



The Jersey Telecom Group
2005 Annual Review



Serving the Islands...



Contents

3	Chairman's review
7	Managing Director's review
8	Jersey Telecom
11	Wave Telecom
13	Opportunities outside the Channel Islands
14	Investment in our future
15	Value for money
16	In the community
17	Our people
18	Consolidated Profit & Loss Account
19	Consolidated Balance Sheet
20	Report of the Remuneration Committee
21	Board of Directors
23	Corporate Governance

Our vision

To be the Channel Islands' leading provider of communications solutions



Our brand values

At the core of our business are our values which are to provide:

- Customer focus
- Value
- Innovation

Our commitment

to the Channel Islands is underlined by our company Vision and Values, which underpin the way in which we work.



John P Henwood MBE
Chairman

Chairman's review

As the financial results demonstrate, 2005 was a successful year for the Group. We have maintained a strong performance in Jersey through an increasingly competitive period and the performance of Wave Telecom in Guernsey was very satisfactory.

The Group produced a strong financial performance in the year with Profit before Taxation of £13m just marginally below last year's result: this is after charging an exceptional item of £1.4m relating to a voluntary redundancy exercise and after the adjustment required as a result of adopting new financial reporting standards in relation to pensions.

The profitability of the Group has been maintained by revenue growth in Broadband, Mobile services and Wave Telecom, which has helped offset the continued decline in the Fixed Line services income. Overall, revenues have increased by 3.5% to £84.5m.

We have been successful in containing costs to the extent that operating expenses of £57m were up just 1% on 2004.

We have maintained a strong balance sheet with improvements in liquidity through good management of working capital and an absence of debt. This puts us in a strong position to fund investment in the Next Generation Network (NGN) and to support our strategy in addressing competition in Jersey and Guernsey. The overall Capital and Reserves of the Group now stands at £59.2m (after reclassification of preference dividends from equity to liabilities).

The Group is owned by the States of Jersey and in 2005 it paid £1.95m in taxation and total dividends of £7.1m. This excludes the final ordinary dividend of £3.2m, which will be paid in 2006. In addition, £1.4m (excluding tax) was also paid out to the States Treasury as interest on preference dividends.

The Board's strategy is straightforward: we aim to vigorously defend our share of the existing Jersey market while growing our share of the Guernsey market and seeking new, off-island opportunities. In this way we aim to maintain shareholder value. The objective is clear and simple but achieving it is likely to be challenging and complex.

Part of that challenge lies in steering a path through what has once again become a difficult regulatory environment in Jersey. I fear the optimism with which we greeted the new regime at the Jersey Competition Regulatory Authority (JCRA) last year may have been misplaced. The Regulator is developing policies apparently without regard to the size of the community and there is a lack of proportionality evident in key policy areas.

The way in which regulatory practice is applied in much larger markets is not necessarily scalable to a small market such as Jersey. The benefit to consumers resulting from regulatory intervention should exceed, by a reasonable margin, the costs and disruption resulting from the regulatory process itself. The JCRA's present approach to its responsibilities leads the Board seriously to doubt whether the cost of regulation will be matched in benefits to consumers.

We have no such concern about the regulatory framework in Guernsey.

In December 2005, we were awarded a licence to provide third generation (3G) Mobile services in Jersey along with three other operators. Whilst the launch of our new service is a high priority for 2006, we have reservations about the sustainability of this level of competition in a small market. We are currently the only operator licensed to provide 3G services in Guernsey although we expect a second licence to be granted in 2006.

The Board noted with interest the Treasury and Resources Minister's statements in relation to the future ownership of the Group. This is a matter reserved for a decision by the States of Jersey and it is likely that it will be considered in more depth during 2006. The Board will continue its dialogue with our shareholder on this important issue.

Clearly we face a challenging future, but we remain optimistic. In spite of some misleading public announcements by competitors, we continue to welcome competition, believing that our unique combination of local market knowledge allied to world class services will be more than a match for newcomers.

We intend to continue to provide the very best service to the Channel Islands, serving individuals and businesses with the latest technology, the most dependable service and the most economical prices. We are committed to introducing the technology of the future to the Channel Islands today, so that we can enable our customers to have the same level of service as other larger jurisdictions. It is also very important that we are able to support a resilient off-island network so that we and our customers can compete globally. Serving our local community is paramount and forms the basis of our continued effort to create wealth for our shareholder and run our business successfully into the future.

Jersey Telecom Group is a strong and successful local business at the heart of which is an able and dedicated team of people. My thanks go to my colleagues around the Board table, whose contributions through another year have been so valuable, to our staff and management and not least to our customers for their loyalty.





£11.6m
invested in the group
network during 2005



£9.1m
paid to the States
of Jersey in tax
and dividends



3G
licence awarded
to Jersey Telecom
in the year



£1.4m

Increase on
Wave Telecom
mobile income



7,500

Wave Telecom mobile
subscribers in Guernsey



£5.4m

net fixed assets
owned by
Wave Telecom





Bob Lawrence
Managing Director

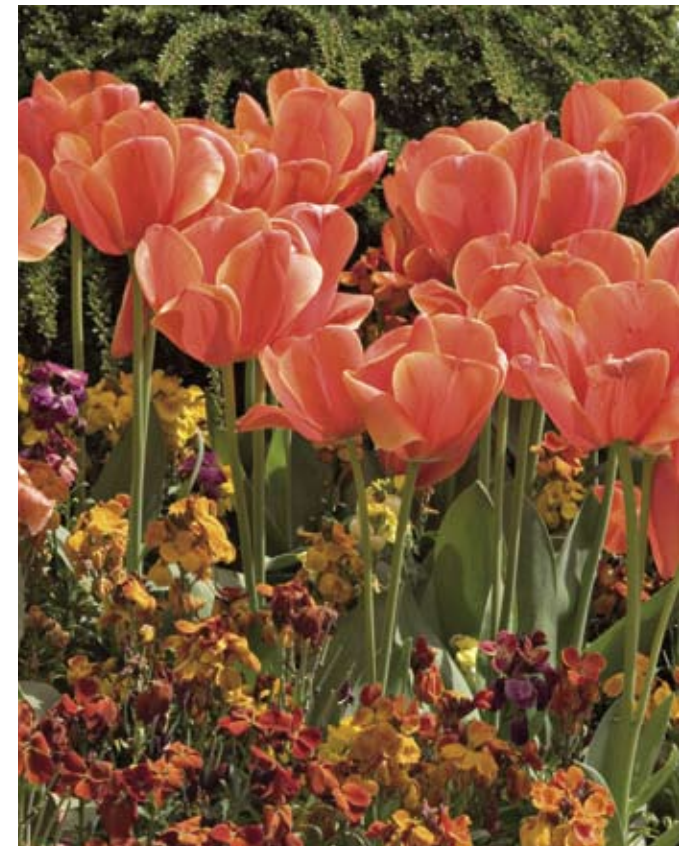
Managing Director's Review

This year has been one of achievement during which we delivered successful results against a backdrop of change in our market.

What is especially noteworthy is our continued ability to adapt to this changing environment and maintain our strong position.

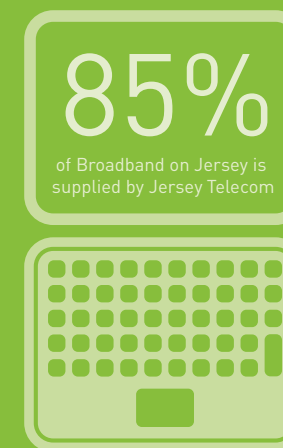
Key to any successful organisation is its people and the way in which they deliver customer service. We take great pride in the skills, ability and positive attitude of our employees. They are the heart of this organisation and they consistently deliver the very high standards of customer service that we strive to achieve.

This review illustrates how successful we have been during 2005 and I would like to personally thank everyone who has contributed to our achievements.



Jersey Telecom

High-speed access to the Internet, via our Broadband network, has become an increasingly important part of our business.



Jersey Telecom supports the Broadband future of the Island

In 2005, Mobile revenues in Jersey exceeded those from the Fixed business for the first time. This was driven by continued growth in subscriber levels, the total of which now exceeds the population of Jersey, and the increased use of data services. An important part of our service is the ability of customers to use their mobiles abroad and for visitors to have access to services when they are in Jersey. We now have roaming agreements with over 200 other operators and cover over 100 countries for mobile services and continue to build our coverage for data services.

Customers are demanding cheaper and more powerful products and Jersey Telecom has responded with a price reduction across all of our Rapid Broadband products. At the end of 2005, 34% of Island homes had a Broadband connection of which 85% were directly provided by Jersey Telecom.

Revenues in Jersey from the traditional Fixed Line business continued to decline in 2005, as expected, due to the increase in the use of mobiles, price reductions and the effect of competition. It is likely that this decline will continue as competition grows and the use of Voice over IP (VoIP) technology matures.

Another key part of our business is the provision of off-island connectivity to the business community. We have opened up new capacity to cater for the demand for higher bandwidth circuits and we have cut the price of a number of key products.

We maintained a strong sales performance in both the Residential and Business sectors. In our retail outlet we have a wide range of products designed to serve the integrated communication needs of our customers. To meet the requirements of our corporate customers, we have continued to invest in our infrastructure and in keeping our people at the forefront of relevant technology. We have more Cisco Certified Engineers in Jersey than any other company and it is this strength in data applications that has helped us secure a number of key contracts for the supply of IP telephony in 2005.



“The significant investment made by Jersey Telecom in this world-class facility demonstrates considerable confidence in Jersey’s business continuity industry. It is without doubt one of the finest service offerings of its nature I have seen.”

Paul Patterson MBE,
Chairman of the Business Continuity Institute
(Channel Islands)



The Lieutenant-Governor officially opened our new state-of-the-art Data Centre in September and this facility will enable businesses to continue trading in the event of a disaster or crisis. We are able to provide everything under one roof – telecoms, data management, Internet services, disaster recovery and business continuity.

The quality and reliability of our network remains central to achieving our objectives. We have focussed on making sure we can offer the latest services through our existing network and also by continued investment to ensure that we keep our systems up to date. This has resulted in the performance of our network being maintained to a very high standard.

During 2005, we took the opportunity to review the way we managed the external network and this resulted in the decision to outsource the cable provisioning works to local company. This was done as part of a wider voluntary redundancy programme, which resulted in 40 people from across the company leaving during the year.



Wave Telecom

Demonstrating our long term commitment
to the Bailiwick of Guernsey





Wave Telecom represents choice for the Bailiwick

The Bailiwick of Guernsey comprises a group of Islands and Wave Telecom prides itself on having built a mobile network that can provide 2G and 3G services to all of these customers.

Wave was successful in capturing 13% of the estimated Mobile market in the Bailiwick and this fuelled a substantial growth in revenues. We expect Wave to continue to gain market share through focusing on customer service, network quality and competitive pricing.

Wave offers integrated tariff packages that provide low cost calling between Wave mobiles through the Wave Family Option and reduced prices for calling Wave mobiles from fixed lines via the Wave YourCall service. In addition, our Premier Connect service offers low price fixed line calls for large businesses.

An example of our commitment to Guernsey was the opening of our new retail outlet at 24 High Street in September 2005. These new premises have contributed to a significant increase in sales, allowed us to offer a wider range of products and improved our level of customer service.

The provision of business Customer Premises Equipment (CPE) has been the mainstay of Wave Telecom's revenues and continues to be important as customers migrate to IP telephony systems. Wave Telecom continues to enjoy success in being able to meet the complex needs of the finance industry.

Wave Telecom issued its own telephone directory 'The Book' in January 2005, which was delivered to every home and business in the Bailiwick. The wide distribution of this publication raised Wave's profile, making customers aware of our range of services as well as being a one stop handy reference book for local information. It has recently been nominated for Directory of the Year by the Data Publishers Association.

The Wave Telecom network performed extremely well during the year and its resilient design means that we are able to offer highly reliable services. We have continued to invest in the mobile network and this work will continue in 2006 to improve indoor coverage.

Opportunities outside the Channel Islands



As competition begins to impact on our primary market, our strategy is to diversify into telecoms related markets outside the Channel Islands. We are already established as a provider of bulk messaging services for a number of UK companies and this has been a growing part of our revenues for a number of years.

Our new Hosting Centre in Jersey provides us with the opportunity to develop new revenue streams from e-commerce. We are looking at the possibility of providing similar services over Wave Telecom's network in Guernsey.

In 2005, we developed a business for the provision of Mobile services, primarily for the cruise ship market, and we secured our first customer in the second half of the year.

Our extensive experience in providing Mobile services positions us well to be innovative and take advantage of changes in the global roaming market. We are in the early stages of reviewing the feasibility of entering these markets, which might result in a significant opportunity for revenue growth.

We restructured during the year to create a separate Business Development team that can vigorously pursue off-island opportunities and this strongly aligns us with the policies of both Channel Island Governments as they plan to diversify their economies as well as achieving economic growth.

Investment in our future

Capital investment in our network must support the future needs of our customers both from an infrastructure build perspective and the delivery of new services. In 2005 we made the decision to move to a totally IP based Next Generation Network for both fixed and mobile services. Our plans are to begin migrating customers on to the fixed NGN during 2006 as well as the planned replacement of the mobile network.

This will open up a whole new range of services based on VoIP and high speed Broadband links in the wireline business, it will also provide enhanced capability to deliver high speed data services across the mobile network. Ultimately this will lead to the convergence of the fixed and mobile services, which can be accessed from a single device.

Our investment in the CIEG has enabled us to diversify our off-island connectivity allowing us to access new networks and service providers as well as securing our link with Guernsey. We have multiple off-island fibre optic cable routes terminating in Guernsey, the UK and France which are supplemented and backed-up by microwave systems.



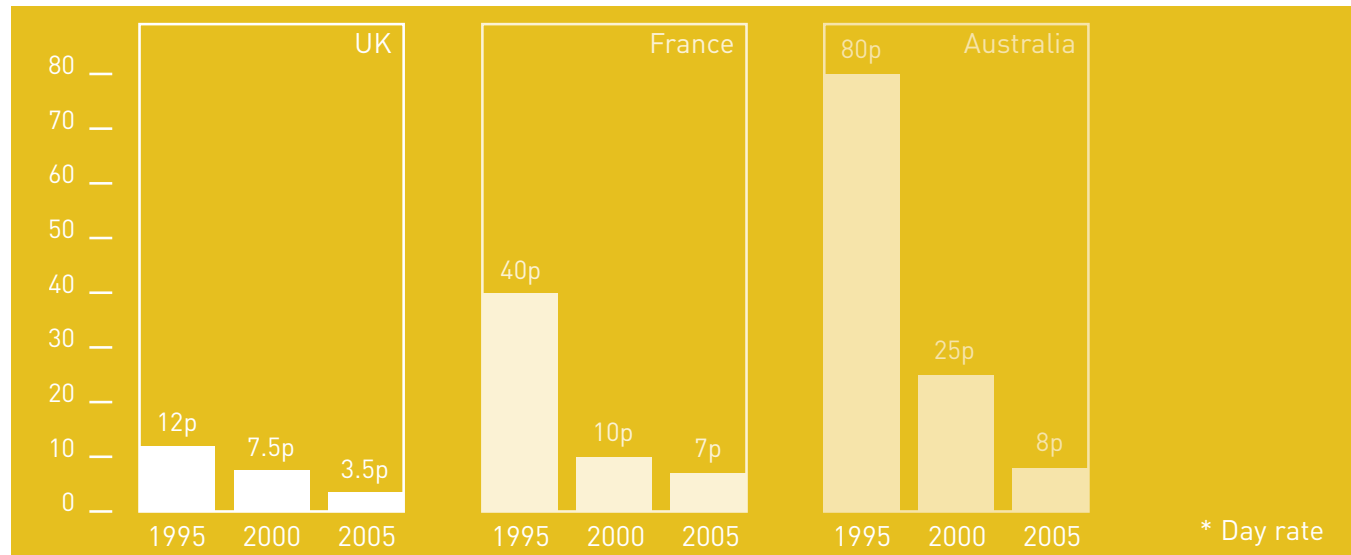
Value for money

We are committed to delivering value for money services in Jersey and Guernsey and we benchmark well against markets of a comparable size.

The price for local calls in Jersey remained unchanged and the cost of making National and International calls has never been so low. Mobile call prices continue to fall and the cost of Broadband services was cut by between 28% and 58% in December. The average consumer bill fell by 3.25% during the year as a result of these price reductions.

Our new mobile tariffs are good value for money. Text messaging at 7p is 45% cheaper than the average UK price and our mobile subscriptions compare favourably to those offered in the UK.

Per minute cost* of calls to international destinations





In the community

“The concept of Guernsey friendly is epitomised by Wave Telecom whose generous sponsorship of events around the Island is tremendously appreciated and contributes to enhancing our way of life on our tiny Island.”

Deputy Staples

As one of the largest Pan-Island Businesses, Jersey Telecom Group is committed to achieving excellent standards of citizenship. We demonstrate this through our efforts to minimise the impact of our day-to-day operations on the environment, our support of local charities and our sponsorship of community events.

One of our key environmental initiatives has been the continuation of our phone book recycling campaign in Jersey, which we run with the support of primary schools. This has been extended to Guernsey in 2006.

There has been a major drive in Jersey to take down telegraph poles where possible. Not only does this minimise the visual impact of poles, it also has the benefit of improving the quality of our services.

Beachwatch was launched in 1993 to raise awareness about the problem of marine and coastal litter and to monitor levels and sources of litter on Britain's beaches as well as encourage action to reduce pollution at source. The synergy with our Wave brand meant we were delighted to support this initiative in Guernsey.

Our chosen charity for 2005 was Childline and we raised over £14,000 through various fund raising events organised by the staff. In 2006, our nominated charity will be Headway in Jersey and Pink Ladies in Guernsey.

We continued our support of Great Ormand Street Hospital through sponsorship of the Crystal Ball event, which marked the end of the two-year fund raising campaign. A limited edition Mini Cooper, won by Jersey Telecom from a UK supplier, was donated to GOSH and raised £130,000 on the night.

The celebration of the 60th anniversary of the liberation of the Channel Islands in 2005 was a special event. As a local company in both Islands we were pleased to be able to offer some sponsorship of this important occasion.

In Jersey, we currently sponsor the Jersey Telecom Regatta, the Student Arts Exhibition, the Under 21's Muratti and we also co-sponsored the Palais de Glace ice skating rink at the Waterfront in St Helier.

Wave sponsored a number of community events during the year including the Alderney Battle of Trafalgar Day, the Sea Sark Festival and the Sark Museum.

We held two events in the year, Summer Sizzler and Summer Wave, which were amongst the biggest pop concerts ever staged on the Islands. People turned out in their thousands to see a number of UK acts perform at these community events and in doing so raised money for local charities.

Jersey Telecom and Wave Telecom signed a two-year agreement with the organisers of the Tennerfest, Hamilton Brooke, to deliver significant technological developments to an already successful promotion. An innovative use of our technology allowed Tennerfest diners to see restaurant listings and menus on their mobile phones.

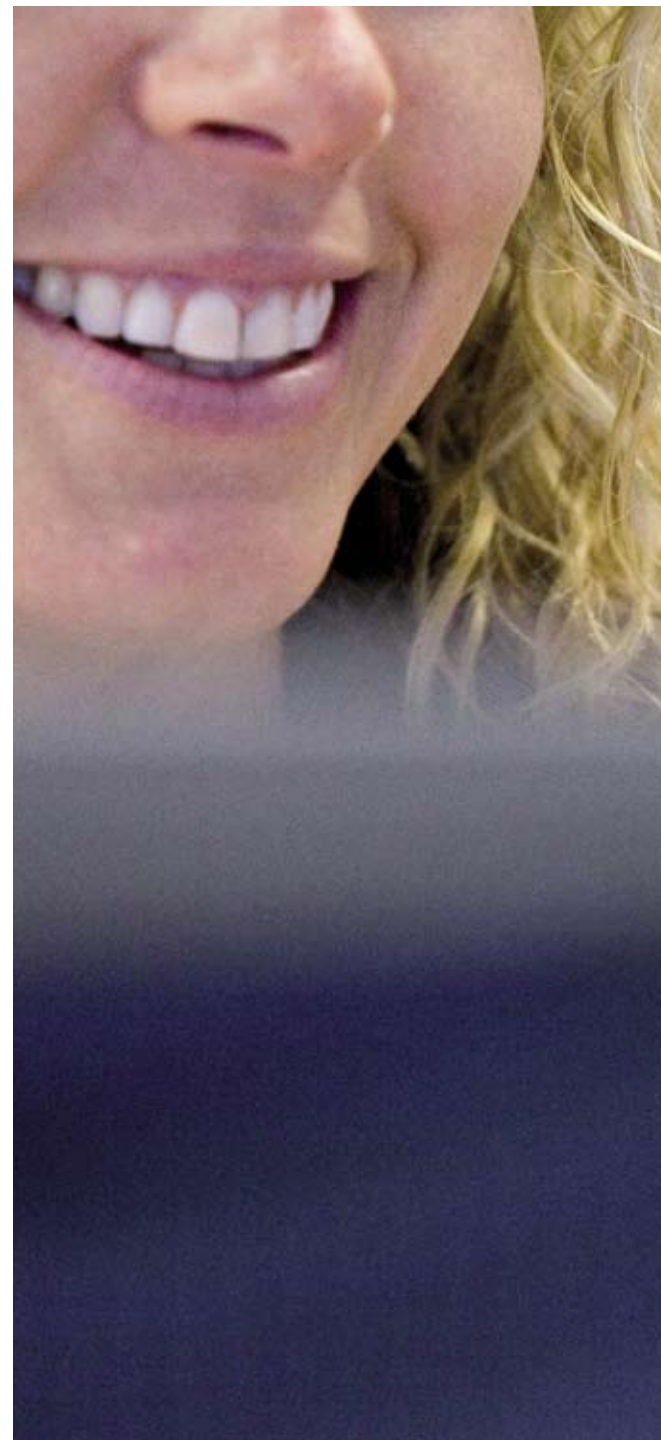
Our people

We are committed to ensuring that our people enjoy job satisfaction, good working conditions and good terms and conditions of employment. Our aim is to engender an environment where individuals can flourish and be recognised and rewarded for their achievements.

We have consistently sought to recruit and retain the best employees in our market, as this is key to delivering services to the highest standards.

The Group has a policy of equal opportunities, which applies to the recruitment of all new employees and to the management of existing personnel. We offer all of our staff training relevant to their roles and we believe that this has contributed to an increase in employee motivation and satisfaction.

The health and safety of our people is extremely important and we maintain excellent standards. The number of days lost through accidents is well below recognised industry averages.



Jersey Telecom Group

Consolidated Profit & Loss Account for the year ended 31 December 2005

	2005 £'000	2004* £'000
Turnover	84,503	81,649
Costs		
Operating expenses	(56,972)	(56,117)
Depreciation	(11,870)	(10,176)
Amortisation	-	(299)
Cost of restructuring	(1,396)	-
Operating profit on ordinary activities before interest payable and taxation	14,265	15,057
Interest receivable and similar income	543	289
Interest payable and similar charges	(1,821)	(1,852)
Profit on ordinary activities before taxation	12,987	13,494
Taxation	(2,340)	(3,364)
Profit on ordinary activities after taxation	10,647	10,130
Dividends	(7,129)	(3,560)
Retained profit for the financial year	3,518	6,570

All the items dealt with in arriving at the operating profit for 2005 and 2004 relate to continuing operations.

There is no difference between the operating profit for the year stated above, and its historical cost equivalent.

*The profit and loss and balance sheet for 2004 has been restated for the adoption of FRS17 'retirement benefits', FRS21 'events after the balance sheet date' and FRS25 'financial instruments' presentation.



Jersey Telecom Group

Consolidated Balance Sheet as at 31 December 2005

	2005 £'000	2004* £'000
Fixed assets		
Tangible assets	67,783	68,168
Investments	10	10
	<hr/> 67,793	<hr/> 68,178
Current Assets	33,130	28,255
Creditors: amounts falling due within one year	(16,569)	(23,116)
Net current assets	<hr/> 16,561	<hr/> 5,139
Total assets less current liabilities	84,354	73,317
Creditors: amounts falling due after more than one year	(22,980)	(23,023)
Provision for liabilities and charges		
Deferred taxation	(2,222)	(2,494)
Net assets	<hr/> 59,152	<hr/> 47,800
Total shareholders' funds	<hr/> 59,152	<hr/> 47,800

*The profit and loss and balance sheet for 2004 has been restated for the adoption of FRS17 'retirement benefits', FRS21 'events after the balance sheet date' and FRS25 'financial instruments' presentation.



Report of the Remuneration Committee

Remuneration Committee

The Remuneration Committee comprises the non-executive Directors under the chairmanship of John P Henwood. The Committee's terms of reference comply with the Combined Code.

The structure of remuneration is simple with no equity participation by the Directors. Salaries are established by reference to those prevailing in the market generally for Executive Directors of comparable status, responsibility and skills in comparable industries. The Committee uses executive remuneration surveys prepared by independent consultancy firms to assist in establishing market levels.

Changes to salaries and remuneration payments in Jersey Telecom Group are effective from 1st April each year. Increases to the basic salaries of Robert P Lawrence and F Philip Ainsworth between April 2004 and April 2005 were 3.7% and 3.8% respectively.

Non-Executive Directors' fees were set on appointment by the Finance & Economics Committee prior to 1st January 2003.

	Basic Salary/Fees £	Bonuses* £	Benefits in Kind £	Total 2005 £	Total 2004 £
Executive Directors					
Robert P Lawrence	129,325	30,000	-	159,325	154,300
F Philip Ainsworth	105,425	24,000	-	129,425	124,375
Non Executive Directors					
John P Henwood	40,000	-	-	40,000	40,000
John C Boothman	15,000	-	-	15,000	15,000
Dr Nigel W Horne	15,000	-	-	15,000	15,000
David Le Quesne	15,000	-	-	15,000	15,000
Total	319,750	54,000	-	373,750	363,675

*Bonus for 2005 paid in March 2006.

Company pension contributions were made in respect of Executive Directors as follows:

	2005 £	2004 £
Robert P Lawrence	21,248	20,669
F Philip Ainsworth	17,321	16,738



Board of Directors



Chairman

John Henwood

John Henwood has a media background, having joined Channel Television in 1962 as a trainee and left the Group in 2000 as Chief Executive. He served for 13 years as a director of ITV Network and was appointed MBE in 1998. John was a member of the Review Panel on the Machinery of Government and is a past chairman and current President of the Jersey Branch of the Institute of Directors. He is the vice-Chairman of Jersey Finance Limited, a non-executive director of Kleinwort Benson CI Holdings Ltd and the current President of the Chartered Institute of Marketing in Jersey.

Non-executive Directors

John Boothman

John Boothman retired in 2002 as Managing Director of Deutsche Bank International Ltd, a post to which he was appointed in 1993. John is non-executive chairman of Aztec Financial Services Limited and holds several other non-executive directorships in the finance industry. He is also a trustee of the Gerard Le Claire Environmental Trust.

David Le Quesne

David Le Quesne is an Advocate of the Royal Court and Chairman of the Jersey law firm of Viberts. David was called to the Bar in the United Kingdom in 1976 and sworn in as an Advocate of the Royal Court of Jersey in 1980. He specialises in litigation and private client work. David was a member of the Review Panel on the Machinery of Government that produced the recommendations for reform set out in the Clothier Report. He is a non-executive director of Securicor Jersey Limited and is also Chairman of The Jersey Employment Tribunal. David holds the IoD Diploma in Company Direction.

Nigel Horne

Dr Nigel Horne has spent many years in the telecommunications and information technology manufacturing and service industries. His early career was with GEC, which he joined as a student apprentice and left as managing director of the information systems division, and STC and ICL plc where he was a main board director.

Following a period as a partner of KPMG, Nigel was chairman of Alcatel UK Limited for eight years, and over the past few years has been a founder and director of many high technology companies as well as an advisor to major UK bodies including National Air Traffic Services Limited and the Department of Social Security.

Among his professional qualifications Nigel is a Fellow of the Royal Academy of Engineering and of the Institution of Electrical Engineers.

Executive Directors

Bob Lawrence

Bob Lawrence joined Jersey Telecom as an apprentice in 1973 and qualified as a senior telecommunications engineer, working in transmission and radio systems. In 1983 Bob was promoted to manager of the Customer Installation department, then in 1987 he was appointed as Sales and Installation Director, before taking over as Managing Director in 1991.

In addition to having an extensive technical background, Bob has undertaken a wide range of management training at the Cranfield School of Management and Templeton College, Oxford. He also holds the IoD Diploma in Company Direction.

Philip Ainsworth

Philip Ainsworth is a member of the Institute of Chartered Accountants of Scotland and joined Jersey Telecom as Finance Director in 1979 after holding senior positions in public accounting practice, the UK Health Service and the States Treasury. He has been very active in the GSM Association, the trade body for the global GSM mobile operator community, initially as chairman of the Billing and Roaming Working Group and then as a member of the Executive Board from 1999 to 2002. He has continued as a member of the GSM Association Finance Committee and is a non-executive director of GSM Communication Services Ltd. He is also a Non-Executive Director of software vendor, Cerillion Technologies Limited.





Corporate Governance

Corporate Governance

The Directors are committed to maintaining a high standard of Corporate Governance, in accordance with section 1 of the Principles of Good Governance of the Combined Code as incorporated within the Listing Rules issued by the Financial Services Authority. The Board is of the opinion that it has materially complied with the Combined Code, with one exception. As Chairman of the Board, John Henwood is not adjudged to be an independent Non-Executive Director and his membership of the Audit Committee is not in accordance with section C.3.1. of the Code. The Board has taken the view that at this stage in the Company's development it would be disadvantageous for the Chairman of the Board to be excluded from Audit Committee deliberations.

The Board

The Board currently comprises four Non-Executive and two Executive Directors. The Chairman is appointed by the Directors from amongst their number. John C Boothman is the Senior Independent Director.

The Executive Directors are not subject to retirement by rotation but they are subject to the same periods of notice of termination of employment as are the other members of the Company's senior management.

The Board's principal focus is the overall strategic direction, development and control of the Company. Key matters such as approval of the Company's objectives and commercial strategies, budgets and risk management strategy are reserved for the Board and these are set out in a formal statement of the Board's role.

Board Committees

The Board has established and delegated specific responsibilities to the following committees.

Audit Committee

The Audit Committee comprises the Non-Executive Directors under the chairmanship of John P Henwood. Meetings are also attended by invitation, by the Managing Director, the Finance Director, the Company Secretary, the chairman of the Company's Risk Working Group and Deloitte and Touche, the external auditors during 2005.

The Audit Committee supports the Board in the execution of its responsibilities to establish and monitor financial reporting and internal control procedures. The Committee's terms of reference comply with the Combined Code.

Remuneration Committee

The Remuneration Committee comprises the Non-Executive Directors. The Remuneration Committee makes recommendations to the Board regarding the remuneration of executive directors and senior management and considers the ongoing appropriateness and relevance of the remuneration policy.



Nomination Committee

The Nomination Committee comprises the Non-Executive Directors. The Nomination Committee makes recommendations to the Board regarding the appointment of Executive and Non-Executive Directors. The Committee's terms of reference comply with the Combined Code.

Management Board

Responsibility for implementation of the strategies agreed by the Board and the consideration of matters relevant to the day-to-day management of the business is delegated to the Management Board, which is a committee chaired by the Managing Director and made up senior executives. The Management Board normally meets throughout the year on a fortnightly basis.

Internal control

The Board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness whilst the role of management is to implement Board policies on risk and control. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives.

The key procedures which the Board has established to provide effective controls are:

Board reports

Key strategic decisions are taken at Board meetings following due debate and with the benefit of Board papers circulated beforehand. The risks associated with such decisions are a primary consideration in the information presented and discussed by the Board.

Financial information and control

The Company prepares budgets on an annual basis and these budgets are updated on a quarterly basis. The performance of the business against these budgets and forecasts is monitored by the Board. There is an established investment evaluation process to ensure Board approval for all major capital expenditure commitments and includes the scrutiny of business plans by the Board.

Organisation

The Board concentrates mainly on strategic and directional matters and on financial performance. It aims to safeguard the Company's assets and ensure proper and reliable accounting records are maintained. There is a clearly defined organisational structure with established reporting responsibilities, authorities and reporting lines to the Board.

Monitoring of controls

The Company has a Risk Working Group in place to ensure the management of risks across the organisation. Its work involves assessing through a structured work programme, the operating effectiveness and efficiency of those business processes that are core to the organisation. It is also through this forum that work on the management of risks existing in the business is carried out. A database of risks and a view of their impact and likelihood of occurrence is assessed and managed. The Risk Working Group meets quarterly and its Chairman reports directly to the Audit Committee.

Audit Committee

The Audit Committee reviews the effectiveness of the internal control process and discusses the reports of the external auditors with them.

ATTENDANCE AT MEETINGS

	Board	Audit	Remuneration	Nomination
No of Meetings	6	5	1	-
John Henwood	6	5	1	-
John Boothman	6	5	1	-
David Le Quesne	6	4	1	-
Nigel Horne	4	2	1	-
Bob Lawrence*	6	5	-	-
Philip Ainsworth*	6	5	-	-

*Executive Directors do not attend the Remuneration Committee

Relations with shareholder

While the Company is wholly owned by the States of Jersey, under the terms of Article 32(6) of the Telecommunications (Jersey) Law 2002 the Ministry for Treasury and Resources is charged as its representative in matters related to its share holding in the Company. Limitations on the powers of the Minister, which relate principally to share ownership matters, are set out in that same article.

In order to ensure an appropriate accountability framework, a Memorandum of Understanding exists between the Company and the Minister and that Memorandum of Understanding recognises the obligation that the Directors have in regard to operating at all times in the best interests of the Company.



JT Group Ltd
PO Box 53
No 1 The Forum
Grenville Street
St Helier
JERSEY JE4 8PB

