



Bureau Telecommunications and Post St. Maarten

Financial Statements
December 31, 2011
(Expressed in Antillean Guilders)



Bureau Telecommunications and Post St. Maarten

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To: the Minister of Tourism, Economic Affairs,
Traffic and Telecommunication
Attn. Mr. T. Richardson
Government Administration Building
Clem Labega Square
Sint Maarten

REVIEW REPORT

Introduction

We were engaged to review the financial statements of Bureau Telecommunications and Post Sint Maarten, Cannegieter Street #15 - Unit 5.1, Philipsburg, Sint Maarten for the year 2011. Management is responsible for the preparation of the financial statements in accordance with the accounting principles which are determined by the board of directors and the "Landsverordening Bureau Telecommunicatie en Post" (P.B. 2006 no. 69). Our responsibility is to issue a review report on these financial statements.

Scope

We conducted our review in accordance with the Dutch Standard 2400 "Engagement to review financial statements". Because of the matters described in the Basis for disclaimer conclusion paragraph, however, we were not able to obtain sufficient appropriate evidence to provide a basis for a conclusion.

Basis for disclaimer of conclusion

The 2010 financial statements of Bureau Telecommunications and Post Sint Maarten have not been audited nor has a review been performed on these financial statements. As a consequence, we are not able to form a conclusion retrospectively about the balance sheet as per year-end 2010. If the amounts shown in the balance sheet as per year-end 2010 were to require adjustment, this would directly affect the results reported for the year 2011. Therefore, both the composition and the amount of the result for 2011 remain uncertain.

The division of the assets and liabilities of the Company's predecessor, Bureau Telecommunicatie en Post Nederlandse Antillen, is being executed in accordance with the Kingdom decree 'Onderlinge regeling vereffening boedel Nederlandse Antillen (Staatscourant nr. 14725)'. As per date of this review report, the mentioned division of assets and liabilities of the Company's predecessor has not been finalized. Therefore, the possible effect of this division on the assets and liabilities of the Company as reported in the 2011 financial statements is unknown.

Bureau Telecommunications and Post Sint Maarten collects concession fee from the concessionaires which is subsequently paid to the government of Sint Maarten. The amount of concession fee owed to Bureau Telecommunications and Post Sint Maarten is calculated based on the number of connection points as indicated by the concessionaires.

The technical department of Bureau Telecommunications and Post Sint Maarten is in charge of the verification of the number of connection points as indicated by the concessionaires. During 2011 the verification of the specified number of connection points was not performed. As a result, we were unable to determine whether any adjustments were necessary in the balance owed to government as per year-end 2011.

Disclaimer of conclusion

Because of the significance of the matters described in the Basis for disclaimer of conclusion paragraph, we have not been able to obtain sufficient appropriate evidence to provide a basis for conclusion. Accordingly, we do not provide any assurance.

Philipsburg, September 17, 2014

Stichting Overheidsaccountantsbureau,



S.E. Ricardo
Senior Audit Manager



R.E. Faneyte
Associate Director

Signature for authentication purposes:



Bureau Telecommunications and Post St. Maarten

Balance Sheet

As at December 31, 2011 (Antillean Guilders)

Assets	Notes	2011	2010
Fixed assets			
At cost office equipment		13,793	-
At cost furniture & equipment		16,902	-
At cost vehicles		45,000	-
At cost equipment		1,024,402	-
Accumulated depreciation office equipment		(1,659)	-
Accumulated depreciation furniture & equipment		(3,439)	-
Accumulated depreciation vehicles		(6,750)	-
Accumulated depreciation equipment		(96,797)	-
	(4)	<u>991,452</u>	<u>-</u>
Current assets			
Cash & Bank	(5)	2,603,690	681,704
Government		-	32,400
Accounts Receivable	(6)	1,934,242	1,265,431
Other Current Assets	(8)	1,372,604	44,844
		<u>5,910,536</u>	<u>2,024,379</u>
		<u>6,901,988</u>	<u>2,024,379</u>


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Bureau Telecommunications and Post St. Maarten

Balance Sheet

As at December 31, 2011 (Antillean Guilders)

Shareholders' equity and liabilities		2011	2010
Current Liabilities			
Vereffening commissie		-	37,259
Government	(10)	207,940	-
Payroll Liabilities	(11)	41,065	19,889
Accounts Payable	(12)	547,859	62,692
Credit Cards		9,213	-
Short Term portion long term liabilities	(9)	165,058	-
		<u>971,135</u>	<u>119,840</u>
Long Term Liabilities			
Long Term Liabilities	(9)	544,370	-
		<u>544,370</u>	<u>-</u>
Shareholders' equity			
Retained earnings		1,904,539	-
Net Income		3,481,944	1,904,539
		<u>5,386,483</u>	<u>1,904,539</u>
		<u>6,901,988</u>	<u>2,024,379</u>

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Bureau Telecommunications and Post St. Maarten

Statement of Operations FOR THE YEAR ENDED DECEMBER 31, 2011

Income		2011	2010
Licensing		7,632,740	2,075,195
Certification		8,912	18,240
Other Income		422	35,258
Net revenue	(13)	<u>7,642,074</u>	<u>2,128,693</u>
Operating expenses			
Personnel expense	(14)	863,314	41,175
Housing expense	(15)	336,323	59,239
Legal & Professional expense	(16)	666,268	111,453
Insurance expense	(17)	28,914	-
Vehicle expense	(18)	11,550	-
General & Administrative expense	(19)	1,115,131	12,287
Depreciation expense		108,645	-
Provision Expense Dubious Debtors	(7)	1,060,146	-
		<u>4,190,291</u>	<u>224,154</u>
Operating profit		3,451,783	1,904,539
Interest Income		38,950	-
Interest Expense	(20)	(8,789)	-
Net result		<u>3,481,944</u>	<u>1,904,539</u>



Bureau Telecommunications and Post St. Maarten

Statement of Cash Flow FOR THE YEAR ENDED DECEMBER 31, 2011

	2011	2010
Cash flows from operating activities		
Operating profit	3,451,783	1,904,539
Depreciation	108,645	
Increase (Decrease) in		
Government	240,340	(32,400)
Vereffennings commissie	(37,259)	37,259
Accounts receivables	(668,811)	(1,265,431)
Other current assets	(1,327,760)	(44,844)
Payroll liabilities	21,176	19,889
Accounts payable	485,167	62,692
Credit cards	9,213	-
Short Term portion long term liabilities	165,058	
	(1,112,876)	(1,222,835)
Interest paid	(8,789)	-
Interest received	38,950	-
	(1,082,715)	(1,222,835)
Net cash used in operating activities	2,477,713	681,704
Mutations fixed assets	(1,100,097)	-
Cash flows from investing activities	(1,100,097)	-
Mutations long term liabilities	544,370	-
Cash flow from financing activities	544,370	-
Net decrease in cash and cash equivalents	1,921,986	681,704



Bureau Telecommunications and Post St. Maarten

Cash and cash equivalents, beginning of period	681,704	-
Cash and cash equivalents, end of period	<u>2,603,690</u>	<u>681,704</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

1 General information

Bureau Telecommunication and Post (“the Company”) principal activity is to carry out telecommunication and post regulation activities on the island of St. Maarten. The Bureau has the following responsibilities:

- a) The development of policy framework on telecommunications and post
- b) Implementing and executing policy framework established by the Minister on telecommunications and post
- c) The preparation of the national laws and regulations relating to telecommunications and post
- d) The provision of at or under ordinance commanded executive work in the field of telecommunications and post
- e) It, as necessary as instructed by the Council of Ministers, representing St. Maarten interests in respect of telecommunications and postal in kingdom regional and international context
- f) Advising the Minister, and other requested members of the Council of Ministers, in respect of the matters listed above under
- g) The request to advise or provide services on behalf of government and third parties on matters relating to telecommunications and postal
- h) Carry out other proceedings instructed by the Minister
- i) Performing other by or under Ordinance instructed progress of works

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

The financial statements of Bureau Telecommunications and Post are based on accounting principles which are determined by the supervisory board.

Cash and cash equivalents

Cash and cash equivalents include cash in hand.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

The following accounting principles are applied:

a. Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless otherwise presented at the relevant principle for the specific balance sheet item, assets and liabilities are at face value.

b. Property, plant and equipment Property, plant and equipment are stated at cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is determined on the straight line basis based on the estimated useful lives of the assets.

Fixed assets are stated at historical price/acquisition cost or lower market value.

c. Accounts receivable

Accounts receivable are stated at nominal value less a provision for doubtful accounts.

d. Cash on hand and in banks

Cash on hand and in banks are stated at nominal value. United States Dollars are converted at a rate of 1.78

e. Long term liabilities

Long term liabilities are presented at nominal value less the short term portion, due within one year from balance sheet date

f. Current liabilities

Current liabilities are stated at nominal value and include the short term portion of the long term liabilities.

g. Income

Income from Licenses and Certification are recorded on accrual basis

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

h. Expenses

Expenses are recorded in the period to which they relate.

Foreign currency transactions

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Antillean Guilders, while the Company's functional and presentation currency is United States Dollars. The exchange rate of 1.8 is Antillean Guilder to 1.00 US Dollar

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate of 1.8 Antillean Guilder to 1.00 US Dollar



Bureau Telecommunications and Post St. Maarten

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

3 Critical accounting estimates and judgments

Estimates and judgments 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.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management do not consider that there are estimates and assumptions that will have a significant risk, causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4 Property, plant and equipment

	Office Equipment	Furniture & equipment	Vehicles	Equipment	Total
<i>Balance as at January 1, 2011</i>					
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
	-	-	-	-	-
<i>Changes in book value</i>					
Additions	13,793	16,902	45,000	1,024,402	1,100,097
Depreciation	(1,659)	(3,439)	(6,750)	(96,797)	(108,645)
	12,134	13,463	38,250	927,605	991,452
<i>Balance as at December 31, 2011</i>					
Cost	13,793	16,902	45,000	1,024,402	1,100,097
Accumulated depreciation	(1,659)	(3,439)	(6,750)	(96,797)	(108,645)
	12,134	13,463	38,250	927,605	991,452

Depreciation percentages are:

Office Equipment:	3 yrs : 33.33%/yr
Furniture & Equipment:	3 yrs : 33.33%/yr
Vehicles:	5 yrs : 20%/yr
Equipment:	3 yrs : 33.33%/yr

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

5 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	2011	2010
Windward Island Bank USD	1,837,648	445,430
Windward Island Bank ANG	766,042	236,274
Petty Cash	-	-
	2,603,690	681,704

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

6 Accounts receivable

Accounts receivable represents amounts due from the following:

	31-Dec-11	31-Dec-10
Scarlet N.V.(SXM Network Management)	39,040	18,240
Caribbean Teleview Services N.V.	46,048	-
Netstar N.V.	287,535	-
Radcomm Corporation NV (UTS)	1,525,385	683,711
TELEM Group of companies	1,023,734	526,639
Other	72,644	36,841
	2,994,386	1,265,431
Less: provision for doubtful accounts	(1,060,144)	-
	1,934,242	1,265,431

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

7 Provisional expense doubtful debtors

	2011	2010
Radcomm	683,712	-
Netstar	277,409	-
3SCS	50,501	-
Other	48,522	-
	1,060,144	-

A particular situation occurs when there is uncertainty about the collection of receivable which the related revenue has already been recognized in the profit and loss account. In such cases, the amounts of which are uncertainties is recognized as an expense. So it is not allowed to regard these receivables as a reduction of revenue previously recognized.

8 Other current assets

	2011	2010
Deposits	44,844	44,844
Loans Extended	-	-
Employee advance	399	-
Advance payments	1,295,640	-
Prepaid insurance	31,721	-
	1,372,604	44,844



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

The post advance payments is related to funds that were transferred to the developer of the "Leah Building" as an advance payment on the purchase of the 5 floors of the Leah Building Complex.

9 Long term Loans

On March 24, 2011, The Windward Island Bank Ltd. made available to Bureau Telecommunications & Post St.Maarten a Non-Revolving Loan for the amount of US\$ 150,000 to assist with the purchase of a vehicle and the completion of leasehold improvements, at a yearly interest rate of 6.75% for a term of 6 months.

On September 13, 2011 The Windward Island Bank Lt. made available an increase in the Non-Revolving loan for the amount of US\$ 560,000 to assist with the purchase of software and measuring equipment at a yearly interest rate of 6.75% for a term of 5 years

Long term liabilities	2011	2010
Long term liabilities	709,428	-
less: short term portion	(165,058)	-
	<hr/>	<hr/>
	544,370	-
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

10 Government

	2011	2010
Government of SXM - Concession Fees Paid	(1,500,000)	-
Postal Services St. Maarten N.V.	(40,000)	-
Caribbean Telecom Union	(43,200)	-
Concession Fees - Radcomm	1,229,660	-
Concession Fees - Telcell	561,480	-
	207,940	-

Negative amounts are concession fees settled with government for 2011 and payments made by BTPSXM on behalf of the government of St. Maarten for 2011.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

11 Payroll Liabilities

	2011	2010
AVBZ	7,490	618
AOV/AWW	(503)	4,202
ZV/OV	-	1,610
Wage Tax	(1,276)	4,005
Pension Fund	25,934	4,366
Vacation Plan	7,404	251
Net Wages	2,216	4,837
Cessantia	(200)	
	41,065	19,889

As per December 2011, there is a credit balance for the AVBZ, AOV/AWW and Wage Tax Liabilities due to the following:

In April 2011 there was an overpayment on all the above liabilities for the following:

AVBZ: Paid ANG 956 should have been ANG 884.37;

AOV/AWW: Paid ANG 5,940.41 should have been ANG 5,437.81;

Wage Tax: ANG 10,025.04 should have been ANG 8,430.64

This credit was applied to the relevant liabilities in 2012.

In addition hereto, there was an audit done by BAB, where a fine was given for additional premiums to be paid on AVBZ for the amount of ANG 7,562.00 in 2011 and on Wage Tax for 2011 an additional amount of ANG 318.00 was levied on BTP SXM.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

12 Accounts Payable

	31-Dec-11	31-Dec-10
Anite Finland Ltd.	90,681	-
LS Telcom Limited	307,049	-
NAAP Global Solutions Ltd.	77,509	-
Stichting Tercera	40,924	-
Other	31,696	62,692
	<hr/> 547,859	<hr/> 62,692

3 Revenue

	2011	2010
Licensing	7,632,740	2,075,195
Certification	8,912	18,240
Other	422	35,258
	<hr/> 7,642,074	<hr/> 2,128,693



Bureau Telecommunications and Post St. Maarten

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

14 Personnel expense

	2011	2010
Gross Wages	679,532	33,783
Social Premiums	52,135	3,710
Pension premiums	38,149	3,682
Vacation Plan	5,739	-
Other personnel expense	87,759	-
	863,314	41,175

15 Housing expense

	2011	2010
Rent	225,350	47,413
Utilities	32,067	8,438
Telephone and Internet	52,886	3,388
Janitorial expense	24,522	-
Security expense	1,138	-
Other	360	-
	336,323	59,239

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

16 Legal and Professional expense

	2011	2010
Legal & Professional	666,268	111,453
	<hr/> 666,268 <hr/>	<hr/> 111,453 <hr/>

The consulting fees of Mrs. P. Brandon, who functioned as the Interim Director of BT&P, account for the majority of the legal & professional fees (Stichting Tercera d.b.a. Duncan, Brandon, Hoeve & Maria). The other vendors outlined mostly concern expenses for technical, legal and financial consulting services. For 2011 the amounts paid to the biggest vendors for professional services were as follows:

Legal Support: ANG 489,140

Technical Support: ANG 97,472



Bureau Telecommunications and Post St. Maarten

17 Insurance expense

	2011	2010
Employees	19,213	-
Vehicles	4,561	-
Furniture	2,379	-
Equipment	2,761	-
Other	-	-
	<hr/>	
	28,914	-
	<hr/>	

18 Vehicle expense

	2011	2010
Gasoline	6,646	-
Other	4,904	-
	<hr/>	
	11,550	-
	<hr/>	



Bureau Telecommunications and Post St. Maarten

19 General & Administrative expense

	2011	2010
Numbering Plan	411,148	-
Membership Fees	60,656	-
Advertising & Promotion	19,241	-
Printing & Reproduction	13,334	2,700
Travel Expense	240,868	3,651
Representation	43,109	233
Donations & Charitable Contribution	37,991	-
Postage & Courier	6,688	63
Repair & Maintenance	630	765
Office Supplies	37,303	2,511
Computer & Equipment	52,298	2,047
Network Support Expense	168,160	-
Bank Charges	23,683	317
Exchange rate Differences	22	-
	1,115,131	12,287



Bureau Telecommunications and Post St. Maarten

Numbering Plan

In 2011 Numbering Plan accounted for a significant portion of the general and administrative expenses. The Numbering Plan and the resulting expenses concern the adoption of the North American Numbering Plan (NANP) on St. Maarten which concerns the assignment of a new country- and dialing code for St. Maarten. The government of St. Maarten opted for admittance to the NANP with the dissolution of the Netherlands Antilles. In order to enter the NANP St. Maarten has to comply with the rules, regulations, standards and conventions set by the North American Numbering Association. The allocation and management of numbering resources (codes) are also key activities of participation in the NANP.

Travel Expenses

Travel expenses are the second highest expense under general and administrative expenses. These expenses account for 29% of the 2011 general & administrative expenses. Like many other international industries and sectors, the telecommunications and post sector holds many conferences and seminars throughout the year in diverse locations in the world. BT&P has attended a number of these conferences and seminars. BT&P has also incurred travel expenses attending meetings with vendors and partners.

Network Support Expenses

In 2011 NAAP Global solutions was commissioned by BTP St. Maarten to perform a high definition network survey and Site mapping project. With this information BTP St. Maarten was finally in possession of an accurate administration of the Actual network infrastructure and could herewith properly perform its regulatory duties.

20 Interest Income

Interest income represents 7.5% interest on overdue invoices for Netstar NV

21 Pending Court Cases

Minister Radcomm LAR 98/2011 negotiations by BTP

The case had been postponed for an indefinite period during the hearing/negotiations by BTP. A new court date is unknown.

Minister Antelecom LAR 97/2011 negotiations by BTP

The case had been postponed for an indefinite period during the hearing/negotiations by BTP. A new court date is unknown.

Minister Radcomm LAR 34/2014.

A decision was rendered by the Court of First Instance on July 22, 2013.

An Objection of Appeal was filed on September 2, 2014 May 23 2014.

The case was handled in Appeal on April 10, 2014. The Appeal of the Minister was founded well by decision dated May 23, 2014. The appeal filed by Radcomm was still unfounded.

Minister Antelecom LAR 27/2012 negotiations by BTP

The case had been postponed for an indefinite period during the hearing/negotiations by BTP. A new court date is unknown.

Minister WTN LAR 117/2011 negotiations by BTP

A draft settlement agreement was prepared and the case was settled.

LAR 084/2012 was dealt with by the Department of Finance and Telecommunications. The cases were settled out of court.

Minister Radcomm LAR 151/2010

The case had been postponed for an indefinite period during the hearing/ negotiations by BTP. A new court date is unknown.

Minister Radcomm LAR 152/2010

The case had been postponed for an indefinite period during the hearing/ negotiations by BTP. A new court date is unknown.

Minister Radcomm LAR 154/2010

The case had been postponed for an indefinite period during the hearing/ negotiations by BTP. A new court date is unknown.

Minister Radcomm LAR 155/2010 negotiations by BTP

The case had been postponed for an indefinite period during the hearing/ negotiations by BTP. A new court date is unknown.