

Cable & Wireless Jamaica Limited
Unaudited Consolidated Financial Statements
For The Quarter Ended June 30, 2008

The Board of Directors of Cable & Wireless Jamaica Limited (“the Company”) releases the unaudited consolidated results of the Company, Jamaica Digiport International (JDI), and other subsidiaries, (collectively referred to as “CWJ”), for the quarter ended June 30, 2008.

Highlights

We have continued our focus on getting the basics right and implementing the “CWJ Transformation Plan”. The highlights are:

- We signed a contract with Ericsson on 2 July 2008 for the first phase of our 3G wireless network;
- We launched new mobile calling plans to deliver better value to customers – “Superpak” and “Ultrapak” were launched on 12 May 2008;
- We were the first to launch a prepaid BlackBerry service in Jamaica on 23 June 2008;
- In June 2008, we deployed “Homefone Xpress” which delivers traditional fixed voice services over our mobile network – this makes voice services available to customers in remote areas and expedites service provisioning;
- We’ve improved our customer service metrics – repair time improved by 100% and installation time by 57% in the quarter; and
- We implemented a cost reduction programme to mitigate rising inflation and fuel costs – we expect to see the benefits in the second half of the year.

We are working hard to improve our performance and are focused on delivering world class customer experience, better value to our customers and increased value to our stockholders in the future. We expect to see the benefits in the coming quarters.

Results

Revenue for the quarter declined 4% from \$5,942m in 2007 to \$5,704m in 2008. With respect to Data, there was a 14% (\$37m) increase in revenue over 2007 due to a high run rate for international data services and the continued strong performance of “metronet” services. This was more than offset by a 16% reduction in mobile revenue to \$1,333m as a result of our change in strategy since the first quarter of 2007 to focus on gross margin which has improved by 11 percentage points.

Gross Margin overall increased by 6% to \$3,762m compared with the same period last year, as a result of a 19% decline in total cost of sales. Gross margin as a percentage of revenue increased from 60% to 66%. This improvement was largely driven by improved mobile margins, changes in fixed line traffic mix and fixed line rate increases implemented in the second half of 2007/08.

Total Operating Expenses (excluding depreciation & amortisation) increased by 3% over the quarter ended June 2007. Employee expenses increased by 23% due to a reduction in pension credit compared with the same period last year. This increase was partially offset by a 3% decline in administrative, marketing and selling expenses due to ICC Cricket World Cup sponsorship costs in the first quarter of 2007/08.

Operating profit of \$383m was 49% higher than the quarter ended June 2007 mainly as a result of the increase recorded in gross margin.

Net finance costs have increased by 55% over June 2007 due primarily to an increase of \$158m in interest and debt issuance expenses resulting from an increase in net borrowings over last year and the early repayment of an external debt facility.

Net loss attributable to stockholders of \$27.4m was marginally below the June 2007 quarter resulting in a loss per stock unit of 16c compared to 17c.

These unaudited 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

Eduardo Ryan
Director & CFO

**Cable & Wireless Jamaica
Group Income Statement (Unaudited)
Quarter ended June 30, 2008
\$000's**

	3 Months to June 2008	12 Months to March 2008	3 Months to June 2007
Revenue	5,703,749	22,894,540	5,942,001
Outpayments	(1,505,530)	(6,847,686)	(1,691,177)
Other costs of sales	(436,152)	(2,771,921)	(713,877)
Total Cost of Sales	(1,941,682)	(9,619,607)	(2,405,054)
Gross Margin	3,762,067	13,274,933	3,536,947
Employee Expenses	(799,209)	(3,120,781)	(647,344)
Administrative, marketing, and selling expenses	(1,832,235)	(7,372,511)	(1,893,005)
Depreciation and amortisation	(748,116)	(3,277,663)	(740,485)
Total Operating Expenses	(3,379,560)	(13,770,955)	(3,280,835)
Operating profit/(loss) before impairment	382,507	(496,022)	256,112
Impairment	-	(5,145,535)	-
Operating profit/(loss)	382,507	(5,641,557)	256,112
Net finance costs			
Foreign exchange (losses)	(21,721)	(137,127)	(33,054)
Other finance costs	(420,736)	(1,477,836)	(262,695)
Finance income	13,900	95,528	19,913
	(428,557)	(1,519,435)	(275,837)
Other expenses	-	(55,390)	(32,630)
Loss before taxation	(46,050)	(7,216,382)	(52,355)
Taxation	18,649	3,021,684	24,205
Loss attributable to stockholders	(27,401)	(4,194,698)	(28,149)
Loss per stock unit	(0.16¢)	(24.94¢)	(0.17¢)

**Cable & Wireless Jamaica
Group Balance Sheet (Unaudited)
Quarter ended June 30, 2008
\$000's**

	<u>June 30, 2008</u>	<u>March 31, 2008</u>	<u>June 30, 2007</u>
Property plant & equipment	25,992,044	25,690,799	29,048,197
Intangible asset	475,732	522,006	581,660
Deferred expenditure	34,861	55,516	119,438
Employee benefits assets	3,655,000	3,492,000	3,791,500
Total non-current assets	<u>30,157,637</u>	<u>29,760,321</u>	<u>33,540,795</u>
Cash & cash equivalents	725,754	846,488	699,059
Accounts receivable	3,789,640	3,748,324	4,740,227
Taxation recoverable	96,251	95,989	87,082
Prepaid expenses	625,821	375,760	1,924,476
Due from related companies	159,008	136,475	148,659
Inventories	195,387	155,541	474,120
Current portion of deferred expenditure	241,195	284,818	314,010
Total current assets	<u>5,833,056</u>	<u>5,643,395</u>	<u>8,387,633</u>
TOTAL ASSETS	<u>35,990,693</u>	<u>35,403,716</u>	<u>41,928,428</u>
Share Capital	16,817,440	16,817,440	16,817,440
Reserves	2,444,331	2,443,218	2,495,190
Accumulated (deficit)/profit	(4,592,560)	(4,565,159)	747,583
TOTAL EQUITY	<u>14,669,211</u>	<u>14,695,499</u>	<u>20,060,213</u>
Trade and other accounts payables	5,587,141	5,470,684	5,934,405
Provisions	60,762	322,766	-
Current portion of long-term loans	32,717	749,039	12,476
Due to related companies	56,935	47,116	8,900
Total current liabilities	<u>5,737,555</u>	<u>6,589,605</u>	<u>5,955,781</u>
Provisions	1,380,625	1,349,017	395,755
Long-term loans	242,259	3,421,455	4,150,529
Due to ultimate parent company	11,040,630	6,434,933	5,254,667
Deferred tax liability	1,042,558	1,061,207	4,540,795
Employee benefits obligation	1,877,855	1,852,000	1,570,688
Total non-current liabilities	<u>15,583,927</u>	<u>14,118,612</u>	<u>15,912,434</u>
TOTAL LIABILITIES	<u>21,321,482</u>	<u>20,708,217</u>	<u>21,868,215</u>
TOTAL EQUITY & LIABILITIES	<u>35,990,693</u>	<u>35,403,716</u>	<u>41,928,428</u>

Cable & Wireless Jamaica
Group Statement of Changes in Shareholders' Equity (Unaudited)
Quarter ended June 30, 2008
\$000's

	<u>Share Capital</u>	<u>Reserves</u>	<u>(Accumulated deficit) /Unappropriated surplus</u>	<u>Total</u>
Balances at 1 April 1, 2006	16,817,440	2,491,656	1,012,732	20,321,828
Net loss for the period	-	-	(28,149)	(28,149)
Actuarial gains and losses recognised directly in equity, net of deferred tax	-	-	(237,000)	(237,000)
Unrealised translation adjustment on consolidation	-	3,534	-	3,534
Balances at June 30, 2007	16,817,440	2,495,190	747,583	20,060,213
Balances at April 1, 2007	16,817,440	2,491,656	1,012,732	20,321,828
Net loss for the period	-	-	(4,194,698)	(4,194,698)
Dividends	-	-	(504,526)	(504,526)
Actuarial gains and 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
Net loss for the period	-	-	(27,401)	(27,401)
Unrealised translation adjustment on consolidation	-	1,113	-	1,113
Balances at June 30, 2008	16,817,440	2,444,331	(4,592,560)	14,669,211

Cable & Wireless Jamaica
Group Statement of Cashflows (Unaudited)
Quarter ended 30 June 2008
\$000's

	3 Months to June 30, 2008	12 Months to March 31, 2008	3 Months to June 30, 2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Loss attributable to stockholders	(27,401)	(4,194,698)	(28,149)
Adjusted for:			
Unrealised translation losses on loans	3,895	34,186	(31,752)
Employee benefits, net	(137,145)	(997,911)	(375,723)
Depreciation and amortisation	748,116	3,277,663	740,485
Provision for impairment	-	5,145,535	-
Amortisation of deferred expenditure	77,600	287,984	44,455
Deferred taxation	(18,649)	(3,021,684)	24,205
Loss/(gain) on disposal of property, plant and equipment and intangible assets	-	117,470	5,851
Interest earned	(13,900)	(59,450)	(12,298)
Interest expense	420,736	1,477,836	264,345
Provisions	31,608	966,555	(13,293)
Cash generated before changes in working capital	1,084,860	3,033,486	618,126
Accounts receivable	(41,316)	628,798	(360,715)
Prepaid expenses	(250,061)	795,883	(1,837,480)
Due from related companies	(22,533)	(15,440)	1,022,984
Inventories	(39,846)	275,942	(42,637)
Trade and other accounts payables	116,457	(580,916)	50,359
Provisions	(262,004)	322,766	-
Due to related companies	9,819	6,695	(31,521)
Cash generated from operations	595,376	4,467,214	(580,883)
Income tax paid	-	(11,102)	-
Net cash provided/(used) by operating activities	595,376	4,456,112	(580,883)
CASH FLOWS FROM INVESTING ACTIVITIES			
Unrealised translation adjustment on consolidation	1,113	32,895	3,534
Acquisition of property, plant & equipment and intangible assets	(1,003,006)	(6,107,217)	(1,783,495)
Proceeds from disposal of property, plant & equipment	-	-	72
Interest received	9,724	61,840	9,947
Deferred expenditure incurred	(13,321)	(343,352)	(192,937)
Net cash used by investing activities	(1,005,490)	(6,355,834)	(1,962,879)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease)/increase in loans	(3,921,506)	3,901,402	885,890
Dividends paid	-	(504,526)	-
Interest paid	(313,813)	(1,147,494)	(80,583)
Short term bridge Loan	-	(3,042,124)	-
Due to ultimate parent company	4,524,699	2,128,727	1,027,289
Net cash provided by financing activities	289,380	1,335,985	1,832,596
Net decrease in cash and cash equivalents	(120,734)	(563,737)	(711,166)
Cash and cash equivalents at beginning of year	846,488	1,410,225	1,410,225
CASH AND CASH EQUIVALENTS AT END OF YEAR	725,754	846,488	699,059