928,923</u>
Current portion of long term loan	21,570,945	(4,125,320)	44,616,979	1,935,386
Due to related party	<u>(52,323)</u>	<u>(240,295)</u>	<u>(634,571)</u>	<u>(950,206)</u>
Cash provided/(used)by operating activities	21,518,622	3,885,025	43,982,408	985,180
Interest paid				
<b>Cash flows from investing activities:</b>	<u>(246,664)</u>	<u>(148,349)</u>	<u>(614,449)</u>	<u>(1,674,563)</u>
Acquisition of property, plant & equipment	-	(148,349)	-	-
Proceeds from disposal of property, plant & equipment	<u>(246,664)</u>	<u>(148,349)</u>	<u>(614,449)</u>	<u>(1,674,563)</u>
Net cash used in investing activities				
<b>Cash Flows from financing activities</b>	<u>(1,137,391)</u>	<u>(4,872,020)</u>	<u>(3,028,613)</u>	<u>(7,361,283)</u>
Bank overdraft		2,250,000		8,550,472
Loans received	<u>(22,034,330)</u>	<u>(49,000)</u>	<u>(22,034,330)</u>	<u>(3,661,183)</u>
Loans repaid	<u>(23,171,721)</u>	<u>(2,671,020)</u>	<u>(16,512,471)</u>	<u>1,827,534</u>
Net cash provided by financing activities	(1,899,264)	1,065,656	26,855,985	1,138,151
Net (decrease)/increase in cash and cash equivalents				
<b>Cash and cash equivalents at beginning of period</b>	30,398,173	81,643	1,642,923	9,148
<b>Cash and cash equivalents at end of period</b>	28,498,909	1,147,299	28,498,909	1,147,299

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

**PULSE INVESTMENTS LIMITED**

**Income Statement**

**Nine Months ended March 31, 2008**

	<u>Notes</u>	<u>3 Mths. ended</u> <u>31/3/08</u>	<u>3 Mths. ended</u> <u>31/3/07</u>	<u>9 Mths. ended</u> <u>31/3/08</u>	<u>9 Mths. ended</u> <u>31/3/07</u>
Operating revenue		169,729,943	87,576,488	510,742,240	253,803,954
Operating expenses		<u>(79,619,246)</u>	<u>(51,581,435)</u>	<u>(198,417,956)</u>	<u>(107,740,564)</u>
Operating profit		90,110,697	35,995,053	312,324,284	146,063,390
Other income		<u>1,293,381</u>	<u>-</u>	<u>1,293,381</u>	<u>0</u>
Profit before net finance costs		91,404,078	35,995,053	313,617,665	146,063,390
Net finance costs			<u>(746,631)</u>		<u>(1,936,116)</u>
Net profit attributable to members		91,404,078	35,248,422	313,617,665	144,166,274
Basic earnings per stock unit	8	<u>0.36</u>	<u>0.14</u>	<u>1.24</u>	<u>0.57</u>
Fully diluted earnings per stock unit	8		<u>0.13</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**  
**Nine months ended March 31, 2008**

	<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, 2006	25,367,036	373,188,302	-	2,636,853	264,601,577	665,793,768
Net profit attributable to members	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>266,143,477</u>	<u>266,143,477</u>
Balance as at June 30, 2007	25,367,036	373,188,302		2,636,853	530,745,054	931,937,245
Net profit for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>313,617,665</u>	<u>313,617,665</u>
Balance as at March 31, 2008	<u>25,367,036</u>	<u>373,188,302</u>	<u>-</u>	<u>2,636,853</u>	<u>844,362,719</u>	<u>1,245,554,910</u>

# PULSE INVESTMENTS LIMITED

Notes to the Financial Statements

Nine months ended March 31, 2008

## 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, 2007.

## 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>31/3/08</u>	<u>30/6/07</u>	<u>31/3/07</u>	<u>30/6/06</u>
Opening balance	526,254,066	263,843,929	263,843,929	131,616,363
Sponsorships received	421,885,501	951,049,007	218,641,513	518,170,104
Amount recognized in income	(111,415,000)	(688,638,870)	(54,629,630)	(385,942,538)
	836,724,567	526,254,066	427,855,812	263,843,929

**PULSE INVESTMENTS LIMITED**

Notes to the Financial Statements

Nine months ended March 31, 2008

**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 \$91,394,078 (2007: 35,248,422) and the number of shares of 253,670,362 (2007: 253,670,362) and 253,670,362 (2007: 262,670,405) ordinary and ordinary convertible redeemable preference shares in issue, respectively.