

Cable & Wireless Jamaica Limited
Consolidated Financial Statements
For the three months ended June 30, 2007

The Board of Directors of Cable & Wireless Jamaica Limited releases the unaudited consolidated results of the Company, Jamaica Digiport International (JDI), and other subsidiaries, (collectively referred to as the "Group", for the three months ended June 30, 2007.

Revenue for the quarter ended June 30, 2007 decreased 0.7% to \$5,942M compared to \$5,982M in the previous year. Revenue increases from the Group's mobile and internet offerings have been offset by declines in fixed voice and business solutions revenues.

Mobile revenue increased by 20% over the same period last year driven by a 35% increase in customer numbers and 34% increase in minutes of use. Recently launched additions to the *ANYONE* family of plans (*ANYONE FREETIME* and *ANYONE WORLD*) have been well received in the marketplace and continue to highlight the value offered by the *BMobile* network. During the quarter, the Group completed the roll out of 200 additional 850Mhz cell sites resulting in improved capacity and coverage.

Internet revenues were up 36% over the same period last year with continued acquisition of ADSL and VoIP customers.

Fixed voice revenues decreased by 8% compared to the same period last year. The changing mix and margins on this business reflect the difficult conditions in this increasingly competitive market and the impact of the subsidy on installations for the *HOMEFONE* product, which we ceased in July. The fixed voice subscriber base has grown by 17% over the last 12 months while revenues per line have fallen due to the increased pressure on international outbound rates from calling cards, bundled minute plans and VoIP alternatives.

The fixed voice strategy for the future is to promote the Group's major postpaid products, calling cards and residential calling bundles whilst rigorously controlling the cost of installations and repairs.

At June 30 2007 Accounts receivable included \$609M relating to unbilled amounts and outpayments recoverable from local and international third party carriers (March 31, 2007 - \$809M). We review these amounts on a monthly basis with reference to all available information at the review date and effect adjustments as necessary.

Revenues from equipment sales were 36% lower than in the same quarter a year ago as a result of timing issues round contract closures.

Gross Margin of \$3,537M has fallen 7% compared to the prior year reflecting the changes in revenue mix and associated cost changes described above. The Group expects to deliver material savings in cost of sales for the remainder of the year.

Total Operating Expenses (excluding depreciation) have increased by 13% to \$2,540M. This was largely driven by costs associated with the 2007 ICC Cricket World Cup sponsorship, costs associated with the increased installation of prepaid *HOMEFONE* and increased costs due to volume increases in the call centre. A business transformation program is currently underway which the Group expects will deliver material savings in total operating expenses for the remainder of the year.

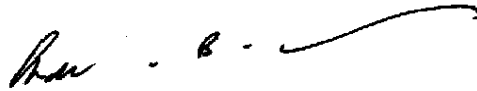
Operating profit of \$256m declined by 68% compared to the previous period last year as a result of the decline in gross margin and the increase in operating expenses.

Outlook

We are making good progress in the mobile and Internet markets and expect the rest of the year to continue these trends. We have taken aggressive action to remedy the issues in our fixed line segment. We expect the succeeding quarters to show considerable improvement on this quarter one.

These Unaudited Consolidated Financial Statements have been prepared in accordance with and comply with standards issued by the International Accounting Standard Board.

On behalf of the Board



Andrew Cocking
Director



Rodney Davis
Director

13 August 2007

Group Income Statement
Quarter Ended June 30, 2007
\$000's

	3 Months to June 30, 2006	12 months to March 31, 2007	3 Months to June 30, 2007
Revenue	5,982,430	24,680,778	5,942,001
Outpayments	(1,540,861)	(6,676,472)	(1,691,177)
Other costs of sales	(629,649)	(1,995,109)	(713,877)
Total Cost of Sales	(2,170,510)	(8,671,581)	(2,405,054)
Gross Margin	3,811,920	16,009,197	3,536,947
Employee Expenses	(909,158)	(3,228,141)	(647,344)
Administrative, marketing, and selling expenses	(1,331,281)	(5,803,800)	(1,893,005)
Depreciation	(753,123)	(3,013,848)	(740,485)
Total Operating Expenses	(2,993,562)	(12,045,789)	(3,280,835)
Operating profit	818,358	3,963,408	256,112
Net finance costs			
Foreign exchange (losses)/gains	(25,843)	(17,572)	(33,054)
Other finance costs	(274,154)	(1,126,052)	(262,695)
Finance income	20,345	85,933	19,913
	(279,652)	(1,057,691)	(275,837)
Other income/(expenses)	0	231,582	(32,630)
Profit/(Loss) Before taxation	538,706	3,137,299	(52,354)
Taxation	173,733	1,083,533	(24,205)
Net (loss)/profit attributable to stockholders	364,973	2,053,766	(28,149)
EPS	2.17	12.20	(0.17)

Group Balance Sheet
Quarter ended June 30, 2007
\$000's

	<u>June 30, 2006</u>	<u>March 31, 2007</u>	<u>June 30, 2007</u>
Property Plant & Equipment	26,593,900	27,954,728	29,048,197
Intangible asset	1,024,791	691,528	581,660
Deferred Expenditure	45,765	80,454	119,438
Employee benefits assets	3,747,000	3,614,000	3,791,500
Total Non-Current Assets	31,411,456	32,340,710	33,540,795
Cash & cash equivalents	1,839,877	1,410,225	699,059
Accounts receivable	3,715,246	4,379,512	4,740,227
Prepaid expenses	697,577	1,171,843	1,924,476
Due from related companies	267,154	121,035	148,659
Company tax recoverable	72,262	86,996	87,082
Inventories	331,713	431,483	474,120
Current portion of deferred expenditure	112,071	204,512	314,010
Total current assets	7,035,899	7,805,406	8,387,633
TOTAL ASSETS	38,447,354	40,146,116	41,928,428
Share Capital	16,817,440	16,817,440	16,817,440
Reserves	2,564,833	2,491,656	2,495,190
Accumulated (deficit)/profit	1,316,839	1,012,732	747,583
TOTAL EQUITY	20,699,112	20,321,828	20,060,213
Trade and other payables	5,024,161	5,884,046	5,934,405
Provisions	175,735	0	0
Short-term bridge financing loans	0	3,042,124	0
Current portion of loans	369,755	12,391	12,476
Due to related companies	50,771	40,421	8,900
Total current liabilities	5,620,422	8,978,982	5,955,781
Loans	194,189	222,515	4,150,529
Due to ultimate parent company	6,767,718	4,143,418	5,254,667
Deferred tax liability	3,370,840	4,565,000	4,540,795
Asset retirement obligation	549,262	382,462	395,755
Employee benefits obligation	1,245,810	1,531,911	1,570,688
Total non-current liabilities	12,127,819	10,845,306	15,912,434
TOTAL LIABILITIES	17,748,242	19,824,288	21,868,215
TOTAL EQUITY & LIABILITIES	38,447,354	40,146,116	41,928,428

Group Statement of Changes in Shareholders' Equity
 Quarter ended June 30, 2006
 \$'000's

	<u>Share Capital</u>	<u>Reserves</u>	<u>Accumulated Profit</u>	<u>Total</u>
Balance at April 1, 2006	16,817,440	2,498,166	1,014,145	20,329,751
Net profit after tax for the period	0	0	364,973	364,973
Transfer to employee benefit reserves	0	62,279	(62,279)	0
Unrealised translation adjustment on consolidation	0	4,388	0	4,388
Balance at June 30 2006	16,817,440	2,564,833	1,316,839	20,699,112
Balance at April 1, 2006	16,817,440	2,498,166	182,331	19,497,937
Profit for the year	0	0	2,053,766	2,053,766
Dividends	0	0	(672,698)	(672,698)
Actuarial gains and losses recognised directly in equity, net of deferred tax	0	0	(574,000)	(574,000)
Transfer fro employee benefits reserve	0	(23,333)	23,333	0
Unrealised translation adjustment on consolidation	0	16,823	0	16,823
Balance at March 31 2007	16,817,440	2,491,656	1,012,732	20,321,828
Net loss for the period	0	0	(28,149)	(28,149)
Actuarial gains and losses recognised directly in equity, net of deferred tax	0	0	(237,000)	(237,000)
Unrealised translation adjustment on consolidation	0	3,534	0	3,534
Balance at June 30 2007	16,817,440	2,495,190	747,583	20,060,213

Group Statement of Cashflows
Quarter Ended 30 June 2007
\$'000

	3 Months to Jun 30, 2006	12 months to March 31, 2007	3 Months to Jun 30, 2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit attributable to stockholders	364,973	2,053,766	(28,149)
Adjusted for:			
Unrealised translation losses on loans	(8,649)	33,093	(31,752)
Employee benefits, net	(62,279)	(763,089)	(375,723)
Depreciation and amortisation	753,123	3,013,848	740,485
Amortisation of deferred expenditure	24,570	162,438	44,455
Deferred taxation	173,733	1,082,000	24,205
(Gain)/Loss on disposal of property plant and equipment and intangible assets	8,020	(161,224)	5,851
Income tax expense	0	1,533	0
Interest earned	(17,838)	(55,711)	(12,298)
Interest expense	274,154	1,126,052	264,345
Provisions	17,557	(149,243)	(13,293)
Cash generated before changes in working capital	1,527,364	6,343,463	618,126
Accounts receivable	(291,696)	(953,455)	(360,715)
Prepaid expenses	(205,955)	(680,021)	(1,837,480)
Due from related companies	21,592	167,711	1,022,984
Inventories	91,575	(8,195)	(42,637)
Trade and other accounts payables	(130,957)	651,335	50,369
Provisions	(87,890)	(263,625)	0
Short term bridge loan	0	3,042,124	0
Due to related companies	20,690	10,340	(31,521)
Cash generated from operations	944,723	8,309,677	(580,883)
Income tax paid	0	(14,957)	0
Net cash provided by operating activities	944,723	8,294,720	(580,883)
CASH FLOWS FROM INVESTING ACTIVITIES			
Unrealised translation adjustment on consolidation	4,388	16,823	3,534
Acquisition of property plant & equipment and intangible assets	(586,048)	(4,076,898)	(1,783,495)
Proceeds from disposal of property plant & equipment	0	362,707	72
Interest received	19,549	53,204	9,947
Deferred expenditure incurred	(20,289)	(293,848)	(192,937)
Net cash used by investing activities	(582,400)	(3,938,012)	(1,962,879)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease)/Increase in loans	(41,284)	(403,415)	885,890
Dividends paid	0	(672,698)	0
Interest paid	(26,903)	(1,048,460)	(80,583)
Due to ultimate parent company	(253,769)	(2,621,420)	1,027,289
Net cash used by financing activities	(321,956)	(4,745,993)	1,832,596
Net decrease in cash and cash equivalents	40,367	(389,285)	(711,166)
Cash and cash equivalents at beginning of year	1,799,510	1,799,510	1,410,225
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,839,877	1,410,225	699,059