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MISSION

STATEMENT

To ensure the efficient management of Jamaica's radio frequency spectrum in keeping with international best practices and in the interest of social, economic and technological development.

COPORATE PROFILE

The **Spectrum Management Authority** (“SMA” or “the Authority”) is mandated by virtue of the Telecommunications Act 2000 as the regulatory body charged with the management of the Radio Frequency Spectrum in Jamaica, on behalf of the Government and people of Jamaica.

Consistent with its Mission Statement detailed herein, SMA’s management of the spectrum entails the following:

- Managing access to the radio frequency spectrum through band planning, frequency assignment and licensing;
- Monitoring compliance with licensing agreements to protect all legal spectrum users;
- Identifying, investigating and facilitating the resolution of cases of interference;
- Identifying and eliminating illegal use of the spectrum;
- Fulfilling Jamaica’s international obligations with respect to spectrum management
- Fulfilling its statutory obligation as the advisory body to the Minister with portfolio responsibility for telecommunications, currently the Minister of Energy, Mining and Telecommunications on spectrum policy and related legal matters.

Spectrum Management Authority was in accordance with the Companies Act incorporated as a limited liability company on 1st February 2000 and became operational in April 2001. As at 2006 January 1, the registered office of the company is 53 Knutsford Boulevard, Kingston 5, Jamaica.

The statutory obligations and the operational principles of the Authority are in accordance with, and fulfill Jamaica’s international commitments to the World Trade Organization’s (WTO) telecommunication agreement, and the policy objectives enunciated by the Government of Jamaica (GOJ) with respect to the liberalization of the telecommunication sector.

The Authority is financed through a cost-recovery mechanism, whereby licensed spectrum users are required to pay Regulatory fees. The fee mechanism was developed in consultation with spectrum users and is constituted in The Telecommunications (Spectrum Regulatory Fees) Regulations 2003, Jamaica Gazette Supplement Number 33, in April 2003.

As aforesaid in carrying out its mandate the Authority, operates within the legislative framework as established by the Telecommunications Act, 2000 and the Radio and Telegraph Control Act, 1973. Internationally, SMA is also guided by the rules and regulations of the International Telecommunications Union (ITU). ITU is the leading United Nations agency for information and communication technologies. As the global focal point for governments and the private sector, ITU’s role in helping the world communicate spans 3 core sectors: [radiocommunication, standardization and development](#).

The Spectrum licence fees collected by the SMA on behalf of the GOJ are remitted to the Consolidated Fund.

There are various categories of radios systems that are licensed by the Authority:

- Terrestrial (land-based) radio systems - including fixed services (such as networks providing data transfer services) and mobile services (such as cellular services as well as 2-way radios);
- Satellite systems - for large earth stations and VSATs (very small aperture terminals);
- Maritime radio systems - this facilitates radio communication for ships, yachts, boats;
- Aeronautical radio systems - facilitates communication by aeroplanes and air-traffic controllers.

The Authority also acts in a certifying capacity in respect of the following licenses: Certificate of Competence in Radio Telephony/Global Maritime Distress and Safety System (GMDSS) – This certification authorizes the holder to carry out the radiotelephone service of any Ship Station;

- Radio Technician Licence – There are 2 classes for this category of licence – : Class “A” and Class “B” Licences. A licence issued under Class “A” category authorizes the Licensee to install and maintain radio transmitting apparatus; and, the Class “B” category authorizes the Licensee to install and maintain radio transmitting apparatus with a radio frequency power not exceeding 1,000 watts;
- Type Approval Certificate – This certification is issued issued to manufacturers of radio communication equipment after the Authority ensures that it conforms to appropriate standards and principles of product safety and will not interfere with other equipment or networks.

The SMA represents Jamaica in several telecommunications related international fora and participates on a committee level on selected bodies as indicated:

International Telecommunications Satellite Organization (ITSO), - the Authority is a member of the ITSO Advisory Committee representing the Caribbean region since 2001;

- Caribbean Telecommunications Union (CTU), -The Managing Director of SMA is the current Chairman of Spectrum Management Working Group;
- Inter-American Telecommunications Commission (CITEL), (State position of the person) is currently Vice Chairman of PCC11 Committee on Radio communications including broadcasting; and,
- International Telecommunications Union (ITU).

BOARD OF DIRECTORS' REPORT

The 2007/08 fiscal year (FY) was very successful for the Spectrum Management Authority (**“the Authority”** or **“SMA”**) and the Board lauds the accomplishments of the organization over the period..



The Authority faced challenges during the period despite which significant growth was experienced. Some of the significant challenges were with implementation of its new Automated Spectrum Management System (ASMS) implemented in 2007 March the theft of the monitoring equipment at Planters Hall (resulting in a temporary disruption of monitoring operations),

and the rapid staff turnover in our Accounting Department. Despite these issues the Authority earned \$88.53M in relation to new business, (i.e new spectrum licences issued to users.) We were able to rise above the challenges we experienced, maintain our focus and deliver impressive results. The teamwork and commitment developed during the

year has created a base which should inure to the long term growth and success of the Authority.

Against this background we are proud to formally present the achievements by the Authority during the 2007/08 fiscal year.

Achievements

Revenue

The Authority’s revenue plan is based on a cost recovery strategy; for the 2007/08 FY the Authority targeted total revenues of \$140.09M from Regulatory Fees, Processing Fees, Interest Income and Other Income. For the 12 months ending 2008 March 31, the Authority’s revenue amounted to \$195.44M, exceeding the target of \$140.09M by \$55.35M or approximately 40%. The actual vs. targets for each category are outlined in Table 1.

Collection of Spectrum Licence Fees

Based on the number of licences to be renewed and the projections for new business, the Authority established the collection target for spectrum licence fees at \$48.0M. At the end of March 2008, the Authority collected \$273.78M in spectrum licence fees.

Table 1

	Target (M)	Actual (M)
Regulatory Fees	130.13	177.97
Processing Fees	0.60	1.74
Interest Income	6.50	12.56
Other Income	2.86	3.17
Total	140.09	195.44

The amount collected includes \$219.80M in relation to additional mobile spectrum licensed to existing operators.

BOARD OF DIRECTORS' REPORT

Adjusting for the extra-ordinary income, the Authority has collected \$53.98M which is \$5.98M or approximately 12% above the target of \$48.0M which was established at the beginning of the year. A total of \$288.21M was remitted to the Consolidated Fund, including amounts carried forward from FY 06/07.

Licensing

Processing of Applications

For the FY the Authority handled 189 new applications for licences and certificates, which includes 39 carried forward from the previous FY. Of the 189 applications handled, 9 were cancelled and 36 were on hold or required further information. Of the 144 (189 less cancellation and on hold) applications that were available for processing, 134 new licences were granted, a performance rate of approximately 93%, whilst 126 were issued. Sixty-six percent (66%) of the applications granted were within the respective performance standard processing times.

The performance result for the FY year was negatively affected by delays in approval for some licences occasioned by the change in administration in 2007 September. Discounting the impact of this delay, 82% of the applications were granted within the established performance standard for application processing times.

Total Applications Received	150
Applications Brought Forward	39
TOTAL HANDLED	189
Licences/Certifications Approved	134
Licences/Certifications Issued	126

Renewal Licences

A total of 429 licences were due for renewal for the FY, which included 3 that were reinstated at the clients' request. Of this number, 24 licence holders relinquished their licences and 56 were placed on hold ; the majority for non payment of outstanding fees. Of the total (349) renewable licences (excluding those on hold and cancellations) the Authority renewed 344 or 98.6%. It is to be noted that licences are renewed only on payment of fees.

Monitoring and Inspection

Monitoring

The Authority continued to ensure the assignment of interference-free spectrum through active monitoring of the spectrum across the island during the FY. Implementation of the the Remote Monitoring Direction Finding System (RMDFS) in this process resulted in a significant beneficial impact regarding reduction of time to complete monitoring assignments. With the remote monitoring feature of the system, the SMA's engineers are able to monitor frequencies in parishes remote to Kingston within minutes from the base location, as opposed to the previous exercise of travelling to the precise location to conduct the exercise.

Inspection

RF Radiation Measurement

Since the introduction of competition in domestic mobile services in 2001, there has been a proliferation of cellular base station sites (hereafter referred to as "cell sites") in Jamaica. These cell sites have attracted the attention and concern of the public, who are worried about possible health hazards posed by the electromagnetic radiation from these sites.

BOARD OF DIRECTORS' REPORT

In response to the public's concern, the SMA has partnered with the National Environment & Planning Agency (NEPA) to assist in the development of a project for the testing of radiation levels at telecommunication transmission sites.

The International Council on Non-Ionizing Radiation Protection (ICNIRP) standard, which is used in most European countries, has been adopted by NEPA/MOH for Jamaica. The ICNIRP standard provides a two-tier set of Radio Frequency (RF) Radiation exposure limits. The higher tier is referred to as Occupational and states the tolerable limits for persons who work on equipment installed at radio base stations, while the more restrictive tier is referred to as General Population and states tolerable limits for members of the public who may be within the vicinity of radio base stations. The radiation testing project was scheduled to be executed in two phases. In the initial phase twenty seven (27) sites selected in the Kingston Metropolitan Region (KMR) and St. James regions were to be tested, (nine sites for each cellular provider.) The aim of this project is to determine whether electromagnetic emissions at a sample of sites are within the limits specified by the international standards adopted by NEPA / Ministry of Health (MOH).

RF Radiation Measurement Activities

Based on the protocol arrived at with NEPA, the Authority began to conduct RF Radiation measurements in December 2007 at the selected telecommunication transmission sites. For the 3 months to 2008 February 29, radiation measurements were conducted as per the schedule at 19 locations. There was no scheduled activity for 2008 March. Representatives from Cable & Wireless, Ministry of Health, Digicel, South East Health Regional Authority (SEHRA), MiPhone and NEPA, observed the process during the period. The results showed that the maximum radiation levels

observed at the sites were substantially below the ICNIRP standards for the general public.

Interference Management

In the area of interference management, the Authority investigated a total of 24 reports of interference, of which 6 were brought forward from the previous FY. A total of 23 out of the 24 (96%) of the cases investigated during the FY were resolved or required no further action. Of the 23 cases resolved, 22 were resolved within the established performance standard. Performance in this area was also bolstered by the use of the Remote Monitoring Direction Finding System (RMDFS) which facilitated required remote monitoring in the Greater Kingston and St. Catherine area.

Enforcement

The Enforcement Department in the Legal Affairs Division continued its effort in identifying illegal users of the spectrum, enforcing the decisions taken by the Authority in relation to the use of the spectrum; and provided support to the Finance and Administration Division in the collection of outstanding fees. \$2.09M was collected for the FY as a direct result of the work of the Legal Affairs Division

ASMS/RMDFS

ASMS

As anticipated, with the implementation of a new automated software driven system, we experienced certain software problems (herein referred to as "Software Interruption Reports (SIRs)"), during the year. By working closely with the supplier of the software, TCI Inc., the Authority was able to resolve most of the SIRs as they arose. As at the end of the FY, the Authority, via the ASMS, is able to, inter alia:

- Process applications for new licences;
- Process renewal licences;
- Run processing fee transactions;

BOARD OF DIRECTORS' REPORT

- Print licences, invoices and receipts;
- Conduct Interference Analysis;
- Conduct Coverage Analysis;
- Manage queries more efficiently; and
- Conduct frequency availability checks.

The Authority will continue to work with TCI until all the SIRs are completed.

RMDFS

Some of the benefits derived from the use of the RMDFS include:

- Remote monitoring of the coverage area served by most of our clients.
- Providing an easier means of detecting signals.
- The ability to monitor several frequency bands simultaneously.
- Automated remote monitoring capabilities – Remote monitoring takes place without anyone being present. The system was also utilized to provide monitoring services before and during Cricket World Cup 2007 at both Sabina Park and Greenfield Stadium. Prior to the games the system was used to monitor assigned frequency bands for occupancy. During the opening ceremony and the games the mobile monitoring unit was on hand to provide immediate response in the event of interference

Training and Development

The Authority continued to provide training and development opportunities to members of staff by organizing seminars and workshops. During the FY, various levels of staff benefited from some 21 training opportunities which were supported by the SMA, including:

- Defensive Driving
- Supplies Management Level
- Institute Chartered Accountants of Jamaica (ICAJ) Seminar on Taxation

- Digital Terrestrial Television (DTV) (on-line course)
- ICAJ Interpretation & Analysis of Financial Statements
- Radio Spectrum Techniques & Procedures
- Stress Management
- IFRS: Assessment and Application
- Research and Writing Skills
- Effective Corporate Governance for Public Sector Entities and NGOs
- Spectrum Master Class Programme
- ITU Course on WiMax Networks
- Frameworks for Telecommunications and ICT Policy Making
- Debt Collection Strategies and Techniques
- Service Skills for Support Staff.

Regional and International Obligations

The SMA continued its participation in a number of activities during the period and provided continued support to the Ministry of Energy, Mining and Telecommunications (MEMT). We continued to be integrally involved on committees of the Inter-American Telecommunications Commission (CITEL), the Caribbean Telecommunications Union (CTU), and the International Telecommunications Satellite Organization (ITSO).

Specific meetings the Authority participated in for the FY included:

- CTU's Executive Council Meeting, in Anguilla – 2007 April 16 to 17
- CITEL IX Meeting of the Permanent Consultative Committee in San Salvador – 2007 April 17 to 20.
- World Radio Communication Conference (WRC – 07), 2007 November 5-16, in Geneva Switzerland.
- ITSO Advisory Committee meeting at ITSO headquarters in Washington DC on 2008 March 3 - 6.
- Global Industry Leaders Forum and Global Symposium for Regulators. Thailand. 2008 March 10-14.

BOARD OF DIRECTORS' REPORT

The SMA also played a key role in the development and finalization of a Regional Policy Framework for Spectrum Management, a project being co-ordinated by the CTU. The Regional Policy on Spectrum Management will be adopted by Caribbean Governments as a guideline for spectrum management in the respective countries. The Managing Director - Mr. Ernest W. Smith was appointed Chairman of the Spectrum Management Steering Committee (SMSC), which guides the work of the Task Force established for this project.

Organizational Changes

During the FY, a new administration formed the government and several resignations were received and accepted on 2007 September 13. The Authority thanks the members of the outgoing Board of Directors for their guidance and support during their tenure.

A new Board of ten members was appointed in 2007 December.

The Authority also welcomed on board the following staff members during the FY:

- Beverley Austin – Director, Finance and Administration;
- Paulett Bartlett – Chief Accountant; and,
- Natasha Donaldson – Accounting Clerk

Resignations were received during this period from Dawn Hamilton, Director, Finance and Administration, Delmaree Christian, Chief Accountant, and, Tracey-Ann Christie, Senior Accounting Clerk.

Public Relations

Open House: The SMA hosted its inaugural Open House on Friday March 14, 2008. The event was aimed at providing information about the Authority and its operations

and general insights on various aspects of spectrum management to senior high school students. Presentations were made by a member of the SMA team to senior high school students. Presentations were made by Mr. Teron Francis, Mrs. Beverley Bogle (UWI), Howard Small (UTECH) and members of the SMA team. The attendees of the event included twelve 6th form students and their Physics teachers from the following high schools: Meadowbrook, Ardenne, Wolmers Boys and Mona. These students are studying science subjects and are considering careers in engineering.



Telecommunication Engineer, Peter Scott demonstrates some functions of the Monitoring Vehicle using a laptop computer.

Customs Information Fair:

The Authority participated in the Annual Customs Information Fair, held at Dump Up Beach in Montego Bay on Saturday, 2008 January 26. Visitors to the booth were informed about the work of the Authority in general and the requirements with respect to the importation of radios into Jamaica, in particular. There were over 50 visitors to the SMA booth. Thanks to the SMA team that participated in this event.

BOARD OF DIRECTORS' REPORT



*Minister Derrick Smith signing the Visitors log at the SMA Booth at the Customs Information Fair.
Looking on is Nadine James, Licensing Representative, SMA*

Going Forward

During FY 2008/2009, the Authority will continue to review and strengthen its internal processes. We intend to formalize and issue our operating policies and procedures. We will also embark on a comprehensive Organizational Review exercise in order to ensure that we create the appropriate framework for the long term sustainability of the organization whilst we continue to deliver World Class service to our clients.

The Authority intends to continue our team effort in delivering service which exceeds the expectations of our clients and stakeholders, thereby delivering results for 2008/09 which surpass that of the past year.

Mrs. Marcia Forbes
Chairman

Mr. Ernest W. Smith
Managing Director

Corporate Information

Registered Office: VMBS Building 53 Knutsford Boulevard Kingston 5 Telephone: 929-8550 / 8520 Fax: 960-8981	Auditors: BDO Jamaica 28 Beechwood Avenue Kingston 5 Telephone: 926-1616-7 Fax: 926-7580	Bankers: First Global Bank New Kingston Branch 28 Barbados Avenue Kingston 5
	Corporate Secretary: Ms Deborah A. Newland Spectrum Management Authority VMBS Building 53 Knutsford Boulevard Kingston 5	National Commercial Bank Jamaica Limited 1 - 7 Knutsford Boulevard Kingston 5

Board of Directors

Marcia Forbes Ernest W. Smith Alston Douglas	Dr. Jean Dixon Danville Davidson Denise Henry James George Thomas	Col. Trevor MacMillan Peter Champagne Glenford Watson
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Committees of the Board

Members of the Board	Technical Operations	Finance	Human Resources and Information	Audit
Mrs. Marcia Forbes	√		Chair	
Mr. Danville Davidson	Chair		√	
Mr. Peter Champagnie	√			
Ernest W. Smith	√	√	√	√
Dr. Jean Dixon		Chair		
Ms. Denise Henry James		√	√	
Col. Trevor MacMillan		√	√	
Mr. George Thomas				√
Mr. Glenford Watson				√
Mr. Alston Douglas	√			

Pictorial Highlights



SMA's Visit to Glenhope Children's Home - December 2007



Custom's Information Fair - January 2008

Pictorial Highlights

Christmas Party - December 2007



Inaugural Open House Event - March 2008



SPECTRUM MANAGEMENT AUTHORITY LIMITED
FINANCIAL STATEMENTS
31 MARCH 2008

SPECTRUM MANAGEMENT AUTHORITY LIMITED

FINANCIAL STATEMENTS

31 MARCH 2008

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INDEPENDENT AUDITORS' REPORT

To the Members of
Spectrum Management Authority Limited

Report on the Financial Statements

We have audited the financial statements of Spectrum Management Authority Limited set out on pages 3 to 25, which comprise the balance sheet as at 31 March 2008 and the statement of income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' 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 the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the company'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 company's internal controls. 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.

INDEPENDENT AUDITORS' REPORT (CONT'D):

To the Members of
Spectrum Management Authority Limited

Opinion

In our opinion, the financial statements give a true and fair view of the company's financial position as at 31 March 2008, and of its financial performance, changes in equity and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the provisions of the Jamaican Companies Act.

Report on additional requirements of the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, and the financial statements are in agreement therewith, and give the information required by the Act, in the manner so required.

BSD Marshall Mac Partners

Chartered Accountants

17 August 2008

SPECTRUM MANAGEMENT AUTHORITY LIMITED

PROFIT AND LOSS ACCOUNT


YEAR ENDED 31 MARCH 2008


	<u>Note</u>	<u>2008</u> \$	<u>2007</u> \$
INCOME	6	179,709,096	122,288,328
OPERATING EXPENSES		(<u>129,419,500</u>)	(<u>110,638,130</u>)
OPERATING PROFIT	7	50,289,596	11,650,198
Other income		<u>15,734,400</u>	<u>16,185,429</u>
Finance costs	8	66,023,996 (<u>2,436,818</u>)	27,835,627 (<u>2,551,335</u>)
PROFIT BEFORE TAXATION		63,587,178	25,284,292
Taxation	9	(<u>22,377,501</u>)	(<u>13,398,253</u>)
PROFIT FOR THE YEAR		<u>41,209,677</u>	<u>11,886,039</u>

SPECTRUM MANAGEMENT AUTHORITY LIMITED
BALANCE SHEET
31 MARCH 2008

	<u>Note</u>	<u>2008</u> \$	<u>2007</u> \$
<u>ASSETS</u>			
NON-CURRENT ASSETS:			
Plant and equipment	10	106,138,706	115,047,511
Investment in subsidiary	11	<u>9,900</u>	<u>9,900</u>
		<u>106,148,606</u>	<u>115,057,411</u>
CURRENT ASSETS:			
Receivables	12	19,938,315	4,166,764
Taxation recoverable		9,696,535	16,529,572
Due from subsidiary	13	-	29,591
Investments	14	228,600,330	66,398,962
Cash and cash equivalents	15	<u>60,466,370</u>	<u>29,825,369</u>
		<u>318,701,550</u>	<u>116,950,258</u>
		<u>424,850,156</u>	<u>232,007,669</u>
<u>EQUITY AND LIABILITIES</u>			
CAPITAL AND RESERVES:			
Share capital	16	20	20
Capital reserve	17	144,700,366	144,700,366
Retained earnings/(Accumulated deficit)		<u>17,610,509</u>	<u>(23,599,168)</u>
		<u>162,310,895</u>	<u>121,101,218</u>
NON-CURRENT LIABILITIES:			
Long term loan	18	9,720,641	29,161,924
Deferred tax liabilities	19	<u>13,179,455</u>	<u>854,985</u>
		<u>22,900,096</u>	<u>30,016,909</u>
CURRENT LIABILITIES:			
Payables	20	176,416,722	40,825,304
Deferred income	21	24,339,878	20,622,956
Current portion of long term loan	18	<u>38,882,565</u>	<u>19,441,282</u>
		<u>239,639,165</u>	<u>80,889,542</u>
		<u>424,850,156</u>	<u>232,007,669</u>

Approved for issue by the Board of Directors on 17 August 2008 and signed on its behalf by:


 Robert Lawrence - Chairman


 Danville Davidson - Managing Director

SPECTRUM MANAGEMENT AUTHORITY LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2008

	<u>Share Capital</u> \$	<u>Capital Reserve</u> \$	<u>Retained Earnings/ (Accumulated Deficit)</u> \$	<u>Total</u> \$
Balances at 1 April 2006	20	144,700,366	(35,485,207)	109,215,179
Profit for the year	-	-	<u>11,886,039</u>	<u>11,886,039</u>
Balances at 31 March 2007	20	144,700,366	(23,599,168)	121,101,218
Profit for the year	-	-	<u>41,209,677</u>	<u>41,209,677</u>
Balances at 31 March 2008	<u>20</u>	<u>144,700,366</u>	<u>17,610,509</u>	<u>162,310,895</u>

SPECTRUM MANAGEMENT AUTHORITY LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2008

	<u>2008</u>	<u>2007</u>
	<u>\$</u>	<u>\$</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit for the year	41,209,677	11,886,039
Adjustments for:		
Deferred tax assets	12,324,470	13,398,253
Profit on disposal of fixed assets	(7,599)	-
Depreciation	<u>13,474,618</u>	<u>7,534,575</u>
Operating cash flows before movements in working capital	67,001,166	32,818,867
Changes in operating assets and liabilities:		
Receivables	(15,771,551)	16,135,142
Taxation	6,833,037	(2,982,283)
Related company	29,591	(5,932)
Deferred income	3,716,922	4,584,225
Payables	<u>135,591,418</u>	<u>28,176,894</u>
Net cash provided by operating activities	<u>197,400,583</u>	<u>78,726,913</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net decrease in investments	(162,201,368)	(65,568,646)
Investment in subsidiary	-	(9,900)
Proceeds from sale of fixed assets	108,274	57,718
Acquisition of fixed assets	(4,878,948)	(108,015,778)
Refund from fixed assets purchased	<u>212,460</u>	<u>-</u>
Net cash used in investing activities	(<u>166,759,582</u>)	(<u>173,536,606</u>)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	30,641,001	(94,809,693)
Cash and cash equivalents at beginning of year	<u>29,825,369</u>	<u>124,635,062</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>60,466,370</u>	<u>29,825,369</u>

SPECTRUM MANAGEMENT AUTHORITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

- (a) Spectrum Management Authority Limited is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is 2nd Floor, VMBS Building, 53 Knutsford Boulevard, Kingston 5.
- (b) The principal activity of the company is the efficient management of Jamaica's electromagnetic spectrum in the interest of national, technological, economic and social development.

2. REPORTING CURRENCY:

These financial statements are expressed in Jamaican dollars unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES:

- (a) Basis of preparation -

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention. They are also prepared in accordance with provision of the Jamaican Companies Act.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and any adjustments that may be necessary would be reflected in the year in which actual results are known. The areas involving a higher degree of judgement in complexibility or areas where assumptions or estimates are significant to the financial statement are described in note 5.

The following relates to standards, interpretations and amendments to published standards effective in 2008 and those which are not yet effective.

SPECTRUM MANAGEMENT AUTHORITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd) -

Interpretations and amendments to published standards effective in the current year

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for annual accounting periods beginning on or after 1 January 2007. The company has assessed the relevance of all such new standards, interpretations and amendments with respect to the company's operations and has adopted the following IFRS's and interpretations which are relevant to its operations.

IAS 1 (Amendment) Presentation of Financial Statements – Capital Disclosures

IAS 17 (Amendment) Leases

IFRS 7 Financial Instruments: Disclosures

IFRIC 8 Scope of IFRS 2

The adoption of these standards and interpretations did not result in any change in the accounting policies and there was no impact on the opening accumulated deficit at 1 April 2007 from their adoption. The impact of the adoption of IFRS 7 and the consequential amendments to IAS 1 has been to expand the disclosures regarding the company's financial instruments and management of capital.

Standards, interpretation and amendments to published standards that are not yet effective

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not yet effective at the balance sheet date, and which the company has not early adopted. The company has assessed the relevance of all such new standards, interpretation and amendments, has determined that the following may be relevant to its operations, and had concluded as follows:

SPECTRUM MANAGEMENT AUTHORITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd) -

- IAS 1 (Revised) - Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009), requires the presentation of all non-owners changes in equity in one or two statements: either in a single statement of comprehensive income, or in an income statement of comprehensive income. The company assessed the impact of IAS 1 (Revised) and concluded that there will be no material impact on the presentation of the financial statements. The company will apply IAS1 (Revised) from 1 April 2009.
- IAS 23 (Revised) - Borrowing Costs (effective for annual periods beginning on or after 1 January 2009) sets out the requirements for interest income and interest expense calculation using the effective interest method, based on market rates at the date that the instrument is recognized initially, or at the date of any modification. Incremental transaction costs directly related to acquiring a financial asset or issuing a financial liability are required to be included in the initial measurement of the instrument. However, if the instrument is classified as fair value through profit or loss, then such costs are to be recognized in the profit or loss. Interest, which is calculated using the effective interest rate method, is generally expensed. However, borrowing costs related to “qualifying” assets may be capitalized if certain conditions are met. The standard does not permit recognizing all borrowing costs as an expense. The Authority assessed the impact of IAS 23 (Revised) and concluded that there will be no material impact on the presentation of the financial statements. The Authority will apply IAS 23 (Revised) from 1 April 2009.

(a) Foreign currency translation-

Transactions in foreign currencies are converted at the exchange rates prevailing at the dates of the transactions. At the balance sheet date, monetary assets and liabilities denominated in foreign currency are translated using the exchange rate ruling at balance sheet date. Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in the profit and loss account.

SPECTRUM MANAGEMENT AUTHORITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(c) Plant and equipment -

All plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Depreciation is provided on fixed assets, at rates calculated to write off the cost of the assets on the straight-line basis over the period of their expected useful lives. Annual rates are as follows:-

Leasehold improvements	10%
Office machines and equipment	20%
Furniture and fixtures	10%
Computers and software	33 1/3%
Motor vehicles	20%

Plant and equipment are reviewed periodically for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains or losses on disposal of plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

(d) Financial instruments -

A financial instrument is any contract that gives rise to both a financial asset for one entity and a financial liability or equity of another entity.

Financial assets

The company classifies its financial assets in the following categories: at fair value through profit and loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

SPECTRUM MANAGEMENT AUTHORITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(d) Financial instruments (cont'd)-

Financial assets at fair value through profit and loss

This category includes financial assets held for trading. A financial asset is classified in this category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short term profit taking, or if so designated by management.

Loans and receivables

Loans and receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as receivables and amounts due from related companies and are included in current assets in the balance sheet.

Financial liabilities

The company's financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method. These liabilities are classified as payables and long term loans and included in current and non-current liabilities on the balance sheet.

(e) Impairment of non-current assets-

Plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identified cash flows.

SPECTRUM MANAGEMENT AUTHORITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(f) Pension obligations

Defined contribution plan-

The company participates in a defined contribution plan, the assets of which are held separately from those of the company. Contributions to the scheme, made on the basis provided for in the rules, are charged to the profit and loss account when due.

(g) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank, in hand, deposits and short term highly liquid investments with original maturities of three months or less, net of bank overdraft.

(h) Trade receivables -

Trade receivables are carried at original invoice amounts less provision made for doubtfulness and impairment of these receivables. A provision for and impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows discounted at the market rate of interest for similar borrowers.

(i) Trade payables

Trade payables are stated at cost.

(j) Revenue recognition -

Revenue is recognized when it is probable that economic benefits will flow to the company and the revenue can be reliably measured. Income is recognized for services rendered by reference to the stage of completion.

Interest income is recognized in the income statement for all interest bearing instruments on an accrual basis unless collectability is doubtful.

SPECTRUM MANAGEMENT AUTHORITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(k) Borrowings-

Borrowings are recognized when it is probable that economic benefits will follow to the company and the revenue can be reliably measured. Income is recognized for services rendered by reference to the stage of completion.

Borrowing costs are recognized as expense in the period in which they are incurred.

(l) Taxation

Taxation expense in the profit and losses account comprises current and deferred tax charges. Current and deferred taxes are recognized as income tax expense or benefit in the profit and loss account except. Where they relate to items recorded in equity, in which case, they are also charged or credited to equity.

(i) Current income taxes

Current income tax is the expected taxation payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable and tax losses in respect of previous years.

(ii) Deferred income taxes

Deferred tax liabilities are recognized for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred income tax assets are recognized for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilized.

Deferred income tax assets and liabilities are measured at tax rates that are expected to apply in the period in which the asset will be realized or the liability will be settled based on enacted rates.

SPECTRUM MANAGEMENT AUTHORITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(m) Leases

Leases of property where the company has substantially all the risks and rewards of ownership are classified as finance leases. The lease payment is charged as an expense and included in the profit and loss account. Leases were significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payment under operating leases are charged as an expense in the profit and loss account on the straight line basis over the period of the lease.

(n) Comparative information

Where necessary comparative figures have been reclassified to conform with changes in presentation in the current year. In particular, the comparative figures have been adjusted to reflect the reclassification of repurchase agreements of \$44,810,319 from cash and cash equivalents for the year ended 31 March 2007.

4. FINANCIAL AND CAPITAL RISK MANAGEMENT

(a) Financial risk factors

The company's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and interest rate risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the company's financial performance.

Management seeks to minimize potential adverse effects on the financial performance of the company by applying procedures to identify, evaluate and manage these risks based on guidelines set by the Board of Directors.

(i) Market risk

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. At 31 March 2008, the company had no significant exposure to such risks.

SPECTRUM MANAGEMENT AUTHORITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

4. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONT'D):

(a) Financial risk factors (cont'd) -

(i) Market risk (cont'd)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The company's operations is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar.

Foreign exchange risk arises from commercial transactions, recognized assets and liabilities. The balance sheet at 31.March 2008 include aggregate net foreign assets of US\$1,092,240 (2007 - US\$333,060) in respect of such transactions.

The company manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The company further manages this risk by maximising foreign currency earnings and holding foreign currency balances.

(ii) Interest risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the company has no significant interest bearing assets or liabilities, the company's income and operating cash flows are substantially independent of changes in market interest rates. The company's interest rate risk arises from deposits and short term instruments and long-term borrowings as disclosed in Notes 14 and 18.

(iii) 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. The company has policies in place to ensure that sales of services are made to customers with an appropriate credit history. The company manages its credit risk by screening its customers, establishing credit limits and the rigorous follow-up of receivables; and ensuring investments are low-risk or, are held with reputable financial institutions.

SPECTRUM MANAGEMENT AUTHORITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

4. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONT'D)

(a) Financial risk factors (cont'd)

(v) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the company aims to maintain flexibility in funding by keeping adequate amounts of its financial assets in liquid form to meet contractual obligations and other recurring payments.

(vi) Capital risk

Capital risk is the risk that the company fails to comply with mandated regulatory requirements resulting in breach of those requirements. The company's objectives when managing capital are to comply with capital requirements, safeguard the company's ability to continue as a going concern and to maintain strong capital base to support the development of its business.

(b) Fair value estimation

The amounts included in the financial statements for cash and cash equivalents, receivables, payables, related party balances reflect their approximate fair value because of the short term maturity of these instruments.

Long term liabilities reflect the company's contractual obligations and are carried at amortised cost, which is deemed to approximate the fair value of these liabilities because these liabilities are subject to such terms and conditions as are available in the market for similar transactions.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

SPECTRUM MANAGEMENT AUTHORITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

5. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D):**

Key Sources of Estimation Uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Income taxes

Estimates are required in determining the provision for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain. The company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(ii) Fair value of financial assets

The management uses its judgment in selecting appropriate valuation techniques to determine fair values of financial assets adopting valuations techniques commonly used by market practitioners supported by appropriate assumptions.

6. **INCOME:**

Income represents spectrum regulatory fees and processing fees.

7. **OPERATING PROFIT:**

Stated after charging the following -

	<u>2008</u>	<u>2007</u>
	\$	\$
Auditors' remuneration - current year	740,000	550,000
Staff costs (note 22)	81,751,426	69,291,189
Depreciation	<u>13,474,618</u>	<u>7,534,575</u>

SPECTRUM MANAGEMENT AUTHORITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

8. FINANCE COSTS:

	<u>2008</u> \$	<u>2007</u> \$
Loan interest	<u>2,436,818</u>	<u>2,551,335</u>

9. TAXATION:

- (a) Taxation is based on the profit for the year, adjusted for taxation purposes and comprises: -

	<u>2008</u> \$	<u>2007</u> \$
Income tax at 33 1/3%	10,053,031	-
Deferred tax (note 19)	<u>12,324,470</u>	<u>13,398,253</u>
Taxation charge in income statements	<u>22,377,501</u>	<u>13,398,253</u>

- (b) Reconciliation of theoretical tax change that would arise on profit before tax using the applicable tax rate to actual tax charge.

	<u>2008</u> \$	<u>2007</u> \$
Profit before taxation	<u>63,587,178</u>	<u>25,284,292</u>
Tax calculated at 33 1/3%	21,195,726	8,428,097
Adjusted for the effects of:		
Expenses not deductible for tax purposes	8,451,588	3,898,728
Net effect of other charges and allowances	(<u>7,269,813</u>)	<u>1,071,428</u>
Taxation charge in income statement	<u>22,377,501</u>	<u>13,398,253</u>

SPECTRUM MANAGEMENT AUTHORITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

10. PLANT AND EQUIPMENT:

	<u>Leasehold Improvements</u>	<u>Office Machines, Equipment & Computer & Software</u>	<u>Furniture and Fixtures</u>	<u>Motor Vehicles</u>	<u>Total</u>
	\$	\$	\$	\$	\$
At cost -					
1 April 2007	1,479,036	114,978,493	7,250,157	15,494,155	139,201,841
Additions	1,363,717	3,151,558	363,673	-	4,878,948
Adjustment	-	(212,460)	-	-	(212,460)
Disposals	<u>-</u>	<u>(113,972)</u>	<u>-</u>	<u>-</u>	<u>(113,972)</u>
	<u>2,842,753</u>	<u>117,803,619</u>	<u>7,613,830</u>	<u>15,494,155</u>	<u>143,754,357</u>
Depreciation -					
1 April 2007	121,945	14,601,596	3,518,134	5,912,655	24,154,330
Charge for the year	201,345	9,754,879	755,025	2,763,369	13,474,618
Eliminated on disposal	<u>-</u>	<u>(13,297)</u>	<u>-</u>	<u>-</u>	<u>(13,297)</u>
	<u>323,290</u>	<u>24,343,178</u>	<u>4,273,159</u>	<u>8,676,024</u>	<u>37,615,651</u>
Net Book Value -					
31 March 2008	<u>2,519,463</u>	<u>93,460,441</u>	<u>3,340,671</u>	<u>6,818,131</u>	<u>106,138,706</u>
31 March 2007	<u>1,357,091</u>	<u>100,376,897</u>	<u>3,732,023</u>	<u>9,581,500</u>	<u>115,047,511</u>

11. INVESTMENTS:

Investments represents the cost of shares in an unquoted subsidiary company.

SPECTRUM MANAGEMENT AUTHORITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

12. RECEIVABLES:

	<u>2008</u>	<u>2007</u>
	\$	\$
Regulatory fees	16,102,908	1,264,817
Prepayments	2,862,999	2,105,294
Other receivables	<u>972,408</u>	<u>796,652</u>
	<u>19,938,315</u>	<u>4,166,763</u>

13. RELATED PARTY TRANSACTIONS AND BALANCES:

The following transactions were carried out with related parties:

(a) The remuneration of key management personnel during the year was as follows:-

	<u>2008</u>	<u>2007</u>
	\$	\$
Salary - Managing Director (25% gratuity included)	5,873,300	5,828,898
Salary - Director of Finance and Administration	2,517,428	2,246,721
Salary - Director Legal Affairs	3,485,046	3,085,500
Salary - Director Human Resources	3,022,730	2,800,122
Salary - Director Policy and Strategic Planning	3,512,821	2,990,518
Salary - Director Spectrum Engineering	<u>4,361,687</u>	<u>4,133,622</u>
	<u>22,773,012</u>	<u>21,085,381</u>

SPECTRUM MANAGEMENT AUTHORITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

13. RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):

The following amount is in respect of fees paid to directors.

	<u>2008</u>	<u>2007</u>
	<u>\$</u>	<u>\$</u>
Directors' fees	<u>868,500</u>	<u>701,000</u>
(b) Management fee income:		
	<u>2008</u>	<u>2007</u>
	<u>\$</u>	<u>\$</u>
Universal Access Fund Company Limited	<u>2,735,958</u>	<u>3,287,749</u>
(c) Year-end balances arising from advances:		
	<u>2008</u>	<u>2007</u>
	<u>\$</u>	<u>\$</u>
Universal Access Fund Company Limited	<u>-</u>	<u>29,591</u>

14. INVESTMENTS:

The company enters into repurchase agreements collateralized by Government of Jamaica Securities. These investments include amount for spectrum fees of \$144,803,323 (2007 nil).

Investments includes interest receivables of \$544,664 (2007: \$830,316).

SPECTRUM MANAGEMENT AUTHORITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

15. CASH AND CASH EQUIVALENTS:

	<u>2008</u>	<u>2007</u>
	<u>\$</u>	<u>\$</u>
Cash and bank balances - SMA	9,495,677	9,057,042
Cash and bank balances - Spectrum fees	-	10,000
Deposits and short term instruments -SMA	<u>50,970,693</u>	<u>20,758,327</u>
	<u>60,466,370</u>	<u>29,825,369</u>

- (a) These deposits have an average maturity of 51 days (2007 - 365 days).
- (b) Deposit and short term instruments are interest bearing.
- (c) Interest rate exposure

The weighted average effective interest rates at the year end were as follows:

	<u>2008</u>	<u>2007</u>
	<u>\$'000</u>	<u>\$'000</u>
Cash at bank - US\$	3.75%	3.79%
- J\$	5.24%	6.16%
Deposit and short term instruments - US\$	5.53%	6.00%
- J\$	<u>13.20%</u>	<u>-</u>

SPECTRUM MANAGEMENT AUTHORITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

16. SHARE CAPITAL:

	<u>2008</u>	<u>2007</u>
	<u>\$</u>	<u>\$</u>
Authorised - Ordinary shares	<u>1,000</u>	<u>1,000</u>
Issued and fully paid - Ordinary shares	<u>20</u>	<u>20</u>
Stated capital - Ordinary shares	<u>20</u>	<u>20</u>

In accordance with the Companies Act 2004, the company's shares are deemed to have been converted to shares without a nominal or par value shares.

17. CAPITAL RESERVE:

	<u>2008</u>	<u>2007</u>
	<u>\$</u>	<u>\$</u>
(1) Government of Jamaica	79,999,980	79,999,980
(2) Government of Jamaica	<u>64,700,386</u>	<u>64,700,386</u>
	<u>144,700,366</u>	<u>144,700,366</u>

(1) This represents funds advanced to Spectrum Management Authority Limited through Cable & Wireless Jamaica Limited in lieu of licence and spectrum fees as per heads of agreement between the Government of Jamaica and Cable & Wireless Jamaica Limited in 1999, Clause 7.4.4 and 7.5. These funds were used to finance the start up operations of the company.

(2) This represents fund received from the Government of Jamaica to finance the company's capital programme which forms a part of the first phase of the company's two year business plan which commenced in the financial year 2004/2005.

SPECTRUM MANAGEMENT AUTHORITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

18. LONG TERM LOAN:

	<u>2008</u>	<u>2007</u>
	\$	\$
Government of Jamaica - Ministry of Finance	48,603,206	48,603,206
Less: Current portion	<u>(38,882,565)</u>	<u>(19,441,282)</u>
	<u>9,720,641</u>	<u>29,161,924</u>

This represents amounts advanced by the government to finance the company's operating activities from 1 April 2002 - 30 March 2003. The loan will be repaid in 10 equal semi-annual installments at a fixed interest rate of 5% per annum.

19. DEFERRED TAX LIABILITIES:

Deferred tax and liabilities are calculated on all temporary differences under the liability method using a principal tax rate of 33 1/3 %.

The movement on the deferred income tax account is as follows:

	Balance 01.04.07	Credit to Profit and Loss	Balance 31.03.08
	\$	\$	\$
Accelerated tax depreciation	(5,430,545)	(3,707,469)	(9,138,014)
Other	<u>4,575,560</u>	<u>(8,617,001)</u>	<u>(4,041,441)</u>
Net deferred tax asset	<u>(854,985)</u>	<u>(12,324,470)</u>	<u>(13,179,455)</u>

20. PAYABLES:

	<u>2008</u>	<u>2007</u>
	\$	\$
Spectrum fees	4,468,969	17,753,151
Accruals - Accountant General	158,870,648	-
- Other	<u>13,077,105</u>	<u>23,072,153</u>
	<u>176,416,722</u>	<u>40,825,304</u>

SPECTRUM MANAGEMENT AUTHORITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2008

21. DEFERRED INCOME:

This represents regulatory fees billed in advance.

22. STAFF COSTS:

	<u>2008</u>	<u>2007</u>
	\$	\$
Wages and salaries	70,364,405	58,828,667
Statutory contribution	5,632,695	5,225,954
Other	<u>5,754,326</u>	<u>5,236,568</u>
	<u>81,751,426</u>	<u>69,291,189</u>

The number of persons employed by the company at the end of the year was 31 (2007 - 28).

INDEPENDENT AUDITORS' REPORT

To the Directors of
Spectrum Management Authority Limited

The supplementary information presented on pages 27 and 28 has been taken from the accounting records of the company and has been subjected to the tests and other auditing procedures applied in our examination of the financial statements of the company for the year ended 31 March 2008.

In our opinion, this information, although not necessary for a fair presentation of the company's state of affairs, results of operations, changes in equity or cash flows is fairly presented in all material respects in relation to the financial statements taken as a whole.

Chartered Accountants

17 August 2008

SPECTRUM MANAGEMENT AUTHORITY LIMITED

DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2008

	<u>2008</u>	<u>2007</u>
	<u>\$</u>	<u>\$</u>
REVENUE:		
Administrative and processing fees	1,737,991	795,894
Regulatory Fees	177,971,105	121,492,434
Interest income	12,566,974	12,373,548
Other income	<u>3,167,426</u>	<u>3,811,881</u>
	<u>195,443,496</u>	<u>138,473,757</u>
LESS – EXPENSES		
Administrative (page 28)	129,419,500	110,638,130
Financial (page 28)	<u>2,436,818</u>	<u>2,551,335</u>
	<u>131,856,318</u>	<u>113,189,465</u>
PROFIT BEFORE TAXATION	<u>63,587,178</u>	<u>25,284,292</u>

SPECTRUM MANAGEMENT AUTHORITY LIMITED
SCHEDULE OF EXPENSES
YEAR ENDED 31 MARCH 2008

	<u>2008</u>	<u>2007</u>
	\$	\$
ADMINISTRATIVE:		
Senior Managers' remuneration	22,762,642	21,085,381
Salaries and other related costs	53,234,458	42,969,240
Pension costs	1,937,724	1,679,976
Staff training and welfare	3,816,602	3,556,592
Chairman fees	283,892	144,000
Directors' fees	868,500	557,000
Directors' expenses	11,893	32,946
Board/Committee meeting	300,418	1,243,124
Travel and subsistence - overseas and local meetings	1,442,562	2,870,638
ICT promotion	1,407,388	4,727,279
Professional fees	3,366,990	4,674,833
Audit fees	740,000	550,000
Entertainment	-	8,237
Subsistence and accommodation	158,006	174,388
Stationery and office supplies, postage, courier	1,777,938	1,307,644
Data processing	571,020	577,840
Security	1,415,037	54,603
General	846,766	863,331
Public relations and education	612,002	422,485
Lease	5,557,555	4,459,182
Repairs and maintenance - SMS/RMDES	1,798,157	-
- equipment	305,929	233,898
- office building	7,481,687	6,759,330
- furniture and fixtures	13,980	-
Enforcement cost	24,386	168,902
Advertisement	537,706	817,906
Telephone	1,414,004	1,528,160
Subscriptions and donations	633,780	616,839
Insurance	1,854,400	879,037
Motor vehicle	1,953,227	1,748,252
Bank charges	119,477	75,901
Gain on disposal of fixed assets	(7,599)	-
Exchange gain	(1,087,563)	(2,320,464)
Provision for bad debt	(208,082)	637,075
Depreciation	<u>13,474,618</u>	<u>7,534,575</u>
	<u>129,419,500</u>	<u>110,638,130</u>
FINANCIAL:		
Loan interest	<u>2,436,818</u>	<u>2,551,335</u>