Cable & Wireless Jamaica Limited
Audited Consolidated Financial Statements
For The Year Ended March 31, 2008

The Board of Directors of Cable & Wireless Jamaica Limited ("the Company") releases the audited consolidated results of the Company, Jamaica Digiport International (JDI), and other subsidiaries, (collectively referred to as "CWJ"), for the year ended March 31, 2008.

Outlook

With the new senior management in place CWJ's focus in the last six months has been on getting the basics right and on implementing the "CWJ Transformation Plan". Substantial progress has been made in many areas. Key highlights were the improvement in channel distribution with the opening of three flagship "Life Style Stores" plus seven Lifestyle outlets; Call Centre customer service improvements; network performance improvement in wireless and internet availability; and a substantial reduction in repair fault backlog as a result of Hurricane Dean in August 2007.

In addition, the company has repositioned the pricing and features of many of its core products, in particular those where profitability was below expectations.

CWJ will continue with the agenda set-up in the transformation plan with the deployment of a new 3G mobile network commencing in 2008; aggressive channel expansion in key locations; quality improvements across all products and a superior customer value proposition.

The Board of Directors fully supports the new initiatives and strategy outlined by the senior management and is confident in a solid growth of the business in the future.

Results

Revenue declined 7.2% in the year ended March 31, 2008 from $24,681m to $22,895m. The continued focus on Mobile has resulted in increased customer numbers and an increase in revenues. Broadband and data revenues increased by 4% and 22% respectively.

Both fixed line national and international voice revenues have decreased by 15%. International fixed line voice has decreased as a result of interconnect pricing pressures while national fixed voice has declined as a result of the poor performance of the prepaid voice product.

Gross Margin of $13,275m has fallen 17% compared with the same period last year, as a result of the decline in fixed line revenue and higher mobile handset subsidies.

Total Operating Expenses (excluding depreciation & amortisation) increased by 16% over March 31, 2007. This increase was driven by higher administrative, marketing and selling expenses of $1,569m which was offset by a reduction in employee expenses of $107m.

Operating loss before impairment of $496m represents a decline of $4,459m compared with the same period last year due to the decline in gross margin and the increase in operating expenses.

Impairment
The increasingly competitive mobile trading environment and the subsequent deterioration in the trading performance from 2006/07 were identified as indicators that the property, plant and equipment may be impaired. In accordance with IAS 36 a review was undertaken, as a result of which we have written down CWJ's mobile asset base by $5,145m.

Net finance costs have increased by 44% due primarily to:

- an increase of $120m in foreign exchange losses as a result of the depreciation of the Jamaican dollar against the British pound and the United States dollar: and
- an increase of $352m in interest and debt issuance expenses resulting from an increase in net borrowings

Net loss attributable to stockholders of $4,195m has been recorded for the year compared with a profit of $2,054m in 2007. This has yielded a loss per stock unit of 24.94 cents compared with earnings last year of 12.20 cents.

In the light of current trading we do not intend to recommend a final dividend in respect of this financial year.

Pension
The members of the Cable & Wireless Jamaica pension plan have voted in favour of its restructuring from a defined benefit to a defined contribution scheme. This change is expected to become effective in the first half of the 2008/2009 financial year once approval has been received from the regulator.

Loans
The main external debt facility was repaid in full, on May 12, 2008. The settlement of this facility was funded by an intercompany loan from Cable & Wireless International.

These audited consolidated financial statements have been prepared on the historical cost basis and in accordance with International Financial Reporting Standards.

On behalf of the Board

Andrew Cocking
Director

Philip Green
Director

	2008 $'000	2007 $'000
Revenue	22,894,540	24,680,778
Out payments	6,847,686	6,676,472
Other cost of sales	2,771,921	1,995,109
Total cost of sales	9,619,607	8,671,581
Gross margin	13,274,933	16,009,197
Employee expenses	3,120,781	3,228,141
Administrative, marketing and selling expenses	7,372,511	5,803,800
Depreciation and amortisation	3,277,663	3,013,848
Total operating expenses	13,770,955	12,045,789
Operating (loss)/profit before impairment	(496,022)	3,963,408
Impairment	(5,145,535)	-
Operating (loss)/profit	(5,641,557)	3,963,408
Net finance costs		
Foreign exchange losses	(137,127)	(17,572)
Other finance costs	(1,477,836)	(1,126,052)
Finance income	95,528	85,933
	(1,519,435)	(1,057,691)
Other (expenses)/income	(55,390)	231,581
(Loss)/profit before taxation	(7,216,382)	3,137,298
Taxation	3,021,684	(1,083,533)
(Loss)/profit attributable to stockholders	(4,194,698)	2,053,765
Dealt with in the financial statements of:		
The company	(4,253,954)	2,021,161
The subsidiaries	59,256	32,604
	(4,194,698)	2,053,765
(Loss)/earnings per stock unit	(24.94¢)	12.20¢

	2008 $'000	2007 $'000
Property, plant and equipment	25,690,799	27,954,728
Intangible assets	522,006	691,528
Deferred expenditure	55,516	80,454
Employee benefits assets	3,492,000	3,614,000
Total non-current assets	29,760,321	32,340,710
Cash and cash equivalents	846,488	1,410,225
Accounts receivable	3,748,324	4,379,512
Taxation recoverable	95,989	86,996
Prepaid expenses	375,760	1,171,643
Due from related companies	136,475	121,035
Inventories	155,541	431,483
Current portion of deferred expenditure	284,818	204,512
Total current assets	5,643,395	7,805,406
TOTAL ASSETS	35,403,716	40,146,116
Share capital	16,817,440	16,817,440
Reserves	2,443,218	2,491,656
(Accumulated deficit)/unappropriated surplus	(4,565,159)	1,012,732
TOTAL EQUITY	14,695,499	20,321,828
Trade and other accounts payable	5,470,684	5,884,046
Provisions	322,766	-
Short-term bridge financing loans	-	3,042,124
Current portion of long-term loans	749,039	12,391
Due to related companies	47,116	40,421
Total current liabilities	6,589,605	8,978,982
Provisions	1,349,017	382,462
Long-term loans	3,421,455	222,515
Due to ultimate parent company	6,434,933	4,143,418
Deferred tax liability	1,061,207	4,565,000
Employee benefits obligations	1,852,000	1,531,911
Total non-current liabilities	14,118,612	10,845,306
TOTAL LIABILITIES	20,708,217	19,824,288
TOTAL EQUITY AND LIABILITIES	35,403,716	40,146,116

	Share capital $'000	Reserves $'000	(Accumulated deficit) /Unappropriated surplus $'000	Total $'000
Balances at March 31, 2006	16,817,440	2,498,166	182,331	19,497,937
Profit attributable to stockholders	-	-	2,053,765	2,053,765*
Dividends	-	-	(672,697)	(672,697)
Actuarial losses recognised directly in equity, net of deferred tax	-	-	(574,000)	(574,000)*
Transfer from employee benefits reserve	-	(23,333)	23,333	-
Unrealised translation adjustment on consolidation	-	16,823	-	16,823*
Balances at March 31, 2007	16,817,440	2,491,656	1,012,732	20,321,828
Loss attributable to stockholders	-	-	(4,194,698)	(4,194,698)*
Dividends	-	-	(504,526)	(504,526)
Actuarial losses recognised directly in equity, net of deferred tax	-	-	(960,000)	(960,000)*
Transfer from employee benefits reserve	-	(81,333)	81,333	-
Unrealised translation adjustment on consolidation	-	32,895	-	32,895*
Balances at March 31, 2008	16,817,440	2,443,218	(4,565,159)	14,695,499

*Total recognised loss for the year aggregated $5,121,803,000 (2007: recognised gains for the year aggregated $1,496,588,000).

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	2008 $'000	2007 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit attributable to stockholders	(4,194,698)	2,053,765
Adjustments for:		
Unrealised translation losses on long-term loans	34,186	33,093
Employee benefits, net	(997,911)	(763,089)
Depreciation and amortisation	3,277,663	3,013,848
Provision for impairment	5,145,535	-
Amortisation of deferred expenditure	287,984	162,438
Taxation	(3,021,684)	1,083,533
Loss/(gain) on disposal of property, plant and equipment and intangible assets	117,470	(161,224)
Interest earned	(59,450)	(55,711)
Interest expense	1,477,836	1,126,052
Provisions	966,555	(149,243)
Cash generated before changes in working capital	3,033,486	6,343,462
Accounts receivable	628,798	(953,455)
Prepaid expenses	795,883	(680,021)
Due from related companies	(15,440)	167,711
Inventories	275,942	(8,195)
Trade and other accounts payable	(580,916)	651,335
Provisions	322,766	(263,625)
Short term bridge loan	(3,042,124)	3,042,124
Due to related companies	6,695	10,340
Cash generated from operations	1,425,090	8,309,676
Income tax paid	(11,102)	(14,957)
Net cash provided by operating activities	1,413,988	8,294,719
CASH FLOWS FROM INVESTING ACTIVITIES		
Unrealised translation adjustment on consolidation	32,895	16,823
Acquisition of property, plant and equipment and intangible assets	(6,107,217)	(4,076,898)
Proceeds from disposal of property, plant and equipment	-	362,707
Interest received	61,840	53,204
Deferred expenditure incurred	(343,352)	(293,848)
Net cash used by investing activities	(6,355,834)	(3,938,012)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(decrease) in long-term loans	3,901,402	(403,415)
Dividends paid	(504,526)	(672,697)
Interest paid	(1,147,494)	(1,048,460)
Due to ultimate parent company	2,128,727	(2,621,420)
Net cash provided/(used) by financing activities	4,378,109	(4,745,992)
Net decrease in cash and cash equivalents	(563,737)	(389,285)
Cash and cash equivalents at beginning of year	1,410,225	1,799,510
CASH AND CASH EQUIVALENTS AT END OF YEAR	846,488	1,410,225

	2008 $'000	2007 $'000
Revenue	22,778,113	24,574,123
Out payments	6,838,497	6,668,152
Other cost of sales	2,776,394	1,988,203
Total cost of sales	9,614,891	8,656,355
Gross margin	13,163,222	15,917,768
Employee expenses	3,102,799	3,210,365
Administrative, marketing and selling expenses	7,345,695	5,776,540
Depreciation and amortisation	3,266,253	2,999,148
Total operating expenses	13,714,747	11,986,053
Operating (loss)/profit before impairment	(551,525)	3,931,715
Impairment	(5,145,535)	-
Operating (loss)/profit	(5,697,060)	3,931,715
Net finance costs:		
Foreign exchange losses	(133,199)	(16,078)
Other finance costs	(1,475,831)	(1,124,103)
Finance income	83,732	80,346
	(1,525,298)	(1,059,835)
Other (expenses)/income	(55,389)	231,281
(Loss)/profit before taxation	(7,277,747)	3,103,161
Taxation	3,023,793	(1,082,000)
(Loss)/profit attributable to stockholders	(4,253,954)	2,021,161

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	2008 $'000	2007 $'000
Property, plant and equipment	25,645,752	27,898,271
Intangible assets	522,006	691,528
Interest in subsidiaries, shares at cost	12,117,350	12,117,350
Deferred expenditure	55,516	80,454
Employee benefits assets	3,492,000	3,614,000
Total non-current assets	41,832,624	44,401,603
Cash and cash equivalents	666,450	1,313,908
Accounts receivable	3,698,632	4,339,234
Prepaid expenses	375,722	1,171,207
Due from related companies	150,680	121,035
Company tax recoverable	89,694	80,137
Inventories	155,541	431,483
Current portion of deferred expenditure	284,818	204,512
Total current assets	5,421,537	7,661,516
TOTAL ASSETS	47,254,161	52,063,119
Share capital	16,817,440	16,817,440
Reserves	2,328,000	2,409,333
(Accumulated deficit)/unappropriated profits	(4,967,075)	670,072
TOTAL EQUITY	14,178,365	19,896,845
Trade and other payables	5,387,209	5,796,739
Provisions	322,766	-
Short-term bridge financing loans	-	3,042,124
Current portion of long-term loans	749,039	12,391
Due to related companies	47,116	40,421
Total current liabilities	6,506,130	8,891,675
Provisions	1,340,865	375,716
Long-term loans	3,421,455	222,515
Due to ultimate parent company	6,434,933	4,143,418
Deferred tax liability	1,061,207	4,565,000
Due to subsidiaries	12,459,206	12,436,039
Employee benefits obligations	1,852,000	1,531,911
Total non-current liabilities	26,569,666	23,274,599
TOTAL LIABILITIES	33,075,796	32,166,274
TOTAL EQUITY AND LIABILITIES	47,254,161	52,063,119

Company Statement of Changes in Stockholders' Equity

	Share capital $'000	Reserves $'000	(Accumulated deficit) /unappropriated profits $'000	Total $'000
Balances at March 31, 2006	16,817,440	2,432,666	(127,725)	19,122,381
Profit attributable to stockholders	-	-	2,021,161	2,021,161*
Dividends	-	-	(672,697)	(672,697)
Actuarial losses recognised directly in equity, net of deferred tax	-	-	(574,000)	(574,000)*
Transfer from employee benefits reserve	-	(23,333)	23,333	-
Balances at March 31, 2007	16,817,440	2,409,333	670,072	19,896,845
Loss attributable to stockholders	-	-	(4,253,954)	(4,253,954)*
Dividends	-	-	(504,526)	(504,526)
Actuarial losses recognised directly in equity, net of deferred tax	-	-	(960,000)	(960,000)*
Transfer from employee benefits reserve	-	(81,333)	81,333	-
Balances at March 31, 2008	16,817,440	2,328,000	(4,967,075)	14,178,365

*Total recognised loss for the year aggregated $5,213,954,000 (2007: recognised gains for the year aggregated $1,447,161,000).

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Company Statement of Cash flows

	2008	2007
	$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit attributable to stockholders	(4,253,954)	2,021,161
Adjustments for:		
Unrealised translation losses on loans	34,186	33,093
Employee benefits, net	(997,911)	(763,089)
Depreciation and amortisation	3,266,253	2,999,148
Provision for impairment	5,145,535	-
Amortisation of deferred expenditure	287,984	162,438
Deferred taxation	(3,023,793)	1,082,000
Loss on disposal of property, plant and equipment and intangible assets	117,470	(160,924)
Interest earned	(47,653)	(50,124)
Interest expense	1,475,831	1,124,103
Provisions	965,149	(148,178)
Cash generated before changes in working capital	2,969,097	6,299,628
Accounts receivable	643,405	(956,693)
Prepaid expenses	795,485	(679,585)
Due from related companies	(29,645)	177,314
Inventories	275,942	(8,195)
Trade and other accounts payable	(577,652)	662,717
Provisions	322,766	(263,625)
Short term bridge loan	(3,042,124)	3,042,124
Due to related companies	6,695	10,340
Cash generated from operations	1,363,969	8,284,025
Income tax paid	(9,557)	(8,305)
Net cash provided by operating activities	1,354,412	8,275,720
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(6,107,217)	(4,075,000)
Proceeds from disposal of property, plant and equipment	-	360,283
Interest received	44,850	47,617
Deferred expenditure incurred	(343,352)	(293,848)
Net cash used by investing activities	(6,405,719)	(3,960,948)
CASH FLOWS FROM FINANCING ACTIVITIES		
Due to subsidiaries	23,167	106,513
Increase/(decrease) in loans	3,901,402	(403,415)
Dividends paid	(504,526)	(672,697)
Interest paid	(1,144,921)	(1,046,512)
Due to ultimate parent company	2,128,727	(2,621,420)
Net cash provided/(used) by financing activities	4,403,849	(4,637,531)
Net decrease in cash and cash equivalents	(647,458)	(322,759)
Cash and cash equivalents at beginning of year	1,313,908	1,636,667
CASH AND CASH EQUIVALENTS AT END OF YEAR	666,450	1,313,908