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COMPANY UPDATE

One Caribbean Media Limited (OCM)

	OCM
RECOMMENDATION	**BUY**
Current Price	**$20.00**
Running EPS	**$1.24**
Projected EPS	**$1.50**
P/E at Projected EPS	**13.33**
Dividend Yield (FY 2005)	**3.09%**

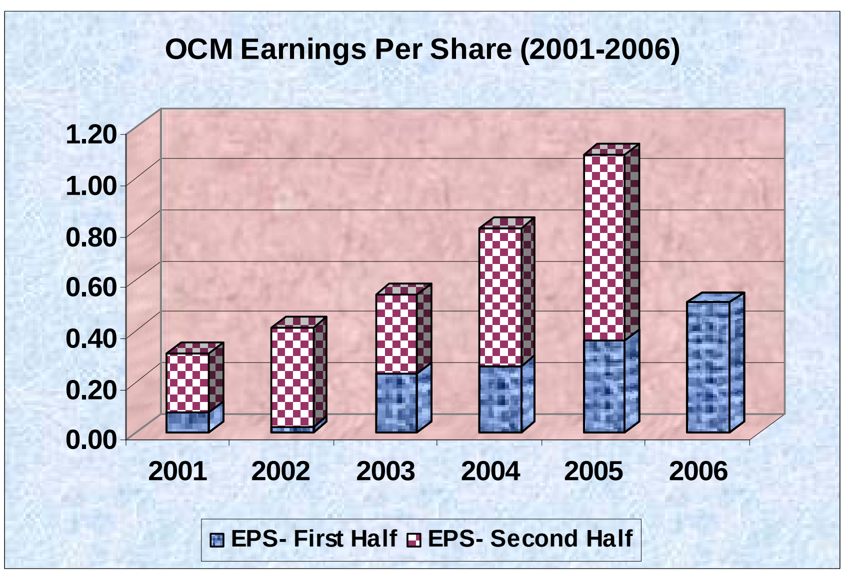
Results for the Half Year Ended June 30, 2006

Note: The Consolidated Financials for the half year ended June 30, 2006 of One Caribbean Media Limited (OCM) reflect the merger transaction and consolidation with the Nation Corporation (Barbados), which was effective on January 1, 2006.

Earnings per Share

In the un-audited financial statements for the half year ended June 30, 2006, One Caribbean Media Limited previously known as Caribbean Communications Network Limited (CCN), reported a diluted EPS of $0.51. This represents an impressive increase of 42 % over the comparative EPS of $0.36 recorded as at June 30, 2005. It is also interesting to note that this hefty increase was achieved with a higher outstanding share capital. Prior to the merger the outstanding share capital of the Group was approximately 46 million shares (inclusive of ESOP); however the share capital currently stands at approximately 66 million shares (inclusive of ESOP). Historically this Group performs better in the second half of the year, making an average of 67 % of the total earnings in the last six months. Also, over the last four years, OCM has had an average growth in Earnings of 39 %.**(See Graph 1)**

Graph 1



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Financials

Sales for the period amounted to $202 million which was an increase of 113 % or $107 million on the comparable half year in 2005. Chairman Sir Fred Gallop attributed this to the outstanding performance at CCN along with the impact of the merger with the Nation Group. Additionally, increased media advertising and coverage of the World Cup along with the B-mobile and Digicel "price wars" would have also been significant contributors to the large increase in the top line. Cost of Sales increased at a lower rate (73%) than Sales, as such Gross Profit benefited with a considerable increase of 217% or $52 million, ending the period at $76 million. The Gross Profit Margin for the period was 38% which was higher than the comparative Gross Profit Margin of 25 % in 2005.

As a result of the merger, the Group experienced increased costs and Expenses grew considerably: Administrative Expenses were up 293% from $7 million to $25 million, while Marketing Expenses escalated from $0.6 million to $5 million, an increase of 762% or $4.6 million. Despite these exorbitant increases, Operating Profit still reflected the outstanding performance of the group, up 168% or $28 million from $17 million to $45 million. The Operating Profit Margin for the period was 23% compared to 18% in the comparable period of 2005.

Profit before Taxation amounted to $45 million, which represented an increase of $22.5 million or 100% on the prior half year period in 2005. The Effective Tax rate for the half year was 25%, compared to the Tax rate of 28% in the comparative period in 2005. Group Profit Attributable to Shareholders was $34 million- an increase of 103% or $17 million on the half year ended June 30th 2005. The After-Tax Profit Margin remained flat at 17% over the two comparative periods.

See Table I for Financials over the half year periods ending June 30, 2005 and 2006.

Table I

One Caribbean Media Limited- Financial Results				
	Un-audited	**Un-audited**	**HY05-HY06**	**HY05-HY06**
	HYE 30JUN '06 TT$ '000	**HYE 30JUN '05 TT$ '000**	**CHANGE $**	**CHANGE %**
Sales	**202,044**	**94,966**	**107,078**	**112.75%**
Cost of Sales	(122,510)	(70,808)	(51,702)	73.02%
Gross Profit	**76,534**	**24,158**	**52,376**	**216.81%**
Administrative Expenses	(25,974)	(6,611)	(19,363)	292.89%
Marketing Expenses	(5,189)	(602)	(4,587)	761.96%
Operating Profit	**45,371**	**16,945**	**28,426**	**167.75%**
Dividend Income	0	19	(19)	-100.00%
Finance Costs	(264)	2,514	(2,778)	-110.50%
Share of Profit in Associate Co's.	0	3,123	(3,123)	-100.00%
Profit Before Taxation	**45,107**	**22,601**	**22,506**	**99.58%**
Taxation	(11,324)	(6,347)	(4,977)	78.41%
Profit After Taxation	33,783	16,254	17,529	107.84%
Minority Interest	(292)	225	(517)	-229.78%
Group Profit Attributable to Shareholders	**33,491**	**16,479**	**17,012**	**103.23%**
Gross Profit Margin	38%	25%		
Operating Profit Margin	23%	18%		
After-Tax Profit Margin	17%	17%		

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Dividends

The Directors have approved an interim Dividend of $0.25 per share payable on August 30, 2006. The Ex-Dividend date for this share is August 15, 2006.

Post Merger Share Issue

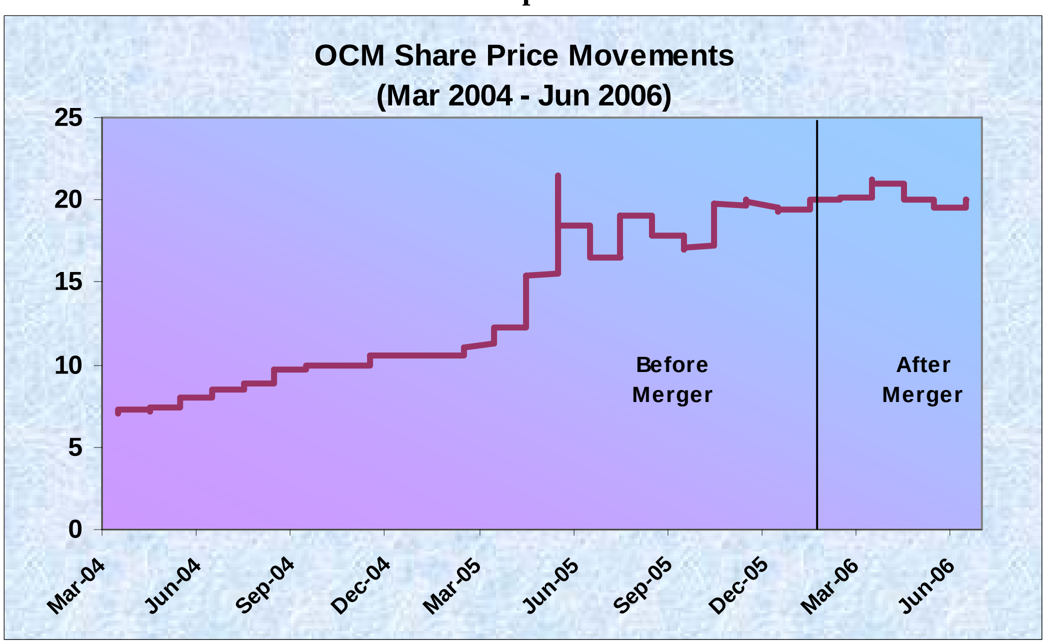
It is the intention of the Company to cross list the ordinary shares of the Company in Barbados and by the final quarter of 2006 to make a new issue of 3 million shares in Barbados and Trinidad. The purpose of the new issue is to provide an opportunity to new and existing employees, as well as the Trinidad and Barbados public, to invest in the newly combined Company.

Proceeds from the sale of shares will be used to repurchase an equivalent number of shares from the Company's ESOP. The repurchased shares will then be cancelled.

Share Price

The shares of CCN began trading on the Trinidad and Tobago Stock Exchange (TTSE) on June 21, 1991 at a price of $1.21. Today the shares of OCM are trading at $20.00 and at a running EPS of $1.24 it is trading at a trailing multiple of 16.13 times. Given the healthy growth in Earnings for this half and our positive expectations of the second half for this Company, we have revised our initial EPS forecast from $1.30 to $1.50. At the current price of $20.00 and the new estimate of $1.50, the shares of OCM are trading a relatively low multiple of 13.33 times. Traditionally, this share trades between a multiple of 16 to 19 times and at the forecasted EPS it would mean that this share could trade as high as $24.00. Additionally, as seen on **Graph 2** below, the share price of the Group has maintained its price of around $20.00 even after the merger.

Graph 2



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Conclusion

Suffice to say, the OCM group has had a favorable half year, with a lot of activity from which to feed on, such as the FIFA World Cup and the B-mobile and Digicel war. The subsidiaries of OCM have also shown outstanding performance in each of their respective markets, with the majority surpassing set targets and maintaining its leadership and dominance in their individual sectors. The Express sustained its dominance on all publishing days and exceeded its targets for the period, while Nation News remained the market leader and achieved set targets. TV6 remained the most watched local station in Trinidad and Tobago and also surpassed its half year targets. In Barbados, Starcom Network maintained its leadership in radio broadcasting and increased market share from 73% to 77%. Indeed, the OCM Group has demonstrated to its shareholders that the merger between CCN and the Nation Corporation is a fruitful one. The vision of creating a Caribbean owned Media Company with an independent editorial voice and leading media brands has been realized.

Recommendation

The Chairman is confident that the Group will show continued improvement in the second half of the year and we are also optimistic based on the current exceptional fundamentals as well as historic trend of this Group. Thus, we strongly recommend a **BUY** on this stock.