



Lobby, Pulse Rooms @ Trafalgar

# ANNUAL **REPORT** 2018

**PR**  
**PULSE**  
**ROOMS**  
**AT TRAFALGAR**

**NOW OPEN**



Inside the newly opened Pulse Rooms at Trafalgar. Winner of Pulse's new Schools Model Search, Kamaria Powell in a photohoot at the facility (**below**)

**PS**  
**PULSE**  
**SUITES**  
**AT VILLA RONAI**



Artist Rendering Villa Ronai





## CHAIRMAN'S STATEMENT

### PULSE REVENUES, PROFITS UP 24.3% & 28.6% RESPECTIVELY

Pulse Investments Ltd's overall revenues and profits before taxation for financial year ended June 30, 2018 were up 24.3% and 28.6% respectively. These numbers are reflected in the company's audited financial statement filed with the Jamaica Stock Exchange.

Revenues moved from \$488m in 2017 to \$608m in 2018. Profits before taxation were up to \$345.2m from \$268.4m in prior year.

It should be noted that a deferred taxation amount of \$43.3m was charged to profits in the current year, as against a deferred tax gain of \$8.4m in 2017.

After adjustments for deferred taxation and other comprehensive income, earnings per share were up 2 cents or 12%, moving from 17 cents at the end of June 2017 to 19 cents at June 30, 2018.

Income was up across the company's lines of business, with the greatest percentage gains recorded for model agency commissions (31.4%) and rental income (25%). Model agency receipts moved from \$27.2m in 2017 to \$42.1m in 2018.

Rental income moved from \$47.6m in prior year to \$59.5m in current year. With the continued success of Alicia Burke and other Pulse stars such as Jeneil Williams, as well as a slew of new Pulse talent, revenues in this category of business are expected to continue to grow.

Alicia Burke recently became one of the top 50 highest earners in world modeling and Pulse's new Schools Model Search has already produced several potential international stars.

As the Pulse accommodation units come on stream in the 2018-19 financial year, additional revenues will be realized from the property rental business line.

**Kingsley Cooper, C.D., Chairman**



### Assets Hit 2.9 Billion Mark

Pulse assets increased to \$2.9b at the end of June 2018, moving up 16.9% from 2.48b in prior year.

Liabilities also increased, moving by 63.7% from \$196.7m in June 2017 to \$322.1m as at June 2018.

Current liabilities were down 26.6%, reducing to \$27.43m from \$37.37 in prior year.

Current assets increased by 63.7% to \$88.65m, up from \$54.15m in 2017.

These included cash and bank balances of \$58.9m, up 275.2% from \$15.7m in prior year.

## CORPORATE SOCIAL RESPONSIBILITY STATEMENT

At Pulse, we are committed to being both financially successful and a responsible company, as we recognize that our long term success is dependent on creating value for all who have a stake in the organization.

### CSR Framework:

**Governance** – through our Board of Directors, we continue to develop clear mandates, policies and processes, along with ensuring that we are in compliance with all national and regulatory bodies to which we relate.

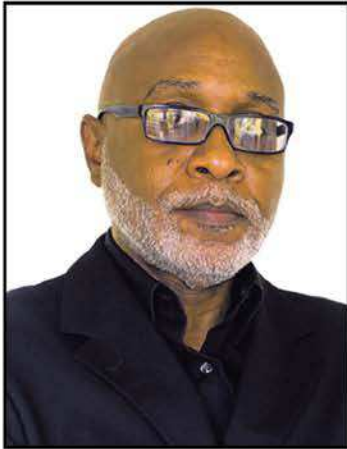
**Employees and Contractors** – are the vehicle for us to fulfill our mission due to their dedication and commitment to the organization. We are committed to providing safe and supportive environments for their growth and development and to their personal and professional success.

**Clients** – and our potential clients – are the reason we exist. Our commitment is to treat each and every one with respect, to support their aspirations and represent their interests to maximize their opportunities at all times. We are also committed to ensuring that the young people in Jamaica see the industry, in which we operate, as a means to achieving their goals and aspirations.

**Society** – there are many ways in which we demonstrate our commitment to the society - by operating in environmentally friendly ways, minimizing our carbon footprint, recycling, encouraging staff volunteerism and educating the public on aspects of the industry. Our largest area of contribution is made through our commitment to positive and holistic youth development through the employment and development of young people who are able to be financially secure, serve as role models in their communities and offer hope to future generations of Jamaican youth.



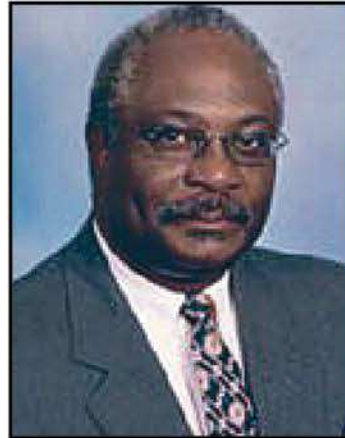
# DIRECTORS



**Kingsley Cooper, C.D., LL.B.**  
*Chairman*

Kingsley Cooper chairs the board of Pulse Investments Ltd. An attorney at law, Cooper is the founder of the company. A pioneer in the fashion, modelling, lifestyle and entertainment industries in the Caribbean, Cooper has guided Pulse to pre-eminent status in its areas of operation. His work has been recognized by entities such as Vogue, the BBC and Fashion Television and is regularly seen in many countries of

the world. Pulse supermodels have held some of the top spots in world modelling and are highly respected.



**Jeffrey Cobham B.A.**  
*Director*

Jeffrey Cobham has been the company's main financial consultant for the past several years. As such he continues to play a key role in the company's financial planning. Cobham is Chairman of the Audit Committee.

Mr. Cobham is a former Managing Director of National Commercial Bank and is a

Director of Sagicor Life Jamaica, Pan Caribbean Financial Services and a number of other companies in Jamaica and the wider Caribbean. A musician, Mr. Conham plays classical guitar.



**Romae Gordon, M.A.**  
*Director*

Romae Gordon is the Fashion Director at Pulse. She holds portfolio responsibilities for the Caribbean Model Search, Caribbean Fashion-week and the Pulse Model Agency. She has helped to successfully steer the careers of several of the company's international models.

Gordon is also a host and producer of a number of Pulse Television shows including Caribbean Fashion Weekly, Ready for CFW and the CMS Reality series. She was recently appointed to the company's Board of Directors.

Gordon graduated from Trinity College with a Master's degree in Public Policy. She holds a bachelor's degree with honours in International Relations from the same institution.



**Eleanor Brown, B.Sc., M.Phil., JD**  
*Director*

Eleanor Brown is a Yale trained lawyer who is currently Managing Director of Island Growth Fund, Cayman Ltd. a mutual fund company.

A Rhodes scholar, Ms. Brown studied politics at Oxford University and holds a degree in molecular biology from Brown

University. She is a member of the Connecticut and Jamaica Bar Associations.



**Hilary Phillips, C.D., B.Sc., Q.C.**  
*Director*

Co-founder of Pulse, Hilary Phillips was an early choreographer for the company's fashion and beauty shows and has given critical support and advice to the company over the years. Ms. Phillips is a former partner in the law firm, Grant Stewart Phillips and Company.

A Queens Counsel, Phillips is a former President of the Jamaica Bar Association. She previously chaired

the regulatory division of the council of the Jamaica Stock Exchange. Ms. Phillips is currently a judge of the Court of Appeal.



**Lois Sherwood, C.D., J.P.**  
*Director*

Lois Sherwood, a Business Executive is the former Honorary Consul for Lithuania in Jamaica. Mrs. Sherwood is also a highly regarded fine artist (painter) and has exhibited her work in several countries of the world.

She owns and operates Island Homes Ltd., a property development company, as well as Restaurant Associates Ltd., franchisee for Burger King Jamaica, Popeye's and Little Caesars Pizza.

**ATTORNEYS-AT-LAW**  
Grant Stewart Phillips & Co.  
11A Swallowfield Road,  
Kingston 5, Jamaica

**AUDITORS**  
BDO  
26 Beechwood Ave.  
Kingston, Jamaica

**REGISTRARS & TRANSFER AGENTS**  
KPMG Regulatory & Compliance  
6 Duke Street, Kingston, Jamaica

**BANKERS**  
National Commercial Bank  
The Atrium, Trafalgar Rd  
Kingston 10, Jamaica

**COMPANY SECRETARY**  
Romae Gordon  
**REGISTERED OFFICE**  
38a Trafalgar Road,  
Kingston 10, Jamaica



# Alicia Burke

## TOP 50 HIGHEST EARNING MODEL IN THE WORLD!

Natural brilliance, hardwork and a singular commitment to her craft, have paid off for Pulse and Jamaican superstar, Alicia Burke.

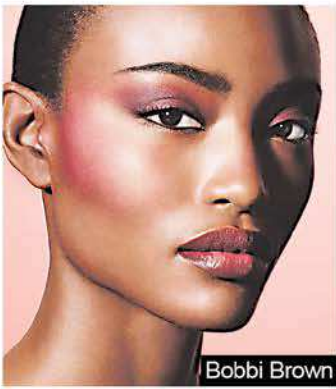
Caribbean Model Search, she won the 2015 CMS Reality TV show. Alicia was the fastest rising model in the world in 2016.

She is now one of the top 50 highest earning models in the world, according to Models.com, the global model ranking website. Last week, the Vere Technical High School alumna, moved from Models.com's "Hot List" to the "High Earner List" consisting of 74 "Money Girls" overall. The "Money Girls" list also includes 6 "A Listers" and 31 "Contract Girls".

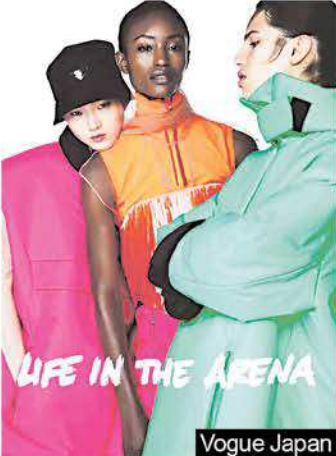
Said models.com "Caribbean Export Alicia Burke continues to mesmerize industry shot callers leading her poised prettiness to being tapped for Meisel lensed Ralph Lauren campaigns. Beauty clients from Bobbi Brown and Gucci to Nars and Tom Ford show her broad appeal. Laura Mercier for Fall 2018 adds another top beauty brand to Alicia's roster."

Alicia can be proud of her achievement, as she was the only Jamaican / Caribbean model on the "Hot list", and is now the first and only model from the region to make the "Money List" of this US multi-billion dollar industry. Discovered while at Vere in Pulse's

On the money list Alicia is in the company of such greats as Gisele Bundchen, Kate Moss, Gigi Hadid, Joan Smalls, Jourdan Dunn, Carolyn Murphy, Bella Hadid and Jasmine Tookes.



Bobbi Brown



Vogue Japan



Laura Mercier



Spanish Vogue



Tommy Hilfiger



Diesel



Gucci



Miu Miu Prada



Ralph Lauren



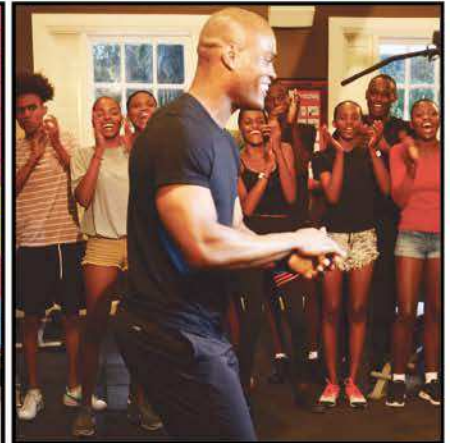




# PULSE CMS TV



Contestants in the Caribbean Model Search TV series beachside at Melia Braco Resort Village



model and fitness expert, Oraine Barrett takes the contestants through their paces in the gym at Melia.

Pulse's Caribbean Model Search TV series has been an outstanding success this season. The program airs on TVJ in prime time and was filmed on location at Melia Braco Resort Village. An ideal backdrop for the activities, challenges and photo shoots, the expansive Melia property had ample options for beach battles as well as tough physical pursuits which were all in the mix for the 22 competitors. The long running TV series highlight male models for the first time in its production. The taller 'fashion' girls and a cadre of petite models are among an outstanding group of competitors in this year's television event.



Pulse Director Romae Gordon and superstar model Alicia Burke in a judging session for CMS TV



The former CMS TV winner, Alicia Burke on set in the TV series

Outstanding Jamaican supermodels, Oraine Barrett and Alicia Burke are guest judges on the show. The highly successful Barrett brings a wealth of experience to the series having come full circle as a winner of the CMS live event in the late nineties. Barrett's successes over several years working for major fashion marks like Ralph Lauren and Nautica as well as his top ten ranking in America in the burgeoning health and fitness industry, amplify his bona fides as an authority to determine who should get a shot at stardom. Pulse Chairman and Caribbean model industry pioneer, Kingsley Cooper and Fashion Director, Romae Gordon complete the judging panel.



Judges Kingsley Cooper, Romae Gordon and Oraine Barrett, with Pulse's CEO Safia Cooper (second left)



Contestants enjoy coconut water from the "Jelly Man" onsite at Melia Braco

Alicia Burke, Pulse's premier supermodel and one of the biggest successes coming out of the TV competition took the top honours in the 2015 instalment in the show. Since her win, she has produced an impressive and extensive body of work which has catapulted her to the top ranks of modelling worldwide. She is currently one of the top 50 earning models in the global modelling industry.



Models make their strides in a curtain call for the final challenge in the TV show.



# MANAGEMENT DISCUSSION & ANALYSIS FOR YEAR ENDED JUNE 2018

## Vision, Mission, Core Business & Strategy

### Vision and Purpose

As a pioneer in the development of the region's fashion, entertainment and lifestyle industries, as well as a leader in elevating Caribbean talent to the top of the world stage, Pulse continues to lead through innovation, diversification, performance and excellence. In this process, the Company is committed to an efficient and profitable operation, thereby delivering an acceptable financial return to its shareholders.

With its expanding business in the wider Caribbean and the world, the Company's ultimate objective is the globalization of the Pulse brand, with the attendant delivery of benefits to shareholders on a significantly larger scale than currently obtains.

### Pulse Core Business

Pulse started as a promoter of prodigious talent in the fashion and entertainment industry, the type of talent that is well endowed within the borders of Jamaica and the wider Caribbean. The Directors of the Company recognize that the unique beauty, culture and talent of the Caribbean are the comparative advantages to the rest of the world. Globally, we have the advantage of technology to exploit these unique qualities and develop them into high end products that can command international attention. This is the goal of Pulse; to become an even greater player on the international landscape and to fully develop its range of activities, locally and internationally.

In fulfilling this mandate Pulse has continued to produce outstanding fashion models and to grow its model management business locally and internationally. The Company has also managed to successfully marry its fashion know how with a newer focus on television, event production and a fast growing real estate business. This diversified yet streamlined model has resulted in a total of eleven (11) different revenue streams for the Company. Chief among these revenue drivers are the following core activities:

### The Pulse Brand

The international success of the Pulse supermodels, Caribbean Fashionweek (CFW) and other Pulse events and activities, has provided high visibility and international awareness of the Pulse brand, thus enabling the Company to better image its products and to further trade on the value of its name recognition.

### Pulse Television (TV) Productions

Pulse owns and operates its own studio, filming and editing facilities as well as its main shoot locations. The Company sells its TV shows to cable television stations, free-to-air television stations and internet broadcasters in the local, Caribbean and international markets. Pulse also uses these shows to market the Company as well as other Company events and activities.

TV shows are sold to broadcasters who pay for these shows with advertising entitlement credits, as well as cash. Entitlements are either sold to sponsors as part of sponsorship packages, or used by Pulse in the marketing and promotion of its own brands.

Some of the better known TV titles include:

- Caribbean Fashion Weekly
- Caribbean Model Search
- Best of CFW

### Pulse Schools Model Search

Pulse inaugurated the Caribbean's first ever Schools Model Search in 2018. Several international model prospects have emerged from this first staging and the event is expected to grow from the current 40 schools to over 100.

Pulse earns revenues from sponsorships, advertising and ticket sales. Also from model commissions when the new stars emerge.



# MANAGEMENT DISCUSSION & ANALYSIS JUNE 2018 (CONTD)

## **Pulse Model Management**

Pulse operates the Caribbean's oldest and most successful international model agency. Pulse models have created many firsts for the region in the areas of editorial and runway work as well as campaigns and advertising. Some highlights include appearances on the covers of Vogue, Esquire, i-D and GQ magazines, Sports Illustrated swimsuit issue, the Gucci & Victoria's Secret campaigns, the major collections of New York, London, Paris and Milan, among thousands of assignments for the most respected fashion brands in the world.

In recent years, our best known stars include Jaunel McKenzie, Carla Campbell, Nadine Willis, Oraine Barrett, Nell Robinson and Gaye McDonald. Our most recent superstars are current world beaters Jeneil Williams and Sedene Blake. Relatively new entrants to the market include Vogue model Francine James and 2015 Model Search TV reality show winner, Alicia Burke. In earlier years, Justine Willoughby, Lincoln Wynter, Kimberley Mais, Angela Neil, Romae Gordon, Nikki Vassell, Lois Samuels, Parisa Fitz -Henley and Juline Samuels were some of the agency's major successes.

Italian Vogue covergirl Alicia Burke was the fastest rising new supermodel in the world in 2016, having set a number of records after less than a year in the international market. She is now one of the 50 highest earning models in the world.

Recently, Trinidadian model Shalisha Stewart became Pulse's first international model, from Trinidad and Tobago, when she was signed to Models1 in London. The leading agency there, Models1 also represents Alicia Burke.

Pulse earns commissions equal to 36% of total fees paid to models locally and 10% of total fees paid to our models internationally. These are standard within the international fashion industry.

## **Caribbean Model Search (CMS)**

The Caribbean Model Search is both a reality TV show as well as a live event. Over the years, the preliminary stages have spanned Britain, the Caribbean, the US, Canada, as well as South and Central America. TV shows are broadcast by the network of Pulse TV partners and is the source of Pulse's major modeling discoveries.

Pulse earns revenues from CMS through sponsorships, advertising, grants, fees, franchising and ticket sales.

## **The Peter Tosh Museum**

In partnership with the Peter Tosh Estate and Peter's companion, Marlene Brown, Pulse has established a museum to highlight the life and work of music great, Peter Tosh, one of the founding members of the Wailers, the others being Bob Marley and Bunny Livingston. The museum is located at the Pulse Center on Trafalgar Road and offers merchandise for sale. It also hosts local and international visitors who pay an entrance fee to the museum. Pulse shares in all revenues.

The museum is a successful operation, attracting a significant number of visitors. It has received acclaim from such entities as the New York Times, the Washington Post, The UK Guardian, Billboard Magazine and Mick Jagger. The New York Times lists the museum as a key reason for declaring Kingston to be the 24th best city to visit in 2017.

A new Peter Tosh Music Festival was inaugurated in 2016 as a part of the museum's calendar of activities. It is hosted around Peter's birthday on October 19 each year.

## **The Last Concert Experience**

The Last Concert is being established at the Pulse Center by the company, as a part of the Peter Tosh project. Wholly owned by Pulse through rights acquired at the time the company staged Tosh's last ever concert performance in 1983, the Last Concert will highlight additional Tosh artifacts and imagery and will sell merchandise and cd's related to the event.

Both the museum and the Last Concert attract sponsorship and grant support.

## **Property Rental – 38a Trafalgar Road, Kingston 10 & Villa Ronai, Stony Hill, Jamaica W. I.**

Pulse started under a new fifty (50) year peppercorn lease from major shareholder and Chairman, Kingsley Cooper, Pulse operates The Pulse Centre at 38a Trafalgar Road in Kingston, Jamaica. The Company rents approximately ninety (90%) of the premises to boutiques, beauty salon operators, offices, other shops, as well as a restaurant and bar.

Also under a new fifty (50) year lease from the company's major shareholder and Chairman, the Villa Ronai property is rented periodically to the market for various events, as well as film and television shoots. It has now been developed into a Lifestyle community consisting of multi-purpose units including restaurants, lounges and other facilities.

## **Trafalgar Storage**

A one hundred and fifteen (115) unit storage facility is now in operation at the Trafalgar Road property, from which Pulse earns rental income.



# MANAGEMENT DISCUSSION & ANALYSIS JUNE 2018 (CONTD)

## **New Pulse Business**

### **Pulse Rooms At Trafalgar**

Pulse has now completed a 22 room accommodations development at 38a Trafalgar Road, that is projected to generate \$70m in annual revenues.

### **Pulse Suites At Villa Ronai**

Pulse is currently developing 64 guest suites at Villa Ronai. The first phase of this development is expected to be open to the public in late 2019.

On completion, these suites are expected to generate approximately \$400 million in annual revenues, assuming a 66% occupancy rate.

### **Pulse Merchandise**

Pulse's Supermodel Calendar and its various event magazine publications are some of the existing items of merchandise that the Company markets. These are being expanded gradually to include a range of other products, including resort wear, such as T-shirts and wraps as well as accessories such as caps, bags and sandals. Pulse's revenues come from the sale of goods and advertising.

### **Pulse New Media and Social Networking Website**

Pulse continues the development of an interactive website that will allow young people across the world to participate in opportunities that Pulse's success has provided.

This site is expected to be a key component of Pulse's plans for the future. Pulse's advertising entitlements in Caribbean and international markets will be one of the resources used to promote the site.

Pulse's revenues will come from online advertising sales and other income, including revenues that will be derived from the traffic that is expected to visit the site.

### **Strategies for Growth, Key Performance Drivers & Increased Shareholder Value**

Strategically, Pulse's growth has come and will continue to come from the natural development and expansion of its existing businesses locally, regionally and internationally, as well as the establishment and promotion of new businesses. Given their nature, Pulse's business activities are ideal for international expansion. Also, the new lines of business have synergistic value and are natural outgrowths of the Company's core businesses.

Pulse's growth is expected to continue into the foreseeable future. The continued growth of the Company is premised on the following factors:

- The Company will continue its low debt, tight cost containment model, with a relatively high profit to revenue business model.
- Pulse's real estate expansion will significantly increase revenues and profit as well as capital gains on completion. This will continue into the foreseeable future. Given that the real estate expansion will not be financed by debt, the benefits will go to shareholders, with a portion of the returns reinvested in the company's further expansion.
- A commitment to the use of new technologies to drive new businesses and make the Company more efficient.
- Pulse's production of television programs has a number of strategic benefits. Once these programs are produced, the incremental cost of exporting and distributing them is minimal and the costs of production are absorbed by incremental distribution revenues.
- The appeal of the Company's products to the wider world; given the power of brand Jamaica as well as the natural romance with and historical acceptance of Jamaica and the wider Caribbean.
- Enhanced Board of Directors and management capacity.



# MANAGEMENT DISCUSSION & ANALYSIS JUNE 2018 (CONTD)

## Capability to Deliver Results

Pulse has the capacity to deliver its projected results. A team of professionals, including seasonal contractors, provide the expertise and work force required to implement the Company's businesses.

## Results of Operations

For most of the past 10 years, Pulse's results have generally improved year over year.

## Risks

Pulse recognizes the following risks to its business.

- The Company's quarterly operating results may fluctuate significantly in the future based on a number of factors, many of which are not in its control. If the Company's revenues are lower than projected because of changes in the macro and micro economic environment, or decreases in the demand for products and/or services offered, the Company may not be able to reduce its spending immediately in response. In addition, fluctuations in the Company's quarterly results could adversely affect the market price of its shares in a manner unrelated to its long term operating performance. Consequently, the Company's future success depends on its ability to identify trends in its target markets and to offer new products and/or services that address the changing needs of target customers.
- Sponsors of the Company's various programs may be affected by a downturn in macro or micro economy and may not be able to provide similar levels of sponsorships in the future. This could affect the Company's ability to generate expected levels of revenues in the future.
- The Company may become subject to new accounting rules or standards that differ from those that are presently applicable. Such new accounting rules or standards could require significant changes in the way the Company currently reports its financial position, operating results or cash flows. Such changes could be applied retroactively.
- The Company is targeting the international market for a number of new products and services. While expansion into overseas markets provides new revenue opportunities, it is difficult to forecast the extent to which the Company will be successful in getting its products and services accepted in such markets.
- The Company will need to successfully hire, train motivate and manage staff with the requisite skills to ensure the continued growth of its unique business model. The Company could face challenges identifying the right talent or could be required to pay high levels of compensation to secure such skills. On the other hand, the loss of one or more of its key employees could have a material adverse effect on its business.
- The Company faces operational risks such as those arising from inadequate or failed internal controls. Failed computer systems, employee fraud or other criminal activities. Although the Company exercises diligence in ensuring that adequate back up systems are in place and that operating policies and procedures are adhered to, the Company is exposed to disruptions in its operations that could cause financial losses.
- There could be volatility in the stock price due to the performance of the Company or due to market conditions affecting stocks traded on the JSE. Volatility may continue over substantial periods of time.
- To establish market acceptance of a new product or service, the Company must dedicate resources to research and development as well as sales and marketing. The Company could also incur substantial costs in developing a new product or service, which often precede meaningful revenues from the sale of such product or service. Consequently, new products can require significant time and investment to achieve profitability. Stockholders should note that its efforts to introduce new products or services may not be successful or profitable. In addition, products or services launched in any period and the level of acceptance gained by these products are uncertain and may affect quarterly and annual results.
- In the event that the shareholders of the Company in general meeting hereafter authorize the creation of additional shares in the Company and such shares are subsequently issued, they may rank pari passu with existing ordinary shares and be entered on the official list of the Jamaica Stock Exchange. Additional shares issued could affect the trading performance of the stock.



# MANAGEMENT DISCUSSION & ANALYSIS JUNE 2018 (CONTD)

## Risk Management

Pulse continues to operate a low debt business model, being mindful of the high volatility that has prevailed in the Jamaican market. This low debt model has been maintained despite the build out at Villa Ronai.

Pulse employs best practices in the execution of its various business segments in order to minimize risks to its business and protect shareholder value.

## PULSE INVESTMENTS LTD - PURPOSE

As a pioneer in the development of the region's fashion, entertainment and lifestyle industries, as well as the elevation of Caribbean talent to the premier position atop the world stage, Pulse continues to lead Jamaica's creative industries through innovation, performance and excellence. With its ever increasing diversity into real estate and lifestyle investments, as well as special projects such as the Peter Tosh museum, the Pulse philosophy remains.

In this process, the company is committed to an efficient and profitable operation, thereby delivering an appropriate financial return to its shareholders. With its expanding business in the wider Caribbean and the world, the company's ultimate objective is the successful globalization of the Pulse brand.

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of Pulse Investments Limited will be held at the Refuge, Villa Ronai, Old Stony Hill Road, Tuesday, February 19, 2019 at 10:30 a.m., for the purpose of transacting the following business, namely:

1. To consider the company's audited financial accounts and the Reports of the Directors and Auditors for the year ended June 30, 2018.

To consider and (if thought fit) pass the following resolution:

"THAT the audited accounts for the year ended June 30, 2018 and the Reports of the Directors and Auditors be adopted."

2. Rotation of Directors

In accordance with Article 98 of the Company's Articles of Association, Ms. Hilary Phillips and Ms. Lois Sherwood will retire by rotation. Being eligible, Ms. Phillips and Ms. Sherwood offer themselves for re-election.

To consider and (if thought fit) pass the following resolution:

"THAT Ms. Hilary Phillips be and is hereby re-elected a Director of the Company".

To consider and (if thought fit) pass the following resolution:

"THAT Ms. Lois Sherwood be and is hereby re-elected a Director of the Company".

3. To appoint auditors and authorise the Directors to fix the remuneration of the Auditors

To consider and (if thought fit) pass the following resolution:

"THAT Messrs. BDO, chartered accountants, be and are hereby re-appointed auditors of the Company, to hold office until the close of the next annual general meeting at a figure to be fixed by the Directors."

4. Any other business.

Dated this 27th day of October 2018

By Order of the Board



**Romae Gordon**  
Company Secretary



# DIRECTORS REPORT

The Directors' Report and the Audited Accounts of the Company for the year ended June 30, 2018, are as follows:

Pulse Investments Ltd netted profits before taxation of \$345.2m, a gain of 28.6% over prior year (\$268.4m). There was a 24.3% increase in income over 2017, moving from \$488m in 2017 to \$608m in 2018.

Cash and bank balances were up 275.2% to \$58.9m coming from \$15.7m in 2017.

Earnings per share were 19 cents, up from 17 cents in 2017, after adjustments were made for deferred taxation and other comprehensive income.

Pulse's assets now stand at \$2.9b compared to \$2.5b in 2017, with liabilities at \$322.1m, up from \$196.8m in prior year.

Pulse paid a dividend of 1.5 cents per stock unit during the 2018 financial year, up from 1.3 cents in 2017.

All the company's lines of business (with the exception of ticket sales) recorded gains, including rental income, model agency and market sponsorship. Pulse anticipates continued gains in both income and profits going forward, especially considering its new Rooms At Trafalgar and the pending introduction of its suites at Villa Ronai.

  
Romae Gordon  
Company Secretary

## AUDIT COMMITTEE

### Pulse Investments Limited Audit Committee

#### Members and Responsibility

The Committee members are Jefferey Cobham (Chairman), Lois Sherwood and Eleanor Brown, non executive board members.

The committee has responsibility inter alia, for:

- (a) Reviewing and approving annual audited and interim unaudited financial statements reported to investors, along with the related policies and assumptions and any accompanying reports or related policies and statements.
- (b) Monitoring the adequacy and effectiveness of the company's systems of management and internal controls.
- (c) Developing and implementing policies regarding the engagement of the external auditors and any other services that may be supplied by the auditors.
- (d) Monitoring and ensuring compliance with the relevant regulatory requirements.

## PULSE'S CORPORATE GOVERNANCE

Pulse's Corporate Governance Guidelines are available for inspection on the company's website [www.pulsecaribbean.com](http://www.pulsecaribbean.com)

### Daniella Davis Signed to Women Supreme NY

A new Pulse star is on the horizon, her name is Daniella Davis. "She is gorgeous, when can she arrive in NY?" asked one of the world's top model managers, Michele Pryor, Pryor was quick to sign Davis, in fact she did so immediately upon seeing her digital photos. Discovered in the Pulse Model Search, Davis is now signed to Women Model Management, one of the world's leading model networks, which also represents Pulse supermodel Alicia Burke.



Daniella Davis (above)





Tel: (876) 926-1616/7, 926-4421  
Fax: (876) 926-7580  
www.bdo.com.jm

Chartered Accountants  
26 Beechwood Avenue  
P.O. Box 351  
Kingston 5, Jamaica

## INDEPENDENT AUDITORS' REPORT

To the Members of  
Pulse Investments Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Pulse Investments Limited ("the company") set out on pages 7 to 43, which comprise the statement of financial position as at 30 June 2018, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Jamaican Companies Act.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



**INDEPENDENT AUDITORS' REPORT (CONT'D)**

To the Members of  
Pulse Investments Limited

**Key Audit Matters (cont'd)**

Key Audit Matters	How our audit addressed the key audit matters
<p><i>Impairment assessment of intangible assets</i></p> <p><i>See note 3(e) and 13 to the financial statement</i></p> <p>The recorded intangible assets of \$92.7 million arose from acquisitions of patents and trademarks from Pulse Entertainment Group Limited.</p> <p>The company is required to annually test these assets for impairment. This annual impairment test was significant to our audit because the assessment process is complex and judgemental and based on assumptions that are affected by expected future cash flows or economic conditions.</p>	<p>We evaluated management's future cash flow forecasts and the process over which they were determined including testing the underlying assumptions and calculations. We challenged management forecasts by comparing them with historical results.</p> <p>We assessed the adequacy of the disclosures in accordance with the accounting standards.</p>
<p><i>Valuation of Investment Properties</i></p> <p><i>See notes 3(d) and 14 to the financial statements for managements disclosures of related accounting policies</i></p> <p>As at 30 June 2018, Investment Properties amounted to \$1.740 billion or 60% of total assets. During the year management used experts in determining the valuation of these properties.</p> <p>We focused on this area as the valuation requires management's judgement and estimation of future cash flows from the asset.</p>	<p>We evaluated the appropriateness of the future cash flows used by management in the calculation. For this, among other things, we compared this information with the budgets contained in the five year plan adopted by the Board and checked it against market expectations. We reviewed the sources of data and underlying assumptions utilized.</p> <p>Since even relatively small changes in the discount rate can have a material effect on the amount of the value determined in this way, we also examined the parameters used to determine the discount rate used.</p> <p>We also assessed the adequacy and appropriateness of the disclosures in the financial statements.</p>



**INDEPENDENT AUDITORS' REPORT (CONT'D)**

To the Members of  
Pulse Investments Limited

**Key Audit Matters (cont'd)**

Key Audit Matters	How our audit addressed the key audit matters
<p><i>Valuation of Advertising Entitlements</i></p> <p><i>See note 4b (IV) and 17 to the financial statements</i></p> <p>As at 30 June 2018, advertising entitlements amounted to \$715.0 million or 25% of the company's total asset.</p> <p>Advertising entitlement is in the nature of a barter transaction giving rise to consideration receivable for shows produced by the company and delivered to various media houses in exchange for advertising entitlements.</p> <p>The valuation of the advertising entitlements is based on estimation while the timing of utilization of the benefit is uncertain.</p> <p>We focused on this area as the assumptions used for estimating the amount and timing of future cash flows involve significant judgement by management.</p>	<p>We evaluated the method used by management to determine the recoveries from the individual media houses. We discussed and reviewed the basis on which no impairment is considered necessary for long outstanding entitlements.</p> <p>We assessed and tested the fairness of the advertising entitlements balance by positive confirmation of a sample of broadcast houses.</p> <p>We obtained and reviewed contracts with broadcast houses and legal opinion received by management in relation to the enforceability and collectability on these contracts.</p>
<p><i>Deferred taxation asset</i></p> <p><i>See notes 3(n) and 15 to the financial statements for management's related accounting policies and disclosures.</i></p> <p>The company has a significant amount of deferred tax asset, mainly resulting from tax losses carried forward.</p> <p>We focused on this area as the assessment of the amount of deferred tax asset to be recognised for tax losses involves judgements and estimates in relation to future taxable profits and hence the capacity to utilise available tax assets.</p>	<p>We reviewed the forecasts and critically assessed the assumptions and judgments included in these forecasts by considering the historical accuracy of forecasts and the sensitivities of the profit forecasts. We reviewed correspondence with the relevant tax authorities to assess the position taken by management.</p>



## INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of  
Pulse Investments Limited

### **Other Information**

Management is responsible for the other information. The other information comprises the Annual Report but does not include the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of  
Pulse Investments Limited

### Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**INDEPENDENT AUDITORS' REPORT (CONT'D)**

To the Members of  
Pulse Investments Limited

**Report on additional matters as required by 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 kept, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Raynold McFarlane.



**Chartered Accountants**

16 October 2018

**PULSE INVESTMENTS LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**YEAR ENDED 30 JUNE 2018**

	<u>Note</u>	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
<b>REVENUE</b>	6	444,038	390,999
Administrative and other expenses	7	(256,858)	(217,117)
		187,180	173,882
Other income/gains	8	163,954	97,622
<b>OPERATING PROFIT</b>		351,134	271,504
Finance costs	9	( 5,951)	( 3,092)
<b>PROFIT BEFORE TAXATION</b>		345,183	268,412
Taxation	10	( 43,349)	8,440
<b>NET PROFIT</b>		<u>301,834</u>	<u>276,852</u>
<b>OTHER COMPREHENSIVE INCOME:</b>			
<b>Item that will not be reclassified to profit or loss -</b>			
Gain on leasehold revaluation		17,528	47,274
Deferred tax effect	16	( 3,979)	( 11,416)
		<u>13,549</u>	<u>35,858</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>315,383</u>	<u>312,710</u>
<b>EARNINGS PER SHARE</b>	11	<u>19c</u>	<u>17c</u>

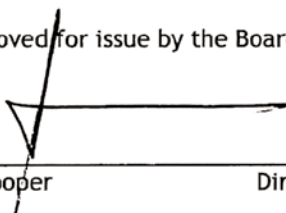


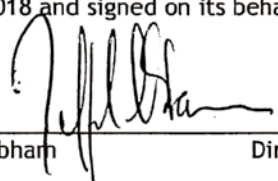
**PULSE INVESTMENTS LIMITED**  
**STATEMENT OF FINANCIAL POSITION**

**30 JUNE 2018**

	<u>Note</u>	<u>2018</u> <u>\$'000</u>	<u>(Restated)</u> <u>2017</u> <u>\$'000</u>	<u>(Restated)</u> <u>2016</u> <u>\$'000</u>
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS:</b>				
Property, plant and equipment	12	177,613	160,774	115,050
Intangible assets	13	92,720	92,720	92,720
Advertising entitlements	14	715,037	567,237	439,237
Investment properties	15	1,740,588	1,481,868	1,309,400
Deferred tax asset	16	85,468	127,080	123,510
		<u>2,811,426</u>	<u>2,429,679</u>	<u>2,079,917</u>
<b>CURRENT ASSETS:</b>				
Receivables	17	29,752	38,444	24,764
Cash and bank balances	18	58,901	15,705	18,656
		<u>88,653</u>	<u>54,149</u>	<u>43,420</u>
		<u>2,900,079</u>	<u>2,483,828</u>	<u>2,123,337</u>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY:</b>				
Share capital	19	147,529	147,529	147,529
Share premium	20	366,376	366,376	366,376
Capital reserve	21	2,637	2,637	2,637
Capital redemption reserve	22	20,500	20,500	20,500
Revaluation reserve	23	108,199	94,650	58,792
Shares to be issued	24	2,609	2,609	2,609
Retained earnings		1,930,144	1,652,771	1,398,375
		<u>2,577,994</u>	<u>2,287,072</u>	<u>1,996,818</u>
<b>NON-CURRENT LIABILITIES:</b>				
Loans	25	66,104	9,692	13,346
Related party	26	228,552	149,698	90,264
		<u>294,656</u>	<u>159,390</u>	<u>103,610</u>
<b>CURRENT LIABILITIES:</b>				
Payables	27	13,657	17,134	8,149
Taxation		12,108	11,155	4,609
Bank overdraft	18	1,664	5,020	6,094
Current portion of loans	25	-	4,057	4,057
		<u>27,429</u>	<u>37,366</u>	<u>22,909</u>
		<u>2,900,079</u>	<u>2,483,828</u>	<u>2,123,337</u>

Approved for issue by the Board of Directors on 16 October 2018 and signed on its behalf by:

  
 \_\_\_\_\_  
 K. Cooper Director

  
 \_\_\_\_\_  
 J. Cobham Director

## PULSE INVESTMENTS LIMITED

## STATEMENT OF CHANGES IN EQUITY

## YEAR ENDED 30 JUNE 2018

	Note	Share Capital \$'000	Share Premium \$'000	Capital Reserve \$'000	Capital Redemption Reserve \$'000	Revaluation Reserve \$'000	Shares to be Issued \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2016 (As previously stated)		152,367	366,376	2,637	20,500	58,792	2,609	1,393,537	1,996,818
Adjustment	32	(4,838)	-	-	-	-	-	4,838	-
At 1 July 2016 Restated		147,529	366,376	2,637	20,500	58,792	2,609	1,398,375	1,996,818
<b>TOTAL COMPREHENSIVE INCOME</b>									
Net profit		-	-	-	-	-	-	276,852	276,852
Other comprehensive income		-	-	-	-	35,858	-	-	35,858
<b>TRANSACTIONS WITH OWNERS</b>									
Dividends paid	28	-	-	-	-	-	-	(22,456)	(22,456)
Balance at 30 June 2017		147,529	366,376	2,637	20,500	94,650	2,609	1,652,771	2,287,072
<b>TOTAL COMPREHENSIVE INCOME</b>									
Net profit		-	-	-	-	-	-	301,834	301,834
Other comprehensive income		-	-	-	-	13,549	-	-	13,549
<b>TRANSACTIONS WITH OWNERS</b>									
Dividends paid	28	-	-	-	-	-	-	(24,461)	(24,461)
Balance at 30 June 2018		147,529	366,376	2,637	20,500	108,199	2,609	1,930,144	2,577,994



**PULSE INVESTMENTS LIMITED**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED 30 JUNE 2018**

	<u>Note</u>	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net Profit		301,834	276,852
Items not affecting cash resources:			
Fair value appreciation on investment properties	15	(162,905)	( 93,906)
Advertising entitlements		(147,800)	(128,000)
Depreciation	12	1,771	1,792
Interest expense	9	5,951	3,092
Gain on disposal of property, plant and equipment		( 2,335)	-
Deferred taxation		-	( 14,986)
Taxation expense		<u>43,349</u>	<u>6,546</u>
		39,865	51,390
Changes in operating assets and liabilities:			
Receivables		8,692	( 13,680)
Payables		( 3,477)	8,985
Related party		<u>78,854</u>	<u>59,434</u>
		123,934	106,129
Tax paid		( 4,763)	-
Cash provided by operating activities		<u>119,171</u>	<u>106,129</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	12	( 8,225)	( 242)
Proceeds from disposal of property, plant and equipment		9,478	
Additions to investment properties	15	( 95,815)	( 78,562)
Cash used in investing activities		( 94,562)	( 78,804)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid	9	( 5,951)	( 3,092)
Dividends paid		( 24,461)	( 22,456)
Loan received		65,000	-
Loan repayment		( 12,645)	( 3,654)
Cash provided by/(used in) financing activities		<u>21,943</u>	( 29,202)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		46,552	( 1,877)
Cash and cash equivalents at beginning of year		<u>10,685</u>	<u>12,562</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	18	<u>57,237</u>	<u>10,685</u>

**PULSE INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2017**

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd)**

**New, revised and amended standards and interpretations that became effective during the year (cont'd)**

**Amendment to IAS 1, 'Presentation of Financial Statements: Disclosure Initiative' (effective for accounting periods beginning on or after 1 January 2016).** These amendments clarify the existing requirements of IAS 1 and provide additional assistance to apply judgement when meeting the presentation and disclosure requirements in IFRS. The amendment does not affect recognition and measurement and is not expected to have a significant impact on the financial statements.

**Amendments to IAS 16, 'Property, Plant and Equipment' and IAS 38, 'Intangible Assets' (effective for accounting periods beginning on or after 1 January 2016).** In these amendments, the International Accounting Standards Board (IASB) has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The company does not expect any impact from the adoption of the amendments on its financial statements as it does not use revenue-based depreciation or amortisation methods.

**IASB Annual Improvements - The IASB annual improvements project for the 2012 - 2014 cycle** resulted in amendments to the following standards which are relevant to the company's operations. These amendments are effective for the accounting periods beginning on or after 1 January 2016.

**IAS 34, 'Interim Financial Reporting'.** The amendment clarifies that certain disclosures, if they are not included in the notes to interim financial statements, may be disclosed "elsewhere in the interim financial report". The interim financial report is incomplete if the interim financial statements and any disclosures incorporated by cross-reference are not made available to users of the interim financial statements on the same terms and at the same time.



## PULSE INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

## (a) Basis of preparation (cont'd)

**New, revised and amended standards and interpretations that became effective during the year**

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The company has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following new standards, interpretations and amendments are relevant to its operations:

**Amendments to IAS 7, 'Statement of Cash Flows' (effective for accounting periods beginning on or after 1 January 2017)**, requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows.

**Amendment to IAS 12, 'Income Taxes' (effective for accounting periods beginning on or after 1 January 2017)**. The amendment clarifies the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. The amendments confirm that a temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period, an entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit, where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type and that tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets.

**New standards, amendments and interpretation not yet effective and not early adopted**

The following new standards, amendments and interpretations, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the company's future financial statements:

**IFRS 9, 'Financial Instruments' (effective for accounting periods beginning on or after 1 January 2018)**. The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the existing guidance in *IAS 39 Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets - amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

**PULSE INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**30 JUNE 2018**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

**(a) Basis of preparation (cont'd)**

**New standards, amendments and interpretation not yet effective and not early adopted (cont'd)**

**IFRS 9, 'Financial Instruments' (effective for accounting periods beginning on or after 1 January 2018).**

There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities have to record an immediate loss equal to the 12 month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12 month ECL. The model includes operational simplifications for lease and trade receivables.

There is no expected impact on the company's accounting for financial liabilities, as the new requirements only impact financial liabilities that are designated at fair value through profit or loss, and the group does not currently have any such liabilities.

IFRS 9 will require extensive disclosures, in particular for credit risk and ECLs. The company is in the process of implementing the system and control changes that it believes will be necessary to capture the required data.

**IFRS 15, 'Revenue from Contracts with Customers' (effective for accounting periods beginning on or after 1 January 2018).** The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.

**IFRS 16, 'Leases', (effective for accounting periods beginning on or after 1 January 2019).** The new standard eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with IAS 17. Leases are now recorded in the statement of financial position by recognizing a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognized lease assets and financial liabilities.



**PULSE INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2018**

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd)**

**New standards, amendments and interpretation not yet effective and not early adopted (cont'd)**

**Amendments to IFRS 9, 'Financial Instruments', (Effective retrospectively for accounting periods beginning on or after 1 January 2019).** The amendments clarify the treatment of:

- **Prepayment features negative compensation**  
Financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.
- **Modifications to financial liabilities**  
If the initial application of IFRS 9 results in a change in accounting policy arising from modified or exchanged fixed rate financial liabilities, retrospective application is required, subject to particular transitional reliefs. There is no change to the accounting for costs and fees when a liability has been modified, but not substantially. These are recognised as an adjustment to the carrying amount of the liability and are amortized over the remaining term of the modified liability.

The company is assessing the impact that these standards and amendments to standards will have on the financial statements when they are adopted.

(b) **Foreign currency translation**

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in profit or loss.

**PULSE INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**31 JUNE 2018**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

**(c) Property, plant and equipment**

Items of property, plant and equipment, excluding leasehold property, are recorded at historical or deemed cost, less accumulated depreciation and impairments losses. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Leasehold properties are carried at fair value, based on yearly valuations by the directors. Changes in fair value are recognised in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in excess of the credit balance on the revaluation reserve, or reversal of such a transaction, is recognized in profit or loss.

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

Depreciation rates are as follows:

Furniture and fixtures	10%
Equipment	20%
Computer	33 1/3%
Motor vehicle	20%
Leasehold properties	over the life of the lease

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

At the date of revaluation, the accumulated depreciation on the revalued leasehold properties and improvements is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

**(d) Investment properties**

For properties that have dual usage, in order to determine the portion that can qualify as investment property, the directors, based on their judgement, estimate that if five percent or less of the total square footage (including common area) is being used for own use, the balance will qualify as investment property.

Investment properties are carried at fair value estimated on an annual basis by the directors with periodic revaluation done by independent valuers. Changes in the fair value of investment properties are recognized in the profit or loss. Rental income from investment properties is accounted for as described in accounting policy 3(o).



## PULSE INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(e) **Intangible assets**

Intangible assets represent expenditure incurred for the acquisition of trademarks and patents. These are recognized initially at cost. Trademarks and patents are stated at cost less impairment losses. Trademarks and patents are determined to have an indefinite useful life as there are no foreseeable limit to the period over which they are expected to generate net cash inflows for the company. Trademarks and patents are tested annually for impairment.

(f) **Impairment**

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

(g) **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity in another entity.

**Financial assets**(i) **Classification**

The company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The company's loans and receivables comprise trade and other receivables and cash and cash equivalents.

(ii) **Recognition and Measurement**

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

**PULSE INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**30 JUNE 2018**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

**(g) Financial instruments (cont'd)**

**Financial liabilities**

The company's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the reporting date, the following items were classified as financial liabilities: loans, due to related company and trade payables.

**(h) Receivables**

Receivables are stated at amortised cost less impairment losses.

**(i) Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand and bank overdraft.

**(j) Borrowings**

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in profit or loss over the period of the borrowings.

**(k) Accounts payable**

Trade and other payables are stated at amortised cost.

**(l) 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.



**PULSE INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2018**

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(l) **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.

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

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

(m) **Provisions**

A provision is recognized 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.

(n) **Current and deferred income taxes**

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The company's liability for current tax is calculated at tax rates that have been enacted at the reporting date.

**PULSE INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2018**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

**(n) Current and deferred income taxes (cont'd)**

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income or equity, in which case deferred tax is also dealt with in other comprehensive income or equity.

**(o) Revenue recognition**

Operating revenue represents income from 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 production and branded TV programmes distributed to broadcasting stations by way of barter transactions. The company may utilize these entitlements or make them available to sponsors. The timing and mode of the utilization of the advertising entitlement is uncertain. Revenue from advertising entitlements is recognized to the extent that recovery is estimated.

*Sponsorships in kind*

Sponsorships in kind represent services provided by sponsors. These are recognized in income in the period that the associated expenses are recognized.

*Model agency representation*

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



**PULSE INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2018**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(o) **Revenue recognition (cont'd)**

*Show production and promotion*

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

*Operating leases*

Income and expenses under operating leases are recognized in the statement of profit or loss on a straight line basis over the term of the lease.

(p) **Earnings per share**

Earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares in issue.

(q) **Segment reporting**

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the company's other components and for which discrete financial information is available. An operating segment's operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance.

Based on the information presented on review by the CODM, the entire operations of the company are viewed as one operating segment.

(r) **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributed to the issue of ordinary shares are recognised as a deduction from equity.

(s) **Dividend distribution**

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders. In the case of interim dividends, this is recognised when declared by the directors.

## PULSE INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

## (a) Critical judgements in applying the company's accounting policies

In the process of applying the company's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognized in the financial statements.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts and assets and liabilities within the next financial year are discussed below:

## (i) Fair value estimation

Certain assets and liabilities included in the company's financial statements require measurement at, and/or disclosure of, at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement of the company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilized.

The standard requires disclosure of fair value measurements by level using the following fair value measurement hierarchy:

- (i) Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- (iii) Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

**PULSE INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2018**

4. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:**

(b) **Key sources of estimation uncertainty (cont'd)**

(i) **Fair value estimation (cont'd)**

The classification of an item into the above level is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item.

Transfers of items between levels are recognised in the period they occur.

The company measures certain items at fair value.

Leasehold property	note 12
Investment property	note 14

The fair values of financial instruments that are not traded in an active market are deemed to be determined as follows:

- (i) The face value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities include cash and bank balances, receivables and payables.
- (ii) The carrying values of loans approximate their fair values, as these loans are carried at amortised cost reflecting their contractual obligations and the interest rates are reflective of current market rates for similar transactions.
- (iii) The fair value of the due to related party balance could not be reasonably determined as there is no set repayment date.

(ii) **Fair value of property interest**

Properties are independently valued periodically by independently qualified valuers with expert knowledge in the location and category of the properties.

The values recognized for property interests, including construction work in progress, are based on amounts indicated by a related party engaged to carry out the construction works.



**PULSE INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2018**

4. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)**

(b) **Key sources of estimation uncertainty (cont'd)**

(ii) **Fair value of property interest (cont'd)**

For properties that have an element of owner occupation dual usage, in order to determine the portion that can qualify as investment property, the directors, based on their judgement, estimate that if five percent or less of the total square footage (including common area) is being used for own use, the balance will qualify as investment property.

(iii) **Depreciable assets**

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The company applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

(iv) **Advertising entitlements**

Management has made an estimation of the value of advertising entitlements receivable as consideration for the company's produced and branded TV programmes delivered to broadcasting station by making reference to the approximate number of advertising spots and the average cost of acquiring these spots.

(v) **Income taxes**

Estimates are required in determining the provisions for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which determination is made.

## PULSE INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

## 5. FINANCIAL RISK MANAGEMENT:

The company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk, liquidity risk and operational risk. The company's overall risk management policies are established to identify and analyze the risks faced by the company and to set appropriate risk limits and controls and to monitor risk and adherence to limits. The risk management framework is based on activities undertaken by the Executive Chairman and seeks to minimize potential adverse effects on the company's financial performance. The audit committee has monitoring oversight of the risk management policies.

There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

## (i) Principal financial instruments

The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Due to related party
- Loans

## (ii) Financial instruments by category

## Financial assets

	Loans and Receivable	
	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Cash and bank balance	58,901	15,705
Receivables	<u>23,144</u>	<u>34,701</u>
<b>Total financial assets</b>	<u>82,045</u>	<u>50,406</u>

## Financial liabilities

	Financial Liabilities At Amortised Cost	
	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Payables	13,657	16,436
Due to related party	228,553	149,698
Overdraft	1,664	5,020
Loans	<u>66,104</u>	<u>13,749</u>
<b>Total financial liabilities</b>	<u>309,978</u>	<u>184,903</u>

## PULSE INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

## 5. FINANCIAL RISK MANAGEMENT (CONT'D):

## (iii) Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, receivables, payables, loans and due to related party balances.

Due to their short-term nature, the carrying value of cash and cash equivalents, Receivables and payables approximates their fair value.

## (iv) Financial risk factors

The Board of directors has overall responsibility for the determination of the company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the company's management function. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investments of excess liquidity.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the company's competitiveness and flexibility. Further details regarding these policies are set out below:

## (i) Market risk

## Currency risk

Currency risk is the risk that the value of a financial instrument 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 Jamaican dollar. The main currency giving rise to this risk is the United States Dollar (US\$). 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 exposure at the reporting date.

	<i>Net foreign currency Monetary assets</i>			
	<u>2018</u>		<u>2017</u>	
	<u>US\$'000</u>	<u>£\$'000</u>	<u>US\$'000</u>	<u>£\$'000</u>
Accounts receivable	299	-	235	-
Cash and cash equivalents	-	0.4	104	-
Loans	-	-	( 9)	-
	<u>299</u>	<u>0.4</u>	<u>330</u>	<u>-</u>



## PULSE INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

## 5. FINANCIAL RISK MANAGEMENT (CONT'D):

## (iv) Financial risk factors (cont'd)

## (i) Market Risk (cont'd)

## Currency risk (cont'd)

		<u>Exchange rates</u>	
		<u>2018</u>	<u>2017</u>
1 Sterling	£	170.16	163.23
1 United States dollar	\$	<u>128.33</u>	<u>128.62</u>

## Sensitivity analysis:

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated cash and bank and accounts receivable balances, and adjusts their translation at the year-end for 4% (2017 - 6%) depreciation and a 2% (2017 - 1%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

	<u>2018</u>		<u>2017</u>	
	2% <u>strengthening</u> <u>\$'000</u>	4% <u>weakening</u> <u>\$'000</u>	1% <u>strengthening</u> <u>\$'000</u>	6% <u>weakening</u> <u>\$'000</u>
Effect of change in United States dollar (US\$) exchange rate	(767)	1,535	(424)	2,547
Effect of change in Sterling exchange rate (£)	( 1)	3	-	-
	<u>(768)</u>	<u>1,538</u>	<u>(424)</u>	<u>2,547</u>

**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 rates which are fixed in advance and which may be varied by appropriate notice by the lenders. At 30 June 2018, financial liabilities subject to interest aggregated approximately \$65,000 thousand (2017: \$12,645 thousand).

**PULSE INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2018**

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(iv) **Financial risk factors (cont'd)**

(i) **Market Risk (cont'd)**

**Interest rate sensitivity**

As interest rates on the company's loans are fixed up to maturity and interest earned from the company's interest earning bank account is immaterial, there would be no material impact on the results of the company's operation as a result of fluctuations in interest rates.

(ii) **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 from trade receivables, advertising entitlements and cash and bank balances.

**Trade receivables**

The company has policies in place to ensure that rental of premises and provision of other services are made to customers with an appropriate credit history. The company manages its credit risk by screening its customers and prospective tenants for credit worthiness prior to entering into agreements, establishing credit limits and the rigorous follow-up of receivables including procedures for eviction of tenants and recovery of amounts owing. Where there is uncertainty in the recoverability of balances, management has made allowances to reflect the likelihood of impairment.

**Cash and bank balances**

Cash transactions are limited to high credit quality financial institutions.

**Trade receivables that are past due but not impaired**

As at 30 June 2018, trade receivables of \$23,144,000 (2017 - \$34,485,000) were past due but not impaired. These relate to outstanding sponsorship from various sources as well as current rental income due.

**Trade receivables that are past due and impaired**

As at 30 June 2018, trade receivables of \$23,770,000 (2017 - \$18,995,000) were impaired. The amount of provision was \$23,770 thousand (2017 - \$18,995 thousand). These receivables were aged over 30 days.

**PULSE INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2018**

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(iv) **Financial risk factors (cont'd)**

(iii) **Liquidity risk**

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. The company manages this risk by keeping committed credit lines available, as well as by maintaining prudent financial assets in appropriate terms and currencies.

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

	<b>2018</b>					
	Carrying Amount \$'000	Contractual Cashflows \$'000	Within 6 months \$'000	Six to 12 months \$'000	Over 12 months \$'000	No specific Maturity \$'000
Bank overdraft	1,664	1,664	-	-	-	1,664
Accounts payable and accrued charges	13,657	13,657	13,657	-	-	-
Due to related party	228,553	228,553	-	-	-	228,553
Loans payable	66,104	94,622	3,169	3,169	88,284	-
<b>Total liabilities</b>	<b>309,978</b>	<b>338,496</b>	<b>16,826</b>	<b>3,169</b>	<b>88,284</b>	<b>230,217</b>
			±	±		
	<b>2017</b>					
	Carrying Amount \$'000	Contractual Cashflows \$'000	Within 6 months \$'000	Six to 12 months \$'000	Over 12 months \$'000	No specific Maturity \$'000
Bank overdraft	5,020	5,020	-	-	-	5,020
Accounts payable and accrued charges	17,134	17,134	17,134	-	-	-
Due to related party	149,698	149,698	-	-	-	140,698
Loans payable	13,749	17,278	3,384	3,207	10,687	-
<b>Total liabilities</b>	<b>185,601</b>	<b>189,130</b>	<b>20,518</b>	<b>3,207</b>	<b>10,687</b>	<b>154,718</b>

Management believes that the company will be able to meet its financial liabilities, as they fall due.



**PULSE INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2018**

5. **FINANCIAL AND CAPITAL RISK MANAGEMENT (CONT'D):**

(iv) **Financial risk factors (cont'd)**

(v) **Operational risk**

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the company's processes, personnel, technology and external factors, other than financial risks, such as generally accepted standards of corporate behaviour. The company manages operational risk so as to avoid financial loss and damage to its reputation.

6. **REVENUE:**

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Market sponsorship and advertising entitlements:		
In kind sponsorship	107,200	97,000
Advertising entitlements	147,800	128,000
Cash and other sponsorship	82,781	78,000
Model agency income	42,110	27,249
Rental of leasehold properties	59,547	47,644
Ticket sales	<u>4,600</u>	<u>13,106</u>
	<u>444,038</u>	<u>390,999</u>

**PULSE INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**30 JUNE 2018**

**7. EXPENSES BY NATURE:**

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Accommodation and meals	16,858	21,824
Advertising and public relations	57,707	57,496
Auditor's remuneration	2,750	2,500
Bank charges	1,219	2,399
Bar costs	9,179	2,739
Cleaning and sanitation	650	648
Contracted services	16,831	14,179
Depreciation	1,775	1,792
Donation and subscriptions	442	683
Entertainment	516	462
Equipment rental	4,987	5,168
Insurance	1,255	103
Legal and professional fees	7,869	5,262
Management fees	57,719	48,099
Office expenses	1,473	1,213
Other expenses	605	666
Parking services	207	646
Printing	451	938
Provision for receivables	25,188	7,183
Repairs, maintenance and upkeep	2,075	1,722
Security services	2,738	1,869
Shows supplies and production	33,618	28,117
Travel	1,127	2,230
Utilities	11,954	9,179
(Gain)/loss on disposal of asset	( 2,335)	-
	<u>256,858</u>	<u>217,117</u>

**8. OTHER INCOME/GAINS:**

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Miscellaneous income	1,049	3,716
Fair value appreciation on investment property	162,905	93,906
	<u>163,954</u>	<u>97,622</u>

**PULSE INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**30 JUNE 2018**

**9. FINANCE COSTS:**

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Loan interest	5,901	2,706
Overdraft interest expense	<u>50</u>	<u>386</u>
	<u>5,951</u>	<u>3,092</u>

**10. TAXATION:**

(a) Taxation is computed on the profit for the year, adjusted for tax purposes, and comprises income tax at 25%.

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Current taxation	5,717	6,546
Deferred tax charge/(credit) (note 16)	<u>37,632</u>	<u>(14,986)</u>
Current taxation	<u>43,349</u>	<u>( 8,440)</u>

(b) The tax on the profit before taxation differs from theoretical amount that would arise using the applicable rate of 25%.

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Reconciliation of effective tax rate:		
Profit before tax	<u>345,183</u>	<u>268,412</u>
Income tax @ 25%	86,296	67,103
Adjusted for the effects of:		
isallowed expenses and other adjustments	34,729	( 20,066)
Fair value appreciation on investment property	( 40,726)	( 23,477)
Other tax exempt income	<u>( 36,950)</u>	<u>( 32,000)</u>
Taxation	<u>43,349</u>	<u>( 8,440)</u>

**11. EARNINGS PER SHARE:**

Earnings per share is calculated as follows:

	<u>2018</u> <u>\$'000</u>	(Restated) <u>2017</u> <u>\$'000</u>
Profit for the year	301,834	276,852
Ordinary shares in issue	1,630,738	1,630,738
Earnings per share	<u>19c</u>	<u>17c</u>

The issued number of ordinary shares in the prior period has been restated for comparison purposes due to a 6 for 1 stock split, which was effective 4 July 2017. (



## PULSE INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

## PROPERTY, PLANT AND EQUIPMENT:

	Leasehold Properties \$'000	Leasehold Improvement \$'000	Furniture, Office Equipment and Computer \$'000	Motor Vehicle \$'000	Total \$'000
At cost or valuation -					
30 June 2016	109,244	5,319	7,260	5,700	127,523
Additions	-	-	242	-	242
Revaluation	43,542	2,120	-	-	45,662
30 June 2017	152,786	7,439	7,502	5,700	173,427
Additions	-	-	1,082	7,143	8,225
Disposal	-	-	-	(7,143)	(7,143)
Revaluation	15,121	795	-	-	15,916
30 June 2018	167,907	8,234	8,584	5,700	190,425
Accumulated Depreciation -					
30 June 2016	-	-	6,774	5,699	12,473
Charge for the year	1,612	-	180	-	1,792
Revaluation adjustment	(1,612)	-	-	-	(1,612)
30 June 2017	-	-	6,954	5,699	12,653
Charge for the year	1,612	-	159	-	1,771
Revaluation adjustment	(1,612)	-	-	-	(1,612)
30 June 2018	-	-	7,113	5,699	12,812
Net Book Value -					
30 June 2018	167,907	8,234	1,471	1	177,613
30 June 2017	152,786	7,439	548	1	160,774

Leasehold properties represent properties situated at 38a Trafalgar Road, Kingston 10, St. Andrew and Stony Hill, St. Andrew which are leased from a director and shareholder for a period of fifty (50) years to expire in 2066. 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 surplus arising on revaluation is included in revaluation reserve (note 23).

## PULSE INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

## 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D):

The fair value of leasehold properties and improvements is a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value is as follows:

	<u>Leasehold Properties</u> <u>\$'000</u>	<u>Leasehold Improvements</u> <u>\$'000</u>	<u>2018 Total</u> <u>\$'000</u>	<u>2017 Total</u> <u>\$'000</u>
Opening balance	152,786	7,439	160,225	114,563
Revaluation adjustment included in other comprehensive income	16,733	795	17,528	47,274
Depreciation	<u>( 1,612)</u>	<u>-</u>	<u>( 1,612)</u>	<u>( 1,612)</u>
Closing balance (level 3 recurring fair values)	<u>167,907</u>	<u>8,234</u>	<u>176,141</u>	<u>160,225</u>

The fair value of the leasehold properties and improvements were reviewed by independent valuers during the year (see note 15).

There has been no change to the valuation techniques during the year.

## 13. INTANGIBLE ASSETS:

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Patents	90,000	90,000
Trademarks	<u>2,720</u>	<u>2,720</u>
	<u>92,720</u>	<u>92,720</u>

Intangible assets represent patents and trademarks acquired from Pulse Entertainment Group Limited.

The recoverable amounts of the intangible assets were determined based on a value in use calculation using estimated cash flow projections. The pre-tax discount rate applied to the cash flow projections is 10%. The projected cash flows are estimated using a growth rate of 6%.

As of 30 June 2018 the recoverable amount of each of the segment exceeds their carrying amount. With respect to the assumptions used in determining the value in use of CGUs in each of the segment, management believes that there are no reasonably possible changes in the key assumptions made which might cause the carrying amount of the CGUs to exceed their recoverable amount.

## PULSE INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

## 14. ADVERTISING ENTITLEMENTS:

## (a) Advertising entitlements -

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Opening balance	567,237	439,237
Amount recognized as income during the year (note 6)	<u>147,800</u>	<u>128,000</u>
	<u>715,037</u>	<u>567,237</u>

This represents non-cash consideration receivable for shows produced and delivered to various media houses. The consideration will be settled by way of advertising entitlement contractually made with those media houses. The timing and mode of the utilization of the advertising entitlement is uncertain. During the year, no advertising entitlements were utilized (2017 - \$nil) and management does not consider the balance impaired.

## (b) Advertising entitlements/Sale of TV programming -

The directors estimate that the company has generated advertising entitlements of approximately \$1 billion (2017: \$0.9 billion) which remain unrecognized at the reporting date. In accordance with the company's accounting policy [see note 3(o)], these entitlements have not been recognized in preparing the financial statements.

## 15. INVESTMENT PROPERTIES:

	<u>Leasehold property and buildings</u> <u>\$'000</u>	<u>Construction work-in-progress</u> <u>\$'000</u>	<u>2018 Total</u> <u>\$'000</u>	<u>2017 Total</u> <u>\$'000</u>
At fair value				
30 June 2016	790,446	518,954	1,309,400	1,174,950
Additions	10,865	67,697	78,562	40,454
Fair value adjustment	<u>170,675</u>	<u>( 76,769)</u>	<u>93,906</u>	<u>93,996</u>
30 June 2017	971,986	509,882	1,481,868	1,309,400
Additions	95,660	155	95,815	78,562
Fair value adjustment	<u>90,000</u>	<u>72,905</u>	<u>162,905</u>	<u>93,906</u>
30 June 2018	<u>1,157,646</u>	<u>582,942</u>	<u>1,740,588</u>	<u>1,481,868</u>

During the year the investment properties were appraised by independent valuers TASC Property Appraisals Limited of Kingston, Jamaica who has an appropriate recognized professional qualification and experience in the location and category of the property being valued. The increase in the fair value of the investment property has been credited to income.



## PULSE INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

## 15. INVESTMENT PROPERTIES (CONT'D):

At 30 June 2018, leasehold land included in leasehold property aggregated \$153,880,000 (2017: \$153,880,000).

The land on which the leasehold properties are situated is owned by a director and shareholder (see note 26(d)). The lease is for fifty years (50) and will expire in 2066.

During the year, the following income was earned from investment properties.

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Income earned from properties (note 6)	59,547	47,644

Expenses incurred on investment properties are borne by the tenants.

## 16. DEFERRED TAXATION:

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities. The amounts determined after appropriate offsetting are as follows:

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Deferred tax asset for the year	85,468	127,080
(a) Taxation is due to the following temporary differences:		
	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Deferred income tax assets:		
Property, plant and equipment	5,959	32,559
Tax losses carried forward	152,611	158,323
	<u>158,570</u>	<u>190,882</u>
Deferred income tax liabilities:		
Investment properties	( 1,160)	( 789)
Advertising entitlements	( 36,950)	( 32,000)
Revaluation reserve	( 34,992)	( 31,013)
	<u>( 73,102)</u>	<u>( 63,802)</u>
Net asset	<u>85,468</u>	<u>127,080</u>

**PULSE INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2018**

16. **DEFERRED TAXATION (CONT'D):**

- (b) Deferred taxation (credited)/charged to profit or loss comprises the following temporary differences:

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Property, plant and equipment	26,600	( 25,200)
Tax losses carried forward	5,712	6,698.
Investment properties	371	387
Advertising entitlements	<u>4,950</u>	<u>3,129.</u>
	<u>37,632</u>	<u>( 14,986)</u>

Deferred taxation charged to other comprehensive income comprises the following temporary differences:

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Revaluation reserve	<u>3,979</u>	<u>11,416</u>

- (c) Deferred income tax assets are recognised for tax losses carried forward to the extent that realization of the related tax benefit through the future taxable periods is probable. Subject to agreement with the Commissioner, Tax Administration Jamaica losses of approximately \$610,444 thousand are available for set-off against future profits. These tax losses may be carried forward indefinitely, however the amount which can be utilized in any one year is restricted to 50% of the current year's taxable profits.

17. **RECEIVABLES:**

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Trade receivables	46,914	53,480
Provision for doubtful debts	<u>(23,770)</u>	<u>(18,995)</u>
	23,144	34,485
Other receivables	127	216
GCT recoverable	<u>6,481</u>	<u>3,743</u>
	<u>29,752</u>	<u>38,444</u>

## PULSE INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

## 17. RECEIVABLES (CONT'D):

The company establishes an allowance for impairment that represents its best estimate of incurred losses in respect of trade and other receivables for which collectability 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:

	2018			Total \$'000
	0 to 60 days \$'000	60-90 days \$'000	More than 90 days \$'000	
Receivable arising from:				
Model agents	18,705	-	9,851	28,556
Sponsors	6,107	-	11,370	17,477
Lease agreements	-	-	52	52
Other trade receivables	-	829	-	829
	24,812	829	21,273	46,914
Less: Allowance for impairment	(2,497)	-	(21,273)	(23,770)
	<u>22,315</u>	<u>829</u>	<u>-</u>	<u>23,144</u>
	2017			
	0 to 60 days \$'000	60-90 days \$'000	More than 90 days \$'000	Total \$'000
Receivable arising from:				
Model agents	30,207	-	-	30,207
Sponsors	15,915	-	7,028	22,943
Lease agreements	-	-	52	52
Other trade receivables	-	278	-	278
	46,122	278	7,080	53,480
Less: Allowance for impairment	(11,915)	-	(7,080)	(18,995)
	<u>34,207</u>	<u>278</u>	<u>-</u>	<u>34,485</u>



## PULSE INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

## 17. RECEIVABLES (CONT'D):

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

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
At 1 July	18,995	13,101
Provisions for receivables impairment	17,454	5,894
Receivables written-off during the year as uncollectible	<u>(12,679)</u>	<u>-</u>
Balance at end of year	<u>23,770</u>	<u>18,995</u>

The creation and release of provision for impaired receivables have been included in expenses in profit or loss. Amounts charged to the allowance account are generally written-off when there is no expectation of recovering additional cash.

Impairment estimates have been adjusted based on actual collection patterns.

## 18. CASH AND CASH EQUIVALENTS:

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Cash in hand (J\$)	2,224	2,343
Deposit (US\$)	38,627	13,362
Chequeing account (J\$)	<u>18,050</u>	<u>-</u>
Cash and bank balances	58,901	15,705
Bank overdraft	<u>( 1,664)</u>	<u>( 5,020)</u>
	<u>57,237</u>	<u>10,685</u>

(a) The savings account is interest bearing. Interest rate at year end 2018 and 2017 was nil.

(b) Bank overdraft resulted from unpresented cheques that were drawn but not released at year end.

## 19. SHARE CAPITAL:

Authorised:

1,950,000,000 (2017: 450,000,000) ordinary shares of no par value

	<u>2018</u>		<u>Restated</u> <u>2017</u>	
	<u>No. of</u> <u>Shares</u> <u>'000</u>	<u>Ordinary</u> <u>Share</u> <u>Capital</u> <u>\$'000</u>	<u>No. of</u> <u>Shares</u> <u>'000</u>	<u>Ordinary</u> <u>Share</u> <u>Capital</u> <u>\$'000</u>
Stated, issued and fully paid at 30 June	<u>1,630,738</u>	<u>147,529</u>	<u>1,630,738</u>	<u>147,529</u>

## PULSE INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

## 19. SHARE CAPITAL (CONT'D):

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.

At an extra-ordinary general meeting held 21 June 2017 the shareholders passed a resolution for the company to sub-divide its share capital into six (6) shares for each existing shares resulting in the number of authorised shares being increased to 1,950,000,000 ordinary shares and the total number of issued shares being increased to 1,630,738,044 with affect from 4 July 2017.

Registration of the increased authorised and issued shares with the Companies Office of Jamaica is currently in progress.

## 20. SHARE PREMIUM:

Share premium is made up as follows:

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
31,549,768 (2017: 31,549,768) ordinary shares - premium of \$0.51 each	16,042	16,042
91,341,692 (2017: 91,341,692) ordinary shares - premium of \$3.91 per share	<u>357,146</u>	<u>357,146</u>
	<u>373,188</u>	<u>373,188</u>
Costs of rights issue	<u>( 6,812)</u>	<u>( 6,812)</u>
	<u>366,376</u>	<u>366,376</u>

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

## 21. CAPITAL RESERVE:

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

## 22. 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.

## 23. REVALUATION RESERVE:

The revaluation reserve represents the accumulated surplus arising on the revaluation of certain leasehold properties.

## PULSE INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2018

## 24. SHARES TO BE ISSUED:

This represents the value of professional services provided by Capital Options Limited which has confirmed its intention to convert 2,608,698 ordinary shares in the company. During 2013, Capital Options Limited transferred its rights to the shares to a director. If these shares were issued, the earnings per share (EPS) would not be diluted because the quantity of shares is insignificant.

## 25. LOANS:

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
i. Caricom Trade Support Programme	1,104	1,104
ii. CIBC First Caribbean International Bank	-	12,645
iii. NCB Capital Markets Non-Diversified Unit Trust	<u>65,000</u>	<u>-</u>
	66,104	13,749
Less: current portion	<u>-</u>	<u>( 4,057)</u>
	<u>66,104</u>	<u>9,692</u>

## (i) Caricom Trade Support Programme

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 (Jamaica) Limited. 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 and no demands for settlement have been made.

## (ii) CIBC First Caribbean International Bank

This loan attracted interest of 17.85% per annum and is repayable over 110 months with maturity in June 2020. The loan was secured as follows:

1. Mortgages over the Villa Ronai property located at Old Stony Hill Road, Constant Spring, St. Andrew, owned by a director and leased by Pulse Investments Limited.
2. Unlimited guarantee from a director.
3. Assignment of peril insurance over the Villa Ronai property located at Old Stony Hill Road, Constant Spring, St. Andrew.

The loan was repaid during the year.

## (iii) NCB Capital Markets Non-Diversity Unit Trust

This loan attract interest of 9.75% per annum, The principal is repayable at the end of 60 months with maturity in January 2023. The loan is secured as follows:

1. Personal guarantee from a director
2. Mortgage over property registered at Volume 383 Folio 9 and Volume 1400 Folio 816 in name of a director (also see note 26(d)).



**PULSE INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2018**

26. **RELATED PARTY BALANCES AND TRANSACTIONS:**

The following transactions were carried out with related parties

(a) Provision of services and sponsorship

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Studio 38/Puls8 - Rental income	14,581	13,255
GL Superb Limited - Cash sponsorship	48,000	45,000
	<u>62,581</u>	<u>58,255</u>

During the year, trading occurred between the company and a related party in respect of the rental of shop space. These provisions were negotiated on an arm's length basis.

(b) Purchase of services

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
GL Superb Limited		
Management fee	57,719	48,099
Lease expense	1	1
Addition to investment property	<u>95,815</u>	<u>78,562</u>

During the year, trading occurred between the company and related party, GL Superb Limited, in respect of management fees and construction services which were negotiated on an arm's length basis.

(c) Key Management Compensation -

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Salaries, wages and other benefits	<u>6,168</u>	<u>5,402</u>

(d) The parcels of land on which the leasehold properties are situated are owned by of a director and shareholder (see note 15).

Based on an agreement dated 20 December 2016 between Pulse Investments Limited (Pulse) and the related party property owner, leases for the Trafalgar Road and Villa Ronai properties, controlled by Pulse, have been extended to 50 years (to expire in 2066). Peppercorn rent payable for these 50 years, in accordance with the terms of the leases, has been paid up in advance. Under the terms of the extension, if any of the two leases is terminated prior to the end of 50 years, the company and its shareholders will be compensated to the full value of the leasehold improvements and investment made by the company in the properties to then date, as well as any new investments made in the future. These investments totalled in excess of \$1.3 billion at 20 December 2016. The extension of the existing leases was approved by Pulse board at a meeting held on 20 December 2016. At 30 June 2018, the related investments totalled in excess of \$1.9 billion.

**PULSE INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2018**

26. **RELATED PARTY BALANCES AND TRANSACTIONS (CONT'D):**

(e) Year-end balances arising from transactions with related parties.

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Due to GL Superb Limited	228,552	149,698

The balance due to GL Superb Limited will not be demanded within sixty months.

27. **PAYABLES:**

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Deposits	3,310	2,636
Accrued charges	10,347	14,498
	<u>13,657</u>	<u>17,134</u>

28. **DIVIDENDS PAID:**

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
In respect of 30 June 2017 (\$0.015 per share)	24,461	-
In respect of 30 June 2016 (\$0.08 per share)	-	22,456
	<u>24,461</u>	<u>22,456</u>

By way of resolution dated 21 December 2017 final dividend payment of \$0.015 per share was approved by the Board of Directors.

29. **OPERATING LEASE RECEIVABLE:**

The company has entered into several lease agreements for office and storage space with expiry dates from -

	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Year 1	48,219	47,644
Year 2	52,778	52,408
Year 3	<u>59,300</u>	<u>57,649</u>
	<u>160,297</u>	<u>157,701</u>

**PULSE INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2018**

30.	<b>UNEXPIRED SPONSORSHIP IN KIND:</b>	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
	Opening balance	58,355	52,163
	Sponsorship in kind generated during the year	<u>113,511</u>	<u>103,192</u>
		171,866	155,355
	Sponsorship utilized during the year (note 6)	<u>(107,200)</u>	<u>( 97,000)</u>
	Unexpired sponsorship in kind at end of year	<u>64,666</u>	<u>58,355</u>

During the year, sponsorship in kind utilized amounted to \$107,200,000 (2017 - \$97,000,000).

The directors estimate that the company has unexpired sponsorship in kind of \$64,666,000 (2017 - \$58,355,000) which remain unused at the reporting date. In accordance with the company's policy, the unexpired sponsorship entitlements at year end have not been recognised in the financial statements due to uncertainty in the timing of utilization of the sponsorship.

31. **EVENTS AFTER REPORTING PERIOD:**

At a meeting held 20 July 2018, it was decided that the chairman will no longer receive management fees from the company, effective 1 July 2018.

32. **RESTATEMENT OF PRIOR YEAR BALANCES:**

As a result of the following the balances as per the 2016 and 2017 financial statements were restated, there was no effect on the statement of profit or loss and other comprehensive income.

On 4 February 2008, ordinary shares held by the Development Bank of Jamaica were cancelled. The accounting records of the company did not reflect this change. The omission was corrected by transferring the amount of \$4,838,198 from share capital to retained earnings.

	<u>30 June 2017</u>			<u>30 June 2016</u>		
	<u>Reported</u> <u>\$'000</u>	<u>Impact</u> <u>\$'000</u>	<u>Restated</u> <u>\$'000</u>	<u>Report</u> <u>\$'000</u>	<u>Impact</u> <u>\$'000</u>	<u>Restated</u> <u>\$'000</u>
Equity:						
Share Capital	152,367	( 4,838)	147,529	152,367	( 4,838)	147,529
Retained earnings	<u>1,647,933</u>	<u>4,838</u>	<u>1,652,771</u>	<u>1,393,537</u>	<u>4,838</u>	<u>1,398,375</u>



# SHAREHOLDING OF DIRECTORS, SENIOR MANAGERS, TEN LARGEST SHARE HOLDERS

## PULSE INVESTMENTS LIMITED DIRECTORS SHAREHOLDINGS AS AT JUNE 30, 2018

DIRECTORS' NAMES	SHAREHOLDING	CONNECTED PARTY
KINGSLEY COOPER	1,185,905,280	
	6,476,532	SAFIA COOPER
	2,514,816	SAMURAI INVEST. LTD
	1,649,418	PULSE LIMITED
HILARY PHILLIPS	106,826,616	
	300,000	GRANT, STEWART, PHILLIPS & CO.
JEFFREY COBHAM	15,790,980	
ELEANOR BROWN	NIL	
ROMAE GORDON	9,811,674	
LOIS LAKE SHERWOOD	6,514,284	
	1,335,789,600	

### SENIOR MANAGERS

ROMAE GORDON	9,811,674
SAFIA COOPER	6,476,532
	16,288,206

## TOP 10 SHAREHOLDERS

SHAREHOLDERS	SHAREHOLDINGS
KINGSLEY COOPER	1,185,905,280
HILARY PHILLIPS	106,826,616
BARITA INV. LTD. EQUITY FUND (TRD. A.C)	80,124,564
SHELDON ALEXANDER GORDON	54,388,898
JASON CARL CARBY	36,025,200
JAMAICA PRODUCTION FUND	20,250,000
MARSTON GORDON	19,208,064
JEFFREY COBHAM	15,790,980
ROMAE GORDON	9,811,674
JOSEPH JAMES BOGDANOVICH JR.	8,787,200

# PULSE MODELS SOAR IN 2018

Pulse's models have been on an exceptional roll this past year. International superstar, Alicia Burke has been named among the top 50 earners in world modelling. The Vogue cover girl has had a strong and steady surplus of impressive beauty campaigns for Laura Mercier, Bobbi Brown and Tom Ford. Her Italian Vogue cover credits aside, Burke has appeared in the Mexican, Japanese, Spanish editions of fashion's most important magazine.

Another Spanish Vogue Pulse star, Jeneil Williams continue to enjoy consistent bookings from some of the world's top clients which sees her posting strong earnings, year after year. Williams has a staple of work for major European marks as well as athletic megabrand, Nike. Along with the work the agency's top male star, Oraine Barrett consistently does for major labels such as Nautica and Ralph Lauren, he has now embarked on building his own fitness brand. After becoming one of the 10 best trainers in America, Barrett began his own fitness business and is principal of the OB - Own Your Body outfit. He recently participated in Ralph Lauren's 50th anniversary celebrations.

Pulse's Caribbean connections remain strong with its representation of Trinidadian Shalisha Stewart. Stewart who works mainly between Paris and London has scored big with her recent campaign for fashion conglomerate Hermès. Fresh from her stint in L.A., Francine James along with Zoe Griffith now look to transition to New York with Women Management, one of Pulse's long time international affiliates. Some of their top clients have been Vogue, Estee Lauder, Tom Ford and luxury jewellery brand, Bvlgari.

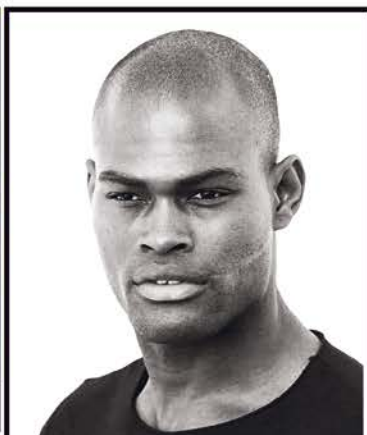
The future looks bright for Pulse's new stars on the horizon too. Miqueal Symone Williams, who began her career this year, is already making big strides with L'Oréal and for scores of London's top high street brands. Daniella Davis is the newest international model from Pulse. She got off to a good start with her recent work for NARS cosmetics in New York. She is signed to one of the best agencies globally, Women Management. Tahj Morgan, an outstanding talent discovered in the Pulse Schools Model Search, looks to embark on his career come January 2019.



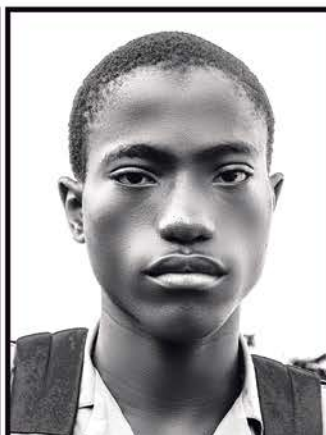
Alicia Burke



Jeneil Williams



Oraine Barrett



Tahj Morgan



Zoe Griffith



Daniella Davis



Francine James



Shalisha Stewart



Miqueal-Symone Williams





# PULSE SCHOOLS MODEL SEARCH



PSMS winner,  
Kamaria Powell



CMS winner,  
Carla Slyvester



Contestants from the Pulse Schools Model Search,  
I-r Yoko, Celine, Monique, Tatiana and Suzanna.



CMS Male winner, Tahj Morgan walks the runway at  
the CMS/ PSMS finals.

As the pioneers of a modelling industry for Jamaica and the wider Caribbean, Pulse launched its latest innovation, the Pulse Schools Model (PSMS) Search earlier this year. Several outstanding high schools have already enrolled in the program with exponential growth expected over the next 2 years.

The new Pulse Schools Model Search will expand a movement that has changed the face of personal and professional development of young people in the Caribbean for close to 4 decades.

“We are pleased to be introducing this new game changing initiative that will expand career choices for students and give them fantastic opportunities.

Successful Model Search contestants will travel the world, develop new careers and transform their lives and potentially that of their families and communities, once they leave high school” notes Pulse Chairman and the concept creator of the Model Search, Kingsley Cooper.

In fact, the Pulse Schools Model Search can be seen as a formalization of a movement the company began years ago when it determined that the Caribbean was capable of making a significant mark in global modelling.

Pulse would go on to produce super stars such as Lois Samuels (Hampton), Nell Robinson (Immaculate) Carla Campbell (Merl Grove), Gaye Mc Donald (Holy Childhood) Jeneil Williams (Vere), Jaunel McKenzie (XLCR), Nikki Morris (Mannings), Nikki Vassel (Campion) Romae Gordon (Alpha), Alicia Burke (Vere), Parisa Fitz-Henley and Justine Willoughby (St Andrew), Oraine Barrett (Munro) and Francine James (Camperdown) who cemented their place at the top of world modelling.

Pulse has always been a strong advocate of education and although many of the company’s models have been discovered while in high school, the agency has ensured that students successfully complete their course of work before commencing full time international careers.



Kingsley Cooper, Marissa Surmenkow of Women Mgmt and Romae Gordon in a PSMS/CMS pre judging session.



Popular entertainer, Chi Ching Ching thrills the audience at the



# PETER TOSH MUSIC FESTIVAL 2018



Luciano gave a command performance to close the Peter Tosh Music Festival .(PTMF).



Etana was strong as she was soulful in her 2nd performance at the festival.



Jesse Royal paid homage to Tosh in his 'Lessons for Life' rendition to the Reggae Legend.



Andrew Tosh Pays Tribute to his dad, Peter Tosh.



The Tosh generation represented well, at left is Tosh's grandson Dre Tosh with his father and son of Peter Tosh, Andre Tosh.



Jah9 brought consciousness in her tribute to Peter Tosh.



First timer performer at the PTMF Chris Martin delighted the audience. Among his repertoire was his take of Tosh's Steppin' Razor.



The Steppin' Razor Award Recipient, Bushman Performs for the first time at PTMF.



The Who's Zak Starkey (pictured with Pulse's Romae Gordon) did not perform this year but he still lauded the 'Bush Doctor'



Visitors to the island came out to enjoy the good vibes at the Peter Tosh Music Festival. held The Pulse Centre.



Pulse Chairman and founding director, Hilary Phillips at the Peter Tosh Music Festival.





38a Trafalgar Road, Kingston 10. Jamaica  
Tel: 876 968 1089-90 / Fax: 876 968 1185  
Web: [pulseinvestmentsltd.com](http://pulseinvestmentsltd.com)  
[www.caribbeanfashionweek.com](http://www.caribbeanfashionweek.com)  
[www.pulsemodels.com](http://www.pulsemodels.com)



Facebook: [www.facebook.com/pulsefashionja](http://www.facebook.com/pulsefashionja)  
and [www.facebook.com/colorfestivaljamaica](http://www.facebook.com/colorfestivaljamaica)



@pulsefashionja, @pulsemodelsjam,  
@pulsespaces, @cfwpulse, @colorfestivalja



@pulsefashionja, @pulsemodelsjamaica, @pulsespaces  
@caribbeanfashionweek, @colorfestivaljamaica  
@cfwpulse