

**Cable & Wireless Jamaica Limited**  
**Consolidated Financial Statements**  
**For the year ended March 31, 2006**

The Board of Directors of Cable & Wireless, Jamaica Limited releases the consolidated results of the Company, Jamaica Digiport International (JDI), and other subsidiaries, (collectively referred to as the Group), for the year ended March 31, 2006.

In spite of the challenges of a fiercely competitive landscape, as well as, the highly inflationary economic environment, the Group for the year stabilized its earnings resulting in a slightly lower net profit attributable to stockholders of \$2,145M compared to the previous year of \$2,281M. The decline was primarily due to, a restructuring charge of \$312M relating to the reengineering and outsourcing of various business functions that commenced the fourth quarter. When adjusted for this restructuring charge, net profit attributable to stockholders would have increased by \$176M or 8% to \$2,457M.

If the Group was to eliminate the impact of one time charges incurred in the fourth quarter, the Group would have generated an increase in net profit attributable to stakeholders of \$240M to \$889M, reflecting a 37% increase over the same period last year.

*Revenue* for the year ended March 31, 2006 increased \$321M or 1% to \$22,535M compared to \$22,214M in the previous year primarily due to gains in our wholesale and Internet revenues which were partially offset by declines in mobile. For the year, Internet revenues continue to experience significant growth with the Company's average monthly ADSL subscriber base increasing 388% over the prior year's closing subscriber base.

The upward trend in total mobile subscribers established in Q3 resulting in accumulated growth in subscribers of 20% since the launch of the Anyone plan in September 2005, continues and has contributed to increased market share. Furthermore, total minutes on our mobile network have increased by 58% since the launch of Anyone and 60% since March 31, 2005.

*Gross margin* of \$15,412M reflects an increase of \$433M or 3% compared to prior year due to benefits from lower mobile handset subsidy levels. We also benefited from increased margin contributions from our Internet services. Consistent with the growth in the subscriber base, the increased margin contribution was partially offset by increased international outpayments in our fixed voice business.

*Total operating expenses* have increased by \$597M or 5% to \$11,561M from \$10,964M in the same period last year, driven primarily by increases in marketing spend and employee expenses. For the fiscal year, employee expenses increased by \$83M or 3% to \$3,228M from \$3,145M in the prior year primarily due to the restructuring charges of \$312M. When adjusted for the restructuring charges, employee expenses declined by 7% primarily due to an increase in the income recognized from the pension assets. Employee expenses net of restructuring charge and pension adjustments remained relatively flat.

Subsequent to the year end, the Group announced the outsourcing of its contact centre to a company with extensive expertise in customer relationship management. This decision was taken with the view of improving the customer experience and has been appropriately provided for in the financials.

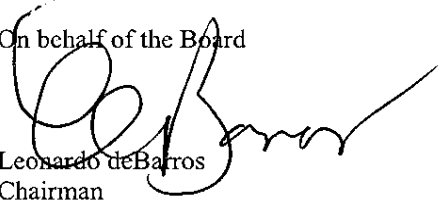
Administrative, marketing and selling expenses increased by \$216M or 4% to \$5,588M from \$5,372M during the same period last year. This has been driven by increased investment in marketing of our mobile and fixed voice product portfolios. As well, the investment made during the year in our mobile network has resulted in increased site rental and operational costs.


*Operating profit* of \$3,851M was relatively flat compared to \$4,015M in the previous year as a result of the restructuring charge; and, increased selling and administrative expenses as discussed above. Net financing costs which consists primarily of interest costs incurred by the Group declined by \$368M due to the repayment of third party loans in the previous year. Profit before taxes declined by 4% year over year primarily due to capital losses offset by lower financing cost.

*Net profit attributable to stockholders* of \$2,145M for the year declined 6% when compared to the same period last year. This has yielded earnings per share of 12.75 cents compared to 13.56 cents for the same period last year.

These Consolidated Financial Statements were audited by KPMG and have been prepared in accordance with and comply with standards issued by the International Accounting Standard Board. The same accounting and methods of computation are followed in the interim financial statements, except for disclosure relating to segment reporting which was discontinued with effect from the first quarter reporting. As the Company's core operations are centered on the provision of integrated telecommunication solutions in all of its distribution channels across all of its product offering, it is management's view that any financial presentation highlighting a subset of its product offering does not truly reflect a business segment as defined by IAS 14.

On behalf of the Board

  
Leonardo de Barros  
Chairman

  
Rodney S Davis  
President and CEO

May 25, 2006

## Cable &amp; Wireless Jamaica Limited

Year ended March 31, 2006  
Group Income Statement

|  | <u>2006</u><br>\$'000 | <u>2005</u><br>\$'000 |
|--|-----------------------|-----------------------|
| Revenue  | <u>22,534,979</u>     | <u>22,213,581</u>     |
| Outpayments                                    | 5,834,698             | 4,956,198             |
| Other cost of sales                            | <u>1,288,613</u>      | <u>2,279,099</u>      |
| Total cost of sales                            | <u>7,123,311</u>      | <u>7,235,297</u>      |
| Gross margin                                   | <u>15,411,668</u>     | <u>14,978,284</u>     |
| Employee expenses                              | 3,228,384             | 3,145,757             |
| Administrative, marketing and selling expenses | 5,588,137             | 5,372,070             |
| Depreciation and amortisation                  | <u>2,744,190</u>      | <u>2,445,705</u>      |
| Total operating expenses                       | <u>11,560,711</u>     | <u>10,963,532</u>     |
| Operating profit                               | 3,850,957             | 4,014,752             |
| Net financing costs                            | 696,036               | 1,064,780             |
| Other  | <u>175,812</u>        | ( <u>150,254</u> )    |
| Profit   | 2,979,109             | 3,100,226             |
| Taxation                                       | <u>833,881</u>        | <u>819,092</u>        |
| Net profit attributable to stockholders        | <u>2,145,228</u>      | <u>2,281,134</u>      |
| Dealt with in the financial statements of:     |                       |                       |
| The company                                    | 2,059,220             | 2,181,897             |
| The subsidiaries                               | <u>86,008</u>         | <u>99,237</u>         |
|  | <u>2,145,228</u>      | <u>2,281,134</u>      |
| Earnings per stock unit                        | <u>12.75¢</u>         | <u>13.56¢</u>         |

## Cable &amp; Wireless Jamaica Limited

Year ended March 31, 2006

## Group Balance Sheet

|   | 2006<br>\$'000           | 2005<br>\$'000           |
|---|--------------------------|--------------------------|
| Property, plant & equipment             | 26,777,618               | 27,622,370               |
| Intangible assets                       | 1,007,070                | 622,923                  |
| Investments                             | 100                      | 100                      |
| Deferred expenditure                    | 45,235                   | 33,211                   |
| Employee benefits assets                | <u>3,649,000</u>         | <u>2,645,000</u>         |
| Total non-current assets                | <u>31,479,023</u>        | <u>30,923,604</u>        |
| Cash and cash equivalents               | 1,799,510                | 1,781,123                |
| Accounts receivable                     | 3,423,450                | 3,759,647                |
| Taxation recoverable                    | 73,572                   | -                        |
| Prepaid expenses                        | 491,622                  | 190,070                  |
| Due from related companies              | 288,746                  | 122,515                  |
| Inventories                             | 423,288                  | 370,653                  |
| Current portion of deferred expenditure | <u>108,321</u>           | <u>117,456</u>           |
| Total current assets                    | <u>6,608,509</u>         | <u>6,341,464</u>         |
| <b>TOTAL ASSETS</b>                     | <b><u>38,087,532</u></b> | <b><u>37,265,068</u></b> |
| Stated capital/share capital            | 16,817,440               | 16,817,440               |
| Reserves                                | 2,498,156                | 870,425                  |
| Accumulated profit                      | <u>1,014,145</u>         | <u>1,477,095</u>         |
| <b>TOTAL EQUITY</b>                     | <b><u>20,329,751</u></b> | <b><u>19,164,960</u></b> |
| Bank overdraft, unsecured               | -                        | 548                      |
| Trade and other accounts payable        | 5,155,118                | 6,024,806                |
| Provisions                              | 263,625                  | 67,192                   |
| Current portion of loans                | 385,727                  | 364,950                  |
| Taxation                                | -                        | 225,324                  |
| Due to related companies                | <u>30,081</u>            | <u>9,068</u>             |
| Total current liabilities               | <u>5,834,551</u>         | <u>6,691,888</u>         |
| Loans                                   | 219,501                  | 563,957                  |
| Due to ultimate parent company          | 6,764,838                | 7,032,783                |
| Deferred tax liability                  | 3,197,097                | 2,364,843                |
| Provisions                              | 531,705                  | 349,548                  |
| Employee benefits obligations           | <u>1,210,089</u>         | <u>1,097,089</u>         |
| Total non-current liabilities           | <u>11,923,230</u>        | <u>11,408,220</u>        |
| <b>TOTAL LIABILITIES</b>                | <b><u>17,757,781</u></b> | <b><u>18,100,108</u></b> |
| <b>TOTAL EQUITY &amp; LIABILITIES</b>   | <b><u>38,087,532</u></b> | <b><u>37,265,068</u></b> |

## Cable &amp; Wireless Jamaica Limited

Year ended March 31, 2006  
Company Balance Sheet

|  | <u>2006</u><br>\$'000    | <u>2005</u><br>\$'000    |
|--|--------------------------|--------------------------|
| Property, plant & equipment              | 26,706,236               | 27,532,757               |
| Intangible assets                        | 1,007,070                | 622,923                  |
| Interest in subsidiaries, shares at cost | 12,117,349               | 12,117,350               |
| Investments                              | 100                      | 100                      |
| Deferred expenditure                     | 45,235                   | 33,211                   |
| Employee benefits assets                 | <u>3,649,000</u>         | <u>2,645,000</u>         |
| <b>Total non-current assets</b>          | <b><u>43,524,990</u></b> | <b><u>42,951,341</u></b> |
| Cash and cash equivalents                | 1,636,667                | 1,649,052                |
| Accounts receivable                      | 3,379,934                | 3,731,151                |
| Prepaid expenses                         | 491,622                  | 190,070                  |
| Due from related companies               | 298,349                  | 121,496                  |
| Company tax recoverable                  | 71,832                   | -                        |
| Inventories                              | 423,288                  | 370,014                  |
| Current portion of deferred expenditure  | <u>108,321</u>           | <u>117,456</u>           |
| <b>Total current assets</b>              | <b><u>6,410,013</u></b>  | <b><u>6,179,239</u></b>  |
| <b>TOTAL ASSETS</b>                      | <b><u>49,935,003</u></b> | <b><u>49,130,580</u></b> |
| Stated capital/share capital             | 16,817,440               | 16,817,440               |
| Reserves                                 | 2,432,666                | 833,534                  |
| Accumulated profit                       | <u>704,089</u>           | <u>1,253,046</u>         |
| <b>TOTAL EQUITY</b>                      | <b><u>19,954,195</u></b> | <b><u>18,904,021</u></b> |
| Bank overdraft, unsecured                | -                        | 548                      |
| Trade and other payables                 | 5,056,430                | 5,955,749                |
| Provisions                               | 263,625                  | 67,192                   |
| Current portion of loans                 | 385,727                  | 364,950                  |
| Taxation                                 | -                        | 227,739                  |
| Due to related companies                 | <u>30,081</u>            | <u>9,068</u>             |
| <b>Total current liabilities</b>         | <b><u>5,735,863</u></b>  | <b><u>6,625,246</u></b>  |
| Due to subsidiaries                      | 12,329,526               | 12,201,516               |
| Loans                                    | 219,501                  | 563,957                  |
| Due to ultimate parent company           | 6,764,838                | 7,030,908                |
| Deferred tax liability                   | 3,197,097                | 2,364,843                |
| Provisions                               | 523,894                  | 343,000                  |
| Employee benefits obligations            | <u>1,210,089</u>         | <u>1,097,089</u>         |
| <b>Total non-current liabilities</b>     | <b><u>24,244,945</u></b> | <b><u>23,601,313</u></b> |
| <b>TOTAL LIABILITIES</b>                 | <b><u>29,980,808</u></b> | <b><u>30,226,559</u></b> |
| <b>TOTAL EQUITY &amp; LIABILITIES</b>    | <b><u>49,935,003</u></b> | <b><u>49,130,580</u></b> |

## Cable &amp; Wireless Jamaica Limited

Year ended March 31, 2006  
Group Statement of Cashflows

|  | <u>2006</u><br>\$'000 | <u>2005</u><br>\$'000 |
|--|-----------------------|-----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                      |                       |                       |
| Net profit attributable to stockholders                          | 2,145,228             | 2,281,134             |
| Adjustments for:   |                       |                       |
| Unrealised translation losses on loans                           | 42,507                | 8,254                 |
| Employee benefits, net   | ( 891,000)            | ( 422,677)            |
| Depreciation   | 2,744,190             | 2,445,705             |
| Amortisation of deferred expenditure                             | 136,016               | 273,520               |
| Deferred taxation  | 832,254               | 2,823,780             |
| Loss on disposal of property, plant & equipment                  | 601,276               | 147,599               |
| Gain on disposal of investment                                   | -                     | ( 297,853)            |
| Income tax expense   | 1,627                 | (2,004,688)           |
| Interest expense   | 1,018,425             | 1,142,440             |
| Provisions   | <u>182,157</u>        | <u>349,548</u>        |
| Cash generated before changes in working capital                 | 6,812,680             | 6,746,762             |
| Accounts receivable  | 336,197               | ( 187,080)            |
| Prepaid expenses   | ( 301,552)            | ( 190,070)            |
| Due from related companies                                       | ( 166,231)            | ( 36,910)             |
| Inventories  | ( 52,635)             | ( 80,941)             |
| Accounts payable   | ( 869,688)            | 1,017,241             |
| Provisions   | 196,433               | 67,192                |
| Due to related companies   | <u>21,013</u>         | <u>( 73,545)</u>      |
| Cash generated from operations                                   | 5,976,217             | 7,262,649             |
| Income tax paid  | <u>( 300,523)</u>     | <u>( 65,491)</u>      |
| Net cash provided by operating activities                        | <u>5,675,694</u>      | <u>7,197,158</u>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                      |                       |                       |
| Unrealised translation adjustment on consolidation               | 28,609                | 2,545                 |
| Acquisition of property, plant & equipment and intangible assets | (2,966,435)           | (5,278,792)           |
| Proceeds from disposal of property, plant & equipment            | 81,574                | 405,042               |
| Proceeds from disposal of investments                            | -                     | 427,426               |
| Deferred expenditure incurred                                    | <u>( 138,905)</u>     | <u>( 171,998)</u>     |
| Net cash used by investing activities                            | <u>(2,995,157)</u>    | <u>(4,615,777)</u>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                      |                       |                       |
| Decrease in secured loans  | ( 461,234)            | (2,613,988)           |
| Dividends paid   | (1,009,046)           | -                     |
| Due to ultimate parent company                                   | <u>(1,191,322)</u>    | <u>( 298,069)</u>     |
| Net cash used by financing activities                            | <u>(2,661,602)</u>    | <u>(2,912,057)</u>    |
| Net increase/(decrease) in cash and cash equivalents             | 18,935                | ( 330,676)            |
| Cash and cash equivalents at beginning of year                   | <u>1,780,575</u>      | <u>2,111,251</u>      |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>                  | <u>1,799,510</u>      | <u>1,780,575</u>      |
| Comprised of:  |                       |                       |
| Cash and bank balances   | 1,799,510             | 1,781,123             |

Cable & Wireless Jamaica Limited

Year ended March 31, 2006  
Group Statement of Cashflows

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|                |                  |                  |
|----------------|------------------|------------------|
| Bank overdraft | <u>-</u>         | <u>( 548)</u>    |
|                | <u>1,799,510</u> | <u>1,780,575</u> |

## Cable &amp; Wireless Jamaica Limited

Year ended March 31, 2006  
Group Statement of Cashflows

|  | Stated capital/<br>Share capital<br>\$'000 | Reserves<br>\$'000 | Accumulated<br>profit<br>\$'000 | Total<br>\$'000   |
|--|--|--------------------|---------------------------------|-------------------|
| The Group:   |  |                    |                                 |                   |
| Balances at April 1, 2004                              | 16,817,440                                 | 756,366            | ( 506,187)                      | 17,067,619        |
| Net profit attributable to stockholders                | -  | -                  | 2,281,134                       | 2,281,134         |
| Release of appreciation in fair value<br>of investment | -  | (186,338)          | -                               | ( 186,338)        |
| Unrealised translation adjustment<br>on consolidation  | -  | 2,545              | -                               | 2,545             |
| Transfer to capital reserve, net                       | <u>-</u>                                   | <u>297,852</u>     | <u>( 297,852)</u>               | <u>-</u>          |
| Balances at March 31, 2005                             | 16,817,440                                 | 870,425            | 1,477,095                       | 19,164,960        |
| Net profit attributable to stockholders                | -  | -                  | 2,145,228                       | 2,145,228         |
| Dividends  | -  | -                  | (1,009,046)                     | ( 1,009,046)      |
| Transfer from capital reserve                          | -  | ( 833,534)         | 833,534                         | -                 |
| Transfer to employee benefits reserve                  | -  | 2,432,666          | (2,432,666)                     | -                 |
| Unrealised translation adjustment<br>on consolidation  | <u>-</u>                                   | <u>28,609</u>      | <u>-</u>                        | <u>28,609</u>     |
| Balances at March 31, 2006                             | <u>16,817,440</u>                          | <u>2,498,166</u>   | <u>1,014,145</u>                | <u>20,329,751</u> |
| Retained in the financial statements of:               |  |                    |                                 |                   |
| The company  | 16,817,440                                 | 2,432,666          | 704,089                         | 19,954,195        |
| The subsidiaries                                       | <u>-</u>                                   | <u>65,500</u>      | <u>310,056</u>                  | <u>375,556</u>    |
| Balances at March 31, 2006                             | <u>16,817,440</u>                          | <u>2,498,166</u>   | <u>2,613,277</u>                | <u>20,329,751</u> |
| The company  | 16,817,440                                 | 833,534            | 1,253,047                       | 18,904,021        |
| The subsidiaries                                       | <u>-</u>                                   | <u>36,891</u>      | <u>224,048</u>                  | <u>260,939</u>    |
| Balances at March 31,                                  | <u>16,817,440</u>                          | <u>870,425</u>     | <u>1,477,095</u>                | <u>19,164,960</u> |