# Annual Report

Cable & Wireless (Barbados) Limited


# 2012

**LIME**. For living. Everyday.

INSIDE FRONT COVER

# Contents

# Notice of Annual Meeting of Shareholders

**COMPANY NO: 21007**

Valerie Williams
Company Secretary

NOTICE IS HEREBY GIVEN that the Eleventh 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 Tuesday, 31st July, 2012 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, 2012 together with the report of the Auditors thereon;

2. To re-elect Directors;

3. To consider and if deemed fit to confirm the resolution of the Board to repeal Clause 4.7(e) of By-Law No.1 by passing the following resolution:

   'BE IT RESOLVED that the shareholders confirm the Board's resolution to repeal Clause 4.7(e) of By-Law No.1 which states that a director shall cease to be director at the end of the annual meeting in which he attains the age of 70 and shall be ineligible for re-election or for future appointment to the Board of Directors of the Company.'

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

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

Dated 7th day of June 2012
By order of the Board of Directors

V A Williams

Valerie A. Williams
Company Secretary

## NOTE:

1. **Record Date**
   The Directors of the Company have fixed Friday 29th June, 2012 as the record date for the purpose of determining the shareholders entitled to receive Notice of the Meeting or any adjournment thereof.

2. **Proxies**
   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 Monday, 30th July, 2012.


*Streets of Thunder Independence Day Ride was powered by LIME 4G*

# Chairman's Report

**Despite the recession, the Company maintained a sound financial performance, improved its network and offered a number of new products to consumers.**

Sir Allan Fields, KCMG
Chairman

**This year marks the 10th anniversary of the amalgamation of the Cable & Wireless businesses in Barbados into Cable & Wireless (Barbados) Limited. It has been an exciting journey in which we have offered new products and services, maintained financial stability and shareholder value and continue to be the only full service telecommunications provider offering the latest in fixed line, mobile and broadband in a fully liberalized and very competitive environment.**

**Despite the recession, the Company maintained a sound financial performance, improved its network and offered a number of new products to consumers.**

**Financial Performance**

The Company's gross margin of US$142m remained relatively flat when compared to last year. Despite the impairment charge, the Company has maintained a level of profitability during a recessionary period.

**Network**

During the period under review the Company rolled out its 4G network. This network offers high speed technology for voice and data. With 4G, it's now possible to have an instant wi-fi site with a MiFi device, watch videos and enjoy the social network.

**New Products and Services**

LIME TV has arrived! This new and exciting service is about to offer consumers true choice in selecting a television service provider. With over 100 channels, this product which is delivered via broadband was in soft launch at the end of the financial year and is expected to be a significant source of revenue in future years.

The Regional team negotiated with Apple, and LIME business units were amongst the first in the world to have access to the iPhone 4S. This smartphone went on sale in the local market in December 2011 and demand continues to be high, as customers are impressed with the many features offered.

**Decision Price Cap Plan 2012**

The Decision details how the business can change prices of the products and services regulated by the Fair Trading Commission. The Price Cap plan is effective for three years, from 1st April 2012 to 31st March 2015. The products and services which are regulated are residential and business fixed line access and fixed line residential and business value-added services (e.g. voice mail, call waiting), described as "non-competitive" services, and fixed international outgoing calls, international and domestic leased circuits that are described as "competitive" services. In summary, the Company cannot increase prices of any of the regulated products for the period 1st April 2012 to 31st March 2013. The "competitive" services are not constrained by a price cap index as competition will influence the prices of these services. The "non-competitive" services are constrained by an overall price cap index in the second and third years, with an additional control on the residential access service such that the rate can only be increased by 5% or the rate of inflation, whichever is lower.

**Corporate Sales**

The Corporate Sales Department was one of the top performing revenue-generating teams in LIME. The team's performance has been consistent primarily due to hard work in generating new business and securing a number of 'win backs'.

**Training**

During the year, colleagues attended courses covering Health & Safety, Leadership, Sales Academy or Technical Training. They also pursued online training programmes offered by LIME University. This online training facility, which is available to all colleagues in LIME, is a one stop shop for hundreds of courses ranging from the use of complex telecommunications equipment, to entry level finance for non-finance personnel.

**Dividends & Share Price**

The Board has declared dividends totaling 44.5 cents for the period under review. Trading in shares has been slow during the year and our share price declined by 0.06 cents to $5.34 per share at the end of 31st March 2012.

**Looking Ahead**

We can all be proud of the achievements made by the Company over the past ten years. We are committed to continuous improvement and we are always reviewing processes that will improve our delivery of service. With the rapid deployment of technology, one can only imagine what services will be available in the future, but stakeholders can rest assured that the Company's Board and Management will continue to develop policies and strategies that will keep us in the forefront of our business.

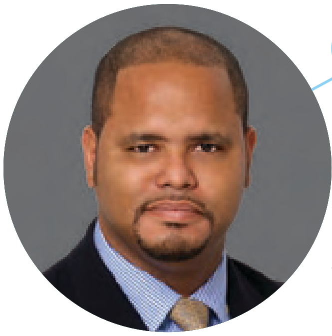
I wish to thank the Management and staff for their sterling effort this year and to extend my appreciation to the shareholders and customers, without whose support these results would not have been possible.

Sir Allan C. Fields, KCMG
Chairman


*LIME sponsored Chelsea Roett gets ready to hit the waves.*

# Country Manager's Report

**At LIME we spend a lot of time readying ourselves to confront an increasingly competitive and challenging market.**



Alex McDonald
Country Manager

**Preparing to win**

With the warning of bad weather approaching we stock up on our vital supplies and make action plans. Similarly, when we are making an arduous hike, we must wear the correct footwear, clothing, we carry food, blankets and the items we believe are critical to surviving the trek.

In business, the same tenets apply. We must prepare well in advance for the vagaries of the business world which may be influenced by the economic environment, the political pendulum and certainly by the sway of public perception. In all of these scenarios, what is key is the "preparation".

At LIME we spend a lot of time readying ourselves to confront an increasingly competitive and challenging market. Being ready to respond and indeed predict market changes and to address our customers' needs, keeps us on our toes and sometimes, even with the best preparation in the world, we miss important steps and are too slow to respond to a specific requirement of our customers. It is this mix of success and disappointment that reminds us all that business, when it is stripped right down, is at its core, a very human endeavor – it's about the people.

Over the last year we have had to face up to some big challenges which we have managed to address principally because we have a team in place that is responsive, is accountable and understands that there are consequences for a lack of agility. That does not mean that the challenges were not testing or that we made the right steps each and every time. Important to note, is that we were prepared to take decisions in the best interest of our colleagues, our customers and of course, our business.

Two of the tasks which stand out for us would be the challenges of managing the cost in the business and the industrial relations matters which engaged our attention for many months of the last financial year and which catapulted our business onto the national news agenda. The latter was a particularly testing time for us because the issues of "pay" and "people" often justifiably evolve into an emotive discussion. We highly value our colleagues and their contribution to this business and we also regard the union as an important strategic partner in continuing to build our brand and our position in the market. We also know that from time to time we will disagree and that unfortunately we will need assistance in coming to agreements.

We believed then, as we do now, that achieving the balance between what is right for the business and what is right for the Company is an important consideration in preparing the Company to remain competitive and relevant in a market which is still struggling economically.

On the cost front, we have taken several steps over the last financial year to trim costs, add value and make LIME more nimble and more efficient. We have reaped some success in this regard and we continue into the new financial year with a mantra to maintain this approach to our business. We will build on those steps already taken which include, seriously addressing our power consumption by going green with solar and other more efficient mechanisms, ruinously managing our travel and entertainment budgets, saying "no" to unnecessary discretionary spend and being respectfully prudent in cash management.

An important tenet of the "preparation" process for any business is to be able to sense when change is necessary and be able to adjust plans to accommodate a directional shift. We have many success stories to tell for the year ending 31st March 2012. During the year under review we pioneered several firsts in the local market as we continue to lead the telecommunications industry here.

In partnership with the Barbados Chamber of Commerce and Industry, we launched our WIFI in Bridgetown project which enables our customers to have access to the Internet as they go about their business in the City and surrounding areas. Not too many places in the world can claim that, but we have managed to make our City WIFI-equipped.

Another first has been our 4G revolution which we proudly delivered to the Barbadian consumer during the latter part of the year. 2012/13 will be the year of data and our 4G network is ready to drive this data revolution with fast, easy and reliable access via mobiles and other 4G-capable devices.

Moving to this advanced network is BIG. It is a major step for a country our size, but for us size does not matter when we wish to continue to position Barbados as a country way advanced in the technological sphere. It is also relatively new technology and as you can appreciate it has come with some of its own challenges in trying to get it just right. We have also concentrated heavily on optimising our network so that it delivers for us and for our customers. As with any network undergoing a transformation to 4G, we have met some challenges but I am happy to report that these are now at a minimum and we are confident that we will put the remaining issues behind us shortly.

The future looks promising. We continue to prepare for our market, our customers and our colleagues. We have learned that preparation is key. We pledge to be always prepared to meet every challenge and to celebrate every success. To our customers, we offer a heartfelt thank you, for joining us on this journey, for staying with us and for making us your provider of choice. You will not be disappointed.

Alex McDonald
Country Manager


Above: LIME's Alex McDonald challenges two participants in the IT For Teens 2011 Programme conducted in association with the Community Development Department.
Below left: Switch On! Bridgetown WiFi was launched with a flick of the switch by Andy Armstrong of the Chamber of Commerce and Country Manager, Alex McDonald.
Below right: A sweet wine from one of the cupcakes in the LIME sponsored carnival celebrations at the Geriatric Hospital.


Above: Testing the Speed: Country Manager Alex McDonald challenges Starcom Network's Vic Fernandes (second from right) to try out the 4G speed at the launch of the first Experience Centre on the island at Sheraton Centre.

Below: Country Manager, Alex McDonald and Pearson's VP, William Hrabrick tests the Learning on LIME Soft Wave with two Lodge School students.

LIME



day – Finally!!!

Above left: A LIME TV customer gets some assistance with his television set which he won for signing up early. At left is Angela Hinkson and right is VP Consumer Sales, Susanne Downes.
Above right: LIME colleagues got the first taste of LIME TV as it was unveiled by Country Manager, Alex McDonald at the Hilton Barbados.
Below: Jamal King, Technical Support Representative making some checks on the LIME TV equipment at Windsor Lodge.


*Rihanna look-a-like rewards customers with tickets to the August 2011 concert.*

# Corporate Social Responsibility

**Commitment is what transforms a promise into reality. It is the words that speak boldly of your intentions and the actions which speak louder than the words. It is coming through time after time after time, year after year after year. Commitment is the stuff character is made of; the power to change the face of things. It is the daily triumph of integrity...**

**Anon**

Above: Some of the children who enjoyed Rihanna's first concert at home, compliments LIME.
Below left: Rihanna is presented with a bouquet by Alex McDonald after her first concert in Barbados.
Below right: Barbadian Superstar, Rihanna shows off her new Blackberry device presented by RIM's Angela Friar.

**Quiet but steadfast:**

We stepped boldly into the unknown more than a century ago and declared our intentions to build out a telecommunications infrastructure that will keep pace with any in its time. Year after year, our unwavering investment in state-of-the-art networks like the recent 4G, WiFi and TV and in the development of the people we serve continue to speak volumes about who we are as a company. We hold steadfast to our claim of creating a better place for the people of the Caribbean through our commitment to education, sport, culture and the environment. We prove this quietly through our actions, because we are who we are – LIME – resolute, reliable, loyal, a constant through the test of time.

**A golden investment in education:**

The future of technology lies in the hands of our talented youth and we see our commitment to their education as a golden investment. For the second consecutive year, we supported the Ministry of Community Development's IT for Teens Summer Programme to the tune of over $50k. In addition to the funding provided, the Company has also donated several computers to community centres across the island through the Connect Barbados initiative, a part of our shared Government agenda.

IT for Teens is an exciting six-week technology programme designed to hone the skills of the participants, exposing them to the many benefits of IT and facilitating creativity, innovation and networking through computer graphics, basic computer repair, Microsoft Office Suite and web page design.

As they say 'a child shall lead them.' We were afforded the unique opportunity to peer at LIME through the goggles of the young participants who accepted the Corporate Business Challenge from the classroom to the boardroom. This programme was designed to expose the students to real life experiences in a corporate environment. Through the knowledge gained, they were expected to create a plan that could effect some change within the business. It was quite a successful exercise for both the Company and the students, because their valuable input will allow us to target the youth market with solutions that are more suitable to their interests and needs.

With the continuing focus on education, one of the regional initiatives launched in Barbados during the financial period was Learning on LIME (LOL). LOL is an innovative, educational tool, using animated characters to teach the math syllabus for the Caribbean Secondary Education Certificate® (CSEC) exams in a fun and interesting way. When fully functional, we will be able to deliver CSEC based content through mobile devices, TV and the Internet. FableVision Studios, the US-based educational trans-media company and Pearson, the world's leading learning company, have partnered with us on this venture. LOL will also play an important role in our shared Government agenda, evidenced by the attendance and endorsement of the Deputy Chief Education Officer, in the Ministry of Education, Erwin Greaves at the preview launch event.

**The LIME way:**

At LIME, community involvement is part of who we are and everyone is encouraged to play his/her part in making this a reality. The LIME summer internship programme which is becoming increasingly competitive to enter, not only offers the students nuggets of wisdom that will be useful in their blossoming careers, but there is also a requirement to initiate and manage a project during their tenure that will have a positive impact on the people we serve. Once again we put that power to change the face of things in the hands of our 40 summer interns and they did not disappoint. The 2011 LIME interns took on the enormous challenge of refurbishing the playroom in the children's ward of the Queen Elizabeth Hospital.

The Playroom project took approximately four weeks of repainting and refurbishing the desks and chairs, along with purchasing dozens of new books, educational charts, activity puzzles, craft supplies and a host of exciting toys for the children. It was funded through a number of avenues mainly a monetary contribution from the students themselves; donations solicited by the students from LIME colleagues and other organisations like MQI, Brydens Hardware and Berger Paints; and matched by LIME. Our summer interns decided on this project, because they recognised the importance of the playroom's role in paediatric care.

**Sporting at a whole new level:**

During the financial year 2011/12, we raised the standard of football in Barbados through the sponsorship of a semi-professional tournament, the LIME Pelican Football Challenge, with its grand prize of $100k for the top team. This was a first for the sport and for LIME – never before has there been a prize of this magnitude for a football tournament on island.

Our other major sporting sponsorships for the year included, the LIME Division One Cricket Series with its prestigious over 100-year-old challenge cup, the LIME Under-15 Schools Cricket competition and the Barbados Secondary School Athletics (BSSA) competition. The sponsorship of the BSSA competition flows smoothly into the Company's regional involvement in the CARIFTA Games. For it is through the development of track & field athletics at the local level that we can open up the playing field for the stars of the future.

Since Barbados was the 2011 host of the CARIFTA Swimming Championships, LIME Barbados also took the opportunity to sponsor that event. Both the Track & Field and Swimming teams medalled in nearly all of their categories and we teamed up with the Ministry of Family, Culture, Sports and Youth to recognise their achievements.

We continued our involvement in the Rally events and renewed our partnership with popular racing personality Paul 'the Surfer' Bourne. We have a keen interest in 17-year-old surfer Chelsea Roett who has had a remarkably impressive year and has been moving up the ranks on the regional and international circuits.

**Energy matters:**

Internally, we are forging ahead with renewed vigour to conserve energy. There is a team tasked with ensuring that colleagues across the region are united in their efforts to clean up the environment from the inside out, reducing our energy consumption, recycling our plastic bottles and printing less every day.

Externally, we continue to make use of the opportunity to recycle the some 200K telephone directories that are circulated in the local market each year, through collection at specific locations.

We continue the challenge every day to move to a completely paperless environment.

**Continuity:**

Of our allegiance you can be assured; we are dedicated to making a change in the communities we serve – that is what LIME is made of.

During the financial year under review, we maintained our commitment to supporting culture through the significant sponsorship of NIFCA and the Crop Over Festival.

We partnered with the Barbados Tourism Authority in 2011 to bring one of the biggest concerts to these shores – Rihanna LOUD. As a major sponsor, we made it possible through competitions and giveaways for about 400 local customers to see her perform live. Also regionally some 20 persons enjoyed VIP treatment from their island to ours. In addition, groups from Children's Homes were also invited as LIME's guests to witness the event.

Close to 200 children went back to school in style after the first LIME Back2School Blast at the end of the summer vacation last year. The event hosted children from Children's Homes across the island and from the surrounding communities.

There were many other activities during the year including a 'Royal Loyal' event to reward 50 of the top residential customers; and a Let's Talk campaign with Town Hall meetings to hear what people are saying first hand. We intend to continue these types of efforts in the new financial year.


Above: It was an early morning surprise for this lucky Christmas of a Lifetime winner when the LIME team turned up to offer free mobile for 40 years.
Below: LIME Summer Interns accept assistance from Margaret Hoyte, Marketing Manager of MQI for their Summer project in which they refurbished the playroom at the Children's Ward at the Queen Elizabeth Hospital.


Above: Jubilee Gardens came alive with entertainment at the LIME/BCCI celebration to mark the official launch of WiFi in the City.
Below: A different celebration for a different network. We launched 4G internally in Freestyle with entertainers Sunrokk, Mahalia and Wesu at 'G' spots around the company.


LIME


Above: President of the Barbados Cricket Association Joel Garner (right) presents LIME Masters Cricket team top player Dave Estwick with his prize.

Below: Some of our regional winners all geared up to hit the Rihanna LOUD concert in VIP style compliments LIME.

Above: The children's homes of Barbados got special tickets for Rihanna's Loud Concert compliments LIME. Here the Child Care Board's Denise Nurse accepts them from LIME's Summer Interns Chloe Walker and Imran Corbin.


Above: It was jubilation for the St. Leonard's Boys after becoming the first team from their school to win the LIME Under-15 Cricket Competition.
Below: Celebrity guest of honour iPhone 4S sits on 'ice' at the launch as Dr. Hon. Esther Byer-Suckoo, M.P., Minister of Labour and Social Security and its other loyal fans Oliver Jordan, Deloitte; Vic Fernandes, OCM Network; Andy 'Blood' Armstrong, Entertainer & LIME Ambassador and Kenneth 'Ricky' Went, LIME take a closer look.

# Financial Review

**Cable and Wireless (Barbados) Limited ("the Company") continued to reap the results of its structural adjustments this year by realizing revenue growth over the last twelve months of operations. The Company realised total revenue of $372.9m with income per share of 27 cents.**

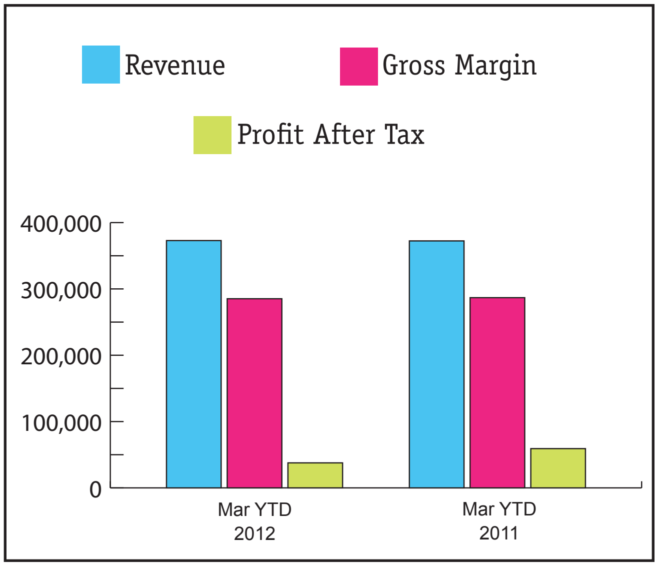
Rojer J. Inglis
Chief Financial Officer

**Overview**

Cable & Wireless (Barbados) Limited ("the Company") continued to reap the results of its structural adjustments this year by realising revenue growth over the last twelve months of operations. The Company realised total revenue of $372.9m with income per share of 27 cents.

These positive results were achieved against the forces of a flat economy, declining domestic disposable income and internal transitionary measures. But the Company has remained resolute in its objectives to deliver a world class service to the market by maintaining the quality of service, investing in its plant to modernise its service and managing its cost base to boost efficiency.

These positive results were driven this year by (a) Growth in broadband and fixed line revenue of 7% and 5% respectively; (b) better product mix to manage and control cost of sales; and (c) implementation of the new modern 4G network.



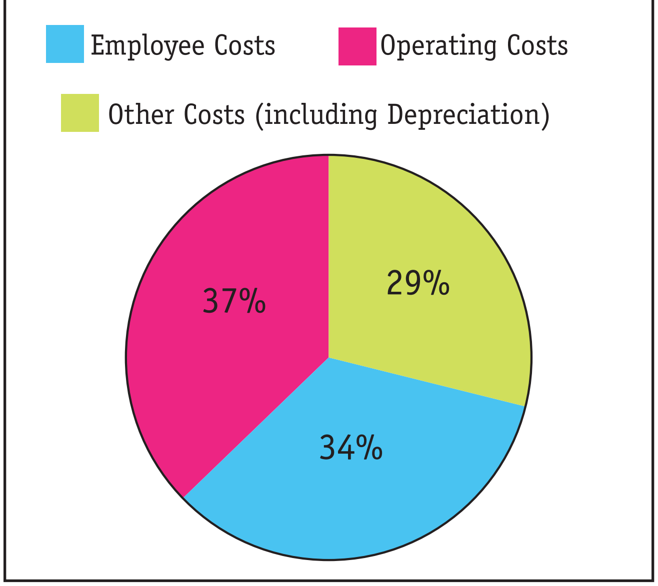

**Income Statement**

The Company realised a 0.14% increase in total revenue when compared to 2011 (1% decrease from 2010). This was driven by increases in Broadband Revenue (7%) and Fixed Line Revenue (5%). Decreases in Mobile and Enterprise revenue (5% and 4% respectively from prior year) had minimal impact on the overall picture.

Outpayments and Cost of Sales increased by 2.5% from the prior year despite cost control measures implemented. Service acquisition costs for all lines were reduced $17.8m (38.4%) from last year but other direct costs increased to mitigate the savings realised.

The Company completed the modernisation of its network with the introduction of 4G, and accelerated the depreciation of the old assets on replacement with the new. Operating Expenditure increased by 16% over the prior year, of which accelerated depreciation amounted to $16.8m (54% of total increase). Increase in pension costs of $5.0m also contributed to the increase in total operating expenditure – last year the Company realised a cost savings of $7.0m on pension costs through amendments to the medical plan.

Consequently, the Company realised an after tax profit of $37.9m against $59.2m from the prior year.




**Operating Expenditure by Category**

**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 and expansion in some areas for service delivery.

**TV**

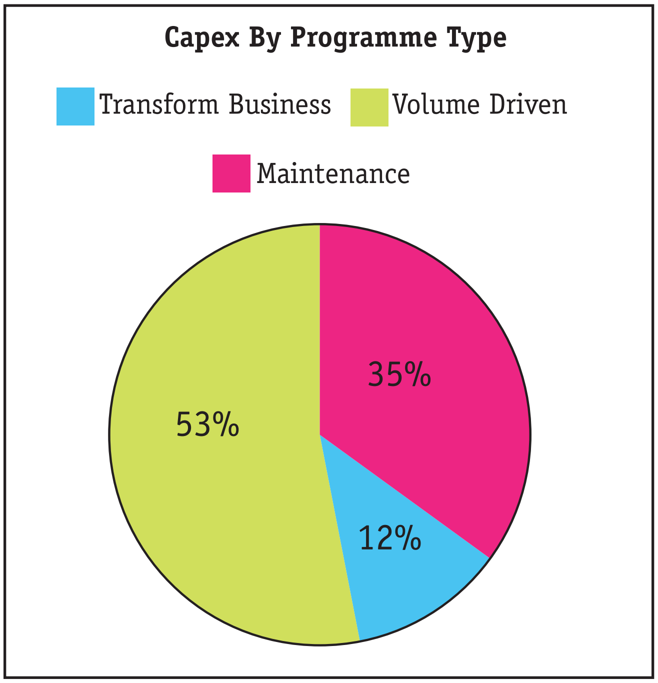
During the year, the Company invested in its infrastructure, by laying the foundation to introduce LIME TV to the market; in the process creating a new product to meet the entertainment pillar of the Company's objectives.

**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 final dividend of 29.7 cents for the year on June 7th 2012. When combined with the interim dividend of 14.8 cents declared during the year, total dividends declared for the financial year were 44.5 cents per share (61.9 cents per share in 2011).

Rojer J. Inglis
Chief Financial Officer

# Report of the Directors

The Directors of Cable & Wireless (Barbados) Limited ('the Company') are pleased to present their report to the Eleventh Annual Meeting of Shareholders for the period ended 31st March 2012.

## Directors' Shareholdings

At 31st March 2012, the following Directors were shareholders of the Company:

| | Ordinary shares as at 31st March, 2012 |
|---|---|
| Sir Allan C. Fields | 1,000 |
| Mr. Donald St. C. Austin | 26,262 |
| Mr. Dodridge D. Miller | 3,022 |

There have been no changes in the shareholdings of the Directors between 31st March 2012 and 31st May 2012.

## Dividends

The Directors declared a final dividend of 29.7 cents per share to the shareholders on record at 29th June 2012. The total dividend paid for the year is 44.5 cents per share.

## Principal Shareholdings

As at 31st March 2012, 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.

## Board of Directors

The Board comprises seven members, the Chairman, four non-executive Directors and two Executives of the Company. The Board's main responsibilities are to review the strategy, business performance, and financial reporting of the Company. Four meetings were held during the period under review.

## Directors

In accordance with Clause 4.4 of By-Law No. 1 of the Company, the Directors retiring by rotation are Mr. Donald Austin and Mr. David Shaw, who being eligible, offer themselves for re-election.

## Audit Committee

The Audit Committee is chaired by Mr. D. Miller, a non-executive director and a qualified Chartered Accountant. 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.

## Management structure

There is a regional structure in place for the Cable & Wireless' businesses in the Caribbean and Mr. David Shaw is the Chief Executive Officer. The head of the Barbados business is Mr. Alex McDonald and his current Management team comprises Mrs. Susanne Downes, VP: Consumer Sales, Mrs. Sharon Jemmott, VP: Government Affairs & Business Development, Mr. Samuel Skinner, VP: Corporate Sales and Mr. Kenneth 'Ricky' Went Chief Operating Officer (ag), Mr. Rojer Inglis, Chief Financial Officer, Mr. Peter Ince, HOD Service Support Delivery, and Mrs. Sonji Phillips & Mrs. Simone Codrington-Miller of the Corporate Communications Department. Mrs. Nicole Jordan HOD of Regional Legal & Regulatory provides support to the senior management team.

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

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

On behalf of the Board of Directors

Sir Allan C. Fields, KCMG
Chairman

Donald St. C. Austin
Director

7th day of June 2012

*Hazel-Ann Kent got a new Blackberry just because she held on to this old style phone. She was the winner of the 2011 World Telecomms Day oldest telephone competition.*

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# INDEPENDENT AUDITORS' REPORT

**To the Shareholders of Cable & Wireless (Barbados) Limited**

We have audited the accompanying financial statements of Cable & Wireless (Barbados) Limited which comprise the statement of financial position as of March 31, 2012, the income statement, statement of changes in stockholders' equity, statement of cash flows and the statement of comprehensive income 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, 2012, 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 7, 2012

# Financial Statements

# Income Statement

for the year ended 31st March, 2012 (Expressed in Barbados $000's)

| | Notes | 2012 | 2011 |
|---|---|---|---|
| **Revenue** | 25 | **372,952** | 372,413 |
| Outpayments | | **(59,243)** | (39,318) |
| Cost of Sales | | **(28,498)** | (46,266) |
| **Total outpayments and cost of sales** | | **(87,741)** | (85,584) |
| **Gross Margin** | | **285,211** | 286,829 |
| **Operating Expenses** | | | |
| Employee expenses | 3 | **(78,133)** | (66,109) |
| Administrative, marketing and selling expenses | | **(2,163)** | (1,271) |
| Depreciation | 9 | **(58,788)** | (42,180) |
| Amortisation | 10 | **(5,292)** | (3,877) |
| Other operating expenditure | | **(82,882)** | (82,607) |
| **Total operating expenses** | | **(227,258)** | (196,044) |
| **Operating profit before restructuring costs** | | **57,953** | 90,785 |
| Restructuring costs | 4 | **(3,972)** | (6,713) |
| **Operating profit before net finance costs** | | **53,981** | 84,072 |
| **Net finance costs** | | | |
| Foreign exchange gains | | **(38)** | 46 |
| Other finance costs | | **(2,058)** | (2,057) |
| Finance expense – net | | **(244)** | (1,100) |
| | 5 | **(2,340)** | (3,111) |
| **Operating profit before other income/(expense)** | | **51,641** | 80,961 |
| Other income/(expense) | | **10** | (2,609) |
| **Profit before taxation** | | **51,651** | 78,352 |
| **Taxation** | 7 | **(13,724)** | (19,126) |
| **Profit attributable to shareholders** | | **37,927** | 59,226 |
| **Income per share** | 8 | **$0.27** | $0.42 |

The accompanying notes form an integral part of these financial statements

# Statement of Financial Position

as at 31st March, 2012 (Expressed in Barbados $000's)

| | Notes | 2012 | 2011 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 9 | **255,986** | 260,835 |
| Intangible assets | 10 | **9,640** | 6,705 |
| Prepayments | 11 | **10,921** | 3,444 |
| Loan receivable – related company | 6 | **30,147** | 30,930 |
| | | **306,694** | 301,914 |
| **CURRENT ASSETS** | | | |
| Inventories | 12 | **4,209** | 4,216 |
| Accounts receivable | 13 | **50,628** | 51,500 |
| Accounts receivable – related companies | 14 | **3,236** | 18,524 |
| Prepayments | 11 | **7,825** | 8,240 |
| Taxes recoverable | 7 | **221** | – |
| Cash and cash equivalents | 15 | **–** | 15,643 |
| | | **66,119** | 98,123 |
| **TOTAL ASSETS** | | **372,813** | 400,037 |
| **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 | | **(17,552)** | (12,728) |
| Retained earnings | | **159,516** | 184,718 |
| | | **217,410** | 247,436 |
| **NON-CURRENT LIABILITIES** | | | |
| Deferred revenue | 18 | **13,426** | 14,553 |
| Employee benefits | 20 | **18,655** | 13,451 |
| Deferred taxation | 21 | **13,701** | 19,917 |
| | | **45,782** | 47,921 |
| **CURRENT LIABILITIES** | | | |
| Trade and other accounts payable | 17 | **50,556** | 61,096 |
| Accounts payable – related companies | 14 | **46,183** | 7,776 |
| Deferred revenue | 18 | **3,560** | 4,730 |
| Provisions | 19 | **2,318** | 4,742 |
| Loan payable – related company | 6 | **–** | 20,000 |
| Bank overdraft | 15 | **7,004** | – |
| Tax payable | 7 | **–** | 6,336 |
| | | **109,621** | 104,680 |
| **TOTAL LIABILITIES** | | **155,403** | 152,601 |
| **TOTAL EQUITY AND LIABILITIES** | | **372,813** | 400,037 |

The financial statements were approved by the Board on 7th June 2012 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, 2012 (Expressed in Barbados $000's)

| | Notes | Share Capital | Revaluation Reserve | Contributed Surplus | Accumulated Comprehensive Income | Retained Earnings | Total |
|---|---|---|---|---|---|---|---|
| Balance at 1st April 2010 | | 71,829 | 905 | 2,712 | (25,799) | 213,306 | 262,953 |
| Net income for the period | | – | – | – | – | 59,226 | 59,226 |
| Dividends declared: | | | | | | | |
| Common shares | 16 | – | – | – | – | (87,814) | (87,814) |
| IAS 19 Actuarial gain | 20 | – | – | – | 17,428 | – | 17,428 |
| Deferred taxation | 21 | – | – | – | (4,357) | – | (4,357) |
| Balance at 31st March 2011 | | 71,829 | 905 | 2,712 | (12,728) | 184,718 | 247,436 |
| Balance at 1st April 2011 | | 71,829 | 905 | 2,712 | (12,728) | 184,718 | 247,436 |
| Net income for the period | | – | – | – | – | 37,927 | 37,927 |
| Dividends declared: | | | | | | | |
| Common shares | 16 | – | – | – | – | (63,129) | (63,129) |
| IAS 19 Actuarial loss | 20 | – | – | – | (6,432) | – | (6,432) |
| Deferred taxation | 21 | – | – | – | 1,608 | – | 1,608 |
| Balance at 31st March 2012 | | **71,829** | **905** | **2,712** | **(17,552)** | **159,516** | **217,410** |

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

# Statement of Comprehensive Income

for the year ended 31st March, 2012 (Expressed in Barbados $000's)

| | Notes | 2012 | 2011 |
|---|---|---|---|
| Profit for the year | | **37,927** | 59,226 |
| **Other Comprehensive Income** | | | |
| Actuarial (losses)/gains on the value of defined benefit retirement plans | 20 | **(6,432)** | 17,428 |
| Deferred taxes on actuarial losses/(gains) | 21 | **1,608** | (4,357) |
| Total other comprehensive (loss)/income for the year, net of tax | | **(4,824)** | 13,071 |
| Total comprehensive income for the year | | **33,103** | 72,297 |

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

LIME

# Statement of Cash Flows

for the year ended 31st March, 2012 (Expressed in Barbados $000's)

| | Notes | 2012 | 2011 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before taxation | | **51,651** | 78,352 |
| Adjustments for: | | | |
| Net periodic benefit cost | 20 | **4,859** | (146) |
| Increase in employee benefit liabilities | | **(6,087)** | (5,966) |
| Depreciation | 9 | **58,788** | 42,180 |
| Amortisation | 10 | **5,292** | 3,877 |
| (Profit)/loss on disposal of property, plant and equipment and intangible assets | | **(10)** | 45 |
| Interest income | | **(3)** | (3) |
| Interest expense | | **247** | 1,103 |
| Cash generated before changes in working capital | | **114,737** | 119,442 |
| Decrease in inventories | | **7** | 361 |
| Decrease/(increase) in accounts receivable | | **16,160** | (10,476) |
| Increase in prepayments | | **(7,062)** | (4,026) |
| Increase in accounts payable | | **27,867** | 19,820 |
| (Decrease)/increase in deferred revenue | | **(2,297)** | 16,673 |
| (Decrease)/increase in provisions | | **(2,424)** | 738 |
| Cash generated from operations | | **146,988** | 142,532 |
| Interest paid | | **(247)** | (1,103) |
| Interest received | | **3** | 3 |
| Group relief on income taxes | | **(22,516)** | (14,706) |
| With-holding taxes paid | | **(35)** | – |
| Income taxes paid | | **(2,338)** | – |
| Net cash from operating activities | | **121,855** | 126,726 |
| **Cash flows from investing activities** | | | |
| Acquisition of property, plant and equipment | 9 | **(58,380)** | (18,677) |
| Acquisition of intangible assets | 10 | **(7,352)** | (279) |
| Proceeds from the sale of property, plant and equipment and intangible assets | | **3,576** | 9 |
| Net cash used in investing activities | | **(62,156)** | (18,947) |
| **Cash flows from financing activities** | | | |
| Decrease in long-term loan | | **–** | (5,687) |
| Repayments on long term loan – related company | 6 | **(20,000)** | (18,196) |
| Proceeds from long-term loan – related company | 6 | **–** | 20,000 |
| Dividends paid | 16 | **(63,129)** | (87,814) |
| Loan receivable – related company | | **783** | 5,639 |
| Net cash used in financing activities | | **(82,346)** | (86,058) |
| Net (decrease)/increase in cash and cash equivalents | | **(22,647)** | 21,721 |
| Cash and cash equivalents at beginning of year | | **15,643** | (6,078) |
| **Cash and cash equivalents at end of year** | 15 | **(7,004)** | 15,643 |

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

# Notes to the Financial Statements

# Notes to the Financial Statements

for the year ended 31st March, 2012 (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 2012 were authorised for issue by the Directors on 7th June 2012.

## 2. Statement of compliance, basis of preparation and significant accounting policies

**(a) Statement of compliance**

These financial statements are 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:

- *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. There was no material impact on the financial statements as a result of adopting this standard.

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* (2010). The revised IFRS supersedes the previous version of IFRS 9 issued in 2009 and is effective for accounting periods beginning on or after 1st January 2015 (previously 1st January 2013). The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The revised standard now includes guidance on classification and measurement of financial liabilities designated as fair value through profit or loss and incorporates certain existing requirements of IAS 39 Financial Instruments: Recognition and Measurement on the recognition and de-recognition of financial assets and financial liabilities.

## 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)

- *IFRS 13, Fair Value Measurement* (effective 1st January 2013), defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value and is applicable to assets, liabilities and an entity's own equity instruments that, under other IFRSs, are required or permitted to be measured at fair value, or when disclosure of fair values is provided. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

- *Disclosures–Transfer of Financial Assets* (Amendments to IFRS 7) (effective 1st July 2011). The amendment requires disclosure of information that enables users of financial statements to understand the relationship between transferred financial assets that are not derecognised in their entirety and the associated liabilities and to evaluate the nature of and risks associated with the entity's continuing involvement in these derecognised assets.

- *Amendment to IFRS 7, Financial Instruments: Disclosures* is effective for annual reporting periods beginning on or after 1st January 2013. The standard is amended to help users of financial statements to understand the actual and potential effects of netting arrangements on the entity's financial position. The amendment includes minimum disclosure requirements related to financial assets and liabilities that are offset in the statement of financial position or subject to enforceable master netting arrangements or similar arrangements.

- *IAS 19, Employee Benefits* (effective 1st January 2013) has been amended to require all actuarial gains and losses to be recognised immediately in other comprehensive income. This change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss. It also requires the expected return on plan assets recognised in profit or loss to be calculated based on the rate used to discount the defined benefit obligation. The amendment also includes changes to the definitions and disclosure requirements in the current standard.

- *Amendment to IAS 32 Financial Instruments: Presentation* - The standard clarifies that an entity currently has a legal enforceable right to offset if that right is not contingent on a future event; and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all the counterparts. In addition, it clarifies that gross settlement is equivalent to net settlement if, and only if the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk; and process receivables and payables in a single settlement process or cycle. The amendment is effective for annual reporting periods beginning on or after 1st January 2014.

- *IAS 1, Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income* (effective 1st July 2012) has been amended to require an entity to present separately the items of other comprehensive income (OCI) that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. Consequently an entity that presents items of OCI before related tax effects will also have to allocate the aggregated tax amount between these sections. The existing option to present the profit or loss and other comprehensive income in two statements has not changed. The title of the statement has changed from Statement of Comprehensive Income to Statement of Profit or Loss and Other Comprehensive Income. However, an entity is still allowed to use other titles.

- *IAS 12, Income Taxes*, has been amended, effective for annual reporting periods beginning on or after 1st January 2012, to require an entity to measure deferred taxes relating to an asset based on whether the entity expects to recover the carrying amount of the asset through use or sale.

- *IFRS 10, Consolidated Financial Statements* (effective for annual reporting periods beginning on or after 1st January 2013) supersedes IAS 27 Consolidated and Separate Financial Statements and provides a single model to be applied in the control analysis for all investees, including entities that currently are Special Purpose Entities. The consolidation procedures are carried forward from IAS 27 (2008).

# Notes to the Financial Statements

for the year ended 31st March, 2012 (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)

- *IFRS 12, Disclosure of Interest in Other Entities* (effective for annual reporting periods beginning on or after 1st January 2013) contains disclosure requirements for entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. These required disclosures aim to provide information to enable users to evaluate the nature of, and risks associated with, an entity's interests in other entities and the effects of those interests on the entity's financial position, financial performance and cash flows.

  The Company is required to understand what a structured entity is in the context of its operations; apply judgement in assessing whether it is 'involved' with a structured entity, which has the potential to broaden the transactions and relationships to which the disclosures may apply, particularly for those who sponsor, or perhaps even transact business with, but do not consolidate, structured entities; and assess the level of disclosure that it believes will be meaningful to users of the financial statements.

  Management is assessing the impact, if any, of the above amendments, interpretations and new standards on its future 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 aspects 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.

## 2. Statement of compliance, basis of preparation and significant accounting policies (continued)

### (c) Use of estimates and judgements (continued)

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

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

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

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

**(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 20 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 20.

**(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 the net realisable value are based on the most reliable evidence estimate 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

# Notes to the Financial Statements

for the year ended 31st March, 2012 (Expressed in Barbados $000's)

at the end of the period.

## 2. Statement of compliance, basis of preparation and significant accounting policies (continued)

### (c) Use of estimates and judgements (continued)

**(vi) Residual value and expected useful life of property, plant & equipment**

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

**(vii) Site restoration obligation**

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

### (d) Property, plant and equipment

**(i) Owned assets**

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

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

**(ii) Leased assets**

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

**(iii) Subsequent expenditure**

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

**(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. |

# Notes to the Financial Statements

for the year ended 31st March, 2012 (Expressed in Barbados $000's)

## 2. Statement of compliance, basis of preparation and significant accounting policies (continued)

### (d) Property, plant and equipment (continued)

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

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

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

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

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

| | |
|---|---|
| Computer software | 2-5 yrs |

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

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

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

### (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 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.

# Notes to the Financial Statements

for the year ended 31st March, 2012 (Expressed in Barbados $000's)

## 2. Statement of compliance, basis of preparation and significant accounting policies (continued)

### (l) Income tax

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

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

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. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilised. 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 20).

## 2. Statement of compliance, basis of preparation and significant accounting policies (continued)

**(n) Employee Benefits (continued)**

**(ii) Defined contribution pension plans**
Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

**(iii) Share-based compensation**
The 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 reporting 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 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 Company 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.

**(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.

# Notes to the Financial Statements

for the year ended 31st March, 2012 (Expressed in Barbados $000's)

## 2. Statement of compliance, basis of preparation and significant accounting policies (continued)

**(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 Company 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

**(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.

# Notes to the Financial Statements

for the year ended 31st March, 2012 (Expressed in Barbados $000's)

## 2. Statement of compliance, basis of preparation and significant accounting policies (continued)

**(y) Related parties (continued)**
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.

## 3. Employee expenses

| | 2012 | 2011 |
|---|---|---|
| Gross salaries | **55,163** | 48,909 |
| Other benefits and allowances | **22,970** | 17,200 |
| | **78,133** | 66,109 |

## 4. Restructuring costs

| | 2012 | 2011 |
|---|---|---|
| Redundancy costs | **2,014** | 6,141 |
| Miscellaneous costs | **1,958** | 572 |
| | **3,972** | 6,713 |

## 5. Net finance costs

| | 2012 | 2011 |
|---|---|---|
| Foreign exchange gains | **(38)** | 46 |
| Finance expense: | | |
| Ultimate parent company loan | **104** | (745) |
| Other loans | **(351)** | (358) |
| Interest income – third party | **3** | 3 |
| | **(244)** | (1,100) |
| Other finance costs: | | |
| Other debts issuance costs and expenses | **(2,058)** | (2,057) |
| | **(2,340)** | (3,111) |

## 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.

The Company converted $35m of accounts receivable (due to related companies) to loan receivable (due from related companies) in October 2007. The balance outstanding at 31st March 2012 is $30.1m (2011 – $30.9m). This amount now bears interest at the rate of 0.37761% per annum (2011 – 2.9438% per annum). The loan is unsecured.

Currency risk on assets denominated in currencies other than Barbados dollar is discussed in Note 22.

Accounts receivable-related companies/accounts payable-related companies represent amounts due to/from other Cable &

# Notes to the Financial Statements

for the year ended 31st March, 2012 (Expressed in Barbados $000's)

Wireless group companies, principally for telecommunications traffic arising in the ordinary course of business.

## 6. Related party transactions (continued)

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 $2.1m (2011 – $1.7m); pension and other retirement benefits totalled $0.1m (2011 – $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 loan was fully repaid in April 2011.

| | Total Indebtedness | Acquisitions/ (Repayments) | Total Indebtedness |
|---|---|---|---|
| | 1st April 2011 | | 31st March 2012 |
| **Cable & Wireless International HQ Ltd.** | | | |
| – BDS $20.0m loan | 20,000 | (20,000) | – |
| | 20,000 | (20,000) | – |

| | Total Indebtedness | (Repayments) | Total Indebtedness |
|---|---|---|---|
| | 1st April 2010 | | 31st March 2011 |
| **Cable & Wireless International HQ Ltd.** | | | |
| – BDS $34.2m loan | 18,196 | (18,196) | – |
| – BDS $20.0m loan | – | 20,000 | 20,000 |
| | 18,196 | 1,804 | 20,000 |

Other related party transactions include:

| | 2012 | 2011 |
|---|---|---|
| Revenue | **15,980** | 9,408 |
| Cost of sales | **(15,726)** | (7,572) |
| Interest expense | **104** | (745) |
| Net Recharges into the Company* | **(12,099)** | (4,890) |
| Group Relief paid/payable to surrendering company | **(18,874)** | (14,706) |

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

# Notes to the Financial Statements

for the year ended 31st March, 2012 (Expressed in Barbados $000's)

## 6. Related party transactions (continued)

**Summary recharges**

| | 2012 | 2011 |
|---|---|---|
| Net recharges | **(15,003)** | (1,166) |
| Royalty branding fee | **(10,368)** | (4,656) |
| Net management fees inter-business units | **13,272** | 932 |
| Net Recharges into the Company | **(12,099)** | (4,890) |

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:

| | 2012 | 2011 |
|---|---|---|
| **Current tax expense:** | | |
| Income tax @ 25% | **16,772** | 20,533 |
| Under provided in prior year | **1,560** | – |
| **Deferred taxation:** | | |
| Origination and reversal of other temporary differences, net | **(4,608)** | (1,407) |
| Tax expense recognised in profit for the year | **13,724** | 19,126 |

**Reconciliation of actual tax credit:**

| | 2012 | 2011 |
|---|---|---|
| Profit before taxation | **51,651** | 78,352 |
| Computed "expected" tax expense @ 25% | **12,913** | 19,588 |
| Difference between loss for financial statements and tax reporting purposes on: | | |
| Under provided in prior year | **1,560** | – |
| Timing differences due to fixed assets | **(953)** | 1,447 |
| Other timing differences | **204** | (1,528) |
| Tax effect of amounts that are not deductible for tax purposes | **–** | (381) |
| Actual tax expense recognised in profit for the year | **13,724** | 19,126 |

In accordance with existing tax laws, the tax expense as at 31st March 2012 of $16.772m (2011 – $20.533m) will be remitted to the Government of Barbados net of Group Relief of $16.772m (2011 – $19.720m). 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.

# Notes to the Financial Statements

for the year ended 31st March, 2012 (Expressed in Barbados $000's)

## 7. Taxation (continued)

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.

The amount of $0.221m has been recorded as receivable from the Government of Barbados in respect of corporation tax as at 31st March 2012. In the prior year, the amount of $6.336m was recorded as payable to the Government of Barbados in respect of corporation tax as at 31st March 2011.

## 8. Income per share

Income per share of $0.27 (2011 – $0.42) is calculated on the income for the year of $37.9m (2011 – $59.2m) and on the number of common shares in issue at 31st March 2012 of 141,864,946 (2011 – 141,864,946).

The income per $1 of share capital of $0.53 (2011 – $0.82) is calculated on the income as defined above and on the value of issued common shares at 31st March 2012 of $71.8m (2011 – $71.8m).

## 9. Property plant & equipment

| | Freehold Land and Buildings | Central Office Equipment | Plant & Equipment | Total |
|---|---|---|---|---|
| **COST** | | | | |
| 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 |
| 1st April 2011 | 31,333 | 198,189 | 744,889 | 974,411 |
| Additions | – | 15,151 | 43,229 | 58,380 |
| Adjustments | – | – | (755) | (755) |
| Disposals | – | (1,626) | (16,842) | (18,468) |
| 31st March 2012 | **31,333** | **211,714** | **770,521** | **1,013,568** |
| **DEPRECIATION** | | | | |
| 1st April 2011 | 14,207 | 155,107 | 502,576 | 671,890 |
| Charge for the 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 |
| 1st April 2011 | 15,068 | 160,651 | 537,857 | 713,576 |
| Charge for year | 859 | 6,490 | 51,439 | 58,788 |
| Adjustment | 30 | (4,610) | 4,700 | 120 |
| Eliminated on disposals | – | (1,624) | (13,278) | (14,902) |
| 31st March 2012 | **15,957** | **160,907** | **580,718** | **757,582** |
| **NET BOOK VALUES** | | | | |
| 31st March 2012 | **15,376** | **50,807** | **189,803** | **255,986** |
| 31st March 2011 | 16,265 | 37,538 | 207,032 | 260,835 |

# Notes to the Financial Statements

for the year ended 31st March, 2012 (Expressed in Barbados $000's)

## 9. Property plant & equipment (continued)

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 $14.5m (2011 – $15.4m).

As a result of a Network Modernisation project, the Company re-evaluated its estimate of the useful economic life on its mobile equipment which will no longer be in use once the project is finalised. As such for the current financial year ending 31st March 2012, the Company has accounted for $16.8m in accelerated depreciation charges.

## 10. Intangible assets

This represents acquired computer software as follows:

| | Total |
|---|---|
| **COST** | |
| Balance at 1st April 2010 | 17,866 |
| Additions | 279 |
| Balance at 31st March 2011 | 18,145 |
| Balance at 1st April 2011 | 18,145 |
| Additions | 7,352 |
| Adjustments | 901 |
| Balance at 31st March 2012 | **26,398** |
| **AMORTISATION** | |
| Balance at 1st April 2010 | 7,541 |
| Adjustment | 22 |
| Charge for year | 3,877 |
| Balance at 31st March 2011 | 11,440 |
| Balance at 1st April 2011 | 11,440 |
| Adjustment | 26 |
| Charge for year | 5,292 |
| Balance at 31st March 2012 | **16,758** |
| **NET BOOK VALUES** | |
| 31st March 2012 | **9,640** |
| 31st March 2011 | 6,705 |

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# Notes to the Financial Statements

for the year ended 31st March, 2012 (Expressed in Barbados $000's)

## 11. Prepayments

| | 2012 | 2011 |
|---|---|---|
| **Non-current** | | |
| Capacity Service Arrangement | **3,178** | 3,444 |
| Global Caribbean Network Arrangement | **7,743** | – |
| | **10,921** | 3,444 |
| **Current** | | |
| Capacity Service Arrangement | **850** | 332 |
| Directory cost of sales | **3,975** | 4,686 |
| Other | **3,000** | 3,222 |
| | **7,825** | 8,240 |
| | **18,746** | 11,684 |

Prepayments are those made in advance and used throughout an accounting period, such as rent, license fees, insurance or capacity sales. Capacity service arrangements are shown as current and also shown as non-current. During the financial year ended 31st March 2012, the Company entered into a prepaid operating lease arrangement with Southern Caribbean Fibre. The arrangement allows the Company to transmit its network/data traffic over the Global Caribbean Network (GCN) from Barbados up to the United States. In addition, in compliance with IAS 17 Leases, the Company was required to re-assess the classification of capacity circuits previously acquired from Southern Caribbean Fibre which are also governed by this arrangement. The re-assessment resulted in a transfer of $8.8m from property, plant and equipment at NBV to operating prepayments split between current and non-current.

## 12. Inventories

| | 2012 | 2011 |
|---|---|---|
| Raw materials and consumables | **4,382** | 4,479 |
| | **4,382** | 4,479 |
| Less: Provision for obsolescence | **(173)** | (263) |
| | **4,209** | 4,216 |

## 13. Accounts receivable

| | 2012 | 2011 |
|---|---|---|
| Trade receivables | **29,297** | 25,909 |
| Less: Allowance for doubtful debts | **(4,726)** | (4,745) |
| | **24,571** | 21,164 |
| Other receivables | **26,057** | 30,336 |
| | **50,628** | 51,500 |

The aging of trade receivables at the reporting date was:

| | 2012 | 2011 |
|---|---|---|
| Not yet due | **10,219** | 8,790 |
| Past due 0-30 days | **6,413** | 6,915 |
| Past due 31 to 60 days | **1,473** | 1,821 |
| Past due 61 to 90 days | **3,183** | 2,674 |
| Past due 91 to 180 days | **2,663** | 1,945 |
| More than 180 days | **5,346** | 3,764 |
| | **29,297** | 25,909 |

# Notes to the Financial Statements

for the year ended 31st March, 2012 (Expressed in Barbados $000's)

## 13. Accounts receivable (continued)

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

| | 2012 | 2011 |
|---|---|---|
| Balance at beginning of year | **(4,745)** | (6,267) |
| Less: Bad debts written off (previously provided for) | **686** | 3,601 |
| Add: Movement in allowance for doubtful debts | **(667)** | (2,079) |
| Balance at end of year | **(4,726)** | (4,745) |

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 $667 (2011 – $2,079) has been recognised in the income statement.

## 14. Accounts receivable/(payable) – 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).

Details of these accounts are as follows:

| | 2012 | 2011 |
|---|---|---|
| **Due to related parties** | | |
| Cable & Wireless (BVI) Ltd. | **–** | 5,225 |
| Cable & Wireless (Jamaica) Ltd. | **10,100** | 1,972 |
| Cable & Wireless (Saint Lucia) Ltd. | **903** | - |
| Cable & Wireless (St. Vincent and the Grenadines) Ltd. | **1,261** | 501 |
| Cable & Wireless (CWI Caribbean) Ltd. | **32,743** | - |
| Cable & Wireless (Grenada) Ltd. | **674** | - |
| Other | **502** | 78 |
| | **46,183** | 7,776 |

| | 2012 | 2011 |
|---|---|---|
| **Due from related parties** | | |
| Cable & Wireless (Cayman) Ltd. | **879** | 2,301 |
| Cable & Wireless (Anguilla) Ltd. | **285** | 437 |
| Cable & Wireless (BVI) Ltd. | **1,445** | - |
| Cable & Wireless (Panama) Ltd. | **–** | 1,512 |
| Cable & Wireless (St. Kitts & Nevis) Ltd. | **188** | 883 |
| Cable & Wireless (Turks & Caicos) Ltd. | **439** | 7,569 |
| Cable & Wireless (CWI Caribbean) Ltd. | **–** | 4,933 |
| Other | **–** | 889 |
| | **3,236** | 18,524 |

# Notes to the Financial Statements

for the year ended 31st March, 2012 (Expressed in Barbados $000's)

## 15. Analysis of changes in cash and cash equivalents during the year

| | 2012 | 2011 |
|---|---|---|
| Balance at 1st April | **15,643** | (6,078) |
| Net cash (outflow)/inflow | **(22,647)** | 21,721 |
| Balance at 31st March | **(7,004)** | 15,643 |
| Represented by:- | | |
| (Bank overdraft)/Cash and cash equivalents | **(7,004)** | 15,643 |

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

| | 2012 | 2011 |
|---|---|---|
| **(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.

**(c) Dividends**

| | 2012 | 2011 |
|---|---|---|
| Dividends declared after the reporting date are as follows: | | |
| A final dividend of $0.297 (2011 – $0.145) per common share was declared subsequent to year end | **42,134** | 20,571 |
| A special dividend of $0.00 (2011 – $0.152) per common share was declared subsequent to year end | **–** | 21,563 |
| | **42,134** | 42,134 |

# Notes to the Financial Statements

for the year ended 31st March, 2012 (Expressed in Barbados $000's)

## 16. Share capital (continued)

Dividends declared during the year are as follows:

| | 2012 | 2011 |
|---|---|---|
| A final dividend of $0.145 for 2011 (2011 – $0.145 for 2010) per common share was declared during the year | **20,571** | 20,571 |
| A special dividend of $0.152 for 2011 (2011 – $0.152 for 2010) per common share was declared during the year | **21,563** | 21,563 |
| A special dividend of $0.00 (2011 – $0.174) per common share was declared during the year | **–** | 24,685 |
| An interim dividend of $0.148 (2011 – $0.148) per common share has been declared and paid during the year | **20,995** | 20,995 |
| | **63,129** | 87,814 |

## 17. Trade and other accounts payable

| | 2012 | 2011 |
|---|---|---|
| Trade payables | **12,198** | 9,134 |
| Other accounts payable | **38,358** | 51,962 |
| | **50,556** | 61,096 |

## 18. Deferred revenue

| | 2012 | 2011 |
|---|---|---|
| **Current** | | |
| Prepaid mobile services | **762** | 1,011 |
| Loyalty reward points | **1,845** | 2,766 |
| Capacity Service Arrangement | **953** | 953 |
| | **3,560** | 4,730 |
| **Non-current** | | |
| Capacity Service Arrangement | **13,426** | 14,553 |
| Total | **16,986** | 19,283 |

The Company entered into a service arrangement in the 2011 financial year to carry Cable N-Global's network/data traffic for a 15 year period. The customer has prepaid for such services and the amount is being amortized over the terms of the arrangement.

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# Notes to the Financial Statements

for the year ended 31st March, 2012 (Expressed in Barbados $000's)

## 19. Provisions

| | Restructuring | Site Restoration | Total |
|---|---|---|---|
| Balance at 1st April 2010 | 3,329 | 675 | 4,004 |
| Provision made during the year | 3,563 | 183 | 3,746 |
| Provisions used during the year | (3,008) | – | (3,008) |
| Balance at 31st March 2011 | 3,884 | 858 | 4,742 |
| Balance at 1st April 2011 | 3,884 | 858 | 4,742 |
| Provision made during the year | 1,409 | 51 | 1,460 |
| Provisions used during the year | (3,884) | – | (3,884) |
| Balance at 31st March 2012 | **1,409** | **909** | **2,318** |

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

## 20. Employee benefits

### a) Present value of obligation

| | 2012 | 2011 |
|---|---|---|
| **Benefit obligation** | | |
| At beginning of year | **159,828** | 180,422 |
| Service costs | **3,014** | 4,258 |
| Interest cost | **12,148** | 12,410 |
| Employee contributions | **1,923** | 2,032 |
| Actuarial gain | **(4,056)** | (21,788) |
| Benefit payments | **(7,597)** | (10,792) |
| Plan amendments | **–** | (3,627) |
| Gain on curtailments | **–** | (3,087) |
| Benefit at end of year | **165,260** | 159,828 |

In the prior year, gain on curtailment recognised in the income statement represented the impact of changes on the value to the medical plan.

### b) Movement in plan assets:

| | 2012 | 2011 |
|---|---|---|
| **Plan assets at fair value** | | |
| At beginning of year | **146,377** | 143,431 |
| Actual return on plan assets | **(185)** | 5,740 |
| Employer contributions (including direct benefit payments for unfunded plans) | **6,087** | 5,966 |
| Employee contributions | **1,923** | 2,032 |
| Benefit payments | **(7,597)** | (10,792) |
| Fair value of plan assets at end of year | **146,605** | 146,377 |

# Notes to the Financial Statements

for the year ended 31st March, 2012 (Expressed in Barbados $000's)

## 20. Employee benefits (continued)

**b) Movement in plan assets: (continued)**

| | 2012 | 2011 |
|---|---|---|
| Plan assets consist of the following: | | |
| Bonds | **67,094** | 56,139 |
| Equities | **57,470** | 56,287 |
| Real Estate | **10,501** | 12,226 |
| Other | **11,540** | 21,725 |
| | **146,605** | 146,377 |
| **Funded status** | | |
| Funded status at end of year | **(18,655)** | (13,451) |
| Effect of asset ceiling | **–** | – |
| Accrued benefit cost | **(18,655)** | (13,451) |

**c) Disclosures**

**Amounts recognised in the Statement of Financial Position**

| | 2012 | 2011 |
|---|---|---|
| Prepaid benefit assets | **2,421** | 6,498 |
| Accrued benefit liability | **(21,076)** | (19,949) |
| Net amount recognised | **(18,655)** | (13,451) |

**Expense recognised in the Income Statement**

| | 2012 | 2011 |
|---|---|---|
| Service costs | **3,014** | 4,258 |
| Interest cost | **12,148** | 12,410 |
| Expected return on plan assets | **(10,303)** | (10,100) |
| Gains from past service costs | **–** | (3,627) |
| Curtailment | **–** | (3,087) |
| Net periodic benefit cost | **4,859** | (146) |

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

| | 2012 | 2011 |
|---|---|---|
| Gain from change in assumptions | **–** | (19,938) |
| Gain from experience | **(4,056)** | (1,850) |
| Expected return on plan assets | **10,303** | 10,100 |
| Actual return on plan assets | **185** | (5,740) |
| Actuarial loss/(gain) recognised directly in equity | **6,432** | (17,428) |

# Notes to the Financial Statements

for the year ended 31st March, 2012 (Expressed in Barbados $000's)

## 20. Employee benefits (continued)

### e) Statement of Financial Position accrued reconciliation

| | 2012 | 2011 |
|---|---|---|
| At beginning of year | **(13,451)** | (36,991) |
| Net periodic benefit cost | **(4,859)** | 146 |
| Employer contributions | **6,087** | 5,966 |
| Actuarial (loss)/gain recognised directly in equity | **(6,432)** | 17,428 |
| Statement of Financial Position accrued reconciliation | **(18,655)** | (13,451) |

### f) Principal actuarial assumptions at the reporting date

| | 2012 | 2011 |
|---|---|---|
| Discount rate at 31st March | **7.75%** | 7.75% |
| Expected return on plan assets at 31st March | **7.00%** | 7.00% |
| Future salary increases | **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% |

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**

| | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|
| Present value of the defined benefit obligation | **(165,260)** | (159,828) | (180,422) | (171,711) | (149,336) |
| Fair value of plan assets | **146,605** | 146,377 | 143,431 | 138,864 | 138,944 |
| Deficit in plan | **(18,655)** | (13,451) | (36,991) | (32,847) | (10,392) |
| Experience adjustments on plan liabilities | **4,056** | 1,850 | (3,489) | (1,983) | (1,855) |
| Experience adjustment on plan assets | **(10,488)** | (4,360) | (2,403) | (13,783) | 4,535 |

### 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 $0.567m (2011 – $0.596m). Correspondingly, the contributions made by the employees during the financial year were $0.737m (2011 – $0.790m).

# Notes to the Financial Statements

for the year ended 31st March, 2012 (Expressed in Barbados $000's)

## 21. Deferred taxation

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

**2012**

| | Balance at beginning of year | Recognised in Equity | Recognised in income | Balance at end of year |
|---|---|---|---|---|
| Employee benefits | **3,363** | **1,608** | **(307)** | **4,664** |
| Property, plant & equipment | **(25,569)** | **–** | **4,915** | **(20,654)** |
| Provisions | **2,289** | **–** | **–** | **2,289** |
| | **(19,917)** | **1,608** | **4,608** | **(13,701)** |

**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) |

## 22. 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 trade payable and other accounts payable and bank over-draft.

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.

# Notes to the Financial Statements

for the year ended 31st March, 2012 (Expressed in Barbados $000's)

## 22. Financial risk management (continued)

### (i) Credit Risk (continued)

Maximum exposure to credit risk at the reporting date was:

| | 2012 | 2011 |
|---|---|---|
| Accounts receivables | **50,628** | 51,500 |
| Accounts receivable – related companies | **3,236** | 18,524 |
| Loan receivable – related company | **30,147** | 30,930 |
| Cash and cash equivalents | **–** | 15,643 |
| | **84,011** | 116,597 |

*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.

*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 a US$ loan in the prior year. The exchange rate of the US dollar is fixed at $2 Barbados dollars to $1 United States dollar.

# Notes to the Financial Statements

for the year ended 31st March, 2012 (Expressed in Barbados $000's)

## 22. Financial risk management (continued)

**(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 2012: | | | | |
| Trade and other accounts payables | **50,556** | **50,556** | **50,556** | **–** |
| Accounts payable – related companies | **46,183** | **46,183** | **46,183** | **–** |
| Bank overdraft | **7,004** | **7,004** | **7,004** | **–** |
| | **103,743** | **103,743** | **103,743** | **–** |
| 31st March 2011: | | | | |
| Loans Payable – related companies | 20,000 | 21,034 | 21,034 | – |
| Accounts payable – related companies | 7,776 | 7,776 | 7,776 | – |
| Trade and other accounts payables | 61,096 | 61,096 | 61,096 | – |
| | 88,872 | 89,906 | 89,906 | – |

**(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.

## 23. 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 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 of discounts on settlement. The Company does not have any material assets and liabilities carried at fair value.

## 24. Commitments and contingencies

**(a) Capital commitments:**

At 31st March 2012, commitments for capital expenditure, for which no provision has been made in these financial statements, were as follows:

| | 2012 | 2011 |
|---|---|---|
| Commitments in respect of contracts placed | **1,860** | 1,943 |

# Notes to the Financial Statements

for the year ended 31st March, 2012 (Expressed in Barbados $000's)

## 24. Commitments and contingencies (continued)

**(b) Lease commitments:**
Unexpired commitments under operating leases for cell sites, motor vehicles and equipment are payable as follows:

| | 2012 | 2011 |
|---|---|---|
| Less than one year | **7,172** | 6,751 |
| Between one and five years | **22,617** | 23,092 |
| Over 5 years | **225** | 2,891 |
| | **30,014** | 32,734 |

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.

During the current year $6.6m was recognized as an expense in the income statement in respect of operating leases (2011 – $6.7m).

**(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.

## 25. 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 2012, 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 2012 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.

for the year ended 31st March, 2012 (Expressed in Barbados $000's)

## 25. Segment information continued

**Entity-wide disclosures:**

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

| | 2012 | 2011 |
|---|---|---|
| Mobile | **128,504** | 135,061 |
| Broadband | **53,745** | 50,222 |
| Domestic voice | **88,788** | 89,734 |
| International voice | **39,083** | 31,897 |
| Enterprise, data and other | **62,832** | 65,499 |
| | **372,952** | 372,413 |

Revenue for 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 Company revenue.

## 26. Comparative figures

Certain comparative figures were reclassified to conform to the current year's presentation. The change to prior year is a statement of financial position reclassification.

i) Accounts receivable – related companies of $3,236 (2011 – $18,524) is reported at the gross value rather than at the net position as reported in the prior year, as shown below.

ii) Accounts payable – related companies of $46,183 (2011 – $7,776) is reported at the gross value rather than at the net position as reported in the prior year, as shown below.

| | 2012 | 2011 |
|---|---|---|
| Accounts receivable – related companies | **3,236** | 18,524 |
| Accounts payable – related companies | **(46,183)** | (7,776) |
| | **(42,947)** | 10,748 |

# Notes

# Board of Directors and Officers

## Sir Allan Fields, KCMG Chairman

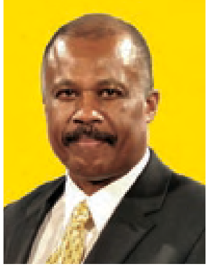
Sir Allan, 69, joined the Board in May 2003 and was appointed Chairman later that year. A certified engineer by profession, he received his early training in Scotland before returning to Barbados to start a career in 1966. He worked at the Barbados Light & Power until 1978 and later joined Lucas Industries Barbados' operations (Tropical Battery Co.) as Managing Director. His next post was with the then Banks (Barbados) Breweries Ltd where he was appointed to the post of Managing Director in 1988. Following his tenure there, he took up the position of Managing Director of Barbados Shipping and Trading Company Limited. He was appointed Chairman of that Company in 2004. Sir Allan is the Past President of the Master Brewers Association of the Americas and a founding member of the Caribbean Brewers Association, Past President of The Barbados Manufacturers Association and the Barbados Employers Confederation. Sir Allan is currently Chairman of Banks Holdings Limited, Executive Chairman of Mark Anthony International SRL and a Director of CIBC First Caribbean International Bank.

## Dr. Patricia Alleyne Director

Dr. Alleyne, 62, was appointed a non-executive Director of Cable & Wireless (Barbados) Ltd, in 2005 and is a member of the company's Audit Committee. She started her career in banking and in 1991 was recruited as the Financial Controller of Purity Bakeries Limited. After a number of years with that organisation, she took up the position of General Manager of Tropical Batteries Limited. Prior to her retirement, she served as the Managing Director of the Barbados National Terminal Limited. Dr. Alleyne is a graduate of the University of the West Indies, Cave Hill Campus where she holds both a BSc in Management Studies (Honours) and a MBA. She also pursued courses of study at Yale University and the University of Oxford and has a PhD in Theology. Dr. Alleyne is an ordained Christian Minister, a Justice of the Peace and a Life member of the Commonwealth Parliamentary Association.

## Mr. Donald Austin Director

Mr. Austin, 55, a Director since February 2002 has had a career with Cable & Wireless spanning over 25 years. A qualified Accountant and Engineer and the recipient of an MBA from Manchester Business School, Mr. Austin has served as a Senior Engineer, Financial Controller & Company Secretary of BARTEL, Finance Manager of Cable & Wireless (Turks & Caicos) Limited, General Manager of Cable & Wireless (St. Vincent and the Grenadines) Ltd and Cable & Wireless (St. Lucia) Limited, President of Cable & Wireless (Barbados) Limited and an executive member of the Regional Operating Board with responsibility for Legal, Regulatory and Corporate Affairs for the 13 LIME businesses until January 2011. Mr. Austin provides consultancy services to the Company and is Chairman of the Board of Cable & Wireless Dominica Limited and Cable & Wireless Grenada Limited.



## Professor Sir Hilary Beckles, KA Director

Sir Hilary, 56, was appointed a Director and member of the Audit Committee in 2005. He graduated with a PhD from Hull University in 1980, and received an Honorary Doctor of Letters from the same university in 2003. He joined the History Department at the University of the West Indies, Mona Campus in 1979 as a lecturer and in 1984 was transferred to the Cave Hill Campus in Barbados and was promoted to a personal professorship in 1993 at the age of 37, the youngest in the history of the UWI. Sir Hilary has lectured at universities in Europe, Africa, Asia and the Americas and has published several books and articles. He is currently the Principal of the University of the West Indies, Cave Hill Campus, Barbados and serves as a Director on a number of other Boards.

## Mr. David Shaw Director

Mr. David Shaw, 43, is the Chief Executive Officer of LIME and Chairman of The Bahamas Telecommunications Company (BTC). He first joined LIME in 2008 following on from his previous posting as Chief Commercial Officer at Cable & Wireless Europe, Asia and the US, where he was responsible for worldwide sales and marketing. In November 2005, Mr. Shaw joined Cable & Wireless through its acquisition of Energis and was part of the senior executive team that transformed the UK telecoms operator. An Engineer by profession, Mr. Shaw has extensive international experience having worked in the US, Europe, India and the Far East. In the Caribbean, he also serves on the Boards of Telecommunications Services of Trinidad & Tobago (TSTT), as well as CWC businesses in Antigua & Barbuda, Anguilla, British Virgin Islands, Cayman, Jamaica, Turks & Caicos Islands, St Lucia and St Vincent & the Grenadines

### Mr. Dodridge Miller Director

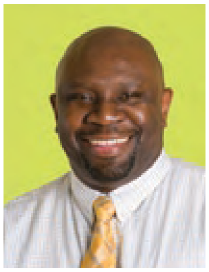
Mr. Miller, 54, an independent Director, was appointed to the Cable & Wireless (Barbados) Ltd. Board in 2005 and is the Chairman of the Company's Audit Committee. Mr. Miller is a Fellow of the Association of Chartered Certified Accountants (ACCA), and obtained his MBA from the University of Wales and Manchester Business School. He holds an LLM in Corporate and Commercial Law from the University of the West Indies and, in October 2008, he was conferred with an Honorary Doctor of Laws degree by the University of the West Indies. Mr. Miller has more than 25 years' experience in the banking, insurance and financial services industries. He was appointed President and Chief Executive Officer of the Mutual Group of companies, now Sagicor, in 2002.

### Mr. Timothy Pennington Director

Mr. Pennington, 51, Executive Director, joined the Cable & Wireless (Barbados) Board in 2009. He was appointed to his current position as Chief Financial Officer of Cable & Wireless Communications in January 2010 and prior to this, he served as Group Finance Director of Cable & Wireless Plc, and as an Investor Director of the Cable & Wireless Operating Board. Prior to joining Cable & Wireless plc, Mr. Pennington was Chief Financial Officer and Executive Director of Hutchison Telecommunications International Ltd and Finance Director of Hutchison 3G. Mr. Pennington holds a Bachelor of Arts (honours) Degree in Economics and Social Studies from the University of Manchester in the UK.

### Mr. Alex McDonald Country Manager

Alex McDonald, 41, joined the Company in mid March 2009 from the One Caribbean Media Group where he was the Chief Operating Officer for StarCom Barbados. He has also worked with the Fujitsu Corporation from 1995 to 2004, serving successfully in several capacities including the role as Vice President Strategic Market Development, Caribbean. He also launched a successful small consulting group which has acted in an advisory capacity to government as well as large, small and medium enterprises. Mr. McDonald has a passion for change management, leadership development and sales and service excellence and has served, and continues to serve, on several boards and civic bodies. In addition to managing the local business, Mr. McDonald has overall responsibility for Antigua, Anguilla and Monsterrat.



### Mr. Rojer Inglis Chief Financial Officer

Mr. Rojer Inglis, 42, is the Chief Financial Officer of Cable & Wireless (Barbados) Ltd., and has been a chartered member of the Association of Chartered Certified Accountants (ACCA) since 2002. He has provided auditing, management consultancy and financial planning services to a number of institutions over the past 10 years. Prior to 1999, Mr. Inglis worked at the accounting firms of Pannel Kerr Foster and Coopers & Lybrand and then joined the Water and Sewerage Authority in St. Lucia. He served for several years as a representative for the Caribbean and Central America on the International Assembly of the ACCA and as a member of a committee to affiliate accountants in Grenada to the OECS Professional Accountants Association.

### Ms. Valerie Williams Company Secretary

Ms. Valerie Williams, 54, joined the company in 1991 as an Administrative Officer in the Corporate Secretarial department. A qualified Corporate Secretary and Risk Manager, Ms. Williams was appointed to the post of Company Secretary in 2000. In addition to the Corporate Secretarial function, she has also managed other portfolios including Facilities, Health & Safety, Risk Management, Records Management and Pensions. She currently provides corporate secretarial assistance to some of the other LIME businesses in the Windward and Leeward islands. Prior to joining the Company, Ms. Williams spent a number of years in the Corporate Secretarial department of Price Waterhouse, now PWC and the Caribbean Examinations Council.

# Senior Management Team

## Kenneth "Ricky" Went Chief Operating Officer Actg

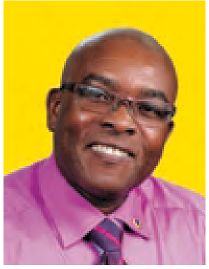
Since joining the company over 30 years ago Ricky, as he is widely known, has worked throughout the business bringing his astute training and keen eye to several areas ranging from planning and corporate accounting to corporate strategy and marketing. He also headed the St. Kitts business unit for four years from 1998 and later was Vice President of Mobile Services and later Customer Services. He presently performs the duties of Chief Operating Officer with responsibility for Barbados' capital expenditure programme and business development. Ricky received his training in engineering at the St. Augustine office of the University of the West Indies. He holds a MBA from Kansas State University. He maintains his affiliation with the Barbados Chamber of Commerce and Industry, the Barbados Employers Confederation and is a former President of the Barbados Association of Professional Engineers.

## Stephanie Catling-Birmingham Head of Human Resources

Stephanie Catling-Birmingham supports the Managing Director and his senior management team through the provision of HR business advice and practice which are critical to the achievement of organisational goals. She joined the Company as Strategic Business Partner before assuming her current role as Head of HR. To date, her career as an HR practitioner has spanned various enterprises including a Non-for-profit organisation, the construction and airline industry with the latter being at a regional level. Her academic achievements include Human Resources Management (BSc) from the University of Luton, and Project Management (MSc) from the University of the West Indies.

## Samuel Skinner Vice President, Corporate Sales and Support

Samuel Skinner has enjoyed a career for over 20 years in Sales, Marketing and General Management roles both locally and regionally in the Health, Education, Beverage and Telecommunication industries. Now in his 7th year with the island's only full service telecommunications company, Samuel has been instrumental in the development of performance monitoring and measurement systems, which have contributed to the significant improvement of sales and customer relationship management of the division. He has set his sights on expanding the focus on customer relationship management while maximizing the revenue generation. He holds a Masters in Business Administration from the University of Surrey in the UK and has completed extensive courses in business development and strategic planning. Samuel is a Marketing Committee member of the Barbados Cricket Association, and a Director of Crime Stoppers Barbados.



## Sherwin D. Greenidge Head of Customer Experience

Sherwin Greenidge took on this new, challenging role two years ago, further expanding his proud portfolio of expertise over 30 years in the telecommunications industry and draws on his wealth of knowledge of the business from his stints in Information Technology, Corporate Sales, Service Delivery, and Customer Service. He is a graduate from the University of the West Indies, BIMAP, and the Lions Club International Leadership Institute. As Head of Customer Experience, his major focus has been improving the service levels at all customer touch points within the business; creating a more informed customer on the company's product and service offerings; and being the ultimate point of resolution for complaints and queries. Sherwin is very excited about improving the experience of our customers here and sharing the best practices with his colleagues across the region via the LIME One Caribbean model.

## Peter Ince Head of Service Delivery

Peter is a 32-year veteran of the telecommunication field. He joined the company in 1980 and has given real meaning to rising through the ranks. His first job in the business put him in the telephone exchange as an exchange technician. After nine months he moved to the external plant and remained there for 15 years before joining the Test and Dispatch team in 1998 as an analyst. He was later promoted to supervisor of that department and has since gone on to manage the External Plant and Corporate teams. In May 2011, Peter moved to his new role of head of the single largest team in the business. He manages 223 team members including those of Fleet and Facilities, Business team, fixed network, Mobile and Data and IP. Peter is an ardent football fan who stills plays with the LIME Masters football team.

## Susanne Downes Vice President, Retail and Partner Sales

Susanne is spending her seventh year in the telecommunications business. Fresh from a rewarding career in the airline industry, Susanne joined LIME in 2005 following 18 years in the travel business including stints at Virgin Atlantic and then at Air Jamaica where she was the Regional Sales Manager. She brings high energy and enthusiasm to the leadership of her team of more than 60, and is known to throw herself into any challenge placed before her. Susanne holds an undergraduate degree in Management and a Masters in Project Management and Evaluation from the University of the West Indies, Cave Hill. An active member of the Oistins Church of Christ, this young woman is passionate about her work and about creating the best shopping experience for customers who come into one of her LIME retail outlets. Susanne has big plans to continue to improve the LIME stores through continuous colleagues training and impactful point of sales delivery.

## Sharon Jemmott Vice President, Government Affairs and Business Development

Sharon joined the business in 1992 fresh out of university and has certainly made her mark on the telecommunications industry during her career. Having joined as a trainee engineer, this determined and articulate professional young woman has blazed her own trail in what was considered a male-dominated field. The former student of The Lodge School, Sharon also holds an Electrical Engineering degree from University of the West Indies St. Augustine campus and an MBA from Henley Management College in England. She has made a name as a strong manager who sets high standards and encourages her reports to do the same. Sharon has built a reputation as a beacon for females in the organization, rising from her entry level trainee position to be the most senior woman in the business. She has spent many years leading large teams especially in the Service Delivery area where she has led the way on developing processes and practices to drive improved performances from the colleagues in the field.

## S. Nicole Jordan Head of Legal & Regulatory for Barbados, Windwards & Leewards

Nicole is the most recent member of the Barbados Management team having started in her new role in September 2011. As Head of Legal & Regulatory, she is responsible for Legal and Regulatory Affairs, Government Relations, Legal and Regulatory Compliance and Corporate Secretarial matters. An accomplished senior corporate attorney with experience practicing in New York, London, the Channel Islands and Barbados, Nicole is a graduate of the University of the West Indies, Cave Hill Campus with a Bachelor's degree in Law (Hons.) and holds a Master of Laws (Hons.) from the University of Cambridge, United Kingdom. She also earned the Legal Education Certificate from the Hugh Wooding Law School, Trinidad. Before assuming her present position, Ms. Jordan worked as Legal Counsel of Caribbean Development Bank in Barbados and before that served as Vice President and Assistant General Counsel of Goldman, Sachs & Co. in New York and an Associate of Fried Frank LLP, New York.

# 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 G. 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**

The Companies Act Cap. 308 Sections 136 and 140

1. **NAME OF COMPANY:**
   Cable & Wireless (Barbados) Limited

2. **PARTICULARS OF MEETING:**
   The Eleventh Annual Meeting of Shareholders of the Company will be held at the Lloyd Erskine Sandiford Centre, Two Mile Hill, St. Michael on Tuesday 31st July 2012 at 11.00 a.m.

3. **SOLICITATION:**
   It is intended to vote the Proxy hereby solicited (unless a shareholder directs otherwise) in favour of all the resolutions specified within the proxy form sent to the shareholders with this circular and in the absence of a specific direction, in the discretion of the Proxy Holder in respect of any other resolution.

4. **SHAREHOLDERS' RESOLUTION TO REPEAL 4.7(e) of By-Law No.1 PURSUANT TO SECTION 61(2)**
   The Board recommended and the Shareholders passed the following resolution at the Fourth Annual Meeting held on 23rd September 2005:

   'A Director shall cease to be a director at the end of the Annual meeting held in the calendar year in which he attains the age of 70 and shall be ineligible for re-election or for the future appointment to the Board of Directors of the Company'

   The removal of the age restriction in the By-Law aligns the Company with group practice. Management has also noted that many current By-Laws no longer contain an age limit for directors to retire and submitted a proposal to Directors to repeal Section 4.7(e). The Directors by resolution repealed Section 4.7(e) and in accordance with Section 61(2) of the Companies Act Cap. 308, the shareholders may by ordinary resolution confirm, amend or reject the decision of the Board. The Board recommends that shareholders vote in favour of the following resolution:

   'BE IT RESOLVED that the shareholders confirm the repeal of Section 4.7(e) of By-Law No.1 which was approved by the Board of Directors'

5. **ANY DIRECTOR'S STATEMENT SUBMITTED PURSUANT TO SECTION 71 (2):**
   No statement has been received from any Director of the Company pursuant to Section 72(2) of the Companies Act Cap. 308.

6. **ANY AUDITOR'S STATEMENT SUBMITTED PURSUANT TO SECTION 163 (1):**
   No statement has been received from the Auditors of the Company pursuant to Section 163(1) of the Companies Act, Cap. 308.

7. **ANY SHAREHOLDER'S PROPOSAL SUBMITTED PURSUANT TO SECTION 112:**
   No proposal has been received from any Shareholder pursuant to Section 112 of the Companies Act, Cap. 308.

DATED: 7th June, 2012

V A Williams

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

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# Proxy Form

**COMPANY NO: 21007**

I/We the undersigned shareholder(s) ..........................................................................................................

of..................................................................................................................................................

hereby appoint(s) Sir Allan Fields or failing him ..........................................................................................

of ..................................................................................................................................................

to be my/our proxy at the Eleventh Annual Meeting of Shareholders of the Company to be held on Tuesday, 31st July 2012 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 ................................ 2012

Name(s) of Shareholder(s) ................................................................................................................

Signature(s) ....................................................................................................................................

Please indicate with an **'X'** in the spaces below how you wish to vote you on the Resolutions referred to. If no indication is given, the proxy will exercise his discretion as to how he votes or whether he abstains from voting.

| RESOLUTIONS | FOR | AGAINST |
|---|---|---|
| **Resolution No. 1**<br>Be it resolved that:<br>the Audited Financial Statements of the Company and the Auditors report for the period ended 31st March, 2012 be adopted. | | |
| **Resolution No. 2**<br>Be it resolved that:<br>(i) Mr. Donald Austin be re-elected to the Board for a term of three years expiring at the close of the third annual meeting following his re-election or until his successor is elected or appointed;<br>(ii) Mr. David Shaw be re-elected to the Board for a term of three years expiring at the close of the third annual meeting following his re-election or until his successor is elected or appointed. | | |
| **Resolution No. 3**<br>Be it resolved that:<br>the shareholders confirm the repeal of Section 4.7 (e) of By-Law No.1 made by the Directors on June 7th, 2012. | | |
| **Resolution No. 4**<br>Be it resolved that:<br>KPMG be appointed auditors for the ensuing year and that the Directors be authorised to fix their renumeration. | | |

**NOTES**

1. If it is desired to appoint a proxy other than the named Director, the necessary deletion must be made and initialled and the name inserted in the space provided.
2. In the case of joint shareholders, the signature of any holder is sufficient, but the names of all joint shareholders should be stated.
3. In the case of a shareholder who is a body corporate or association, this form must be signed under its Common Seal or under the name of an officer of the corporation or association duly authorised in this behalf.
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 Monday, 30th July, 2012.

INSIDE BACK COVER

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