Financial Statements 2009

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 2009 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 related 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 2009, 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
22 March 2010

ONE CARIBBEAN MEDIA LIMITED
CONSOLIDATED BALANCE SHEET

(THESE FINANCIAL STATEMENTS ARE EXPRESSED IN TRINIDAD AND TOBAGO DOLLARS)

	Notes	31 December 2009 $'000	31 December 2008 $'000
ASSETS			
Non-current Assets			
Property, plant and equipment	6	235,829	229,232
Goodwill	7	244,427	245,986
Investments in associates	9	2,692	2,616
Financial assets	10	7,131	7,991
Retirement benefit asset	11	27,973	27,092
Prepayments		56	62
Deferred programming	12	22,346	25,392
Deferred tax assets	22	527	220
		540,981	538,591
Current Assets			
Inventories	13	21,343	36,619
Trade receivables	14	106,640	113,956
Sundry debtors and prepayments	15	28,206	24,345
Taxation recoverable		3,738	3,738
Due from affiliated companies	31	3,112	1,995
Cash and cash equivalents	16	153,508	116,032
		316,547	296,685
TOTAL ASSETS		**857,528**	**835,276**
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	17	384,073	384,073
Other reserves		36,614	36,220
Retained earnings		365,945	324,614
		786,632	744,907
Non-controlling interest	18	2,174	2,294
Unallocated shares in ESOP	19	(41,254)	(37,895)
TOTAL EQUITY		747,552	709,306
Non-current Liabilities			
Borrowings	20	2,747	4,596
Capital grant	21	43	76
Deferred tax liabilities	22	14,606	13,764
		17,396	18,436
Current Liabilities			
Accounts payable		42,091	57,666
Sundry creditors and accruals	23	37,660	37,252
Borrowings	20	3,337	2,805
Due to affiliated companies		-	147
Taxation payable		9,492	9,664
		92,580	107,534
TOTAL LIABILITIES		109,976	125,970
TOTAL EQUITY AND LIABILITIES		**857,528**	**835,276**

The notes on pages 31 to 58 are an integral part of these consolidated financial statements

On 12 March 2010, the Board of Directors of One Caribbean Media Limited authorised these financial statements for issue.

Director ____________ *Director* ____________

CONSOLIDATED INCOME STATEMENT

(THESE FINANCIAL STATEMENTS ARE EXPRESSED IN TRINIDAD AND TOBAGO DOLLARS)

	Notes	*Year ended 31 December* 2009 $'000	2008 $'000
Revenue		460,186	512,561
Cost of sales	25	(295,337)	(323,383)
Gross profit		**164,849**	**189,178**
Goodwill impairment	25	(1,559)	-
Administrative expenses	25	(65,040)	(66,874)
Marketing expenses	25	(3,196)	(5,456)
Operating profit		**95,054**	**116,848**
Dividend income		1,023	1,280
Interest income		5,954	3,657
Finance costs		(2,230)	(1,665)
Share of profits in associates	9	488	673
Profit before tax		**100,289**	**120,793**
Taxation	27	(25,613)	(31,036)
Profit for the year		**74,676**	**89,757**
Group profit:			
Attributable to non-controlling interest	18	(120)	127
Attributable to shareholders		74,796	89,630
		74,676	89,757
EARNINGS PER SHARE BASIC	28	**$1.23**	**$1.47**
EARNINGS PER SHARE FULLY DILUTED	28	**$1.22**	**$1.47**
EARNINGS PER SHARE INCLUSIVE OF ESOP SHARES	28	**$1.13**	**$1.35**

The notes on pages 31 to 58 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(THESE FINANCIAL STATEMENTS ARE EXPRESSED IN TRINIDAD AND TOBAGO DOLLARS)

	Year ended 31 December 2009 $'000	2008 $'000
Profit for the year	74,676	89,757
Other comprehensive income:		
Currency translation differences	1,318	(309)
Deferred taxation	15	15
Revaluation of investments	(860)	(545)
	75,149	**88,918**
Attributable to:		
- Non-controlling interest	(120)	127
- Shareholders	75,269	88,791
	75,149	**88,918**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(THESE FINANCIAL STATEMENTS ARE EXPRESSED IN TRINIDAD AND TOBAGO DOLLARS)

	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 2008	384,073	37,123	275,164	696,360	2,167	(25,929)	672,598
Total comprehensive income for the year	-	(903)	89,694	88,791	127	-	88,918
Transactions with owners							
Sale / allocation of shares	-	-	4,448	4,448	-	1,545	5,993
Repurchase of shares	-	-	-	-	-	(13,511)	(13,511)
Dividends	-	-	(44,692)	(44,692)	-	-	(44,692)
Total transactions with owners	-	-	(40,244)	(40,244)	-	(11,966)	(52,210)
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	-	394	74,875	75,269	(120)	-	75,149
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 31 December 2009	**384,073**	**36,614**	**365,945**	**786,632**	**2,174**	**(41,254)**	**747,552**

The notes on pages 31 to 58 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 2009 $'000	31 December 2008 $'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		100,289	120,793
Adjustment to reconcile profit to net cash from operating activities :			
Depreciation	6	13,924	13,766
Amortisation of capital grant	21	(33)	(11)
Interest income		(5,954)	(3,657)
Finance costs		2,230	1,665
Dividend income		(1,023)	(1,280)
Goodwill impairment	7	1,559	-
Profit on disposal of property, plant and equipment		(26)	(6,272)
Share of profits in associates	9	(488)	(673)
Allocation of ESOP shares		5,915	5,430
Net change in retirement benefit asset		(881)	(2,291)
Net change in operating assets and liabilities	29	5,739	(8,648)
		121,251	118,822
Interest paid		(1,277)	(899)
Taxation payments		(25,139)	(29,839)
Net cash inflow from operating activities		94,835	88,084
INVESTING ACTIVITIES			
Cash outflow arising on business combination		-	(1,077)
Purchase of property, plant and equipment	6	(20,521)	(20,153)
Repurchase of ESOP shares		(5,715)	(13,511)
Investment in associates		294	-
Interest received		5,954	3,657
Dividend received		1,023	1,280
Proceeds from disposal of property, plant and equipment		26	21,219
Net cash outflow from investing activities		(18,939)	(8,585)
FINANCING ACTIVITIES			
Loan repayments		(1,779)	(6,379)
Dividends paid		(37,103)	(44,692)
Net cash outflow from financing activities		(38,882)	(51,071)
NET CASH INFLOW FOR THE YEAR		37,014	28,428
CASH AND CASH EQUIVALENTS			
at beginning of the year		114,676	86,248
at end of year		**151,690**	**114,676**
REPRESENTED BY:			
Cash and cash equivalents	16	153,508	116,032
Bank overdrafts		(1,818)	(1,356)
		151,690	**114,676**

The notes on pages 31 to 58 are an integral part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
YEAR ENDED 31 DECEMBER 2009

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 at Express House 35-37 Independence Square, Port of Spain.

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

The 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 and available-for-sale financial assets.

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 3.

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 2009:

- IFRS 7 'Financial instruments – Disclosures' (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

- IAS 1 (revised). 'Presentation of financial statements' – effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

- IFRS 2 (amendment), 'Share-based payment' (effective 1 January 2009) deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group has adopted IFRS 2 (amendment) from 1 January 2009. The amendment does not have a material impact on the Group's financial statements.

2.1 Basis of preparation (continued)
Changes in accounting policy and disclosures (continued)
(a) New and amended standards adopted by the Group (continued)

- In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009, the Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group previously recognised all borrowing costs as an expense immediately. This change in accounting policy was due to the adoption of IAS 23, 'Borrowing costs' (2007) in accordance with the transition provisions of the standard; comparative figures have not been restated. The change in accounting policy had no material impact on earnings per share.

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

(b) 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 2010 or later periods, but the Group has not early adopted them:

- IAS 27 (revised), 'Consolidated and separate financial statements', (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in income statement. The Group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 January 2010.

- IFRS 3 (revised), 'Business combinations' (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

- IAS 38 (amendment), 'Intangible Assets'. The Group will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

- IAS 1 (amendment), 'Presentation of financial statements'. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Group will apply IAS (amendment) from 1 January 2010.

2.1 Basis of preparation (continued)
Changes in accounting policy and disclosures (continued)
(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group: (continued)

- IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009). The interpretation is part of the IASB's annual improvements project published in April 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The Group will apply IFRIC17 from 1 January 2010. It is not expected to have a material impact on the Group's financial statements.

- IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The Group will apply IFRS 5 (amendment) from 1 January 2010. It is not expected to have a material impact on the Group's financial statements.

- IFRS 2 (amendments), 'Group cash-settled and share-based payment transactions'. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. 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 but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(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. Purchases from non-controlling interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

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. 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 all locating 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 deduction in 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 charged to 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 presentation currency.

(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 translation 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 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 income statement 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2009

Foreign currencies (continued)

(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 revaluation and 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 buildings	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 / reducing balance	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.

2.7 Property, plant and equipment (continued)

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 revaluation and other reserves relating to that asset are transferred to retained earnings.

2.8 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. Good will on acquisitions of subsidiaries is included in 'intangible assets'. 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.

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.

(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 income statement. 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 using the effective interest method.

2.10 Financial assets (continued)

(i) Available-for-sale (continued)

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 equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'. 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 current 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 income statement – 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 and other receivables' and 'cash and cash equivalents' in the balance sheet.

2.11 Pension obligations

The Group operates a defined benefit plan, 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 liability recognised in the balance sheet in respect of defined benefit pension plans is 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2009

2.12 Deferred programming

Deferred programming represents programming contracted but not yet broadcast.
The cost of programmes is expensed as they are broadcast. 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 initially at fair value and subsequently measured at amortised cost using the effective interest method, 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.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid,including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in equity attributable to the Company's equity holders.

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 grant

Grants relating to property and equipment donated to the Group are deferred and recognised into income 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 statement.
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.

2.20 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinarycourse 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 initially at fair value and subsequently measured at amortised costusing the effective interest method.

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 goodsand 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. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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 Company's 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.

2.25 Comparatives

Comparative figures have been adjusted where necessary to conform to changes in presentation in the current year.

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 $157,753 (2008 - $242,138) 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.

3 Financial risk management (continued)

(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.

	Less than 1 year $'000	**More than 1 year** $'000
At 31 December 2009		
Borrowings	1,663	3,013
Accounts payable	42,091	-
Sundry creditors and accruals	37,660	-
At 31 December 2008		
Borrowings	2,805	4,596
Accounts payable	57,666	-
Sundry creditors and accruals	37,252	-

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.

The amounts disclosed in the table are the contractual undiscounted cash flows.

	2009 $'000	2008 $'000
Bank overdrafts	1,818	1,356
Short term borrowings	1,519	1,449
Long term borrowings	2,747	4,596
	6,084	7,401
Less:cash and cash equivalents	(153,508)	(116,032)
Net cash and cash equivalents	(147,424)	(108,631)
Total equity	747,552	709,306
Total capital	600,128	600,675
Gearing Ratio	NIL	NIL

3.3 Fair value estimation

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.

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.

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 recoverable amounts of cash-generating units have been determined based on estimated future cash flows and the estimated pre-tax discount rate.

For goodwill to become impaired (Note 7), the projected growth rates for revenue would have to fall to 0% from 5% for Caribbean Communications Company Limited and the discount factor would have to rise to 28% from 13.33%. With respect to The Nation Corporation the growth rate for revenue will have to fall to 0% from 5% and the discount factor would have to rise to 17% from 13.33%.

(ii) Income taxes

The Group is subject to income taxes in numerous jurisdictions. 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 $140,564 if unfavourable; or
– Decrease the income tax liability by $140,564 if favourable

4 Critical accounting estimates and assumptions (continued)

(iii) Performance incentives

The Group estimates performance incentives based on historical experience and other factors, including future events, that are believed to be reasonable under the circumstances.

A 1% increase in this provision would result in a charge to the income statement of $56,226 (2008- $141,980).

(iv) Pension benefits

The present value of the pension obligations depends on a 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.

(v) 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 for the year 2009 is as follows:

	31 December 2009			31 December 2008		
	Trinidad $'000	**Barbados $'000**	**Group $'000**	**Trinidad $'000**	**Barbados $'000**	**Group $'000**
Revenue	267,804	192,382	460,186	302,231	210,330	512,561
Operating profit	57,565	37,489	95,054	67,439	49,409	116,848
Dividend income	148	875	1,023	88	1,192	1,280
Interest income	2,715	3,239	5,954	1,231	2,426	3,657
Finance costs	(1,867)	(363)	(2,230)	(1,350)	(315)	(1,665)
Share of profits in associates	488	-	488	673	-	673
Profit before tax	**59,049**	**41,240**	**100,289**	**68,081**	**52,712**	**120,793**
Taxation	(15,338)	(10,275)	(25,613)	(19,115)	(11,921)	(31,036)
Profit for the year	**43,711**	**30,965**	**74,676**	**48,966**	**40,791**	**89,757**
Group profit:						
Attributable to non-controlling interest	(149)	29	(120)	63	64	127
Attributable to shareholders	43,860	30,936	74,796	48,903	40,727	89,630
	43,711	**30,965**	**74,676**	**48,966**	**40,791**	**89,757**

	31 December 2009			31 December 2008		
	Trinidad $'000	**Barbados $'000**	**Group $'000**	**Trinidad $'000**	**Barbados $'000**	**Group $'000**
Capital expenditure	11,095	9,426	20,521	13,929	6,224	20,153
Assets	611,653	245,875	857,528	603,389	231,887	835,276
Liabilities	78,023	31,953	109,976	87,147	38,823	125,970

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2009

6 Property, plant and equipment

	Freehold Property $'000	**Machinery & Equipment $'000**	**Total $'000**
At 1 January 2008			
Cost or valuation	172,253	22,531	394,784
Accumulated depreciation	(12,201)	(144,932)	(157,133)
Net book amount	160,052	77,599	237,651
Year ended 31 December 2008			
Opening net book amount	160,052	77,599	237,651
Acquisitions	-	140	140
Additions	2,011	18,142	20,153
Disposals	(14,680)	(266)	(14,946)
Depreciation charge	(1,679)	(12,087)	(13,766)
Closing net book amount	145,704	83,528	229,232
At 31 December 2008			
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

The Groups's land and buildings are carried at market value as determined by independent valuators between August 2005 and December 2009 and reviewed by the directors.

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

	2009 $'000	**2008 $'000**
At beginning of the year	45,230	59,578
Additions	3,027	2,011
Disposals	-	(14,680)
Depreciation	(1,885)	(1,679)
At end of the year	46,372	45,230

7 Goodwill

	2009 $'000	2008 $'000
At beginning of the year	245,986	244,427
Arising on business combination	-	1,559
Impairment	(1,559)	-
At end of the year	244,427	245,986

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

	2009	2008
The Nation Corporation - Barbados	206,431	206,431
Caribbean Communications Company Limited - Trinidad	37,996	37,996
Business Insight Limited - Trinidad	-	1,559
	244,427	245,986

The goodwill of Business Insight Limited is impaired and has been recognized as an impairment loss against goodwill of $1,558,853 in the income statement.

Impairment test for goodwill
Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to country of operation. The recoverable amount of the CGU is determined based on projections for a 5-year period.

The key assumptions used for value-in-use calculations are 5% growth rate based on 2010 budgets and 10% discount rate.

Management determines budgets based on historical performance and its assessment of the market. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect risks relating to the relevant territories.

8 Subsidiaries:

		% Holding 2009	% Holding 2008
(i)	Business Insight Limited (incorporated in Trinidad and Tobago)	100	100
(ii)	Caribbean Communications Company Limited (incorporated in Montserrat)	100	100
(iii)	Caribbean Communications Network Limited (incorporated in Trinidad and Tobago)	100	100
(iv)	CCN Television Limited (incorporated in Trinidad and Tobago)	100	100
(v)	Grenada Broadcasting Network Limited (incorporated in Grenada)	60	60
(vi)	Independent Publishing Company Limited (incorporated in Trinidad and Tobago)	100	100
(vii)	The Nation Corporation (incorporated in Barbados)	100	100
(viii)	Trinidad Express Newspapers Limited (incorporated in Trinidad and Tobago)	100	100

9 Investment in associates

	2009 $'000	2008 $'000
Beginning of the year	2,616	2,121
Share of profits in associates	488	673
Share of tax in associates	(118)	(178)
Dividend income from associates	(294)	-
End of the year	2,692	2,616

Cumberland Communications Limited is accounted for using the equity method. The 50% owned does not constitute control as this is a joint venture arrangement and therefore equity accounted for.

The Group's share of the results of its principal 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
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	
2008						
Tobago Newspapers Limited	Trinidad and Tobago	2,236	222	1,325	620	27%
Cumberland Communications Limited	Trinidad and Tobago	919	241	170	53	50%
		3,155	463	1,495	673	

10 Financial assets

	2009 $'000	2008 $'000
Available-for-sale		
- Quoted securities	5,280	6,138
- Unquoted securities	1,851	1,853
	7,131	7,991

	2009	2008
At beginning of year	7,991	8,536
Revaluation to equity	(860)	545)
At end of year	7,131	7,991

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:

	2009 $'000	2008 $'000
Currency		
TT$	999	999
BDS$	6,132	6,992
	7,131	7,991

11 Retirement benefit asset

The amounts recognised in the balance sheet are as follows:

	2009 $'000	2008 $'000
Fair value of plan assets	183,703	167,993
Present value of fund obligations	(161,002)	(140,283)
	22,701	27,710
Unrecognised actuarial gains	5,272	(618)
Asset to be recognised in the balance sheet	27,973	27,092

The amounts recognised in the income statement are as follows:

	2009	2008
Current service cost	6,949	6,192
Interest cost	12,165	11,006
Expected return on plan assets	(15,104)	(14,495)
Total included in staff costs	4,010	2,703

The actual return on the plans' assets is $11,625,603 (2008 – $12,909,398).

Movement in the asset recognised in the balance sheet:

	2009	2008
At beginning of the year	27,092	24,800
Total charge included in staff costs (Note 26)	(4,010)	(2,703)
Contributions paid	4,891	4,995
At end of the year	27,973	27,092

Movement in the fair value of the fund asset:

	2009	2008
At beginning of the year	167,993	152,865
Expected return on plan assets	14,111	13,007
Actuarial losses on assets	(1,157)	(416)
Contributions	8,121	7,994
Benefit payments	(5,365)	(5,457)
At end of the year	183,703	167,993

Movement in the present value of the fund obligation:

	2009	2008
At beginning of the year	140,283	128,371
Interest cost	12,165	11,006
Current service cost	10,034	9,230
Benefit payments	(5,365)	(5,457)
Actuarial losses / (gains) on obligation	3,885	(2,867)
At end of the year	161,002	140,283

11 Retirement benefit asset (continued)

The principal actuarial assumptions used are as follows:

	2009 Per annum	2008 Per annum
Discount rate	7.0%	8.4%
Expected rate of return on the plans' assets	7.0%	8.3%
Expected rate of salary increases	4.0%	4.6%
Expected rate of pension increases	1.5%	1.8%

Plan assets are comprised as follows:

	2009		2008	
	$'000	%	$'000	%
Bonds	79,420	43%	56,552	34%
Equity instruments	46,562	25%	52,550	31%
Other	27,758	15%	29,385	17%
Debt instruments	18,381	10%	17,770	11%
Property	11,582	7%	11,736	7%
	183,703	100%	167,993	100%

Plan assets include investments managed by Colonial Life Insurance Company Limited (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 overall level 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 2010 are $5,058,943.

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

	2009 $'000	2008 $'000	2007 $'000	2006 $'000	2005 $'000
At 31 December					
Fair Value of plan assets	183,703	167,993	152,865	138,760	47,874
Present value of defined benefit obligation	161,002	140,283	128,371	114,350	30,941
Surplus in the plan	22,701	27,710	24,494	24,410	16,933

12 Deferred programming

	2009 $'000	2008 $'000
Opening balance	37,927	42,372
New contracts	3,258	8,009
	41,185	50,381
Usage	(8,265)	(12,454)
	32,920	37,927
Current portion	(10,574)	(12,535)
Non-current portion	22,346	25,392

13 Inventories

	2009	2008
Newsprint and other raw materials	15,821	34,498
Spare parts and consumables	5,383	1,939
Goods held for resale	139	182
	21,343	36,619

The cost of inventories recognised as expense and included in 'cost of sales' amounted to $62,983,324 (2008 - $71,948,068)

14 Trade receivables

	2009 $'000	2008 $'000
Trade receivables	114,320	120,730
Less : provision for impairment	(7,680)	(6,774)
Trade receivables net	106,640	113,956

The fair value of trade receivables is represented by the net trade receivables above.

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

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

	2009 $'000	2008 $'000
Up to 30 days	45,361	38,341
Past due	61,279	75,615
	106,640	113,956

Of the past due amount, $38,364,962 was collected as at 10 February 2010.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2009

14 Trade receivables (continued)

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

	2009 $'000	2008 $'000
TT$	77,367	82,716
BDS$	29,273	31,240
	106,640	113,956

As of 31 December 2009, trade receivables of $61,278,531 (2008 - $75,614,850) 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 2009, trade receivables of $7,679,506 (2008 - $6,774,221) were impaired and provided for.

15 Sundry debtors and prepayments

	2009 $'000	2008 $'000
Deferred programming	32,920	37,927
Sundry debtors	14,072	9,701
Prepayments	3,615	2,171
	50,607	49,799
Less: non-current portion	(22,401)	(25,454)
	28,206	24,345

16 Cash and cash equivalents

	2009	2008
Cash at bank and in hand	20,662	30,901
Short-term bank deposits	132,846	85,131
	153,508	116,032

The effective interest rate on short-term bank deposits was 5% (2008 – 6%).

17 Share capital

Authorised

Unlimited number of ordinary shares of no par value

Issued and fully paid	2009 $'000	2008 $'000
66,215,683 shares of no par value	384,073	384,073

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

17 Share capital (continued)

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, no share options have been granted.

18 Non-controlling interest

	2009 $'000	2008 $'000
At beginning of the year	2,294	2,167
Share of net profit of subsidiary	(120)	127
At end of the year	2,174	2,294

19 Unallocated shares held by 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 Group 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 2009 the ESOP held 5,424,277 (2008 – 5,435,762) shares with a market value of $94,924,847 (2008 - $95,125,835).

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

	2009 No. of shares	2008 No. of shares
At beginning of the year	5,435,762	5,019,632
Sale of shares	-	(30,000)
Allocation to employees	(337,985)	(269,017)
Re-purchase from ex-employees	326,500	715,147
At end of the year	**5,424,277**	**5,435,762**

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 2009 the amount of shares held in trust by the ESOP for employees was 1,521,347 (2008 – 1,509,862).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2009

20 Borrowings

	2009 $'000	2008 $'000
Current		
Bank overdrafts and short term bank borrowings	3,337	2,805
Non-current		
Long term bank borrowings	2,747	4,596
Total borrowings	6,084	7,401

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.

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 all and singular 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 $304,164,460.

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% (2008 - 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$234,233.

iv) Property all risk insurance on buildings and equipment for EC$2,730,000.

21 Capital grant

	2009 $'000	2008 $'000
At beginning of the year	76	87
Amortisation	(33)	(11)
At end of the year	43	76

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 life of the assets.

22 Deferred taxation

Deferred taxes are calculated 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:

	2009 $'000	2008 $'000
At beginning of the year	13,544	11,275
Charged to consolidated income statement	535	2,284
Charged directly to equity	-	(15)
At end of the year	14,079	13,544

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:

	2009 $'000	2008 $'000
Deferred tax assets	(527)	(220)
Deferred tax liabilities	14,606	13,764
	14,079	13,544

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2009

22 Deferred taxation (continued)

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 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
Deferred tax assets / liabilities				
At 1 January 2008	5,145	6,239	(109)	11,275
Charged / (credited) to consolidated income statement	1,792	588	(96)	2,284
Charged directly to equity	-	-	(15)	(15)
At 31 December 2008	6,937	6,827	(220)	13,544

23 Sundry creditors and accruals

	2009 $'000	2008 $'000
Employee benefits	8,450	16,924
Libel	7,670	7,067
Commissions and fees	6,133	8,043
Other	15,407	5,218
	37,660	37,252

24 Dividend per share

A final dividend in respect of 2009 of 41 cents per share was approved on 12 March 2010 by the Board of Directors. This brings the total declared dividends for 2009 to 61 cents (2008 - 67 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 2010.

In 2009 the dividend paid was 61 cents per share (2008 - 73 cents).

25 Expense by nature

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

	2009 $'000	2008 $'000
Depreciation	13,924	13,766
Directors' remuneration	6,474	5,393
Profit on disposal of property, plant and equipment	(26)	(6,272)
Property expenses	4,876	5,567
Utilities	12,041	13,035
Inventories recognised as expense	62,983	71,948
Impairment charge for goodwill	1,559	-
Impairment charge for bad debts	1,638	2,313
Professional fees	8,266	12,003
Agency commissions	36,509	35,350
Licence fees and royalties	2,733	2,135
Advertising and promotion	3,196	5,456
Staff costs (Note 26)	130,377	141,419
Other expenses	80,582	93,600
	365,132	395,713

As disclosed in the consolidated income statement:

	2009 $'000	2008 $'000
Cost of sales	295,337	323,383
Goodwill impairment	1,559	-
Administrative expenses	65,040	66,874
Marketing expenses	3,196	5,456
	365,132	395,713

26 Staff costs

	2009 $'000	2008 $'000
Salaries and wages	126,367	138,716
Pension cost (Note 11)	4,010	2,703
	130,377	141,419
Number of employees	724	808

27 Taxation

	2009 $'000	2008 $'000
Current tax	24,961	28,574
Deferred tax	535	2,284
Share of tax in associates	117	178
	25,613	31,036

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

	2009 $'000	2008 $'000
Profit before taxation	100,289	120,793
Tax calculated at 25%	25,072	30,198
Effect of different tax rates in other countries	181	14
Expenses not deductible for tax purposes	1,152	906
Income not subject to tax	(747)	(1,894)
Tax allowances	(177)	(65)
Other permanent differences	(391)	1,390
	25,090	30,549
Green fund levy	270	285
Prior year underprovision	253	202
	25,613	31,036

28 Earnings per share

The calculation of basic earnings per share is on the Group profit attributable to shareholders of $74,795,680 (2008 - $89,629,979) and on the average number of shares of 60,811,475 (2008 – 60,969,321 exclusive of ESOP shares, during the year.

The calculation of the fully diluted earnings per share is based on the Group profit attributable to the shareholders as above and on the weighted average number of ordinary shares outstanding of 61,136,360 (2008 – 60,969,321 assuming conversion of all dilutive potential ordinary shares.

The calculation of earnings per share inclusive of ESOP shares is based on the Group profit attributable to the shareholders as above and on the average total number of shares of 66,215,683 in issue.

29 Net change in operating assets and liabilities

	2009 $'000	2008 $'000
Decrease / (increase) in inventories	15,276	16,834)
Decrease in trade and other receivables	5,389	1,200
(Decrease) / increase in payables	(15,575)	1,871
Increase in provisions	649	5,115
	5,739	(8,648)

30 Contingencies and commitments

i) Commitments

The Group has approved capital expenditure of $1,943,774 (2008- $2,341,665).

ii) Guarantees and bonds	3,845	3,254

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 2009.
The Group's estimated liability in respect of these claims is $7,670,686 (2008 - $7,067,113), which has been provided for in these financial statements.

iv) Operating lease commitments

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

	2009 $'000	**2008 $'000**
Not later than 1 year	982	1,180
Later than 1 year and not later than 5 years	1,079	2,373
	2,061	3,553

31 Related party transactions

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

	2009 $'000	**2008 $'000**
Colonial Life Insurance Co Limited		
Advertising Sales	1,237	7,728
Purchase of services	1,632	1,631

(ii) Key management compensation

Directors' remuneration	6,353	5,332
Other management salaries and short-term employee benefits	9,532	13,639

(iii) Due from affiliates 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.

Notice Of Meeting

To All Stockholders:

Notice is hereby given that the 42nd Annual Meeting of One Caribbean Media Limited will be held at Express House, 35-37 Independence Square, Port-of-Spain, on Friday April 30, 2010 at 10.00 a.m.

Agenda

1. To adopt the Auditors' Report, Financial Statements and Directors' Report for the year ended December 31, 2009.
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 6, 2010

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

Notes:

1. In accordance with the By Laws Sir F. Gollop, Mr. H. Hoyte and Mrs. Dawn Thomas 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

The Secretary
One Caribbean Media Limited
Express House
35-37 Independence Square
PORT OF SPAIN

ONE CARIBBEAN MEDIA LIMITED
COMPANY NO. O -701 (C)

The 42nd Annual Meeting to be held at Express House, 35-37 Independence Square, Port-of-Spain, on Friday April 30, 2010 commencing at 10.00 a.m. and any adjournment thereof.

I/We (Block Capitals please) ....

of ....shareholders in

the above Company, appoint the Chairman of the Meeting or failing him, being a member/members of One Caribbean Media Limited

....of .... as 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 were present at the said meeting as such adjournment or adjournments thereof.

------------------------------------ ----------------------------

Signature of Member/Members Date