PULSE INVESTMENTS LIMITED

FINANCIAL STATEMENTS

JUNE 30, 2010

INDEPENDENT AUDITORS' REPORT

To the Members of
PULSE INVESTMENTS LIMITED

Report on the Financial Statements

We have audited the financial statements of Pulse Investments Limited ("company"), set out on pages 3 to 30, which comprise the balance sheet as at June 30, 2010, statements of comprehensive income, changes in equity and cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and consistently applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Members of
PULSE INVESTMENTS LIMITED

Report on the Financial Statements (Cont'd)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at June 30, 2010, and of its financial performance, changes in equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Jamaican Companies Act, so far as concern members of the company.

Additional reporting requirements of the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner so required.

KPMG

Chartered Accountants
Kingston, Jamaica

November 26, 2010

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INDEPENDENT AUDITORS' REPORT

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PULSE INVESTMENTS LIMITED

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PULSE INVESTMENTS LIMITED

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KPMG

Chartered Accountants
Kingston, Jamaica

November 26, 2010

PULSE INVESTMENTS LIMITED

Balance Sheet
June 30, 2010

	Notes	2010 $	2009 $
Current assets			
Cash and cash equivalents		5,957,991	10,152,171
Trade and other receivables	3	20,736,375	14,161,675
Advertising entitlements/ Sale of TV programming	4(a)	1,288,107,938	1,160,401,429
Unexpired sponsorships in kind	4(b)	18,541,004	34,191,294
		1,333,343,308	1,218,906,569
Current liabilities			
Bank overdraft	5	2,861,091	12,428,776
Accounts payable and accrued charges	6	10,790,961	15,763,072
Due to related party	7	46,303,110	70,568,435
Short term loan and current portion of long-term loans	8(b)	7,535,395	14,712,860
		67,490,557	113,473,143
Net current assets		1,265,852,751	1,105,433,426
Non-current assets			
Investment property	9	281,798,856	58,022,260
Intangible assets	10	92,720,000	92,720,000
Property, plant & equipment	11	258,787,745	459,694,960
		633,306,601	610,437,220
		1,899,159,352	1,715,870,646
Financed by:			
Stockholders' equity			
Share capital	12	152,367,035	152,367,035
Share premium	13	366,375,604	366,375,604
Capital reserve	14	2,636,853	2,636,853
Capital redemption reserve	15	20,499,988	20,499,988
Shares to be issued	16	2,608,696	2,608,696
Retained earnings		1,334,276,695	1,163,335,680
		1,878,764,871	1,707,823,856
Non-current liability			
Long-term loans	8(a)	20,394,481	8,046,790
		1,899,159,352	1,715,870,646

The financial statements on pages 3 to 30 were approved for issue by the Board of Directors on November 26, 2010, and signed on its behalf by:

_______________ Director
K. Cooper

_______________ Director
J. Cobham

PULSE INVESTMENTS LIMITED

Statement of Comprehensive Income
Year ended June 30, 2010

	Notes	2010 $	2009 $
Operating revenue	17	1,586,281,323	1,554,791,126
Operating expenses	18	(1,415,860,796)	(1,327,232,065)
Operating profit		170,420,527	227,559,061
Other income		8,679,116	1,926,203
Profit before net finance costs		179,099,643	229,485,264
Net finance costs:			
Finance income		39,885	1,048,039
Finance cost		(8,198,513)	(7,333,980)
	19	(8,158,628)	(6,285,941)
Total comprehensive income attributable to members		170,941,015	223,199,323
Basic earnings per stock unit	20	.61¢	80¢

The accompanying notes form an integral part of the financial statements.

PULSE INVESTMENTS LIMITED

Statement of Changes in Stockholders' Equity
June 30, 2010

	Share Capital (Note 12) $	Share premium (Note 13) $	Capital reserve (Note 14) $	Capital redemption reserve (Note 15) $	Shares to be Issued (Note 16) $	Retained earnings $	Total $
Balances at June 30, 2008	152,367,035	366,375,604	2,636,853	20,499,988	2,608,696	940,136,357	1,484,624,533
Total comprehensive income attributable to members being, total recognised gains for the year	-	-	-	-	-	223,199,323	223,199,323
Balances as at June 30, 2009	152,367,035	366,375,604	2,636,853	20,499,988	2,608,696	1,163,335,680	1,707,823,856
Total comprehensive income attributable to members being, total recognised gains for the year	-	-	-	-	-	170,941,015	170,941,015
Balances as at June 30, 2010	152,367,035	366,375,604	2,636,853	20,499,933	2,608,696	1,334,276,695	1,878,764,871

The accompanying notes form an integral part of the financial statements.

PULSE INVESTMENTS LIMITED

Statement of Cash Flows
Year ended June 30, 2010

	2010 $	2009 $
Cash flows from operating activities		
Total comprehensive income attributable to members	170,941,015	223,199,323
Adjustments to reconcile net profit attributable to members to net cash provided by operating activities:		
Depreciation	6,862,129	7,412,434
Foreign exchange loss	257,442	76,503
Interest income	(39,885)	(1,048,039)
Interest expense	6,729,425	6,455,216
Operating profit before changes in working capital	184,750,126	236,095,437
(Increase)/decrease in current assets:		
Trade and other receivables	(6,574,700)	21,664,257
Advertising entitlements/ Sale of TV programming	(127,706,509)	(235,534,139)
Unexpired sponsorships in kind	15,650,290	(6,045,150)
Increase/(decrease) in current liabilities:		
Accounts payable and accrued charges	(5,645,587)	375,532
Due to related party	(24,265,325)	40,940,395
Cash provided by operating activities	36,208,295	57,496,332
Interest received	39,885	1,048,039
Interest paid	(6,055,949)	(5,200,959)
Net cash provided by operating activities	30,192,231	53,343,412
Cash flows from investing activities		
Additions of property, plant & equipment	(29,731,510)	(112,768,281)
Net cash used by investing activities	(29,731,510)	(112,768,281)
Cash flows from financing activities		
Loans received	28,614,887	1,595,758
Loans repaid	(23,702,103)	(6,863,907)
Net cash provided/(used) by financing activities	4,912,784	(5,268,149)
Net increase/(decrease) in cash and cash equivalents	5,373,505	(64,693,018)
Cash and cash equivalents at beginning of year	(2,276,605)	62,416,413
Cash and cash equivalents at end of year	3,096,900	(2,276,605)

Comprising cash and cash equivalents:

Cash	5,957,991	10,152,171
Bank overdraft	(2,861,091)	(12,428,776)
	3,096,900	(2,276,605)

The accompanying notes form an integral part of the financial statements.

PULSE INVESTMENTS LIMITED

Notes to the Financial Statements
June 30, 2010

1. The company

The company was incorporated in Jamaica under the Companies Act on August 6, 1993 and commenced trading on November 1, 1993. The company is domiciled in Jamaica and is controlled by the Executive Chairman, Mr. Kingsley Cooper.

The principal activities of the company are model agency representation, multi-media production, marketing, show production and promotion and sub-letting of leasehold properties. The registered office of the company is situated at 38a Trafalgar Road, Kingston 10, Jamaica, W.I.

2. Statement of compliance, basis of preparation and significant accounting policies

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board, and comply with the provisions of the Jamaican Companies Act.

Certain new IFRS, and interpretation of the existing standards which were in issue, came into effect for the current financial year. Relevant changes were as follows:

- *Revised IAS 1 – Presentation of Financial Statements* (effective January 1, 2009) requires presentation of all non-owner changes in equity either in a single statement of comprehensive income, or in an income statement plus a statement of comprehensive income. Revised IAS 1 also requires that a statement of financial position be presented at the beginning of the comparative period when the entity restates the comparatives, a disclosure for reclassification adjustments and disclosure of dividends and related per share amounts on the face of the statement of changes in equity or in the notes.

- *IAS 32 Financial instruments: Presentation (effective January 1, 2009).* The amendments allow certain instruments that would normally be classified as liabilities to be classified as equity if certain conditions are met. Where such instruments are reclassified, the entity is required to disclose the amount, the timing and the reason for the reclassification.

- *Amendments to IFRS 7 Financial Instruments(effective January 1, 2009): Disclosures* require enhanced disclosures in respect of two aspects: disclosures over fair value measurement for financial instruments specifically in relation to disclosures over the inputs used in valuation techniques and the uncertainty associated with such valuations; and improving disclosures over liquidity risk, to address current diversity in practice.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd):

- *IFRS 8 Operating Segments* (effective January 1, 2009) introduces the "management approach" to segment reporting. IFRS 8 requires the disclosure of segment information based on the internal reports regularly reviewed by the company's Chief Operating Decision Maker in order to assess the performance of and allocate resources to each segment.

At the date of approval of the financial statements, there were certain standards and interpretations which were in issue but not yet effective. Those which are considered relevant to the company are as follows:

- *IFRS 9, Financial Instruments* (effective January 1, 2013) introduces new requirements for classifying and measuring financial assets. The standard also amends some of the requirements of *IFRS 7 Financial Instruments: Disclosures* including added disclosures about investments in equity instruments designated as fair value through other comprehensive income. This standard is not expected to have any significant impact on the company's financial statements.

- *IAS 24, Related Party Disclosure, revised* (effective January 1, 2011) introduces changes to the related party disclosure requirements for government - related entities and amends the definition of a related party. The standard also expands the list of transactions that require disclosure.

- *IAS 39 (Amendment), Financial Instruments: Recognition and Measurement* becomes effective for annual reporting periods beginning on or after July 1, 2009. The amendment provided clarification that it is possible for there to be movements into and out of the fair value through profit or loss category where:

  - A derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge.

  - Financial assets are reclassified following a change in policy by an insurance company in accordance with IFRS 4.

  The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit-taking is included in such a portfolio on initial recognition. A segment is no longer considered a party external to the reporting entity. When re-measuring the carrying amount of a debt instrument on cessation of fair value hedge accounting, the amendment clarifies that a revised effective interest rate (calculated at the date fair value hedge accounting ceases) is used.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd):

- *IFRIC 17, Distribution of Non-Cash Assets to Owners* is effective for annual reporting periods beginning on or after July 1, 2009 and provides that a dividend payable should be recognized when appropriately authorised and no longer at the entity's discretion. Where an owner has a choice of a dividend of a non-cash asset or cash, the dividend payable is estimated considering both the fair value and probability of the owners selecting each option. The dividend payable is measured at the fair value of the net assets to be distributed. The difference between fair value of the dividend paid and the carrying amount of the net assets distributed is recognized in profit or loss.

The adoption of *IFRS 9, IAS 24, IAS 39 (Amendment), and IFRIC 17* is expected to result in additional disclosures to the financial statements. Management is currently in the process of evaluating the impact on the financial statements of adopting these standards.

(b) Basis of preparation:

The financial statements are presented in Jamaica dollars ($), which is the functional currency of the company.

The financial statements are prepared using the historical cost basis and the accounting policies have been applied consistently by the company. The significant accounting policies stated in paragraph (c) to (t) below conform in all material respect with IFRS.

The preparation of the financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and contingent liabilities at the balance sheet date, and the income and expense for the year then ended. Actual amounts could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(c) Use of estimates and judgement:

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

(i) Advertising entitlements and unexpired sponsorships in kind:

Estimates of fair value on initial recognition primarily relating to the cost of air time are based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration fluctuations of cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

Estimates of value also take into consideration the purpose for which the sponsorship is held. Management also makes likely estimates of future cashflows from liquidating these entitlements and sponsorships. Estimates are also made of the expected value in use by the company for those which will be utilised.

(ii) Allowance for impairment losses on receivables:

In determining amounts recorded for impairment losses in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from receivables, for example, default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired receivables as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individual significant receivables with similar characteristics, such as credit risks.

(iii) Residual value and expected useful life of property plant & equipment:

The residual value and the expected useful life of an asset are reviewed at least at each financial year-end, and, if expectations differ from previous estimates, the change is accounted for. The useful life of an asset is defined in terms of the asset's expected utility to the company.

Impairment of property, plant and equipment is dependent upon management's internal assessment of future cash flows from cash generating units. In addition, the estimate of the amount recoverable from future use of those units is sensitive to the discount rate used.

PULSE INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
June 30, 2010

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(c) Use of estimates and judgement (cont'd):

(iv) Valuation of construction work-in-progress:

The amount recognised for construction work in progress is determined by qualified quantity surveyors. The estimates are based on the current cost of carrying out the construction using prevailing standard market rates.

(d) Cash and cash equivalents:

Cash and cash equivalents comprise cash and bank balances.

Bank overdrafts, repayable on demand and forming an integral part of the company's cash management activities, are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(e) Accounts receivable:

Trade and other receivables are stated at amortised cost less impairment losses [see note 2(o)]

(f) Accounts payable:

Trade and other payables, are stated at amortised cost.

(g) Provisions:

A provision is recognised in the balance sheet when the company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

(h) Related parties:

A party is related to the company, if:

(i) Directly, or indirectly through one or more intermediaries, the party:

(a) is controlled by, or is under common control with, the company;

(b) has an interest in the company that gives it significant influence over the entity; or

(c) has joint control over the company;

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(h) Related parties (cont'd):

(ii) The party is an associate of the company;

(iii) The party is a joint venture in which the company is a venturer;

(iv) The party is a member of the key management personnel of the entity or its parent;

(v) The party is a close member of the family of any individual referred to in (i) or (iv);

(vi) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) The party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the entity.

The company has a related party relationship with its directors and key management personnel representing certain senior officers of the company.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(i) Intangible assets:

Intangible assets represent expenditure incurred for the acquisition of trademarks and patents. These are recognised initially at purchased price. Trademarks and patents are stated at cost less impairment losses. Trademarks and patents are determined to have an indefinite useful life but are tested annually for impairment. Expenses relating to internally developed trademarks, including registration and subsequent renewal expenses, are charged to the income statement as and when they are incurred.

(j) Taxation:

Taxation on the profit or loss for the year comprises current and deferred tax. Taxation is recognised in the income statement, except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is computed using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

PULSE INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
June 30, 2010

2. **Statement of compliance, basis of preparation and significant accounting policies (cont'd)**

(j) Taxation (cont'd):

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(k) Property, plant & equipment:

(i) Items of property, plant & equipment are stated at cost less accumulated depreciation and impairment losses [see note 2(o)]. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and related costs to put the asset into service.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(ii) Depreciation:

Depreciation is computed and charged to the income statement on the straight-line basis at annual rates estimated to write down the property, plant & equipment to their estimated residual values over their expected useful lives.

No depreciation is charged on leasehold land and construction work-in-progress.

Depreciation rates are as follows:

Furniture and fixtures	-	10%
Equipment	-	20%
Computer	-	33⅓%
Motor vehicle	-	20%
Leasehold properties	-	over the life of the lease

Residual value, useful lives and depreciation rates are reassessed at each reporting date.

2. **Statement of compliance, basis of preparation and significant accounting policies (cont'd)**

(l) Investment property:

Investment property comprises a building which is depreciated at 2 ½%. Investment property is stated at deemed cost, less any accumulated depreciation and any accumulated impairment losses. Rental income from investment property is accounted for as described in accounting policy 2(n).

(m) Foreign currency transactions and balances:

Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Jamaican dollars at the rates of exchange ruling on that date. Gains and losses arising from fluctuations in exchange rates are recognised in the income statement.

Non-monetary assets and liabilities denominated in foreign currencies are stated at fair value and are translated to Jamaican dollars at foreign exchange rates prevailing at the dates the values were determined.

(n) Revenue recognition:

Operating revenue represents income from advertising entitlements/sale of TV programming, market sponsorship, model agency representation, show production and promotion and rental income from sub-letting leasehold properties.

Advertising entitlements/Sale of TV programming

Advertising entitlements are received in part or full consideration for the company's produced and branded TV programmes sold to broadcasting stations. The company intends to utilize these entitlements or make them available to sponsors in exchange for fair value. These are recognised at their value-in-use at initial recognition. Thereafter, unutilised entitlements are periodically assessed for evidence of impairment [see note 2(o)].

Unexpired sponsorships in kind

Unexpired sponsorships represent in kind services which have not been utilised and are recorded at estimated market value. Thereafter, unutilised entitlements are periodically assessed for evidence of impairment [see note 2(o)].

Model agency representation

Revenue from model agencies is recognised when commissions are earned. Commissions are earned when models represented by the company have completed modelling assignments. No revenue is required if there is significant uncertainties regarding recovery of the consideration due.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(n) Revenue recognition (cont'd):

Show production and promotion

Revenue from the production and promotion of shows is recognised in accordance with the terms of the various contractual agreements.

Operating leases

Income and expenses under operating leases are recognised in the income statement on a straight line basis over the term of the lease.

(o) Impairment:

The carrying amount of the company's assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

(i) Calculation of recoverable amount:

The recoverable amount of the company's receivables carried at amortised cost is calculated as the present value of expected future cash flows, amortised at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment:

An impairment loss in respect of receivables is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. For all other assets, an impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(p) Net financing costs:

Net finance costs comprise interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested, material bank charges and foreign exchange gains and losses recognised in the income statement.

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

(q) Interest-bearing borrowings:

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(r) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of these financial statements, financial assets have been determined to include cash and cash equivalents, trade and other accounts receivable and related party receivables. Similarly, financial liabilities include bank overdraft, accounts payable, short and long-term borrowings and related party payables.

(s) Determination of fair value:

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. Some financial instruments lack an available trading market. These instruments have been valued using present value or other valuation techniques and the fair value shown may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments.

(t) Earnings per share:

The company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held for the effects of all dilutive potential ordinary shares.

PULSE INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
June 30, 2010

3. Trade and other receivables

	2010 $	2009 $
Trade receivables	36,007,064	30,719,998
Other receivables and advances	2,077,458	3,205,182
	38,084,552	33,925,180
Less: Allowances for doubtful debts	(17,348,147)	(19,763,505)
	20,736,375	14,161,675

The company establishes an allowance for impairment that represents its best estimate of incurred losses in respect of trade and other receivables for which collectibility appears doubtful. Management believes that an impairment allowance for these receivables is adequate on the basis of expected collection of amounts owed to the company. An aged analysis of the carrying amounts of these trade receivables is presented below:

	0 to 60 days $	60-90 days $	More than 90 days $	Total $
	2010			
Receivable arising from				
- Model agents	2,373,130	1,776,630	1,171,900	5,321,660
- Cash sponsors	16,304,327	-	3,848,964	20,153,291
- Lease agreements	-	-	8,938,356	8,938,356
- Other trade receivables	-	-	1,593,757	1,593,757
- Other receivables and advances	-	-	2,077,458	2,077,458
	18,677,457	1,776,630	17,630,435	38,084,522
Less: Allowance for impairment	(3,176,996)	-	(14,171,151)	(17,348,147)
	15,500,461	1,776,630	3,459,284	20,736,375

	0 to 60 days $	60-90 days $	More than 90 days $	Total $
	2009			
Receivable arising from				
- Model agents	2,090,000	2,090,000	1,460,000	5,640,000
- Cash sponsors	9,015,456	1,135,889	7,170,428	17,321,773
- Lease agreements	201,700	605,400	5,689,535	6,496,635
- Other trade receivables	-	-	1,261,590	1,261,590
- Other receivables and advances	1,279,470	-	1,925,712	3,205,182
	12,586,626	3,831,289	17,507,265	33,925,180
Less: Allowance for impairment	(1,739,114)	(2,442,838)	(15,581,553)	(19,763,505)
	10,847,512	1,388,451	1,925,712	14,161,675

3. Trade and other receivables (cont'd)

The movement in allowance for doubtful debts in respect of trade receivables during the year was as follows:

	2010 $	2009 $
Balance at beginning of year	19,763,505	12,735,374
Impairment adjustment during the year	(2,415,358)	7,028,131
Balance at end of year	17,348,147	19,763,505

During the year bad debt expenses aggregating $9,327,009 (2009: $31,293,552) have been recognised in the income statement.

4. Advertising entitlements/Sale of TV programming and unexpired sponsorships in kind

(a) Advertising entitlements/Sale of TV programming

	2010 $	2009 $
Opening balance	1,160,401,429	924,867,290
Amount recognised in income (a)	1,374,096,098	1,340,366,397
Sponsorships recognised in expense	(1,246,389,589)	(1,104,832,253)
Closing balance	1,288,107,938	1,160,401,429

(b) Unexpired sponsorships in kind

	2010 $	2009 $
Opening balance	34,191,294	28,146,144
Amount recognised in income (a)	70,460,527	117,956,961
Sponsorships recognised in expense	(86,110,817)	(111,911,811)
Closing balance	18,541,004	34,191,294
Total amount recognised in profit or loss (a)	1,444,556,625	1,458,323,358

PULSE INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
June 30, 2010

5. Bank overdraft

The bank overdraft is secured by a mortgage over a property owned by a director and an unlimited guarantee from that director.

6. Accounts payable and accrued charges

	2010	2009
	$	$
Trade payables	3,425,010	4,667,692
Deposits	1,974,900	1,203,600
GCT payable	2,908,482	5,933,462
Accrued charges	2,482,569	3,958,318
	10,790,961	15,763,072

7. Related party balances and transactions

	2010	2009
	$	$
Samurai Investments Limited	46,303,110	70,568,435

This balance arose during the ordinary course of business from arms length transactions. The amounts due are interest free and have no fixed repayment terms.

Related party transactions

	2010	2009
	$	$
Samurai Investments Limited: Advertising purchases	69,800,000	-
Cash sponsorship	-	17,613,018
Lease expense (see note 11)	1,000	1,000
Transactions with key management personnel:		
Additions to construction work in progress (see note 11)	29,513,105	112,178,830
Key management personnel compensation is as follows:		
Short-term employee benefits	20,787,654	1

PULSE INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
June 30, 2010

8. Loans

(a) Long-term loans

Bank loans comprise:

	Currency	Nominal Interest Rate	Year of maturity	2010 Face value $	2010 Carrying amount $	2009 Face value $	2009 Carrying amount $
(i) First Caribbean International Bank (Jamaica) Limited	J$	23.75%	2011	4,100,000	-	4,100,000	2,709,560
(ii) First Caribbean International Bank (Jamaica) Limited	J$	23.75%	2012	10,000,000	-	10,000,000	8,056,660
(iii) Development Bank of Jamaica Limited	J$	13%	2009	12,600,000	-	12,600,000	7,667,492
(d) Caricom Trade Support Programme	US$	0%	2009	5,513,878	1,361,232	5,513,878	3,129,118
(v) Pan Caribbean Primium Finance	J$	2.95%	2009	1,595,758	197,880	1,595,758	1,196,820
(vi) First Caribbean International Bank (Jamaica) Limited	J$	22.25%	2014	24,947,000	24,148,758	-	-
					25,707,870		22,759,650
Less: Current maturities					(5,313,389)		(14,712,860)
					20,394,481		8,046,790

	2010 $	2009 $
(b) Short term loans	2,222,006	-
Current portion of long term loans	5,313,389	14,712,860
	7,535,395	14,712,860

(i) The loan had a maximum repayment period of 60 months which commenced November 2006. The loan was secured by a second mortgage over properties owned by a director and an unlimited guarantee from that director. The loan was repaid during the year.

(ii) The loan had a maximum repayment period of 60 months which commenced October 2007. The loan was secured by mortgages over properties owned by a director and an unlimited guarantee from that director. The loan was repaid during the year.

(iii) The loan was secured by a second mortgage over properties owned by a director and an unlimited guarantee from that director. The loan was settled during the year.

(iv) The loan is interest free and secured by a letter of credit in the amount of US$19,070 issued by First Caribbean International Bank. The loan is repayable in 18 monthly payments of US$4,391 commencing June 2007. The loan payments are overdue; however, there are no significant penalties associated with loan payments.

PULSE INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
June 30, 2010

8. Loans (cont'd)

(v) The loan is repayable in four monthly installments of $398,940 beginning May 2009. There is no assigned security or collateral for the loan. The loan payments are overdue; however, there are no significant penalties associated with the loan payments.

(vi) The loan has a maximum repayment period of 60 months which commenced November 2009. The loan is secured by mortgages over property owned by a director and an unlimited guarantee from that director.

9. Investment property

	Building $
At cost or deemed cost:	
June 30, 2009	59,414,110
Transferred from property, plant and equipment	238,386,663
June 30, 2010	297,800,773
Depreciation:	
June 30, 2009	1,391,850
Charge for the year	1,291,610
Transferred from property, plant and equipment	13,318,457
June 30, 2010	16,001,917
Net book values:	
June 30, 2010	281,798,856
June 30, 2009	58,022,260

The directors are of the opinion that the fair value of the investment property as at June 30, 2009 and 2010 was equivalent to its carrying amount.

During the year, the following income and expenses were (earned from)/incurred by investment properties.

	2010 $	2009 $
Income earned from properties	(21,534,986)	(660,698)
Expenses incurred by properties	912,071	39,963

PULSE INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
June 30, 2010

10. Intangible assets

	2010 $	2009 $
Patents, at carrying amounts	90,000,000	90,000,000
Trademarks, at carrying amounts	2,720,000	2,720,000
	92,720,000	92,720,000

11. Property, plant & equipment

	Leasehold Property $	Leasehold improvement $	Construction Work-in-progress $	Furniture, office equipment and computer $	Motor Vehicle $	Total $
At cost:						
June 30, 2008	331,880,000	8,545,916	15,675,000	10,106,596	5,700,000	371,907,512
Acquisition	-	-	112,178,830	589,451	-	112,768,281
June 30, 2009	331,880,000	8,545,916	127,853,830	10,696,047	5,700,000	484,675,793
Acquisition	-	126,459	29,513,105	91,946	-	29,731,510
Transferred to investment properties	(232,316,000)	(6,070,663)	-	-	-	(238,386,663)
June 30, 2010	99,564,000	2,601,712	157,366,935	10,787,993	5,700,000	276,020,640
Depreciation:						
June 30, 2008	10,893,600	521,552	-	7,444,859	-	18,860,011
Charge for the year	3,631,200	174,407	-	1,175,215	1,140,000	6,120,822
June 30, 2009	14,524,800	695,959	-	8,620,074	1,140,000	24,980,833
Charge for the year	3,631,200	174,407	-	624,912	1,140,000	5,570,519
Transferred to investment properties	(12,709,200)	(609,257)	-	-	-	(13,318,457)
June 30, 2010	5,446,800	261,109	-	9,244,986	2,280,000	17,232,895
Net book values:						
June 30, 2010	94,117,200	2,340,603	157,366,935	1,543,007	3,420,000	258,787,745
June 30, 2009	317,355,200	7,849,957	127,853,830	2,075,973	4,560,000	459,694,960

Leasehold properties represent properties situated at 38a Trafalgar Road, Kingston 10, Stony Hill, St. Andrew and Constant Spring Road, St. Andrew which are leased from a director and shareholder for a period of forty-nine (49) years. These properties were previously leased by Pulse Entertainment Group Limited, a related company, and the leases are part of the assets acquired on the restructuring of Pulse Entertainment Group Limited.

The carrying amount of construction work-in-progress is the estimated cost as determined by independent Chartered Quantity Surveyors, Neville Mills & Associates. Cost to complete the construction will be undertaken by a related party [see note 18(b)]. Pulse Investments Limited has no further commitment to the related party until the project is completed and handed over.

PULSE INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
June 30, 2010

12. Share capital

Authorised:
336,825,181 (2009: 336,825,181) ordinary shares at no par value

	2010		2009	
	No. of shares	Ordinary share capital $	No. of shares	Ordinary share capital $
Stated, issued and fully paid at June 30	280,702,717	152,367,035	280,702,717	152,367,035

The holders of ordinary shares are entitled to receive dividends if declared and are entitled to one vote per share at meetings of the company. All issued shares are fully paid and rank equally with regard to the company's residual assets.

13. Share premium

Share premium is made up as follows:

	2010 $	2009 $
31,549,768 (2008: 31,549,768) ordinary shares - premium of $0.51 each	16,042,281	16,042,281
91,341,692 (2008: 91,341,692) ordinary shares – premium of $3.91 per share	357,146,021	357,146,021
	373,188,302	373,188,302
Cost of rights issue	(6,812,698)	(6,812,698)
	366,375,604	366,375,604

Share premium is retained in accordance with the provisions of Section 39 (7) of the Companies Act.

14. Capital reserve

The amount represents surplus arising on the purchase of assets and liabilities of Pulse Entertainment Group Limited.

15. Capital redemption reserve

The amount represents the total redemption value of redeemed preference shares that was transferred from retained earnings in accordance with the requirements of the Jamaican Companies Act.

16. Shares to be issued

This represents the value of professional services provided by Capital Options Limited which has confirmed its intention to convert 434,783 ordinary shares in the company. During the course of the year, Capital Options Limited transferred its rights to the shares to a director.

PULSE INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
June 30, 2010

17. Operating revenue

	2010 $	2009 $
Market sponsorship and advertising entitlements:		
In kind sponsorship and advertising entitlements /Sale of TV programming	1,444,556,625	1,458,323,358
Cash sponsorship	105,165,877	66,299,146
Model agency income	8,219,206	10,091,249
Sub-let of leasehold properties	22,072,114	15,505,202
Ticket sales	6,267,501	4,572,171
	1,586,281,323	1,554,791,126

In aggregate, $1,243,000,000 of the revenue from advertising entitlement recognised in 2009 was utilised during 2010 by placing advertisements in programmes produced by the company. The remaining amount was written off.

18. Operating expenses

Operating expenses comprise:

	2010 $	2009 $
Advertising and public relations	1,246,389,589	1,104,832,253
Show production, in kind sponsorship and other expenses	138,971,424	212,237,377
Depreciation	6,862,129	7,412,434
Directors' emoluments:		
Management fees paid to related party	20,787,654	1
Audit fees	2,850,000	2,750,000
	1,415,860,796	1,327,232,065

19. Net finance costs

	2010 $	2009 $
Finance income:		
Interest income	(39,885)	(1,048,039)
Finance cost:		
Interest on bank loans	5,182,610	4,651,952
Bank overdraft interest	1,546,815	1,803,264
	6,729,425	6,455,216
Foreign exchange loss	257,442	76,503
Bank charges	601,627	729,604
Loan cost	610,019	56,414
Insurance premium finance charge	-	16,243
	8,198,513	7,333,980
	8,158,628	6,285,941

20. Earnings per stock unit

Earning per stock unit ("EPS") is computed by dividing the profit attributable to stockholders of the parent of $170,941,015 (2009: $223,199,323) by the number of ordinary stock units in issue during the year, numbering 280,702,717 (2009: 280,702,717).

21. Income taxes

	2010	2009
Reconciliation of effective tax rate:	$	$
Profit before tax	170,941,015	223,199,323
Computed "expected" tax expense	56,980,338	74,399,774
Difference between profit for financial statements and tax reporting purposes on:		
Disallowed expenses and other adjustments	2,092,126	7,497,063
Tax exempt income	(59,072,464)	(81,896,837)
Actual tax expense in the income statement	-	-

The company was declared "a recognized motion picture producer" under the Motion Picture Industry (Encouragement) Act. Under the Act, income earned from motion picture development activities is exempt from income tax.

22. Financial instruments

Financial instruments risks:

The company has exposure to credit risk, liquidity risk, and market risk from the use of financial instruments.

Senior management has responsibility for monitoring the company's risk management policies and periodically report to the Board of Directors on their activities.

The risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies are reviewed on a regular basis and reflect changes in market conditions and the company's activities. The audit committee has monitoring oversight of the risk management policies.

(a) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises primarily from credit given to customers; transactions with related parties and deposits with financial institutions. Balances arising from those activities are accounts receivable; and cash and cash equivalents. The maximum credit exposure is represented by the carrying amount of financial assets on the balance sheet.

PULSE INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
June 30, 2010

22. Financial instruments (cont'd)

Financial instruments risks (cont'd):

(a) Credit risk (cont'd):

(i) Exposure to credit risk:

The company's key areas of exposure to credit risk include:

	2010 $	2009 $
Cash and cash equivalents	5,957,991	10,152,171
Trade and other receivables	20,736,375	14,161,675
	26,694,366	24,313,846

Cash and cash equivalents

Cash and cash equivalents are placed with substantial counter-parties who are believed to have minimal risk of default.

Trade and other receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each debtor. Management has put in place policies to monitor the revenues from model agents and has put in place a collection mechanism to liquidate those receivables in a timely manner. The normal policy of the model agents is to settle agency fees receivable on a rolling quarterly basis in arrears. Trade receivables that relate to pledged cash sponsorship are accrued when there is sufficient basis on which the revenue can be recognised.

Management also has established a credit policy under which each prospective tenant is analysed for credit worthiness prior to entering into a rental agreement. There are also comprehensive procedures for the eviction of tenants and the recovery of amounts owing by defaulting tenants.

(b) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the management of the company aims at maintaining flexibility in funding by keeping lines of funding available with banks and related parties as well as by maintaining prudent financial assets in appropriate terms and currencies.

PULSE INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
June 30, 2010

22. Financial instruments (cont'd)

Financial instruments risks (cont'd):

(b) Liquidity risk (cont'd):

The table below summarises the maturity profile of the company's financial liabilities based on contractual undiscounted payments (both interest and principal).

	2010					
	Carrying Amount	Contractual Cash flows	Within 6 months	Six to 12 months	Over 12 months	No specific maturity
	$	$	$	$	$	$
Bank overdraft	2,861,091	2,861,091	-	-	-	2,861,091
Accounts payable and accrued charges	10,790,961	10,790,961	10,790,961	-	-	-
Due to related party	46,303,110	46,303,110	-	-	-	46,303,110
Loans payable	27,929,876	40,677,563	7,749,564	4,491,049	28,436,949	-
Total liabilities	87,885,038	100,632,725	18,540,525	4,491,049	28,436,949	49,164,201

Management believes that the company will be able to meet its financial liabilities.

	2009					
	Carrying Amount	Contractual Cash flows	Within 6 months	Six to 12 months	Over 12 months	No specific maturity
	$	$	$	$	$	$
Bank overdraft	12,428,776	12,428,776	-	-	-	-
Accounts payable and accrued charges	15,763,012	15,763,012	15,763,012	-	-	-
Due to related party	70,568,435	70,568,435	-	-	-	70,568,435
Loans payable	22,759,650	27,540,806	14,414,938	2,421,509	10,704,359	-
Total liabilities	121,519,873	126,301,029	30,177,950	2,421,509	10,704,359	82,997,211

(c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange and interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk.

There has been no change to the company's exposure to market risk or the manner in which it manages and measures the risk.

22. Financial instruments (cont'd)

Financial instruments risks (cont'd):

(c) Market risk (cont'd):

(i) Foreign currency risk:

Foreign currency risk is the risk that the market value of, or cash flows from, financial instruments will fluctuate because of changes in foreign exchange rates.

The company incurs foreign currency risk on transactions that are denominated in currencies other than the Jamaica dollar. The main currencies giving rise to this risk are the United States Dollar and the Pound Sterling. The company ensures that the net exposure is kept to an acceptable level by monitoring its daily positions against approved limits. The table below shows the company's foreign currency exposure, at the balance sheet date.

	Net foreign currency monetary assets 2010		Net foreign currency monetary assets 2009	
	US$	£	US$	£
Accounts receivable	78,738	2,000	85,463	8,803
Cash and cash equivalents	9,932	-	112,348	-
Loans	(15,612)	-	(35,130)	-
	73,058	2,000	162,681	8,803

	Balances		Exchange rates	
	2010	2009	2010	2009
United States dollars	US$73,058	162,681	85.44	88.59
Pound Sterling	£ 2,000	8,803	127.06	145.40

PULSE INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
June 30, 2010

22. Financial instruments (cont'd)

Financial instruments risks (cont'd):

(c) Market risk (cont'd):

(i) Foreign currency risk (cont'd):

Sensitivity analysis:

A 5% (2009: 2%) weakening of the United States dollar and Pound Sterling against the Jamaica dollar and the pound sterling at year-end would have decreased profit by the amounts shown below. The analysis assumes that all other variables, in particular, interest rates, remain constant.

	2010		2009	
	5% weakening	5% strengthening	2% weakening	5% strengthening
Effect of change in United States dollar (US$) exchange rate	312,104	312,104	(288,238)	1,441,191
Effect of change in Pound Sterling (£) exchange rate	12,706	12,706	(25,599)	127,996

A 5% (2009: 10%) strengthening of the United States dollar and Pound Sterling against the Jamaica dollar would have increased profit by the amount shown above on the basis that all other variables remain constant.

(ii) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The company materially contracts financial liabilities at fixed exchange rates. These primarily relate to bank overdrafts and loans which are subject to interest which are fixed in advance and which may be varied by appropriate notice by the lenders. At June 30, 2010, financial liabilities subject to interest aggregated approximately $30,790,967 (2009: $32,059,308).

(d) Capital management:

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for stockholders. The Board of Directors together with responsible senior management monitor the return on capital. The objective is to maintain a strong capital base so as to sustain future development of the business. There were no changes in the company's approach to capital management during the year. Also, the company is not exposed to any externally imposed capital requirements.

PULSE INVESTMENTS LIMITED

Notes to the Financial Statements (Continued)
June 30, 2010

23. Fair value of financial instruments

The carrying value reflected in the financial statements for cash and cash equivalents, accounts receivable, other financial assets and other financial liabilities are assumed to approximate to their fair values due to their short-term nature. Amounts due to/from related parties are considered to approximate their carrying value as they represent an ability to effect set-offs in the future in the amounts disclosed. Long-term assets and liabilities are carried at their contracted settlement value. Additionally, the carrying value of all monetary assets and liabilities has been appropriately adjusted to reflect estimated losses on realisation or discounts on settlement.