Pulse Places Focus on Villa Ronai, Enhanced Events & TV Expansion In Tough Recessionary Year

In an extremely challenging recessionary environment, Pulse, for its financial year ended June 30, 2009, was able to increase its revenues by 15% from $1.36 billion in 2008, to $1.55 billion. Net income however, fell by 48% from $429 million last year to $223 million in 2009. On the earnings side, there were two main reasons for the fall in net income; reduction in sponsorships, and,in accordance with its policy of conservatism, the deferral by the company of some advertising entitlements from the year 2009 to the following year . On the expenses side, the company took the decision to forge ahead with the development of its Villa Ronai spa project, so as to be in a position to take early advantage of the expected rebound in tourism and other areas of the economy in 2011 and onward, by which time the project will have been completed. The first phase, now approaching completion, is scheduled to be opened at the start of 2010. Villa Ronai is a major Pulse asset and has been underutilized for several years. Pulse raised $128 million in a rights issue last year, much of which was dedicated to the development of Villa Ronai. $112 million was spent by the company on the Ronai project during the course of Pulse's recently ended financial year

The increased revenue resulted from the widening of the network of broadcasters of the Pulse TV shows, and from the further development and expansion of Caribbean Fashion Week and the Caribbean Model Search. Although cash sponsorship fell by 46% or $58million as a result of the toning down of the Miss Jamaica Universe event which had attracted major sponsorship in 2008, when this event is taken out of the equation, other cash sponsorship increased by 35% and ticket sales increased by 125% as a result of the expansion of the other events. This was achieved against the background of tough challenges to Pulse's lines of business, due to the worldwide economic recession.

Model Agency commissions, 10% of international models fees earned in collaboration with international agencies and 36% of direct bookings, increased slightly, despite the downturn in the worldwide modeling industry during the year. Net cash provided by operating activities was also up, moving by 30% to $53.3m, up from $40.9m. Much of this cash however, was spent on the Villa Ronai project, and by the end of the year, cash had reduced from $62.4 million at June 30, 2008, to $10.1 million at June 30, 2009.

Top Management Voluntarily Cuts Remuneration to $1

Given the reduction in net earnings attributable to members, top management proposed and the Company's Board accepted voluntary reduction of its remuneration to one dollar for the year, as was disclosed in note 17 to the Financial Statements. Management continues to maintain confidence in the company and its operations and the management team remains in place.

Kingsley Cooper, Executive Chairman noted: *"cash revenues are very important to Pulse. Our strategy is to move aggressively to increase this part of the company's income, more than any other. However, we faced tremendous challenges this year, as much of our cash income comes from sponsorships. The fact is that worldwide, sponsorships and endorsements have been badly affected by the recession, as companies moved to cut costs. We are naturally committed to protecting Pulse's cash position and this cut in remuneration was one way of doing this. We believe very strongly in Pulse's future and are satisfied, as the company's history has demonstrated, that future rewards will be much more meaningful, given the prospects for growth and profit. Certainly, significantly more than the remuneration cut this year. As it is, we are already seeing signs of a rebound in sponsorships, endorsements and advertising, so next year, should not be as challenging in this regard. With our* *exciting plans for the continued expansion of our television programming and the coming on stream of Villa Ronai, we expect the years ahead to justify our development strategies.*"