ONE CARIBBEAN MEDIA LIMITED
Financial Statements 2010

pwc

Independent Auditor's Report

TO THE SHAREHOLDERS OF ONE CARIBBEAN MEDIA LIMITED

Report on the consolidated financial statements

We have audited the consolidated financial statements of One Caribbean Media Limited which comprise the consolidated balance sheet as of 31 December 2010 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the financial position of the Group as of 31 December 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers.

Port of Spain
Trinidad, West Indies
22nd March 2011

CB Wharfe (Senior Partner), F Aziz-Mohammed, WK Daniel, A Gopaulsingh, BA Hackett, H Mohammed, F Parsotan, S Ragobar, SW Ramirez, A West

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CONSOLIDATED BALANCE SHEET

(These financial statements are expressed in Trinidad and Tobago dollars)

	Notes	31 December 2010 $'000	31 December 2009 $'000
ASSETS			
Non-current Assets			
Property, plant and equipment	6	250,105	235,829
Intangible assets	7	350	244,427
Investments in associates	9	2,925	2,692
Financial assets	10	18,468	7,131
Retirement benefit asset	11	27,942	27,973
Prepayments		50	56
Deferred programming	12	17,978	22,346
Deferred tax assets	22	1,888	527
		319,706	540,981
Current Assets			
Inventories	13	39,020	21,343
Trade receivables	14	104,037	106,640
Sundry debtors and prepayments	15	14,578	28,206
Taxation recoverable		1,001	3,738
Due from affiliated companies	31	5,778	3,112
Cash and cash equivalents	16	164,509	153,508
		328,923	316,547
TOTAL ASSETS		**648,629**	**857,528**
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	17	384,320	384,073
Other reserves		37,141	36,614
Retained earnings		152,073	365,945
		573,534	786,632
Non-controlling interest	18	1,352	2,174
Unallocated shares in ESOP	19	(44,677)	(41,254)
TOTAL EQUITY		530,209	747,552
Non-current Liabilities			
Trade payables		5,556	-
Borrowings	20	578	2,747
Capital grants	21	21	43
Deferred tax liabilities	22	16,589	14,606
		22,744	17,396
Current Liabilities			
Trade payables		46,214	42,091
Sundry creditors and accruals	23	41,525	37,660
Borrowings	20	3,575	3,337
Taxation payable		4,362	9,492
		95,676	92,580
TOTAL LIABILITIES		118,420	109,976
TOTAL EQUITY AND LIABILITIES		**648,629**	**857,528**

The notes on pages 21 to 51 are an integral part of these consolidated financial statements

On 11 March 2011, the Board of Directors of One Caribbean Media Limited authorised these consolidated financial statements for issue.

Director ____________________ *Director* ____________________

CONSOLIDATED INCOME STATEMENT

(These financial statements are expressed in Trinidad and Tobago dollars)

	Notes	Year ended 31 December 2010 $'000	2009 $'000
Revenue		474,511	460,186
Cost of sales	25	(307,252)	(295,337)
Gross profit		**167,259**	**164,849**
Administrative expenses	25	(75,040)	(65,040)
Marketing expenses	25	(3,665)	(3,196)
		88,554	96,613
Dividend income		1,162	1,023
Interest income		4,014	5,954
Finance costs		(1,500)	(2,230)
Profit before goodwill impairment and tax		92,230	101,360
Goodwill impairment	7	(244,427)	(1,559)
(Loss) / profit before tax		**(152,197)**	**99,801**
Taxation	27	(27,543)	(25,613)
(Loss) / profit after tax		**(179,740)**	**74,188**
Group (loss) / profit:			
Attributable to non-controlling interest	18	(738)	(120)
Attributable to shareholders		(179,002)	74,308
		(179,740)	**74,188**
EARNINGS PER SHARE EXCLUSIVE OF GOODWILL IMPAIRMENT	28	**$1.06**	**$1.22**
(LOSS) / EARNINGS PER SHARE BASIC	28	**$(2.90)**	**$1.22**
(LOSS) / EARNINGS PER SHARE FULLY DILUTED	28	**$(2.90)**	**$1.22**
(LOSS) / EARNINGS PER SHARE INCLUSIVE OF ESOP SHARES	28	**$(2.67)**	**$1.12**

The notes on pages 21 to 51 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(These financial statements are expressed in Trinidad and Tobago dollars)

	Notes	Year ended 31 December 2010 $'000	2009 $'000
(Loss) / profit for the year		(179,740)	74,188
Other comprehensive income:			
Currency translation differences		698	1,318
Deferred taxation		-	15
Share of other comprehensive income of associates	9	328	488
Gain on disposal of subsidiary	8	245	-
Revaluation of investments	10	(107)	(860)
Total comprehensive (loss) / income		**(178,576)**	**75,149**
Attributable to:			
- Non-controlling interest		(738)	(120)
- Shareholders		(177,838)	75,269
		(178,576)	**75,149**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(These financial statements are expressed in Trinidad and Tobago dollars)

	Attributable to owners of the parent						
	Share Capital $'000	Other Reserves $'000	Retained Earnings $'000	Total $'000	Non-Controlling Interest $'000	Unallocated Shares in ESOP $'000	Total Equity $'000
Balance at 1 January 2009	**384,073**	**36,220**	**324,614**	**744,907**	**2,294**	**(37,895)**	**709,306**
Total comprehensive income for the year	-	458	74,811	75,269	(120)	-	75,149
Depreciation transfer	-	(64)	64	-	-	-	-
Transactions with owners							
Sale / allocation of shares	-	-	3,559	3,559	-	2,356	5,915
Repurchase of shares	-	-	-	-	-	(5,715)	(5,715)
Dividends	-	-	(37,103)	(37,103)	-	-	(37,103)
Total transactions with owners	-	-	(33,544)	(33,544)	-	(3,359)	(36,903)
Balance at 1 January 2010	**384,073**	**36,614**	**365,945**	**786,632**	**2,174**	**(41,254)**	**747,552**
Total comprehensive loss for the year	-	591	(178,429)	(177,838)	(738)	-	(178,576)
Depreciation transfer	-	(64)	64	-	-	-	-
Transactions with owners							
Sale / allocation of shares	-	-	1,565	1,565	-	1,203	2,768
Purchase of shares	-	-	-	-	-	(525)	(525)
Repurchase of shares	-	-	-	-	-	(4,101)	(4,101)
Share options granted (Note 17)	247	-	-	247	-	-	247
Fair value of assets disposed	-	-	-	-	(50)	-	(50)
Dividends	-	-	(37,072)	(37,072)	(34)	-	(37,106)
Total transactions with owners	247	-	(35,507)	(35,260)	(84)	(3,423)	(38,767)
Balance at 31 December 2010	**384,320**	**37,141**	**152,073**	**573,534**	**1,352**	**(44,677)**	**530,209**

The notes on pages 21 to 51 are an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT

(These financial statements are expressed in Trinidad and Tobago dollars)

	Notes	31 December 2010 $'000	31 December 2009 $'000
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(152,197)	99,801
Adjustment to reconcile (loss) / profit to net cash generated from operating activities :			
Depreciation	6	14,324	13,924
Amortisation of capital grants	21	(22)	(33)
Interest income		(4,014)	(5,954)
Finance costs		1,500	2,230
Dividend income		(1,162)	(1,023)
Goodwill impairment	7	244,427	1,559
Profit on disposal of property, plant and equipment		(6)	(26)
Allocation of ESOP shares		2,768	5,915
Share option scheme - value of services provided		247	-
Net change in retirement benefit asset		31	(881)
Net change in operating assets and liabilities	29	13,559	5,739
		119,455	121,251
Interest paid		(643)	(1,277)
Taxation refund		6	-
Taxation payments		(29,318)	(25,139)
Net cash generated from operating activities		89,500	94,835
INVESTING ACTIVITIES			
Cash inflow arising on disposal of subsidiary		516	-
Purchase of property, plant and equipment	6	(28,743)	(20,521)
Purchase of intangible assets	7	(350)	-
Purchase of financial assets		(11,444)	-
Repurchase of ESOP shares		(4,626)	(5,715)
Investment in associates		-	294
Interest received		4,014	5,954
Dividend received		1,162	1,023
Proceeds from disposal of property, plant and equipment		9	26
Net cash used in investing activities		(39,462)	(18,939)
FINANCING ACTIVITIES			
Repayment of borrowings		(1,868)	(1,779)
Dividends paid		(37,106)	(37,103)
Net cash used in financing activities		(38,974)	(38,882)
NET CASH INFLOW FOR THE YEAR		11,064	37,014
CASH AND CASH EQUIVALENTS			
at beginning of year		151,690	114,676
at end of year		**162,754**	**151,690**
REPRESENTED BY:			
Cash and cash equivalents	16	164,509	153,508
Bank overdrafts	20	(1,755)	(1,818)
		162,754	**151,690**

The notes on pages 21 to 51 are an integral part of these consolidated financial statements

1 Incorporation and principal activities

The Company is a limited liability company engaged in media services throughout the Caribbean region. The Group has locations in Trinidad and Tobago, Barbados and the Eastern Caribbean. The registered office is Express House 35-37 Independence Square, Port of Spain. During the year, the Group disposed of Business Insight Limited.

The Company has listings on the Trinidad and Tobago Stock Exchange and the Barbados Stock Exchange.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), under the historical cost convention as modified by the revaluation of land and buildings, available-for-sale financial assets, financial assets and financial liabilities.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting estimates. The main areas involving a higher degree of judgement and complexity are disclosed in Note 4.

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The Group has adopted the following new and amended IFRSs as of 1 January 2010:
- IFRS 1 (revised) 'First-time adoption' (effective 1 July 2009).
- IFRS 3 (revised) 'Business combinations' (effective 1 July 2009).
- IAS 27 (revised) 'Consolidated and separate financial statements' (effective 1 July 2009).
- IFRIC 17 'Distributions of non-cash assets to owners' (effective 1 July 2009)

The application of these standards and interpretations does not have a material impact on the Group's financial statements.

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group:

The IASB published an exposure draft of proposed amendments to 11 IFRSs under its annual improvements project in August 2009. The exposure draft proposes to amend IAS 1 to state explicitly that an entity presents the components of changes in equity either in the statement of changes in equity or in the notes to the financial statements. Unless otherwise specified, the proposed effective date for the amendments is for annual periods beginning on or after 1 January 2011, although entities would be permitted to adopt them earlier. This is not expected to have a material impact on the Group's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2010

(These financial statements are expressed in Trinidad and Tobago dollars)

2.1 Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group:

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2011 or later periods, but the Group has not early adopted them:

- Amendment to IFRS 2, 'Share based payments – Group cash settled share-based payment transactions' (effective 1 January 2010). The Group will apply IFRS 2 (amendment) from 1 January 2011. It is not expected to have a material impact on the Group's financial statements.

- Amendment to IFRS 1 for additional exemptions (effective 1 January 2010). The Group will apply IFRS 1 (amendment) from 1 January 2011. It is not expected to have a material impact on the Group's financial statements

- IFRIC 16 'Hedges of a net investment in a foreign operation' (effective 1 October 2008). The new guidance is not expected to have a material impact on the Group's financial statements.

2.2 Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.2 Consolidation (continued)

(ii) Transactions and non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals to non-controlling interests result in gains and losses for the Group that are recorded in the income statement.

2.3 Investment in associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Unrealised gains on transactions between the Group and its associated undertakings are eliminated to the extent of the Group's interest in the associated undertakings; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

2.5 Employee Share Ownership Plan (ESOP)

The Group operates an Employee Share Ownership Plan and has accounted for all unallocated ESOP shares as a reduction to Equity. Shares allocated to employees as part of their bonus are expensed to staff costs based on the market value of the shares allocated. The ESOP account is credited with the cost of the shares allocated and any difference between this amount and the value expensed under staff costs is charged / credited to shareholders' equity.

2.6 Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Trinidad and Tobago dollars, which is the Company's functional and the Group's presentation currency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2010

(These financial statements are expressed in Trinidad and Tobago dollars)

2.6 Foreign currencies (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the transla tion at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences are recognised in the comprehensive income statement, and other changes in carrying amount are recognised in equity.Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) All resulting exchange differences are recognised as a separate component of equity. On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.7 Property, plant and equipment

All property, plant and equipment are initially recorded at cost. Land and buildings are carried at fair value, based on directors' valuation or valuations by independent valuators done every five years. All other property, plant and equipment are stated at historical cost less depreciation.

Increases in the carrying amount arising on revaluations are credited to the revaluation reserve which is included in other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged to the income statement.

Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from 'revaluation surplus' to 'retained earnings'.

Assets are depreciated on the following bases at rates estimated to write off the depreciable amounts of the assets over their useful lives.

The bases and the annual depreciation rates used are:

Assets	Basis	Rate
Freehold property	reducing balance	2%
Machinery and equipment include:		
- Studio and transmitter equipment	straight line	10-20%
- Plant, equipment and fixtures and fittings	straight line / reducing balance	10-20%
- Computers and peripherals	straight line	10-20%
- Motor vehicles	straight line / reducing balance	20-25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Land is not depreciated as it is deemed to have an indefinite life.

Property, plant and equipment are reviewed periodically for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to its carrying amount and are taken into account in determining operating profit. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2010

(These financial statements are expressed in Trinidad and Tobago dollars)

2.8 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of associates is included in 'investments in associates'. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing based on the cash-generating units or group of units that are expected to benefit from the business combination in which the goodwill arose.

(b) Brands

Brands acquired, separately or as part of a business combination, are capitalised if they meet the definition of an intangible asset and the recognition criteria are satisfied.

Brands acquired as part of a business combination are valued at fair value based on the royalty relief method. Brands acquired separately are measured at cost.

Brands are amortised on an individual basis over the estimated useful life of the brand. Other brands are amortised on a portfolio basis per country.

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Financial assets

The Group classifies its financial assets in the following categories: available-for-sale and 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.

2.10 Financial assets (continued)

(i) Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Regular purchases and sales of investments are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost.

Changes in the fair value of monetary securities classified as available-for-sale and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised are included in the income statement as 'revaluation of investments'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Group's right to receive payments is established.

The fair values of quoted investments are based on closing prices in the absence of bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(ii) 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 balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'trade receivables', 'sundry debtors' and 'cash and cash equivalents' in the balance sheet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2010

(These financial statements are expressed in Trinidad and Tobago dollars)

2.11 Pension obligations

The Group operates defined benefit plans, the assets of which are held in separate trustee-administered funds.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset recognised in the balance sheet in respect of defined benefit pension plans is the fair value of the plan assets less the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

2.12 Deferred programming

Deferred programming represents programming contracted but not yet broadcasted. The cost of programmes is expensed as they are broadcasted. Sports programming remains valuable beyond the staging of the event albeit diminishing from year to year. Accordingly the cost is written off on a reducing balance basis with 50% in the first year, 25% in the second, 15% in the third and 10% in the fourth.

2.13 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the first-in, first-out (FIFO) method except for spare parts and consumables which are determined using the weighted average cost. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.14 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised at fair value less provision for impairment.

2.15 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, and investments in money market instruments and bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities.

2.16 Share capital

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares, other than in connection with business combinations, are shown in equity as a deduction, net of tax, from the proceeds. Share issue costs incurred directly in connection with a business are included in the cost of acquisition.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.18 Capital grants

Grants relating to property and equipment donated to the Group are deferred and recognised in the income statement on a systematic and rational basis over the useful lives of the assets.

2.19 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from depreciation on property, plant and equipment, revaluations of certain non current assets, provisions for pensions and other post retirement benefits and tax losses carried forward. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2010

(These financial statements are expressed in Trinidad and Tobago dollars)

2.20 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised at fair value.

2.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

The Group does not provide for future losses.

2.22 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

Other revenues earned by the Group are recognised on the following bases:

- Interest income – as it accrues unless collectibility is in doubt.
- Dividend income – when the right to receive payment is established.

2.23 Operating leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement as incurred over the period of the lease.

2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's Board of Directors.

3 Financial risk management

3.1 The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investment from foreign operations.

A 1% movement in the exchange rate would result in an increase in the Group's accounts payable of $190,028 (2009 - $157,753) for newsprint and programming.

(ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as available-for-sale. The Group is not exposed to commodity price risk.

(iii) Fair value and interest rate risk

As the Group has no significant fixed-rate interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

Credit limits are defined for each customer. The approval process is undertaken on an individual basis before management provides credit to customers.

(c) Liquidity risk

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

3 Financial risk management (continued)

(c) Liquidity risk (continued)

	Less than 1 year $'000	More than 1 year $'000
At 31 December 2010		
Borrowings	3,748	639
Trade payables	46,214	5,556
Sundry creditors and accruals	41,525	-
At 31 December 2009		
Borrowings	1,663	3,013
Trade payables	42,091	-
Sundry creditors and accruals	37,660	-

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

	2010 $'000	2009 $'000
Bank overdrafts	1,755	1,818
Short term borrowings	1,820	1,519
Long term borrowings	578	2,747
	4,153	6,084
Less:cash and cash equivalents	(164,509)	(153,508)
Net cash and cash equivalents	(160,356)	(147,424)
Total equity	530,209	747,552
Gearing Ratio	NIL	NIL

3.3 Fair value estimation

Effective 1 January 2009, the Group adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

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) (level 2).

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price (level 1).

Available-for-sale financial assets that do not have quoted market prices in an active market and where other methods of determining fair value do not result in a reasonable estimate are measured at amortised cost less impairment losses (level 2 and 3).

4 Critical accounting estimates and assumptions

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

(i) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.8. The goodwill has been fully impaired at year end. See Note 7 for assumptions used.

(ii) Income taxes

The Group is subject to income taxes in several jurisdictions outside of Trinidad and Tobago. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group 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 such determination is made.

Were the actual final outcome (on the judgement areas) to differ by 10% from management's estimates, the Group would need to:

- Increase the income tax liability by $207,713 if unfavourable; or
- Decrease the income tax liability by $207,713 if favourable

4 Critical accounting estimates and assumptions (continued)

(iii) Pension benefits

The present value of the pension obligations depends on certain factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 11.

(iv) Impairment of available-for-sale financial assets

The Group follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

5 Segment information

Management has determined the operating segments based on the reports reviewed by the Board of Directors and Executive Management that are used to make strategic decisions. The performance of the operating segments is assessed on Net Profit Before Taxation.

The segment information provided for the reportable segments is as follows:

	31 December 2010			31 December 2009		
	Trinidad $'000	**Barbados $'000**	**Group $'000**	**Trinidad $'000**	**Barbados $'000**	**Group $'000**
Revenue	296,865	177,646	474,511	267,804	192,382	460,186
Operating profit	67,761	20,793	88,554	59,124	37,489	96,613
Dividend income	77	1,085	1,162	148	875	1,023
Interest income	1,383	2,631	4,014	2,715	3,239	5,954
Finance costs	(1,166)	(334)	(1,500)	(1,867)	(363)	(2,230)
	68,055	24,175	92,230	60,120	41,240	101,360
Goodwill impairment	(244,427)	-	(244,427)	(1,559)	-	(1,559)
(Loss) / profit before tax	**(176,372)**	**24,175**	**(152,197)**	**58,561**	**41,240**	**99,801**
Taxation	(21,718)	(5,825)	(27,543)	(15,338)	(10,275)	(25,613)
(Loss) / profit after tax	**(198,090)**	**18,350**	**(179,740)**	**43,223**	**30,965**	**74,188**
Group (loss) / profit:						
Attributable to non-controlling interest	(747)	9	(738)	(149)	29	(120)
Attributable to shareholders	(197,343)	18,341	(179,002)	43,372	30,936	74,308
	(198,090)	**18,350**	**(179,740)**	**43,223**	**30,965**	**74,188**

	31 December 2010			31 December 2009		
	Trinidad $'000	**Barbados $'000**	**Group $'000**	**Trinidad $'000**	**Barbados $'000**	**Group $'000**
Capital expenditure	10,696	18,047	28,743	11,095	9,426	20,521
Assets	403,252	245,377	648,629	611,653	245,875	857,528
Liabilities	92,020	26,400	118,420	78,023	31,953	109,976

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2010

(These financial statements are expressed in Trinidad and Tobago dollars)

6 Property, plant and equipment

	Freehold Property $'000	Machinery and Equipment $'000	Total $'000
At 1 January 2009			
Cost or valuation	159,483	240,575	400,058
Accumulated depreciation	(13,779)	(157,047)	(170,826)
Net book amount	145,704	83,528	229,232
Year ended 31 December 2009			
Opening net book amount	145,704	83,528	229,232
Additions	3,027	17,494	20,521
Depreciation charge	(1,885)	(12,039)	(13,924)
Closing net book amount	146,846	88,983	235,829
At 31 December 2009			
Cost or valuation	162,510	258,070	420,580
Accumulated depreciation	(15,664)	(169,087)	(184,751)
Net book amount	146,846	88,983	235,829
Year ended 31 December 2010			
Opening net book amount	146,846	88,983	235,829
Additions	11,064	17,679	28,743
Disposals	-	(143)	(143)
Depreciation charge	(1,885)	(12,439)	(14,324)
Closing net book amount	156,025	94,080	250,105
At 31 December 2010			
Cost or valuation	173,574	275,606	449,180
Accumulated depreciation	(17,549)	(181,526)	(199,075)
Net book amount	156,025	94,080	250,105

The Group's land and buildings are carried at market value as determined by independent valuators between August 2005 and December 2008 and reviewed by the directors.

If land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2010 $'000	2009 $'000
At beginning of the year	46,372	45,230
Additions	11,064	3,027
Depreciation	(1,885)	(1,885)
At end of the year	55,551	46,372

7 Intangible assets

	2010 $'000	2009 $'000
Goodwill		
At beginning of the year	244,427	245,986
Impairment	(244,427)	(1,559)
At end of the year	-	244,427
Brands		
Acquisitions	350	-
	350	244,427

A summary of the goodwill by cash-generating units is as follows:

	2010	2009
The Nation Corporation - Barbados	-	206,431
Caribbean Communications Company Limited - Trinidad	-	37,996
	-	244,427

The goodwill of The Nation Corporation and Caribbean Communications Company Limited is impaired and has been recognised as an impairment loss against goodwill of $244,426,915 in the income statement.

The following assumptions were used in determining the impairment charge:

	GDP growth rate	Growth rate	Discount rate	Terminal value
The Nation Corporation	2.0%	5.0%	17.5%	6.5 x earnings
Caribbean Communications Company Limited	3.0%	NIL	19.0%	6.3 x earnings

8 Subsidiaries:

	% Holding 2010	2009
(i) Business Insight Limited (incorporated in Trinidad and Tobago)	-	100
(ii) Caribbean Communications Company Limited (incorporated in Montserrat)	100	100
(iii) Caribbean Communications Network Limited (incorporated in Trinidad and Tobago)	100	100
(iv) Grenada Broadcasting Network Limited (incorporated in Grenada)	60	60
(v) Independent Publishing Company Limited (incorporated in Trinidad and Tobago)	100	100
(vi) The Nation Corporation (incorporated in Barbados)	100	100

Only active subsidiaries are listed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2010

(These financial statements are expressed in Trinidad and Tobago dollars)

8 Subsidiaries (continued)

On 31 March 2010 Business Insight Limited was sold. The profit arising on disposal is as follows:

	2010 $'000	2009 $'000
Proceeds on disposal	-	-
Net liabilities disposed	245	-
	245	-

9 Investments in associates

	2010	2009
Beginning of the year	2,692	2,616
Share of other comprehensive income of associates	328	488
Share of tax of associates	(95)	(118)
Dividend income from associates	-	(294)
End of the year	2,925	2,692

Cumberland Communications Limited and Tobago Newspapers Limited are accounted for using the equity method. The 50% shareholding in Cumberland Communications Limited does not constitute control as this is a joint venture arrangement.

The Group's share of the results of its associates, both of which are unlisted, and its share of the assets and liabilities are as follows:

	Country of incorporation	Assets	Liabilities	Revenue	Profit Before Tax	% Interest Held
2010						
Tobago Newspapers Limited	Trinidad and Tobago	2,390	263	960	338	27%
Cumberland Communications Limited	Trinidad and Tobago	1,105	439	174	(10)	50%
		3,495	702	1,134	328	
2009						
Tobago Newspapers Limited	Trinidad and Tobago	2,253	228	1,135	476	27%
Cumberland Communications Limited	Trinidad and Tobago	835	148	170	12	50%
		3,088	376	1,305	488	

10 Financial assets

	2010 $'000	2009 $'000
Available-for-sale		
- Quoted securities	5,173	5,280
- Unquoted securities	1,851	1,851
	7,024	7,131
Term deposits	11,444	-
	18,468	7,131

10 Financial assets (continued)

	2010 $'000	2009 $'000
At beginning of year	7,131	7,991
Revaluation	(107)	(860)
Additions	11,444	-
At end of year	18,468	7,131

Included in unquoted securities is a 20% holding in Guyana Publications Limited. The Group has not equity accounted for this entity because management has no significant influence over the operations of Guyana Publications Limited and does not have the ability to have representation on the Board.

Available-for-sale financial assets are denominated in the following currencies:

	2010 $'000	2009 $'000
Currency		
TT$	999	999
BDS$	17,469	6,132
	18,468	7,131

11 Retirement benefit asset

The amounts recognised in the balance sheet are as follows:

Fair value of plan assets	190,407	183,703
Present value of fund obligations	(167,947)	(161,002)
	22,460	22,701
Unrecognised actuarial gains	5,482	5,272
Asset to be recognised in the balance sheet	27,942	27,973

The amounts recognised in the income statement are as follows:

Current service cost	8,730	6,949
Interest cost	9,894	12,165
Expected return on plan assets	(13,021)	(15,104)
Net actuarial gain recognised during the year	(632)	-
Total included in staff costs	4,971	4,010

The actual return on the plans' assets is $9,014,414 (2009 – $11,625,603).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2010

(These financial statements are expressed in Trinidad and Tobago dollars)

11 Retirement benefit asset (continued)

Movement in the asset recognised in the balance sheet:

	2010 $'000	2009 $'000
At beginning of the year	27,973	27,092
Total charge included in staff costs (Note 26)	(4,971)	(4,010)
Contributions paid	4,940	4,891
At end of the year	27,942	27,973

Movement in the fair value of the fund assets:

At beginning of the year	183,703	167,993
Expected return on plan assets	13,045	14,111
Actuarial losses on assets	(3,343)	(1,157)
Contributions	8,147	8,121
Benefit payments	(11,145)	(5,365)
At end of the year	190,407	183,703

Movement in the present value of the fund obligations:

At beginning of the year	161,002	140,283
Interest cost	11,696	12,165
Current service cost	10,124	10,034
Benefit payments	(11,145)	(5,365)
Actuarial (gains) / losses on obligation	(3,730)	3,885
At end of the year	167,947	161,002

The principal actuarial assumptions used are as follows:

	Per annum	Per annum
Discount rate	6.9%	7.0%
Expected rate of return on the plans' assets	6.9%	7.0%
Expected rate of salary increases	3.3%	4.0%
Expected rate of pension increases	1.9%	1.5%

11 Retirement benefit asset (continued)

Plan assets are comprised as follows:

	2010		2009	
	$'000	%	$'000	%
Bonds	82,271	43%	79,420	43%
Equity instruments	49,893	26%	46,562	25%
Other	32,301	17%	27,758	15%
Debt instruments	16,049	8%	18,381	10%
Property	9,893	6%	11,582	7%
	190,407	100%	183,703	100%

Plan assets include investments managed by Colonial Life Insurance Company Ltd (CLICO) and annuities issued by them. In January 2009, the Government of Trinidad and Tobago intervened in the operations of CLICO to provide financial support. The actuaries have assumed that all amounts due from CLICO will be fully recoverable and paid according to agreed contractual terms and past practice where applicable.

Investments are well diversified, such that the failure of any single investment would not have a material impact on the portfolio of the assets. The largest proportion of assets is invested in equities and bonds.

The expected return on the plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields are based on gross redemption yields as at the balance sheet date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

Expected contributions for the year ending 31 December 2011 are $5,091,578.

The plans' surplus for the last five years is as follows:

	2010	2009	2008	2007	2006
	$'000	$'000	$'000	$'000	$'000
At 31 December					
Fair value of plan assets	190,407	183,703	167,993	152,865	138,760
Present value of defined benefit obligation	(167,947)	(161,002)	(140,283)	(128,371)	(114,350)
Surplus in the plan	**22,460**	**22,701**	**27,710**	**24,494**	**24,410**

Experience adjustments have not been made by the actuaries as there are too few members for statistically credible experience analysis.

12 Deferred programming

	2010 $'000	2009 $'000
Opening balance	32,920	37,927
New contracts	9,980	3,258
	42,900	41,185
Usage	(18,503)	(8,265)
	24,397	32,920
Current portion	(6,419)	(10,574)
Non-current portion	17,978	22,346

13 Inventories

Newsprint and other raw materials	33,333	15,821
Spare parts and consumables	5,687	5,383
Goods held for resale	-	139
	39,020	21,343

The cost of inventories recognised as expense and included in 'cost of sales' amounted to $54,882,401 (2009 - $62,983,324)

14 Trade receivables

	2010 $'000	2009 $'000
Trade receivables	112,007	114,320
Less : provision for impairment	(7,970)	(7,680)
Trade receivables net	104,037	106,640

The fair value of trade receivables is equal to the carrying amounts.

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

14 Trade receivables (continued)

The Group's terms of payment are 30 days and the following shows the receivables profile:

	2010 $'000	2009 $'000
Up to 30 days	35,336	45,361
Past due	68,701	61,279
	104,037	106,640

Of the past due amount, $44,999,948 was collected as at 18 February 2011.

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2010 $'000	2009 $'000
TT$	76,611	77,367
BDS$	27,426	29,273
	104,037	106,640

As of 31 December 2010, trade receivables of $68,700,595 (2009 - $61,278,531) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

As of 31 December 2010, trade receivables of $7,970,244 (2009 - $7,679,506) were impaired and provided for.

15 Sundry debtors and prepayments

	2010 $'000	2009 $'000
Deferred programming (Note 12)	24,397	32,920
Sundry debtors	5,239	14,072
Prepayments	2,970	3,616
	32,606	50,608
Less: non-current portion	(18,028)	(22,402)
	14,578	28,206
Prepayments	50	56
Deferred programming	17,978	22,346
	18,028	22,402

16 Cash and cash equivalents

	2010 $'000	2009 $'000
Cash at bank and in hand	20,208	20,662
Short-term bank deposits	144,301	132,846
	164,509	153,508

The effective interest rate on short-term bank deposits was 2% (2009 – 5%).

17 Share capital

	2010 $'000	2009 $'000
Authorised		
Unlimited number of ordinary shares of no par value		
Issued and fully paid		
66,215,683 shares of no par value	384,320	384,073

	Share Capital $'000	Share Options $'000	Total $'000
As at 1 January 2010	384,073	-	384,073
Value of share options granted	-	247	247
As at 31 December 2010	384,073	247	384,320
As at 31 December 2009	384,073	-	384,073

The shares in issue comprise 39,875,596 Series "A" and 26,340,087 Series "B" shares.

The rights of the holders of the Series "A" and Series "B" shares are equal in all respects save and except for the appointment of Directors.

The Company has a shareholders' rights plan in operation which allows shareholders to acquire additional shares under certain conditions. Details of this plan can be obtained from the Company's registered office.

The shareholders approved a share incentive plan effective 1 January 2006, under which the Board can grant options to management to subscribe for a maximum of 3,500,000 shares. Options will have to be exercised on or before 31 December 2015. As at the year end, 882,217 share options have been granted at the exercise price of $17.50. No options have yet lapsed.

18 Non-controlling interest

	2010 $'000	2009 $'000
At beginning of the year	2,174	2,294
Share of net profit of subsidiary	(738)	(120)
Fair value of assets disposed	(50)	-
Dividends	(34)	-
At end of the year	1,352	2,174

19 Unallocated shares in ESOP

The Group operates an Employee Share Ownership Plan (ESOP) that covers its present and future permanent employees which enables them to acquire interests in shares in the Company on the terms and in the manner appearing in the Trust Deed and Rules dated 21 December 2000 and within the terms of Section 35 of the Income Tax Act. As at 31 December 2010 the ESOP held 5,529,053 (2009 – 5,424,277) shares with a market value of $93,993,901 (2009 - $94,924,847).

The movements in unallocated shares held by the ESOP are as follows:

	2010 No. of shares	2009 No. of shares
At beginning of the year	5,424,277	5,435,762
Purchase of shares	30,000	-
Allocation to employees	(158,206)	(337,985)
Re-purchase from ex-employees	232,982	326,500
At end of the year	**5,529,053**	**5,424,277**

Employees are required to sell any allocated ESOP shares back to the plan at market value on exiting the Company's employ.

As at 31 December 2010 the amount of shares held in trust by the ESOP for employees was 1,446,571 (2009 – 1,521,347).

20 Borrowings

	2010 $'000	2009 $'000
Current		
Bank overdrafts	1,755	1,818
Short term bank borrowings	1,820	1,519
	3,575	3,337
Non-current		
Long term bank borrowings	578	2,747
Total borrowings	4,153	6,084

The fair value of borrowings approximates their carrying amount.

The Group's borrowings as above at the balance sheet date are subject to interest rate changes.

20 Borrowings (continued)

The bank overdrafts are secured by:

i) A first demand registered debenture giving the bank a first fixed charge over the fixed and floating assets of One Caribbean Media Limited, stamped to cover $68,100,000. A collateral deed of mortgage over two parcels of land situated at 35 - 37 Independence Square, Port of Spain and singular parcel of land situated at 4 Charlotte Street, Port of Spain, stamped collateral to the debenture.

ii) Property all risk insurance on buildings, contents and stocks for $307,828,282.

iii) A demand debenture / mortgage stamped for BDS$5,450,000 creating a floating charge over the subsidiary's assets, a first demand legal mortgage over 31,000 square feet of land at Fontabelle and a second demand legal mortgage over 12,000 square feet of land at Roebuck Street, Barbados.

The short term borrowing is unsecured. The effective interest rate at the balance sheet date was 12.25% (2009 - 12.25%).

The long term borrowings taken by the subsidiary for 10 years bearing an interest rate of 9.75% are secured by:

i) A registered debenture incorporating a fixed charge over commercial property at Observatory Road, St. George's, Grenada and a floating charge over all other assets stamped to secure EC$1,532,000.

ii) Mortgage bill of sale over motor vehicles stamped to secure EC$87,200.

iii) Comprehensive insurance on motor vehicles for EC$183,676.

iv) Property all risk insurance on buildings and equipment for EC$3,390,000.

21 Capital grants

	2010 $'000	2009 $'000
At beginning of the year	43	76
Amortisation	(22)	(33)
At end of the year	21	43

A capital grant of $86,800 was received in 1994 towards the purchase and installation of a satellite dish. In 1998, a grant of $242,374 was received towards the purchase and installation of a production studio. Both grants are being amortised over a period of 15 years, which is the expected useful lives of the assets.

22 Deferred taxation

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

The movement on the deferred income tax account is as follows:

	2010 $'000	2009 $'000
At beginning of the year	14,079	13,544
Charged to consolidated income statement (Note 27)	622	535
At end of the year	14,701	14,079

Deferred income tax assets and liabilities are offset when the income taxes relate to the same fiscal authority. The following amounts are shown in the consolidated balance sheet:

	2010 $'000	2009 $'000
Deferred tax assets	(1,888)	(527)
Deferred tax liabilities	16,589	14,606
	14,701	14,079

The gross movement on the deferred income tax account is as follows:

	Accelerated tax depreciation $'000	Retirement benefit asset $'000	Other $'000	Total $'000
Deferred tax assets / liabilities				
At 1 January 2010	7,479	7,127	(527)	14,079
Charged / (credited) to consolidated income statement	2,086	(103)	(1,361)	622
At 31 December 2010	9,565	7,024	(1,888)	14,701
Deferred tax assets / liabilities				
At 1 January 2009	6,937	6,827	(220)	13,544
Charged / (credited) to consolidated income statement	542	300	(307)	535
At 31 December 2009	7,479	7,127	(527)	14,079

23 Sundry creditors and accruals

	2010 $'000	2009 $'000
Employee benefits	11,136	8,450
Libel	8,693	7,670
Commissions and fees	6,286	6,133
Other	15,410	15,407
	41,525	37,660

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2010

(These financial statements are expressed in Trinidad and Tobago dollars)

24 Dividend per share

A final dividend in respect of 2010 of 41 cents per share was approved on 11 March 2011 by the Board of Directors. This brings the total declared dividends for 2010 to 61 cents (2009 – 61 cents). These financial statements do not reflect the final dividend payable which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 31 December 2011.

25 Expenses by nature

Operating profit is arrived at after charging / (crediting):

	2010 $'000	**2009 $'000**
Staff costs (Note 26)	133,721	130,377
Other expenses	107,759	80,582
Inventories recognised as expense	54,882	62,983
Agency commissions	33,010	36,509
Depreciation	14,324	13,924
Utilities	12,853	12,041
Professional fees	9,013	8,266
Property expenses	6,096	4,876
Directors' remuneration	4,049	6,474
Impairment charge for bad debts	3,672	1,638
Advertising and promotion	3,665	3,196
Licence fees and royalties	2,919	2,733
Profit on disposal of property, plant and equipment	(6)	(26)
	385,957	363,573

As disclosed in the consolidated income statement:

	2010	2009
Cost of sales	307,252	295,337
Administrative expenses	75,040	65,040
Marketing expenses	3,665	3,196
	385,957	363,573

Included in administrative expenses is an impairment provision on available-for-sale investments of $7,376,166.

26 Staff costs

	2010 $'000	**2009 $'000**
Salaries and wages	128,750	126,367
Pension cost (Note 11)	4,971	4,010
	133,721	130,377
Number of employees	772	724

27 Taxation

	2010 $'000	2009 $'000
Current tax	23,786	24,707
Prior year underprovision	3,040	253
Deferred tax (Note 22)	622	535
Share of tax in associates (Note 9)	95	118
	27,543	25,613

The tax on the Group's (loss)/profit before tax differs from the theoretical amount that would arise using the basic rate of tax as follows:

	2010 $'000	2009 $'000
(Loss)/profit before taxation	(152,197)	99,801
Tax calculated at 25%	(38,049)	24,950
Effect of different tax rates in other countries	50	181
Expenses not deductible for tax purposes	62,575	1,542
Income not subject to tax	(2,112)	(747)
Tax losses not utilised	1,978	-
Tax allowances	(301)	(177)
Other permanent differences	63	(659)
	24,204	25,090
Business levy	21	-
Green fund levy	278	270
Prior year underprovision	3,040	253
	27,543	25,613

28 Earnings per share

The calculation of basic (loss) / earnings per share is on the Group's (loss) / profit attributable to shareholders of -$179,002,093 (2009 - $74,307,516) and on the average number of shares of 61,675,543 (2009 – 60,811,475) exclusive of ESOP shares, during the year.

The calculation of the fully diluted (loss) / earnings per share is based on the Group's (loss) / profit attributable to the shareholders as above and on the weighted average number of ordinary shares outstanding of 61,675,543 (2009 – 61,136,360) assuming conversion of all dilutive potential ordinary shares.

The calculation of (loss) / earnings per share inclusive of ESOP shares is based on the Group's (loss) / profit attributable to the shareholders as above and on the average total number of shares in issue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2010

(These financial statements are expressed in Trinidad and Tobago dollars)

29 Net change in operating assets and liabilities

	2010 $'000	2009 $'000
(Increase) / decrease in inventories	(17,677)	15,276
Decrease in trade and other receivables and deferred programming	17,940	5,389
Increase / (decrease) in trade payables	9,680	(15,575)
Increase in provisions, sundry creditors and accruals	3,616	649
	13,559	5,739

30 Contingencies and commitments

i) Commitments

The Group has approved capital expenditure of $4,423,972 (2009- $1,943,774).

	2010	2009
ii) Guarantees and bonds	3,394	3,845

Guarantees and bonds are obtained to facilitate the immediate clearance of equipment pending the subsequent payment of the applicable duties.

iii) Legal action

There were a number of writs served against the newspapers and television station for libel and notices of threatened litigation which remained outstanding at 31 December 2010. The Group's estimated liability in respect of these claims is $8,693,278 (2009 - $7,670,686), which has been provided for in these financial statements (Note 23).

iv) Operating lease commitments

The future minimum lease payments under non-cancellable operating leases are as follows:

	2010 $'000	2009 $'000
Not later than 1 year	871	982
Later than 1 year and not later than 5 years	836	1,079
	1,707	2,061

31 Related party transactions

(i) Transactions were carried out with the following related parties:

	2010 $'000	2009 $'000
Colonial Life Insurance Co Limited		
Advertising Sales	552	1,237
Purchase of services	1,721	1,632

(ii) Key management compensation

Directors' remuneration	4,049	6,353
Other management salaries and short-term employee benefits	8,146	9,532
Share options granted	247	-

(iii) Due from affiliated companies shown in the balance sheet:

a) Are unsecured, free of interest rates and payable on demand.

b) Represents advances made by The Nation Corporation to affiliates.

(iv) Substantial interests

A substantial interest means one-tenth or more of the issued share capital of the Company.

Colonial Life Insurance Company Limited owns 15,289,917 shares.

Notice of Meeting

To All Stockholders:

Notice is hereby given that the 43rd, Annual Meeting of One Caribbean Media Limited will be held at Express House, 35-37 Independence Square, Port-of-Spain, on Friday April 29th, 2011 at 10.00 a.m.

Agenda

1. To adopt the Auditors' Report, Financial Statements and Directors' Report for the year ended December 31st, 2010.
2. To elect Directors. (See note 1)
3. To re-appoint Auditors for the ensuing year and to authorize the Directors to fix their remuneration. (See note 2)
4. To discuss any other business of the Company which may properly be considered at the Annual Meeting.

By Order of the Board

……………………………
John Lum Young
Company Secretary
April 6th, 2011

One Caribbean Media Limited, Express House, 35-37 Independence Square, Port-of-Spain

Notes:
1. In accordance with the By Laws Messrs. M. Carballo and J. Esau and Dr. G. Phillips retire by rotation and being eligible offer themselves for re-election for a term not later than the close of the third Annual Meeting of the shareholders following this re-election.
2. The Auditors, PricewaterhouseCoopers, retire by rotation and being eligible offer themselves for re-election.
3. No service contracts were entered into between the Company and any of its Directors.
4. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his or her stead. Such Proxy need not also be a member of the Company.

A Proxy Form is provided.

Proxy Form

Republic of Trinidad and Tobago
The Companies Act, CH. 81:01
(Section 143 (1))

1. **Name of Company :** Company No: O -701 (C)
ONE CARIBBEAN MEDIA LIMITED

2. The 43rd, Annual Meeting of One Caribbean Media Limited to be held at Express House, 35-37 Independence Square, Port-of-Spain, on Friday April 29th, 2011 commencing at 10.00 a.m.

3. I/We ____
(BLOCK CAPITALS PLEASE)
of ____

shareholder/s in the above Company, appoint the Chairman of the Meeting or failing him,
____

of ____

to be my/our proxy to vote for me/us on my/our behalf at the above meeting and any adjournment thereof, in the same manner, to the same extent and with the same powers as if I/we was/were present at the said meeting as such adjournment or adjournments thereof and in respect of the resolutions listed below to vote in accordance with my/our instructions..

Signature/s
____

____

Dated this ____________________ day of ____________ 2011

Please indicate with an "X" in the spaces below and overleaf your instructions on how you wish your votes to be cast. Unless otherwise instructed, the proxy will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting.

Please consider Notes 1 to 3 below and overleaf for assistance to complete and deposit this Proxy Form.

Resolution		For	Against
1.	To adopt the Audited Financial Statements of the Company for the financial year ended December 31st, 2010.		
2.	In accordance with the By Laws Messrs. M. Carballo and J. Esau and Dr. G. Phillips retire by rotation and being eligible offer themselves for re-election for a term not later than the close of the third Annual Meeting of the shareholders following this re-election.		
3.	PricewaterhouseCoopers retire by rotation and being eligible offer themselves for re-election. To be proposed and seconded for reappointment as Auditors for ensuing year at a fee to be agreed by the Board.		

Proxy Form (continued)

Notes:

1. A shareholder may appoint a proxy of his/her own choice. If such an appointment is made, delete the words "the Chairman of the Meeting" from the Proxy Form and insert the name and address of the person-appointed proxy in the space provided and initial the alteration.

2. If the appointer is a corporation, the Proxy Form must be under its common seal or under the hand of an officer of the corporation or attorney duly authorized in that behalf.

3. A shareholder who is a body corporate may, in lieu of appointing a proxy, authorize an individual by resolution of its directors or governing body to represent it at this Annual Meeting.

4. In the case of joint shareholders, the names of all joint shareholders must be stated on the Proxy Form and all joint shareholders must sign the Proxy Form.

5. If the Proxy Form is returned without any indication as to how the person-appointed proxy shall vote, the proxy will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting.

6. To be valid, this Proxy Form must be completed and deposited with the Secretary of the Company at the Registers Office of the Company at the address below at least 48 hours before the time appointed for the Annual Meeting.

Return to: The Company Secretary
One Caribbean Media Limited
Express House
#35 Independence Square
Port-of-Spain

Notes

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