Annual Report 2011

Cable & Wireless (Barbados) Limited

LIME







INSIDE FRONT COVER

Contents

Notice of Annual Meeting of Shareholders

Valerie Williams
Company Secretary

NOTICE IS HEREBY GIVEN that the Tenth 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, 28th July, 2011 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, 2011 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;

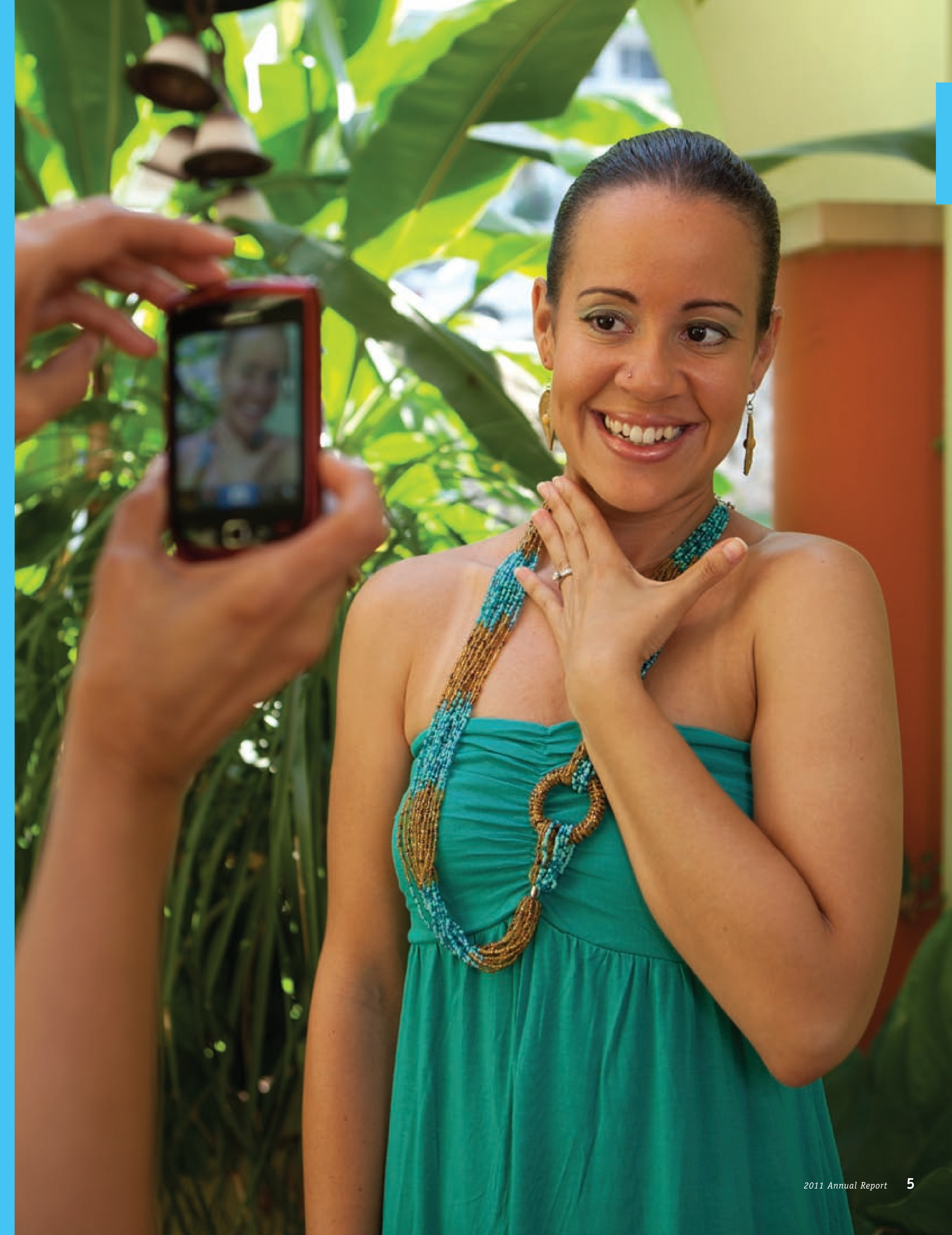
4. To transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

Dated 6th day of June 2011
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, 27th July, 2011.



Chairman's Report

Despite the economic recession, the Company's performance during the year is commendable. Operating profit at the end of March 2011 was $78.3m when compared to $66.4m at the end of the previous year.

Sir Allan Fields, KCMG
Chairman

The financial year under review brought its challenges and presented exciting opportunities for the business. The level of demand for new and improved technologies particularly in mobile and data continues to grow and the Company has ensured that ongoing improvements were made in the Network to facilitate the array of products in demand.

As reported last year, the demand for Broadband is increasing and the Company is actively deploying the infrastructure necessary to meet the demand. The business now offers packages with increased levels of speed to fit the requirements of its customers.

Faced with a virtually saturated mobile market and prevailing economic conditions, we have focused on customer retention and delivering value added services. During the period, a number of promotions and other initiatives were implemented and well received. The Christmas promotion was a success with many persons upgrading to the latest Blackberry devices and mobile phones. Plans are underway to launch Mobile TV in the new financial year.

Our Corporate Sales team has been hard at work improving their skills and selling solutions to corporate customers. The team was the first in the regional business to complete the Sales Academy Masters Level course. They have also been very successful in winning back a number of companies who have accepted a regional package for mobile services. The sales force team has also been strengthened to improve delivery of service to the Small & Medium Enterprises (SME) market. So improved was the service to this sector that the business copped the top sales award for the Caribbean and Latin America from Mitel, the major supplier of small PBX's, at the end of the financial year.

We continue to work on improving customer service. In Barbados, the Customer Experience Department was established and statistics show that there is an improvement in response time to customers who contact the Company with their concerns. At a regional level, LIME has expanded its organisational structure to include a function called Core2Door. This new division, which begins operations during the new financial year, will be responsible for coordinating a seamless and efficient end to end process for the delivery of service to customers from the core network to the customers' premises.

Despite the economic recession, the Company's performance during the year is commendable. Profit before taxation at the end of March 2011 was $78.3m when compared to $66.4m at the end of the previous year. Total revenue of $372.4m was 1% lower than the previous year. International revenue has been a contributor to this lower figure and revenue in this area is expected to decline due to competition and a number of devices available to consumers to make international calls.

Our involvement in the community continues to be important. During the year, the Company partnered with the National Cultural Foundation and sponsored or co-sponsored a number of events. Colleagues also participated in a number of community activities including bringing cheer to members in one of our district hospitals and volunteering as chaperones to a number of children from our children's homes who shopped at Christmas, compliments of the business.

The share price of $5.40 per share at March 31st 2011 is 50 cents lower than the trading price at March 31st 2010. The Board is nevertheless pleased with the strong performance of the Company and a final dividend of 14.5 cents per share and a special dividend of 15.2 cents per share was declared. The Company also paid a half year dividend of 14.8 cents per share and a special dividend of 17.4 cents per share at the end of February 2011, bringing total dividend payments for the financial year to 61.9 cents per share.

On behalf of the Board, I would like to thank colleagues and customers for their dedication and support during the financial year. We also express thanks to our shareholders for their continued investment in the business, a telecommunications company that brought the first telephone service to Barbados, the first mobile, Internet and text messaging services and one that will continue to be in the forefront of offering the latest technology to the nation.

Sir Allan C. Fields, KCMG
Chairman

Dawn-Chere Walton, the top intern of the LIME Summer Internship Programme 2010, receives her prize from Alex McDonald.

Country Manager's Report

Our decision to focus on the communities we serve and our internal customer base drove our activities over the last year and paid huge dividends for us as a business.

Alex McDonald
Country Manager

A colleague asked me one day close to the end of the financial year, "Alex what would you say were our top three achievements for 2010/2011?" I paused only for a moment and said "improved customer service, upgrade of the mobile plant to deliver Edge technology…" and then I paused again. I was asked for three and I was torn between our community focus and our tremendous advances at improving staff engagement and development. I begged for a reprieve and offered them both as areas of significant achievements for the last year.

Our decision to focus on the communities we serve and our internal customer base drove our activities over the last year and paid huge dividends for us as a business. Our colleagues are more energized, more knowledgeable and focused on delivering for our customers. This is reflected in their concern for changing the way we do things and the manner in which we engage with our large customer base.

We are pleased with the strides we have made – our service level scores have moved from an average of 69 per cent to 81 per cent; we have improved our scores in resolution of customer complaints in seven working days from 69 per cent to 97 per cent and reduced our outstanding queries from 300-odd on average to just over 100 at the close of March 2011. These are big wins for us. We are proud of them, but we recognize that every customer must feel these improvements and recognize them in their everyday dealings. We must create a lasting WOW effect!

And we started on the inside. Everyday, we are reminded by a "new" member of staff, that service is an everyday occurrence, it is not one-off. That member of staff has been embraced by the business and she keeps us on our toes! Eleanor is always watching, everywhere we turn, she is there reminding us that excellence must become part of our modus operandi.

You will see Eleanor on the opposite page just as we come face-to-face with her as we step out of the elevator in Wildey, or climb the stairs or turn the corner at Windsor Lodge. She may be a cardboard cut-out to the casual observer, but for us, the essence of who Eleanor is, is REAL.

Our LIME brand has also evolved over the last year from the early days into a more vibrant, Caribbean-grown reflection of who we are as a people. We are bright, lively, culturally diverse and full of vitality and our Brand must represent this. You will see more of the changes in this area during the new financial year but our tag line speaks volumes of who we are and how we serve our customers.

LIME. For Living. Everyday is us recognising how we touch our people's lives each and everyday and how we influence how they live, work and play. This puts a huge task on our shoulders which we are glad to bear on their behalf. We acknowledge our role and responsibility to provide the very best in telecoms but we also continue to pay even closer attention to our involvement through our sponsorships, donations and community work.

The developments in other areas of the business have caught the attention of our customers as well. Our mobile customers, both residential and corporate, have reacted positively to our offerings. The unveiling of our Edge technology in certain high traffic areas has meant that more of our mobile users are exposed to faster speeds. The taste has left them wanting more! Our mobile base is insisting on even more mobile technology from their service provider of choice. We will deliver! There are exciting times ahead for our business, but much of our excitement is at what is before us on the Mobile technology horizon.

4G will be the next Big Thing and we are excited to be the first company to announce its arrival in Barbados and the Caribbean. It will revolutionise our world and how we use mobile technology. As the company which heralded the birth of "modern" communication 139 years ago, we are proud to be around for this phase of the G-volution!

Our Broadband customers have not been left out over the year and there will be more to come. We launched our Wi-Fi in the Community project. This will be first available in our capital city and then in many other locations island-wide. We have a strong platform for increased investment in the Broadband network and in the fixed line plant. The latter has benefited from huge upgrades to the aging cable plant with the installation of fibre, and in some areas, replacement of cable.

Our customers can count on us to open up internet access to a wider base and especially to those who now, may have limited financial resources. These are our customers too and they will not be left behind by us at LIME. We will dare to go boldly towards the goal of ensuring each and every Barbadian who wishes to, can get on the Internet and experience the world at their fingertips.

To say we are excited at the prospects of this new financial year, is an understatement. There will be no letting up, the train left the station long ago and is picking up speed. Hold on to your seats!

Alex McDonald
Country Manager

Above: Eleanor is a cardboard cut-out – our constant reminder that we must always walk in our customers' shoes
Below left: Customer Lasonta won with LIME. Below right: VP Retail Stores Susanne Downes grabs this customer's attention

LIME Beach Clean Up

Corporate Social Responsibility

In recent years, we have become a beacon in the creation of a corporate culture to give back through volunteerism and we take pride in knowing that this is now a trend in many organisations.

Above: Summer interns 2010
Below: LIME Service Delivery Team after a community job well done

COMMUNITY INVOLVEMENT IS THE ONE CONSTANT IN THIS EVER CHANGING ENVIRONMENT

Creating a culture of giving back:

In a fast-paced and evolving industry like ours it is often quite refreshing to have at least one constant. As quickly as technology advances, our business focus changes to ensure that we can keep a competitive edge. Our one mainstay however, is our commitment to the development of the communities we serve through sponsorship.

In recent years, we have become a beacon in the creation of a corporate culture to give back through volunteerism and we take pride in knowing that this is now a trend in many organisations. During the last financial year, we remained focused on making a meaningful impact through our people, because for LIME, kindness is an every-day affair. We also concentrated heavily on community-based activities; we continued to play our part in creating a cleaner and safer environment; and increased our presence in a number of sponsorship areas across the local landscape.

A mandate for community involvement:

Maintaining a culture of community involvement cannot just be an overall company objective. To ensure its success, community involvement must also be the goal of every individual and department within the organisation. Our target is to touch the lives of the people we serve in some meaningful and positive way, not only through financial contributions, but also through volunteerism.

The above is the mandate of each department, spurred solely by that latent innate kindness and concern for fellow citizens and successfully delivered during the financial year under review.

The countrywide conversation on the care of the elderly reverberated throughout the walls of the Company. For us the conversation began when our summer interns were asked to initiate a community project managed solely by them and they choose to donate bedding, toiletries and other necessities to the elderly and infirm patients of the Geriatric Hospital. This was funded through an internal drive, a sacrifice of a portion of their own stipend and a contribution from the Company.

The conversation then continued with our participation in the Geriatric Hospital's Senior Carnival celebrations which turned out to be a wonderful few hours of entertainment for all involved. LIME staff volunteered as escorts on the parade route, plus the Company donated 'ole mass' costumes from the Contact Band, LIME Blackberry t-shirts and catered the event.

These elderly gems, decked out in their pretty costumes with standards pushing mobile and other telecommunications services, proved without a doubt that age is nothing but a number and a disability only means that you are differently-abled are definitely no clichés.

It is said that Christmas is all about the children and if that is the case then there are at least thirty-five Barbadian children that had a merry one indeed. Just as the school doors closed for the Yuletide season last year, a group of children between the ages of six and seventeen, from three Children's Homes across the island converged on the streets of Bridgetown on a shopping spree compliments LIME. They were chaperoned by twenty-seven LIME colleagues who initially signed on to spread a little Christmas cheer, but walked away with a gift of joy themselves. That gift was the pleasure derived purely from the spirit of giving and the internal satisfaction of seeing a child's appreciative smile.

This shopping spree cemented the fact that our culture of volunteerism is more than just a mandate – it has become ingrained in our way of life. LIME colleagues truly exemplified generosity and goodwill. They not only gave of their time to make the shopping activity a success, but they personally contacted retail stores for individual discounts and supplemented the spending money where necessary to ensure that their assigned child truly enjoyed the experience.

To close out the 2010 calendar year in the area of community involvement our teams again demonstrated that LIME's generosity comes straight from the heart and some examples of these came from our Customer Experience and Corporate Sales divisions.

The Customer Experience team was so moved into action on learning of the number of people and families disadvantaged when the HIV/AIDS Food Bank is low, that they spearheaded a company-wide crusade to provide nutritious foods for these persons. By the end of the project, they had amassed food items and necessities to fill several large boxes which were then donated to the food bank.

The Corporate Sales team's annual department drive often brings charity to the home of some unsuspecting family. Around November last year, the team began preparing its donation hampers. For them no donation is ever too small as long as it impacts the life of the recipient. Last year a St. Andrew family of five was the lucky recipient of hampers and a dining room suite.

A responsible approach to going green:

Any sustained Go Green endeavour for LIME must, among other things, include an opportunity to recycle the some 200K telephone directories that are circulated in the local market each year.

During the last financial year, LIME partnered with Global Directories in a massive Go Green effort that resulted in the collection of close to 3 tonnes of directories for recycling. It's a staggering number for a country of this size, but it shows the magnitude of the problem if we do not put preventative measures in place to arrest the situation and we are heartened that there is a growing number of residential and business customers who have now taken up our responsible approach to going green.

For the second year in succession we took on the task of a Beach Clean-up as part of the Clean-Up Barbados campaign. In financial year 2010/2011 this included a concentrated effort on removing underwater refuse. In addition to the group of LIME volunteers combing the beach, we had a few LIME certified divers attacking the ocean floor. This band of workers about 100-strong managed to round up piles of garbage from the popular Browne's Beach.

From an internal perspective, being green remains a continuous effort of reducing our energy consumption, recycling our plastic bottles and printing less every day.

A shared Government agenda:

Once again, at the forefront of our educational agenda and in support of the Ministry of Education's efforts to improve the literacy level in Barbados is our title sponsored National Spelling Bee competition.

The competition, now in its fifth year, rewards our spelling stars with Internet access and an all expense paid prize trip to an international destination. In the fourth quarter of the financial year 2010/2011, Bee announced that he would be heading back to the historic US Capital Washington D.C on a classified journey and that he was searching for a star team to accompany him.

During the first quarter of the new financial year, our little Bees hailing from Trinity Academy will be jet-setting to the US aboard American Airlines, our corporate partner, for a six-day tour of D.C.

Our Connect Barbados project remains high on our list of priorities to assist the Government of Barbados in bridging the digital divide. Over the past few years, we have provided computers and free broadband access to a number of community centres and children's homes on the island.

The Connect Barbados project was also instrumental in the purchase and engineering of a lab at the Disabilities Unit and during the 2010/2011 financial year the Company realised one of the true benefits of this lab, when it was used to facilitate a Government training programme for the visually impaired.

Last financial year, we shifted our focus for Connect Barbados towards the development of youth through the IT For Teens Summer Programme. LIME teamed up with the Government's Community Development Department on this programme which afforded some 160 teenagers an opportunity to hone their IT skills over a six-week period during the summer months. LIME poured funding into this project up to the tune of $50K.

This IT camp stretched over seven locations across the island and exposed the teens to the many benefits of IT and to enhance their skills.

A few other constants and new interests:

History will prove that as a company, we have woven our way into the fabric of this Barbadian society through the continued infusion of significant capital. During the financial year under review we had a heightened focus in the areas of sport and culture.

On the local front we remained committed to youth Cricket through our multi-year title sponsorship of the Under-15 Schools Competition which has been the spring board for many a cricketing career over the last 25 years. During the year, we also pumped financial support into a title sponsorship of the local Division One Cricket series which we hope will continue to raise the bar for the sport at that level.

We sponsored the Barbados Secondary School Athletics Competition which we believe marries well with the Company's regional involvement in the CARIFTA Games. For it is through the development of the sport at this level that we can open up the playing field for the stars of the future.

New on the cultural landscape was our sponsorship of the production of a local film, "Sweet Bottom", through which we were able to play our part in boosting the development of the local film industry.

Above: LIME IT for Teens Camp 2010
Below: Summer students were welcomed with drama and a message on the right attitude

Above: The 2010 LIME National Spelling Bee Champions team Trinity Academy – Ruth Blackett, Teacher/Coach Faling Odle, Matthew Clarke, Rafael Lowe and kneeling Gavin Howard.
Below: Some of the LIME volunteers who took part in the Beach Clean-up doing their part to keep Barbados beautiful. The LIME 2010 effort included an underwater clean-up of refuse from the ocean floor.

Above left: Their 'Kadooment' came on an entirely different day and the parade ran along a shorter route, from the Geriatric Hospital to the YMPC Playing Field across the street, but that didn't make it any less exciting for these elderly revellers. Our gem pretty in green is all smiles as she faces the judges.
Above right: Members of the victorious BEE 2010 team from Trinity Academy – Dr. Michael Crichlow, Principal, Ruth Blackett, Matthew Clarke and Gavin Howard - take a tour of an American Airlines cockpit and have a chat with the Pilots.
Below: LIME's Country Manager, Alex McDonald and the President of the Barbados Cricket Association (BCA), Joel Garner seal the deal on the Division One Cricket sponsorship under the watchful eye of Rollins Howard, BCA's Cricket Operations Manager.

Above: LIME Summer interns give back to the Geriatric Hospital
Below: Khiomal getting scanned by a happy customer

Financial Review

Cable and Wireless (Barbados) Limited ("the Company") has sustained its revenue generation and realised a turnover of $372.4m, with an increased income per share of $0.42 compared to $0.36 last year.

Rojer J. Inglis
Chief Financial Officer

Overview

Cable and Wireless (Barbados) Limited ("the Company") has sustained its revenue generation and realised a turnover of $372.4m, with an increased income per share of $0.42 compared to $0.36 last year.

These results were realised despite the Company continuing to feel the pressures of the economic times. Having responded with structural adjustments and changes to maintain the quality of service, these positive results were driven by:

- Growth in broadband customer base of 9%

- Strong emphasis on service delivery and customer satisfaction through the creation and development of a Customer Experience Department to manage all aspects of service to our customers

- Strong growth in Corporate Sales of 14% after a decline in the previous year.

Income Statement

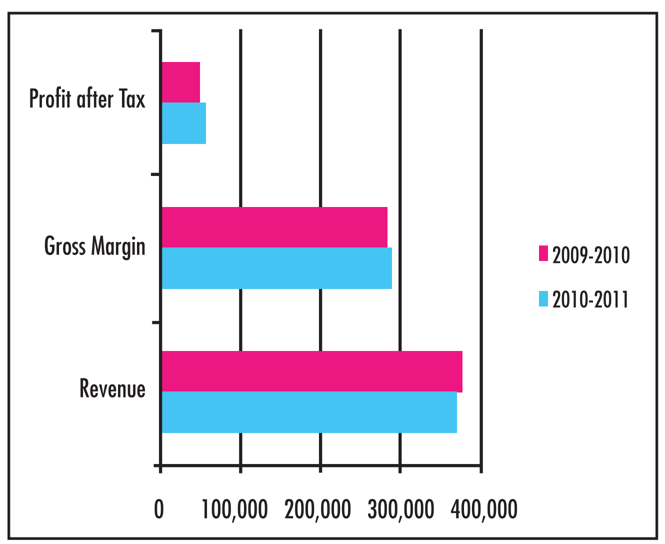
The Company realised a 1% decrease in total revenue when compared to 2010 (1% from 2009). This was driven by moderate decreases in mobile revenue and international calls.

Outpayments and Cost of Sales decreased by 7.5% from the prior year as a result of stringent cost control measures implemented to reduce service acquisition costs for all revenue lines.

The Company continued its effort to maintain a world-class network, and as a result, network costs increased over the prior year. This largely resulted in an increase in Operating Expenditure of 2% from last year – or about $3.40m.

The Company completed its transformation to a "One Caribbean" Company and as a consequence, restructuring costs reduced significantly from the prior year by 72% ($17.4m).

These combined circumstances resulted in the Company realising an after tax profit of $59.2m, an increase of 17.1% over the prior year.



Capital Expenditure

The Company continued plans to maintain its network to sustain the market leading position in all services. As a consequence, the Company's capital expenditure programme was continued from last year with emphasis on improvements across the network with expansion in some areas for service delivery.

Mobile

During the year, the Company added "EDGE" to the network for increased speed in mobile data downloads. In addition, the Company continued to invest in the infrastructure, to ensure continued improvements in network coverage, by closing coverage gaps.

Broadband

The Company continued to invest in new ports to provide service in areas that were not serviced before. Customers will continue to experience increased speeds as the Company has expanded its network to increase the minimum speeds available to everyone and provide greater speeds for those customers who need it.

Fixed Line

The investment in new ports for Broadband and the entry into new locations that were not serviced before caused the increase in investment in fixed lines through the installation of new outside plants.

Dividend

The Board of Directors, declared a special and final dividend (15.2 and 14.5 cents, respectively) for the year in May 2011. A special dividend of 17.4 cents was also declared in February 2011. When combined with the interim dividend of 14.8 cents declared during the year, total dividends declared for the financial year were 61.9 cents per share (44.5 cents per share in 2010).

Rojer J. Inglis
Chief Financial Officer

Report of the Directors

The Directors of Cable & Wireless (Barbados) Limited are pleased to present their report to the Tenth Annual Meeting of Shareholders together with the financial statements for the period ended 31st March 2011.

Results and Dividends

	2011 $000s	2010 $000s
Income after taxation	**59,226**	50,597
Add: Retained earnings brought forward	**213,306**	183,704
Amount available for distribution	**272,532**	234,301
Dividends declared: Common shares	**(87,814)**	(20,995)
Retained earnings carried forward	**184,718**	213,306

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 24th June 2011.

DIRECTORS

In accordance with Clause 4.4 of By-Law No. 1 of the Company, the Directors retiring by rotation are Sir Allan Fields, KCMG, Dr. Patricia Alleyne and Mr. Timothy Pennington who, being eligible, offer themselves for re-election.

DIRECTORS' SHAREHOLDINGS

At 31st March 2011 the beneficial interest of the Directors in the issued share capital of the Company was as follows:

	Ordinary shares as at 31st March, 2011
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 share-holdings of the Directors between 31st March, 2011 and 31st May, 2011.

PRINCIPAL SHAREHOLDINGS

As at 31st March 2011 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.

LIME

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 three 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

6th day of June 2011

KPMG
Hastings
Christ Church, BB 15124
Barbados

P.O. Box 690C
Bridgetown, Barbados

Telephone (246) 434-3900
Fax (246) 427-7123
e-Mail info@kpmg.bb

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, 2011, the income statement, statement of changes in stockholder's equity, the statement of comprehensive income and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 our 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, we consider 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, 2011, and 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 6, 2011

Financial Statements

Income Statement

for the year ended 31st March, 2011 (Expressed in Barbados $000's)

	Notes	2011	2010
Revenue	26	**372,413**	376,308
Outpayments		**(39,318)**	(32,484)
Cost of Sales		**(46,266)**	(60,101)
Total outpayments and cost of sales		**(85,584)**	(92,585)
Gross Margin		**286,829**	283,723
Operating Expenses			
Employee expenses	3	**(66,109)**	(72,574)
Administrative, marketing and selling expenses		**(1,271)**	(4,148)
Depreciation	9	**(42,180)**	(41,595)
Amortisation	10	**(3,877)**	(3,241)
Other operating expenditure		**(82,607)**	(71,082)
Total operating expenses		**(196,044)**	(192,640)
Operating profit before restructuring costs		**90,785**	91,083
Restructuring costs	4	**(6,713)**	(24,117)
Operating profit before net finance costs		**84,072**	66,966
Net finance costs	5		
Foreign exchange gains		**46**	3,650
Other finance costs		**(2,057)**	(1,358)
Finance expense		**(1,100)**	(2,874)
		(3,111)	(582)
Operating profit before other (expense)/income		**80,961**	66,384
Other (expense)/income		**(2,609)**	98
Profit before taxation		**78,352**	66,482
Taxation	7	**(19,126)**	(15,885)
Profit attributable to shareholders		**59,226**	50,597
Income per share	8	**$0.42**	$0.36

The accompanying notes form an integral part of the financial statements

Statement of Financial Position

as at 31st March, 2011 (Expressed in Barbados $000's)

	Notes	2011	2010
NON-CURRENT ASSETS			
Property, plant and equipment	9	**260,835**	284,370
Intangible assets	10	**6,705**	10,325
Prepayments	11	**3,444**	–
Loan receivable – related company	6	**30,930**	36,569
		301,914	331,264
CURRENT ASSETS			
Inventories	12	**4,216**	4,577
Accounts receivable	13	**51,500**	46,856
Accounts receivable – related companies	14	**10,748**	4,916
Prepayments	11	**8,240**	7,658
Cash and cash equivalents	15	**15,643**	–
		90,347	64,007
TOTAL ASSETS		**392,261**	395,271
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	**71,829**	71,829
Revaluation reserve	9	**905**	905
Contributed surplus		**2,712**	2,712
Accumulated comprehensive income		**(12,728)**	(25,799)
Retained earnings		**184,718**	213,306
		247,436	262,953
NON-CURRENT LIABILITIES			
Deferred revenue	18	**14,553**	–
Employee benefits	21	**13,451**	36,991
Deferred taxation	22	**19,917**	16,967
		47,921	53,958
CURRENT LIABILITIES			
Trade and other payables	17	**61,096**	41,276
Deferred revenue	18	**4,730**	2,610
Provisions	19	**4,742**	4,004
Current portion of long-term loans	20	**–**	5,687
Loan payable – related company	6	**20,000**	18,196
Bank overdraft	15	**–**	6,078
Tax payable		**6,336**	509
		96,904	78,360
TOTAL LIABILITIES		**144,825**	132,318
TOTAL EQUITY AND LIABILITIES		**392,261**	395,271

The financial statements were approved by the Board on 6th June 2011 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, 2011 (Expressed in Barbados $000's)

	Notes	Share Capital	Revaluation Reserve	Accumulated Comprehensive Income	Contributed Surplus	Retained Earnings	Total
Balance at 1st April 2009		71,829	905	(17,087)	2,712	183,704	242,063
Net income for the year		–	–	–	–	50,597	50,597
Dividends declared:							
Common shares	16	–	–	–	–	(20,995)	(20,995)
IAS 19 Actuarial gain	21	–	–	(11,616)	–	–	(11,616)
Deferred taxation	22	–	–	2,904	–	–	2,904
Balance at 31st March 2010		71,829	905	(25,799)	2,712	213,306	262,953
Balance at 1st April 2010		71,829	905	(25,799)	2,712	213,306	262,953
Net income for the year		–	–	–	–	59,226	59,226
Dividends declared:							
Common shares	16	–	–	–	–	(87,814)	(87,814)
IAS 19 Actuarial loss	21	–	–	17,428	–	–	17,428
Deferred taxation	22	–	–	(4,357)	–	–	(4,357)
Balance at 31st March 2011		**71,829**	**905**	**(12,728)**	**2,712**	**184,718**	**247,436**

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

Statement of Comprehensive Income

for the year ended 31st March, 2011 (Expressed in Barbados $000's)

	Notes	2011	2010
Profit for the year		**59,226**	50,597
Other Comprehensive Income			
Actuarial gains/(losses) on the value of defined benefit retirement plans	21	**17,428**	(11,616)
Deferred taxes on actuarial (gains)/losses	22	**(4,357)**	2,904
Total other comprehensive income/(loss) for the year, net of tax		**13,071**	(8,712)
Total comprehensive income for the year		**72,297**	41,885

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

Statement of Cash Flows

for the year ended 31st March, 2011 (Expressed in Barbados $000's)

	Notes	2011	2010
Cash flows from operating activities			
Profit before taxation		**78,352**	66,482
Adjustments for:			
Net periodic benefit cost	21	**(146)**	(1,045)
Increase in employee benefit liabilities		**(5,966)**	(6,427)
Depreciation	9	**42,180**	41,595
Amortisation	10	**3,877**	3,241
Loss/(profit) on disposal of property, plant and equipment and intangible assets		**45**	(98)
Interest income		**(3)**	(8)
Interest expense		**1,103**	2,883
Cash generated before changes in working capital		**119,442**	106,623
Decrease in inventories		**361**	1,940
(Increase)/decrease in accounts receivable		**(10,476)**	16,619
(Increase)/decrease in prepayments		**(4,026)**	198
Increase/(decrease) in accounts payable		**19,820**	(1,894)
Increase/(decrease) in deferred revenue		**16,673**	(210)
Increase in provisions		**738**	3,397
Cash generated from operations		**142,532**	126,673
Interest paid		**(1,103)**	(2,883)
Interest received		**3**	8
Group Relief on income taxes		**(14,706)**	(19,824)
Income tax paid		**–**	(13,768)
Net cash from operating activities		**126,726**	90,206
Cash flows from investing activities			
Acquisition of property, plant and equipment	9	**(18,677)**	(24,734)
Acquisition of intangible assets	10	**(279)**	(1,918)
Proceeds from the sale of property, plant and equipment and intangible assets		**9**	290
Net cash used in investing activities		**(18,947)**	(26,362)
Cash flows from financing activities			
Decrease in long-term loan	20	**(5,687)**	(22,642)
Repayments on long term loan – related company	6	**(18,196)**	(15,960)
Proceeds from long-term loan – related company	6	**20,000**	–
Dividends paid	16	**(87,814)**	(20,995)
Loan receivable – related company		**5,639**	(8,731)
Net cash used in financing activities		**(86,058)**	(68,328)
Net increase/(decrease) in cash and cash equivalents		**21,721**	(4,484)
Cash and cash equivalents at beginning of year		**(6,078)**	(1,594)
Cash and cash equivalents at end of year	15	**15,643**	(6,078)

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

Notes to the Financial Statements

LIME

Notes to the Financial Statements

for the year ended 31st March, 2011 (Expressed in Barbados $000's)

1. THE COMPANY AND ITS REGULATORY FRAMEWORK

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 & Wireless (West Indies) Limited (CWWI) and the ultimate holding company is Cable & Wireless Communications Plc. CWWI and Cable & 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 & 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 & 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 & 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 2011 were authorised for issue by the Directors on 6th June 2011.

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 IFRS 3 Business Combinations and amended IAS 27 Consolidated and Separate Financial Statements* (effective 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. There was no material impact on the financial statements as a result of the revision.

- *IAS 39 (Amendment), Financial Instruments: Recognition and Measurement* (effective 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.

Notes to the Financial Statements

for the year ended 31st March, 2011 (Expressed in Barbados $000's)

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

(a) Statement of Compliance continued

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:

The definition of a financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading has been 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. The adoption of this amendment had no impact on the Company's accounting policies or disclosures.

- *IFRIC 17, Distribution of Non-Cash Assets to Owners* (effective 1st July 2009) provides that a dividend payable should be recognised when appropriately authorised 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 the fair value of the dividend paid and the carrying amount of the net assets distributed is recognised in profit or loss. There was no material impact in these financial statements as a result of adopting this.

- *IAS 17, Leases, amended* (effective 1st January 2010) provides the requirement that where a lease includes both land and building elements an entity is required to assess the classification of each element as finance or operating lease separately. There was no material impact on the financial statements as a result of this amendment.

- *Amendments to IAS 32 Financial Instruments: Presentation* (effective 1st February 2010). 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.

At the date of approval of the financial statements, there were certain standards and interpretations which were in issue but 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.

Amendment to IFRS 7, *Financial Instruments: Disclosures* (effective on or after 1st July 2011) will require additional disclosures in respect of risk exposures arising from transferred financial assets. The amendment enhances existing disclosures and proposes changes to the accounting for transferred financial assets. The amendment includes a requirement to disclose by class of asset the nature, carrying amount and a description of the risks and rewards of financial assets that have been transferred to another party yet remain on the entity's statement of financial position. Disclosures are also required to enable a user to understand the amount of any associated liabilities, and the relationship between the financial assets and associated liabilities.

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Notes to the Financial Statements

for the year ended 31st March, 2011 (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 not yet effective. Those which are considered relevant to the Company are as follows: (continued)

Where financial assets have been derecognised but the entity is still exposed to certain risks and rewards associated with the transferred asset, additional disclosure is required to enable the effects of those risks to be understood. These disclosures include:

- the carrying amount and fair value of recognised assets or liabilities that give rise to the ongoing involvement in the transferred asset;

- information showing the maximum exposure to loss; and

- the timing and amount of potential and contractual cash outflows that may be necessary as a result of the ongoing involvement.

Proposed amendments to *IFRIC 14 and IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements* (effective on or after 1st January 2011). The proposed amendments are aimed at correcting an unintended consequence of IFRIC 14, an interpretation of IAS 19 Employee Benefits. As a result of the interpretation, entities are in some circumstances not permitted to recognise as an asset some prepayments for minimum funding contributions. The proposed amendments would remedy this unintended consequence of IFRIC 14.

Improvements to International Financial Reporting Standards (issued 2010). These amendments are effective for periods beginning on or after 1st January 2011. Earlier application is permitted in all cases and the amendments are applied retrospectively.

IFRS 7 Financial Instruments Disclosures: Clarification of disclosures – The amendment emphasises the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments.

Amendments to quantitative and credit risk disclosures have the following effects:

- Clarify that only financial assets whose carrying amount does not reflect the maximum exposure to credit risk need to provide further disclosure of the amount that represents the maximum exposure to such risk.

- Require, for all financial assets, disclosure of the financial effect of collateral held as security and other credit enhancements regarding the amount that best represents the maximum exposure to credit risk (e.g., a description of the extent to which collateral mitigates credit risk).

- Remove the disclosure requirement of the collateral held as security, other credit enhancements and an estimate of their fair value for financial assets that are past due but not impaired, and financial assets that are individually determined to be impaired.

- Remove the requirement to specifically disclose financial assets renegotiated to avoid becoming past due or impaired.

- Clarify that the additional disclosures required for financial assets obtained by taking possession of collateral or other credit enhancements are only applicable to assets still held at the reporting date.

IAS 1 Presentation of Financial Statements: Clarification of Statement of Changes in Equity – The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

IFRIC 13 Customer Loyalty Programmes: Fair value of award credit – The amendment clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme is to be taken into account.

Notes to the Financial Statements

for the year ended 31st March, 2011 (Expressed in Barbados $000's)

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

(a) Statement of Compliance continued

The adoption of IAS24, IFRS9, IFRS7, IFRIC14, IAS1 and IFRIC13 is expected to result in adjustments and additional disclosures to the financial statements. Management is currently in the process of evaluating the impact on the financial statements of adopting these standards for its 2012 and 2014 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 (y) 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 reporting 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.

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

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Notes to the Financial Statements

for the year ended 31st March, 2011 (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

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.

(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 21 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 21.

(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.

(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.

Notes to the Financial Statements

for the year ended 31st March, 2011 (Expressed in Barbados $000's)

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

(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.

(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.

Notes to the Financial Statements

for the year ended 31st March, 2011 (Expressed in Barbados $000's)

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

(e) Financial Assets continued
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 accumulated 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.

(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.

Profits and losses on foreign exchange transactions are dealt with in the income statement.

(j) Accounts Receivable
Accounts receivable 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 expense comprises of current and deferred tax. Current tax and deferred tax are recognised in the income statement except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Notes to the Financial Statements

for the year ended 31st March, 2011 (Expressed in Barbados $000's)

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

(l) Income Tax continued

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting 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. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be recognised.

(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.

(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 or 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 21).

(ii) Defined Contribution Pension Plans

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

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Notes to the Financial Statements

for the year ended 31st March, 2011 (Expressed in Barbados $000's)

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

(n) Employee Benefits continued

(iii) Share-based compensation

The ultimate parent company 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.

(q) Trade and Other Accounts Payable

Trade and other accounts payable are stated at amortised cost.

(r) Deferred Revenue

Deferred revenue consists of customer advances for mobile services, capacity sales 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 Company 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 the 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.

Notes to the Financial Statements

for the year ended 31st March, 2011 (Expressed in Barbados $000's)

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

(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.

(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.

(y) Related Parties

A party is related to the Company, if:

(i) directly, or indirectly through one or more intermediaries, the party:

- is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
- has a direct or indirect interest in the Company that gives it significant influence; or
- has joint control over the Company;

(ii) the party is an associate of the Company;

(iii) the party is a joint venture or a partnership in which the Company is a venturer or a partner;

(iv) the party is a member of the key management personnel of the Company or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

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Notes to the Financial Statements

for the year ended 31st March, 2011 (Expressed in Barbados $000's)

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

(y) Related Parties continued

(vii) the party is a post-employment benefit plan for the benefit of employees of the Company, or any entity that is a related party of the entity.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

The Company has a related party relationship with its directors, related companies, other group companies and affiliated parties controlled by its directors, senior officers, executives and significant shareholders of the parent company. "Key management personnel" represents certain senior officers of the Company and its parent and ultimate parent companies.

3. EMPLOYEE EXPENSES

	2011	2010
Gross salaries	**48,909**	46,203
Other benefits and allowances	**17,200**	26,371
	66,109	72,574

4. RESTRUCTURING COSTS

	2011	2010
Redundancy costs	**6,141**	18,383
Miscellaneous costs	**572**	5,734
	6,713	24,117

5. NET FINANCE COSTS

	2011	2010
Foreign exchange gains	**46**	3,650
Finance expense:		
Ultimate parent company loan	**(745)**	(1,396)
Other loans	**(358)**	(1,486)
Interest income – third party	**3**	8
	(1,100)	(2,874)
Other finance costs:		
Other debts issuance costs and expenses	**(2,057)**	(1,358)
	(3,111)	(582)

6. 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.

Notes to the Financial Statements

for the year ended 31st March, 2011 (Expressed in Barbados $000's)

6. RELATED PARTY TRANSACTIONS continued

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 2011 is $30.9m (2010 – $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 23(ii)(b).

Accounts receivable – related companies or accounts payable – related companies represent amounts due to or 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 comprise of directors and senior management of the Company. Salaries, directors' fees and other short-term benefits totalled $1.7m (2010 – $2.2m); pension and other retirement benefits totalled $0.1m (2010 – $0.1m).

In March 2009, the Company was advanced a loan of $34.2m (US $17.1m) from a company under common control. This loan was fully repaid in March 2011.

In March 2011, the Company was advanced a loan in the amount $20m. The balance outstanding at 31st March 2011 is $20m. The loan bears an interest rate of 5.17% per annum.

	Total Indebtedness	Acquisitions/ (Repayments)	Total Indebtedness
	1st April 2010		31st March 2011
CW UK			
– BDS $34.2m loans	18,196	(18,196)	**–**
– BDS $20.0m loans	–	20,000	**20,000**
	18,196	1,804	**20,000**

	Total Indebtedness	(Repayments)	Total Indebtedness
	1st April 2009		31st March 2010
CW UK			
– BDS $34.2m loans	34,156	(15,960)	18,196
	34,156	(15,960)	18,196

Other related party transactions include:

	2011	2010
Revenue	**9,408**	9,987
Cost of sales	**(7,572)**	(12,782)
Interest expense	**(745)**	(1,396)
Net Recharges into the Company*	**(4,890)**	510
Group Relief paid/payable to surrendering company	**(14,706)**	(19,824)

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

CABLE & WIRELESS (BARBADOS) LIMITED

Notes to the Financial Statements

for the year ended 31st March, 2011 (Expressed in Barbados $000's)

6. RELATED PARTY TRANSACTIONS continued

Summary Recharges

	2011	2010
Net recharges	**(1,166)**	16,153
Royalty branding fee	**(4,656)**	(4,808)
Net management fees inter-business units	**932**	(10,835)
Net Recharges into the Company	**(4,890)**	510

The Company entered into a Support Services Agreement effective 1st April 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 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 Human Resources 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.

7. TAXATION

Taxation, based on the results for the year adjusted for taxation purposes, is made up as follows:

	2011	2010
Current tax expense:		
Income tax @ 25%	**20,533**	16,067
Deferred taxation:		
Origination and reversal of other temporary differences, net	**(1,407)**	(182)
Tax expense recognised in profit for the year	**19,126**	15,885

Reconciliation of actual tax credit:

	2011	2010
Profit before Taxation	**78,352**	66,482
Computed "expected" tax expense @ 25%	**19,588**	16,621
Difference between loss for financial statements and tax reporting purposes on:		
Timing Differences due to fixed assets	**1,447**	1,892
Other timing differences	**(1,528)**	(2,781)
Tax effect of amounts that are not deductible for tax purposes	**(381)**	153
Actual tax expense recognised in profit for the year	**19,126**	15,885

In accordance with existing tax laws, the current tax expense as at 31st March 2011 of $20.5m (2010 – $16.1m) will be remitted to the Government of Barbados net of Group Relief of $14.1m (2010 – $16.1m). Group Relief (under existing tax laws) allow current trading losses of a qualifying group company to be offset against the tax liability of another group company during the same period.

The name of the company surrendering its losses is CWI Caribbean Limited (CWIC), a domestic company, domiciled and resident in Barbados. Cable & Wireless (Barbados) Limited intends to remit the equivalent of the Group Relief to CWIC annually.

The amount of $6.3m (2010 – $0.5m) has been recorded as payable to the Government of Barbados in respect of corporation tax as at 31st March 2011.

Notes to the Financial Statements

for the year ended 31st March, 2011 (Expressed in Barbados $000's)

8. INCOME PER SHARE

Income per share of $0.42 (2010 – $0.36) is calculated on the income for the year of $59.2m (2010 – $50.6m) and on the number of common shares in issue at 31st March 2011 of 141,864,946 (2010 – 141,864,946).

The income per $1 of share capital of $0.82 (2010 – $0.70) is calculated on the income as defined above and on the value of issued common shares at 31st March 2011 of $71.8m (2010 – $71.8m).

9. PROPERTY, PLANT & EQUIPMENT

	Freehold Land and Buildings	Central Office Equipment	Plant & Equipment	Total
COST				
1st April 2009	31,444	179,829	721,391	932,664
Additions	58	7,347	17,329	24,734
Disposals	–	–	(1,138)	(1,138)
31st March 2010	31,502	187,176	737,582	956,260
1st April 2010	31,502	187,176	737,582	956,260
Additions	–	11,013	7,664	18,677
Adjustments	(169)	–	42	(127)
Disposals	–	–	(399)	(399)
31st March 2011	**31,333**	**198,189**	**744,889**	**974,411**
DEPRECIATION				
1st April 2009	13,340	149,204	468,697	631,241
Charge for the year	867	5,903	34,825	41,595
Eliminated on disposals	–	–	(946)	(946)
31st March 2010	14,207	155,107	502,576	671,890
1st April 2010	14,207	155,107	502,576	671,890
Charge for year	861	5,544	35,775	42,180
Adjustment	–	–	(149)	(149)
Eliminated on disposals	–	–	(345)	(345)
31st March 2011	**15,068**	**160,651**	**537,857**	**713,576**
NET BOOK VALUES				
31st March 2011	**16,265**	**37,538**	**207,032**	**260,835**
31st March 2010	17,295	32,069	235,006	284,370

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 $15.5m (2010 – $16.4m).

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Notes to the Financial Statements

for the year ended 31st March, 2011 (Expressed in Barbados $000's)

10. INTANGIBLE ASSETS

This represents acquired computer software as follows:

	Total
COST	
Balance at 1st April 2009	15,948
Additions	1,918
Balance at 31st March 2010	17,866
Balance at 1st April 2010	17,866
Additions	279
Balance at 31st March 2011	**18,145**
AMORTISATION	
Balance at 1st April 2009	4,300
Charge for year	3,241
Balance at 31st March 2010	7,541
Balance at 1st April 2010	7,541
Adjustment	22
Charge for year	3,877
Balance at 31st March 2011	**11,440**
NET BOOK VALUES	
31st March 2011	**6,705**
31st March 2010	10,325

11. PREPAYMENTS

	2011	2010
Non-current		
Capacity sales	**3,444**	–
Current		
Capacity sales	**332**	–
Directory cost of sales	**4,686**	5,034
Other	**3,222**	2,624
	8,240	7,658
	11,684	7,658

Prepayments are those made in advance and used throughout an accounting period, such as rent, license fees, insurance or capacity sales. Capacity sales are included in prepayments in the current year. A significant element of the capacity sale prepayment is also shown as non-current. From time to time the Company may have excess capacity on its cable networks. This excess capacity is leased or sold to other carriers.

Notes to the Financial Statements

for the year ended 31st March, 2011 (Expressed in Barbados $000's)

12. INVENTORIES

	2011	2010
Raw materials and consumables	**4,479**	4,640
Accessories	**–**	194
	4,479	4,834
Less: Provision	**(263)**	(257)
	4,216	4,577

13. ACCOUNTS RECEIVABLE

	2011	2010
Trade receivables	**25,909**	28,678
Allowance for doubtful debts	**(4,745)**	(6,267)
	21,164	22,411
Other receivables	**30,336**	24,445
	51,500	46,856

The aging of trade receivables at the reporting date was:

	2011	2010
Not yet due	**8,790**	8,463
Past due 0-30 days	**6,915**	5,796
Past due 31 to 60 days	**1,821**	2,368
Past due 61 to 90 days	**2,674**	2,832
Past due 91 to 180 days	**1,945**	1,944
More than 180 days	**3,764**	7,275
	25,909	28,678

The movement in allowance for doubtful debt in respect of trade receivables during the year was as follows:

	2011	2010
Balance at beginning of year	**(6,267)**	(7,937)
Less: Bad debts written off (previously provided for)	**3,601**	2,719
Add: Movement in allowance for doubtful debts	**(2,079)**	(1,049)
Balance at end of year	**(4,745)**	(6,267)

Allowance for doubtful debts relate to customers that have defaulted on their contractual payment terms. Based on past experience, the Company believes that trade receivables not past due and those past due for which no provision is made, relate to customers that have a good record of payment.

During the year, net bad debt expense aggregating $2,079 (2010 – $1,049) has been recognised in the income statement.

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Notes to the Financial Statements

for the year ended 31st March, 2011 (Expressed in Barbados $000's)

14. ACCOUNTS RECEIVABLE – RELATED COMPANIES

This represents balances with other Cable & Wireless group companies, principally for telecommunications traffic and services provided under a Support Services Agreement.

All related party transactions were entered during the ordinary course of business and the outstanding balances with these related parties are priced on an arm's length basis (see also note 6).

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

	2011	2010
Balance at 1st April	**(6,078)**	(1,594)
Net cash inflow/(outflow)	**21,721**	(4,484)
Balance at 31st March	**15,643**	(6,078)
Represented by:-		
Cash and cash equivalents/(Bank overdraft)	**15,643**	(6,078)

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.

16. SHARE CAPITAL

	2011	2010
(a) Authorised		
Unlimited number of common shares at no par value		
(b) Issued Capital		
141,864,946 common shares	**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, 2011 (Expressed in Barbados $000's)

16. SHARE CAPITAL continued

(c) Dividends

	2011	2010
Dividends declared after the reporting date are as follows:		
A final dividend of $0.145 (2010 – $0.145) per common share was declared subsequent to year end	**20,571**	20,571
A special dividend of $0.152 (2010 – $0.152) per common share was declared subsequent to year end	**21,563**	21,563
	42,134	42,134
Dividends declared during the year are as follows:		
A final dividend of $0.145 for 2010 (2010 – $0.00 for 2009) per common share was declared during the year	**20,571**	–
A special dividend of $0.152 for 2010 (2010 – $0.00 for 2009) per common share was declared during the year	**21,563**	–
A special dividend of $0.174 (2010 – $0.00) per common share was declared during the year	**24,685**	–
An interim dividend of $0.148 (2010 – $0.148) per common share has been declared and paid during the year	**20,995**	20,995
	87,814	20,995

17. TRADE AND OTHER PAYABLES

	2011	2010
Trade payables	**9,134**	21,843
Other accounts payables	**51,962**	19,433
	61,096	41,276

18. DEFERRED REVENUE

	2011	2010
Current		
Prepaid mobile services	**1,011**	531
Loyalty reward points	**2,766**	2,079
Capacity sales	**953**	–
	4,730	2,610
Non-current		
Capacity sales	**14,553**	–
Total	**19,283**	2,610

Notes to the Financial Statements

for the year ended 31st March, 2011 (Expressed in Barbados $000's)

19. PROVISIONS

	Restructuring	Site Restoration	Total
Balance at 1st April 2009	–	607	607
Provision made during the year	3,329	68	3,397
Balance at 31st March 2010	3,329	675	4,004
Balance at 1st April 2010	3,329	675	4,004
Provision made during the year	3,563	183	3,746
Provision used during the year	(3,008)	–	(3,008)
Balance at 31st March 2011	**3,884**	**858**	**4,742**

Provisions relating to site restoration are not expected to crystallise in the next twelve months.

20. CURRENT PORTION OF LONG-TERM LOANS

	Total Indebtedness 1st April 2010	Repayments	Total Indebtedness 31st March 2011
Royal Bank of Canada			
– BDS $11m loan	5,687	(5,687)	–
Current portion	5,687	(5,687)	–

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

BDS $17m Loan. The Company acquired a $17.3m loan on 26th March 2009 bearing interest at the rate of 7% per annum. The loan was repaid in full at 31st March 2010.

BDS $11m Loan. The Company acquired a $11m unsecured loan on 26th March 2009 bearing interest at the rate of 7% per annum. The loan was repaid in full at 31st March 2011.

Notes to the Financial Statements

for the year ended 31st March, 2011 (Expressed in Barbados $000's)

21. EMPLOYEE BENEFITS

a) Present Value of Obligation

	2011	2010
Benefit obligation		
At beginning of year	**180,422**	171,711
Service cost	**4,258**	4,012
Interest cost	**12,410**	12,246
Employee contributions	**2,032**	2,119
Actuarial (gain)/loss	**(21,788)**	9,213
Benefit payments	**(10,792)**	(11,396)
Plan amendments	**(3,627)**	–
Gain on curtailments	**(3,087)**	(7,483)
Benefit at end of year	**159,828**	180,422

In the prior year, gain on curtailment recognised in the income statement represented the impact on the value of the plan obligations due to the cessation of salary linkage and the practice of paying discretionary increases, offset by the effect of several benefit improvements. In the current year the curtailment is mainly as a result of changes to the medical plan.

b) Movement in Plan Assets

	2011	2010
Plan assets at fair value		
At beginning of year	**143,431**	138,864
Actual return on plan assets	**5,740**	7,417
Employer contributions (including direct benefit payments for unfunded plans)	**5,966**	6,427
Employee contributions	**2,032**	2,119
Benefit payments	**(10,792)**	(11,396)
Fair value of plan assets at end of year	**146,377**	143,431
Plan assets consist of the following:		
Bonds	**56,139**	57,490
Equities	**56,287**	54,430
Real Estate	**12,226**	12,818
Other	**21,725**	18,693
	146,377	143,431
Funded status		
Funded status at end of year	**(13,451)**	(36,991)
Effect of asset ceiling	**–**	–
Accrued benefit cost	**(13,451)**	(36,991)

Notes to the Financial Statements

for the year ended 31st March, 2011 (Expressed in Barbados $000's)

21. EMPLOYEE BENEFITS continued

c) Disclosures

Amounts recognised in the Statement of Financial Position

	2011	2010
Prepaid benefit assets	**6,498**	3,179
Accrued benefit liability	**(19,949)**	(40,170)
Net amount recognised	**(13,451)**	(36,991)

Expense recognised in the Income Statement

	2011	2010
Service costs	**4,258**	4,012
Interest cost	**12,410**	12,246
Expected return on plan assets	**(10,100)**	(9,820)
Gains from past service costs	**(3,627)**	–
Curtailment	**(3,087)**	(7,483)
Net periodic benefit cost	**(146)**	(1,045)

d) Actuarial (gain)/loss recognised directly in equity

	2011	2010
(Gain)/loss from change in assumptions	**(19,938)**	5,724
(Gain)/loss from experience	**(1,850)**	3,490
Expected return on plan assets	**10,100**	9,820
Actual return on plan assets	**(5,740)**	(7,418)
Actuarial (gain)/loss recognised directly in equity	**(17,428)**	11,616

e) Statement of Financial Position accrued reconciliation

	2011	2010
At beginning of year	**(36,991)**	(32,847)
Net periodic benefit cost	**146**	1,045
Employer contributions	**5,966**	6,427
Actuarial gain/(loss) recognised directly in equity	**17,428**	(11,616)
Statement of Financial Position accrued at end of the year	**(13,451)**	(36,991)

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

	2011	2010
Discount rate at 31st March	**7.75%**	7.00%
Expected return on plan assets at 31st March	**7.00%**	7.00%
Future salary inflation	**3.00%**	3.00%
Promotional increases	**2.00%**	2.00%
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%

Notes to the Financial Statements

for the year ended 31st March, 2011 (Expressed in Barbados $000's)

21. EMPLOYEE BENEFITS continued

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

	2011	2010	2009	2008	2007
Present value of the defined benefit obligation	**(159,828)**	(180,422)	(171,711)	(149,336)	(129,348)
Fair Value of plan assets	**146,377**	143,431	138,864	138,944	121,571
Deficit in plan	**(13,451)**	(36,991)	(32,847)	(10,392)	7,777
Experience adjustments on plan liabilities	**1,851**	(3,489)	(1,983)	(1,855)	(5,962)
Experience adjustment on plan assets	**(4,360)**	(2,403)	(13,783)	4,535	(4,341)

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 $0.596m (2010 – $0.342m). Correspondingly, the contributions made by the employees during the financial year were $0.790m (2010 – $0.398m).

22. DEFERRED TAXATION

The net deferred tax liability is attributable to temporary differences in recognition of the following:

2011

	Balance at beginning of year	Recognised in Equity	Recognised in income	Balance at end of year
Employee benefits	**9,247**	**(4,357)**	**(1,527)**	**3,363**
Property, plant & equipment	**(28,503)**	**–**	**2,934**	**(25,569)**
Provisions	**2,289**	**–**	**–**	**2,289**
	(16,967)	**(4,357)**	**1,407**	**(19,917)**

2010

	Balance at beginning of year	Recognised in Equity	Recognised in income	Balance at end of year
Employee benefits	8,211	2,904	(1,868)	9,247
Property, plant & equipment	(30,553)	–	2,050	(28,503)
Provisions	2,289	–	–	2,289
	(20,053)	2,904	182	(16,967)

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Notes to the Financial Statements

for the year ended 31st March, 2011 (Expressed in Barbados $000's)

23. FINANCIAL RISK MANAGEMENT

Financial assets of the Company include cash and cash equivalents, loan receivable – related company, accounts receivable and accounts receivable – related companies. Financial liabilities include loans, borrowings, trade payables and other accounts, loans payable – related company.

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 ultimate parent company, through the internal audit department, has monitoring oversight of the risk management policies.

(i) 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, including related companies, and deposits with financial institutions. Balances arising from those activities are accounts receivable, amounts due from related companies and cash and cash equivalents. The maximum credit exposure is represented by the carrying amount of financial assets in the statement of financial position.

Maximum exposure to credit risk at the reporting date was:

	2011	2010
Accounts receivables	**51,500**	46,856
Accounts receivable – related companies	**10,748**	4,916
Loan receivable – related company	**30,930**	36,569
Cash and cash equivalents	**15,643**	–
	108,821	88,341

Trade 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. There are also 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 30 days. Allowances for impaired trade receivables are recognised 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.

Due from related companies

All related party transactions are pre-authorised and approved by senior management.

Notes to the Financial Statements

for the year ended 31st March, 2011 (Expressed in Barbados $000's)

23. FINANCIAL RISK MANAGEMENT continued

(i) Credit Risk continued:

Cash and cash equivalents

Cash and cash equivalents are placed with counter-parties who are believed to have minimal risk of default.

(ii) 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 assets.

(a) 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.

(b) 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 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 also referred to as funding 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.

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 2011:				
Loans Payable – related companies	**20,000**	**21,034**	**21,034**	**–**
Trade and other accounts payables	**61,096**	**61,096**	**61,096**	**–**
	81,096	**82,130**	**82,130**	**–**
31st March 2010:				
Accounts payable – related companies	18,196	19,150	19,150	–
Trade and other accounts payables	41,276	41,276	41,276	–
Loans	5,687	5,888	5,888	–
	65,159	66,314	66,314	–

(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 Regional Operating Board, 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 the solvency and future development of the business. There were no changes in the Company's approach to capital management during the year. Also, the Company is not exposed to any externally imposed capital requirements.

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Notes to the Financial Statements

for the year ended 31st March, 2011 (Expressed in Barbados $000's)

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value reflected in the financial statements for cash and cash equivalents, accounts receivable, other financial assets and other financial liabilities are assumed to approximate to their fair values due to their short-term nature. Amounts due to or from related companies are considered to approximate their carrying value as they represent an ability to effect set-offs in future in the amounts disclosed. Long-term assets and liabilities are carried at their contracted settlement value. Additionally, the cost of all monetary assets and liabilities has been appropriately adjusted to reflect estimated losses on realisation or discounts on settlement. The Company does not have any material assets and liabilities carried at fair value.

25. COMMITMENTS AND CONTINGENCIES

(a) Capital commitments:

At 31st March 2011, commitments for capital expenditure, for which no provision has been made in these financial statements, were as follows:

	2011	2010
Commitments in respect of contracts placed	**1,943**	600

(b) Lease commitments:

Unexpired commitments under operating leases for cell sites, motor vehicles and equipment are payable as follows:

	2011	2010
Less than one year	**6,751**	7,824
Between one and five years	**23,092**	23,348
Over 5 years	**2,891**	6,559
	32,734	37,731

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 expired in March 2011.

During the current year $6.7m was recognized as an expense in the income statement in respect of operating leases (2010 – $6.7m). An amount of $1.5m was recognized as income in the income statement in respect of subleases (2010 – $1.5m).

(c) 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, 2011 (Expressed in Barbados $000's)

26. SEGMENT INFORMATION

The Company is an integrated telecommunications service provider offering mobile, broadband, data and domestic and international fixed line services and other services to residential and business customers. Fixed lines services include provision of land lines to facilitate local and international calls. Mobile services include postpaid and prepaid voice and data services, sales and service of handsets and value added services. Broadband, data and other services consist of broadband (ADSL), Metro Ethernet (fibre service), frame and leased type services, hosting and storage services, as well as equipment sales and service.

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 2011, can be found in the Company's Income Statement and related notes. There are no differences in the measurement of the reportable segment results and the Company's results.

Details of the segment assets and liabilities for the two years ended 31st March 2011 can be found in the Statement of Financial Position and related notes. There are no differences in the measurement of the reportable segment assets and liabilities and the Company's assets and liabilities.

Entity-wide disclosures:

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

	2011	2010
Mobile	**135,061**	138,649
Broadband	**50,222**	46,316
Domestic voice	**89,734**	90,471
International voice	**31,897**	43,226
Enterprise, data and other	**65,499**	57,646
	372,413	376,308

Revenue from continuing operations from external customers is grouped according to where the telecommunications services were provided. All external customer revenue is derived from within Barbados.

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

27. 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) Prepayments of $8,240 (2010 – $7,658) have been reclassified from accounts receivable.

(ii) Accumulated comprehensive income of $12,728 (2010 – $25,799) previously included in retained earnings is now shown on the face of the Statement of Financial position.

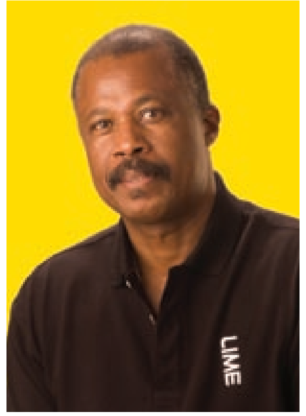
Above: LIME employees working at Pork Lime
Below: Noted choreographer Olivia Hall was one of the winners of the inaugural Creator's Prize at the 2010 LIME/NIFCA Performing Arts Gala. She is presented with her prize by LIME's Vice President Corporate Sales and Support Samuel Skinner in a ceremony at Ilaro Court, the Prime Minister's residence.

Board of Directors and Officers

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. DAVID H. SHAW
Director

MR. DODRIDGE D. MILLER
Director

MR. TIMOTHY L. PENNINGTON
Director

MR. W. ALEX McDONALD
Country Manager

MR. ROJER J. INGLIS
Chief Financial Officer

VALERIE A. WILLIAMS
Company Secretary

LIME

Company Information

LIME

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 Tenth 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, St. Michael on Thursday, 28th July, 2011 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 24th day of June 2011 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 24th day of June, 2011 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 three (3). 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 Allan Fields, KCMG
- Dr. Patricia Alleyne
- Mr. Timothy Pennington

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 Allan Fields, Chairman and Dr. Patricia Alleyne were re-elected to the Board of Directors at the Seventh Annual Meeting of Shareholders. Mr. Pennington was appointed a Director on June 1st, 2009 to fill the vacancy created by the resignation of Mr. Bernard Buckley. The terms of office for these three nominees expire at the close of the Tenth 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 Tenth Annual Meeting until the next Annual Meeting of shareholders.

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CABLE & WIRELESS (BARBADOS) LIMITED

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: 6th June, 2011

V A Williams

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

Notes

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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 Tenth Annual Meeting of Shareholders of the Company to be held on Thursday, 28th July 2011 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 2011
(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, 27th July, 2011.

INSIDE BACK COVER

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