

ONKWAWISTA LIMITED

DIRECTORS REPORT AND FINANCIAL STATEMENTS

For the year ended 31st March 2011

ONKWAWISTA LIMITED

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For the year ended 31st March 2011

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ONKWAWISTA LIMITED

Company Information

| | |
|--------------------------|--|
| Directors | C.G. Hepburn M.J. Quayle (Resigned 23rd July 2010) L.Hunt (Appointed 23rd July 2010) M.J. Lewin |
| Secretary | IFG International (Secretaries) Limited |
| Registered office | International House Castle Hill Victoria Road Douglas Isle of Man IM2 4RB |
| Registered Number | 116496C |

ONKWAWISTA LIMITED**DIRECTORS REPORT**

For the year ended 31st March 2011

The Directors hereby submit their report on the activities and the audited financial statements of the Company for the year ended 31 March 2011 which have been prepared in accordance with the provisions of the Isle of Man Companies Acts, 1931-2004.

Principal Activity

The Company's principal activity is that of an investment company.

Results and Dividend

The results for the year are set out on page 4. The Directors have not declared a dividend during the year ended 31 March 2011. (2010 : CAD 17,441,796).

Directors and their interests

The Directors who served during the year and to the date of the signing of these financial statements and their interests in the Company are as stated below:

| | Ordinary shares | |
|---------------------------------------|-----------------|-----------|
| | 31Mar2011 | 01Apr2010 |
| M.J. Quayle (Resigned 23rd July 2010) | - | - |
| C.G. Hepburn | - | - |
| M.J. Lewin | - | - |
| L.Hunt (Appointed 23rd July 2010) | - | - |

Statement of Directors Responsibilities in respect of the Directors Report and the Financial Statements

The Directors are responsible for preparing the Directors report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year, which meet the requirements of Isle of Man company law. In addition, the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK Accounting Standards and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Acts 1931 to 2004. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Auditors

A resolution proposing that KPMG Audit LLC be reappointed as auditors of the Company in accordance with Section 12 (2) of the Isle of Man Companies Act 1982 will be put to the Annual General Meeting.

On behalf of the Board

(Secretary)

For and on behalf of IEG International (Secretaries) Limited

Dated 10th January 2012

Report of the Independent Auditors, KPMG Audit LLC, to the members of Onkwawista Limited

We have audited the financial statements of Onkwawista Limited for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards.

This report is made solely to the Company's members, as a body, in accordance with Section 15 of the Companies Act 1982. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the Directors are responsible for the preparation of financial statements that give a true and fair view. Our responsibility is to audit and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Accounting Standards; and
- have been properly prepared in accordance with the provisions of Companies Acts 1931 to 2004.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Acts 1931 to 2004 require us to report to you if, in our opinion:

- proper books of account have not been kept and proper returns adequate for our audit have not been received from branches not visited by us; or
- the Company's balance sheet and profit and loss account are not in agreement with the books of account and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



19 January 2012

KPMG Audit LLC
Chartered Accountants
Heritage Court
41 Athol Street
Douglas
Isle of Man IM99 1HN

ONKWAWISTA LIMITEDPROFIT AND LOSS ACCOUNT
For the year ended 31st March 2011

| | Notes | <u>2011</u> CAD | <u>2010</u> CAD |
|---------------------------|-------|--------------------|--------------------|
| INCOME | 1.2 | | |
| Bank interest | | 55,812 | 316 |
| Dividend receivable | | 16,061,627 | 17,451,031 |
| Loan interest | 4 | 115,522 | - |
| | | ----- | ----- |
| | | 16,232,961 | 17,451,347 |
| | | ----- | ----- |
| EXPENDITURE | 1.3 | | |
| Professional fees | | 2,897 | - |
| Bank charges and interest | | 207 | 151 |
| Loss on currency exchange | 1.5 | 946,382 | 86,645 |
| | | ----- | ----- |
| | | (949,486) | (86,796) |
| | | ----- | ----- |
| PROFIT FOR THE YEAR | | <u>15,283,475</u> | <u>17,364,551</u> |

There are no recognised gains or losses other than the profit above.

The Directors consider that all results derive from continuing activities.

The notes on pages 6 to 8 form an integral part of these Financial Statements.

ONKWAWISTA LIMITEDBALANCE SHEET
as at 31st March 2011

| | Notes | <u>2011</u> CAD | <u>2010</u> CAD |
|---|-------|--------------------|--------------------|
| Fixed Assets | | | |
| Unquoted Investment | 3 | 14,550,000 | 14,550,000 |
| Current Assets | | | |
| Debtors | 4 | 6,020,607 | - |
| Cash at bank | | 18,159,495 | 407,831 |
| | | ----- | ----- |
| | | 24,180,102 | 407,831 |
| Creditors: amounts falling due within one year | 5 | (23,077,475) | (14,588,679) |
| | | ----- | ----- |
| Net current assets/(liabilities) | | 1,102,627 | (14,180,848) |
| | | ----- | ----- |
| TOTAL NET ASSETS | | <u>15,652,627</u> | <u>369,152</u> |
| Capital and Reserves | | | |
| Called up share capital | 6 | 110 | 110 |
| Profit and Loss account | 7 | 15,652,517 | 369,042 |
| | | ----- | ----- |
| EQUITY SHAREHOLDERS' FUNDS | | <u>15,652,627</u> | <u>369,152</u> |

These Financial Statements were approved by the Board of Directors on the 10th day of January 2012 on its behalf by:-

Director

Director

The notes on pages 6 to 8 form an integral part of these Financial Statements.

ONKWAWISTA LIMITED

Notes forming part of the financial statements
For the year ended 31st March 2011

1. Accounting Policies

1.1. Basis of Accounting

The financial statements are prepared under the historical cost convention and in accordance with UK Accounting Standards.

1.2. Income

All income is accounted for on an accruals basis.

1.3. Expenditure

All expenses are provided for on an accruals basis.

1.4. Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

1.5. Foreign Currency Translation

Transactions in foreign currencies are translated at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities are translated at the rate of exchange at the balance sheet date. Gains and losses arising on translation are taken to the Profit & Loss account.

1.6. Cash flow statement

Under Financial Reporting Standard 1 (Revised) 1996, "Cash Flow Statements" the Company is exempt from the requirement to prepare a cash flow statement on the grounds that the company qualifies as a small company.

2. Taxation

The company is subject to tax in the Isle of Man at 0% so no provision has been made in these financial statements.

3. Unquoted Investment

| | <u>2011</u> |
|------------------------|-------------|
| | CAD |
| Cost | |
| At 1st April 2010 | 14,550,000 |
| Additions | - |
| Disposals | - |
| | ----- |
| as at 31st March 2011 | 14,550,000 |
| | ----- |
| Net book values | |
| as at 31st March 2011 | 14,550,000 |
| | ----- |
| as at 1st April 2010 | 14,550,000 |
| | ----- |

ONKWAWISTA LIMITED

Notes forming part of the financial statements
For the year ended 31st March 2011 (continued)

3. **Unquoted Investment (continued)****Holdings of 20% or more**

The Company holds 20% or more of the share capital of the following companies:

| Company | Country of incorporation | Shares held class | Proportion of shares held |
|------------------------------|-----------------------------|----------------------|---------------------------------|
| Continent 8 Technologies Plc | Isle of Man | Ordinary | 39.77% |

At 31st March 2011 the net asset value of the company's investment in Continent 8 Technologies Plc was CAD 11,702,887. This represents an unrealised loss of CAD 2,847,113 but the Directors feel it is not appropriate to provide for this loss as it does not represent a permanent diminution.

| 4. Debtors | <u>2011</u> CAD | <u>2010</u> CAD |
|--|--------------------|--------------------|
| Loan to Continent 8 Technologies Plc (US\$6,000,000) | 5,856,321 | - |
| Accrued loan interest | 115,522 | - |
| Accrued bank interest | 48,764 | - |
| | ----- | ----- |
| | 6,020,607 | - |
| | ----- | ----- |

The above loan is unsecured, bears interest at 3% per annum and is due for repayment on 8th August 2012.

| 5. Creditors: amounts falling due within one year | <u>2011</u> CAD | <u>2010</u> CAD |
|---|--------------------|--------------------|
| Unsecured loans payable (See note 11) | 23,077,475 | 14,588,679 |
| | ----- | ----- |
| | 23,077,475 | 14,588,679 |
| | ----- | ----- |

The above loans are unsecured, interest free and repayable on demand.

| 6. Share Capital | <u>2011</u> CAD | <u>2010</u> CAD |
|--|--------------------|--------------------|
| Authorised | | |
| 1,500 Ordinary 'A' Shares of US\$1.00 each | 1,650 | 1,650 |
| 1,500 Ordinary 'B' Shares of US\$1.00 each | 1,650 | 1,650 |
| | ----- | ----- |
| | 3,300 | 3,300 |
| | ----- | ----- |
| Allotted, called up and fully paid | | |
| 50 Ordinary 'A' Shares of US\$1.00 each | 55 | 55 |
| 50 Ordinary 'B' Shares of US\$1.00 each | 55 | 55 |
| | ----- | ----- |
| | 110 | 110 |
| | ----- | ----- |

ONKWAWISTA LIMITED

Notes forming part of the financial statements
For the year ended 31st March 2011 (continued)

| | | | |
|----|---------------------------------|--------------------|--------------------|
| 7. | Profit and Loss Reserves | 2011 CAD | 2010 CAD |
| | Reserves brought forward | 369,042 | 446,287 |
| | Profit for the year | 15,283,475 | 17,364,551 |
| | Dividend paid | - | (17,441,796) |
| | | ----- | ----- |
| | Reserves carried forward | 15,652,517 | 369,042 |
| | | ----- | ----- |

8. **Immediate parent undertaking**

The immediate parent undertaking is Onkwawista Holdings Limited, a company registered in the Isle of Man.

9. **Profit and Loss Account**

The majority of expenses associated with maintaining the Company in good statutory order are borne by a third party directly.

10. **Commitments**

The Company entered into a charge on 30th June 2006 whereby the Company has agreed to charge to Continent 8 Technologies Plc the Company's total holding of shares in Continent 8 Technologies Plc as security for the performance of Mohawk Internet Technologies obligations under the DC & ISP Agreement.

11. **Related Party Transactions**

During the financial year, the Company advanced a loan of US\$6,000,000 to Continent 8 Technologies Plc, of which it holds a 39.77% shareholding. This loan is subject to interest at 3% per annum and falls due for repayment on 8th August 2012. The Company also has a loan payable of CAD\$23,077,475 which is due to its immediate parent company, Onkwawista Holdings Limited at the year end.

| | | |
|------------------------------------|--------------------|--------------------|
| Amounts due to related parties : | 2011 CAD | 2010 CAD |
| Onkwawista Holdings Limited | 23,077,475 | 14,588,679 |
| | ----- | ----- |
| | 23,077,475 | 14,588,679 |
| | ----- | ----- |
| Amounts due from related parties : | 2011 CAD | 2010 CAD |
| Continent 8 Technologies Plc | 5,856,321 | - |
| Accrued loan interest | 115,522 | - |
| | ----- | ----- |
| | 5,971,843 | - |
| | ----- | ----- |

12. **Ultimate controlling parties**

The ultimate controlling parties are Mohawk Council of Kahnawake and Tewaohnni'saktha who each hold 50% of the share capital of Onkwawista Holdings Limited.