Telecommunications Regulatory Commission

Audited Financial Statements

For the Year Ended September 30, 2008
And Period from Commencement to
September 30, 2007

BDO

TELECOMMUNICATIONS REGULATORY COMMISSION

Table of Contents
For the Year Ended September 30, 2008 and Period from Commencement to September 30, 2007

Tel: (284) 494 3783
Fax: (284) 494 2220
www.bdo.vg

PO Box 34
Sea Meadow House
Tobacco Wharf
Road Town
Tortola VG1110
British Virgin Islands

Independent Auditors' Report

To the Board of Directors of
Telecommunications Regulatory Commission
Tortola, British Virgin Islands

We have audited the accompanying financial statements of Telecommunications Regulatory Commission (the "Commission"), which comprise of the statement of financial position as at September 30, 2008 and 2007, and the related statements of comprehensive income, changes in equity and cash flows for the year ended September 30, 2008 and period from January 1, 2007 to September 30, 2007, 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 the fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal controls 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 have conducted our audit in accordance with International Standards on Auditing. These 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate to 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.

Basis of Qualified Opinion

As explained in Note 2 f) to the financial statements, the royalty fees are valued based on the Audited financial statements or the management's accounts, as provided by the license holders. Included in royalty fee revenue of $1,055,527 and $nil for the years ended September 30, 2008 and 2007 respectively are royalties of $26,582 for the year ended September 30, 2008 for which we were not able to obtain sufficient and appropriate audit evidence relating to the existence, accuracy and completeness of these fees or by performing other audit procedures. Consequently, we were unable to determine whether any adjustment to this balance was necessary and how it would have affected the reported net income for the year and retained earnings.

(Continued on next page)

Independent Auditors' Report (Continued)

Basis of Qualified Opinion (continued)

During the years ended September 30, 2008 and September 30, 2007, the Government of the British Virgin Islands received income and paid certain expenses on behalf of the Commission. Owing to the company's record, we were unable to obtain sufficient documentation to satisfy ourselves as to the existence, accuracy and completeness of government grants revenue of $473,826 and $398,985, radio license fees revenue of $49,936 and $42,166, salaries and benefits of $345,590 and $137,419, professional and legal fees of $234,285 and $59,659 in employee and administrative costs on the statement of comprehensive income as at September 30, 2008 and September 30, 2007 respectively, or by performing other audit procedures. Consequently, we were unable to determine whether any adjustment to these balances was necessary and how it would have affected the reported net income for the year and retained earnings. Further, the Commission's fixed assets of $132,371 and $140,048, are carried in the statement of financial position at September 30, 2008 and September 30, 2007 respectively. These balances arose from the purchase and subsequent depreciation of new acquisitions. For the year ended September 30, 2007 we were unable to obtain sufficient, appropriate documentation to support the valuation and accuracy of these amounts due to the lack of information provided. Consequently we were unable to determine whether any adjustment to these amounts is necessary.

Opinion

Except for the matters described in the Basis of Qualified Opinion paragraph, in our opinion, the financial statements present fairly, in all material respects, the financial position of Telecommunications Regulatory Commission as of September 30, 2008 and 2007, and its financial performance and its cash flows for the year/period then ended in accordance with International Financial Reporting Standards.

BDO Limited

August 5, 2016
Tortola, British Virgin Islands

TELECOMMUNICATIONS REGULATORY COMMISSION

Statement of Financial Position
As At September 30, 2008 and 2007
(Expressed in United States Dollars)

	Note	2008	2007
ASSETS			
Property, plant and equipment	3	132,371	140,048
Intangible assets	4	2,578	-
Deposit		21,070	21,070
Total non-current assets		156,019	161,118
Trade and other receivable	6	12,597	-
Cash and cash equivalents		1,085,033	2,788
Total current assets		1,097,630	2,788
TOTAL ASSETS		$ 1,253,649	$ 163,906
EQUITY AND LIABILITIES			
Capital and reserves			
Retained earnings		612,298	134,079
Liabilities			
Accounts payable and accrued expenses		45,120	29,827
Amounts received in advance		596,231	-
TOTAL EQUITY AND LIABILITIES		$ 1,253,649	$ 163,906

APPROVED BY THE BOARD

TELECOMMUNICATIONS REGULATORY COMMISSION VIRGIN ISLANDS TRC

________________ Director

5 August 2016 ________ Date Approved

The accompanying notes form an integral part of these financial statements

TELECOMMUNICATIONS REGULATORY COMMISSION

Statement of Comprehensive Income
For the Year Ended September 30, 2008
(Comparatives for the Period from Commencement to September 30, 2007)
(Expressed in United States Dollars)

	Note	2008	From Commencement To September 30, 2007
Revenue	5,7	1,636,029	444,306
Administrative expenses		(397,088)	(144,061)
Employee costs	5,8	(345,590)	(137,419)
Depreciation and amortization	3,4	(16,838)	(7,651)
Uncollectible accounts	5,6	(398,294)	(21,096)
Operating expenses		(1,157,810)	(310,227)
Income for the year/period		$ 478,219	$ 134,079

The accompanying notes form an integral part of these financial statements

TELECOMMUNICATIONS REGULATORY COMMISSION

Statement of Changes in Equity
For the Year Ended September 30, 2008
(Comparatives for the Period from Commencement to September 30, 2007)
(Expressed in United States Dollars)

	Retained Earnings	Total
Balance at January 1, 2007	$ -	$ -
Net income for the period	134,079	134,079
Balance at September 30, 2007	134,079	134,079
Net income for the year	478,219	478,219
Balance at September 30, 2008	$ 612,298	$ 612,298

The accompanying notes form an integral part of these financial statements

TELECOMMUNICATIONS REGULATORY COMMISSION

Statement of Cash Flows
For the Year Ended September 30, 2008
(Comparatives for the Period from Commencement to September 30, 2007)
(Expressed in United States Dollars)

		2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income for the year/period		478,219	134,079
Adjustments to reconcile net income to cash from operations before working capital changes:			
Depreciation and amortisation		16,838	7,651
Interest income		(8,527)	-
Cash from operations before working capital changes:		486,530	141,730
Increase in accounts payable and accrued expenses		15,293	29,827
Increase in trade and other receivables		(12,597)	-
Increase in amounts received in advanced		596,231	-
Increase in deposit		-	(21,070)
NET CASH FLOWS FROM OPERATING ACTIVITIES		1,085,457	150,487
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(8,645)	(147,699)
Purchase of intangible assets		(3,094)	
Interest income		8,527	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(3,212)	(147,699)
INCREASE IN CASH AND CASH EQUIVALENTS		1,082,245	2,788
CASH AND CASH EQUIVALENTS			
At beginning of year/period		2,788	-
At end of year/period	$	1,085,033	$ 2,788

The accompanying notes form an integral part of these financial statements

1. General Information

The Telecommunications Regulatory Commission (the "Commission") is a statutory body established in the British Virgin Islands under the Telecommunications Act, 2006, passed by the Legislative Council June 2, 2006. The Commission is responsible for regulating the telecommunications sector of the British Virgin Islands as well as promoting the development of telecommunications throughout the British Virgin Islands. The Commission commenced operations in January 1, 2007 ("Commencement"). The comparative financial information relates to the financial position as at September 30, 2008 and from commencement to September 30, 2007.

During the periods ended September 30, 2008 and 2007, the Government of the British Virgin Islands ("Government") received certain income and paid the Commissions' employees and certain other expense. Net expenses paid were covered by grants from the Government to the Commission.

The Commission is primarily engaged in establishing and monitoring the implementation of national telecommunication standards and ensuring compliance. It is also responsible for the regulation of licensees and authorization holders, as well as ensuring fair competition among licensees and all other operators of telecommunication networks or providers of telecommunication services.

2. Significant Accounting Policies

(a) Basis of preparation

The Commission's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss. The Commission's financial accounting records are kept in United States ("US") dollars.

(b) Standards, amendments and interpretations to existing standards in issue but not yet effective and relevant to the Commission

None of the new standards, interpretations and amendments, which are effective for periods beginning after October 1, 2008 and which have not been adopted early, are expected to have a material effect on the Commission's future financial statements.

(c) Use of estimates

In the application of the Commission's accounting policies, the Directors of the Commission are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimates, that the Directors have made in the process of applying the Authority's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Useful lives of property, plant and equipment

The Commission estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. The carrying amounts of property, plant and equipment are analyzed in Note 3. Based on management's assessment as at September 30, 2008, there is no change in estimated useful lives of property and equipment during the year. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

2. Significant Accounting Policies (Continued)

(c) Use of estimates (continued)

Allowance for bad debts of accounts receivable

Allowance is made for specific and groups of accounts, where objective evidence of impairment exists. The Authority evaluates these accounts based on available facts and circumstances, including, but not limited to, the length of the Authority's relationship with the customers, the customers' current credit status based on known market forces, average age of accounts, collection experience and historical loss experience.

The carrying value of accounts receivable amounts to $12,597 (2007: $nil) (see Note 6). Losses due to bad debts on trade, as also shown in Note 6, amounted to $398,294 (2007: $21,096).

(d) Property, plant and equipment

(i) Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses. The initial cost of the property, plant and equipment consists of the purchase price, including import duties, taxes and any directly attributable cost to bring the assets to the working condition and location of the intended use. Expenditures for repairs and maintenance are charged to income as incurred.

In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of fixed assets beyond its originally assessed standard of performance, the expenditures are capitalised as additional cost of property, plant and equipment.

The cost and related accumulated depreciation on property, plant and equipment sold or otherwise disposed of are removed from the accounts and any gain or loss is reported as current year's revenue or expense.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(ii) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate the excess of cost or revalued amounts to residual values over the estimated useful lives, as follows:

Furniture and fixtures	7 years
Office equipment	3 years
Equipment	7 years
Leasehold improvements	10 years

(e) Intangible assets

(i) Intangible assets

After initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

(ii) Amortisation

Amortisation on fixed life intangible assets is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives for intangibles with definite lives are as follows:

Software and licenses	3 years

The useful lives of the intangible assets are reviewed on an annual basis and the useful life is altered if estimates have changed significantly.

2. Significant Accounting Policies (Continued)

(e) Intangible assets (continued)

(ii) Amortisation (continued)

Gains or losses on the disposal of intangible assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the statement of comprehensive income as other operating income or other operating costs, respectively.

(f) Revenue recognition

Revenue is measured at the time that the fair value of the consideration is received or can reasonably be measured. Royalty fees are recognised as income based on a percentage of the reported gross revenue of the license holders and radio fees when collected.

The royalty fees are valued based on audited financial statements or managements accounts, as provided by the license holders.

Interest income is recognised as it accrues.

Expenses are recorded on the accrual basis as they are incurred.

(g) Government grants

Government grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or the purpose of giving immediate financial support to the Commission with no future related costs are recognised in profit or loss in the period in which they become receivable.

(h) Financial assets

(i) Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence that the Commission will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

The Commission's loans and receivables comprise cash and cash equivalents and accounts receivable.

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

Accounts receivable are stated at amortised cost less impairment losses. A provision for impairment of accounts receivable is established when there is objective evidence that the Commission will not be able to collect all amounts due according to the original terms of the accounts receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the accounts receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income in the operating expenses. When a receivable is uncollectible, it is written off against the allowance account for accounts receivable. Subsequent recoveries of amounts previously written off are credited against operating expenses in the statement of comprehensive income.

(Expressed in United States Dollars)

2. Significant Accounting Policies (Continued)

(i) Financial liabilities

The Commission classifies its financial liabilities into other financial liabilities.

(i) Other financial liabilities

Other financial liabilities include accounts payable and accrued expenses.

Accounts payable, accrued expenses and amounts received in advance are stated at cost. No interest is charged on accounts payable and accrued charges from the date of the invoice.

(j) Taxation

Under current legislation in the British Virgin Islands, there is no income, estate, corporate, capital gain or other taxes payable by the Commission. Accordingly, no provision has been made.

3. Property, plant and equipment

	Leasehold Improvement	Equipment	Office Equipment	Furniture and Fixtures	Total
COST					
October 1, 2007	135,279	12,420	-	-	147,699
Additions	-	-	4,224	4,421	8,645
September 30, 2008	135,279	12,420	4,224	4,421	156,344
ACCUMULATED DEPRECIATION					
October 1, 2007	6,764	887	-	-	7,651
Depreciation	13,528	1,774	704	316	16,322
September 30, 2008	20,292	2,661	704	316	23,973
CARRYING AMOUNT					
October 01, 2007	$ 128,515	$ 11,533	$ -	$ -	$ 140,048
September 30, 2008	$ 114,987	$ 9,759	$ 3,520	$ 4,105	$ 132,371

	Leasehold Improvement	Equipment	Office Equipment	Furniture and Fixtures	Total
COST					
January 1, 2007 (See Note 1)	-	-	-	-	-
Additions	135,279	12,420	-	-	147,699
September 30, 2007	135,279	12,420	-	-	147,699
ACCUMULATED DEPRECIATION					
January 1, 2007	-	-	-	-	-
Depreciation	6,764	887	-	-	7,651
September 30, 2007	6,764	887	-	-	7,651
CARRYING AMOUNT					
January 1, 2007	$ -	$ -	$ -	$ -	$ -
September 30, 2007	$ 128,515	$ 11,533	$ -	$ -	$ 140,048

(Expressed in United States Dollars)

4. Intangible Assets

	Software and Licenses	Total
COST		
October 1, 2007	-	-
Additions	3,094	3,094
September 30, 2008	3,094	3,094
ACCUMULATED AMORTISATION		
October 1, 2007	-	-
Amortisation	516	516
September 30, 2008	516	516
CARRYING AMOUNT		
October 01, 2007	$ -	$ -
September 30, 2008	$ 2,578	$ 2,578

5. Related Party Balances and Transactions

a) Government collection of radio license fees

During the year ended September 30, 2008 the Government collected radio license fees of $49,937 (Period from Commencement to September 30, 2007: $21,096) on behalf of the Commission and deposited these amounts to Government's accounts. The Government paid on the Commission's behalf the lease deposit. These amounts have not been transferred to the Commission and are not likely to be in the future based on correspondence with the Government. Therefore the Commission has fully accounted for these balances as uncollectible.

b) Government Grants

During the year ended September 30, 2008 the Government allocated Grants in the amount of $473,826 (Period from Commencement to September 30, 2007: $398,985) to the Commission and utilized those monies to pay expenses on behalf of the Commission.

c) Commissioners' fees

The total commissioners' fees for the year amounted to $28,600 (Period from Commencement to September 30, 2007: $26,000).

6. Trade and other receivables

(a) Trade and other receivables

	2008	2007
Government receipt of radio license fees	71,033	21,096
Trade receivables	12,597	-
Total	83,630	21,096
Allowance for uncollectible accounts	(71,033)	(21,096)
After deduction of allowances for uncollectible accounts	$ 12,597	$ -

(Expressed in United States Dollars)

6. Trade and other receivables (Continued)

(b) Allowance for uncollectible accounts

	2008	2007
Balance at the beginning of the year	21,096	-
Impairment losses recognised on receivables	398,294	21,096
Impairment	(348,357)	
Balance at the end of the year	$ 71,033	$ 21,096

7. Revenue

	2008	2007
Royalty fees	1,055,527	-
Radio license	49,937	42,166
Government grants	473,826	398,985
Finance income	8,527	-
Other income	48,212	3,155
Total	$ 1,664,029	$ 444,306

8. Employee Costs

	2008	2007
Salaries	305,921	111,419
Payroll taxes	3,569	-
Commissioners fees	28,600	26,000
Allowances	4,550	-
Other employee benefits	2,950	-
Total	$ 345,590	$ 137,419

9. Financial Instruments - Risk Management

The Commission is exposed through its operations to a variety of financial risks: market risk (including currency risk, interest rate risk, and price risk), credit risk and liquidity risk.

In common with all other businesses, the Commission is exposed to risks that arise from its use of financial instruments. This note describes the Commission's objectives, policies and processes for managing those risks and the methods used to measure them.

The principal financial instruments used by the Commission, from which financial instrument risk arises, are as follows: cash and cash equivalents, accounts receivable and prepayments, accounts payable and accrued expenses.

(a) General objectives, policies and processes

The Board of directors has overall responsibility for the determination of the Commission's risk management objectives and policies and has the authority for designing and operating processes that ensure the effective implementation of the objectives and policies of the Commission. The Commission's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Commission's financial performance.

The Commission uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

(Expressed in United States Dollars)

9. Financial Instruments - Risk Management (Continued)

(a) General objectives, policies and processes (continued)

(i) Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if financial instrument counterparties failed to perform as contracted. Financial assets, which potentially expose the Commission to credit risk, consist of cash and cash equivalents and accounts receivable. The extent of the Commission's exposure to credit risk in respect of these financial assets approximates their carrying values as recorded in the Commission's statement of financial position.

The maximum exposure to credit risk at September 30, 2008 and 2007 is the carrying amount of the financial assets as set out in the statement of financial position.

As at December 31, the Company's financial assets gross exposure to credit risk amounted to the following:

	2008	2007
Cash and cash equivalents	1,085,033	2,788
Trade and other receivables	83,630	-
Deposit	21,070	21,070
Total	$ 1,189,733	$ 23,858

The following table summarises the credit quality and aging analysis of the Commission's financial assets as of September 30, 2008 and 2007.

	High Grade	Standard Grade	Substandard Grade	Past due but not impaired	Past due and impaired	Total
2008						
Cash and cash equivalents	-	1,085,033	-	-	-	1,085,033
Trade and other receivables		-	-	12,597	71,033	83,630
Deposit	21,070					21,070
Total	$ 21,070	$ 1, 085,033	$ -	$ 12,597	$ 71,033	$ 1,189,733

	High Grade	Standard Grade	Substandard Grade	Past due but not impaired	Past due and impaired	Total
2007						
Cash and cash equivalents	-	2,788	-	-		2,788
Trade and other receivables		-	-	-	21,096	21,096
Deposit	21,070	-	-	-	-	21,070
Total	$ 21,070	$ 2,788	$ -	$ -	$ 21,096	$ 44,954

To reduce exposure to credit risk on accounts receivable and prepayments, the Commission regularly reviews the credit performance of its customers. On long term deposit and cash and cash equivalents, the Commission invests available cash with various local banks, and is exposed to credit related losses in the event of nonperformance by these counterparties to the financial instruments.

(Expressed in United States Dollars)

9. Financial Instruments - Risk Management (Continued)

(a) General objectives, policies and processes (continued)

(i) Credit risk (continued)

The table below shows the aging analysis of the Commission's financial assets as of September 30, 2008 and 2007.

	Current	1-3 months	4-12 months	More than 1 year	Total
September 30, 2008					
Cash and cash equivalents	1,085,033	-	-	-	1,085,033
Trade and other receivables	-	-	62,534	21,096	83,630
	$ 1,085,033	$ -	$ 62,534	$ 21,096	$ 1,168,663

	Current	1-3 months	4-12 months	More than 1 year	Total
September 30, 2007					
Cash and cash equivalents	2,788	-	-	-	2,788
Accounts receivable and prepayments	-	-	21,096	-	21,096
	$ 2,788	$ -	$ 21,096	$ -	$ 23,884

(ii) Market risk

Market risk represents the potential loss that can be caused by a change in the market value of the Commission's financial instruments. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk). The Commission mitigates its exposure to market risk by setting asset allocations to ensure that assets back specific liabilities.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. At September 30, 2008 and 2007, the Commission had no foreign currency assets or liabilities.

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Floating rate instruments expose the Commission to cash flow interest rate risk whereas fixed rate instruments expose the Commission to fair value interest rate risk. The maximum exposure to interest rate risk is represented by the carrying amount of cash and cash equivalents.

The Commission is currently not exposed to fair value interest rate risk as it has no loans payable subject to fixed interest rates. The Commission also has no exposure to cash flow interest rate risk as it has no significant financial asssets and liabilities that are subject to variable interest rate risk and does not actively manage the interest rate risk.

(Expressed in United States Dollars)

9. Financial Instruments - Risk Management (Continued)

(a) General objectives, policies and processes (continued)

(ii) Market risk (continued)

Interest rate risk (continued)

At September 30, 2008 and 2007, the Commission's financial assets and liabilities were classified as follows:

	Interest Bearing	Non-Interest Bearing	Total
September 30, 2008			
Financial assets			
Cash and cash equivalents	1,085,033	-	1,085,033
	1,085,033	-	1,085,033
Financial liabilities			
Accounts payable and accrued charges	-	45,120	45,120
Amounts received in advance	-	596,231	596,231
Total financial liabilities	-	641,351	641,351
Interest Sensitivity Gap	$ 1,085,033	$ -	$ 1,085,033

	Interest Bearing	Non-Interest Bearing	Total
September 30, 2007			
Financial assets			
Cash and cash equivalents	2,788	-	2,788
Total financial assets	2,788	-	2,788
Financial liabilities			
Accounts payable and accrued charges	-	29,827	29,827
Total financial liabilities	-	29,827	29,827
Interest Sensitivity Gap	$ 2,788	$ -	$ 2,788

Other price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

At September 30, 2008 and 2007, the Commission has no financial assets and financial liabilities at fair value through profit or loss. As a result, the Commission is not exposed to other price risk.

(Expressed in United States Dollars)

9. Financial Instruments - Risk Management (Continued)

(a) General objectives, policies and processes (continued)

(iii) Liquidity risk

Liquidity risk also referred to as funding risk, is the risk that the Commission 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 the availability of funding through an adequate amount of facilities. The Commission has no significant concentrations of liquidity risk, as it does not own significant illiquid assets.

The following tables show the Company's aging of its contractual repayment period to its creditors as of September 30, 2008 and 2007:

	Current	1-3 months	4-12 months	More than 1 year	Total
September 30, 2008					
Accounts payable and accrued charges	-	45,120	-	-	45,120
Amounts received in advance	-	-	596,231	-	596,231
	-	45,120	596,231	-	641,351
September 30, 2007					
Accounts payable and accrued charges	-	29,827	-	-	29,827
	$ -	$ 29,827	$ -	$ -	$ 29,827

These are adequately covered by the financial assets. Thus, at September 30, 2008 and 2007, the Commission has no significant exposure to liquidity risk.

(b) Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risk can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Commission cannot expect to eliminate all operational risks, but by initiating an effective control framework and by monitoring and responding to potential risks, the Commission may be able to manage risks.

(Expressed in United States Dollars)

10. Commitments

The Commission entered into a lease agreement commencing on June 12, 2007 in respect of its office. The rent is payable in equal monthly installment due in advance on the first business day of every month. Payment of the rent shall commence on February 1, 2007.The obligation was $7,528 per month.

As of December 31, future minimum rental payments under the operating lease contracts are as follows:

	2008	Comparatives for the period from Commencement to September 30, 2007
Within one year	90,330	60,220
Within two to five years	361,320	361,320
	$ 451,650	$ 421,540

11. Subsequent Events

Subsequent to year end, Caribbean Cellular Telecommunication ("CCT") filed a claim in the Eastern Caribbean Supreme Court in the Virgin Islands (the "Supreme Court") against the Commission with regards to the revenues subject to royalty fees pursuant to Article 5.1 of CCT's Telecommunication licence dated, May 25, 2007. On January 13, 2016, the Supreme Court declared that, for the purpose of calculating the royalty fees paid by CCT, the Commission shall not take into account any non-telecommunication services. This judgement was required be applied retroactively. As a result of the judgement, management has estimated the retroactive financial impact as follows: 2008: $348,357, 2009: $20,829, 2010: $19,929, 2011: $14,656, 2012: $16,127.

Management has adjusted the financial statements for the years ended September 30, 2008 and 2009 accordingly for the related impacts. The financial impact for the years ended December 31, 2010 to 2012 would be adjusted in the year ended September 30, 2016.

No other events occurred subsequent to September 30, 2008 and before the date of the report that would have a significant effect on these financial statements.