On Any Given Day:
Touching the Lives of
Caribbean People

2010 Annual Report

Cable & Wireless (Barbados) Limited

LIME

Contents

Notice of Annual Meeting of Shareholders

COMPANY NO: 21007

Valerie A. Williams
Company Secretary

NOTICE IS HEREBY GIVEN that the Ninth Annual Meeting of the Shareholders of Cable & Wireless (Barbados) Limited, ('the Company') will be held at the Lloyd Erskine Sandiford Conference Centre, Two Mile Hill, St. Michael on Thursday, 29th July, 2010 at 11.00 a.m. for the following purposes:

AGENDA

1. To receive the financial statements of Cable & Wireless (Barbados) Limited for the year ended 31st March, 2010 together with the report of the Auditors thereon;

2. To elect Directors;

3. To appoint Auditors and to authorise the Directors to fix the remuneration of the Auditors;

4. To transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

Dated 7th day of June 2010
By order of the Board of Directors

Valerie A. Williams
Company Secretary

NOTE:

Shareholders who are unable to be present in person at the Meeting are requested to complete, date, sign and return the enclosed form of proxy to the Company's registered office located at Windsor Lodge, Government Hill, St. Michael not later than 4.30 p.m. on Wednesday, 28th July, 2010.

5:46 a.m. Estelle Clarke calls her neighbour to let her know she's ready for their morning exercise...

6.21 a.m.
Ryan Brathwaite turns in another superb performance

Photo courtesy of Nation Publishing Ltd.

Chairman's Report

SIR ALLAN C. FIELDS, KCMG
Chairman

Cable & Wireless (Barbados) Limited, trading as LIME has continued to record a number of achievements in the year under review. Many new initiatives were embarked upon throughout the year as the businesses in the Caribbean continue to transform.

The one Caribbean Operations Board (COB) is led by CEO Mr. David Shaw and his senior management team consists of Mr. David Crawford, Chief Operating Officer; Mr. Chris Dehring, Chief Marketing Officer; Mr. Milton Brady, Chief Commercial Officer; Mr. Donald Austin, EVP Legal, Regulatory and Corporate Affairs; Mr. Henry Reid, EVP Human Resources and Mr. Gerard Borely, Chief Financial Officer. The COB is currently in discussion with a major supplier to provide a total network solution for the Caribbean businesses. This transformation programme will bring tremendous improvement to our existing network, and allow us to offer the entertainment package that has been long awaited. Our technical team will also benefit from the training that will be offered by our supplier. It is an exciting period as the Company looks forward to offering new and exciting services over the next few years.

Despite the prevailing economic conditions, sales of the Company's products and services were satisfactory with an encouraging increase in the demand for broadband growing each year. As the demand grows, the Company has been able to install numerous ports in several parts of the island to meet the need for high speed internet service.

We maintained our mobile market share due to the several successful marketing promotions held during the year. The Christmas promotion which marketed the Blackberry Smartphone was very successful and as a result many customers are now enjoying superb features offered on these phones. Businesses continued to demonstrate their confidence in our attractive mobile business packages and this has resulted in some significant win backs during the year particularly from the banking sector.

In March 2010 under the Fair Trading Commission's Price Cap Plan, residential international direct dial rates were reduced by 5% whilst there was a nominal increase to the residential fixed line access rate of $1.77 per month. Effective 1st April 2010, revised Guaranteed Standards of Service set by the Fair Trading Commission will apply to our residential and business fixed line services.

As the regional business transforms, the organisational restructuring continues to take place and whilst some colleagues have opted to exit the Company, I am happy to report that Barbados will be the Centre of Excellence for billing, in the One Caribbean landscape and as a result, new opportunities will be available to persons both internally and externally.

Despite the challenges of the past year, colleagues have continued to perform well both on the job and in community oriented projects. In addition to the LIME Kindness Day which was a successful regional initiative, many colleagues have participated in Company sponsored events aimed at giving back some of our time and talent to the community. The Board would like to take this opportunity to thank the entire LIME Barbados family for the good work done during the year.

Directors declared total dividends of 44.5 cents for the financial year ended March 31st 2009. This amount is consistent with previous year. There was some movement in the share price and trading commenced at $5.80 on 1st April 2009 and closed at $5.90 on 31st March 2010.

The coming year will see the Company offering several new services, investing heavily in our network infrastructure and providing our customers with the latest in telecommunication products. We thank our many customers for remaining with us and welcome back those who have returned in numbers during the year.

Sir Allan C. Fields, KCMG
Chairman

8:28 a.m. George Carson holds a conference call with colleagues in St. Lucia...

Country Manager's Report

ALEX McDONALD
Country Manager

The past year brought a mix of excitement and challenges for our business. We accepted them both with equanimity and kept our focus on ensuring that our company maintained its firm financial standing. The results in our report reflect a creditable performance in the face of the prevailing world-wide economic downturn and an aggressive competitive marketplace.

This is a performance of which we all should be justly proud and I applaud every member of our team for the dedication they displayed. It is obvious that we have a strong core of colleagues committed to returning our business to the pride of place it once occupied in our national psyche when LIME was the employer of first choice for almost every school leaver in Barbados.

I have heard many stories over the last year that give me reason to be very optimistic about our future. The stories have come from different sources but they all have a similar theme. From our colleagues, I have noted their desire to return to the positive values which are a natural part of our makeup. From our pensioners I have heard of a desire to return to taking care of our own in the way we used to-- whether former employees or those on the current payroll. I have heard from our customers as well, and their biggest concerns are not around price and product, but around the quality of the service we provide.

Recognising the critical areas for improvement in our business, we have in our One Caribbean transition, adopted the Five Cs approach to create the best business in our region.

Our Five Cs, which refer to One Caribbean, Colleagues, Customers, Community and Commercial – are not only the basis on which we develop our business plans and execute programmes on behalf of our customers, they are also the foundation on which each employee of LIME sets objectives and executes their respective responsibilities.

The business is committed to achieving the objectives clearly set out in these five dynamic areas in which the tasks may change, but where the core principle, our raison d'être, remains unchanged - "to deliver in each area as a performance-driven and values-led enterprise". Under One Caribbean we are building a business that can respond centrally to the needs of the Region through the provision of state-of-the-art, fit-for-purpose products and services that are commercially sound. We want to be able to provide the tools for helping the businesses around us to deliver and grow.

Our Community pillar captures LIME's commitment to touching the communities we serve in a positive and lasting way. We must once again be seen as the company that truly cares, and already we are beginning to make this community outreach an everyday part of our business activity. Our colleagues have embraced the challenge and this is being manifested by their willingness to support community initiatives such as our first LIME Kindness Day in March when we devoted time to assisting with the feeding programme at the Salvation Army's Reed Street Headquarters and the food hampers programme with the AIDS Food Bank.

Over many decades we have assisted thousands of Barbadians in their sporting, educational and cultural endeavours. We will continue to do so but, in addition, we also want to touch persons who have needs in other areas by giving of our time, expertise, financial resources and commitment to improving the larger community. We have set up a Colleague Sponsorship Committee drawn from among our staff and distinct from our Marketing and Sponsorships team to spearhead a community sponsorship drive aimed at targeting those areas of need that could become lost in the bigger picture. We recognise that an important part of doing business is giving back to our communities. We do not intend to lose sight of that.

During the year under review, we also recommitted to making our customers the central focus of everything we do. The benefits of being a LIME customer will become even more apparent in the coming months, but already as one of the 5 Cs, our customer segment has been benefiting from this renewed focus on delivering for them in a more efficient, timely and cost effective manner.

Of significance, is the fact that we have placed as much attention on our internal customers as we have on reinforcing the confidence of our external customers. Our relationship with colleagues and with our unions has improved significantly and we intend to build on the positives of the past as we go full of renewed optimism, into the future.

Overall, we may have started the 2010-11 financial year in a somewhat uncertain, macro economic environment but, based on our previous year, we managed to persevere and build a stronger, more resilient business. We still have some ways to go, but all indications are that we have turned the proverbial corner and we dedicate the next year to ensuring that all our stakeholders continue to benefit.

A stronger company will mean not only that shareholders will benefit, but so too will our colleagues, our customers, our region and the communities we serve.

We welcome your presence on this journey with us.

Alex McDonald
Country Manager

The Management Team from left to right are: Sherwin Greenidge, Head of Customer Experience, Alex McDonald, Country Manager; Sharon Jemmott, VP Service Delivery; Susanne Downes, VP SME and High Value Residential Customers; Kenneth "Ricky" Went, COO (ag); and Samuel Skinner, VP Corporate Sales and Support.

Summer student interns pooled together a portion of their stipend and made a donation to Ashcher Micah Bynoe-Chewitt towards to cost of his corrective heart surgery.

Children at Nightengales Children's Home are taken through a programme by Joan Seymour, IT Consultant. The home was outfitted with computers by LIME.

Under-15 cricket champs, Combermere share the spotlight with LIME's Ricky Went (left) and Cherrold Roach of LIME's Sports Club (right)

Homeowner Maureen Doughlin had her home freshly painted by a band of LIME staffers.

Corporate Social Responsibility

FOCUSING ON OUR COMMUNITIES

CARRYING THE TORCH

We continued to live our credo of making it better for Caribbean Communities - with a heightened focus on the people in our local communities, showing the way for other corporate entities to follow.

In addition to our ever-present strong support for education, sport, carnivals and cultural festivals through sponsorship, during the period under review, we challenged ourselves on several fronts: (1) to play our part in creating a greener Barbados; (2) to recognise the power of our biggest resource, our people, in affecting change and positively impacting our communities; and (3) bridging the digital divide by increasing access to computers and the Internet.

GO GREEN WITH US:

"Go green with us" was not just a slogan, and we clearly demonstrated this by stepping up our "greening" efforts with some major initiatives to promote environmental preservation.

High on that list of initiatives was our drive to encourage customers to go paperless by using our new 'e-Billing' service. This was part of a regional promotional campaign which provided discounts and other incentives to persuade our customers to help preserve the environment for the next generation and beyond.

We further demonstrated our commitment by reviving our telephone directory recycling initiative and our mobile handset recycling and safe battery disposal programmes. Collection bins were placed at our business offices and retail outlets and we engaged the services of a local waste management company to handle the disposal.

Our Go Green campaign was revved up during the year when LIME became the first private sector firm in Barbados to include a natural gas vehicle in its fleet. This vehicle produces 25 per cent less emissions than its gasoline-powered alternatives.

Our crusade for environmental preservation is also being mirrored in our daily operations with several ongoing initiatives to reduce our paper usage, conserve energy and utilise office equipment more efficiently. We have adopted eco-friendly practices and we also currently recycle toner cartridges, large batteries, cables and other scrap metals.

In an effort to further reduce our carbon footprint, we are actively working with our suppliers to provide eco-friendly mobile handsets that will give us a 'Go Green' advantage, without compromising on the quality of our product.

EACH ONE, REACH ONE:

As one of the largest employers in Barbados, LIME has a unique opportunity to touch the hearts and minds of the communities we serve, not only through financial contributions, but also by giving of ourselves-- our time and talents to worthy causes. Every employee, whether singly or as part of a cohesive group, is empowered to realise the promise of making a better community.

Throughout the year we continued to give of ourselves in an effort to make this 'better' promise a reality. Our colleagues eagerly volunteered in different ways and performed numerous acts of kindness randomly in our communities.

The season of giving kicked off in November when our colleagues visited the Fairchild Street Bus Terminal and put some money back into the pockets of over 1000 passengers by surprising them with a free bus ride on LIME for the day. We continued on the road with our 'Christmas Caravan' to spread a little cheer to the less fortunate families in our communities. The caravan was packed with food, clothing, toys, books and other necessities donated by the company and staff.

At Valentine we spread the love - LIME style. Our staff took some time away from their regular duties to paint a ray of sunshine into the life of a customer, Maureen Douglin, by sprucing up her home. As she said, not only will she remember us for the landline and mobile services we provide, but also for the many friendly faces that touched her life if only for a day with a well-needed and welcomed coat of paint and a few smiles.

We even sought the involvement of our summer student interns, who willing embraced our community outreach efforts and at the end of their stint, left with more than just work experience. They left with the pride of knowing that they had touched the heart of then seven-week-old Ashcher Micah Bynoe-Chewitt's and had done their part to give him a fighting chance at life. Ashcher was born with a congenital heart defect and was in dire need of corrective surgery to ensure his survival. These young trailblazers jumped to his aid by pooling together a portion of their stipend, which the company willingly matched and contributed towards the cost of the surgery.

However, the pièce de résistance for the period was the official launch of the inaugural LIME Kindness Day on March 17, 2010. This is date that the company has designated as the day that, together as a 'One Caribbean' business, we as a united force can make a difference in our communities.

On LIME Kindness Day, Barbados unleashed its 'Army of Kind' on the Salvation Army and HIV/AIDS Food Bank. This Platoon's mission was to serve the 130 persons who rely on the Salvation Army for lunch daily and to prepare hampers for persons in need of assistance who are HIV positive. The general outpouring of gratitude and the smiles on so many faces was testament to the success of our LIME Kindness Day efforts.

It is our firm belief that giving back to our communities is as vital to how our company is viewed as are the large sums we invest to keep our people connected.

BRIDGING THAT DIGITAL DIVIDE:

Connect Barbados remains key on our agenda to assist the Government of Barbados in its efforts to push ICTs (Information and Communication Technologies) and to increase access to computers and the Internet across the island.

Our major undertaking for this project during the period was the outfitting-- furnishings, computers, décor and broadband access-- of a state-of-the-art computer lab at the Barbados Community College (BCC), now called the LIME Academic Enhancement Centre, which was opened in the latter part of the financial year. We also provided high-speed internet access to the Mass Communications programme at BCC affording them the capability to stream live radio to their listeners. This service will help them to fulfil the required practical component of their programme.

We provided four computers and internet access to the new Reception Cottage at the previously outfitted Nightengale Children's Home; installed 11Plus preparation software at this facility and at the four other children's homes in the Child Care Board's purview; and provided training for the staff and wards of the Board.

LIME also donated 15 computers to the Community Development Department for use in their Centres to undertake practical training sessions as part of their Community Technology Programme.

In addition, during the period we provided internet access to another rural community library-- the Tamarind Hall Branch Library-- affording them the opportunity to offer better resources for research to users of the library.

Overall, since the inception of the Connect Barbados project we have invested over a half million dollars to outfit with and to provide ongoing maintenance of computers in community centres, children's homes and other public areas across the island. We have also powered internet connections to over one hundred (100) computers at twenty-eight (28) locations.

SOMETHING(S) OLD; SOMETHING(S) NEW:

We continued to demonstrate our commitment to the development of culture, through the National Independence Festival of Creative Arts (NIFCA); to festivals, through Crop Over; and to youth sports, through our association with Under-15 Cricket.

Our involvement as a major contributor to the Crop Over festival aligns very well with our summer promotion activities and continues to afford us the opportunity to touch mass audiences from every strata in the society.

Our title sponsorship of the Under-15 Schools Cricket tournament continues to bring us pride as we celebrate the achievements of our graduates and help to nurture the potential careers of so many more. For quite a few of our junior stars, Under-15 Schools Cricket offers the biggest opportunity for exposure and is their most competitive cricket played at the secondary level. Some of our most recent stars who have already begun to realise their dreams of a professional cricketing career are Kraigg Brathwaite, Shane Dowrich, Jomel Warrian, Jason Holder and Kemar Roach.

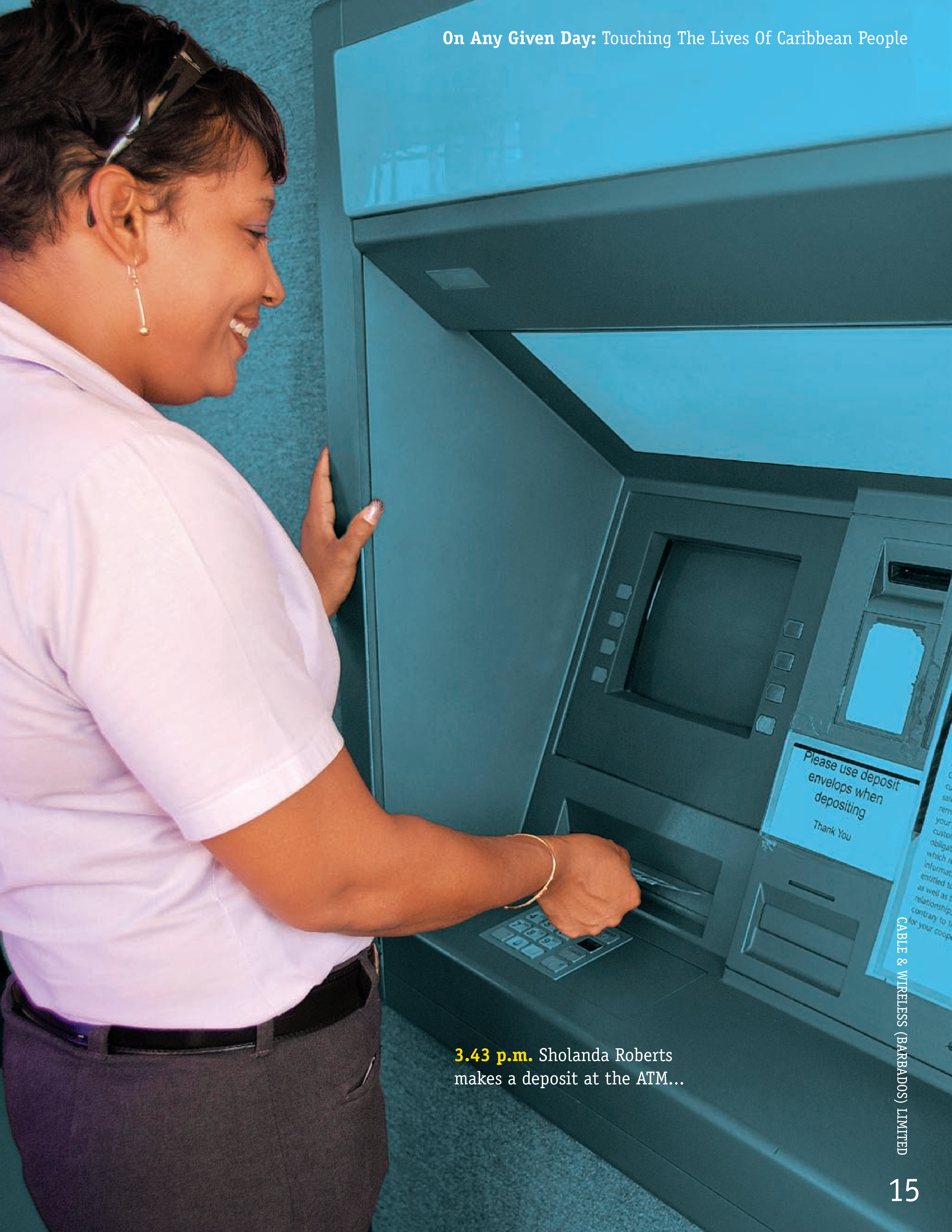
During the year, we also proudly welcomed Ambassador Ryan Brathwaite into our LIME family. LIME joined the team of corporate sponsors who have invested in Ryan's development on his journey to gold in 2012. We are now the telecommunications provider of choice for the 110m hurdles World Champion. His endorsement contract will provide financial incentives as well as a wide range of telecommunications services that will keep him in touch whether at home or abroad.

For us the title sponsorship of the big event 'Tennis pon de rock' was an investment in the future of tennis and in the potential of the many school-aged children who spent countless hours honing their skills in this area. The goal of this charitable event was to raise much needed funds for the betterment

10.01 a.m. Courtney Bailey prepares to hand in the physics project she researched on the web.

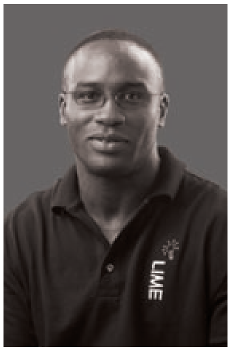
of Barbadian children through sports – specifically tennis. It sought to open the doors of opportunity to many of these young players who were fortunate to gain exposure to tennis celebrities at the top of their game. This two-day event was a success attracting the World's No 1 female player Serena Williams and the No. 5 seeded Caroline Wosniacky. The regional and international exposure via the likes of Sportsmax, CMC, ESPN, SKY Sports and other such sporting networks would have been a boost to the country's sports tourism efforts.

From year-to-year, several community organisations are the recipients of donations through covenants and for other one-off arrangements where we can identify a strategic fit to our sponsorship policies. One such activity worthy of mention for the period was our initial three-year commitment to support the SAVE Foundation and the Ministry of Family, Youth and Sports' efforts to eradicate domestic violence through the provision of a hotline for victims of domestic abuse. The hotline will give these victims an opportunity to connect to an understanding voice at the end of the line and could help to save a life.



3.43 p.m. Sholanda Roberts makes a deposit at the ATM...

Financial Review



Oladapo Ogun
Chief Financial Officer

OVERVIEW

Cable & Wireless (Barbados) Limited ("the Company") delivered steady financial results despite the continuing impact on Barbados of the current global economic environment through the year. During the financial year the Company generated a turnover of $376.3m, with income per share of $0.36.
These results are underlined by:

- Strong growth in mobile and broadband customer base of 8% and 14% respectively.
- Strong emphasis on the broadband service with increase in ports availability and regional software updates.
- Improvements in resolving customers faults through the purchase of commercial vehicle fleet to ensure quicker response to faults and installations to the Outside Plant, which resulted in improved service to our Fixed Line customers.

INCOME STATEMENT

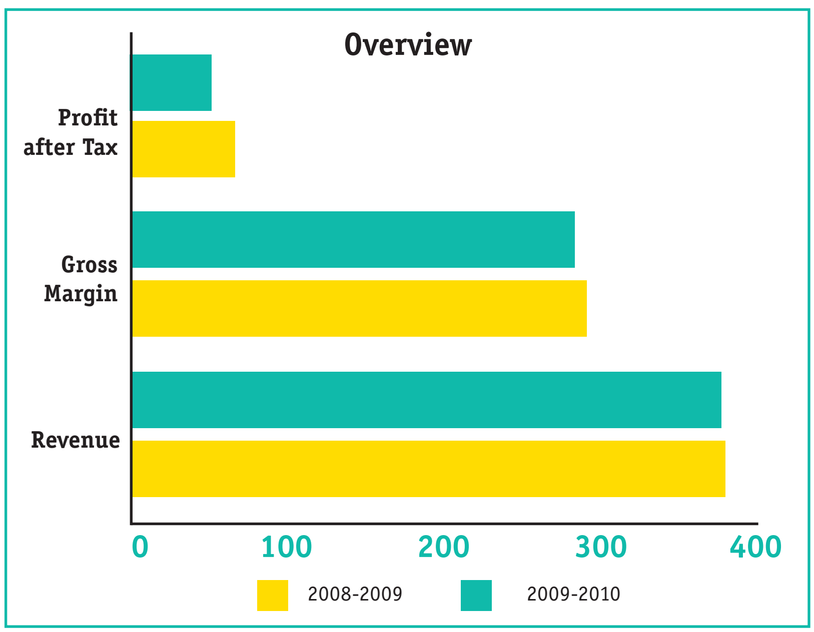
The Company recorded a minimal 1% decrease in total revenue compared to 2009. This reduction resulted primarily from lower international rates to our customers.

In addition, total cost of sales were 3% higher than prior year primarily due to increased internet provision costs within the business.

Operating expenditure increased by 4% over last year. Increases in network costs as part of the ongoing exercise to improve Customer experience were mitigated by gains in foreign exchange.

The Company continued the region-wide One Caribbean initiative, incurring restructuring costs of $24.1m during the year; a significant portion of this relates to redundancy costs.

As a result of these circumstances, the Company recorded after-tax income of $50.6m, a decrease of 24% compared to prior year.



CAPITAL EXPENDITURE

The Company's capital expenditure programme continued last year's focus on maintenance across the network, increased resilience and the delivery of cost effective solutions. Some of the key investments made during the year were:

Mobile

Investments in capacity to ensure continued improvements in network coverage across the island. These were specifically addressed by the upgrade of equipment for the local GSM network, and the replacement of obsolete DACCS (Digital Access Cross Connect System) equipment to increase reliability, and deliver improvements win service to our customers.

Broadband

The Wider Caribbean ADSL project was designed to provide customers with greater broadband capabilities via our rapidly expanding ADSL network. Customers will experience faster connections and downloads in addition to being able to take advantage of our future products including Web TV.

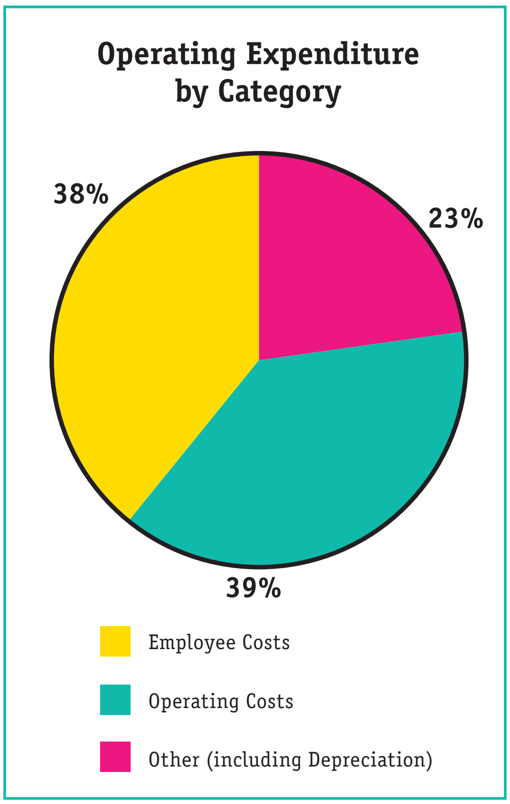
Fixed Line

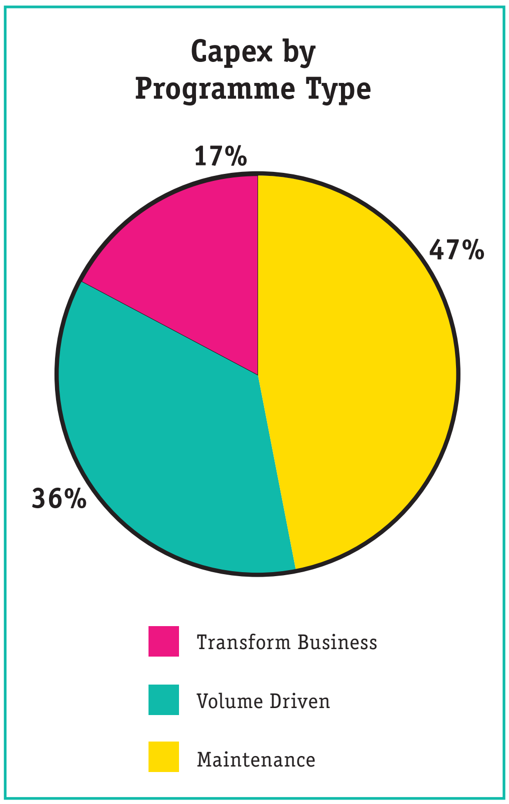
Continued investment in upgrades to satisfy the demand for Customer Premise Equipment such as Service Delivery through MPLS (Multi-Protocol Label Switching) and NGN (New Generation Network).

DIVIDENDS

Declaration of the special and final dividends (15.2 and 14.5 cents respectively) for the year were made in May 2010. When combined with the interim dividend of 14.8 cents declared during the year, total dividends declared for the financial year was 44.5 cents per share (44.5 cents declared in 2008/09).

Oladapo Ogun
Chief Financial Officer





Report of the Directors

The Directors of Cable & Wireless (Barbados) Limited are pleased to present their report to the Ninth Annual Meeting of Shareholders together with the financial statements for the period ended 31st March 2010.

Results and Dividends

	2010 $000s	2009 $000s
Income after taxation	**50,597**	66,429
Add: Retained earnings brought forward	**166,617**	222,538
Amount available for distribution	**217,214**	288,967
Dividends declared: Common shares	**(20,995)**	(105,263)
Other Reserve movements	**(8,712)**	(17,087)
Retained earnings carried forward	**187,507**	166,617

The Directors declared a final dividend of 14.5 cents per share and a special dividend of 15.2 cents per share to the shareholders on record at 25th June 2010.

DIRECTORS

On 19th August 2009, Mr. Richard Dodd resigned from the Board. In accordance with Section 72(1) of the Companies Act Cap. 308, Mr. David Shaw was appointed a Director on 1st September 2009 to replace Mr. Dodd. Mr. Shaw will serve for the unexpired term of his predecessor. Below is a short biography of the new Director.

In accordance with Clause 4.4 of By-Law No. 1 of the Company, the Directors retiring by rotation are Sir Hilary Beckles KA and Mr. Dodridge Miller who, being eligible offer themselves for re-election.

David Shaw

Mr. Shaw started his career as an engineer, after studying communication and electronic engineering at Bristol. From engineering he moved into various sales, commercial and market management roles, running progressively bigger roles. Upon joining Energis, David was part of the Board that led the successful turnaround, resulting in its sale to Cable & Wireless. As the Chief Commercial Officer of EAUS, he was accountable for worldwide sales, marketing, service and commercial activities. He was a key part of the Board that successfully led the first two phases of the EAUS turnaround. He has extensive international experience having worked outside of the UK in the US, Europe, India and the Far East.

DIRECTORS' SHAREHOLDINGS

At 31st March 2010 the beneficial interest of the Directors in the issued share capital of the Company was as follows:

	Ordinary shares as at 31st March, 2010
Sir Allan C. Fields	1,000
Mr. Donald St. C. Austin	26,262
Mr. Dodridge D. Miller	3,022

There have been no non-beneficial interests of the Directors in the shares of the Company. There have been no changes in the shareholdings of the Directors between 31st March, 2010 and 31st May, 2010.

PRINCIPAL SHAREHOLDINGS

As at 31st March 2010 Cable & Wireless (West Indies) Limited held 115,006,055 shares or 81% of the shareholdings of Cable & Wireless (Barbados) Limited. Except for Sagicor Life Inc., no other shareholder held more than 5% of the issued share capital of the Company.

CORPORATE GOVERNANCE

Board of Directors
The Board comprises a non-executive chairman and six other members. The Board's main responsibilities are to review the strategy, business performance, and financial reporting of the Company. Meetings are held a minimum of four times annually.

Audit Committee
The Audit Committee is chaired by Mr. D. Miller, a non-executive Director. The other two members of the Committee are also non-executive Directors. The purpose of the Committee is to ensure that there are adequate internal controls in place to facilitate compliance with internal rules and regulations, the Laws of Barbados and established accounting practices. The external auditors and group internal auditor attend meetings and provide reports for the Committee's review. The Committee met three times during the period under review.

Risk Identification & Mitigation
Management is responsible for the identification and evaluation of key risks impacting the business. Risk evaluation and mitigation is conducted on a continual basis and covers both internal and external factors.

AUDITORS

The retiring auditors are KPMG who being eligible, offer themselves for re-appointment.

On behalf of the Board of Directors

Sir Allan C. Fields, KCMG
Chairman

Donald St. C. Austin
Director

7th day of June 2010

4:38 p.m. Paul Bourne goes out for a practice run...

Financial Statements

KPMG
Hastings
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Barbados

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Bridgetown, Barbados

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Cable & Wireless (Barbados) Limited

We have audited the accompanying financial statements of Cable & Wireless (Barbados) Limited, which comprise the statement of financial position as of March 31, 2010, the income statement, the statement of changes in stockholders' equity, the cash flows statement and the statement of comprehensive income for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these 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 judgment, 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 financial statements present fairly, in all material respects, the financial position of Cable & Wireless (Barbados) Limited as of March 31, 2010, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

Chartered Accountants
Bridgetown, Barbados
June 7, 2010

Income Statement

for the year ended 31st March, 2010 (Expressed in Barbados $000's)

	Notes	2010	2009
Revenue	27	**376,308**	379,787
Outpayments		**(32,484)**	(33,333)
Cost of Sales		**(60,101)**	(56,641)
Total cost of sales and outpayments		**(92,585)**	(89,974)
Gross Margin		**283,723**	289,813
Operating expenditure	3	**(190,347)**	(182,402)
Operating profit		**93,376**	107,411
Other income/(expense)	4	**98**	(18)
Profit before interest and taxation		**93,474**	107,393
Net interest (expense)/income	5	**(2,875)**	1,590
Profit before taxation and restructuring costs		**90,599**	108,983
Restructuring costs	6	**(24,117)**	(18,481)
Profit before taxation		**66,482**	90,502
Taxation	7		
Taxation charge before Group Relief		**(15,885)**	(24,073)
Group Relief claim-prior year		**(3,757)**	-
Group Relief claim-current year		**(16,067)**	-
		(35,709)	(24,073)
Payment to surrendering company for prior year Group Relief		**3,757**	-
Liability to surrendering company for current year Group Relief		**16,067**	-
		(15,885)	(24,073)
Profit attributable to shareholders		**50,597**	66,429
Income per share	8	**$0.36**	$0.47

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position

as at 31st March, 2010 (Expressed in Barbados $000's)

	Notes	2010	2009
NON-CURRENT ASSETS			
Property, plant and equipment	9	**284,370**	301,423
Intangible assets	10	**10,325**	11,648
Loan receivable - related companies	21	**36,569**	27,838
		331,264	340,909
CURRENT ASSETS			
Inventories	11	**4,577**	6,517
Accounts receivable	12	**54,514**	59,829
Accounts receivable – related companies	21	**4,916**	16,418
		64,007	82,764
CURRENT LIABILITIES			
Trade and other accounts payable	14	**41,276**	43,170
Deferred revenue	15	**2,610**	2,820
Provisions	16	**4,004**	607
Current portion of long term loans	17	**5,687**	23,021
Loan payable - related companies	21	**18,196**	34,156
Bank overdraft	13	**6,078**	1,594
Tax payable	7	**509**	18,034
		78,360	123,402
NET CURRENT LIABILITIES		**(14,353)**	(40,638)
NON CURRENT ASSETS LESS NET CURRENT LIABILITIES		**316,911**	300,271
NON-CURRENT LIABILITIES			
Employee benefits	18	**(36,991)**	(32,847)
Long-term loans	17	**–**	(5,308)
Deferred taxation	7	**(16,967)**	(20,053)
		(53,958)	(58,208)
NET ASSETS		**262,953**	242,063
EQUITY & RESERVES			
Share capital	22	**71,829**	71,829
Revaluation reserve		**905**	905
Contributed surplus		**2,712**	2,712
Retained earnings		**187,507**	166,617
		262,953	242,063

The financial statements were approved by the Board on 7th June 2010 and signed on its behalf by:

Sir Allan C. Fields
Chairman

Donald St. C. Austin
Director

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Stockholders' Equity

for the year ended 31st March, 2010 (Expressed in Barbados $000's)

	Notes	Share Capital	Revaluation Reserve	Contributed Surplus	Retained Earnings	Total
Balance at 1st April, 2008		71,829	905	1,219	222,538	296,491
Net income for the year		–	–	–	66,429	66,429
Total other comprehensive income recognised directly in equity, net of tax $5,696		–	–	–	(17,087)	(17,087)
Share based payments	23	–	–	1,493	–	1,493
Dividends declared: Common shares	22	–	–	–	(105,263)	(105,263)
Balance at 31st March, 2009		71,829	905	2,712	166,617	242,063
Balance at 1st April, 2009		71,829	905	2,712	166,617	242,063
Net income for the year		–	–	–	50,597	50,597
Total other comprehensive income recognised directly in equity, net of tax $2,904		–	–	–	(8,712)	(8,712)
Dividends declared:						
Common shares	22	–	–	–	(20,995)	(20,995)
Balance at 31st March, 2010		**71,829**	**905**	**2,712**	**187,507**	**262,953**

Revaluation Reserve
The revaluation reserve relates to the revaluation of land. See note 9.

The accompanying notes form an integral part of these financial statements.

Cash Flows Statement

for the year ended 31st March, 2010 (Expressed in Barbados $000's)

	Notes	2010	2009
Cash flows from operating activities			
Profit before taxation		**66,482**	90,502
Adjustments for:			
Depreciation	9	**41,595**	41,959
Amortisation	10	**3,241**	2,456
(Gain)/loss on disposal of property, plant and equipment	4	**(98)**	18
Interest income	5	**(8)**	(1,818)
Interest expense	5	**2,883**	228
High performance incentive plan	23	**–**	1,493
Net periodic benefit cost	18	**(1,045)**	640
Increase in employee benefit liabilities	18	**(6,427)**	(7,235)
Cash generated before changes in working capital		**106,623**	128,243
Decrease/(increase) in accounts receivable		**16,817**	(2,203)
Decrease in inventory		**1,940**	2,148
Decrease in accounts payable		**(1,894)**	(39,515)
(Decrease)/increase in deferred revenue		**(210)**	47
Increase/(decrease) in provisions		**3,397**	(913)
Cash generated from operations		**126,673**	87,807
Interest paid		**(2,883)**	(228)
Interest received		**8**	1,818
Group Relief		**(19,824)**	–
Taxes paid		**(13,768)**	(25,135)
Net cash from operating activities		**90,206**	64,262
Cash flows from investing activities			
Purchase of property, plant and equipment	9	**(24,734)**	(40,198)
Purchase of intangible assets	10	**(1,918)**	(7,111)
Proceeds from sale of property, plant and equipment		**290**	37
Net cash used in investing activities		**(26,362)**	(47,272)
Cash flows from financing activities			
Payment of long term loans	17	**(22,642)**	(7,352)
Loan receivable – related companies	21	**(8,731)**	13,642
Proceeds from long term loans – related companies	21	**(15,960)**	34,156
Dividends paid	22	**(20,995)**	(105,263)
Proceeds from short term loans	17	**–**	28,329
Net cash used in financing activities		**(68,328)**	(36,488)
Net decrease in cash and cash equivalents	13	**(4,484)**	(19,498)

The accompanying notes form an integral part of these financial statements.

Statement of Comprehensive Income

for the year ended 31st March, 2010 (Expressed in Barbados $000's)

	Notes	2010	2009
Other Comprehensive Income			
Actuarial losses on the value of defined benefit retirement plans	18	**(11,616)**	(22,783)
Deferred taxes on actuarial losses		**2,904**	5,696
Total other comprehensive income		**(8,712)**	(17,087)
Net income for the year		**50,597**	66,429
Total comprehensive income for the year		**41,885**	49,342

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Barbados $000's)

1. INCORPORATION AND ULTIMATE HOLDING COMPANY

On 1st April 2002, the five Cable & Wireless business units in Barbados, Cable & Wireless BARTEL Limited (CWBARTEL), Cable & Wireless BET Limited (CWBET), Cable & Wireless Caribbean Cellular (Barbados) Limited (CWCC), Cable & Wireless Information Systems Limited (CWIS) and Cable & Wireless (Barbados) Limited (CWB) were amalgamated to form Cable & Wireless (Barbados) Limited, a limited company incorporated under the laws of Barbados.

Cable & Wireless (Barbados) Limited, "the Company" is a subsidiary of Cable and Wireless (West Indies) Limited (CWWI) and the ultimate holding company is Cable and Wireless Communications Plc. CWWI and Cable and Wireless Communications Plc are both incorporated in the United Kingdom. The registered office of the Company is located at Windsor Lodge, Government Hill, St. Michael, Barbados.

On 19th March 2010, the Cable & Wireless Group effected a group reorganisation whereby Cable & Wireless Communications Plc was inserted as a new holding company for the Cable & Wireless Group via a Scheme of Arrangement. Cable & Wireless Communications Plc therefore replaced Cable and Wireless Plc (now Cable & Wireless Limited) as the parent company of the Cable & Wireless Group as at this date. On 22nd March 2010, the entire ordinary share capital of Cable and Wireless Plc was cancelled and shareholders were given one ordinary share and one B share of Cable & Wireless Communications Plc for every share of Cable and Wireless Plc held on that date. At this time, the Cable & Wireless Group was renamed the Cable & Wireless Communications Group. Cable & Wireless Communications group companies are referred to in these financial statements as "related companies".

As part of the 'One Caribbean' structure, the company along with other group companies in the Caribbean trade under the name 'LIME' (Landline, Internet, Mobile and Entertainment).

The Company offers computer integrated network solutions to its corporate customers, in addition to mobile, broadband, domestic and international telecommunications services to both corporate and residential customers.

The financial statements of the Company for the year ended 31st March 2010 were authorised for issue by the Directors on 7th June 2010.

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board (IASB) and comply with the provisions of the Barbados Companies Act.

Certain new IFRS, and interpretations of and amendments to existing standards which were in issue, came into effect for the current financial year as follows:

- *Revised IAS 1 – Presentation of Financial Statements* (effective 1st January 2009) requires presentation of all non-owner changes in equity either in a single statement of comprehensive income, or in an income statement plus a statement of comprehensive income. Revised IAS 1 also requires that a statement of financial position be presented at the beginning of the comparative period when the entity restates the comparatives, a disclosure for reclassification adjustments and disclosure of dividends and related per share amounts on the face of the statement of changes in equity or in the notes.

- *IAS 23, Revised – Borrowing Costs* (effective 1st January 2009) removes the option of immediately recognising all borrowing costs as an expense. The standard requires that an entity capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Barbados $000's)

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES continued

(a) Statement of Compliance continued

- *IAS 32 - Financial Instruments; Presentation:* The amendments allow certain instruments that would normally be classified as liabilities to be classified as equity if certain conditions are met. Where such instruments are reclassified, the entity is required to disclose the amount, the timing and the reason for the reclassification.

- *Amendments to IFRS 7 - Financial Instruments:* Disclosures require enhanced disclosures in respect of two aspects: disclosures over fair value measurement for financial instruments specifically in relation to disclosures over the inputs used in valuation techniques and the uncertainty associated with such valuations; and improving disclosures over liquidity risk, to address current diversity in practice.

- *IFRS 8 - Operating Segments* (effective 1st January 2009) introduces the "management approach" to segment reporting. IFRS 8 requires the disclosure of segment information based on the internal reports regularly reviewed by the Company's Chief Operating Decision Maker in order to assess the performance of and to allocate resources to each segment.

At the date of approval of these financial statements, there were certain standards and interpretations which were in issue but were not yet effective. Those which are considered relevant to the Company are as follows:

- *IFRS 9 - Financial Instruments* (effective 1st January 2013) introduces new requirements for classifying and measuring financial assets. The standard also amends some of the requirements of *IFRS 7 - Financial Instruments: Disclosures* including added disclosures about investments in equity instruments designated as fair value through other comprehensive income. This standard is not expected to have any significant impact on the Company's financial statements.

- *IAS 24 - Related Party Disclosure, revised* (effective 1st January 2011) introduces changes to the related party disclosure requirements for government – related entities and amends the definition of a related party. The standard also expands the list of transactions that require disclosure.

- *Revised IFRS 3 - Business Combinations and amended IAS 27 - Consolidated and Separate Financial Statements* become effective for annual reporting periods beginning on or after 1st July 2009. The definition of a business combination has been revised and focuses on control. All items of consideration transferred by the acquirer are measured and recognised at fair value as of the acquisition date, including contingent consideration. An acquirer can elect to measure non-controlling interest at fair value at the acquisition date or on a transaction by transaction basis. New disclosure requirements have been introduced.

- *IAS 39 (Amendment) - Financial Instruments: Recognition and Measurement* becomes effective for annual reporting periods beginning on or after 1st July 2009. The amendment provided clarification that it is possible for there to be movements into and out of the fair value through profit or loss category where:

    - A derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge.

    - Financial assets are reclassified following a change in policy by an insurance company in accordance with IFRS 4.

  The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit-taking is included in such a portfolio on initial recognition. A segment is no longer considered a party external to the reporting entity. When re-measuring the carrying amount of a debt instrument on cessation of fair value hedge accounting, the amendment clarifies that a revised effective interest rate (calculated at the date fair value hedge accounting ceases) is used.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Barbados $000's)

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES continued

(a) Statement of Compliance continued

At the date of approval of the financial statements, there were certain standards and interpretations which were in issue but were not yet effective. Those which are considered relevant to the Company are as follows (continued):

- *IFRIC 17 - Distribution of Non-Cash Assets to Owners* is effective for annual reporting periods beginning on or after 1st July 2009 and provides that a dividend payable should be recognised when appropriately authorized and no longer at the entity's discretion. Where an owner has a choice of a dividend of a non-cash asset or cash, the dividend payable is estimated considering both the fair value and probability of the owners selecting each option. The dividend payable is measured at the fair value of the net assets to be distributed. The difference between fair value of the dividend paid and the carrying amount of the net assets distributed is recognised in profit or loss.

  The adoption of IFRS 9, IAS 24, Revised IFRS 3 and amended IAS 27, IAS 39 (Amendment), and IFRIC 17 is expected to result in adjustments and additional disclosures to the financial statements. Management is currently in the process of evaluating the impact of adopting these standards on the financial statements.

(b) Basis of Preparation

The financial statements are presented in Barbados dollars, which is the functional currency of the Company and rounded to the nearest thousand.

The financial statements are prepared on the historical cost basis, except for the revaluation of property, plant and equipment as referred to in Note 9. The significant accounting policies stated in paragraphs (c) to (x) below have been consistently applied by the Company and conform in all material respects with IFRS.

(c) Use of estimates and judgements

The preparation of the financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and contingent liabilities at the statement of financial position date, and the income and expense for the year then ended. Actual amounts could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year of the revision and future years, where applicable. Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

(i) Depreciation of property, plant and equipment

The Company assigns useful lives and residual values to property, plant and equipment based on periodic studies of actual asset lives and the intended use for those assets.

Changes in circumstances such as technological advances, prospective economic utilisation and physical condition of the assets concerned could result in the actual useful lives or residual values differing from initial estimates. Where the Company determines that the useful life of property, plant and equipment should be shortened or residual value reduced, it depreciates the net book value in excess of the residual value over the revised remaining useful life, thereby increasing depreciation expense. Any change in asset lives or residual value is reflected in the Company's financial statements when the change in estimate is determined.

(ii) Impairment of property, plant and equipment and intangible assets

Management assesses the impairment of property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable or otherwise as required by accounting standards.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Barbados $000's)

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES continued

(c) Use of estimates and judgements continued

(ii) Impairment of property, plant and equipment and intangible assets continued
Factors that are considered important and which could trigger an impairment review include the following:

- obsolescence or physical damage;
- significant changes in technology and regulatory environments;
- significant under-performance relative to historical or projected future operating results;
- significant changes in the use of its assets or the strategy for its overall business;
- significant negative industry or economic trends; and
- significant decline in its stock price for a sustained period and its market capitalisation relative to net book value.

The identification of impairment indicators, the estimation of future cash flows and the determination of the recoverable amount for assets or cash generating units require significant judgement concerning the identification and validation of impairment indicators, the timing and amount of expected cash flows and applicable discount rates.

The Company determines any impairment by comparing the carrying values of each of the Company's cash generating units to their recoverable amounts, which is the higher of net realisable value and the value in use. Net realisable value represents market value in an active market less costs to sell. Value in use is determined by discounting future cash flows arising from the asset (or the cash generating unit to which it refers). Future cash flows are determined with reference to the Company's own projections using discount rates which represent the estimated weighted average cost of capital for the respective businesses.

(iii) Pensions
The Company provides several defined benefit pension schemes for its employees. The asset (or liability) recognised in the statement of financial position in respect of defined benefit pension plans represents the fair value of plan assets less the present values of the defined benefit obligations at the reporting date. The defined benefit plans were closed to new employees effective 31st December 2003. The terms and conditions remain unchanged to employees who are currently members of those plans. The expected cost of providing these defined benefit pensions will depend on an assessment of such factors as:

- the life expectancy of the members;
- the length of service;
- the rate of salary progression;
- the rate of return earned on assets in the future;
- the rate used to discount future pension liabilities; and
- future inflation rates.

The assumptions used by the Company are set out in note 18 and are estimates chosen from a range of possible actuarial assumptions which may not necessarily be borne out in practice. Changes to these assumptions could materially impact the size of the defined benefit schemes' liabilities and assets disclosed in note 18.

(iv) Allowance for impairment losses on receivables
In determining amounts recorded for impairment losses in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from receivables, for example, default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired receivables as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individual significant receivables with similar characteristics, such as credit risks.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Barbados $000's)

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES continued

(c) Use of estimates and judgements continued

(v) Net realisable value of inventories
Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period, to the extent that such events confirm conditions existing at the end of the period.

(vi) Residual value and expected useful life of property plant & equipment
The residual value and the expected useful life of an asset are reviewed at least at each financial year-end, and if expectations differ from previous estimates, the change is accounted for. The useful life of an asset is defined in terms of the asset's expected utility to the Company. Impairment of property, plant and equipment is dependent upon management's internal assessment of future cash flows from cash generating units. In addition, the estimate of the amount recoverable from future use of those units is sensitive to the discount rate used.

(vii) Site restoration obligation
Site restoration obligation is estimated at the present value of the future expected restoration cost based on the timing and current prices of goods and services. Changes to technology, regulations, prices of necessary goods and services and realisable values of the Company's products, may affect the timing and scope of retirement activities and may substantially alter the decommissioning liabilities and future operating costs.

(d) Property, Plant and Equipment

(i) Owned Assets
Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use and the cost of dismantling and removing the items and restoring the site on which they are located.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Leased Assets
Leases where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Plant and equipment acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation. Lease payments are accounted for as described in accounting policy 2 (p).

(iii) Subsequent Expenditure
Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, is capitalised with the carrying amount of the component being written off. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognised in the income statement as an expense as incurred.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Barbados $000's)

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES continued

(d) Property, Plant and Equipment continued

(iv) Depreciation

Depreciation is charged to the income statement on a straight line basis over the estimated useful lives of items of property, plant and equipment. Land and assets under construction are not depreciated. The estimated useful lives are as follows:

Buildings	20-50 yrs.
Central office (switching) equipment	10-15 yrs.
Plant and equipment	5-10 yrs.
Cable and transmission	15-30 yrs.
Furniture and office equipment	3-8 yrs.
Motor vehicles	3-5 yrs.
Work equipment	5-8 yrs.
Revaluation excess – excluding land (see note 9)	20 yrs.
International switching equipment	7-20 yrs.
Mobile switching equipment	8-10 yrs.
Fibre Optics	10-20 yrs.

(v) Gains and Losses

Gains and losses on the sale of property, plant and equipment are determined by reference to the proceeds and net book values. These are recognised in the income statement.

(e) Financial Assets

The Company classifies its financial assets into the following categories: financial assets at fair value through the income statement, loans and receivables and held-to-maturity investments. The classification depends on the purpose for which the assets are held.

Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date for financial assets other than those held at fair value through the income statement.

(f) Intangibles

Computer software is classified as an intangible asset. Intangible assets are stated at cost less amortisation and impairment losses (see accounting policy note 2c (ii)).

Amortisation is charged to the income statement on a straight line basis over estimated useful lives of intangibles. The estimated useful lives are as follows:

Computer software	2-5 yrs

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a moving average basis and includes transport and handling costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

For materials and consumables, provision is made for obsolete and slow moving inventories as required.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Barbados $000's)

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES continued

(h) Cash and cash equivalents
Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are carried in the statement of financial position at cost. Cash and cash equivalents comprise cash in hand and at bank, short-term deposits of less than three months, marketable securities and overdrafts. Bank overdrafts are included within borrowings in current liabilities on the statement of financial position.

(i) Foreign Currencies
Transactions in foreign currencies are translated to Barbados dollars on the following basis:

(i) Property, plant and equipment and depreciation thereon at the rate ruling on the date of purchase.
(ii) Monetary assets and monetary liabilities at the rate ruling at the statement of financial position date.
(iii) Revenue and expenses have been translated at the actual rate at transaction date.
(iv) Profits and losses on foreign exchange transactions are dealt with in the income statement.

(j) Trade and Other Receivables
Trade and other receivables are stated at their amortised cost less impairment losses.

(k) Non Current Assets – Available for Sale
Non current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as available for sale.

(l) Income Tax
Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the statement of financial position date, and any adjustments to tax payable in respect of previous years.

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilised.

(m) Revenue Recognition
Revenue represents amounts receivable in respect of services provided to customers and is accounted for on the accruals basis.

Revenue from services (mobile, broadband, domestic and international telecommunications services) is recognised as the services are provided. Revenue from service contracts that cover periods of greater than twelve months is recognised in the income statement in proportion to the services delivered at the reporting date. In respect of services invoiced in advance, amounts are deferred until provision of the service.

Revenue from sale of equipment is recognised upon delivery to the customer.

Revenue arising from the provision of other services, including maintenance contracts, is recognised evenly over the periods in which the service is provided.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Barbados $000's)

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES continued

(n) Employee Benefits

(i) Defined Benefit Pension Plans

The Company contributes to defined benefit pension, health care and life insurance plans. The recognised amount in the statement of financial position is determined as the present value of the defined benefit obligations adjusted for the unrecognised actuarial gains or losses and less any past service costs not yet recognised and the fair value of any plan assets. Where these calculations result in a net surplus, the recognised asset does not exceed the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the various plans or reductions in future contributions to these plans.

The recognition of actuarial gains and losses is determined separately for each of the defined benefit plans. Actuarial gains or losses are recognised in equity in the year in which they arise.

Using current actuarial assumptions, the curtailment gains/losses due to the restructuring have been recognised in the income statement as a result of the change in the present value of the defined benefit obligations.

Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested following the introduction of, or changes to, any of the defined plans, past service costs are recognised as an expense immediately.

The present value of the defined benefit obligations and the related service costs are calculated by a qualified actuary using the projected unit credit method; in accordance with IAS 19. The amount charged to the income statement consists of current service costs, interest costs, the expected return on any plan assets, curtailment gains and losses and actuarial gains and losses (see note 18).

(ii) Defined Contribution Pension Plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

(iii) Share-based compensation

The Group operates various equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense over the vesting period. The plan is considered to be an equity settled plan.

(iv) Other employee benefits

Employee entitlements to paid leave are recognised when they accrue to employees. An accrual is made for the estimated liability for vacation leave, as a result of services rendered by employees up to the reporting date.

(o) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(p) Lease Costs

(i) Operating Lease Payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

(ii) Financing Costs

The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method. There are no finance leases as at the statement of financial position date.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Barbados $000's)

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES continued

(q) Accounts Payable
Trade and other payables are stated at amortised cost.

(r) Deferred Revenue
Deferred revenue consists of customer advances for mobile services and mobile loyalty reward points. The amount deferred is recognised in revenue when the goods or services are provided and/or the points are redeemed.

(s) Provisions
A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(i) Restructuring
A provision for restructuring is recognised when the group has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced publicly and costs are determinable. Estimated restructuring costs mainly include employee termination benefits and are based on a detailed plan agreed between management and employee representatives.

(ii) Site restoration
The group has contractual obligations to dismantle and restore cell sites at the end of agreed periods. A provision for site restoration is recognised at the commencement of the lease and revised annually. Where it is likely that time-value of money is significant to calculating the estimated site restoration cost, the risk-free rate is used to determine obligation and the underlying cash flows to adjust for the risks specific to the obligation.

(iii) Amalgamation
Amalgamation costs related to the harmonisation of the legacy employee contracts were provided for and expensed over the course of the exercise. This exercise included the alignment of employment terms and conditions and the standardisation of allowances.

(t) Warranty Costs
The Company does not record warranty costs since this liability remains with the manufacturers of the respective equipment. Customer equipment including Private Automatic Branch Exchange (PBXs), modems and handsets are usually covered by a manufacturer's warranty of up to one year.

(u) Capitalisation of Borrowing Costs
Where the Company:

- borrows generally for the purpose of obtaining a qualifying asset, borrowing costs relating to such funds are capitalised based on the weighted average rate of borrowings outstanding during the year (excluding borrowings made specifically for the purpose of obtaining a qualifying asset).

- borrows to fund a specific qualifying asset, borrowing costs are capitalised as part of the cost of obtaining that asset.

(v) Interest-bearing Borrowings
Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, these borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(w) Finance Income and Charges
Interest income and interest charges are accrued on a timely basis by reference to the principal outstanding and the effective interest rate applicable.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Barbados $000's)

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES continued

(x) Segment reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

Based on the information presented to and reviewed by the CODM, the entire operations of the Company are considered as one operating segment.

3. OPERATING EXPENDITURE

	2010	2009
Employee costs	**72,574**	73,032
Operating costs	**74,703**	53,172
Depreciation	**41,595**	41,959
Amortisation	**3,241**	2,456
Finance charges	**1,358**	774
Auditors' remuneration	**526**	502
Foreign exchange (gain)/loss	**(3,650)**	10,507
	190,347	182,402

The number of employees at 31st March 2010 was 616 (2009 – 709).

4. OTHER INCOME/(EXPENSE)

	2010	2009
Gain/(Loss) on disposal of property, plant and equipment	**98**	(18)
	98	(18)

5. NET INTEREST (EXPENSE)/INCOME

	2010	2009
Interest income	**8**	1,818
Interest expense	**(2,883)**	(228)
	(2,875)	1,590

6. RESTRUCTURING COSTS

	2010	2009
Redundancy costs	**18,383**	13,953
Miscellaneous costs	**5,734**	4,528
	24,117	18,481

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Barbados $000's)

7. TAXATION

	2010	2009
Income tax expense		
Current tax expense	**16,067**	17,431
	16,067	17,431
Deferred tax expense		
Origination and reversal of temporary differences	**(182)**	6,642
	(182)	6,642
Total tax expense in income statement	**15,885**	24,073

Reconciliation of income taxes calculated at the applicable tax rate with income tax expense

	2010	2009
Accounting income before tax	**66,482**	90,502
Tax at the applicable tax rate of 25%	**16,621**	22,625
Group Relief claimed	**(19,824)**	–
Group Relief payable to surrendering company	**19,824**	–
Tax effect of amounts that are not deductible for tax purposes	**(736)**	1,448
Tax expense	**15,885**	24,073

Statement of Financial Position

Deferred Tax Assets and Liabilities

Deferred tax assets and deferred tax liabilities at 31st March 2010 and 2009 are attributable to the items detailed in the table below:

	2010			2009		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant and equipment	**–**	**(28,503)**	**(28,503)**	–	(30,553)	(30,553)
Provisions	**2,289**	**–**	**2,289**	2,289	–	2,289
Employee benefit plans	**9,247**	**–**	**9,247**	8,211	–	8,211
Net tax assets/(liabilities)	**11,536**	**(28,503)**	**(16,967)**	10,500	(30,553)	(20,053)

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Barbados $000's)

7. TAXATION continued

Movements in temporary differences between calculations of certain items for accounting and for taxation purposes can be specified as follows:

	Balance at 31st March 2009	Amount recognised in equity	Amount recognised in profit & loss	Balance at 31st March 2010
Property, plant and equipment	(30,553)	–	2,050	**(28,503)**
Provisions	2,289	–	–	**2,289**
Employee benefit plans	8,211	2,904	(1,868)	**9,247**
Deferred tax	(20,053)	2,904	182	**(16,967)**

The movement in the deferred tax during the year results primarily from the reversal of temporary differences arising from adjustments to capital allowances relating to prior year.

Taxes Payable

	2010	2009
Opening balance as at 1 April	**18,034**	25,738
Less: Paid during the year	**(13,768)**	(25, 135)
Add: Current tax expense	**16,067**	17,431
Group Relief claim-prior year	**(3,757)**	-
Group Relief claim-current year	**(16,067)**	-
Closing balance as at 31 March	**509**	18,034

Group Relief is relief that allows current trading losses of a surrendering company to be offset by way of relief from corporation tax, against the profits of the claimant company. Where a surrendering company incurs a trading loss in an income year, the loss may be offset against the total profits of the claimant company for the corresponding periods of the claimant company if throughout their respective accounting periods, both companies satisfy the provisions of the group test.

The name of the company surrendering its losses is CWI Caribbean Limited (CWIC), a domestic company, domiciled and resident in Barbados. The parent of the surrendering company is Cable & Wireless (West Indies) Limited (CWWI), which owns 100% of CWIC.

Of the total Group Relief of $19,824, $3,757 relates to the 2009 financial year and $16,067 relates to the current year. The tax provision at the statement of financial position date is in respect of current taxes only and represents the net balance owed by the Company. The Company has reimbursed the surrendering company, CWIC for the amount of Group Relief and has accordingly recorded a payable of $16,067 to CWIC in respect of Group Relief as at 31st March 2010.

8. INCOME PER SHARE

Income per share of $0.36 (2009 – $0.47) is calculated on the income for the year of $50.6m (2009 – $66.4m) and on the number of common shares in issue at 31st March 2010 of 141,864,946 (2009 – 141,864,946).

The income per $1 of share capital of $0.70 (2009 – $0.92) is calculated on the income as defined above and on the value of issued common shares at 31st March 2010 of $71.8m (2009 – $71.8m).

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Barbados $000's)

9. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land and Buildings	Central Office Equipment	Plant & Equipment	Furniture & Fittings Leased	Total
COST OR VALUATION					
Balance at 1st April 2008	31,231	174,217	761,313	6,500	973,261
Additions	124	6,673	33,401	–	40,198
Adjustment	–	(1,061)	(79,734)	–	(80,795)
Disposals	89	–	(89)	–	–
Balance at 31st March 2009	31,444	179,829	714,891	6,500	932,664
Balance at 1st April 2009	31,444	179,829	714,891	6,500	932,664
Additions	58	7,347	17,329	–	24,734
Disposals	–	–	(1,138)	–	(1,138)
Adjustment	–	–	–	–	–
Balance at 31st March 2010	**31,502**	**187,176**	**731,082**	**6,500**	**956,260**
DEPRECIATION					
Balance at 1st April 2008	12,488	144,975	509,329	3,230	670,022
Eliminated on disposal	–	(1,061)	(78,191)	–	(79,252)
Charge for year	852	5,290	35,665	152	41,959
Adjustment	–	–	(1,488)	–	(1,488)
Balance at 31st March 2009	13,340	149,204	465,315	3,382	631,241
Balance at 1st April 2009	13,340	149,204	465,315	3,382	631,241
Eliminated on disposal	–	–	(946)	–	(946)
Charge for year	867	5,903	34,736	89	41,595
Adjustment	–	–	–	–	–
Balance at 31st March 2010	**14,207**	**155,107**	**499,105**	**3,471**	**671,890**
CARRYING AMOUNT					
31st March 2010	**17,295**	**32,069**	**231,977**	**3,029**	**284,370**
31st March 2009	18,104	30,625	249,576	3,118	301,423

Revaluation

In the rate cases of 1974 and 1976, the Public Utilities Board adopted the revaluation of the Company's property, plant and equipment on the basis of depreciated replacement cost. The total excess of $16.5m over book value arising from these revaluations has been booked by the Company and was fully amortised at 5% per annum on a straight line basis. In 1989, an independent revaluation of the Company's land resulted in an excess of $0.905m being taken to reserves. Had the land not been revalued, the carrying amount of freehold land and buildings would be $16.4m (2009 – $17.1m).

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Barbados $000's)

10. INTANGIBLE ASSETS

	Total
COST	
Balance at 1st April 2008	17,652
Additions	7,111
Disposals	(8,815)
Balance at 31st March 2009	15,948
Balance at 1st April 2009	15,948
Additions	1,918
Balance at 31st March 2010	**17,866**
AMORTISATION	
Balance at 1st April 2008	10,659
Eliminated on disposal	(8,815)
Charge for year	2,456
Balance at 31st March 2009	4,300
Balance at 1st April 2009	4,300
Charge for year	3,241
Balance at 31st March 2010	**7,541**
CARRYING AMOUNT	
31st March 2010	**10,325**
31st March 2009	11,648

11. INVENTORIES

	2010	2009
Raw materials and consumables	**4,640**	6,590
Accessories for sale	**194**	195
	4,834	6,785
Less: Provision	**(257)**	(268)
	4,577	6,517

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Barbados $000's)

12. ACCOUNTS RECEIVABLE

	2010	2009
Accounts receivable – trade	**28,678**	28,028
Other receivables and prepaid expenses	**32,103**	39,738
	60,781	67,766
Less: Provision	**(6,267)**	(7,937)
	54,514	59,829

The aging of trade receivables at the reporting date was:

	2010	2009
Not yet due	**8,463**	7,670
Overdue 30 days or less	**5,796**	5,137
Overdue 31 to 60 days	**2,368**	1,758
Overdue 61 to 90 days	**2,832**	3,291
Overdue 91 to 180 days	**1,944**	4,833
Overdue 181 days or more	**7,275**	5,339
	28,678	28,028

Concentrations of credit risk with respect to accounts receivable are small as the Company's customer base is large and unrelated. The movement in allowance for impairment in respect of trade receivables during the year was as follows:

	2010	2009
Opening balance of the allowance for doubtful debts at 1 April	**(7,937)**	(11,668)
Less: Bad debts written off (previously provided for)	**2,719**	1,949
Add: Movement in allowance for doubtful debts	**(1,049)**	1,782
Closing balance of the allowance for doubtful debts at 31 March	**(6,267)**	(7,937)

The aging of the allowance for doubtful debts at the reporting date was:

	2010	2009
Overdue 91 to 180 days	**(1,880)**	(4,815)
Overdue 181 days or more	**(4,387)**	(3,122)
	(6,267)	(7,937)

Based on historic default rates, the Company believes that no impairment allowance is necessary in respect of trade receivables less than 91 days overdue.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Barbados $000's)

13. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	2010	2009
Balance at 1st April	**(1,594)**	17,904
Net cash outflow	**(4,484)**	(19,498)
Balance at 31st March	**(6,078)**	(1,594)
Represented by:-		
(Bank Overdrafts)/Cash and cash equivalents	**(6,078)**	(1,594)

Cash and cash equivalents typically include cash in hand and at bank, short-term deposits and overdrafts. These deposits generally have maturities not exceeding three months.

14. ACCOUNTS PAYABLE

	2010	2009
Accounts payable – trade	**21,843**	23,979
Other payables and accrued expenses	**19,433**	19,191
	41,276	43,170

15. DEFERRED REVENUE

	2010	2009
Prepaid mobile services	**531**	931
Loyalty reward points	**2,079**	1,889
	2,610	2,820

16. PROVISIONS

	Restructuring	Site Restoration	Total
Balance at 1st April 2008	980	540	1,520
Provision used during the year	(980)	–	(980)
Provision made during the year	–	67	67
Balance at 31st March 2009	–	607	607
Balance at 1st April 2009	–	607	607
Provision used during the year	–	–	–
Provision made during the year	3,329	68	3,397
Write back of provision	–	–	–
Balance at 31st March 2010	**3,329**	**675**	**4,004**

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Barbados $000's)

17. LONG-TERM LOANS

	Total Indebtedness 1st April 2009	Acquisitions/ (Repayments)	Total Indebtedness 31st March 2010
Royal Bank of Canada			
- BDS $17m loan	17,329	(17,329)	**–**
- BDS $11m loan	11,000	(5,313)	**5,687**
	28,329	(22,642)	**5,687**
Current portion	(23,021)		**(5,687)**
Long-term portion	5,308		**–**

Royal Bank of Canada

BDS $17m Loan. The Company acquired a $17.3m loan on 26th March 2009. The loan was repaid in full at 31st March 2010.

BDS $11m Loan. The Company acquired an $11m loan on 26th March 2009. The principal outstanding of $11m at 31st March 2009 is repayable in 12 monthly installments ending in March 2011. The loan bears interest at the rate of 7% per annum. The loan is unsecured.

18. EMPLOYEE BENEFITS

The Company makes contributions to defined benefit pension plans, medical and insurance plans that provide pension and medical benefits for employees upon retirement. The amounts recognised in the statement of financial position are as follows:

a) Present Value of Obligation

	2010	2009
Benefit obligation		
At beginning of year	**171,711**	149,336
Service cost	**4,012**	3,269
Interest cost	**12,246**	11,359
Employee contributions	**2,119**	2,454
Actuarial loss	**9,213**	15,007
Benefit payments	**(11,396)**	(6,188)
Curtailments	**(7,483)**	(3,526)
Benefit obligation at end of year	**180,422**	171,711

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Barbados $000's)

18. EMPLOYEE BENEFITS continued

b) Movement in Plan Assets

	2010	2009
Plan assets at fair value		
At beginning of year	**138,864**	138,944
Actual return on plan assets	**7,417**	(3,581)
Employer contributions (including direct benefit payments for unfunded plans)	**6,427**	7,235
Employee contributions	**2,119**	2,454
Benefit payments	**(11,396)**	(6,188)
Plan assets at fair value at end of year	**143,431**	138,864
Plan assets consist of the following:		
Bonds	**57,490**	64,956
Equities	**54,430**	54,376
Real Estate	**12,818**	15,699
Other	**18,693**	3,833
	143,431	138,864
Funded status		
Funded status at end of year	**(36,991)**	(32,847)
Effect of asset ceiling	**–**	–
Accrued benefit cost	**(36,991)**	(32,847)

c) Disclosures

	2010	2009
Amounts recognised in the Statement of Financial Position		
Prepaid benefit assets	**3,179**	6,119
Accrued benefit liability	**(40,170)**	(38,966)
Net amount recognised	**(36,991)**	(32,847)
Expense recognised in the Income Statement		
Service cost	**4,012**	3,269
Interest cost	**12,246**	11,359
Expected return on plan assets	**(9,820)**	(10,462)
Curtailment	**(7,483)**	(3,526)
Net periodic benefit cost	**(1,045)**	640

d) Actuarial loss recognised directly in equity

	2010	2009
Loss from change in assumptions	**5,724**	11,529
Loss from experience	**3,490**	3,478
Expected return on plan assets	**9,820**	10,462
Actual return on plan assets	**(7,418)**	3,581
Effect of asset ceiling	**–**	(6,267)
Actuarial loss recognised directly in equity	**11,616**	22,783

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Barbados $000's)

18. EMPLOYEE BENEFITS continued

e) Statement of Financial Position accrued reconciliation

	2010	2009
At beginning of year	**(32,847)**	(16,659)
Net periodic benefit cost	**1,045**	(640)
Employer contributions	**6,427**	7,235
Actuarial loss recognised directly in equity	**(11,616)**	(22,783)
Statement of Financial Position accrued at end of the year	**(36,991)**	(32,847)

f) Principal actuarial assumptions at the Statement of Financial Position date

	2010	2009
Discount rate at 31st March	**7.00%**	7.25%
Expected return on plan assets at 31st March	**7.00%**	7.00%
Future salary inflation and promotional increases	**5.00%**	5.00%
Future pension increases	**2.50%**	2.50%
Future increases in group medical premiums	**5.00%**	5.00%
Future changes in NIS ceiling	**3.50%**	3.50%

The defined benefit plans were closed to new employees effective 31st December 2003. The terms and conditions remain unchanged to employees who are currently members of those plans.

g) Historical Information

Defined Benefit Pension Plan

	2010	2009	2008	2007	2006
Present value of the defined benefit obligation	**(180,421)**	(171,711)	(149,336)	(129,348)	(136,668)
Fair Value of Plan Assets	**143,430**	138,864	138,944	121,571	118,544
Deficit in Plan	**(36,991)**	(32,847)	(10,392)	(7,777)	(18,124)
Experience adjustments on plan liabilities	**(3,489)**	(1,983)	(1,855)	(5,962)	(4,411)
Experience adjustment on plan assets	**(2,403)**	(13,783)	4,535	(4,341)	2,754

h) Defined Contribution Plan

The Company established a defined contribution pension plan during the year ended 31st March 2005 for all employees joining subsequent to 31st December 2003. The contributions made by the Company to this plan during the financial year were $0.342m (2009 – $0.427m). Correspondingly, the contributions made by the employees during the financial year were $0.398m (2009 – $0.508m).

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Barbados $000's)

19. CAPITAL COMMITMENTS

Contracts for capital expenditure outstanding at 31st March 2010 amounted to approximately $0.6m (2009 – $3.5m).

20. LEASE COMMITMENTS

Non- cancellable operating lease rentals are payable as follows:

	2010	2009
Less than one year	**7,824**	7,750
Between one and five years	**23,348**	24,128
More than five years	**6,559**	10,575
	37,731	42,453

The Company leases some of its motor vehicles and office facilities under operating leases. The motor vehicle leases typically run for a period of five years. Office facilities leases typically run for an initial period of three to ten years with an option to renew the lease after that date. Office facilities lease payments are renewed every three years. None of these leases include contingent rentals.

One of the leased properties has been sublet by the Company. The lease and sublease expire in March 2011. The total of future minimum sublease payments expected to be received under non-cancellable subleases at the statement of financial position date is $4.5m (2009 – $3.2m).

During the current year $6.7m was recognised as an expense in the income statement in respect of operating leases (2009 – $8.5m). An amount of $1.5m was recognised as income in the income statement in respect of subleases (2008 – $1.5m).

21. RELATED PARTY TRANSACTIONS

All related party transactions were entered into during the ordinary course of business and the balances are reflected in the statement of financial position as accounts receivable-related companies and accounts payable-related companies. These include provision of, and compensation for international telecommunication services, insurance arrangements, technical support, professional services and software licences.

The Company converted $35m of accounts receivable (due to related companies) to loan receivable (due to related companies) in October 2007. The balance outstanding at 31st March 2010 is $36.5m. This amount now bears interest at the rate of 2.9438% per annum. Currency risk on assets denominated in currencies other than Barbados dollar is discussed in note 24a (ii).

Accounts receivable – related companies/accounts payable – related companies represent amounts due to/from other Cable & Wireless group companies, principally for telecommunications traffic arising in the ordinary course of business.

Transactions with key management personnel relate primarily to compensation for services rendered. Key management comprises of directors and senior management of the Company. Salaries, Directors' fees and other short-term benefits totalled $1.1m (2009 – $3.4m); pension and other retirement benefits totalled $0.1m (2009 – $0.2m).

In March 2009, the Company was advanced a loan of $34.2m (US $17.1m) from a company under common control. The balance outstanding at 31st March 2010 is $18.2m. The loan bears an interest rate of 5.17% per annum.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Barbados $000's)

21. RELATED PARTY TRANSACTIONS continued

Other related party transactions include:

	2010	2009
Revenue	**9,987**	11,455
Cost of sales	**(12,782)**	(8,961)
Interest (expense)/income	**(1,396)**	1,684
Net Recharges into the Company*	**510**	16,876
Group Relief paid/payable to surrendering company	**(19,824)**	-

*Recharges are the internal inter-business unit cost of services consumed by a company when performing their business processes.

Summary Recharges

Net recharges	**16,153**	16,413
Royalty branding fee	**(4,808)**	(4,329)
Net management fees inter-business units	**(10,835)**	4,792
Net Recharges into the Company	**510**	16,876

The Company entered into a Support Services Agreement effective April 1, 2009 with a related company to provide Management and Operational Support Services. These services include Finance Support delivered through a Finance Shared Service Centre located in Jamaica and Centres of Excellence that provide technical support on Tax, Treasury, Procurement and Supply Chain Management. The agreement also provides for support for Sales and Marketing, Customer Operational Services, Technology and Property Services, Strategic and Business Advisory Services as well as Legal, Regulatory and Public Policy Services. Human Resources Support Services are provided through a HR Shared Service Centre which is also located in Jamaica.

All transactions and outstanding balances with these related parties are priced on an arm's length basis.

22. SHARE CAPITAL

(a) Authorised Capital

Unlimited number of common shares of no par value.

(b) Issued Capital

	2010	2009
141,864,946 common shares (2009 – 141,864,946)	**71,829**	71,829

The holders of common shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at annual general meetings.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Barbados $000's)

22. SHARE CAPITAL continued

(c) Dividends

Dividends declared after the Statement of Financial Position date are as follows:

	2010	2009
A final dividend of $0.145 (2009 – $0) per common share was declared subsequent to year end	**20,571**	–
A special dividend of $0.152 (2009 – $0) per common share was declared subsequent to year end	**21,563**	–
Dividends declared during the year are as follows:		
A final dividend of $0 (2009 – $0.145 for 2008) per common share was declared during the year	**–**	20,571
A special dividend of $0 (2009 – $0.152 for 2008) per common share was declared during the year	**–**	21,563
An interim dividend of $0.148 (2009 – $0.148) per common share has been declared and paid during the year	**20,995**	20,995
A final dividend of $0 (2009 – $0.145) per common share was declared during the year	**–**	20,571
A special dividend of $0 (2009 – $0.152) per common share was declared during the year	**–**	21,563
	20,995	105,263

23. SHARE BASED PAYMENTS

The ultimate parent company, Cable & Wireless Communications Plc operates various equity-settled, share-based compensation plans. Through a High Performance Incentive Plan ("HPIP"), senior managers of the Company are awarded shares in the ultimate parent company at nil costs.

It is a three year incentive plan and the scheme is worth up to 100% of a participant's salary at the date they entered the plan. The shares are based on performance periods years one and two, that then vest after years two and three respectively, with the financial year 2006/07 being year one. The performance targets are based on EBITDA and cash flow. On vesting, the shares of the ultimate parent company are worth the maximum of the prevailing market value and the grant price.

These shares, which were initially issued in the financial year 2006/07 based on the fair value at the date of grant, are being recognised over the vesting period as expense in the income statement and as contributed surplus in shareholder's equity. As at 31st March 2010 $2,712 (2009: $2,712) was recognised as contributed surplus. The weighted average number of shares was 619,447 and the weighted average fair value price per share was 123 pence/share. The plan expired at the end of the third financial year 2008/09. The basis of the valuation was as follows:

5%	Risk Free Rate
3.7%	Dividend Yield
£1.215	Weighted Average Share Price
2-3 yrs	Expected Life
29%	Volatility

There has been no change to the valuation since the initial computation in 2006/07.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Barbados $000's)

24. FINANCIAL RISK MANAGEMENT

Financial assets of the Company include cash and accounts receivable. Financial liabilities include loans, borrowings and trade payables.

The Company has exposure to credit risk, market risk, and liquidity risk from the use of financial instruments.

Senior management has responsibility for monitoring the Company's risk management policies and periodically report to the Board of Directors and the Regional Operating Board on their activities.

The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies are reviewed on a regular basis and reflect changes in market conditions and the Company's activities. The parent company, through the internal audit department, has monitoring oversight of the risk management policies.

(a) Market Risk
Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk:
Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's borrowings are due to be repaid in six months, and therefore any interest rate risk is minimal.

(ii) Foreign currency risk:
The Company incurs foreign currency risk primarily on purchases and borrowings that are denominated in a currency other than the Barbadian dollar (Bds$). The Company's foreign exchange transactions are usually denominated in US dollars (US$) or UK pound sterling (UK£). The Company's main exposure to foreign currency risk is with its UK£ loan receivable (due to related companies), however this loan was converted to a US$ in the current year. The exchange rate of the US dollar is fixed at $2 Barbados dollars to $1 United States dollar.

(iii) Liquidity risk:
Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at or close to its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and ensuring the availability of funding through an adequate amount of committed credit facilities. The Company aims at maintaining flexibility in funding by keeping lines of funding available with relevant suppliers, bankers and related parties, sourcing appropriate currency holdings to match liabilities and pursuing prompt payment policies.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Barbados $000's)

24. FINANCIAL RISK MANAGEMENT continued

(a) Market Risk continued

(iii) Liquidity risk continued:
The following are the contractual maturities of financial liabilities, including interest payments as at:

	Carrying Amount $'000	Contractual cash flows $'000	0-12 months $'000	1-2 years $'000
31st March 2010:				
Loans Payable – related companies	**18,196**	**19,150**	**19,150**	**–**
Trade and other payables	**41,276**	**41,276**	**41,276**	**–**
Loans	**5,687**	**5,888**	**5,888**	**–**
	65,159	**66,314**	**66,314**	**–**
31st March 2009:				
Loans payable – related companies	34,156	35,586	35,586	–
Trade and other payables	43,170	43,170	43,170	–
Loans	28,329	29,782	23,874	5,908
	105,655	108,538	102,630	5,908

(iv) Capital management:
The Company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders. The Board of Directors, together with responsible senior management of the ultimate parent company monitors the return on capital. The objective is to maintain a strong capital base so as to sustain future development of the business. There were no changes in the Company's approach to capital management during the year. In addition, the Company is not exposed to any externally imposed capital requirements.

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises primarily from credit given to customers and deposits with financial institutions. Balances arising from those activities are accounts receivable and cash and cash equivalents. The maximum credit exposure is represented by the carrying amount of financial assets on the statement of financial position.

Maximum exposure to credit risk at the reporting date was:

	2010	2009
Accounts receivables	**54,514**	59,829
Accounts receivable – related companies	**4,916**	16,418
Loan receivable – related company	**36,569**	27,838
Cash and cash equivalents	**(6,078)**	(1,594)
	89,921	102,491

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Barbados $000's)

24. FINANCIAL RISK MANAGEMENT continued

(b) Credit Risk continued

(i) Accounts Receivables:
The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has established a credit policy under which each customer is analysed for creditworthiness prior to being offered credit. These include credit evaluations on new customers and comprehensive procedures for the disconnection of services to, and recovery of amounts owed by defaulting customers. Management has procedures in place to restrict customer service if the customers have not cleared outstanding debts within the credit period. Customers that fail to meet the company's benchmark creditworthiness may transact business with the company on a prepayment basis.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Trade receivables relate mainly to the Company's interconnect, mobile and fixed line customers.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables.

The Company's average credit period on the sale of services is thirty days. Some trade receivables are provided for based on an estimate of amounts that would be irrecoverable, determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries once impaired.

(ii) Loan Receivable – related company:
All related party transactions are pre-authorised and approved by senior management.

(iii) Cash and cash equivalents:
Cash and cash equivalents are placed with counter-parties who are believed to have minimal risk of default, mainly international banks with high credit ratings.

25. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of accounts, receivables, bank overdraft, trade and other accounts payable, and loans are not materially different from their carrying amounts. Loans due to/from related companies are considered to approximate their carrying value as they represent an ability to effect set-offs in the future in the amounts disclosed.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates. All non-financial instruments are excluded from fair value disclosure. Thus, the total fair value amounts cannot be aggregated to determine the underlying value of the Company.

26. CONTINGENCIES

During the normal course of business, the Company may be subject to legal action. Management considers that any liability from these actions, for which provision has not already been made, will not be material. In that regard, a determination on a regulatory dispute is still pending before the Court. However, if a decision is held against the company, there will not be a material financial impact.

It is Management's opinion that a full disclosure of the claim would prejudice the position of the Company owing to the sensitive nature of the matter.

Notes to the Financial Statements

for the year ended 31st March, 2010 (Expressed in Barbados $000's)

27. SEGMENT INFORMATION

Cable & Wireless (Barbados) Limited is an integrated telecommunications service provider. It offers mobile, broadband, data and domestic and international fixed line services to residential and business customers. The Company's reportable segments are Mobile, Broadband, Domestic voice, International voice and Data and others. Mobile segment includes prepaid and postpaid mobile services and sale of handsets. Broadband segment includes dial-up and ADSL internet services. Domestic voice segment includes local fixed line services and related rental and installation charges. International voice segment includes all international calls and related interconnect services. Data and others segment includes leased circuit, frame relay, data and directory services.

Based on the information presented to and reviewed by the CODM, the entire operations of the Company are considered as one operating segment.

Financial information related to the operating segment result from continuing operations for the two years ended 31st March 2010, can be found in the income statement and related notes. There are no differences in the measurement of the reportable segment results and the Company's results.

The company does not have any customers from which revenue exceeds 10% of gross revenue.

Financial information relating to segment assets and liabilities are not available. These are not used by the CODM to make decisions about resources to be allocated and assess performance.

Entity-wide disclosures for continuing operations

The revenue for continuing operations from external customers can be analysed by product as follows:

	2010	2009
Mobile	**138,649**	138,784
Broadband	**46,316**	41,657
Domestic voice	**90,471**	91,949
International voice	**43,226**	48,753
Enterprise, data and other	**57,646**	58,644
	376,308	379,787

28. COMPARATIVE FIGURES

Certain comparative figures were reclassified to conform to the current year's presentation. The changes to prior year are income statement and statement of financial position reclassifications.

(i) Restructuring costs of $7,483 (2009 - $3,525) has been reclassified to Operating expenditure. This related to the curtailment gain recognised on termination of members of the pension plan.

Board of Directors

SIR ALLAN C. FIELDS, KCMG
Chairman

DR. J. PATRICIA ALLEYNE
Director

MR. DONALD ST. C. AUSTIN
Director

PROFESSOR SIR HILARY McD. BECKLES, K.A.
Director

MR. DODRIDGE D. MILLER
Director

MR. DAVID H. SHAW
Director

MR. TIMOTHY L. PENNINGTON
Director

Directors and Advisors

DIRECTORS

Sir Allan C. Fields, KCMG
Chairman

Dr. J. Patricia Alleyne

Mr. Donald St. C. Austin

Professor Sir Hilary McD. Beckles, K.A.

Mr. Dodridge D. Miller

Mr. Timothy L. Pennington

Mr. David H. Shaw

AUDIT COMMITTEE

Mr. Dodridge D. Miller
Chairman

Dr. J. Patricia Alleyne

Professor Sir Hilary McD. Beckles, K.A.

AUDITORS

KPMG

BANKERS

Royal Bank of Canada
The Bank of Nova Scotia
FirstCaribbean International Bank

REGISTRAR & TRANSFER AGENT

The Barbados Central Securities Depository Inc.
8th Avenue
Belleville
St. Michael

ATTORNEYS-AT-LAW

Carrington & Sealy

REGISTERED OFFICE

Windsor Lodge
Government Hill
St. Michael

Management Proxy Circular

COMPANY NO: 21007

This Management Proxy Circular accompanies the Notice of the Ninth Annual Meeting of Shareholders of Cable & Wireless (Barbados) Limited (hereinafter called "the Company") to be held at the Lloyd Erskine Sandiford Conference Centre, Two Mile Hill, on Thursday, 29th July, 2010 at 11: 00 a.m. (hereinafter called the 'Meeting') and is furnished in connection with the solicitation by the Management of the Company of proxies for use at the Meeting, or any adjournment thereof. It is expected that the solicitation will be primarily by mail. The cost of the solicitation will be borne by the Company.

REVOCATION OF PROXY

A shareholder giving a proxy may revoke the proxy at the Registered Office of the Company at any time up to and including 4.30 p.m. on the last business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof, or in any other manner permitted by law, but prior to the exercise of such proxy in respect of any particular matter.

RECORD DATE, NOTICE OF MEETING AND VOTING SHARES

The Directors of the Company have fixed Friday, the 25th day of June 2010 as the record date for the purpose of determining the shareholders entitled to receive notice of the Meeting and have given notice thereof by advertisement as required by the Companies Act, Cap. 308 (hereinafter called "the Companies Act"). Only the holders of common shares of the Company on record at the close of business on the 25th day of June, 2010 will be entitled to receive notice of the Meeting.

Each holder is entitled to one vote for each share held. As at the date hereof there are 141,864,946 common shares of the Company outstanding.

ELECTION OF DIRECTORS

The Board of Directors consists of seven (7) members. The number of Directors of the Company to be elected at the Meeting is two (2). The following are the names of the persons proposed as nominees for election as Directors of the Company, and for whom it is intended that the votes will be cast for their election as Directors pursuant to the proxy which is hereby solicited, unless the shareholder directs therein that his shares be withheld from voting in the election of Directors:-

- Sir Hilary Beckles, K.A.
- Mr. Dodridge Miller

The Management of the Company does not contemplate that any of the persons named above will, for any reason, become unable or unwilling to serve as a Director. However, if such event should occur prior to the election, it is intended that the discretionary authority shall be exercised to vote the proxy hereby solicited (unless otherwise directed as aforesaid) for the election of any other person or persons as Directors.

Sir Hilary Beckles, K.A. and Mr. Dodridge Miller were re-elected to the Board of Directors at the Sixth Annual Meeting of Shareholders. The terms of office for these two nominees expire at the close of the Ninth Annual Meeting, but being eligible, they offer themselves for re-election.

APPOINTMENT OF AUDITORS

It is intended to vote the proxy solicited hereby (unless a shareholder directs therein that his shares be withheld from voting in the appointment of Auditors) to re-appoint the Accounting firm of KPMG, the present Auditors, as Auditors of the Company to hold office from the close of the Ninth Annual Meeting until the next Annual Meeting of shareholders.

DISCRETIONARY AUTHORITY

The accompanying Proxy form confers discretionary authority with respect to amendments to the matters identified in the Notice of Annual Meeting and on such other business as may properly come before the Meeting or any adjournment thereof. The Management is not aware that any such amendments or other business are to be submitted to the Meeting. However, if such amendment or other business properly come before the Meeting, the nominees named in such form of proxy will vote the shares represented by the proxy in their discretion.

The contents of this Management Proxy Circular and the sending thereof to the holders of the common shares of the Company have been approved by the Directors of the Company.

DATED: 7th June, 2010

Valerie A. Williams
Company Secretary
Cable & Wireless (Barbados) Limited

6.37 p.m. Mia Neckles colours a picture to show her mother on the web-cam while she's away on business in New York...

Proxy Form

COMPANY NO: 21007

I/We the undersigned ....

....

of...

shareholder(s) of Cable & Wireless (Barbados) Limited hereby appoint(s) Sir Allan Fields of Stepney, St. George or failing him

.... of

....to be

my/our proxy at the Ninth Annual Meeting of Shareholders of the Company to be held on Thursday, 29th July 2010 at 11:00 a.m. ('the Meeting') or any adjournment thereof, with power to vote at the discretion of such nominee with respect to the matters identified in the Notice of the Meeting, to amendments to the matters identified in the Notice of the Meeting and on other business as may properly come before the meeting or any adjournment thereof.

Dated this ....day of 2010
(Please insert date)

Signature of Shareholder...

NOTES

1. A person appointed by proxy need not be a shareholder.

2. In the case of a shareholder who is a body corporate or association, votes at meetings of shareholders may be given by an individual authorised by a resolution of the directors or governing body of that body corporate or association to represent it at meetings of shareholders of the Company.

3. A proxy must be executed in writing by the shareholder or his attorney authorised in writing.

4. The completed Proxy Form must be deposited at the registered office of the Company at Windsor Lodge, Government Hill, St. Michael not later than 4:30 p.m. on Wednesday, 28th July, 2010

Cable & Wireless (Barbados) Limited
Windsor Lodge, Government Hill, St. Michael, Barbados