

Annex 1

**Financial Analysis on Local Network Expansion
Project in Colombo Metro Area**

**Table A1-1 Income Statement for Local Network Expansion Project in Colombo Metro Area
(Case A : Switching, Transmission and External Plant Portions)**

PROJECT YEAR	UNIT: 1000 USD																
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	TOTAL
SALES REVENUE																	
CALL/RENTAL CHARGES	18,463	27,849	35,184	41,142	47,491	52,580	52,580	52,580	52,580	52,580	52,580	52,580	52,580	52,580	52,580	52,580	748,514
INSTALLATION FEES	3,900	7,800	5,200	3,900	3,900	2,528	0	0	0	0	0	0	0	0	0	0	27,228
B.T.T	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET SALES REVENUE	22,363	35,649	40,384	45,042	51,391	55,108	52,580	52,580	52,580	52,580	52,580	52,580	52,580	52,580	52,580	52,580	775,742
OPERATING COSTS																	
STAFF COST	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162	2,592
OTHER COST	2,789	4,376	4,936	5,487	6,241	6,680	6,371	6,364	6,358	6,352	6,345	6,339	6,334	6,331	6,329	6,327	93,959
TOTAL OPERATING COSTS	2,951	4,538	5,098	5,649	6,403	6,842	6,533	6,526	6,520	6,514	6,507	6,501	6,496	6,493	6,491	6,489	96,551
INTEREST (LT/ST-LOAN)	0	15,365	13,828	12,292	10,755	9,219	7,682	6,146	4,609	3,073	1,536	0	0	0	0	0	84,506
DEPRECIATION	4,382	7,950	7,950	7,950	7,950	6,671	6,351	6,351	6,351	6,351	6,351	6,351	5,334	3,037	1,757	1,757	92,845
PROFIT BEFORE TAX	15,030	7,796	13,507	19,151	26,283	32,376	32,014	33,557	35,100	36,643	38,186	39,728	40,751	43,051	44,332	44,334	501,839
CORPORATION TAX	6,012	3,118	5,403	7,660	10,513	12,950	12,806	13,423	14,040	14,657	15,274	15,891	16,300	17,220	17,733	17,734	200,736
PROFIT AFTER TAX	9,018	4,677	8,104	11,491	15,770	19,426	19,209	20,134	21,060	21,986	22,911	23,837	24,450	25,830	26,599	26,601	301,104

**Table A1-2 Cash Flow Statement for Local Network Expansion Project in Colombo Metro Area
(Case A : Switching, Transmission and External Plant Portions)**

EXPECTED PROJECT RETURN : IRR01 = 18.37%
IRR02 = 10.12%

SOURCE OF FUND	PROJECT YEAR																			TOTAL	
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014		2015
CASH FROM OPERATION	0	0	0	0	13,400	12,628	16,055	19,441	23,720	26,096	25,560	26,485	27,411	28,337	29,262	30,188	29,785	28,868	28,357	28,358	393,949
EQUITY	510	2,560	11,809	26,856	54,817	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	96,552
LONG-TERM LOAN	0	0	23,638	47,276	47,276	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	118,190
SHORT-TERM LOAN	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL SOURCE OF FUND	510	2,560	35,447	74,132	115,493	12,628	16,055	19,441	23,720	26,096	25,560	26,485	27,411	28,337	29,262	30,188	29,785	28,868	28,357	28,358	608,692
APPLICATION OF FUND																					
TELECOM. FACILITIES (DIGITAL EX. SWITCH, CABLE etc)	0	0	31,607	63,214	96,644	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	191,466
P/O COST-ENGINEER-SERVICE	510	2,560	1,526	0	3,071	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7,676
WORKING CAPITAL INCREASE	0	0	0	3,235	1,950	696	685	932	546	-370	1	1	1	1	1	1	1	1	1	1	0
INTEREST DURING CONSTRUCTION	0	0	2,305	7,682	13,828	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	23,815
SUB-TOTAL	510	2,560	35,447	74,132	115,493	696	685	932	546	-370	1	1	1	1	1	1	1	1	1	1	230,639
REPAYMENT (LT/ST - LOAN)	0	0	0	0	0	11,819	11,819	11,819	11,819	11,819	11,819	11,819	11,819	11,819	11,819	11,819	11,819	11,819	11,819	11,819	118,190
TOTAL APPLICATION OF FUND	510	2,560	35,447	74,132	115,493	12,515	12,504	12,752	12,365	11,449	11,820	11,820	11,820	11,820	11,820	11,820	11,820	11,820	11,820	11,820	348,830
CASH SURPLUS	0	0	0	0	0	113	3,551	6,689	11,354	14,647	13,740	14,665	15,591	16,517	17,442	17,442	29,784	28,867	28,356	28,358	259,897
CASHFLOW	-510	-2,560	-11,809	-26,856	-54,817	113	3,551	6,689	11,354	14,647	13,740	14,665	15,591	16,517	17,442	30,187	29,784	28,867	28,356	28,358	163,310

**Table A1-3 Revenue calculation sheet for Local Network Expansion Project in Colombo Metro Area
(Case A : Switching, Transmission and External Plant Portions)**

Revenue Projection from Switch	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
No. of subscriber	325,817	353,105	381,966	413,571	447,231	479,626	479,626	479,626	479,626	479,626	479,626	479,626	479,626	479,626	479,626	479,626
TSC colombo (OLD)	258,911	258,911	258,911	258,911	258,911	258,911	258,911	258,911	258,911	258,911	258,911	258,911	258,911	258,911	258,911	258,911
TSC colombo (NEW)	66,906	94,194	123,055	154,660	188,320	220,715	220,715	220,715	220,715	220,715	220,715	220,715	220,715	220,715	220,715	220,715
LE colombo	66,906	94,194	123,055	154,660	188,320	220,715	220,715	220,715	220,715	220,715	220,715	220,715	220,715	220,715	220,715	220,715
TSC others	288,059	309,032	330,005	350,977	371,950	392,923	392,923	392,923	392,923	392,923	392,923	392,923	392,923	392,923	392,923	392,923
No. of related subscriber																
TSC colombo (OLD)	0.445x0.58															
TSC colombo (NEW)	0.445x0.58															
LE colombo	1.00															
TSC others	0.410x0.58															
TTL Revenue UNIT : US\$' 000																
TSC colombo (OLD)	906	917	928	928	940	951	951	951	951	951	951	951	951	951	951	951
TSC colombo (NEW)	234	326	421	518	623	720	720	720	720	720	720	720	720	720	720	720
LE colombo	4,334	6,036	7,800	9,588	11,530	13,335	13,335	13,335	13,335	13,335	13,335	13,335	13,335	13,335	13,335	13,335
TSC others	929	986	1,041	1,083	1,133	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182
Total Revenue	5,404	8,268	10,191	12,117	14,226	16,188	16,188	16,188	16,188	16,188	16,188	16,188	16,188	16,188	16,188	16,188
from External Plant																
TTL No. of Subscriber	15,000	45,000	65,000	80,000	95,000	104,722	104,722	104,722	104,722	104,722	104,722	104,722	104,722	104,722	104,722	104,722
New Installed Subscribers	15,000	30,000	20,000	15,000	15,000	9,722	0	0	0	0	0	0	0	0	0	0
FY2000 (UNIT : US\$' 000)	3,254	3,294	3,335	3,335	3,375	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415
FY2001	0	6,440	6,519	6,519	6,597	6,676	6,676	6,676	6,676	6,676	6,676	6,676	6,676	6,676	6,676	6,676
FY2002	0	0	4,245	4,245	4,296	4,348	4,348	4,348	4,348	4,348	4,348	4,348	4,348	4,348	4,348	4,348
FY2003	0	0	0	3,114	3,152	3,189	3,189	3,189	3,189	3,189	3,189	3,189	3,189	3,189	3,189	3,189
FY2004	0	0	0	0	3,075	3,112	3,112	3,112	3,112	3,112	3,112	3,112	3,112	3,112	3,112	3,112
FY2005	0	0	0	0	0	1,967	1,967	1,967	1,967	1,967	1,967	1,967	1,967	1,967	1,967	1,967
Revenue (UNIT : US\$' 000)	3,254	9,735	14,099	17,213	20,495	22,706	22,706	22,706	22,706	22,706	22,706	22,706	22,706	22,706	22,706	22,706
Note: TTL Rev = New sub. x Rev./sub. x Revenue distribution ratio																
Revenue distribution ratio	43.20%															
Revenue collecting ratio	81%															
Revenue collecting ratio	81% - 85%															
Installation charge	3,900	7,800	5,200	3,900	3,900	2,528	0	0	0	0	0	0	0	0	0	0
from Transmission																
Total Revenue	8,806	9,846	10,894	11,812	12,770	13,686	13,686	13,686	13,686	13,686	13,686	13,686	13,686	13,686	13,686	13,686
Note: TTL Rev = TTL sub. x Rev./sub x Revenue distribution ratio x Revenue collecting ratio x 80% x 62%																
Revenue distribution ratio	5.30%															
Revenue collecting ratio	81% - 85%															
New / TTL Facilities	62.00%															
Colombo / National	89.00%															
Grand Total	22,363	35,649	40,384	45,042	51,391	55,108	52,580	52,580	52,580	52,580	52,580	52,580	52,580	52,580	52,580	52,580
(Unit : US\$' 000)																

Table A1-4 Income Statement for Local Network Expansion Project in Colombo Metro Area
 (Case B : External Plant Portion only)

UNIT: 1000 USD

PROJECT YEAR	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	TOTAL
SALES REVENUE	3,254	9,735	14,099	17,213	20,495	22,706	22,706	22,706	22,706	22,706	22,706	22,706	22,706	22,706	22,706	22,706	314,567
CALL/RENTAL CHARGES	3,900	7,800	5,200	3,900	3,900	0	0	0	0	0	0	0	0	0	0	0	27,228
INSTALLATION FEES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B.T.T	7,154	17,535	19,299	21,113	24,395	25,234	22,706	22,706	22,706	22,706	22,706	22,706	22,706	22,706	22,706	22,706	341,794
NET SALES REVENUE	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	1,920
OPERATING COSTS	916	2,158	2,366	2,580	2,971	3,068	2,762	2,760	2,757	2,754	2,752	2,749	2,747	2,744	2,743	2,741	41,567
STAFF COST	1,036	2,278	2,486	2,700	3,091	3,188	2,882	2,880	2,877	2,874	2,872	2,869	2,867	2,864	2,863	2,861	43,487
OTHER COST	0	8,245	7,619	6,733	5,772	4,947	4,123	3,298	2,474	1,649	825	0	0	0	0	0	45,683
TOTAL OPERATING COSTS	1,671	3,507	3,507	3,507	3,507	2,816	2,643	2,643	2,643	2,643	2,643	2,643	2,618	2,152	1,711	1,711	42,565
INTEREST (LT/ST-LOAN)	4,447	3,505	5,687	8,174	12,027	14,283	13,058	13,885	14,713	15,540	16,367	17,194	17,222	17,690	18,133	18,134	210,059
DEPRECIATION	1,779	1,402	2,275	3,289	4,811	5,713	5,223	5,554	5,885	6,216	6,547	6,878	6,889	7,076	7,253	7,254	84,024
PROFIT BEFORE TAX	2,668	2,103	3,412	4,904	7,216	8,570	7,835	8,331	8,828	9,324	9,820	10,316	10,333	10,614	10,880	10,881	126,036
CORPORATION TAX																	
PROFIT AFTER TAX																	

**Table A1-5 Cash Flow Statement for Local Network Expansion Project in Colombo Metro Area
(Case B : External Plant Portion only)**

EXPECTED PROJECT RETURN : IRR01 = 12.58%
 IRR02 = 3.31%

SOURCE OF FUND	PROJECT YEAR													TOTAL							
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009		2010	2011	2012	2013	2014	2015	
CASH FROM OPERATION	0	0	0	4,340	5,610	6,919	8,411	10,723	11,386	10,478	10,975	11,471	11,967	12,463	12,960	12,951	12,766	12,591	12,592	168,600	
EQUITY	1,614	6,286	13,626	48,133	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	69,659
LONG-TERM LOAN	0	12,685	25,370	25,370	992	682	0	0	0	0	0	0	0	0	0	0	0	0	0	0	63,424
SHORT-TERM FINANCE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,674
TOTAL SOURCE OF FUND	1,614	18,971	38,996	77,842	6,602	7,601	8,411	10,723	11,386	10,478	10,975	11,471	11,967	12,463	12,960	12,951	12,766	12,591	12,592	303,358	
APPLICATION OF FUND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	118,064
TELECOM. FACILITIES (DIGITAL EX., SWITCH, CABLE etc)	0	16,927	33,854	67,284	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	118,064
P/O COST, ENGINEER. SERVICE	1,614	807	0	1,614	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,036
WORKING CAPITAL INCREASE	0	0	1,020	1,523	259	267	482	122	-370	0	0	0	0	0	0	0	0	0	0	0	3,308
INTEREST DURING CONSTRUCTION	0	1,237	4,123	7,421	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	12,780
SUB-TOTAL	1,614	18,971	38,996	77,842	259	267	482	122	-370	0	0	0	0	0	0	0	0	0	0	0	138,188
REPAYMENT (LT/ST - LOAN)	0	0	0	0	6,342	7,355	7,025	6,342	6,342	6,342	6,342	6,342	6,342	6,342	6,342	6,342	6,342	6,342	6,342	6,342	65,098
TOTAL APPLICATION OF FUND	1,614	18,971	38,996	77,842	6,602	7,601	7,507	6,466	5,972	6,343	6,343	6,343	6,343	6,343	6,343	6,343	6,343	6,343	6,343	6,343	263,287
CASH SURPLUS	0	0	0	0	0	0	904	4,257	5,414	4,135	4,632	5,128	5,624	6,121	12,959	12,951	12,766	12,590	12,592	100,072	
CASHFLOW	-1,614	-6,286	-13,626	-48,133	0	0	904	4,257	5,414	4,135	4,632	5,128	5,624	6,121	12,959	12,951	12,766	12,590	12,592	30,412	

Table A1-6 Income Statement for Local Network Expansion Project in Colombo Metro Area
(Package I : Switching, Transmission and External Plant Portions)

UNIT: 1000 USD

PROJECT YEAR	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	TOTAL
SALES REVENUE	15,133	21,021	25,809	29,791	34,033	37,547	37,547	37,547	37,547	37,547	37,547	37,547	37,547	37,547	37,547	37,547	538,805
CALL/RENTAL CHARGES	2,119	4,238	2,825	2,119	2,119	1,373	0	0	0	0	0	0	0	0	0	0	14,732
INSTALLATION FEES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B.T.T	17,251	25,259	28,634	31,909	36,152	38,920	37,547	37,547	37,547	37,547	37,547	37,547	37,547	37,547	37,547	37,547	553,597
NET SALES REVENUE																	
OPERATING COSTS																	
STAFF COST	81	81	81	81	81	81	81	81	81	81	81	81	81	81	81	81	1,296
OTHER COST	2,139	3,095	3,494	3,882	4,386	4,714	4,545	4,541	4,536	4,532	4,528	4,524	4,520	4,519	4,517	4,516	66,989
TOTAL OPERATING COSTS	2,220	3,176	3,575	3,963	4,467	4,795	4,626	4,622	4,617	4,613	4,609	4,605	4,601	4,600	4,598	4,597	88,285
INTEREST (LT/ST-LOAN)	0	10,084	9,076	8,068	7,059	6,051	5,042	4,034	3,025	2,017	1,008	0	0	0	0	0	55,464
DEPRECIATION	3,034	5,260	5,260	5,260	5,260	4,422	4,213	4,213	4,213	4,213	4,213	4,213	3,414	1,842	1,070	1,070	61,171
PROFIT BEFORE TAX	11,997	6,739	10,723	14,619	19,366	23,652	23,666	24,679	25,691	26,704	27,717	28,729	29,532	31,105	31,879	31,880	368,677
CORPORATION TAX	4,799	2,696	4,289	5,848	7,746	9,461	9,466	9,871	10,277	10,682	11,087	11,492	11,813	12,442	12,751	12,752	147,471
PROFIT AFTER TAX	7,198	4,043	6,434	8,771	11,619	14,191	14,200	14,807	15,415	16,022	16,630	17,238	17,719	18,663	19,127	19,128	221,206

**Table A1-7 Cash Flow Statement for Local Network Expansion Project in Colombo Metro Area
(Package I : Switching, Transmission and External Plant Portions)**

EXPECTED PROJECT RETURNS : IRR01 = 20.79%
IRR0E = 12.87%

SOURCE OF FUND	UNIT 1000 USD																				
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	TOTAL
CASE FROM OPERATION	0	0	0	0	10,233	9,303	11,694	14,031	16,879	18,614	18,413	19,020	19,628	20,235	20,943	21,451	21,133	20,506	20,197	20,198	282,377
EQUITY	372	1,649	7,671	17,843	30,520	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	58,057
LONG-TERM LOAN	0	0	15,514	31,029	31,029	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	77,572
SHORT-TERM LOAN	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL SOURCE OF FUND	372	1,649	23,186	48,872	71,782	9,303	11,694	14,031	16,879	18,614	18,413	19,020	19,628	20,235	20,943	21,451	21,133	20,506	20,197	20,198	418,006
APPLICATION OF FUND	0	0	20,662	41,325	59,509	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	121,496
TELECOM. FACILITIES (DIGITAL EX. SWITCH CABLE etc)	372	1,649	1,011	0	2,022	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,054
P/O COST, ENGINEER. SERVICE	0	0	2,505	1,175	496	481	623	407	407	-201	1	1	1	1	1	1	1	0	0	0	5,492
WORKING CAPITAL INCREASE	0	0	1,513	5,042	9,076	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15,631
INTEREST DURING CONSTRUCTION	372	1,649	23,186	48,872	71,782	496	481	623	407	-201	1	1	1	1	1	1	1	0	0	0	147,673
SUB-TOTAL	0	0	0	0	0	7,757	7,757	7,757	7,757	7,757	7,757	7,757	7,757	7,757	7,757	7,757	7,757	7,757	7,757	7,757	0
REPAYMENT (LT/ST - LOAN)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL APPLICATION OF FUND	372	1,649	23,186	48,872	71,782	8,253	8,238	8,380	8,164	7,557	7,758	7,758	7,758	7,758	7,758	7,758	7,758	7,758	7,758	7,758	225,245
CASH SURPLUS	0	0	0	0	0	1,050	3,455	5,651	8,715	11,057	10,655	11,262	11,870	12,478	13,085	21,450	21,133	20,505	20,197	20,198	192,751
CASHFLOW	-372	-1,649	-7,671	-17,843	-30,520	1,050	3,455	5,651	8,715	11,057	10,655	11,262	11,870	12,478	13,085	21,450	21,133	20,505	20,197	20,198	134,705

Table A1-8 Income Statement for Local Network Expansion Project in Colombo Metro Area
(Package I : Switching, Transmission and External Plant Portions)

PROJECT YEAR	UNIT: 1000 USD																
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	TOTAL
SALES REVENUE	-1																
CALL/RENTAL CHARGES	3,331	6,827	9,375	11,352	13,458	15,033	15,033	15,033	15,033	15,033	15,033	15,033	15,033	15,033	15,033	15,033	209,709
INSTALLATION FEES	1,781	3,562	2,375	1,781	1,781	1,154	0	0	0	0	0	0	0	0	0	0	12,436
B.T.T	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET SALES REVENUE	5,112	10,390	11,749	13,133	15,240	16,188	15,033	15,033	15,033	15,033	15,033	15,033	15,033	15,033	15,033	15,033	222,145
OPERATING COSTS																	
STAFF COST	81	81	81	81	81	81	81	81	81	81	81	81	81	81	81	81	1,296
OTHER COST	650	1,281	1,442	1,605	1,856	1,967	1,827	1,825	1,823	1,821	1,819	1,817	1,815	1,814	1,813	1,812	26,988
TOTAL OPERATING COSTS	731	1,362	1,523	1,686	1,937	2,048	1,908	1,906	1,904	1,902	1,900	1,898	1,896	1,895	1,894	1,893	28,284
INTEREST (LT/ST-LOAN)	0	5,280	4,953	4,442	3,746	3,168	2,640	2,112	1,584	1,056	528	0	0	0	0	0	29,509
DEPRECIATION	1,347	2,529	2,529	2,529	2,529	2,086	1,976	1,976	1,976	1,976	1,976	1,976	1,758	1,195	849	849	30,054
PROFIT BEFORE TAX	3,033	1,219	2,746	4,476	7,029	8,885	8,509	9,039	9,569	10,099	10,629	11,159	11,379	11,943	12,290	12,291	194,297
CORPORATION TAX	1,213	488	1,098	1,790	2,811	3,554	3,404	3,616	3,828	4,040	4,252	4,464	4,552	4,777	4,916	4,916	53,719
PROFIT AFTER TAX	1,820	731	1,647	2,685	4,217	5,331	5,106	5,424	5,742	6,060	6,378	6,696	6,827	7,166	7,374	7,375	80,578

**Table A1-9 Cash Flow Statement for Local Network Expansion Project in Colombo Metro Area
(Package I : Switching, Transmission and External Plant Portions)**

EXPECTED PROJECT RETURN : IRR01 = 13.79%
IRR02 = 4.96%

PROJECT YEAR	UNIT: 1000 USD																					
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	TOTAL	
SOURCE OF FUND																						
CASH FROM OPERATION	0	0	0	0	3,167	3,260	4,176	5,214	6,746	7,417	7,082	7,400	7,718	8,036	8,354	8,672	8,586	8,361	8,223	8,224	110,633	
EQUITY	138	911	4,137	9,012	24,297	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	38,495	
LONG-TERM LOAN	0	0	8,123	16,247	16,247	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	40,617	
SHORT-TERM LOAN	0	0	0	0	0	1,002	1,091	248	0	0	0	0	0	0	0	0	0	0	0	0	2,341	
TOTAL SOURCE OF FUND	138	911	12,261	25,259	43,711	4,262	5,267	5,462	6,746	7,417	7,082	7,400	7,718	8,036	8,354	8,672	8,586	8,361	8,223	8,224	192,085	
APPLICATION OF FUND																						
TELECOM. FACILITIES (DIGITAL EX. SWITCH, CABLE etc)	0	0	10,944	21,889	37,135	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	69,968	
P/O COST-ENGINEER-SERVICE	138	911	524	0	1,049	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,622	
WORKING CAPITAL INCREASE	0	0	0	730	775	200	203	309	139	-169	0	0	0	0	0	0	0	0	0	0	2,190	
INTEREST DURING CONSTRUCTION	0	0	732	2,640	4,732	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8,184	
SUB-TOTAL	138	911	12,261	25,259	43,711	200	203	309	139	-169	0	0	0	0	0	0	0	0	0	0	82,965	
REPARMENT (LT/ST - LOAN)	0	0	0	0	0	4,062	5,063	5,153	4,310	4,062	4,062	4,062	4,062	4,062	4,062	4,062	4,062	4,062	4,062	4,062	42,958	
TOTAL APPLICATION OF FUND	138	911	12,261	25,259	43,711	4,262	5,267	5,462	4,449	3,893	4,062	4,062	4,062	4,062	4,062	4,062	4,062	4,062	4,062	4,062	125,922	
CASH SURPLUS	0	0	0	0	0	0	0	0	2,296	3,525	3,020	3,338	3,656	3,974	4,292	4,610	4,524	4,300	4,162	4,162	65,163	
CASHFLOW	-138	-911	-4,137	-9,012	-24,297	0	0	0	2,296	3,525	3,020	3,338	3,656	3,974	4,292	4,610	4,524	4,300	4,162	4,162	27,668	

Annex 2

Financial Analysis on Central Ring Fibre Optic Transmission Network Project

Table A2-1 Income Statement for Central Ring Optic Transmission Network Project

UNIT: 1000 USD

PROJECT YEAR	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	TOTAL
SALES REVENUE	6,658	7,366	7,987	8,635	9,254	9,254	9,254	9,254	9,254	9,254	9,254	9,254	9,254	9,254	9,254	132,441
CALL/RENTAL CHARGES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
INSTALLATION FEES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B.T.T	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET SALES REVENUE	6,658	7,366	7,987	8,635	9,254	9,254	9,254	9,254	9,254	9,254	9,254	9,254	9,254	9,254	9,254	132,441
OPERATING COSTS																
STAFF COST	258	258	258	258	258	258	258	258	258	258	258	258	258	258	258	3,870
OTHER COST	817	901	974	1,051	1,124	1,123	1,122	1,121	1,120	1,119	1,118	1,117	1,116	1,115	1,115	16,051
TOTAL OPERATING COSTS	1,075	1,159	1,232	1,309	1,382	1,381	1,380	1,379	1,378	1,377	1,376	1,375	1,374	1,373	1,373	19,921
INTEREST (LT/ST-LOAN)	2,683	2,414	2,146	1,878	1,610	1,341	1,073	805	537	288	-0	0	0	0	0	14,755
DEPRECIATION	1,305	1,305	1,305	1,305	1,305	992	992	992	992	992	992	992	723	454	454	15,098
PROFIT BEFORE TAX	1,595	2,488	3,304	4,143	4,958	5,540	5,810	6,079	6,348	6,617	6,887	6,888	7,157	7,427	7,427	82,668
CORPORATION TAX	638	995	1,322	1,657	1,983	2,216	2,324	2,432	2,539	2,647	2,755	2,755	2,863	2,971	2,971	33,067
PROFIT AFTER TAX	957	1,493	1,982	2,486	2,975	3,324	3,486	3,647	3,809	3,970	4,132	4,133	4,294	4,456	4,456	49,601

Table A2-2 Cash Flow Statement for Central Ring Optic Transmission Network Project

EXPECTED PROJECT RETURN : IRR01 = 16.41%
 IRR02 = 8.49%

PROJECT YEAR	UNIT: 1000 USD																					
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	TOTAL	
SOURCE OF FUND																						
CASH FROM OPERATION	0	0	0	0	0	2,282	2,798	3,287	3,791	4,280	4,316	4,478	4,639	4,801	4,962	5,124	5,124	5,017	4,910	4,910	64,899	
EQUITY	301	301	3,059	6,052	8,657	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	18,369	
LONG-TERM LOAN	0	0	4,127	8,254	8,254	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	20,636	
SHORT-TERM LOAN	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL SOURCE OF FUND	301	301	7,186	14,306	16,911	2,282	2,798	3,287	3,791	4,280	4,316	4,478	4,639	4,801	4,962	5,124	5,124	5,017	4,910	4,910	103,704	
APPLICATION OF FUND																						
TELECOM. FACILITIES (DIGITAL EX., SWITCH, CABLE etc)	0	0	6,482	12,965	12,965	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	32,411	
P/O COST ENGINEER SERVICE	301	301	0	0	602	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,505	
WORKING CAPITAL INCREASE	0	0	0	0	930	104	91	95	91	0	0	0	0	0	0	0	0	0	0	0	1,314	
INTEREST BORING CONSTRUCTION	0	0	402	1,341	2,414	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,158	
SUB-TOTAL	301	301	7,186	14,306	16,911	104	91	95	91	0	0	0	0	0	0	0	0	0	0	0	39,388	
REPAYMENT (LT/ST - LOAN)	0	0	0	0	0	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064	0	0	0	0	0	20,636	
TOTAL APPLICATION OF FUND	301	301	7,186	14,306	16,911	2,168	2,155	2,159	2,155	2,064	2,064	2,064	2,064	2,064	2,064	0	0	0	0	0	60,024	
CASH SURPLUS	0	0	0	0	0	94	643	1,128	1,636	2,216	2,252	2,414	2,575	2,737	2,899	5,124	5,124	5,017	4,910	4,910	43,680	
CASHFLOW	-301	-301	-3,059	-6,052	-8,657	94	643	1,128	1,636	2,216	2,252	2,414	2,575	2,737	2,899	5,124	5,124	5,017	4,910	4,910	25,311	

Annex 3

**Financial Analysis on New ISC, TSC and
Earth Station Project**

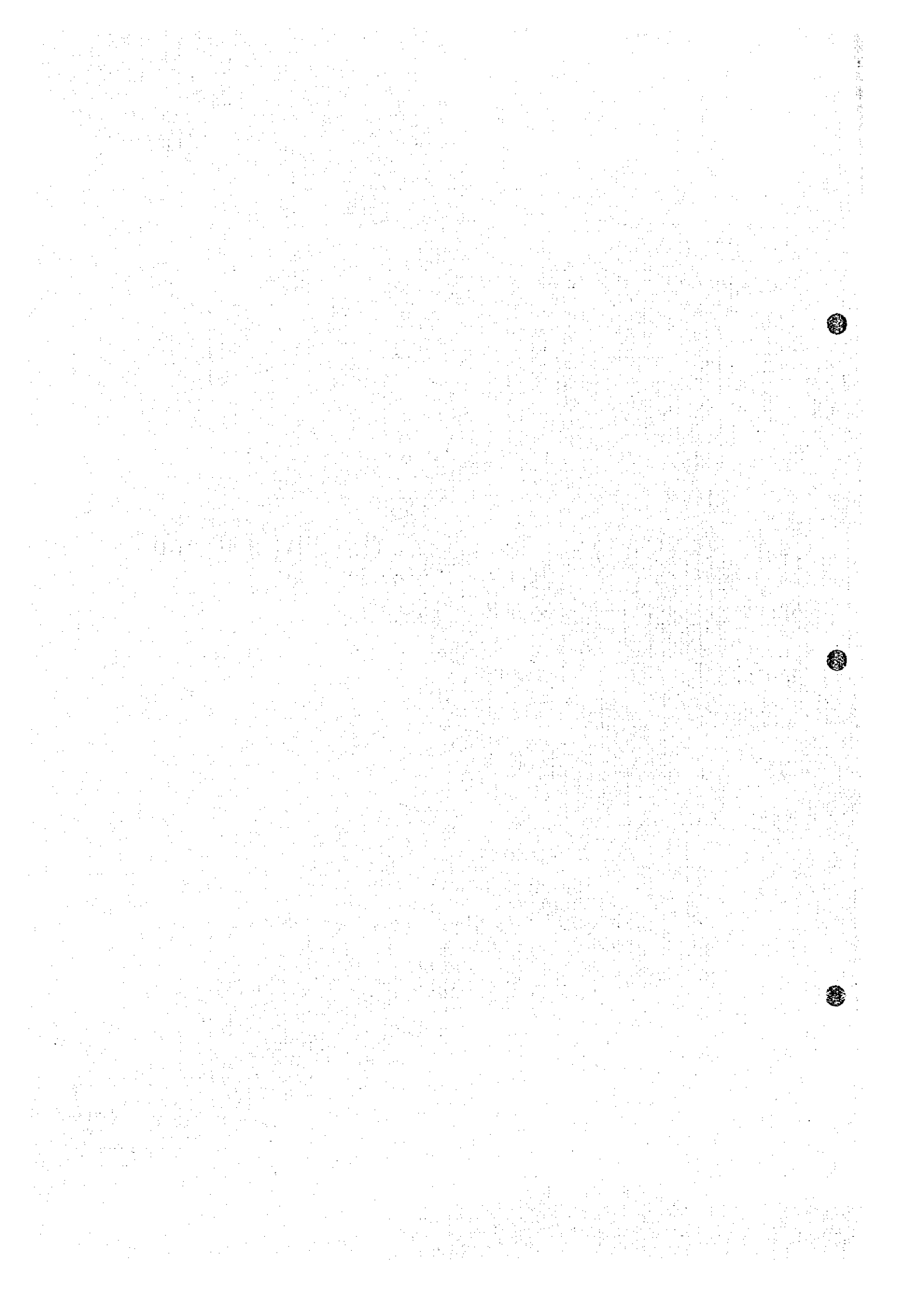


Table A3-1 Income Statement for New ISC, TSC and Earth Station Project

UNIT: 1000 USD

PROJECT YEAR	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	TOTAL
SALES REVENUE	12,711	14,063	15,432	16,485	17,667	17,667	17,667	17,667	17,667	17,667	17,667	17,667	17,667	17,667	17,667	253,031
CALL/RENTAL CHARGES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
INSTALLATION FEES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B.T.T	12,711	14,063	15,432	16,485	17,667	17,667	17,667	17,667	17,667	17,667	17,667	17,667	17,667	17,667	17,667	253,031
NET SALES REVENUE	12,711	14,063	15,432	16,485	17,667	17,667	17,667	17,667	17,667	17,667	17,667	17,667	17,667	17,667	17,667	253,031
OPERATING COSTS																
STAFF COST	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162	2,430
OTHER COST	2,666	2,826	2,989	3,114	3,255	3,253	3,252	3,251	3,250	3,249	3,248	3,247	3,246	3,246	3,246	47,338
TOTAL OPERATING COSTS	2,828	2,988	3,151	3,276	3,417	3,415	3,414	3,413	3,412	3,411	3,410	3,409	3,408	3,408	3,408	49,768
INTEREST (LT/ST-LOAN)	2,385	2,147	1,908	1,670	1,431	1,193	954	716	477	239	0	0	0	0	0	13,119
DEPRECIATION	2,796	2,796	2,796	2,796	2,796	2,517	2,517	2,517	2,517	2,517	2,517	2,517	1,977	1,436	1,436	36,449
PROFIT BEFORE TAX	4,702	6,132	7,577	8,743	10,024	10,542	10,782	11,021	11,261	11,501	11,741	11,742	12,283	12,823	12,823	153,696
CORPORATION TAX	1,881	2,453	3,031	3,497	4,009	4,217	4,313	4,409	4,504	4,600	4,696	4,697	4,913	5,129	5,129	61,479
PROFIT AFTER TAX	2,821	3,679	4,546	5,246	6,014	6,325	6,469	6,613	6,757	6,901	7,044	7,045	7,370	7,694	7,694	92,218

Table A3-2 Cash Flow Statement for New ISC, FSC and Earth Station Project

EXPECTED PROJECT RETURN : IRR01 = 31.17%
 IRR0E = 26.90%

PROJECT YEAR	UNIT 1000 USD																					
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	TOTAL	
SOURCE OF FUND																						
CASH FROM OPERATION	0	0	0	0	0	5,617	6,475	7,342	8,042	8,810	8,842	8,986	9,130	9,274	9,418	9,561	9,562	9,346	9,130	9,130	128,667	
EQUITY	142	415	2,665	5,249	8,408	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	16,880
LONG-TERM LOAN	0	0	3,670	7,339	7,339	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	18,348
SHORT-TERM LOAN	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL SOURCE OF FUND	142	415	6,335	12,588	15,747	5,617	6,475	7,342	8,042	8,810	8,842	8,986	9,130	9,274	9,418	9,561	9,562	9,346	9,130	9,130	163,885	
APPLICATION OF FUND																						
TELECOM. FACILITIES (DIGITAL EX., SWITCH, CABLE etc)	0	0	5,698	11,396	11,396	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	28,490
P/O COST-ENGINEER-SERVICE	142	415	279	0	558	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,394
WORKING CAPITAL INCREASE	0	0	0	0	1,647	199	201	155	174	0	0	0	0	0	0	0	0	0	0	0	0	2,377
INTEREST DURING CONSTRUCTION	0	0	358	1,193	2,147	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,697
SUB-TOTAL	142	415	6,335	12,588	15,747	199	201	155	174	0	0	0	0	0	0	0	0	0	0	0	0	35,957
REPAYMENT (LT/ST - LOAN)	0	0	0	0	0	1,835	1,835	1,835	1,835	1,835	1,835	1,835	1,835	1,835	1,835	0	0	0	0	0	0	18,348
TOTAL APPLICATION OF FUND	142	415	6,335	12,588	15,747	2,033	2,036	1,989	2,008	1,835	1,835	1,835	1,835	1,835	1,835	0	0	0	0	0	0	54,305
CASH SURPLUS	0	0	0	-2	0	2,584	4,439	5,353	6,033	6,975	7,007	7,151	7,295	7,439	7,583	9,561	9,562	9,346	9,130	9,130	109,590	
CASHFLOW	-142	-415	-2,665	-5,249	-8,408	3,584	4,439	5,353	6,033	6,975	7,007	7,151	7,295	7,439	7,583	9,561	9,562	9,346	9,130	9,130	92,709	

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