

# Aspiration Statement

1. 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.
2. 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.
3. To be the major rights acquirer for content relevant to the Caribbean.
4. To be the employer of choice.
5. To create value for our shareholders.
6. To take a leadership role in corporate social responsibility initiatives in the region.



# Contents

Corporate Information .....	3
Chairman’s Statement.....	4
Group CEO’s Report.....	6
Our People Our Future .....	8
Board of Directors .....	10
Group Financial Highlights .....	12
Directors’ Report.....	13
Directors’ and Senior Officers’ Interests .....	14
Independent Auditor’s Report.....	16
Consolidated Balance Sheet.....	17
Consolidated Income Statement.....	18
Consolidated Statement of Comprehensive Income .....	19
Consolidated Statement of Changes in Equity.....	19
Consolidated Cash Flow Statement.....	20
Notes to the Consolidated Financial Statements .....	21
Notice of Meeting .....	52
Proxy Form.....	53



# 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 Tower, 63 - 65 Independence 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**

772

# Chairman's Statement



*Sir Fred Gollop Q.C.*

The OCM Group of Companies produced satisfactory operating results in 2010 in the face of macro-economic challenges in our major markets.

Revenues across the Group increased by 3% from TT\$460M (US\$72M) in 2009 to TT\$474M (US\$74M) in 2010.

Operating profit of \$88.5M includes a provision of \$7.4M which reflects an impairment in available-for-sale investments. As a result, profit before tax and goodwill impairment of TT\$92.2M (US\$14.4M) was 9% below the TT\$101M (US\$15.9M) achieved in 2009.

In respect of goodwill, under current reporting standards, this intangible asset of TT\$244M (US\$38.1M) must be subjected to an annual valuation or impairment test. The Directors acknowledge that the trends in media technology and the use of internet-based media are already having an impact on paper-based media applications.

The Directors also took account of the present decline in profitability of the Nation Group owing to Barbados' current economic environment. Although this Group has brought and continues to bring significant benefit to OCM, having contributed 37 per cent to its revenue in a difficult year, this factor contributed to the Board's decision to adopt a conservative approach and write off the goodwill arising from the merger.

It should be noted that this write-off is a one-off, non-cash charge that has no impact on our operations or on OCM's ability to fund strategic investments and pay dividends.

In the Trinidad & Tobago market, according to the latest MFO survey commissioned by CCN, the **Express** remains the market leader in newspaper readership and **CCN TV6** maintains its dominance in television broadcasting. The position is similar in Barbados, based on the recent Systematic Marketing Services survey.

The **Nation** maintains an overwhelming lead in readership and **Starcom** stations enjoy more than 50% of total listenership, with two of its stations in the first and second positions.

Advertising revenue has been the main challenge in Barbados and the Eastern Caribbean and appropriate steps are being taken to restructure our businesses and contain expenses.

In October last, Directors and senior executives met in a strategic planning session in Barbados. The exercise began with a presentation on regional economies followed by a review of the media landscape (print, television, radio and digital platforms) and the impact of social media. As a result we have been able to refine OCM's strategic plan and reaffirm our mission as outlined in our Aspiration Statement.

In a few days, OCM will launch its Caribbean Super Station. This will take our vision of a pan Caribbean network one step closer to realisation. At the outset the network will serve Barbados, Grenada, St. Lucia, St Kitts-Nevis, Antigua, Montserrat and the British Virgin Islands. We expect to add additional stations at an early date.

Some four years ago we launched OCM scholarships in business studies and journalism. These awards, now made in alternate years, are open to applicants from across the English-speaking Caribbean. Our 2010 scholarship, in honour of Mr. Vernon Charles, the founder of the **Express** was awarded to Mr. Bex Williams of St. Vincent and the Grenadines from a field of 47 applicants. He is now pursuing a one-year master's degree in Business Studies at the University of Exeter in the UK. It is a condition of these scholarships that awardees return to their respective home countries to contribute to the future development of the Caribbean region.

The OCM Group continues to lend its assistance to several sporting, cultural and educational causes. These include the well established Express Children's Fund which supports at least one child in every government and government-assisted primary and secondary school in Trinidad & Tobago and the Healthy Lifestyles Project in Barbados.

Your Directors have every confidence that with appropriate strategic initiatives to which we are committed, the Group will continue to provide enhanced value for our readers, viewers, listeners, advertisers, employees and shareholders.

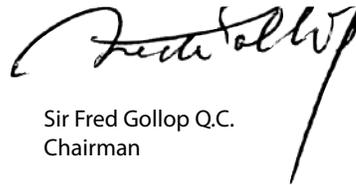
At the end of June 2010 Dr. Terrence Farrell resigned from the company to join a family-owned business. During his tenure Dr. Farrell provided valuable assistance in the enhancement of our strategic goals and initiatives which will continue to benefit OCM in the years ahead. We wish him well in his future endeavours.

Mrs. Dawn Thomas assumed office on January 1, 2011 as Chief Executive Officer of the OCM Group. After more than 15 years in senior executive positions with the Neal and Massy Group, Mrs. Thomas joined OCM in 2007 as CEO of our subsidiary, Caribbean Communications Network Limited. Her promotion, after only four years, reflects her success in that position and the high level of confidence which the Directors repose in her.

I thank our more than 700 employees in our family of companies for their unwavering commitment to delivering value for our stakeholders. I also record my appreciation to the Directors of our parent and subsidiary Boards who continue to provide wise counsel and sterling support in an increasingly challenging environment.

I am pleased to advise that the Directors have approved a final dividend of forty-one (41) cents per share, resulting in a total of sixty-one (61) cents for the year, the same as 2009. The dividend will be paid on April 30, 2011.

The Annual Meeting will be held on Friday April 29, 2011 at 10.00 a.m. at Express House, 35 Independence Square, Port-of-Spain.



Sir Fred Gollop Q.C.  
Chairman

# Group CEO's Report



*Mrs. Dawn Thomas*

The Group's performance was mixed across the territories in which it operates. The Trinidad based companies fared much better during the year as a result of the General Election and the investment made by CCN TV6 in the World Cup. The CCN Group which includes the Trinidad Express Newspaper and CCN TV6 had a particularly good year achieving revenue growth of 11% and growth in its Operating Profit of 29%. The performance of the other Group companies however continued to be negatively impacted by the slowdown in the global economy which has resulted in a decline in tourist arrivals and spend in the region.

The Group ended the year with a profit before goodwill impairment and taxation of \$92.2M which represents a 9% decline compared to its prior year performance. An after tax loss of \$179.7M was made as a result of the goodwill impairment of \$244.4M.

In 2010, independent market surveys have shown that our media companies continue to hold strong leadership positions in the territories in which they operate. We believe that our dominant market share along with the strategic adjustments planned will position the Group to deliver earnings growth.

## People Development

The OCM Group is very much committed to investing in the development of its people and to creating work environments that support high levels of employee engagement. In this regard, a number of training and developmental programs were executed throughout the Group. In Barbados, focus was placed on building a coaching culture and eleven senior managers were trained to the Six Sigma Green Belt level. Additionally,

training continued in the areas of supervisory management, digital journalism and industry software systems.

In Trinidad, newsroom staff including editors, sub-editors and journalists was exposed to customized training programs for the purpose of enhancing editorial output. In addition, a Management Development Program was developed in conjunction with the Arthur Lok Jack Graduate School of Business. This 18 month program was customized to meet the specific managerial needs of the organization and commenced in January 2011.

The OCM Group was one of the two major sponsors of the University of the West Indies Certificate in Journalism program which was launched in October 2010. This is a one year program which will assist in the development of professional journalism in the region.

We recognize that the media industry is changing rapidly as a result of new technologies and changing consumer behavior. As such, we will continue to invest in the development of our people to ensure that our team is equipped with the competencies and skills to craft and execute strategies for the organization that will enable us to deliver on stakeholder expectations.

### Customer Loyalty

The Group is operating in highly competitive environments and as such it is important that we build and nurture strong relationships with our customers.

In Trinidad, a 'Customer Care Naturally' program was launched to improve

customer service levels. Customer Satisfaction Surveys/Audits will be conducted on an ongoing basis. While in Barbados, the team is in the process of implementing an integrated Customer Relationship Management Program.

These initiatives Group-wide are geared towards the achievement of higher levels of customer satisfaction and better relationships.

### Digital Media

The Group continued to strengthen its digital media presence and capacity. Additional resources were recruited throughout the Group with the requisite training and experience to bolster the Group's progress in carving out a formidable presence on these new platforms. We recognize that our future growth and sustainability is linked to our ability to develop new business models that incorporate performance on these new media platforms. We were successful in 2010 in significantly growing our revenues from our websites and this trend is expected to continue with further investments and the roll out of new and engaging digital based initiatives. Both the Express and the Nation newspaper websites are the highest ranked local websites in Trinidad and Tobago and Barbados respectively. These websites regularly deliver breaking news and are now able to successfully offer live blogging, sports coverage, photo galleries, video reporting and a wide range of exciting digital content.

### Operational Excellence

Operational Excellence is a key strategic thrust for the Group. During the year investments were made in new technologies which facilitated the achievement of improved cost and process efficiencies in the areas of:

- Pre-press production
- Pressroom operations
- Editorial work flow

Additionally, a number of core processes were analysed and modified resulting in improved operational efficiencies.

Evaluation of other systems/processes is ongoing and solutions will be implemented in a timely manner that will yield even further improvements in the operational efficiency of the Group. We will also continue to maximise group synergies and implement best practices.

### Outlook

Despite the weak economic outlook for the region, I am confident that the Group's Strategic and Business Plans will position it to deliver earnings growth, higher levels of employee engagement and customer loyalty. We have a dedicated and experienced team who believes in the aspirations of our Group and is committed to meeting and exceeding our stakeholder expectations.



Mrs. Dawn Thomas  
Group Chief Executive Officer

# Our People Our Future



Increased emphasis was placed on developing a learning culture throughout the OCM Group, as we seek to position the organization's manpower to perform at optimum levels.

The sign-off of the Leadership Development Programme with The Arthur Lok Jack Graduate School of Business took place on 8th December 2010 in the OCM Boardroom. The first attendees are engaged in workshops from January 2011 to May 2012, including the development of an Action Learning

Project. This buzz amongst our leaders and potential leaders will no doubt serve to energize and provide a solid foundation for the organization.

A major step was also taken by CCN to make our various training and development systems more meaningful, focused and relevant with measured progression through job ranks.

The introduction of the National Training Agency project will re-engineer the progression system throughout the organization making it a more objective one, ensuring that



individuals are progressed based on evidenced skill and readiness for advancement.

Group Human Resources also initiated a voluntary training scheme entitled "Learn @ Lunch" in which subject matter experts are invited to share information. These 'brown-bag' sessions serve to impart knowledge to interested staff members on varying topics of interest.

During March 2010, eleven (11) senior managers of the Nation Publishing Co. Limited successfully

undertook Six Sigma Green Belt qualifications.

Subsequently, 3 major process improvement projects were launched across the plant. These projects are expected to deliver significant improvements in the cycle time for the most widely distributed edition of the newspaper, the Sunday Sun, and in the print quality of all editions by the first half of 2011.

# Board Of Directors



Sir Fred Gollop Q.C.  
(CHAIRMAN)



Mrs. Dawn Thomas  
(GROUP CEO)



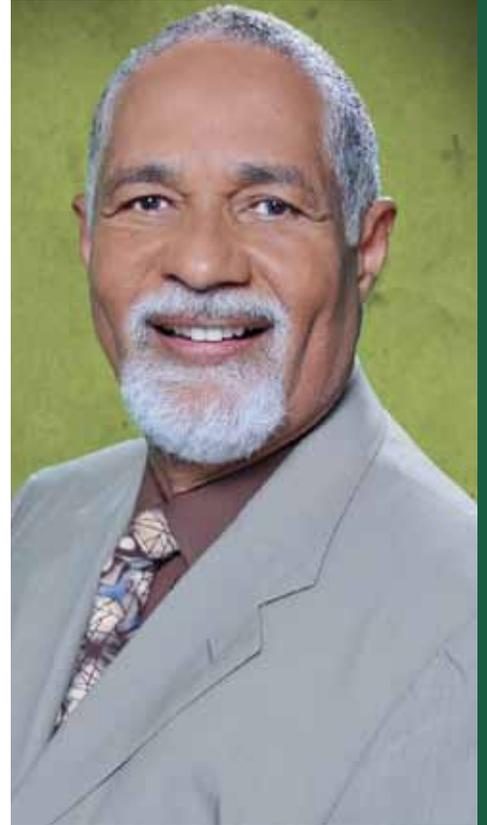
Mr. Michael Carballo



Mrs. Vivian-Anne Gittens



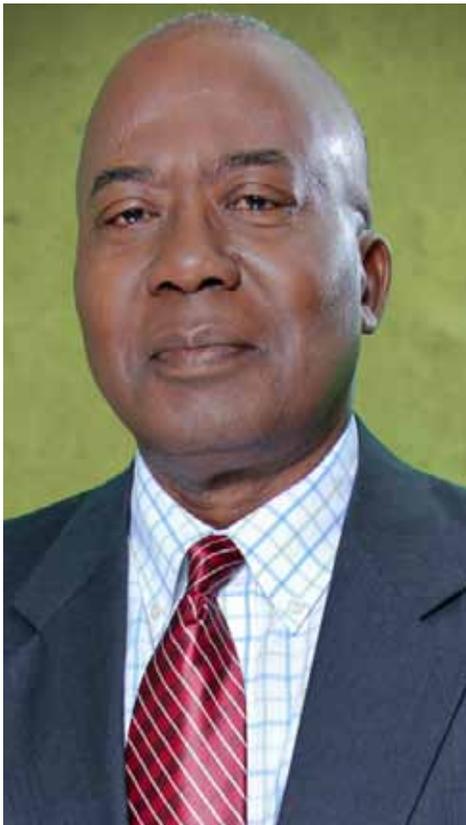
Mr. Joseph Esau



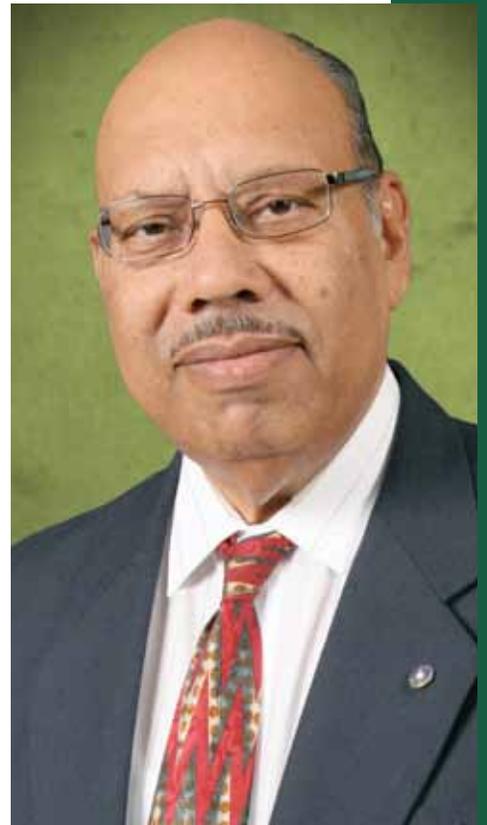
Mr. Harold Hoyte



Mr. Carl Mack



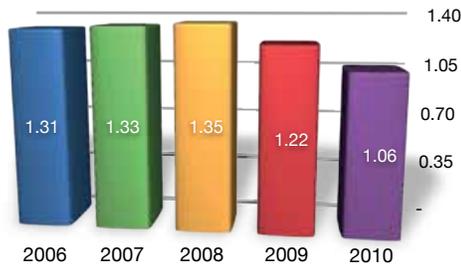
Mr. Tracey Bazie



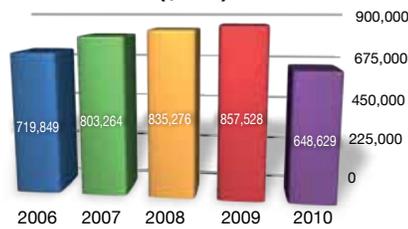
Dr. Grenville Phillips

# Group Financial Highlights

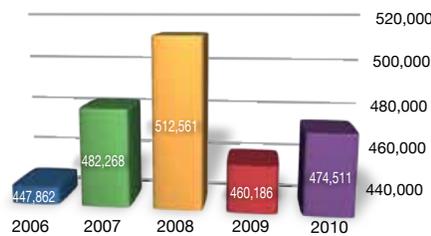
**Earnings per share excluding goodwill impairment (\$)**



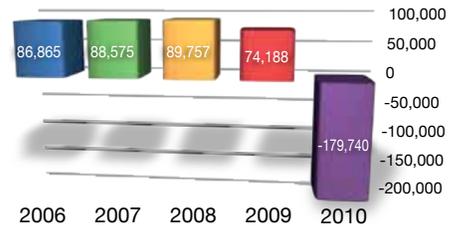
**Total assets (\$'000)**



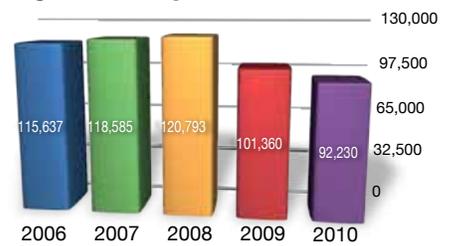
**Revenue**



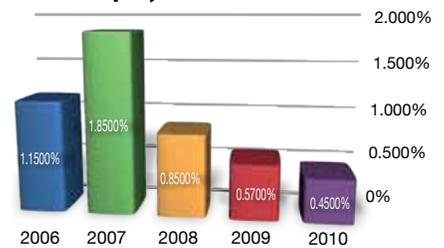
**Profit / (loss) attributable to Group (\$'000)**



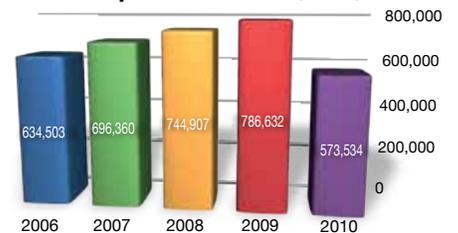
**Profit before taxation and goodwill impairment (\$'000)**



**Debt/Equity ratio**

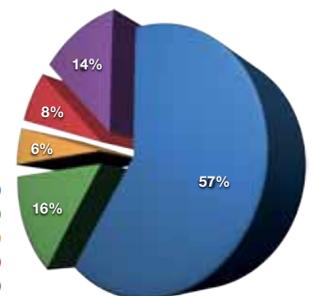


**Share capital and reserves (\$'000)**



**Appropriation of income before goodwill impairment:**

- Operating expenses
- Administrative expenses
- Taxation
- Dividends
- Retained income before goodwill impairment



# Directors' Report

The Directors take pleasure in submitting the Report and Audited Financial Statements for the year ended December 31st, 2010

## Financial Results

	<b>2010</b>	<b>2009</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit before goodwill impairment and taxation	92,230	101,360
Goodwill impairment	<u>(244,427)</u>	<u>(1,559)</u>
(Loss)/profit before tax	(152,197)	99,801
Taxation	<u>(27,543)</u>	<u>(25,613)</u>
(Loss)/profit after tax	<u>(179,740)</u>	<u>74,188</u>
Group (loss)/profit:		
Attributable to non-controlling interest	(738)	(120)
Attributable to shareholders	<u>(179,002)</u>	<u>74,308</u>
	<u>(179,740)</u>	<u>74,188</u>
Earnings per share exclusive of goodwill impairment	\$1.06	\$1.22
(Loss)/Earnings per share basic	(\$2.90)	\$1.22
(Loss)/Earnings per share fully diluted	(\$2.90)	\$1.22
(Loss)/Earnings per share inclusive of ESOP Shares	(\$2.67)	\$1.12

The Directors have declared a final dividend of \$0.41 per share for the year ended December 31st, 2010. An interim dividend of \$0.20 per share was paid on September 30th, 2010 making a total dividend on each share of \$0.61 (2009:\$0.61).

Notes:

### (a) Directors

In accordance with the By Laws, Messrs. M. Carballo and J. Esau and Dr. G. Phillips retire by rotation and being eligible offer themselves for re-election for a term not later than the close of the Third Annual Meeting of shareholders following this re-election.

### (b) Auditors

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

By Order of the Board

  
John Lum Young  
Company Secretary

# Directors' and Senior Officers' Interests

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

	<b>Direct Interest</b>	<b>Connected Persons</b>
M. Carballo	-	-
V-A. Gittens	2,000	205,668
C. Mack	205,763	-
F. Gollop	60,000	6,049,893
T. Bazie	-	-
J. Esau	-	-
H. Hoyte	2,500	2,584,898
G. Phillips	60,000	2,050,000
D. Thomas	-	-

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.

## Senior Officers

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

	<b>Direct Interest</b>	<b>Connected Persons</b>
D. Thomas	-	-
V-A. Gittens	2,000	205,668
V. Fernandes	752,638	335,000
J. Lum Young	170,500	-
R. Bolai	27,815	-

At no time during the current financial year has any Director or Officer been a party to a material contract with the Company or was materially interested in a contract or in a party to a material contract which was significant in relation to the Company's business.

## Substantial Interests/Largest Shareholders

The ten (10) largest shareholders in the Company as at the end of the financial year were as follows:-

Colonial Life Insurance Co. (Trinidad) Ltd.	15,289,917
CCN Group Employees Share Ownership Plan	6,975,624
Rebyn Limited	5,826,064
HH Investments Limited	2,581,398
Allan Batson Limited	2,500,000
Brentwood Corporation	2,050,000
Carlton K. Mack Limited	1,767,373
Athlyn Investments Limited	1,661,075
Dr. St. Elmo Thompson	1,615,572
Stephen Brathwaite	1,140,715