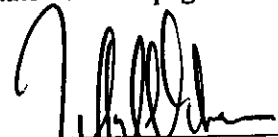
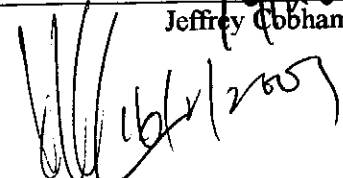


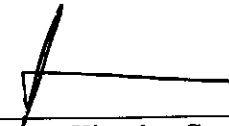
# **PULSE INVESTMENTS LIMITED**

## **Balance Sheet** **December 31, 2008**

	<u>Notes</u>	<u>31/12/08</u>	<u>30/9/08</u>	<u>Audited</u> <u>30/6/08</u>	<u>31/12/07</u>
<b>Current assets</b>					
Bank Balances		24,890,695	32,647,825	62,416,413	30,398,173
Trade and other receivables		21,587,211	29,580,521	35,825,932	37,217,728
Advertising entitlements		1,124,314,886	1,108,791,806	924,867,290	688,583,806
Unexpired sponsorships in kind		111,626,906	10,560,686	28,146,144	57,641,761
		<u>1,282,419,698</u>	<u>1,181,580,838</u>	<u>1,051,255,779</u>	<u>813,341,468</u>
<b>Current liabilities</b>					
Bank overdraft		7,208,508	1,169,424		2,609,386
Accounts payable and accrued charges		10,040,594	10,931,931	16,741,979	10,654,722
Due to related parties		56,662,693	46,970,146	29,628,040	27,863,794
Current portion of long-term liabilities		<u>12,417,020</u>	<u>14,598,140</u>	<u>17,103,191</u>	<u>447,161</u>
		<u>86,328,815</u>	<u>73,669,641</u>	<u>63,473,210</u>	<u>41,075,063</u>
<b>Net current assets</b>		<u>1,196,090,883</u>	<u>1,107,911,197</u>	<u>987,782,569</u>	<u>772,266,405</u>
<b>Non-current assets</b>					
Investment property		121,712,205	99,013,062	59,313,872	
Intangible assets		92,720,000	92,720,000	92,720,000	90,100,000
Property, plant & equipment		<u>350,549,267</u>	<u>352,022,924</u>	<u>353,047,501</u>	<u>334,046,041</u>
		<u>564,981,472</u>	<u>543,755,986</u>	<u>505,081,373</u>	<u>424,146,041</u>
		<u>1,761,072,355</u>	<u>1,651,667,183</u>	<u>1,492,863,942</u>	<u>1,196,412,446</u>
<b>Financed by:</b>					
<b>Stockholders' equity</b>					
Share capital		152,367,035	152,367,035	152,367,035	25,367,036
Share premium		366,375,604	366,375,604	366,375,604	373,188,302
Capital reserve		2,636,853	2,636,853	2,636,853	2,636,853
Capital redemption reserve		20,499,988	20,499,988	20,499,988	
Retained earnings		<u>1,201,344,770</u>	<u>1,098,939,598</u>	<u>940,136,357</u>	<u>752,958,641</u>
		<u>1,743,224,250</u>	<u>1,640,819,078</u>	<u>1,482,015,837</u>	<u>1,154,150,832</u>
<b>Non-current liabilities</b>					
Long-term loans		10,848,105	10,848,105	10,848,105	21,761,626
Preference shares					
Shares					891,304
Share premium					<u>19,608,684</u>
		<u>1,761,072,355</u>	<u>1,651,667,183</u>	<u>1,492,863,942</u>	<u>1,196,412,446</u>

The financial statements on pages 2 to 8 were approved by the Board of Directors on February 12, 2009 and signed on its behalf by:

  
\_\_\_\_\_  
Jeffrey Cobham  
  
Director

  
\_\_\_\_\_  
Kingsley Cooper  
Director

**PULSE INVESTMENTS LIMITED****Income Statement****Six Months ended December 31, 2008**

	<u>Notes</u>	<u>3 Mths. ended 31/12/08</u>	<u>3 Mths. ended 31/12/07</u>	<u>6 Mths. ended 31/12/08</u>	<u>6 Mths. ended 30/12/07</u>
Operating revenue		160,495,639	138,155,799	438,986,350	341,012,297
Operating expenses		<u>(58,090,467)</u>	<u>(50,239,160)</u>	<u>(178,381,329)</u>	<u>(117,744,347)</u>
Operating profit		102,405,172	87,916,639	260,605,021	223,267,950
Other income		<u>                    </u>	<u>                    </u>	<u>603,392</u>	<u>                    </u>
Profit before net finance costs		102,405,172	87,916,639	261,208,413	223,267,950
Net finance costs			<u>(783,644)</u>		<u>(1,054,363)</u>
Net profit attributable to members		102,405,172	87,132,995	261,208,413	222,213,587
Basic earnings per stock unit	8	<u>0.38</u>	<u>0.30</u>	<u>0.96</u>	<u>0.90</u>
Fully diluted earnings per stock unit	8	<u>0.38</u>	<u>0.30</u>	<u>0.96</u>	<u>0.80</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, 2008**

	<u>Capital</u>	<u>premium</u>	<u>reserve</u>	<u>reserve</u>	<u>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 attributable to members	-	-	-		429,891,292	429,891,292
Transfer to capital redemption reserve	-	-	-	20,499,988	(20,499,988)	(6,812,698)
Cost of rights share issue	-	(6,812,698)	-	-		(6,812,698)
Rights share issue	<u>126,999,999</u>	<u>366,375,604</u>	<u>2,636,853</u>	<u>20,499,988</u>	<u>940,136,357</u>	<u>126,999,999</u>
Balance at June 30, 2008	152,367,035	366,375,604	2,636,853	20,499,988	261,208,413	1,482,015,837
Net profit attributable to members					<u>261,208,413</u>	<u>261,208,413</u>
Balance at December 2008	<u>152,367,035</u>	<u>366,375,604</u>	<u>2,636,853</u>	<u>20,499,988</u>	<u>1,201,344,770</u>	<u>1,743,224,250</u>

## **PULSE INVESTMENTS LIMITED**

### **Statement of Cash Flows**

**Six months ended December 31, 2008**

	<b>3 mths. 31/12/08</b>	<b>3 mths. 31/12/07</b>	<b>6 mths. 31/12/08</b>	<b>6 mths. 31/12/07</b>
<b>Cash flows from operating activities</b>				
Net profit attributable to members	102,405,172	87,132,995	261,208,413	222,213,587
Adjustments to reconcile net profit attributable to members to net cash provided/(used) by operating activities:				
Depreciation	1,811,821	1,073,537	3,623,332	2,147,074
Amortization of patents and trademarks		1,310,000		2,620,000
Gain on disposal of property, plant & equipment				
Interest expense	<u>150,957</u>	<u>397,796</u>	<u>301,842</u>	<u>582,247</u>
Operating profit before changes in working capital	104,367,950	89,914,328	265,133,587	227,562,908
 (Increase)/decrease in current assets:				
Trade and other receivables	7,993,310	1,720,644	14,238,721	13,206,001
Unexpired sponsorships in kind	(101,066,220)	(4,000,000)	(83,480,762)	(7,943,571)
Advertising entitlements	(15,523,080)	(70,000,000)	(199,447,596)	(212,027,930)
Increase/(decrease) in current liabilities:				
Accounts payable and accrued charges	(891,337)	(443,379)	(6,701,385)	(2,769,500)
Due to related party	<u>16,692,547</u>	<u>10,006,766</u>	<u>34,034,653</u>	<u>15,358,514</u>
Cash provided/(used) by operating activities	11,573,170	18,534,428	23,777,218	23,046,032
Interest paid	<u>(150,957)</u>	<u>(397,796)</u>	<u>(301,842)</u>	<u>(582,247)</u>
	11,422,213	18,136,661	23,475,376	22,463,785
 <b>Cash flows from investing activities:</b>				
Acquisition of property, plant & equipment	(37,307)	(337,235)	(523,430)	(367,785)
Acquisition of investment property	<u>(23,000,000)</u>	<u>-</u>	<u>(63,000,000)</u>	<u>-</u>
Net cash used in investing activities	(23,037,307)	(337,235)	(63,523,430)	(367,785)
<b>Cash Flows from financing activities</b>				
Bank overdraft	6,039,084	(1,134,837)	7,208,508	(1,891,222)
Long-term loans received		8,550,472	1,655,600	8,550,472
Loans repaid	<u>(2,181,120)</u>	<u>(8,663,902)</u>	<u>(6,341,771)</u>	<u>(10,340,390)</u>
Net cash provided by financing activities	<u>3,857,964</u>	<u>7,415,635</u>	<u>2,522,337</u>	<u>6,659,250</u>
 Net (decrease)/ increase in cash and cash equivalents	(7,757,130)	25,215,061	(37,525,717)	28,755,250
<b>Cash and cash equivalents at beginning of period</b>	<u>32,647,825</u>	<u>5,183,112</u>	<u>62,416,413</u>	<u>1,642,923</u>
 <b>Cash and cash equivalents at end of period</b>	<u>24,890,695</u>	<u>30,398,173</u>	<u>24,890,695</u>	<u>30,398,173</u>

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

## **PULSE INVESTMENTS LIMITED**

### **Notes to the Financial Statements**

Six months ended December 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, 2008.

#### **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.

	3 mths to 31/12/08	3 mths to 30/9/08	6 mths to 31/12/08	6 mths to 31/12/07
Opening balance	1,119,352,492	953,013,434	953,013,434	526,254,066
Sponsorships received	156,023,080	266,711,922	422,735,002	291,885,501
Amount expensed in period	(39,433,780)	(100,342,864)	(139,776,644)	(71,415,000)
	1,235,941,792	1,119,352,492	1,235,941,792	746,724,567

## **PULSE INVESTMENTS LIMITED**

### **Notes to the Financial Statements**

**Six months ended December 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 \$261,208,413 (2007: 222,213,587) and the weighted average number of shares of 271,789,683 (2007: 253,670,362 ) and 271,789,683 (2007: 262,583,405) ordinary and ordinary cumulative convertible redeemable preference shares in issue, respectively.

**9. Bank balances**

Bank balances include balances in the bank and cash in hand at balance sheet date.