ONE CARIBBEAN MEDIA LIMITED

ASPIRATION STATEMENT

To be the leading regional corporation with global reach serving as the most credible and authoritative source of news, information and entertainment in and of the Caribbean.

To take the leadership role in the development of the media industry by:

- Zealously guarding and promoting the Freedom of the Press/media
- Observing and promoting the highest professional standards.
- Providing training and development opportunities for media personnel.

To be the major rights acquirer for content relevant to the Caribbean.

To be the employer of choice.

To create value for our shareholders.

To take a leadership role in corporate social responsibility initiatives in the region.

CONTENTS

DESIGN, LAYOUT, PHOTOGRAPHY

Express Production House

PRINTED BY

Caribbean Paper and Printed Products(1993) Limited

ONE CARIBBEAN MEDIA LIMITED

CORPORATE INFORMATION

HEAD OFFICE
Express House
35 Independence Square, Port-of-Spain, Trinidad and Tobago.
Tel. 868-623-1711-8, 868-627-8806 Fax. 868-627-2721

SECRETARY
John Lum Young
35 Independence Square, Port-of-Spain, Trinidad and Tobago.

REGISTRAR
The Trinidad and Tobago Central Securities Depository Ltd.
10th Floor, Nicholas Towers, 63 - 65, Indepedence Square,
Port of Spain, Trinidad and Tobago.

ATTORNEYS-AT-LAW
Tajmool Hosein, Q.C.
Faarees Hosein
Juris Chambers, 39 Richmond Street, Port-of-Spain,
Trinidad and Tobago.

Sir H. deB. Forde, Q.C.
Juris Chambers, Parker House, Wildey, St. Michael, Barbados.

Carrington & Sealy
Cor. Belmont House, Belmont Road, St Michael, Barbados.

AUDITORS
PricewaterhouseCoopers
11-13 Victoria Avenue, Port-of-Spain, Trinidad and Tobago.

NO. OF EMPLOYEES
808

CHAIRMAN'S STATEMENT

Sir Fred Gollop Q.C.

I am pleased to report that in 2008 the OCM Group achieved profit attributable to shareholders of $89.6M (US$14.2M) marginally higher than the preceding year's $88.3M (US$14M). Profit before tax increased by $2.2M (US$0.4M) to $120.8M (US$19.2M) in 2008, a two (2) per cent increase.

Gross revenues grew from $482M (US$76.5M) in 2007 to $512M (US$81.3M) in 2008, an increase of six (6) per cent and the earnings per share - including ESOP shares - increased by two (2) per cent from $1.33 in 2007 to $1.35 in 2008.

This result was achieved despite the increasing difficulty in the global and regional environment which developed from the middle of the year. Our Group experienced substantial increases in newsprint and other costs and a marked slowdown in advertising revenue during the last quarter of 2008.

OCM's subsidiaries in Trinidad and Tobago and Barbados continued to hold their market leadership by retaining the confidence of readers, viewers and listeners. I am also pleased to report that the Grenada Broadcasting Network, The Wave in St. Lucia, and Gem Radio in the Leeward Islands maintained their market share during the period.

In 2008, OCM awarded its first two (2) scholarships, application for which was open to citizens of the English speaking Caribbean: the OCM Vernon Charles Scholarship for Entrepreneurship and the OCM Harold Hoyte Scholarship for Journalism.

One significant event during the year was the OCM "Salute to Excellence" at the Hyatt Regency Hotel in Port of Spain on the evening of October 23, 2008 when in the presence of His Excellency President George Maxwell Richards, we honoured three distinguished present and former **Express** journalists – David Renwick, Davan Maharaj and Keith Smith.

In June last we welcomed Dr. Terrence W. Farrell as our new Group CEO, following the retirement of Mr. Craig Reynald, to whom I paid tribute in my Statement last year.

In a distinguished career of over 30 years, Dr. Farrell has been a university lecturer, central banker, private sector executive and business consultant. He has brought a multiplicity of skills to his new position, which will involve not only transforming OCM into an even more significant Caribbean brand, but the further development of our regional initiative in media and related enterprises.

During the year Mrs. Vivian-Anne Gittens was appointed CEO of The Nation Group in Barbados in succession to Mr. Anthony Audain, a former OCM Board member. We thank Mr. Audain for his contribution and wish him well in the future.

In addition to the OCM Group CEO, Mrs. Gittens and Mrs. Dawn Thomas (CEO of CCN Limited) will be proposed for election to the Board at the upcoming Annual Meeting.

Mrs. Gittens joined the Nation Group some 16 years ago as Financial Controller and became head of the Nation's publishing division in 2006. Mrs Thomas spent 15 years with the Neal and Massy Group serving in various management capacities. Prior to her appointment to her present position in 2007, she was CEO of Tracmac Engineering Limited.

Your Directors have great pleasure in recommending the election of these executives to the Board and the re-election of Mr. Tracy Bazie and Mr. Carl Mack, who continue to make significant contributions to the strategic development of OCM.

My colleagues and I are under no illusions that the current year will bring its measure of challenges occasioned by the deteriorating economic environment. In the circumstances we will use our strong financial position to take advantage of opportunities and to deal with market uncertainty.

I wish, on behalf of the Board, and on my behalf, to express our gratitude to management and staff in our family of companies for their commitment and dedication and to our shareholders, advertisers and the public at large for their continuing support.

The Directors have agreed to a final dividend of forty-one (41) cents. This will bring the dividend declared for 2008 to sixty-seven (67) cents - (72 cents – 2007) and represents a distribution of fifty (50) per cent of earnings. Payment will be made on April 30, 2009.

The Annual Meeting will be held on Thursday, April 30, 2009 at
10 a.m. at Express House, 35 Independence Square,
Port of Spain.

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SIR FRED GOLLOP Q.C.
CHAIRMAN

GROUP CEO'S REPORT

Dr. Terrence W. Farrell

In the first three quarters of the year, revenue growth was a robust 13 per cent and profit after tax was 18 per cent higher than in the corresponding period in 2007. At that stage, the Group was poised to deliver results better than the previous year. However, as the global economic and financial systems began to melt down, oil and gas prices collapsed, tourism faltered, and uncertainty increased, there ensued a significant fall off in advertising revenues for the fourth quarter of 2008 across Group companies in all territories.

The dramatic slowdown in the fourth quarter resulted in revenue growth for the year of just 6.3 per cent. Expenses rose by 7.9 per cent driven by increases in Staff Costs (13 per cent), Other Expenses (18.2 per cent) and Agency Commissions (17.6 per cent). Across the Group the number of employees grew by 7 per cent from 755 to 808 in 2008. Operating Profit increased by just 1.2 per cent, while Profit Before Tax was higher by 1.9 per cent in 2008 from \$118.6 million (US\$18.8 million) in 2007 to \$120.8 million (US\$19.2 million). After-tax Profits were \$89.7 million (US\$14.2 million) compared to \$88.6 million (US\$14.1 million) in 2007.

Total assets of OCM grew by 4.4 per cent in 2008, owing mainly to a substantial increase of 22 per cent in Cash from \$95.2 million (US\$15.1 million) to \$116 million (US\$18.4 million). Receivables declined slightly year on year as our business units continued to focus on the management of receivables. Retained earnings stood at \$324.6 million (US\$51.5 million) compared to \$275.2 million (US\$43.7 million) in 2007, an increase of 18 per cent in the period.

Earnings per share (adjusted) of \$1.35 (US\$0.21) was more than the \$1.33 (US\$0.21) in 2007. In the context of the veritable collapse of the global media industry (see below) and recession in the developed countries from the middle of 2008, this was a creditable performance on the part of the OCM Group.

Notably however, the Barbados-based companies performed strongly in 2008 after the somewhat weak performance in 2007 which had been due to the disappointing Cricket World Cup in that year. Despite a negative campaign from the competition, the Nation Publishing company performed strongly, driving the 8.1 per cent increase in revenues of The Nation Corporation, which includes Starcom Network Inc. Operating Profit was higher by 29.3 per cent and Profit After Tax increased by 42 per cent. In contrast, the revenues of the Trinidad-based companies (which includes Grenada Broadcasting Network) grew by only 5.1 per cent in the year and Profit After Tax declined by 19 per cent.

Our companies continue to have strong market shares in all of the territories in which they operate. The acquisition of the Cumulus network at the end of 2007 has allowed the OCM group to be projected more fully into the Organisation of Eastern Caribbean States (OECS) through our Gem station which serves Montserrat, St. Kitts and Nevis and Antigua and Barbuda, and The Wave station which serves St. Lucia.

Organisational Changes

The opportunities for achieving synergies across the OCM Group have remained largely unexploited. Based on a growing appreciation of what could be achieved in cost savings mainly in the areas of information technology, human resources management, finance and printing operations. The Board approved the appointment of a Group executive team to provide support to the business units in these areas through the Group CEO. Appointments to the new positions were effected in August and September 2008 and the bios of the incumbents can be viewed on our website at www.onecaribbeanmedia.net/index.pl/hgroup.

Global and Regional Media Industry Developments

In the last six months the media industry, in particular the newspaper industry has come under significant strain. Several newspapers in the United States and the United Kingdom, some decades old, have been forced to close. The secular decline in the newspaper business in developed countries has combined with the cyclical downturn triggered by the financial crisis to force structural changes in that segment of the media business. Companies that are highly leveraged have been especially vulnerable.

While the television and cable segments have also experienced some decline, it has not been as traumatic as the newspaper segment. The shift to the Internet and New Media will in all likelihood continue to accelerate, though this shift will paradoxically increase the need for professional journalism.

Other Developments

Draft Broadcast Code in Trinidad and Tobago

OCM appreciates that from time to time the media will become the target of attempts to restrict or control it and we therefore need to be vigilant in the defence of an independent and commercially successful media industry in the democratic countries of our region. A Draft Broadcast Code has been under discussion through public consultations since July 2008 in Trinidad and Tobago. OCM which owns two broadcasting entities in that country – CCN TV6 and Hott 93.5FM – has provided comments on the Draft Code and the Revised Draft Code (see www.onecaribbeanmedia.net/Quicklinks). While we have no problem in principle with a Broadcast Code, we remain concerned about some of the provisions of the Draft Code and some critical omissions needed for its proper interpretation and implementation.

Salute to Excellence

In keeping with the long-standing tradition of our individual media entities to recognise excellence in journalism, OCM held its 'Salute to Excellence' award function, at which three outstanding journalists were honored. These were Messrs. Keith Smith, David Renwick and Davan Maharaj. The function was attended by His Excellency, George Maxwell Richards, President of the Republic of Trinidad and Tobago. In my remarks at that event, I had indicated that the "purpose of this function is to recognise their enduring achievements over a lifetime in a difficult and often thankless field of endeavour and to hold them and their work up to the gaze of those who come after them, to inspire young journalists to be as enterprising as David Renwick, as perceptive and sensitive as Davan Maharaj, and as prolific and popular as Keith Smith, and as passionate as all three."

Editorial Principles

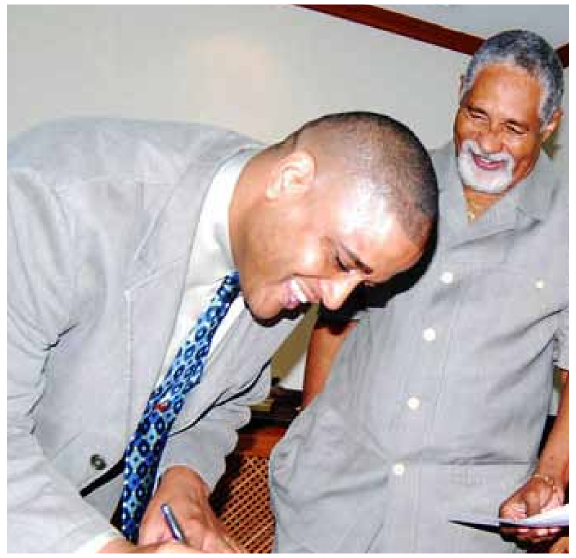
After a process of extensive consultation internally with our editors and heads of news and research on documents adopted by other media houses around the world, OCM published its own Editorial Principles and Operational Guidelines and rolled this document out to all our journalists and editors. The document is also available to the public on the OCM website (www.onecaribbeanmedia.net) and sets out the standards by which we hold ourselves accountable to the public and all stakeholders for the quality of our news reporting and for managing the issues which arise from time to time in the practice of responsible journalism. Needless to say, this document does not speak to the editorial stance or position of our media companies operating in their particular territories, and the boards of directors of those entities take full responsibility for the stance which those entities may take on domestic matters.

Appreciation

I would like to extend my own thanks to all the staff of OCM for the strong effort they have made to sustain the Group's performance in the light of the downdraft from the global and regional slowdown. Staff have responded with enthusiasm in meeting the challenges and their collective and unswerving determination to come through this patch stronger and better is reminiscent of the determination which the founders of the Express and The Nation displayed in the early years of the lives of these iconic Caribbean newspapers. I would also like to record my appreciation to our directors who have provided exceptional guidance, support and wisdom to me and the management team over the course of a challenging year.

Terrence W. Farrell
Group CEO

OCM'S SCHOLARSHIPS



Kwame Laurence receiving the OCM Harold Hoyte Scholarship for Journalism

Jason LaCorbiniere receiving the OCM Vernon Charles Scholarship for Entrepreneurship

OCM'S 'SALUTE TO EXCELLENCE'

Former and present EXPRESS journalist - Davan Maharaj, Keith Smith and David Renwick - being recognised for excellence in journalism

Trinidad Express Newspapers

The Express newspaper, which currently enjoys the market leadership position, had another successful year, achieving profitable growth despite the significant increases in raw material costs, chief among them newsprint costs.

During the year a number of initiatives were embarked upon which resulted in improvements in both productivity and cost efficiencies, contributing to this positive performance. The company also continued with its 'People Development' thrust with training investments being made in journalism, customer service, QHSE and supervision/leadership. Feedback received from the Employee Satisfaction Survey carried out earlier in the year was documented and was incorporated in the strategic planning process.

The first National Word Championship was launched in November, in partnership with CCN TV6 and First Citizens Bank. This initiative was highly successful with 96 schools and 1900 students participating nationwide. In the last quarter of the year, the Multi-Media Investigative desk was set-up as the Paper positioned itself to be able to produce the highest quality of investigative reporting.

The Company's Management Team recognizes that the newspaper industry faces tremendous challenges, and is actively involved in developing a business model to not only maintain its market leadership position, but to also ensure sustainable profitable growth.

CCN CEO Dawn Thomas congratulates Keegan Mahase of St Peter's Private Primary School as he displays his trophy after winning the Trinidad Express, First Citizens Bank and TV6 National Word Championships

CCN TV6 enjoys the market leadership position and was able to make a positive contribution to the Group's profitability despite the highly competitive landscape.

During the year, the station completed its Digital Upgrade and invested in the refurbishment of the News Set and Graphics. Significant progress was also made with the set-up of the station's new website which, when completed, will be highly interactive, entertaining and informative. TV6 News was able to break a number of major news stories and a special focus was placed on providing opportunities for our audience to air their views and opinions, giving it greater public ownership. This initiative has received positive feedback from the public and will be continued in 2009.

The station continued to lead the way with the best line-up of prime time programming. In August, the station carried exclusive coverage of the Beijing Olympics which allowed the public the opportunity to view our talented athletes compete live on the world stage. Given its current investments in Sporting Rights, which include Football World Cup 2010, ICC Championship Cup and Football U-20 World Cup, the station is well positioned to retain its reputation in the market as the 'Station for Sports'

The initiatives already undertaken by the station, along with projects in the pipeline, will support the station's goals to retain its market leadership and achieve profitable growth.

ReachCaribbean, established in 2005, is the Caribbean's premier and only dedicated Pan-Caribbean media agency. The company serves international and regional clients who want to book media advertising in any part of the English-Speaking Caribbean. We are the first and only operation of its kind in the region. By handling all of the media planning, bookings and post-buy media functions for clients, ReachCaribbean makes it quite simple and uncomplicated for advertisers to invest or invest more in the region's media.

Today, ReachCaribbean bills close to one million US dollars per annum and has a working relationship with over 150 media houses including magazine publishers, outdoor and other Out of Home (OOH) suppliers throughout the Caribbean. We are organised to book media as far north as Bermuda, as far south as Guyana, Aruba, Bonaire and Curacao and as far west as Belize. We extensively cover the Eastern Caribbean, Trinidad, Jamaica, Barbados, as well as the British and US Virgin Islands, the Caymans, Turks and Caicos, and even St. Barts. In 2008, we ventured towards the Hispanic Caribbean and Central America by extending our coverage of the Dominican Republic, Costa Rica, Panama, Puerto Rico and Cuba. Our ultimate goal is to cover all the major media read, watched and listened to by the Caribbean Diaspora in all the major cities around the world.

OCM'S BUSINESS UNITS (continued)

The Internet Express was launched five (5) years ago. According to Alexa.com, it is the most visited website in Trinidad & Tobago, and the second most visited site in the Caribbean.

The website serves local, regional and international advertising clients with banner and classified advertising. Readers can view the Express e-paper daily, inclusive of news, sports and features. Our weekly publications, namely Woman and Business Express are also available. In February 2009, the Trinidad Express Classifieds was uploaded to the site, making ***www.trinidadexpress.com*** the dominant internet-based classifieds in the Caribbean.

During 2008, hits (i.e. the number of times visitors have viewed a single page on a website) to the Internet Express site peaked at over 40 million per month, compared to an average of approximately 32 million hits in other years. Unique visitors (describes a unit of traffic to a website, counting each visitor only once and can be measured for static IP address) to the website have been fairly constant at 300,000 each month, from the USA, Canada and the Caribbean primarily.

The roots of Six Point Productions were spawned in 1991 when it supported CCN TV6 by delivering high quality video productions. In 2000, it emerged from the wings of CCN TV6 as an independent production entity with a mandate to develop, produce, market and distribute content for the domestic, regional and international markets.

Over the last 8 years, it has become one of the premier television production companies in Trinidad and Tobago, with a solid reputation throughout the Caribbean. The company has engaged in the full spectrum of video production activities, ranging from full-length feature films to multi-camera productions for live broadcasts, and packaged productions of varying genres and lengths.

In the past 16 years, Six Point has secured a number of *firsts* for the local television industry, including the first live broadcast of Trinidad and Tobago Carnival to the USA in 1993 via Pay-Per-View. Our productions have been broadcast on some of the premier regional and international television stations, including: CVM (Jamaica), CBC TV (Barbados), GBN (Grenada), RFO (Martinique), ZNS (Bahamas), Marpin TV (Dominica), ESPN (USA), Fox Sports (USA), Sky TV (UK) and SABC (South Africa). Major projects have included The Story Shop (series for children), The Mighty Sparrow, Dis is Mas/Dis is Pan (documentaries), Digicel Caribbean Cup (live) and Great Race (sports), Joebell in America and Ghost of Hing King Estate (feature films).

In 2008, GBN recorded an improvement in Net Revenue of 4.5% over the previous year.

The Company, which comprises 2 radio stations and a television station, continues to lead the market by a huge margin for its television audience. It is working assiduously to ensure that we maintain our audience and client base. Our 2 radio stations, Klassic AM and Hott FM 98.5 & 105.5, remain within the top 3 stations in Grenada, as confirmed by the independent Systematic Media Survey. This positions us as the best option for investing in advertising in the Grenadian market.

During the year, GBN as part of OCM's Caribbean Media Network (CMN), began working with other Group member companies on numerous projects to ensure that we create, foster, grow and capitalize on synergies that are identified.

CARIBBEAN COMMUNICATIONS COMPANY

2008 was the first full year for Caribbean Communications Company Limited (CCC) as a member of the OCM Group.

The Company was acquired on November 21, 2007 and currently manages 3 dominant radio stations in the Trinidad and Tobago, (Hott 93.5) St. Lucia (The Wave) and Antigua/Montserrat (Gem FM) markets. Overall, the Company has been operating successfully, performing better than 2007. In 2009, the equipment upgrade which started in 2008 will continue, with new transmission and studio equipment being installed in all the territories.

Hott 93.5 in Trinidad continues to be the main profit generator for the Company. The station leads in its niche market, the *Variety* format which, with a heavy dose of Top 40 music, caters to a young trendy, middle to upper socio-economic demographic. The Wave continues to turn a profit, albeit a smaller one than Hott, and is ranked in the top 3 stations in St. Lucia. It is however, considered to be St. Lucia's finest by many! The GEM Radio Network is back on board and it is anticipated that with astute management, it will contribute more revenue and profits to the Company.

In the highly competitive radio market in Barbados, with some 10 radio stations on the air, the stations of the Starcom Network have had the enviable position of being leaders, placing in the top 5 slots over the past 14 years.

In fact, so strong is the brand position that there have been times that our radio stations have made a clean sweep in the surveys – occupying the top 3 slots on many occasions. Almost 80% of Barbadians listen to, and interact with, the stations of the Network over the broadcast day. Each of the significant demographics of advertisers, and the society as a whole, are represented by the Network in a significant way. When the team in Barbados is linked up with the wider network of the Caribbean Media Network, (CMN), in St. Lucia, Antigua, Grenada and Trinidad and Tobago, this makes for a virtually unbeatable radio offering to our listeners and advertisers.

The Nation Publishing Co. Limited

The Nation Publishing Company Limited continued to dominate the newspaper market in Barbados in 2008. Both the advertising and circulation revenue for its daily editions grew appreciably over 2007, reinforcing its editorial leadership position.

This business unit made a creditable contribution to the overall Group's financial performance for the year with investments in The Nation's publications underpinning an all round successful 2008 corporate performance.

Our glossy, ***Better Health*** magazine, increased in circulation by 73.1%, compared to the previous year, demonstrating our readers' growing appreciation of the continued development of this product. During the year, another new glossy magazine, ***Ignition Plus***, was launched. This new publication caters to readers who are interested in all things motoring and is growing in popularity. Further improvements to ***The Nation's Primary Schools' Workbook*** also led to a significant increase in the circulation of this publication.

The Company's website, ***www.nationnews.com,*** continues to enjoy the position of being the most visited Barbados website.

BUSINESS INSIGHT LIMITED

Business Insight delivers Strategy Consulting Services to our clients in the Caribbean regionincluding facilitation sessions, competitive market analysis, evolving strategic options, and the implementation and operationalisation of strategic plans.

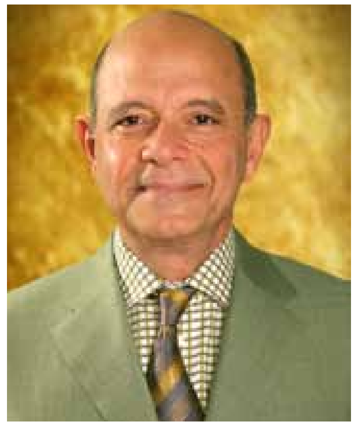
Business Insight in fact provides the most comprehensive economic, financial, and political coverage of the Caribbean region, as well as analyses of the industries operating in the region, from Energy and Tourism to Manufacturing and Financial Services.

BOARD OF DIRECTORS

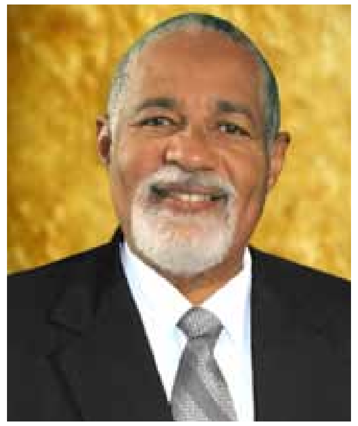
Sir Fred Gollop
(CHAIRMAN)

Dr. Terrence W. Farrell
(GROUP CEO)

Mrs. Vivian-Anne Gittens



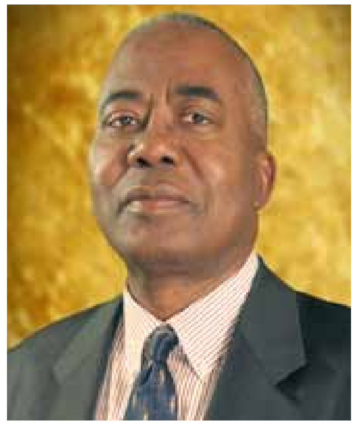
Mr. Joseph Esau



Mr. Harold Hoyte

Mr. Michael Carballo

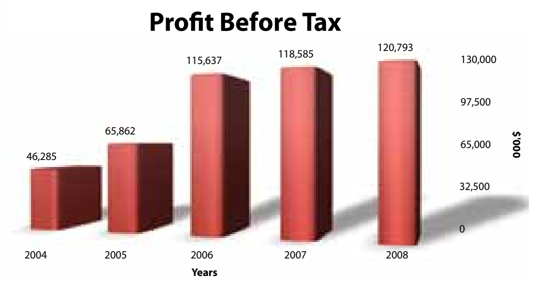
Mr. Carl Mack

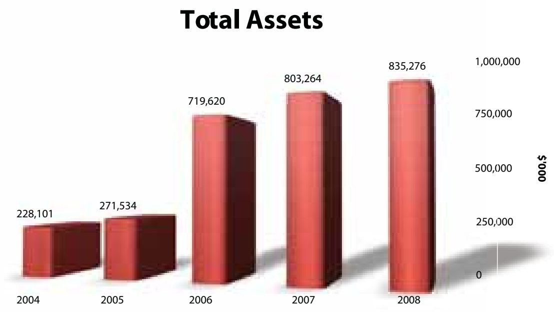


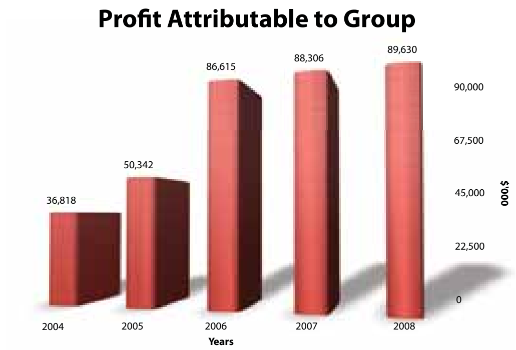
Mr. Tracey Bazie

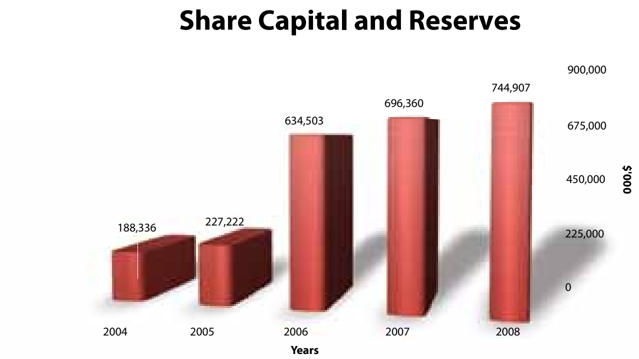
Dr. Grenville Phillips

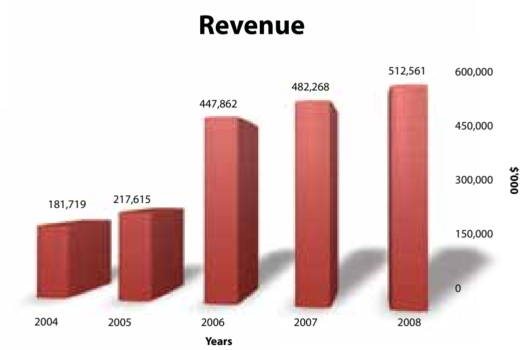
GROUP FINANCIAL HIGHLIGHTS

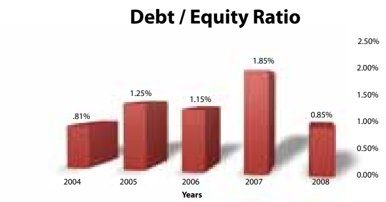


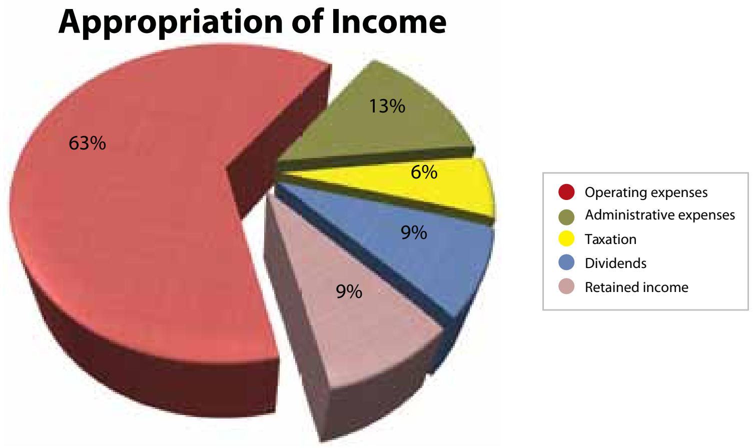












DIRECTORS' REPORT

The Directors take pleasure in submitting the Report and audited Financial Statements for the year ended December 31, 2008.

Financial Results

	2008 $'000	2007 $'000
Profit before tax	120, 793	118, 585
Taxation	(31, 036)	(30,010)
Profit for the year	89, 757	88,575
Group profit:		
Attributable to minority interest	127	269
Attributable to shareholders	89,630	88,306
	89, 757	88, 575
Earnings per share basic	$ 1.47	$1.44
Earnings per share fully diluted	$ 1.47	$1.44
Earnings per share inclusive of ESOP Shares	$ 1.35	$1.33

Notes:

(a) Directors

During the year under review Messrs. C. Reynald and A. Audain retired from the Board.

In accordance with the By Laws Messrs. T Bazie and C. Mack 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 Shareholders following this re-election.

During the year under review Dr. T. W. Farrell and Mrs. V-A. Gittens were appointed and retire in accordance with the By Laws and being eligible offer themselves for re-election for a term not later than the close of the third Annual Meeting of Shareholders following this re-election.

Mrs. D. Thomas being eligible offers herself for election for a term not later than the close of the first Annual Meeting of Shareholders following this election.

(b) Auditors

The Auditors, PricewaterhouseCoopers retire by rotation and being eligible offer themselves for re-election.

By Order of the Board

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John Lum Young
Company Secretary

DIRECTORS' INTEREST

The interests of the Directors holding office at the end of the financial year in the ordinary shares of the Company were as follows:

Ordinary Shares	**Direct Interest**	**Indirect Interest**
T. W. Farrell	30,000	-
M. Carballo	-	-
V-A Gittens	9, 421	-
C. Mack	205,763	-
Sir F. Gollop	60,000	5,826,064
T. Bazie	-	-
J. Esau	-	-
H. Hoyte	72,689	2,831,209
G. Phillips	60,000	2,050,000

There were no beneficial interests attached to any shares registered in the names of Directors in the Company's subsidiaries, such shares being held by the Directors as nominees of the Company or its subsidiaries. At no time during or at the end of the financial year did any Director have any material interest in any contract or arrangement in relation to the business of the Company or any of its subsidiaries.

Substantial Interests

Ordinary Shares

Colonial Life Insurance Co. (Trinidad) Ltd.	15,289,917
CCN Group Employees Share Ownership Plan	6,945,624

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

ONE CARIBBEAN MEDIA LIMITED

Financial Statements 2008

Independent Auditors' Report

TO THE SHAREHOLDERS OF ONE CARIBBEAN MEDIA LIMITED

Report on the consolidated financial statements
We have audited the accompanying consolidated financial statements of One Caribbean Media Limited which comprise the consolidated balance sheet as of 31 December 2008 and the consolidated income statement, 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(IFRS). 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 2008, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards(IFRS).

PricewaterhouseCoopers.

Port of Spain
Trinidad West Indies
March 27, 2009

CONSOLIDATED BALANCE SHEET

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

	Notes	31 December 2008 $'000	2007 $'000
ASSETS			
Non-current Assets			
Property, plant and equipment	6	229,232	237,651
Goodwill	7	245,986	244,427
Investments in associates	9	2,616	2,121
Financial assets	10	7,991	8,536
Retirement benefit asset	11	27,092	24,800
Prepayments		62	68
Deferred programming	12	25,392	29,270
Deferred tax assets	22	220	109
		538,591	546,982
Current Assets			
Inventories	13	36,619	19,785
Trade receivables	14	113,956	115,291
Sundry debtors and prepayments	15	24,345	22,232
Taxation recoverable		3,738	3,738
Due from affiliated companies		1,995	-
Cash and cash equivalents	16	116,032	95,236
		296,685	256,282
TOTAL ASSETS		**835,276**	**803,264**
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	17	384,073	384,073
Revaluation surplus		36,220	37,123
Retained earnings		324,614	275,164
		744,907	696,360
Minority interest	18	2,294	2,167
Unallocated shares in ESOP	19	(37,895)	(25,929)
TOTAL EQUITY		709,306	672,598
Non-current Liabilities			
Borrowings	20	4,596	9,703
Capital grant	21	76	87
Deferred tax liabilities	22	13,764	11,384
		18,436	21,174
Current Liabilities			
Accounts payable		57,666	55,782
Sundry creditors and accruals	23	37,252	30,917
Borrowings	20	2,805	11,708
Due to affiliated companies		147	159
Taxation payable		9,664	10,926
		107,534	109,492
TOTAL LIABILITIES		125,970	130,666
TOTAL EQUITY AND LIABILITIES		**835,276**	**803,264**

The notes on pages 26 to 51 are an integral part of these consolidated financial statements

On 13 March 2009, One Caribbean Media Limited's Board of Directors 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 2008 $'000	2007 $'000
Revenue		512,561	482,268
Cost of sales	25	(323,383)	(298,693)
Gross profit		**189,178**	**183,575**
Administrative expenses	25	(66,874)	(62,471)
Marketing expenses	25	(5,456)	(5,595)
Operating profit		**116,848**	**115,509**
Dividend income		1,280	52
Interest income		3,657	3,934
Finance costs		(1,665)	(1,393)
Share of profits in associates	9	673	483
Profit before tax		**120,793**	**118,585**
Taxation	27	(31,036)	(30,010)
Profit for the year		**89,757**	**88,575**
Group profit:			
Attributable to minority interest	18	127	269
Attributable to shareholders		89,630	88,306
		89,757	**88,575**
EARNINGS PER SHARE BASIC	28	**$ 1.47**	**$ 1.44**
EARNINGS PER SHARE FULLY DILUTED	28	**$ 1.47**	**$ 1.44**
EARNINGS PER SHARE INCLUSIVE OF ESOP SHARES	28	**$ 1.35**	**$ 1.33**

The notes on pages 26 to 51 are an integral part of these consolidated financial statements

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	Minority Interest $'000	Unallocated shares in ESOP $'000	Total Equity $'000
Balance at 1 January 2007	384,073	24,602	225,828	634,503	1,898	(23,542)	612,859
Sale / allocation of shares	-	-	4,929	4,929	-	1,584	6,513
Repurchase of shares	-	-	-	-	-	(3,971)	(3,971)
	-	-	4,929	4,929	-	(2,387)	2,542
Currency translation difference	-	665	-	665	-	-	665
Depreciation transfer - land and buildings	-	(43)	43	-	-	-	-
Revaluation of investments (Note 10)	-	265	-	265	-	-	265
Property revaluation	-	11,634	-	11,634	-	-	11,634
Net gain not recognised in the income statement	-	12,521	43	12,564	-	-	12,564
Dividend in total	-	-	(47,675)	(47,675)	-	-	(47,675)
Dividend to ESOP	-	-	3,733	3,733	-	-	3,733
Net dividend	-	-	(43,942)	(43,942)	-	-	(43,942)
Profit for the year	-	-	88,306	88,306	269	-	88,575
Balance at 31 December 2007	**384,073**	**37,123**	**275,164**	**696,360**	**2,167**	**(25,929)**	**672,598**
Balance at 1 January 2008	384,073	37,123	275,164	696,360	2,167	(25,929)	672,598
Sales / allocation of shares	-	-	4,448	4,448	-	1,545	5,993
Repurchase of shares	-	-	-	-	-	(13,511)	(13,511)
	-	-	4,448	4,448	-	(11,966)	(7,518)
Currency translation difference	-	(309)	-	(309)	-	-	(309)
Depreciation transfer - land and buildings	-	(64)	64	-	-	-	-
Deferred taxation (Note 22)	-	15	-	15	-	-	15
Revaluation of investments (Note 10)	-	(545)	-	(545)	-	-	(545)
Net gain not recognised in the income statement	-	(903)	64	(839)	-	-	(839)
Dividend in total	-	-	(48,442)	(48,442)	-	-	(48,442)
Dividend to ESOP	-	-	3,750	3,750	-	-	3,750
Net dividend	-	-	(44,692)	(44,692)	-	-	(44,692)
Profit for the year	-	-	89,630	89,630	127	-	89,757
Balance at 31 December 2008	**384,073**	**36,220**	**324,614**	**744,907**	**2,294**	**(37,895)**	**709,306**

The notes on pages 26 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 2008 $'000	31 December 2007 $'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		120,793	118,585
Adjustment to reconcile profit to net cash from operating activities:			
Depreciation	6	13,766	12,776
Amortisation of capital grant		(11)	(22)
Interest income		(3,657)	(3,934)
Finance costs		1,665	1,393
Dividend income		(1,280)	(52)
Profit on disposal of property, plant and equipment		(6,272)	(12)
Share of profits in associates	9	(673)	(483)
Allocation of ESOP shares	19	5,430	6,513
Net change in retirement benefit asset		(2,291)	(835)
Net change in operating assets and liabilities	29	(9,547)	(19,156)
		117,923	114,773
Taxation payments		(29,839)	(29,920)
Net cash inflows generated from operating activities		88,084	84,853
INVESTING ACTIVITIES			
Cash outflow arising on business combination	31	(1,077)	(39,712)
Purchase of property, plant and equipment		(20,153)	(47,046)
Repurchase of ESOP shares		(13,511)	(3,971)
Investment in financial assets		-	(119)
Interest received		3,657	3,934
Dividend received		1,280	52
Proceeds from disposal of property, plant and equipment		21,219	26
Net cash outflows used in investing activities		(8,585)	(86,836)
FINANCING ACTIVITIES			
Loan proceeds		-	7,746
Loan repayments		(6,379)	(2,346)
Dividends paid		(44,692)	(43,942)
Net cash outflows used in financing activities		(51,071)	(38,542)
NET CASH INFLOW / (OUTFLOW) FOR THE YEAR		28,428	(40,525)
CASH AND CASH EQUIVALENTS			
At beginning of the year		86,248	126,773
At end of the year		**114,676**	**86,248**
REPRESENTED BY:			
Cash and cash equivalents	16	116,032	95,236
Bank overdrafts		(1,356)	(8,988)
		114,676	**86,248**

The notes on pages 26 to 51 are an integral part of these consolidated financial statements

Notes to the 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 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). The statements have been prepared 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 policies. The main areas involving a higher degree of judgement and complexity are disclosed in note 4.

(i) Standards, amendments and interpretations effective in 2008

IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction', provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement.

IFRIC 11, 'IFRS 2 – Group treasury share transactions', provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies.

(ii) New standards and revised or amended standards that are not yet effective and have not been early adopted by the Group

The following new standards and revised or amended standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods.

- IFRS 8 'Operating Segments' (effective from 1 January 2009)
- IAS 1 (Revised) 'Presentation of Financial Statements' (effective from 1 January 2009)
- IFRS 3 (Revised) 'Business Combinations' (effective from 1 July 2009)
- IAS 27 (Amendment) 'Consolidated and Separate Financial Statement' (effective from 1 July 2009)
- IAS 28 (Amendment) 'Investments in associates' (and consequential amendments to IAS 32, 'Financial Instruments: Presentation' and IFRS 7 'Financial instruments: Disclosures') (effective from 1 January 2009)
- IAS 23 (Amendment) 'Borrowing Costs' (effective from 1 January 2009)

2.1 Basis of preparation (continued)

(ii) New standards and revised or amended standards that are not yet effective and have not been early adopted by the Group (continued)

- IAS 20 (Amendment) 'Accounting for government grants and disclosure of government assistance' (effective from 1 January 2009)

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.

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 minority 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 minority interests

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

Investments in associated undertakings are accounted for by the equity method of accounting. These are undertakings over which the Group has between 20% and 50% of the voting rights, and over which the Group exercises significant influence, but which it does not control. 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.

Equity accounting involves recognising in the income statement the Group's share of the associates' profit or loss for the year. The Group's interest in the associates is carried in the balance sheet at an amount that reflects its share of the net assets of the associates.

2.4 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

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 the Group's 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 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.

2.6 Foreign currencies (continued)

(iii) Group companies (continued)

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

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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 estimated 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.

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 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. Goodwill 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 Financial assets
The Group classifies its financial assets in the 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 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 using the effective interest method.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available -for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in equity. Changes in fair value of monetary and non-monetary securities classified as available-for-sale are recognized 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

Notes to the consolidated financial statements (continued)

2.9 Financial assets (continued)
***(i) Available-for-sale* (continued)**
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 and other receivables' (see Note 2.13) and 'cash and cash equivalents' (see Note 2.14) in the balance sheet.

2.10 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 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.

2.11 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.

2.12 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.

2.13 Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impariment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according

2.13 Trade receivables (continued)

to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recgonised in the income statement within 'cost of sales'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'cost of sales' in the income statement.

2.14 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.15 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.

2.16 Borrowings

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.17 Capital grant

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

2.18 Deferred income taxes

Deferred income tax is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

Under this method the Group is required to make provision for deferred income taxes on the revaluation of certain non-current assets and, in relation to an acquisition, on the difference between the fair values of the net assets acquired and their tax base.

2.18 Deferred income taxes (continued)

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.

2.19 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.

2.20 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. 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 (taking into account the effective yield on the asset) unless collectibility is in doubt
- Dividend income - when the Company's right to receive payment is established

2.21 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.

2.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's directors.

2.23 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, 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 $242,138 (2007 - $252,671) 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.

	Less than 1 year $'000	**More than 1 year $'000**
At 31 December 2008		
Borrowings	2,805	4,596
Accounts payable	48,832	8,834
At 31 December 2007		
Borrowings	11,708	9,703
Accounts payable	45,781	10,001

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.

Notes to the consolidated financial statements (continued)

3.2 Capital risk management (continued)

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.

	2008 $'000	**2007 $'000**
Bank overdrafts	1,356	8,988
Short term borrowings	1,449	2,720
Long term borrowings	4,596	9,703
	7,401	21,411
Less : cash and cash equivalents	(116,032)	(95,236)
Net cash and cash equivalents	(108,631)	(73,825)
Total equity	709,306	672,598
Total capital	600,675	598,773
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 The Nation Corporation, Caribbean Communications Company Limited and Business Insight Limited.

(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.

4 Critical accounting estimates and assumptions (continued)

(ii) Income taxes (continued)

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 $354,950 if unfavourable; or
- Decrease the income tax liability by $354,950 if favourable

(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 $141,980 (2007- $104,871).

(iv) Pension benefits
The present value of pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discout 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

The segment results are as follows:

	31 December 2008			31 December 2007		
	Trinidad $'000	**Barbados $'000**	**Group $'000**	**Trinidad $'000**	**Barbados $'000**	**Group $'000**
Revenue	302,231	210,330	512,561	287,693	194,575	482,268
Operating profit	67,439	49,409	116,848	77,284	38,225	115,509
Dividend income	88	1,192	1,280	52	-	52
Interest income	1,231	2,426	3,657	3,934	-	3,934
Finance costs	(1,350)	(315)	(1,665)	(695)	(698)	(1,393)
Share of profits in associate	673	-	673	483	-	483
Profit before tax	**68,081**	**52,712**	**120,793**	**81,058**	**37,527**	**118,585**
Taxation	(19,115)	(11,921)	(31,036)	(20,569)	(9,441)	(30,010)
Profit for the year	**48,966**	**40,791**	**89,757**	**60,489**	**28,086**	**88,575**
Group profit:						
Attributable to minority interest	63	64	127	199	70	269
Attributable to shareholders	48,903	40,727	89,630	60,290	28,016	88,306
	48,966	**40,791**	**89,757**	**60,489**	**28,086**	**88,575**

	31 December 2008			31 December 2007		
	Trinidad $'000	**Barbados $'000**	**Group $'000**	**Trinidad $'000**	**Barbados $'000**	**Group $'000**
Capital expenditure	13,929	6,224	20,153	30,518	16,528	47,046
Assets	603,389	231,887	835,276	551,294	251,970	803,264
Liabilities	87,147	38,823	125,970	90,569	40,097	130,666

6 Property, plant and equipment

	Freehold Property $'000	Machinery & Equipment $'000	Total $'000
At 1 January 2007			
Cost or valuation	149,945	183,565	333,510
Accumulated depreciation	(10,673)	(131,952)	(142,625)
Net book amount	139,272	51,613	190,885
Year ended 31 December 2007			
Opening net book amount	139,272	51,613	190,885
Revaluations	11,634	-	11,634
Acquisitions	132	744	876
Additions	10,542	36,504	47,046
Disposals	-	(14)	(14)
Depreciation charge	(1,528)	(11,248)	(12,776)
Closing net book amount	160,052	77,599	237,651
At 31 December 2007			
Cost or valuation	172,253	222,531	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

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:

	2008 $'000	2007 $'000
At beginning of the year	59,578	50,432
Additions	2,011	10,542
Aquisitions	-	132
Disposals	(14,680)	-
Depreciation	(1,679)	(1,528)
At end of the year	45,230	59,578

7 Goodwill

	2008 $'000	2007 $'000
At beginning of the year	244,427	206,431
Arising on business combination (Note 31)	1,559	37,996
At end of the year	245,986	244,427

A segment summary of the goodwill is as follows:

	2008	2007
The Nation Corporation - Barbados	206,431	206,431
Caribbean Communications Company Limited - Trinidad	37,996	37,996
Business Insight Limited - Trinidad	1,559	-
	245,986	244,427

Impairment test for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to country of operation and business segment. 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 2009 budgets and 15% discount rate.

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

8 Subsidiaries

	% holding 2008	2007
(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) 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 Investments in associates

	2008 $'000	2007 $'000
Beginning of the year	2,121	1,760
Share of profits in associates	673	483
Share of tax in associates	(178)	(122)
End of the year	2,616	2,121

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

	Country of incorporation	Country of Assets	Country of Liabilities	Country of Revenue	Profit before tax	% interest held
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	
2007						
Tobago Newspapers Limited	Trinidad and Tobago	1,799	375	990	425	27%
Cumberland Communications Limited	Trinidad and Tobago	827	188	170	58	50%
		2,626	563	1,160	483	

10 Financial assets

	2008 $'000	2007 $'000
Available-for-sale		
- Quoted securities	6,138	6,683
- Unquoted securities	1,853	1,853
	7,991	8,536
At beginning of year	8,536	8,152
Additions	-	119
Revaluation to equity	(545)	265
At end of year	7,991	8,536

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

Currency		
TT$	999	999
BDS$	6,992	7,537
	7,991	8,536

Notes to the consolidated financial statements (continued)

11 Retirement benefit asset

The amounts recognised in the balance sheet are as follows:

	2008 $'000	2007 $'000
Fair value of plan assets	167,993	152,865
Present value of fund obligations	(140,283)	(128,371)
	27,710	24,494
Unrecognised actuarial (losses)/gains	(618)	306
Asset to be recognised in the balance sheet	27,092	24,800

The amounts recognised in the income statement are as follows:

Current service cost	6,192	5,566
Interest cost	11,006	9,301
Expected return on plan assets	(14,495)	(11,000)
Total included in staff costs	2,703	3,867

The actual return on the plan's assets is $12,909,398 (2007 - $14,346,986).

Movement in the asset recognised in the balance sheet:

At beginning of the year	24,800	23,964
Total charge included in staff costs (Note 26)	(2,703)	(3,867)
Contributions paid	4,995	4,703
At end of the year	27,092	24,800

Movement in the fair value of fund asset:

At beginning of the year	152,865	139,322
Expected return on plan assets	13,007	10,849
Acturial (losses) / gains on assets	(416)	339
Contributions	7,994	13,328
Benefit payments	(5,457)	(10,973)
At end of the year	167,993	152,865

Movement in the present value of the fund obligation:

At beginning of the year	128,371	114,862
Interest cost	11,006	9,301
Current service cost	9,230	8,462
Liability transferred	-	5,766
Benefit payments	(5,457)	(10,973)
Acturial (gains) / losses on obligation	(2,867)	953
At end of the year	140,283	128,371

Notes to the consolidated financial statements (continued)

11 Retirement benefit asset (continued)

The principal actuarial assumptions used are as follows:

	2008 Per annum	2007 Per annum
Discount rate	8.4%	8.4%
Expected rate of return on the plan's assets	8.3%	8.4%
Expected rate of salary increases	4.6%	4.6%
Expected rate of pension increases	1.8%	1.9%

Plan assets are comprised as follows:

	2008		2007	
	$'000	%	$'000	%
Bonds	56,552	34%	48,773	32%
Equity instruments	52,550	31%	52,952	35%
Other	29,385	17%	23,015	15%
Debt instruments	17,770	11%	16,609	11%
Property	11,736	7%	11,516	7%
	167,993	100%	152,865	100%

Plan assets include investments managed by 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 2009 are $5,323,745.

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

	2008 $'000	2007 $'000	2006 $'000	2005 $'000	2004 $'000
At 31 December					
Fair value of plan assets	167,993	152,865	138,760	47,874	44,438
Present value of defined benefit obligation	140,283	128,371	114,350	30,941	26,170
Surplus in the plan	27,710	24,494	24,410	16,933	18,268

Notes to the consolidated financial statements (continued)

12 Deferred programming

	2008 $'000	2007 $'000
Opening balance	42,372	19,709
New contracts	8,009	34,602
	50,381	54,311
Usage	(12,454)	(11,939)
	37,927	42,372
Current portion included in prepayments (Note 15)	(12,535)	(13,102)
Non-current portion	25,392	29,270

13 Inventories

	2008	2007
Newsprint and other raw materials	34,498	18,121
Spare parts and consumables	1,939	1,482
Goods held for resale	182	182
	36,619	19,785

The cost of inventories recognised as expense and included in 'cost of sales' amounted to $71,948,068 (2007 - $76,741,646).

14 Trade receivables

	2008 $'000	2007 $'000
Trade receivables	120,730	121,019
Less: provision for impairment	(6,774)	(5,728)
Trade receivables net	113,956	115,291

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:

	2008 $'000	2007 $'000
Up to 30 days	38,341	27,128
Past due	75,615	88,163
	113,956	115,291

Of the past due amount, $27,726,415 was collected as at 6 February 2009.

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

	2008	2007
TT$	82,716	77,434
BDS$	31,240	37,857
	113,956	115,291

Notes to the consolidated financial statements (continued)

14 Trade receivables (continued)

As of 31 December 2008, trade receivables of $75,613,850 (2007 - $88,162,726) 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 2008, trade receivables of $6,774,221 (2007 - $5,727,836) were impaired and provided for.

15 Sundry debtors and prepayments

	2008 $'000	2007 $'000
Deferred programming	37,927	42,372
Sundry debtors	9,701	3,170
Prepayments	2,171	6,028
	49,799	51,570
	(25,454)	(29,338)
Less: non-current portion	24,345	22,232

16 Cash and cash equivalents

	2008	2007
Cash at bank and in hand	30,901	32,398
Short-term bank deposits	85,131	62,838
	116,032	95,236

The effective interest rate on short-term bank deposits was 6% (2007 - 6%).

17 Share capital

Authorised
Limited number of ordinary shares of no par value

Issued and fully paid

	2008	2007
66,215,683 shares of no par value	384,073	384,073

The shares in issue comprised 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, no share options have been granted.

Notes to the consolidated financial statements (continued)

18 Minority interest

	2008 $'000	2007 $'000
At beginning of the year	2,167	1,898
Share of net profit of subsidiary	127	269
At end of the year	2,294	2,167

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 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 2008 the ESOP held 5,435,762 (2007 – 5,019,632) shares with a market value of $95,125,835 (2007 - $89,299,253).

The movement in unallocated shares held by the ESOP is as follows:

	2008 No. of shares	2007 No. of shares
At beginning of the year	5,019,632	5,164,638
Sale of shares	(30,000)	-
Allocation to employees	(269,017)	(347,510)
Re-purchase from ex-employees	715,147	202,504
At end of the year	5,435,762	5,019,632

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 2008 the amount of shares held in trust by the ESOP for employees was 1,509,862 (2007 - 1,955,992).

20 Borrowings

	2008 $'000	2007 $'000
Current		
Bank overdrafts and short term bank borrowings	2,805	11,708
Non-current		
Long term bank borrowings	4,596	9,703
Total borrowings	7,401	21,411

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

Notes to the consolidated financial statements (continued)

20 Borrowings (continued)

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.

The short term borrowing is unsecured. The effective interest rate at the balance sheet date was 12.25% (2007 - 11.25%).

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$207,518.

(iv) Property all risk insurance on buildings and equipment for EC$4,300,000.

21 Capital grant

	2008 $'000	2007 $'000
At beginning of the year	87	109
Amortisation	(11)	(22)
At end of the year	76	87

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:

	2008 $'000	2007 $'000
At beginning of the year	11,275	10,887
Charged to consolidated income statement	2,284	388
Credited directly to equity	(15)	-
At end of the year	13,544	11,275

Notes to the consolidated financial statements (continued)

22 Deferred taxation (continued)

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:

	2008 $'000	2007 $'000
Deferred tax assets	(220)	(109)
Deferred tax liabilities	13,764	11,384
	13,544	11,275

Deferred tax assets and liabilities, deferred tax charge / (credit) in the consolidated income statement, and deferred tax credit in equity are charged / (credited) to the following items:

	Accelerated tax depreciation $'000	Retirement benefit asset $'000	Other $'000	Total $'000
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
Credited directly to equity	-	-	(15)	(15)
At 31 December 2008	6,937	6,827	(220)	13,544
Deferred tax assets / liabilities				
At 1 January 2007	5,130	5,986	(229)	10,887
Charged to consolidated income statement	15	253	120	388
At 31 December 2007	5,145	6,239	(109)	11,275

23 Sundry creditors and accruals

	2008 $'000	2007 $'000
Employee benefits	16,924	12,997
Libel	7,067	6,455
Commissions and fees	8,043	7,963
Other	5,218	3,502
	37,252	30,917

24 Dividend per share

A final dividend in respect of 2008 of 41 cents per share was approved on 13 March 2009 by the Board of Directors. This brings the total declared dividends for 2008 to 67 cents (2007 - 72 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 2009.

In 2008 the dividend paid was 73 cents per share (2007 - 72 cents).

25 Expense by nature

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

	2008 $'000	2007 $'000
Depreciation	13,766	12,776
Directors' remuneration	5,393	4,057
Profit on disposal of property, plant and equipment	(6,272)	(12)
Property expenses	5,567	5,245
Utilities	13,035	10,891
Inventories recognised as expenses	71,948	76,742
Impairment charge for bad debts	2,313	1,330
Professional fees	12,003	10,781
Agency commissions	35,350	30,063
Licence fees and royalties	2,135	4,892
Advertising and promotion	5,456	5,595
Staff costs (Note 26)	141,419	125,177
Other expenses	93,600	79,222
	395,713	366,759

As disclosed in the consolidated income statement:

	2008 $'000	2007 $'000
Cost of sales	323,383	298,693
Administrative expenses	66,874	62,471
Marketing expenses	5,456	5,595
	395,713	366,759

26 Staff costs

	2008 $'000	2007 $'000
Salaries and wages	138,716	121,310
Pension cost (Note 11)	2,703	3,867
	141,419	125,177
Number of employees	808	755

Notes to the consolidated financial statements (continued)

27 Taxation

	2008 $'000	2007 $'000
Current tax	28,574	29,500
Deferred tax	2,284	388
Share of tax in associates	178	122
	31,036	30,010

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:

	2008 $'000	2007 $'000
Profit before taxation	120,793	118,585
Tax calculated at 25%	30,198	29,647
Effect of different tax rates in other countries	14	(76)
Expenses not deductible for tax purposes	906	778
Income not subjected to tax	(1,894)	(170)
Tax allowances	(65)	(404)
Other permanent differences	1,390	(50)
	30,549	29,725
Green fund levy	285	285
Prior year underprovision	202	-
	31,036	30,010

28 Earnings per share

The calculation of basic earnings per share is on the Group profit attributable to shareholders of $89,629,979 (2007 - $88,306,578) and on the average number of shares of 60,969,321 (2007 - 61,130,071) exclusive of ESOP shares, during the year.

The calculation of the fully diluted earnings per share is based on the Group profit attributable to shareholders as above and on the weighted average number of ordinary shares outstanding of 60,969,321 (2007 - 61,169,140) assuming conversion of all dilutive potential ordinary shares - share options.

The calculation of earnings per share inclusive of ESOP shares is based on the Group profit attributable to 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

	2008 $'000	2007 $'000
Increase in inventories	(16,834)	(1,305)
Decrease / (increase) in trade receivables	1,200	(38,170)
Increase in accounts payable	1,871	22,652
Increase / (decrease) in sundry creditors and accruals	4,216	(2,333)
	(9,547)	(19,156)

Notes to the consolidated financial statements (continued)

30 Contingencies and commitments

i) Guarantees and bonds

	2008 $'000	2007 $'000
	3,254	3,254

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

ii) 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 2008. The Group's estimated liability in respect of these claims is $7,067,113 (2007 - $6,455,450), which has been provided for in these financial statements.

iii) Operating lease commitments

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

	2008 $'000	2007 $'000
Not later than 1 year	1,180	950
Later than 1 year and not later than 5 years	2,373	2,103
	3,553	3,053

31 Business combinations

On 1 August 2008, One Caribbean Media Limited acquired Business Insight Limited.

Details of net assets acquired and goodwill are as follows:

Acquisition cost	1,700
Fair value of net assets acquired	(141)
Goodwill (Note 7)	1,559

The assets and liabilities as of 1 August arising from the acquisition are as follows:

Non-current assets	140
Current assets	148
Current liabilities	(147)
Net assets acquired	141

The fair value and the acquiree's carrying amount are the same.

Notes to the consolidated financial statements (continued)

31 Business combinations (continued)

	2008 $'000
Purchase consideration settled in cash	1,137
Cash and cash equivalents arising on business combination	(60)
Cash outflow arising on business combination	1,077

32 Related party transactions

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

	2008 $'000	2007 $'000
Colonial Life Insurance Co Limited:		
Advertising Sales	7,728	4,177
Purchase of services	1,631	1,447

(ii) Key management compensation

	2008 $'000	2007 $'000
Directors' remuneration	5,332	4,057
Other management salaries and short-term employee benefits	13,639	13,647

NOTICE OF MEETING

To All Stockholders:

Notice is hereby given that the 41st Annual Meeting of One Caribbean Media Limited will be held at Express House, 35-37 Independence Square, Port of Spain, on Thursday April 30, 2009 at 10.00 a.m.

Agenda

1. To adopt the Auditors' Report, Financial Statements and Directors' Report for the year ended December 31, 2008.

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 3, 2009

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

Notes:

1. In accordance with the By Laws Messrs. T. Bazie and C. Mack 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. During the year under review Dr. T. W. Farrell and Mrs. V-A Gittens were appointed and retire in accordance with the By Laws 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 election.
   In accordance with the By Laws, Mrs. D Thomas, being eligible offers herself for election for a term not later than the close of the first Annual Meeting of the shareholders following this 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

The 41st Annual Meeting to be held at Express House, 35-37 Independence Square, Port of Spain, on Thursday April 30, 2009 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.

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Signature of Member/Members Date

NOTES